WÜRTH GROUP

Open-minded? Effortless? Cosmopolitan? Tech-savvy? Respectful? Versatile? Welcoming? Pioneering? Consistent? Sustainable? Grateful? Würth-like!

Würth Group
2020 Annual Report

THE WÜRTH GROUP AT A GLANCE

WÜRTH GROUP

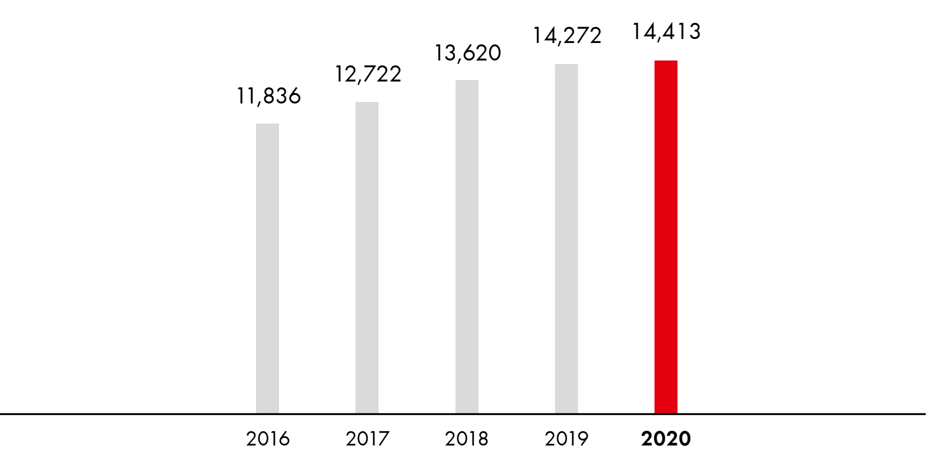
		2016	2017	2018	2019	**2020**
Sales	in millions of EUR	11,836	12,722	13,620	14,272	**14,413**
Employees	no. of	71,391	74,159	77,080	78,686	**79,139**
Pre-tax operating result*	in millions of EUR	615	780	870	770	**775**
Return on sales	in %	5.2	6.1	6.4	5.4	**5.4**
EBIT	in millions of EUR	643	768	903	776	**809**
EBITDA	in millions of EUR	988	1,195	1,278	1,497	**1,588**
EBITDAR	in millions of EUR	1,301	1,502	1,607	1,581	**1,650**
Net income for the year	in millions of EUR	462	531	687	595	**604**
Cash flows from operating activities	in millions of EUR	904	584	751	1,123	**1,600**
Investments	in millions of EUR	480	494	635	933**	**852****
Equity	in millions of EUR	4,470	4,779	5,172	5,554	**5,920**
Total assets	in millions of EUR	9,711	10,267	10,974	12,627	**13,478**
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).

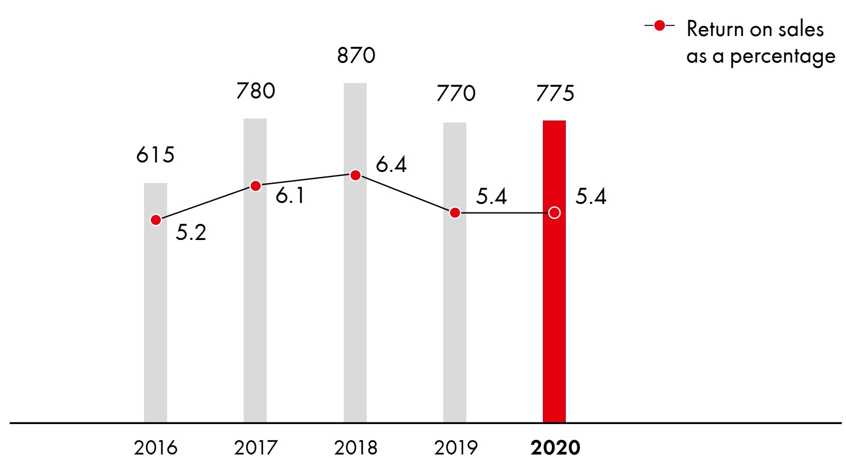
* Earnings before taxes, before amortization of goodwill and financial assets, before the collection of negative differences recognized in profit or loss, before the adjustment of purchase price liabilities from acquisitions through profit or loss, and before changes recognized in profit or loss of non-controlling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

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

SALES Würth Group in millions of EUR



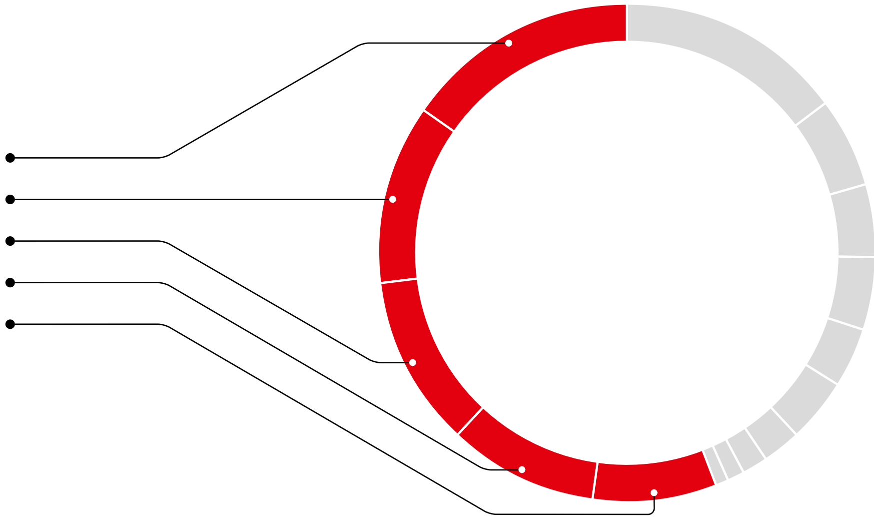
OPERATING RESULT Würth Group in millions of EUR

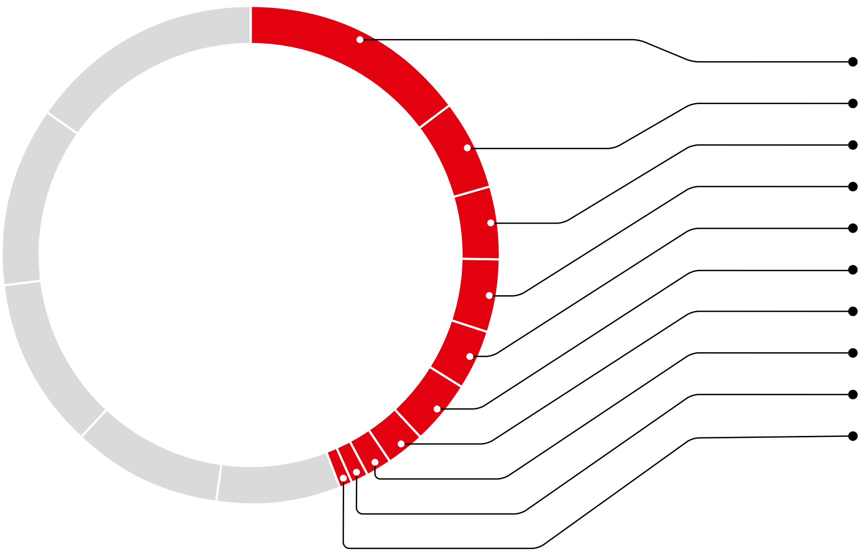


OPERATIONAL UNITS

SHARE OF SALES Divisions of the Würth Line

	2020 in %	**2020 in millions of EUR**	2019 in millions of EUR	Change in %
Metal	15.2	**2,195**	**2,193**	+0.1
Auto	11.5	**1,660**	**1,745**	- 4.9
Industry	11.1	**1,599**	**1,689**	- 5.3
Wood	9.9	**1,423**	**1,399**	+1.7
Construction	8.2	**1,177**	**1,049**	+12.2
Total	55.9	**8,054**	**8,075**	- 0.3



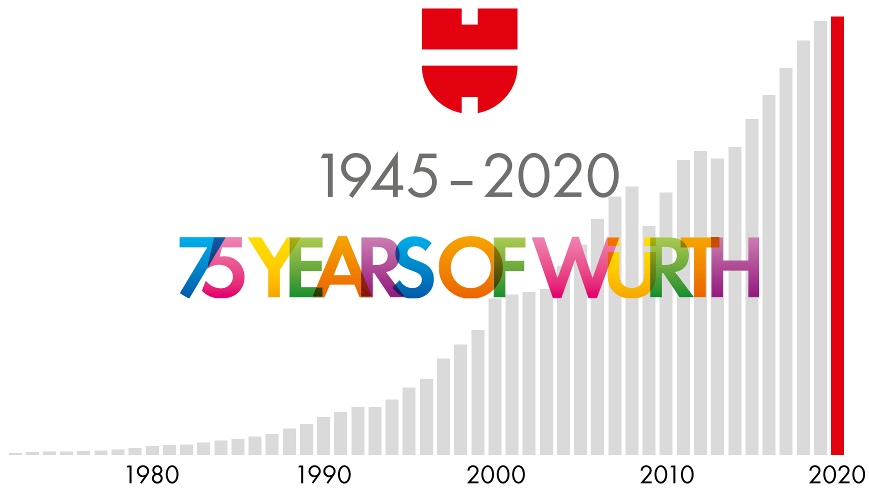


SHARE OF SALES Business units of the Allied Companies

	2020 in %	**2020 in millions of EUR**	2019 in millions of EUR	Change in %
Electrical Wholesale	15.0	**2,157**	**1,913**	+12.8
Electronics	5.9	**849**	**847**	+0.2
Production	4.6	**670**	**710**	- 5.6
RECA Group	4.6	**666**	**676**	- 1.5
Trade	4.1	**589**	**583**	+1.0
Chemicals	4.0	**576**	**555**	+3.8
Tools	2.5	**356**	**403**	- 11.7
Screws and Standard Parts	1.8	**264**	**272**	- 2.9
Financial Services	0.9	**133**	**124**	+7.3
Other	0.7	**99**	**114**	- 13.2
Total	44.1	**6,359**	**6,197**	+2.6

Open-minded? Effortless? Cosmopolitan? Tech-savvy? Respectful? Versatile? Welcoming? Pioneering? Consistent? Sustainable? Grateful?

THE WÜRTH GROUP AT A GLANCE



Würth-like!

Würth Group
2020 Annual Report

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2020

… a year in which the COVID-19 pandemic dominated our private, social, and economic lives. Having said that: 2020 also spurred us on. Made us creative. Gave us a new-found sense of solidarity. Showed yet again that we can trust each other. We have found a lot of good answers to all of the unresolved questions. And if the solution has room for improvement, we are working on it at full tilt. Together, we want to think ahead, research, develop. Create added value. Helping to shape the world of tomorrow—long after the end of the COVID-19 pandemic. The outlook for the future at Würth? Like!

Antony Gormley (*1950), Edge II, 1998, iron, Würth Collection, Inv. 9191, acquired 2006

Open-minded?

2

… people, two different perspectives. The past year challenged us to look at things from a different perspective. Things are often very different than they appear at first glance. Is it all a matter of perspective? Does keeping an open mind give you a wider perspective—or is it the perspective that changes the way we look at things? Art provides an incentive to adopt new ways of looking at things.

There is an opportunity waiting to be found in every situation. We just need to look properly to recognize it and have the courage to seize it. Art provides us with the space we need to do just that. In five museums. In ten art galleries. Throughout Europe. Or right behind your own office door. The juxtaposition of art and day-to-day working life provides inspiration for new ideas. This is Reinhold Würth's conviction.

Read more in the online report at
ar2020.wuerth.com/openminded

Shop around the clock
Würth24 shops

Effortless?

24

… hours a day, on hand to serve our customers. In a Würth24 shop, night workers can also receive the goods they need right away. It is faster than ordering online. This service provided by Adolf Würth GmbH & Co. KG, the nucleus of the Group, is in the vanguard. Because the question as to whether work can continue on the construction site often depends on a small but crucial part. You need something right away? Würth!

Particularly in these times dominated by the COVID-19 pandemic, our multi-channel strategy for contactless procurement is proving its worth: via the e-shop, the app, or in more than 550 pick-up shops in Germany alone. The ordered goods can also be picked up from Würth Parcel Stations in the shops. Of course, our sales force is still there to provide our customers with support, because there is no substitute for personal advice.

Read more in the online report at
ar2020.wuerth.com/effortless

Würth worldwide—even in the icy wilderness of Greenland
Internationality creates stability.

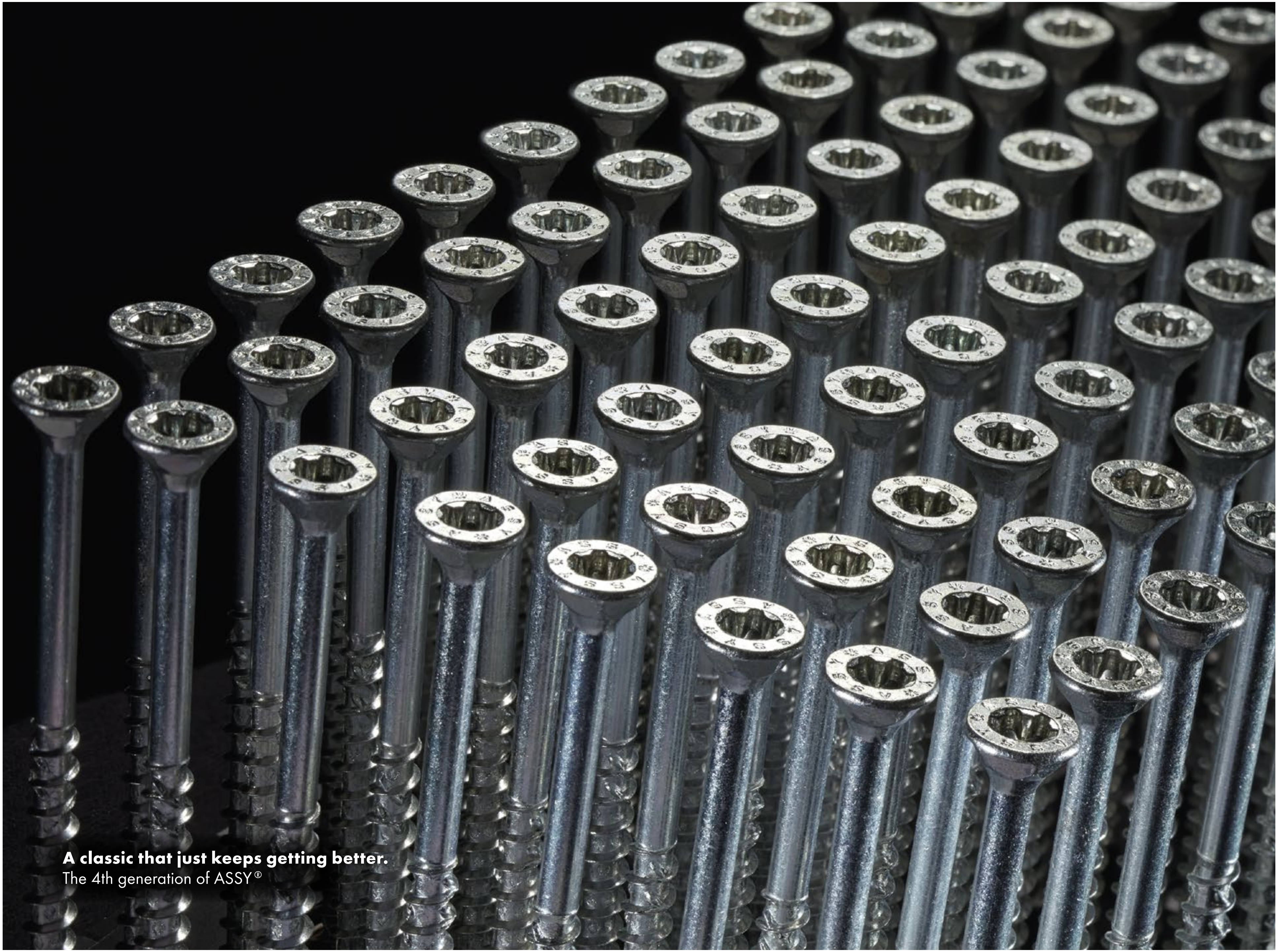
Cosmo-politan?

300

... kilometers north of the Arctic Circle lies Ilulissat. 5,000 inhabitants, 2,000 huskies, one Würth sales representative: Claus Hassing. He is supporting a project to construct an airport in Ilulissat. He visits his customers across Greenland by plane, helicopter, or boat—even when the temperatures plummet to minus 20 degrees. His bestsellers: brake cleaner and snow shovels for vehicles.

The Würth Group operates with over 400 companies in more than 80 countries. Internationality provides stability, even in times of crisis. The COVID-19 pandemic exploded with a lag between countries. This allowed us to learn from each other about how to deal with it, support each other, and compensate for economic fluctuations. "We" are our 79,139 employees worldwide.

Read more in the online report at
ar2020.wuerth.com/cosmopolitan


A classic that just keeps getting better.
The 4th generation of ASSY®

Tech-savvy?

80

… percent of all screw fittings with only two bits! Our ASSY®4 high-performance screw has become even more practical. Every detail has been refined. The new RW drive transmits forces even more effectively. The new thread allows for even stronger anchoring in wood while protecting the material at the same time. In short: less force required, quicker screwing, a perfect result.

With the ASSY®4, Würth has launched the fourth generation of its legendary wood screw. The in-house innovation is offered in 1,400 dimensions in Germany. Further country-specific designs for our companies across the globe are testimony to the eye for detail we use to perfect tried-and-tested products—time after time, making the product consistently better.

Read more in the online report at ar2020.wuerth.com/techsavvy

Stands for values with substance.
Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts

Respectful?

85

… years! A life devoted to a vision. Curious, forward-thinking, visionary. It is with the utmost respect that we look back on the life's work of Prof. Dr. h. c. mult. Reinhold Würth. He always treats others with respect. This is his very nature, his style. This is the essence of Würth's corporate culture.

In 2020, Reinhold Würth celebrated his 85th birthday and the Würth Group its 75th anniversary. The company's steady and steep ascent to the status of global market leader shows that successful entrepreneurship is shaped by people who get things done and inspire others, who share their vision with conviction and in the process have an impact extending far into the future.

Read more in the online report at
ar2020.wuerth.com/respectful

Würth is a broadly diversified company.
Numerous opportunities are lurking in a whole number of industries.

Versatile?

50

... B2C products for a first-class cycling experience: With the cleaning and care products developed by TUNAP Sports, which forms part of the Würth Group, the cycling tour can begin. Be it for leisure, commuting, or professional cycling—the range has the perfect product for everyone. The Body Care line protects the skin from the sun and ensures relaxed muscles.

Würth is a leader in assembly and fastening materials, but has much more to offer: numerous footholds in a vast range of industries. This multifaceted corporate strategy makes it easier for us to compensate for volatility in individual areas, allowing us to get back on track successfully across the board once the COVID-19 crisis is over.

Read more in the online report at
ar2020.wuerth.com/versatile

Culture and nature, innovation and tradition
Our Chinese chemicals company AP Winner combines them all

Welcoming?

500

... square meters were dug up by employees of our chemicals company AP Winner in Changzhou, China, who sowed thousands of wildflowers themselves. This is because, in Chinese culture, respect for customers and guests starts at the very entrance. Flowering plants symbolize thriving businesses—and give the bees a helping hand at the same time.

Respect for nature and for guests, employees, and customers is firmly rooted in our corporate philosophy. We treat each other as equals, maintain our relationships, remain down-to-earth and grateful, and are prepared to get the job done ourselves. It is often the small gestures that create a human connection: a smile, a thank you, a greeting in the form of flowers.

Read more in the online report at
ar2020.wuerth.com/welcoming

More basil for the tomatoes
Würth is doing research on the use of energy-saving LED lamps for plant growth.

Pioneering?

14

... percent more tomato flowers with the right light exposure, regardless of the weather conditions and the season: The new horticulture LEDs make plants sprout! The individual light recipe, a combination of deep blue, hyper red, and far red wavelengths together with other LEDs, translates into more flowers, fruits, and vitamins. What a tasty innovation!

We turn problems into solutions, crises into opportunities, and knowledge into innovation. We research and invent, cooperate with innovation partners, and establish products. The Horticulture LEDs were developed by Würth Elektronik eiSos and are being made available to the greenhouse laboratory center at the Technical University of Munich for joint research so that they can contribute to our nutrition in the future.

Read more in the online report at
ar2020.wuerth.com/pioneering

Family businesses have a future.
Shared values across generations

Consistent?

32

... years ago, the carpentry workshop Bauereiß started making homey rooms from wood sourced primarily from the region. The company was founded by Hans and Birgit. Two sons decided to get involved, Florian as master carpenter and third managing director. Steffen came on board as the general manager responsible for strategy and culture. Würth is one of the reliable partners by their side. Bring on the next 32 years!

What the carpentry workshop Bauereiß and Würth have in common is their corporate values and quality standards. Nothing that the Bauereiß family would not put in their own home is allowed to leave the workshop. At Würth, no product that has not passed the toughest tests makes it onto the market. The next generation is also carrying these convictions with it into the future.

WÜRTH
PARTNER COMPANY
2020–2023

Read more in the online report at
ar2020.wuerth.com/consistent

All good!
Würth delivers convincing performance with its well-balanced business model.

Sustainable?

365

... days of trying to keep things on an even keel was a huge challenge for us across the company. The mission: to provide stability and be a reliable partner. What bound us together was our shared conviction: We'll get there somehow.

And we did! We maintained our performance and delivery capacity for our customers to ensure that they were always ready to go, because the skilled trades are our passion. This is why we offer our 24-hour service day in, day out, meaning that every customer gets exactly the version they want from a range comprising more than 125,000 items. This attention to detail is typical of Würth. We are who we are, and we plan to stick to our principles in the future, too—cosmopolitan, versatile, tech-savvy, or to sum it up: "Würth-like!".

Read more in the online report at ar2020.wuerth.com/sustainable

We want to say thank you.
Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group's Family Trusts, and his daughter Bettina Würth, Chairwoman of the Advisory Board of the Würth Group

Grateful?

1,000,000

... thanks to our employees and their families, our customers, suppliers and business partners, and everyone who follows Würth with a friendly curiosity, no matter where they are in the world. Thank you for your commitment and trust! Thank you for your solidarity!

Especially in difficult times, such as those that we faced in 2020 when we suddenly found ourselves at the mercy of a pandemic, values that have become a matter of routine prove to be a solid foundation. Our family business got us through the year. This is something we are immensely grateful for and something that encourages us to keep giving 100 percent for everyone who is connected to the extended Würth family worldwide.

Read more in the online report at ar2020.wuerth.com/grateful

Keep your feet on the ground

Success and the future, composure and working from home, Picasso and infinity: In mid-January 2021, Reinhold and Bettina Würth look back on the past year together with the writer Helge Timmerberg at Carmen Würth Forum. They all agree: “Thank you” is the most important thing you can say—especially in times of COVID-19.

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

Professor Würth, 2020 was no ordinary year. You turned 85, Adolf Würth GmbH & Co. KG celebrated its 75th anniversary, and then the COVID-19 pandemic erupted. Looking back on the things you have experienced throughout your lifetime, how does the crisis figure into the grand scheme of things? After all, you also experienced the war.
Reinhold Würth: Yes, it really is a war of sorts. Everyone is affected and nowhere is safe. It is an entirely new experience for me, one that I have never before faced in my 85 years. I try to stay safe. I have already had my first vaccination, as at over 80, I am among the first to be vaccinated.

How did you tolerate the vaccination?
Reinhold Würth: The vaccination was plain sailing. Since I had no side effects, I initially thought they had just injected me with water (he smiles). I will get the second vaccination in a week.

Ms. Würth, the Group has already been hit by a number of global economic crises, such as the oil crisis in the mid-1970s and the 2008 banking crisis. How has the company coped with the COVID-19 crisis so far?
Bettina Würth: The company management, by which I mean my father, the management team, and myself, mastered the financial crisis in the very same team setup, so we are a well-versed team. This time around, we were able to apply exactly the same mechanisms we had developed back then. This gave us a sense of confidence. The feedback from our employees shows that they were grateful for the sense of composure shown by the company management.

The Würth Group is present in more than 80 countries. The COVID-19 pandemic broke out with a lag between countries. Did this give you the chance to learn from each other?
Bettina Würth: The flow of information between the companies across the globe was very good. We established chains of communication using regular phone calls and video conferences right away to provide updates on the situation, but also to hear how things were going in each individual country. COVID-19 has taught us just how well we can communicate with each other using digital media.

The Würth Group has more than one foothold on the market, allowing us to compensate for economic fluctuations. Which sector did well, and which experienced difficulties?
Bettina Würth: By far the largest organic sales growth was achieved by the Construction Division. Growth rates ran into the double digits—not only at Adolf Würth GmbH & Co. KG, but also worldwide. The construction industry as a whole did very well. The metal sector reported weaker performance, also due to the supplier situation in the automotive industry. I would definitely say that the Construction

Division saved us to some extent. It will be interesting to see how things develop. I do not think that we will see a repeat of the construction boom this year.
Reinhold Würth: Overall, 2020 went surprisingly well. We saw a number of shifts in the industries we serve. The crazy thing is that we still achieved one percent growth and that our operating result is slightly above the 2019 level at EUR 775 million.

One pillar of your success has always been the sales force and personal contact with your customers. Is this something you have been forced to do without in the COVID-19 era, or are your sales representatives spending more time on the phone with customers?
Bettina Würth: In some cases, our sales representatives were no longer allowed to visit customers, so they started making phone calls instead. Maybe we have had some sort of mental block over the last few decades (she grins): We could never have imagined offering customers professional service over the phone. But it worked. We love selling.

Does that also apply to video conferencing? Or are you more of the mindset that as soon as you can fly again, you will?
Reinhold Würth: The Group saved over EUR 100 million in travel and conferencing costs. EUR 100 million! Our experience has shown that video conferences are 80 to 85 percent as successful as face-to-face events. We recently held a Skype conference with participants from New Jersey, Melbourne, Singapore, Shanghai, Chur in Switzerland, and Bratislava. We were here in Germany. The meeting was held in English and everything ran smoothly.

Working from home is a similar topic…
Bettina Würth: We were surprised at how quickly we were able to offer employees the option of working from home and how smoothly everything went. Würth IT did a great job. And so did our employees, of course. After all, they had to agree to all of the measures.

Reinhold Würth: Bettina, over the past few weeks, I have been hearing more and more that employees working from home are sick of it and want to get back to the office.
Bettina Würth: Yes, of course. That is true for many of them. The feedback varies depending on the individual. But the very system is based on allowing individuals to choose: Those who prefer to work from the office can come into the office provided the Corona rules allow it. Those who feel more comfortable working from home can take advantage of the new arrangement. One area in which we still have a bit to learn is how to manage a team virtually to keep them motivated and successful.

Bettina Würth, Chairwoman of the Advisory Board of the Würth Group

Helge Timmerberg (left) talking to Reinhold Würth and Bettina Würth

Let us turn our attention to the future. You once said, Professor Würth, that visions are nothing other than thinking about things that nobody has thought of before. What are your thoughts for the post-COVID era?
Reinhold Würth: In recent months, I have been devoting a lot of thought to the years 2030 and 2050. This is something that really keeps my mind busy. And there will certainly have to be changes within the company if it wants to move forward. Part of this process of change is that we will need to use artificial intelligence to boost our productivity enormously across the board to ensure that we are still a market leader in 20, 30, or 40 years.

And what about eternal values, Professor? How will the corporate and management culture evolve going forward?
Reinhold Würth: What is important to me is that the company keeps its sense of modesty in the future. I have to tell you that this is no easy feat.

You mean modest in terms of attitude?
Reinhold Würth: Exactly. It is very difficult to endow a successful company with a certain sense of humility and modesty. Time and again, a hint of arrogance will creep through the cracks. And I have to say that the individuals concerned are grateful to me when I give them a hint: Listen, things are starting to go to your head. Dear friend, please stay humble and keep your feet on the ground, stay true to your old self, and do not let arrogance get the best of you. This is incredibly important to us, and there is no doubt that it is one of the reasons behind our success.

Ms. Würth, you have been Chairwoman of the Advisory Board of the Würth Group since 2006. How does your management style differ from that of your father and where are the similarities?
Bettina Würth: He just mentioned one thing we have in common. I was brought up to be humble and not think that I am better than anyone else, but to treat everyone as an equal, no matter what their position. But the nature of a woman is different from that of a man. I would definitely say that this has an impact on management behavior.

Are women more likely to seek harmony?
Bettina Würth: It is not about seeking harmony. At some point, you have to abandon that particular quest. If the people around you are not on board, then harmony is of no use. It ultimately achieves nothing other than the company's graceful death. I think women are more stubborn when it comes to seeking consensus, making an effort to make others understand why something is so important to you, and maybe taking another lap around the block. Men are more likely to say: This is how I want to do it, so this is how we are going to do it.
Reinhold Würth: Women are different. We have three children. Bettina always had the last word (he smiles).
Bettina Würth: My mother asked him once: Who did she get it from?

And that brings us back to the things that our management styles have in common.
Bettina Würth: Exactly (everyone laughs).

Do we want to have a quick word about art?
Reinhold Würth: When it comes to art, I am happy to have more than a quick word, Mr. Timmerberg.

Wherever there is Würth, there is art. You are one of the largest collectors in Europe. How do you feel about the fact that art and culture have been forced to take a break at the moment?
Reinhold Würth: It is a huge loss for society, but it is also understandable. We have to set priorities. A human life is more important than any well-staged performance of even the most prestigious play. Of that there is no doubt.

Professor, I would like to ask you one last question, which might be a little daring, because I do not know what the answer will be.
Reinhold Würth: Go ahead.

What do you feel when you see a work of Picasso?
Reinhold Würth: I feel something that is not just limited to works by Picasso, but applies in general. I have always been impressed, on the one hand, by a certain expressiveness in the use of color and, on the other, by how the painting is constructed, when you can detect a certain harmony, be it the "golden ratio" or the basic shapes: rectangles, circles, parallels, infinity.

So could you say that, for you, art builds a bridge to infinity?
Reinhold Würth: Exactly. And as for what I feel when I look at a Picasso: Well, a Picasso is a Picasso. What else do I need to say?

Mr. Würth, Ms. Würth, thank you very much for this inspiring interview. And I know that saying "thank you" is really important at Würth. Is making a conscious decision to say thank you "Würth-like!"?
Reinhold Würth: I know how important it is not to take good performance for granted, but to let people know that you appreciate it. So it has always been important to me not only to offer good pay for good performance, but also to say an additional word of thanks and congratulations, and to express respect for what the person has achieved. I know myself what it means to bring in orders to fill the books. And it remains important to this day. This is something that the next generation has adopted. Bettina also writes a lot of thank you letters.
Bettina Würth: Thank you is the most important phrase we can use when interacting with each other, and it is also deeply enshrined in our corporate philosophy.

The interview was conducted by Helge Timmerberg, born in 1952, journalist and travel writer. In April 2020, he published the biography "Reinhold Würth—Lord of the Screws."


MUSEUM WÜRTH 2

COMMITMENT

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

Würth takes responsibility in many areas of life.

Designed by David Chipperfield Architects, the Carmen Würth Forum Cultural and Convention Center in Künzelsau was completed in 2020. With the extension of the complex to feature a conference area and Museum Würth 2, the Würth Group is once again proving to be a driving force for cultural and economic development in the Hohenlohe region.

Chipperfield's precise architecture devotes its attention to art.
The large square in front of Carmen Würth Forum creates an open, extended foyer. Visitors arriving at the square are welcomed by large prominent sculptures. Picture shows Georg Baselitz' *BDM (Group of girls)* and *Yellow Song*. The glass superstructure of Museum Würth 2 towers over one of the square's side walls.

EXPERIENCING ART AND CULTURE

An inspiring environment in which day-to-day business, art, and culture exist side by side is an inextricable part of the Würth Group, and all the more so in its anniversary year of 2020. Despite being forced to take two breaks in response to the COVID-19 pandemic, Würth's first-in-class commitment to culture across Europe once again provided enthusiastic visitors from the general public with a wide range of activities in the fields of art, music, and literature. The centerpiece remains the impressive Würth Collection with its more than 18,300 works of art.

CARMEN WÜRTH FORUM

With Museum Würth 2 and an exclusive conference area for up to 700 people, David Chipperfield Architects completed the Carmen Würth Forum Cultural and Convention Center in Künzelsau in 2020. The vision set out by entrepreneur Prof. Dr. h. c. mult. Reinhold Würth back in 2005 to "incorporate the inspiring experience of good architecture, art, and culture into the day-to-day (working) lives of employees, business partners, and interested members of the public" became a reality.

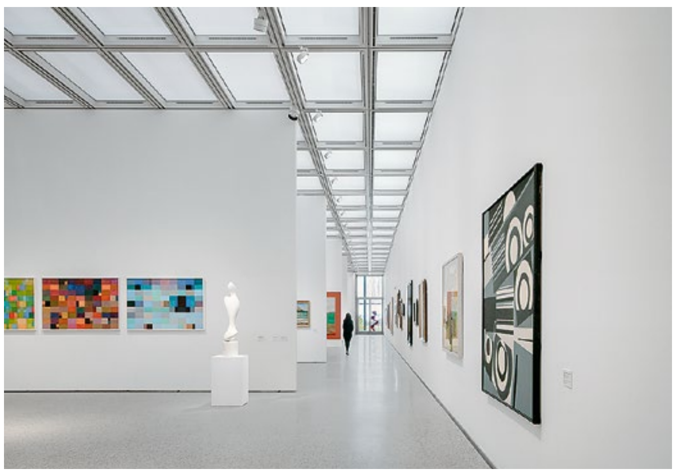
The elegant building complex blends harmoniously into the Hohenlohe landscape. Following the opening of the chamber music hall in the summer of 2017, the Great Hall, designed for events with up to 2,500 guests, the spacious open-air grounds, and a rambling sculpture garden, key works of modern and contemporary art from the Würth Collection have now moved into a home worthy of their significance. Würth invested around EUR 39 million in the expansion project.

Distinctively impressive: With Museum Würth 2, the Carmen Würth Forum secures the Würth Group a firm place on the German cultural map.

MUSEUM WÜRTH 2 AND SCULPTURE GARDEN

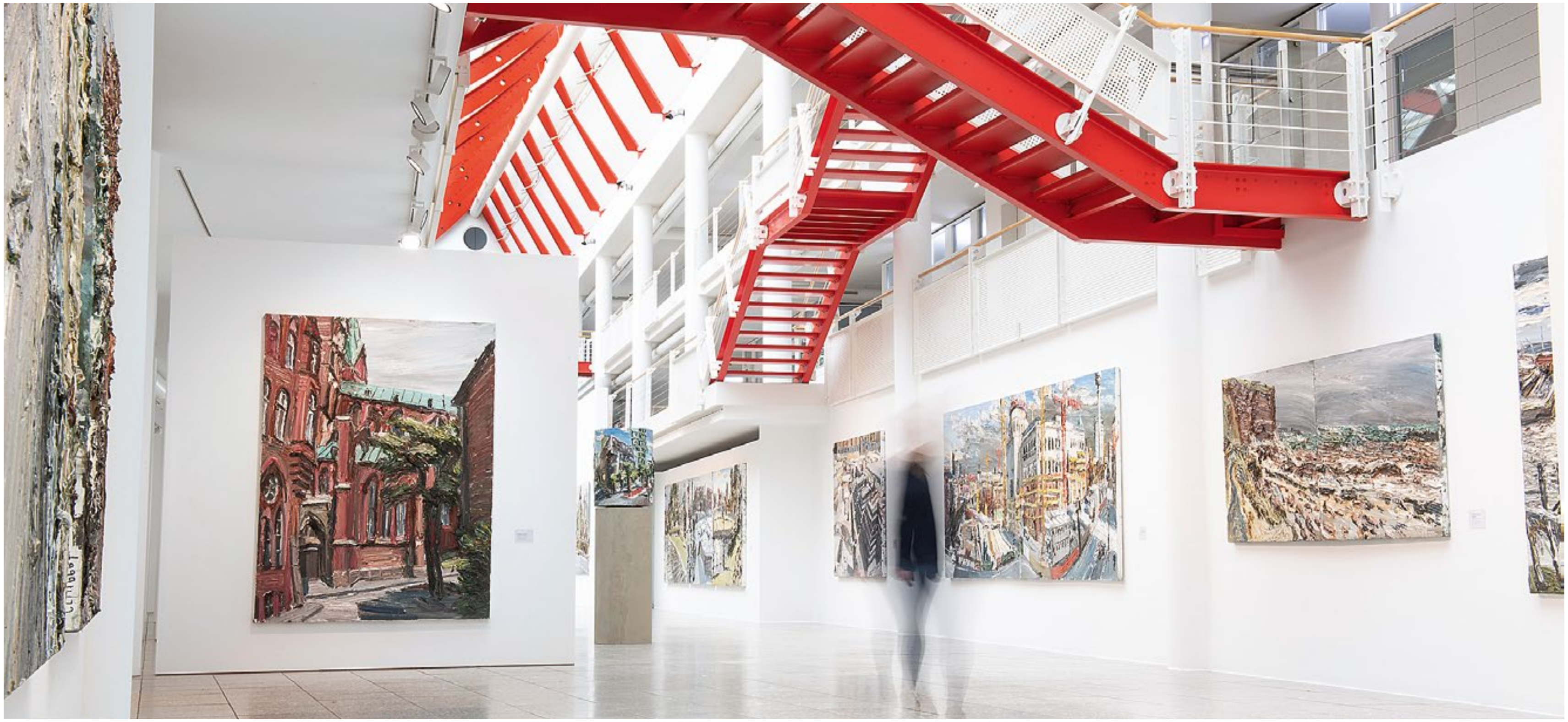
The collection “The Long View. Reinhold Würth and His Art Collection” in the new Museum Würth 2 traces the extensive collecting activities of Reinhold Würth through a whole range of movements, styles, and trends of the art world of the late 19th century until today. Works by Liebermann, Kirchner, Beckmann, Picasso, Munch, Baselitz, Hockney, Richter, Kapoor, and Longo form three thematic areas: aspects of abstraction, nature and landscape, and finally, metamorphoses of the figure.

Around Carmen Würth Forum, the newly designed sculpture garden provides further highlights and sets the stage for an ensemble of international sculptures against a backdrop that changes depending on the light, the weather conditions, and the season. The 55 mostly monumental works include sculptures by Eduardo Chillida, Anthony Caro, Tony Cragg, Niki de Saint Phalle, and Magdalena Jetelová. Visitors can use the “Museum Würth 2” app as their own personal guide.



The new home for the collection captivates visitors with its grandiose vaulted ceilings and fascinating use of natural daylight. Aesthetics, expression, and narrative power form a harmonious triad as part of an intense art experience.

Opened in 2017 to mark Carmen Würth’s 80th birthday (right) and completed in 2020 to mark Reinhold Würth’s 85th birthday, the cultural and convention center bears witness to the dynamic development of this economically and culturally vibrant region.



Snapshots from Iceland to India allow the museum's visitors to join artist Christopher Lehmpfuhl on his painting journeys around the world.

MUSEUM WÜRTH

With his bare hands and kilos of oil paint, the Berlin outdoor painter Christopher Lehmpfuhl transforms cityscapes and landscapes into large-scale pastose paintings flooded with light. His favorite topic: the wave of divisions and changes running though his hometown. He devotes powerful sequences to Berlin's much debated "New Center" (Neue Mitte), for example, where the ruins of the old City Palace had to make way for the Palace of the Republic, the building that hosted the former East German parliament, before it in turn was forced to make way for the Humboldt Forum museum in the reconstructed palace. In the studio, on the other hand, he created a series of small-scale pieces in which he comes to terms with saying goodbye to his parents, who passed away in 2018. The motifs of his works of mourning, which break with his conventional technique in their use of paint-brushes, were taken from his father's photo album. Coinciding with the exhibition "Christopher Lehmpfuhl—Between Pathos and Pastose" (21 October 2019 to 10 January 2021), Museum Würth dedicated the exhibition "Sculpture as an Interruption of Space" to the Irish sculptor Eva Rothschild. Rothschild is the 13th winner of the Robert Jacobsen Prize of the Würth Foundation.

Some days in the summer months of 2020 saw up to 1,000 art enthusiasts once again embark on a pilgrimage to Kunsthalle Würth while observing the applicable hygiene regulations.

KUNSTHALLE WÜRTH

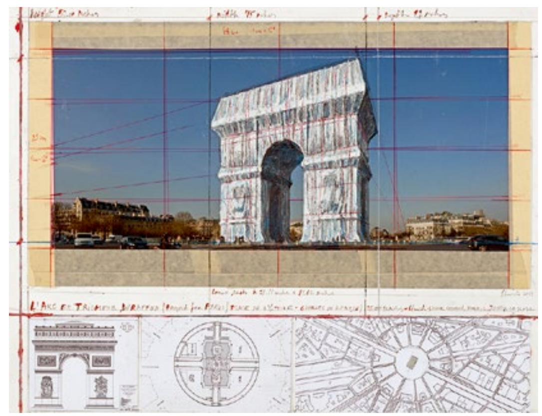
Kunsthalle Würth in Schwäbisch Hall devoted its attention to the diverse contemporary artworks in the Würth Collection and exhibited 170 new works acquired after 1960 with "Up for more" in 2020. The exhibition includes works by minimalists such as Daniel Buren and Günther Förg as well as key protagonists in the German figurative movement, from Markus Lüpertz and Jörg Immendorff to Anselm Kiefer and A. R. Penck. For the first time in the Würth Collection, contemporary US artists ranging from Frank Stella to John Baldessari and David Salle to David Lynch also showcased their skills as masters of large-format works. As part of the supporting program, literary critic Denis Scheck and an actor from Vienna's Burgtheater Wien, Cornelius Obonya, were among those who enraptured the audience.

ASSOCIATED GALLERIES AND WÜRTH COLLECTION ON THE ROAD

The ten associated European galleries of the Würth Group opened several exhibitions at the same time, despite having to take breaks due to the COVID-19 crisis, including a large-scale retrospective exhibition on Christo and Jeanne-Claude in Erstein, Alsace, or the multifaceted themed exhibition "Water, Clouds, Wind" at Würth Netherlands in 's-Hertogenbosch.

In 2020, numerous works were on loan to international museums, such as the Centre Pompidou in Paris, the Albertina in Vienna, and the Metropolitan Museum of Art in New York. The Gemäldegalerie of the Berlin State Museums showcased the 25-piece monumental ensemble *The Last Judgement Sculpture* by Anthony Caro until 1 November 2020.

In Salzburg, sculptures from the Würth Collection presented in the gardens of Schloss Arenberg and on the inner-city Walk of Modern Art provide for open-air art experiences. Eleven contemporary sculptures are also installed in situ in Künzelsau.



The collage *L'Arc de Triomphe*, Wrapped (Project for Paris) Place de l'Étoile–Charles de Gaulle from the Würth Collection, Inv. 18.389, offers a unique view of this ultimate project by Christo, who passed away in May 2020. His team will be responsible for the project involved in wrapping Paris's Arc de Triomphe in fabric in 2021.

CLASSICAL MUSIC AT WÜRTH

The halls at Carmen Würth Forum were once again filled with world-class concert experiences. Inspired visitors enjoyed the concerts of Würth Philharmoniker and its illustrious guests, including Sonya Yoncheva, Paavo Järvi, and the Camerata Salzburg chamber orchestra. Würth Philharmoniker, which is still a young orchestra, once again bewitched its audience with gripping performances and a varied concert calendar, its music oscillating effortlessly between the most delicate of sounds and dramatic surges of force. Since January 2020, Milan-born Claudio Vandelli, in his role as the orchestra's in-house principal conductor, has continued to refine Würth Philharmoniker's performance quality and creative passion. Würth Philharmoniker was established in 2017 at the initiative of Prof. Dr. h. c. mult. Reinhold Würth.

Virtuoso violin playing on an instrument of particular historical value is also made possible by the foundation Reinhold Würth Musikstiftung gGmbH, which handed over the "Stradivari Ex Ries 1693," crafted by the Italian master violin maker Antonio Stradivari, to the highly talented violinist Veronika Eberle in October.

30TH WÜRTH PRIZE OF JEUNESSES MUSICALES DEUTSCHLAND
WÜRTH FOUNDATION

A breath of fresh air for classical music: The Würth Prize of Jeunesses Musicales Deutschland, endowed with EUR 15,000 in prize money, was awarded to junge norddeutsche philharmonie (the North German Youth Philharmonic Orchestra), on 7 September 2020. The jury praised the orchestra's "unconventional impetus for today's music of the future," saying the orchestra inspired a new generation of musicians with its self-initiative, vigor, and new performance formats.

The ensemble was founded in 2010 by young musicians seeking to explore modern concert forms. In 2019, for example, the orchestra organized the Detect Classic Festival led by conductor Christoph Altstaedt, which aims to open new avenues into classical music for a young audience with a fusion of live classical and electronic music. Jeunesses Musicales Deutschland and the Würth Foundation have been awarding the Würth Prize of Jeunesses Musicales Deutschland since 1991.

Soprano Sonya Yoncheva unleashed melodious sounds through the Great Hall in her performance alongside Würth Philharmoniker to open the classical music season at Carmen Würth Forum on 3 October 2020.

Beaming faces at the award ceremony for the 30th Würth Prize of Jeunesses Musicales Deutschland, which went to junge norddeutsche philharmonie, at Carmen Würth Forum

Harald Unkelbach, Chairman of the Board of the Würth Foundation and the prize jury, Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Foundation, author David Grossman, Prof. Dr. Dr. h. c. Ulrich Raulff, President of ifa (Institut für Auslandsbeziehungen), and C. Sylvia Weber, Executive Vice President of the Würth Group for Arts and Culture (from left to right).

12TH WÜRTH PRIZE FOR EUROPEAN LITERATURE
WÜRTH FOUNDATION

Israeli writer David Grossman was awarded the 12th Würth Prize for European Literature on 23 September 2020. The Würth Foundation honored the author during a Skype award ceremony, as Mr. Grossman was unable to travel from Israel due to the COVID-19 pandemic. The jury, consisting of Chairman Harald Unkelbach, Anna Maria Carpi, Harald Hartung, Sigrid Löffler, Péter Nádas, Christoph Ransmayr, Denis Scheck, and Jürgen Wertheimer, praised “his moral integrity, his incorruptibility, and his courage.” The German public knows David Grossman not only as an author of novels and children’s books but also as a politically involved citizen. “Ever since the voice of his friend Amos Oz went silent, his has been considered the most important one of his country and civil society,” emphasized Ulrich Raulff, President of ifa, in his laudatory speech. The Würth Prize for European Literature, endowed with EUR 25,000, is awarded every two years.

KULTURHAUS WÜRTH CULTURAL CENTER WITH THE BIBLIOTHEK FRAU HOLLE LIBRARY

Kulturhaus Würth cultural center with the Bibliothek Frau Holle library was opened in 2017 at the initiative of Carmen Würth. At the heart of the center with its charming interior is the freely accessible personal library of the center’s initiator.

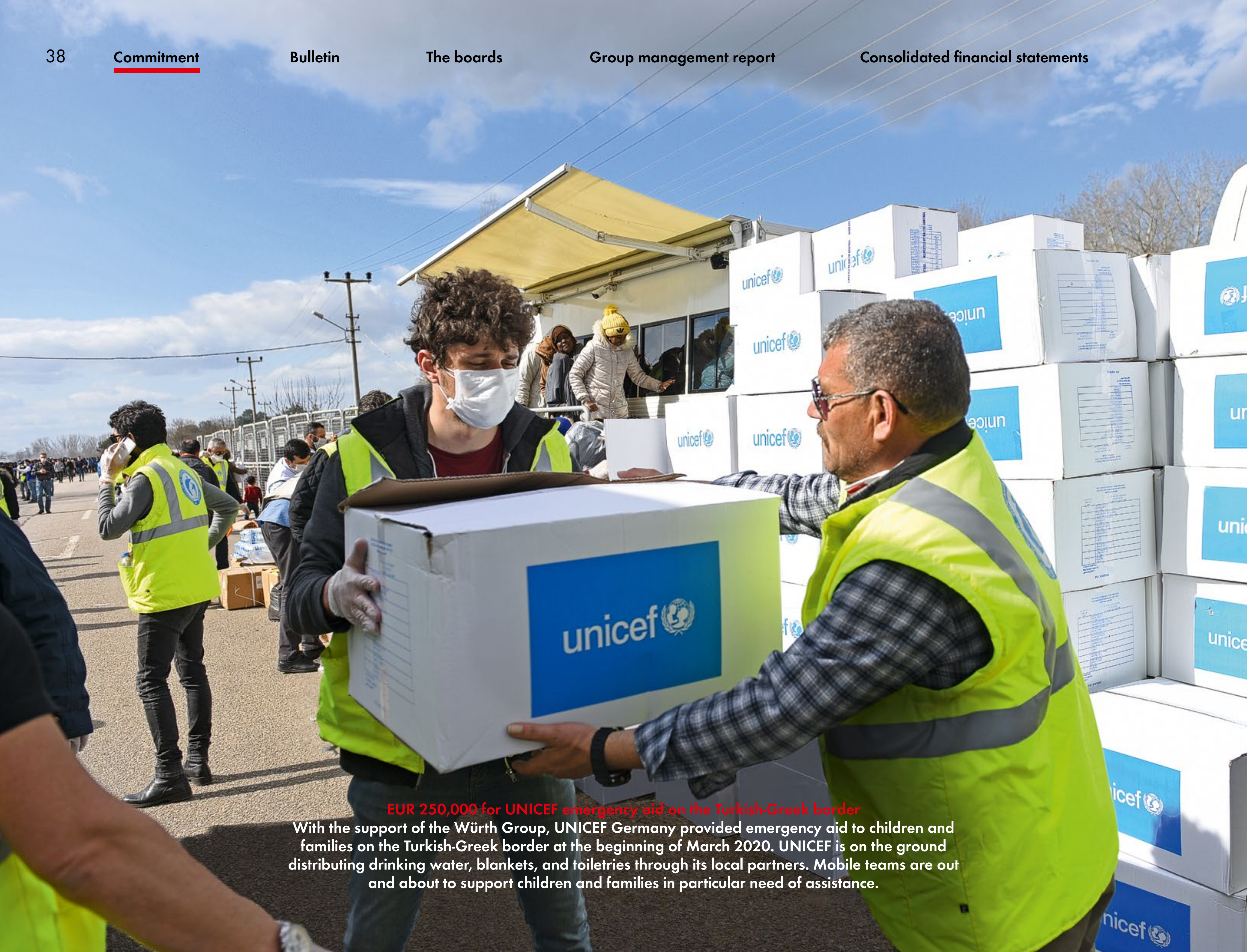
A wide variety of events honoring the spoken, sung, and written word, most of which are initiated by Carmen Würth, enrich the cultural life of the town of Künzelsau and introduce literature to a broad audience: Elementary school children have the opportunity to experience their first reading, while young people and adults can meet prominent authors, learn about exciting biographies and life stories, or get together for casual sing-alongs in the Singbar (song bar). Thanks to the excellent hygiene concept in place, numerous events such as the cabaret Liebling der Schwerkraft (Gravity’s favorite) with Katinka Buddenkotte attracted literature buffs despite the pandemic.

An oasis of calm in turbulent times: Kulturhaus Würth cultural center with the Bibliothek Frau Holle library

The hands always do some of the talking: Actor Axel Milberg, popular in his role as commissioner Borowski in the German cult crime series *Tatort*, gave the audience insights into his life in the form of lively anecdotes as part of the "Treffpunkt Forum" (Meetings at the Forum) series of talks.

IN A NUTSHELL

+++ As part of the "Treffpunkt Forum" (Meetings at the Forum) series of talks held at Carmen Würth Forum in 2020, bestselling crime novelist Sebastian Fitzek, actor Axel Milberg, and presenter and satirist Pierre M. Krause discussed current affairs in a session hosted by Bernadette Schoog. +++ In 2020, the Old Masters in the Würth Collection featuring the *Darmstadt Madonna* by Hans Holbein the Younger once again attained nationwide appeal. Johanniterkirche in Schwäbisch Hall has attracted around 590,000 visitors since the 12th century building was fully renovated and reopened as a museum in 2008. +++ The exhibition "(na, fritze?) lakritze" in the Hirschwirtscheuer museum in Künzelsau took visitors on a journey into Dieter Roth's universe in the Würth Collection until 26 April 2020. Starting 8 May 2020, vibrant, shimmering images in bright colors captured the hearts of visitors to the exhibition "Ute Schmidt—In Bewegung." +++



EUR 250,000 for UNICEF emergency aid on the Turkish-Greek border

With the support of the Würth Group, UNICEF Germany provided emergency aid to children and families on the Turkish-Greek border at the beginning of March 2020. UNICEF is on the ground distributing drinking water, blankets, and toiletries through its local partners. Mobile teams are out and about to support children and families in particular need of assistance.

SHARING COMMITMENT

There is an African saying that many small people who in many small places do many small things alter the face of the world. That is exactly what Würth does: Our social commitment spans a wide variety of initiatives, be it in the field of sports, politics, or social affairs. Helping out where help is needed most is something of a tradition at Würth. With this in mind, the Würth Group often supports large, well-known projects, but also sometimes provides small-scale assistance that is less visible but just as important.

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 Foundation currently has a total capital of EUR 12.6 million.

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.

Two benefactors with similar interests: Philipp Lahm and Carmen Würth. The former professional soccer player visited the Würth Foundation and also Hotel-Restaurant Anne-Sophie on 14 and 15 January 2020 as part of his foundation activities. Philipp Lahm spoke about his career and his objectives in terms of his commitment to education and sports.

MEMORIAL WREATH FOR GERMAN NATIONAL REMEMBRANCE DAY
WÜRTH FOUNDATION

A memorial wreath made of steel measuring 1.60 meters in diameter and adorned with 1,000 metal flowers: This unique piece was made by customers and employees of the Würth Group, showcasing their precise craftsmanship specifically for this year's German Remembrance Day. At the initiative of Carmen Würth and with the financial support of the Würth Foundation, Volksbund Deutsche Kriegsgräberfürsorge e. V., a humanitarian organization charged by the government of the Federal Republic of Germany with recording, maintaining, and caring for the graves of German war casualties abroad, was able to turn this idea into a reality. The wreath was hung as part of the central service held at Kaiser Wilhelm Memorial Church in Berlin on 15 November 2020. In Germany, blue forget-me-nots serve as a reminder of the importance of peace. In the UK and the other Commonwealth countries from Canada to New Zealand, the same meaning is reflected in red poppies. "Today our countries stand together as indispensable partners in almost every field of endeavor imaginable," said His Royal Highness Prince Charles in his Remembrance Day speech at the German Bundestag.

A sign of peace and German-British friendship: This memorial wreath was hung during the central service to mark Remembrance Day in Berlin.

Help for the most vulnerable: The Würth Group donated EUR 250,000 to UNICEF, the United Nations International Children's Emergency Fund.

DONATION TO UNICEF: RAPID ASSISTANCE FOR REFUGEE CHILDREN

In March 2020, the Würth Group donated to UNICEF, the United Nations International Children's Emergency Fund, to support refugees on the Turkish-Greek border. EUR 250,000 will primarily go to help refugee children who are in urgent need of water, food, shelter, and medical care. Since the start of the Syrian conflict, Turkey has been an involuntary home for 3.7 million refugees from Syria and other countries. "The situation facing the refugees on the Turkish-Greek border, especially women and children, is not sustainable. As a company with global operations, this is an area in which we need to live up to our responsibility," explains Bettina Würth, Chairwoman of the Advisory Board of the Würth Group. UNICEF and its partners in Turkey are working hard to protect the children and provide them with basic necessities. "Refugee children have ended up in this desperate situation through no fault of their own. We would like to thank the Würth Group for this spontaneous sign of humanity in a difficult situation," said Georg Graf Waldersee, Chairman of UNICEF Germany.

THE REPRESENTATIVE OFFICES

Würth attaches great importance to critical exchange. Würth Haus Berlin and Würth Office Brussels provide advice and give their opinions on national and international political events. From the perspective of a commercial company with global operations, international trade issues are becoming increasingly important. In our globalized and digitally driven world, global economic links can only be shaped together. Given the mounting trade conflicts, climate policy challenges, the weak position of established institutions, shifts in military power, and repression, dialog between the world of business and governments is becoming a key challenge. Würth is a vehement advocate of free and rule-based world trade and practices it in more than 80 countries worldwide.

Companies and policymakers are well advised to stay in constant contact with each other. The political representative offices in Berlin and Brussels rise to this challenge by organizing rounds of talks and conferences and by taking a stand. This applies especially in times of crisis within the European Union. Debates have to pave the way toward legislation, because Würth is convinced that the only future is a European one.

Prof. Dr. h. c. mult. Reinhold Würth is committed to regular dialog between the corporate sector and policymakers, such as at the events held here at Würth Haus Berlin.

Special Olympics Germany 2020 Winter Games: in high spirits approaching the finish line in snowshoes

SPECIAL OLYMPICS

At the initiative of Carmen Würth, Würth has been supporting Special Olympics Germany—the German organization of the world’s largest sporting event for people with mental and multiple disabilities—since 2008. Some 900 employees have supported the event as volunteers ever since.

At the Special Olympics Germany Winter Games held from 2 to 6 March 2020 in Berchtesgaden, where 900 athletes competed in eight disciplines, 50 Würth volunteers ensured that the snowshoe trekking and speed skating events ran smoothly.

In June 2023, Berlin will host the Special Olympics World Games, the world’s largest sporting event for people with mental disabilities, making them the first World Games to be held on German soil! On 30 January 2020, the contract was signed at Bellevue Palace in the presence of guests such as German President Frank-Walter Steinmeier and Carmen and Reinhold Würth.

A dual leadership concept: Tobias Pfeiffer (left) and Sebastian Wiese have been running the handicap. restaurant in Künzelsau together since the summer of 2020.

HOTEL-RESTAURANT ANNE-SOPHIE

"Everyone can do something," is how Carmen Würth summarizes her commitment to helping people with disabilities. She devotes her time to bringing people with and without disabilities together in order to foster understanding and acceptance.

Hotel-Restaurant Anne-Sophie in Künzelsau is one example that does an impressive job of showing guests that this concept can be a recipe for success. Learning from one another, being there for each other—this describes working life for the employees at the hotel that she called into being. In the kitchen, in service, in housekeeping: Everyone pitches in, with or without disabilities. The hotel currently employs a workforce of 90, around one quarter of whom have disabilities.

Since August 2020, Altes Amtshaus in Ailringen, a second branch of Hotel-Restaurant Anne-Sophie, has been operating as a bed-and-breakfast hotel without restaurant service. The previous chef de cuisine and Michelin-star chef Sebastian Wiese is moving to restaurant handicap. at Hotel-Restaurant Anne-Sophie in Künzelsau.

Not least thanks to the bistro with a terrace on the waterfront, the museum "Kocherwerk—Haus der Verbindungstechnik" (House of Joining Technology) is also designed as a social meeting place.

KOCHERWERK—HAUS DER VERBINDUNGSTECHNIK

The new "Kocherwerk—Haus der Verbindungstechnik" museum and event venue in the district of Hohenlohe is scheduled to open in June 2021. The project will be realized in a building complex surrounding the historic red mill in Forchtenberg-Ernsbach, which was renovated in 2020 in line with guidelines for historical monuments. The venue's new purpose will remain true to its roots: It was here that, back in 1898, the company L. & C. Arnold produced the first industrially manufactured screws in the region. The company has since evolved into a cluster of around 30 companies manufacturing or trading in screws and fasteners with a workforce of more than 10,000 employees. At the Kocherwerk site, an interactive exhibition for young and old will bring the 120-year history and technologies of the fastening industry to life over an area spanning 400 square meters. School students can also obtain information on vocational training. The Kocherwerk venue is operated by the Förderer des Schrauben- und Befestigungsclusters Hohenlohe e. V. association, which was initiated in 2018 by Prof. Dr. h. c. mult. Reinhold Würth and currently brings together 17 companies in the region, including nine Würth Group companies.

The will to give their all unites Team PENSKE in the American Monster Energy NASCAR Cup Series and Würth.

WÜRTH AS A SPORTS SPONSOR

Team spirit, the willingness to perform, and giving one's all are values that define the corporate culture of the Würth Group and are also essential characteristics of sports. This is why we are committed to the world of sports as a sponsor in a wide variety of areas. Würth has been supporting the German Ski Association as one of two main sponsors since 2002 and has invited top athletes from all six association disciplines to Adolf Würth Airport in Schwäbisch Hall—in compliance with all applicable hygiene regulations—for their official outfitting in 2020. The Würth Group is also involved in the world of soccer: Würth has been involved in Bundesliga soccer since 1990. We have 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 American Monster Energy NASCAR Cup Series.

A career in the trades instead of university?
Career counseling as part of the initiative “MACH WAS! (DO SOMETHING!) The trades competition for school teams”, in which students implement projects to make their school premises more appealing, is just one of the many educational projects that Würth promotes.

SHAPING EDUCATION

Good education not only gives direction to each and every one of us, it also forms the basis for a fair society, for the future prosperity of our country, and for our democracy. This is why Würth supports numerous institutions that contribute to the continued personal and professional development of employees, their families, as well as customers and other interested parties.

FREIE SCHULE ANNE-SOPHIE
WÜRTH FOUNDATION

Bettina Würth founded the independent school Freie Schule Anne-Sophie in Künzelsau in 2006. Its sister school opened in Berlin in 2011. Both schools are state-accredited and offer education from primary school to high school graduation for more than 1,000 students. The Würth Foundation is the supporting organization behind the schools. The focus in Berlin is on bilingual education in German and English. Freie Schule Anne-Sophie Künzelsau has been a "Global Ethic School" since 2018. Despite the considerable challenges resulting from the COVID-19 pandemic, the school communities showed true dedication in 2020 in providing children and young people with a certain degree of normal school life and carefully accompanying them along their learning journeys.

Besides the concept of target- and performance-based learning in an actively shaped learning environment, the main focus lies on acquiring independent learning skills and developing social skills. Appreciation, mindfulness, willingness to learn, and confidence are the four basic attitudes of Freie Schule Anne-Sophie. They are upheld in the daily school routine with a common goal: Every child should leave the school as a winner. This is how Bettina Würth explained her motivation for setting up the school back in 2006.

Talents are promoted: Junior gymnast Jonas Albrecht from Freie Schule Anne-Sophie did a spontaneous backflip when he received one of eleven gifted scholarships worth EUR 1,000 for the 2019/20 school year.

COMPETENCE CENTER FOR ECONOMIC EDUCATION
WÜRTH FOUNDATION

Promoting entrepreneurial thinking and action at schools in Baden-Württemberg, the Competence Center for Economic Education in Baden-Württemberg has been committed to this objective for 15 years now. Founded in 2005 at the initiative of Prof. Dr. h. c. mult. Reinhold Würth under the umbrella of the Würth Foundation, today's portfolio includes numerous programs: The Würth Education Prize supports outstanding economic projects in schools. The company placement program allows teaching staff to partake in placements in the corporate world. Managers from schools and the business community exchange ideas at symposia. The "HAND-WERKSTATT" (TRADES WORKSHOP) offers students career counseling in the trades. With the federal state prize for graduates of secondary technical schools, the Würth Foundation supports special achievements and voluntary commitment.

In 2020, a study launched by the Competence Center showed that the subject of economics in vocational and higher education, introduced in Baden-Württemberg's general high schools in 2016, is starting to have an impact for grades 7 and 8.

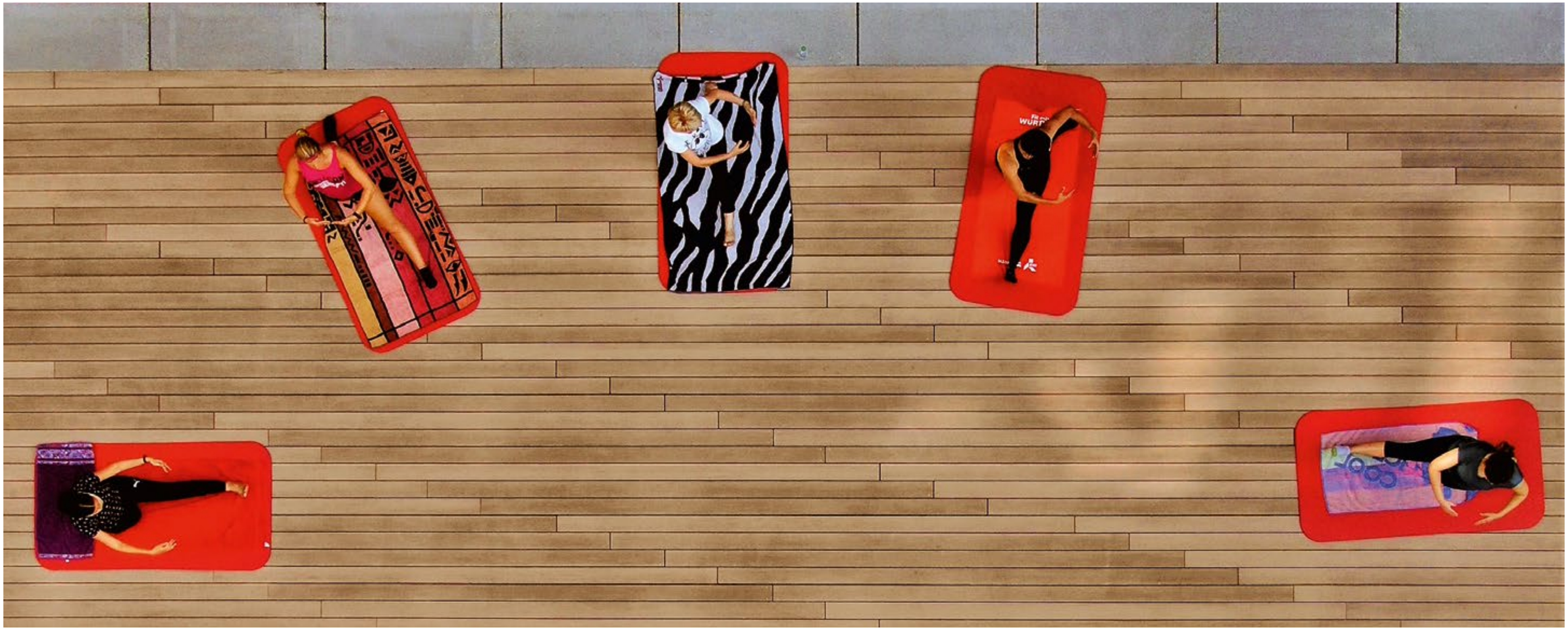
Seventh and eighth graders who study the subject of economics in vocational and higher education are more interested in the world of business. Prof. Dr. Günther Seeber from the University of Koblenz-Landau hands the economic literacy study over to Stefanie Hagenmüller, Head of the Competence Center for Economic Education.

Around 1,500 students are enrolled in a total of eleven bachelor's and master's degree programs at the Reinhold-Würth-Hochschule university.

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 2020 due to the pandemic. The foundation's work helps to strengthen the university itself. Two of the biggest initiatives supported in 2020 were the further internationalization of the faculty and Würth's Robotic Learning Center.

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 supports the Tübingen Poetry Professorship (Tübinger Poetik-Dozentur) within the German Seminar.



Be it to build muscle, lose weight, or reduce stress, in addition to digital formats, a wide range of courses helps individuals achieve their personal health goals.

FIT MIT WÜRTH

For more than 25 years now, the "Fit mit Würth" (Fit with Würth) health management program of Adolf Würth GmbH & Co. KG has been offering a wide range of activities such as special activity and health days, seminars, and a variety of courses designed to comprehensively promote and enhance health and well-being. The health program is aimed at employees and their family members. It covers the areas of ergonomics, exercise, nutrition, well-being, and occupational health and safety.

In January 2020, Fit mit Würth, the BKK Würth health insurance fund, and the Works Council gave employees access to the "Humanoo" health app, which features workouts, mindfulness exercises, nutrition tips, and recipes. Additionally, in a year dominated by the COVID-19 pandemic, classes and active breaks were accessible to all employees via Skype at lunchtime and in the evening in 2020. The topic of health is also playing an increasingly important role in the subsidiaries of the Würth Group: The Würth Elektronik Group, for example, launched an in-house health program called "WEtality" at its sites in Germany.

MACH WAS! (DO SOMETHING!) THE TRADES COMPETITION FOR SCHOOL TEAMS

Math, German, and the trades: In the 2019/20 school year, 250 schools in Germany incorporated "MACH WAS! (DO SOMETHING!) The trades competition for school teams", a Würth initiative under the patronage of the trades association Aktion Modernes Handwerk e. V., into their class schedule. A total of 3,820 students in grades seven to ten embarked on a project to increase the appeal of their school premises in February 2020. They received expert tips from craft businesses in the region. Würth provided support in the form of a work kit and T-shirts for all participating students, along with a budget of EUR 1,000 for each school team. The aim of the competition is to get young people excited about the trades, to show them options for potential careers while making sure they have fun in the process, and, in doing so, to counteract the shortage of skilled workers.

The students spent around nine months planning, screwing, sawing, and drilling. The best ideas were selected by online voting, and a jury of experts decided on the prizewinners: Staatliche Realschule Neustadt bei Coburg took first prize. Second place went to Freie Waldorfschule Oberberg, with KGS Wiesmoor coming in third. Freiherr-vom-Stein School in Hünfelden was awarded the special prize for "Innovation".

Ninth-grade students from Realschule Neustadt bei Coburg build seating made to look like books for their school library.

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.

Akademie Würth was established in 1991. It facilitates individual further education and lifelong learning extending beyond initial vocational training. This is why Akademie Würth Business School offers all Würth Group employees academic continuous education programs for working professionals. The programs are also open to all interested individuals who do not work for the Würth Group, with a large number of well-known companies taking advantage of them. In cooperation with several 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 also been offering a part-time Master of Business Administration (MBA) in Global Business for working professionals since 2001. This MBA degree is awarded by the University of Louisville after 13.5 months of study. During this period, two stays in Louisville give participants the opportunity to experience studying at a renowned research-intensive American university.

Since this year, interested individuals have also been able to work towards a Master of Science degree majoring in "Family Business" while continuing to work at the same time. The courses last six months and are offered in cooperation with Heilbronn University of Applied Sciences.

The Würth-sponsored initiative "MACH WAS! (DO SOMETHING!) The trades competition for school teams," which provides career guidance to seventh to tenth graders, is now firmly established thanks to the very positive response to the program. In the third round, which will start in the 2021/22 school year, 250 schools from all across Germany will be able to participate. The aim of the initiative is to get young people interested in the trades, to show them options for potential careers while making sure they have fun in the process and, in doing so, to counteract the shortage of skilled workers.

14,413

... million euro in sales was generated by the Würth Group in the 2020 fiscal year.

BULLETIN

THE BOARDS

REPORT OF THE ADVISORY BOARD

Ladies and Gentlemen,
Dear readers,

The COVID-19 pandemic has been keeping us on our toes for a year now. I am overwhelmed with a feeling of awe at just how much vulnerability this little virus has exposed. And the realization that we are all in the same boat. This principle of equality, enshrined in the United Nations Universal Declaration of Human Rights, takes on a whole new meaning. The virus does not discriminate, and this ultimately turns us into one big community again. Self-interest takes a back seat when it comes to achieving a common goal. If this way of looking at things, which is all about balance, ends up having a lasting effect, I hope that the way we interact with each other within our society will once again become a little bit more respectful and considerate.

The Würth Group has coped well with this extreme situation so far and remains committed to doing everything in its power to protect the most important thing of all: the lives and health of our employees. For the trades, a sector of the economy that is of systemic importance, we had the right answers to the most pressing questions: Contactless goods procurement got off to a flying start right away, allowing us to maintain our high delivery performance. Our operating result of EUR 775 million is up slightly year-on-year and we can also report a slight increase in sales of 1.0 percent to EUR 14.4 billion. The number of employees rose slightly, by 0.6 percent.

We are staying true to our innovation strategy, even in times of crisis. The Bloomberg Innovation Index shows that we cannot afford to lose focus. In this ranking of the world's most innovative economies, Germany has dropped to fourth place after coming in first only last year. We see our innovation center in Künzelsau as our contribution to helping Germany take back the lead. We are investing around EUR 70 million to create state-of-the-art laboratories and workshops on premises spanning 15,000 square meters. The future? Bring it on!

Work of the Advisory Board

The Advisory Board of the Würth Group held four extensive meetings in 2020. 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 2020, the work of the Advisory Board was 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 issue in 2020 and became even more important in light of the pandemic. As far as the regions are concerned, the Advisory Board took an in-depth look at the Würth Group's activities in North America.

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.

Each of the Advisory Board's three committees (Personnel, Audit, and Investment Committee) met three times in 2020. These meetings serve to increase the efficiency of the Advisory

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

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.

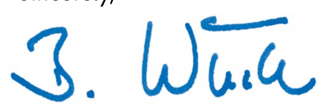
On 27 April 2021, the Advisory Board's Audit Committee took an extensive look at the 2020 consolidated financial statements, including the Group management report, as well as the audit report prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, in which an unqualified opinion was issued. The Audit Committee examined these documents and approved them. Other focal points of the Audit Committee's work in 2020 were once again compliance and risk management.

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 took a detailed look at investment controlling, particularly in light of the impact of the pandemic on short-term business development. The Würth Group will remain committed to its investment culture as a prerequisite for the company's growth. The Advisory Board approved the corporate plan, including the investment and financial plan, of the Würth Group for the 2021 fiscal year at its meeting on 11 December 2020 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 company's 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. For the Würth Group, 2020 was a fiscal year dominated by the COVID-19 pandemic, which developed much better than expected in the second half of the year and, overall, did not have any major negative impact on the company thanks to the Würth Group's diversified position. For this reason, we would particularly like to thank all our employees for their excellent performance, as well as all our customers and business partners for their loyalty to the Würth Group.

Sincerely,



Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

REPORT OF THE CENTRAL MANAGING BOARD

Ladies and gentlemen,

The COVID-19 crisis emerged in China at the end of 2019. We are now feeling the health-related and economic consequences of the pandemic, which started out as a localized phenomenon in a far away place, first-hand across the globe. Here at Würth, we have also realized just how fragile the situation is: Whereas we were only hit by a small number of infections within the Group in 2020, in February of this year we were suddenly affected by an intense wave of infection in the logistics department of Adolf Würth GmbH & Co. KG.

The restrictions imposed in response to the global pandemic have had a very different impact on the various branches of the economy. While tourism came to an almost complete standstill due to border closures and event cancellations across the board, the construction industry had a stabilizing effect on the economy. The mechanical engineering sector, on the other hand, has been hit hard. The automobile industry, which was already under pressure due to efforts to address climate change, also suffered a sharp downturn in sales as a result of the drop in demand and weeks of production shutdowns. This mixed picture is also reflected in the Würth Group's sales development in 2020: While the Construction Division (+ 12.2 percent) and Electrical Wholesale Germany (+ 10.8 percent) performed very well, reporting double-digit sales growth, sales in the areas that are direct suppliers to the automobile and mechanical engineering industries declined.

The huge challenge that this crisis has created is that of overcoming it together in the spirit of solidarity, even though we might be affected by its impact to varying degrees depending on the sector we work in or the infection rates in the place where we live. The "Next Generation EU" recovery fund bears testimony to the political will to stick together regardless of national borders. Worth EUR 750 billion, it is the largest rescue package launched by the European community in its history. It is crucial that we keep working resolutely on the important sociopolitical issues of our time, such as improving our digital infrastructure so that everyone—companies, schools, public authorities—has the opportunity to shift their processes online. We need large-scale education campaigns focused on digitalization so that the up-and-coming generation can finally break out of the analog world. The restructuring of our working world offers immense potential. Our environment has shown us how much it is prepared to forgive, and where it draws the line. These are all issues worth tackling—issues that will shape our future.

As far as the development of the Würth Group is concerned, we are satisfied overall: The Group achieved sales of EUR 14.4 billion in 2020, up by 1.0 percent. At EUR 775 million, the operating result was up slightly year-on-year. We did not make any structural job cuts in spite of the pandemic. The number of employees rose slightly by 453 to 79,139.

Two factors played a key role in this satisfactory development: The trades, which we supply with fastening and assembly materials as part of our core business, have been working almost without interruption since the onset of the crisis due to their systemic importance. At the same time, with our multi-channel strategy, we had the right solutions in place to enable

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

tradespeople to purchase materials as part of a straightforward, contactless process: Our digitalization strategy, consisting of our online shop, e-procurement, and the Würth App, blends seamlessly with stationary procurement structures in our pick-up shops, which we equipped with a COVID-19-compliant safety and hygiene concept right away. E-business sales grew faster than sales in other areas, rising by 5.8 percent to EUR 2.8 billion in 2020 and increasing this segment's share of total Group sales to 19.3 percent.

One key aspect of customer relations that we cannot afford to underestimate, even during this pandemic, is and remains the trust placed in us by our approximately 4 million customers worldwide—a stable partnership that is only possible thanks to our more than 33,000 sales representatives. Even in these times of crisis, they are in constant contact with our customers via telephone and e-mail. The additional risk diversification achieved by our international positioning, diversification across various business fields and, not least, our financial stability, with an equity ratio of 43.8 percent, have kept the Group on an even keel overall.

We will do everything in our power to counteract the unpredictability of this virus and, as always, will rise to the challenge by adopting a "Würth-like!" strategy, keeping our sense of focus, treading carefully, maintaining a comprehensive view of the situation, and remaining fully confident in our own capabilities. The Central Managing Board of the Würth Group would like to thank everyone who gave us the time and space we needed to manage the crisis: 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.

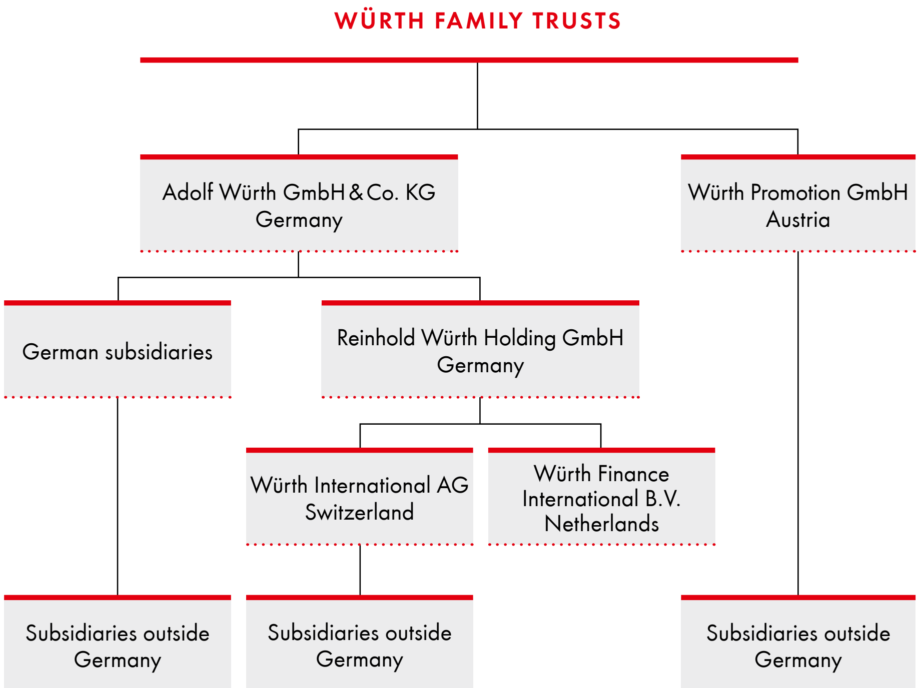
For the Central Managing Board

R. Friedmann

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

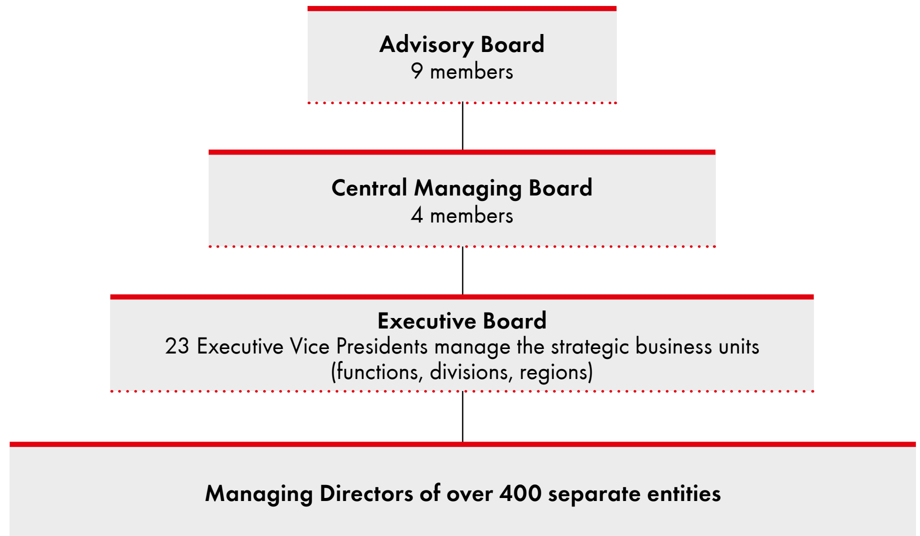
Würth Group: Legal structure

Simplified chart



Organizational structure

As of: 31 December 2020



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 Vice Presidents, 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
Former Chief Executive Officer
of DZ BANK AG, Frankfurt/Main

Jürg Michel †
Former Member of the
Central Managing Board
of the Würth Group

Ina Schlie
Former Head of the Group Tax Dept.
at SAP SE, Walldorf

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

Dr. Martin H. Sorg
Certified Public Accountant and Partner
of the Law Firm Binz & Partner, 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 four 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. 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

Robert Friedmann (left), Bernd Herrmann, Dr. Steffen Greubel, and Joachim Kaltmaier (right)

Customer Advisory Board

The Customer Advisory Board of Adolf Würth GmbH & Co. KG brings together Würth customers from the worlds of 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 of
Emil Frey AG, Zurich
Chairman of the Supervisory Board of
Schwabengarage GmbH, Stuttgart

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

Josef Stengel
Managing Partner of
Stengel GmbH, Ellwangen

Harald Supper
Member of the
Management Board of
Ed. Züblin AG, Stuttgart

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

79,139

... employees were employed by the Würth Group in 2020.

GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT OF THE WÜRTH GROUP

The company

The success story of the Würth Group began on a very small scale back in 1945. In the early days, the goods offered by screw wholesaler Adolf Würth were still brought to Künzelsau train station by cart before being transported to the company's customers from there. In the space of 75 years, the two-man business has evolved into a global trading group with 79,139 employees, over 33,000 of whom work as members of the sales force. Thanks to its worldwide presence, the company now reaches customers across the globe.

In its core business, the sale of assembly and fastening materials, the Würth Group is a firmly established market player. Other trading and production companies, known as the Allied Companies, operate in related business areas, ranging from the electrical wholesale and electronics to financial services. The Würth Group comprises more than 400 companies represented by around 2,300 branches in more than 80 countries. The Group generated sales of EUR 14.4 billion in the 2020 fiscal year.

In its anniversary year of 2020, Adolf Würth GmbH & Co. KG, the nucleus of the company, looked back on its 75-year success story. At the same time, Reinhold Würth, who took over the business at the age of 19 following his father's death, also celebrated his 85th birthday. The family business serves as a role model in terms of its social and cultural commitment.

Today, the Würth Collection comprises more than 18,300 works of art that can be seen in five museums and ten associated galleries of the Würth Group across Europe. As recently as June 2020, Museum Würth 2 opened its doors to the public as an extension of Carmen Würth Forum at the company's Gaisbach location. The museum showcases centerpieces of modern and contemporary art from the Würth Collection. Reinhold Würth is convinced that the juxtaposition of art and day-to-day working life provides inspiration for new ideas. All of the company's museums are open to the public with free admission.

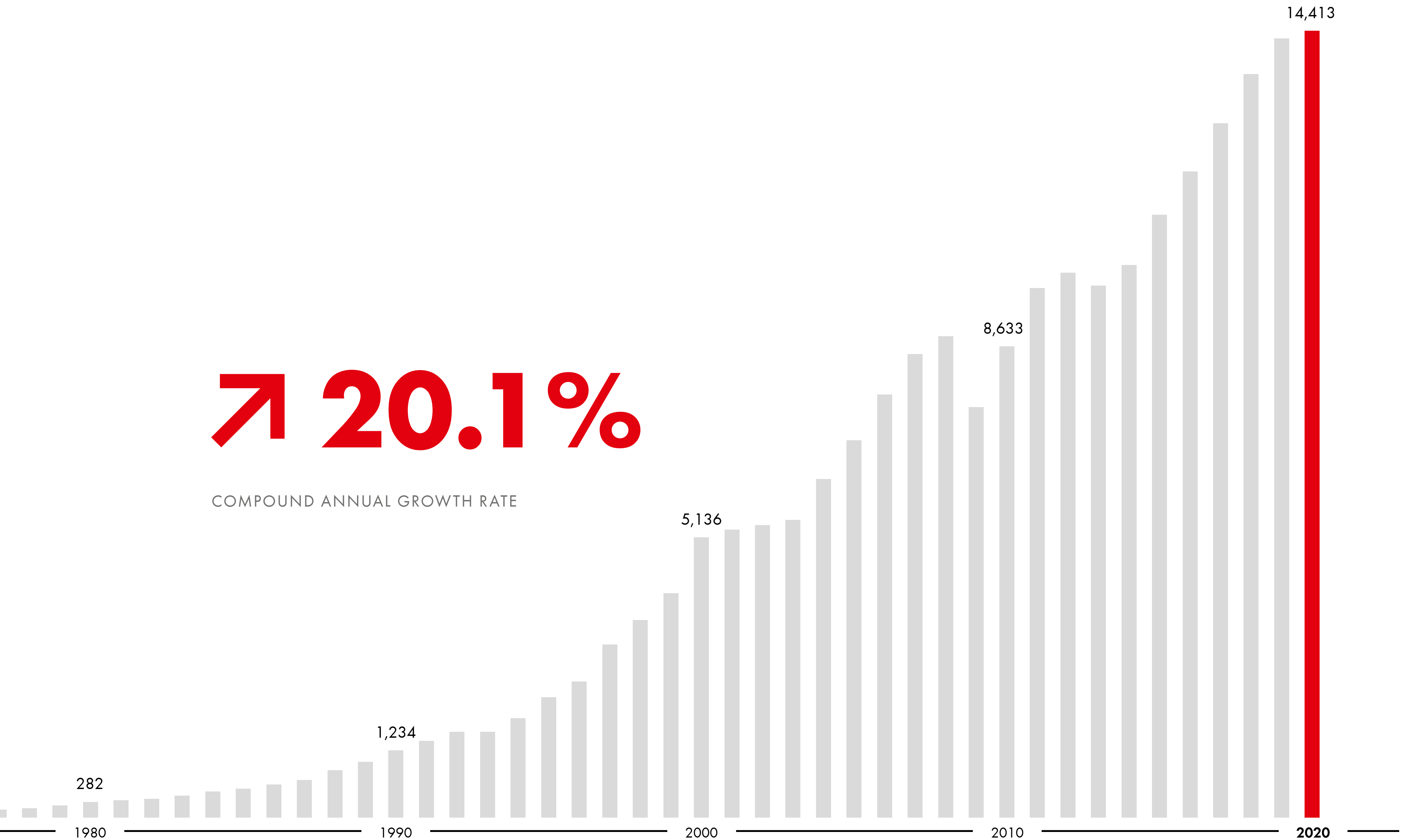
Over its 75-year history, the company has repeatedly pursued new avenues and, as a family business, its actions are geared towards ensuring sustainable and long-term growth. At the same time, the Würth Group is particularly aware of its social responsibility and, alongside its commitment to art and culture, is involved in a large number of initiatives in areas such as sports, social affairs, and education.

A wide array of activities has also been launched to promote environmental sustainability, most of them still at the level of individual companies. The Central Managing Board has decided to bundle these activities within the Würth Group and, in this context, to lay the foundation for Group-wide reporting, including quantitative targets. A sustainability report is planned to provide information on these efforts at the Group level in 2022.

But even when venturing down new avenues, the company always remains loyal to its philosophy and values: Openness, gratitude, respect, curiosity, responsibility, and humility are the cornerstones of our success and form the basis for our cooperation with each other, with our business partners and with our customers. This is the strategy that has accompanied us for 75 years and will continue to accompany us going forward. Corporate culture at Würth? Like!

SALES DEVELOPMENT Würth Group in millions of EUR

1954	1960	1970
0.08	1.0	33


↗ 20.1%
COMPOUND ANNUAL GROWTH RATE
282
1,234
5,136
8,633
14,413
1980
1990
2000
2010
2020

Economic environment

The COVID-19 crisis plunged the German economy into the second most severe recession witnessed in the post-war era. Over and above the battle against the pandemic, events were dominated by ongoing tension in the South China Sea and the Middle East, a growing wave of populism and protectionism associated with Brexit, and the unpredictable nature of Donald Trump's US presidency. The escalating trade dispute between the US and China and the ongoing quarrels over the future of the EU were also major factors in 2020.

These risk factors were not new and had been taken into account worldwide. The situation with the hitherto unknown SARS-CoV-2 virus was a different matter entirely: It triggered the biggest economic slump seen in modern times. It was not possible to correct the marked downward trajectory before the end of the year. According to the World Bank, global economic output fell by 4.3 percent in 2020, compared with 2.8 percent growth one year earlier. With only a slight increase in gross domestic product in China (+2.0 percent) and a contraction in the US (–4.6 percent), the world's two largest economies lost considerable steam.

- **COVID-19 pandemic sends shockwaves through German economy after ten-year growth phase**
- **Economic slump in almost all sectors of economy—service sector and parts of industry hit particularly hard**
- **Construction only exception with 2.8 percent increase in gross value added**

Economic output in **Germany**, the Würth Group's largest single market, plunged by 5.0 percent last year (2019: +0.6 percent). The only time the economy showed a more dramatic contraction was during the global financial crisis in 2009, when gross domestic product (GDP) plummeted by 5.7 percent. Employment also declined overall: The unemployment rate averaged 5.9 percent in 2020 (2019: 5.0 percent).

Compared with the eurozone, Germany has nevertheless fared relatively well during the crisis. The **construction industry** in particular, a sector of the economy that is especially important for Würth, made a significant contribution to the trend. While macroeconomic gross output (excluding construction) declined in 2020, it increased by 2.8 percent in the construction sector (2019: +4.0 percent). In the mainstream construction sector, sales rose by 5.9 percent in nominal terms (2019: 6.7 percent). In addition, the corporate sector created roughly another 22,500 new jobs in 2020 (2019: +33,385). Last year, incoming orders rose by 0.5 percent in nominal terms (2019: +8.2 percent), but fell slightly by 2.6 percent in real terms (2019: +3.0 percent). This can be explained by various COVID-19-related restrictions, such as isolated construction site shutdowns, the partial unavailability of foreign skilled workers due to border closures, or missing material deliveries and canceled orders.

It was a similar story in the **trades**, another decisive key market for the Würth Group: Here, sales were 1.4 percent higher in 2020 than they had been in 2019 (+3.9 percent). Despite the positive figures, the industry recorded the weakest sales growth witnessed in the last seven years. Numerous companies are still struggling due to the shortage of skilled workers. A large number of vocational traineeship positions remained unfilled. What is more, craft businesses have a number of bureaucratic hurdles to overcome, which also has the effect of inhibiting growth.

Since 2018, companies in the **metal and electrical industry** (M+E) have been grappling with a recession and an urgent need for structural change, including digital transformation. This was compounded by the effects of the COVID-19 pandemic last year. After 2019 saw a decline of 4.5 percent, 2020 was the second year of severe recession for the M+E industry, another key pillar for the Würth Group. Looking at 2020 on average, M+E production was down by 14.1 percent on the previous year. The job creation witnessed in recent years came to an end in mid-2019. The export-oriented **mechanical engineering** sector also recorded a 14.0 percent slump in production in 2020 (2019: –2.0 percent). One reason for this was the sharp decline in production in the

automotive industry due to the crisis. Last year, the number of vehicles sold by car manufacturers was down by almost one-fifth on the year before. A total of 2.9 million new cars were registered in 2020, 19.1 percent less than in 2019 (2019: – 5.0 percent). This development was replicated across the globe: Sales bans, economic uncertainty, and production downtimes translated into negative results in Europe, as well as in Asia, Russia, and the United States.

The picture for the **eurozone** as a whole is even bleaker: The European Commission estimates that GDP contracted by 6.8 percent in 2020 (2019: + 1.3 percent). Economic output in other major EU countries, France, Italy, Spain and Great Britain, for example, fell by between 8.3 percent and 11.0 percent. Unemployment in the EU also soared in a year dominated by COVID-19. Almost two million more people found themselves out of work. As a result, the unemployment rate rose from 6.5 percent in December 2019 to 7.5 percent at the end of 2020, according to Eurostat.

France was forced to impose another hard lockdown starting in November 2020 to control the COVID-19 outbreak. Thus, the European Commission expects GDP to have declined by 8.3 percent. GDP was still growing at a rate of 1.5 percent in 2019. The unemployment rate has increased in France: from 8.5 percent in 2019 to 8.9 percent in 2020.

Italy was able to contain the spread of infection in the fourth quarter by taking distinct measures for each region. This allowed it to prevent the sort of full nationwide lockdown seen in the spring. For 2020 as a whole, experts at the European Commission predict an 8.8 percent drop in GDP (2019: + 0.3 percent). In 2019, the unemployment rate was 9.9 percent, while it rose to 11.0 percent during the COVID-19 crisis.

Spain, much like Italy, responded to the renewed rise in infections in the fall by implementing a range of different measures according to region. Nevertheless, economists predict that growth in Spain will have slumped by 11.0 percent (2019: + 2.0 percent), which is also reflected in a very high unemployment rate of 16.8 percent (2019: 14.1 percent).

The COVID-19 pandemic and partial economic standstill maneuvered **Great Britain** into an economic crisis of historic proportions in 2020. A healthcare system on its last legs after years of funding cuts, an extremely high population density, and political failures on a massive scale allowed the virus to spread widely unchecked. For the year as a whole, Great Britain recorded a 9.9 percent drop in economic output (2019: + 1.5 percent). The unemployment rate also increased by 1.6 percentage points to 5.4 percent (2019: 3.8 percent).

China is the only major economy that did not contract in 2020. With GDP growth of 2.0 percent (2019: + 6.1 percent), the People's Republic can report higher growth than any other country, but also hefty losses as a result of COVID-19.

Tough measures to contain the pandemic also slammed the brakes on **India's** economy. GDP slumped by 9.6 percent in 2020 (2019: + 4.2 percent).

In the **US**, GDP contracted by 4.6 percent (2019: + 2.2 percent). While the government was late in its response to the pandemic, it went on to launch a generous rescue package.

Last year, **Latin America's** economy experienced the biggest economic slump in decades. Gross domestic product fell by an average of 7.6 percent in 2020 (2019: + 0.1 percent).

Last year was also dominated by a barrage of bad news for the **Russian** economy. Production closures due to the lockdown to combat the COVID-19 pandemic, the slump in oil prices, and the depreciation of the ruble sent GDP sliding by 4.0 percent (2019: +1.3 percent).

Business trends

- **Sales up slightly to EUR 14.4 billion**
- **Operating result slightly above previous year's level**
- **Digitalization drive ensures above-average growth in e-commerce business**

In 2020, the Würth Group generated sales of EUR 14.4 billion, up slightly on the previous year (2019: EUR 14.3 billion). This represents growth of 1.0 percent. After adjustments to reflect exchange rate effects, the rate of growth came out at 2.0 percent.

The recurring theme of 2020 was the COVID-19 pandemic with its huge global impact. The economic development of the Würth Group was also heavily influenced by the pandemic. While sales slumped by more than 20 percent in April 2020, with the decline making it into the double digits again in May 2020, growth improved month over month thereafter, resulting in double-digit sales growth in December, which allowed the Group to close the fourth quarter of 2020 with the strongest growth.

The Group maintained its performance at a high level thanks to its multi-channel strategy, the diversification of risk resulting from its international positioning and also diversification across various business areas. The 2020 sales trend also reflects the varying impact that the pandemic had on individual sectors and markets: While the Construction division (+12.2 percent) and Electrical Wholesale Germany (+10.8 percent) performed very well, reporting double-digit sales growth, sales in areas that are direct suppliers to the automotive and mechanical engineering industries declined.

Germany proved to be very robust during the COVID-19 pandemic. The Würth Group achieved 2.9 percent growth in this market, with Adolf Würth GmbH & Co. KG, the nucleus of the Group, growing by 7.4 percent. Outside of Germany, the Group saw its sales drop by 0.4 percent.

E-business sales showed above-average growth of 5.8 percent, climbing to EUR 2.8 billion in 2020. This brought their share of Group sales up by one percentage point to 19.3 percent. Due to contact restrictions and lockdowns, business shifted increasingly to digital sales channels. Be it via the online shop, the Würth App, or e-procurement solutions: Thanks to the systematic pursuit of its digitalization strategy and its financial stability, Würth remained a reliable partner and supplier to its customers even during the pandemic. E-business has become even more important as part of the multi-channel strategy.

At EUR 775 million, the operating result was up slightly year on year (2019: EUR 770 million). This is a very good result considering the global pandemic and was achieved thanks to stringent cost discipline and relatively stable gross profit margins. The rate of return remained constant year on year at 5.4 percent (2019: 5.4 percent). In order to implement its planned strategies, the Würth Group is making sustainable investments in its various business areas and markets. Capital expenditure on intangible assets and property, plant and equipment came to EUR 473 million in 2020.

Despite the COVID-19 crisis, the Würth Group did not implement any structural job cuts. On the contrary: In 2020, the number of employees increased by 453 from 78,686 to a new high of 79,139. The number of employees in Germany is now 24,514, representing an increase of 0.7 percent. As in the past, the majority of the employees are still based in Germany. Würth is a sales company at its core. Including sales-related areas, almost 50,000 employees have direct contact with customers, with 33,176 of them working as sales representatives.

Sales by region

- **COVID-19 pandemic hampers Würth Group growth worldwide**
- **Germany remains biggest individual market**
- **Spain benefits from company acquisition**

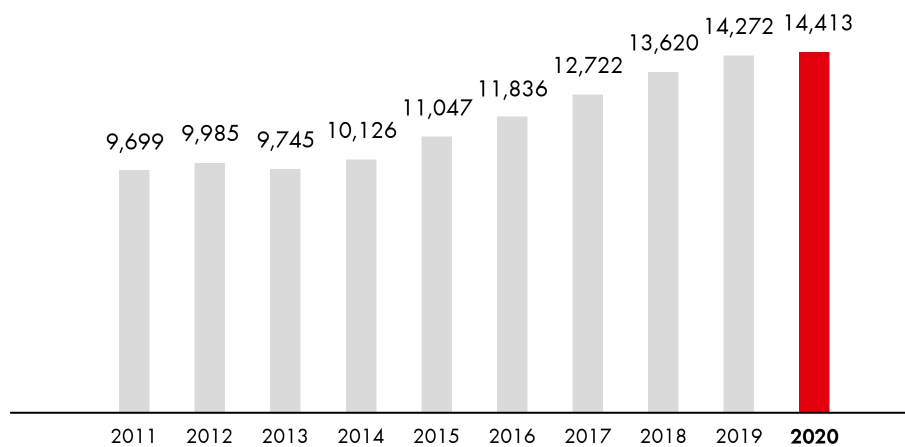
Germany is the most important individual market for the Würth Group, accounting for 42.1 percent of sales. Although the growth momentum in 2020 varied considerably from business unit to business unit, a satisfactory result was achieved overall with 2.9 percent growth in Germany. Outside of Germany, the companies recorded a 0.4 percent drop in sales, almost all of which was attributable to the COVID-19 pandemic and the associated restrictions and which affected virtually all continents and regions.

Decentralization has always been one of the Würth Group's strengths. In 2020, geographical diversification was particularly helpful to us, as the more than 400 companies in over 80 countries were affected by the pandemic to very different degrees. The lockdowns imposed varied in their timing, intensity, and length, and the classification of the systemic importance of our business units also differed from region to region. We were hit by temporary restrictions on customer visits by sales representatives, pick-up shop closures, and even by the closure of national companies in some cases.

The multi-channel strategy we have been pursuing for years now proved all the more successful. In addition to telephone sales, the focus on e-business was a key component of our sales activities as we sought to maintain proximity to our customers and ensure that they were supplied with materials.

In the 2020 fiscal year, sales of EUR 6,073 million were generated in **Germany**, up by 2.9 percent (2019: EUR 5,900 million). Against the backdrop of the COVID-19 pandemic, this is a very positive development. The German companies benefited from buoyant construction activity in both the private and public sectors, as well as from their stable business models, allowing them to respond very quickly to the challenges associated with the onset of the COVID-19 crisis in Germany from March and April 2020. The companies in the German Electrical Wholesale unit showed particularly encouraging development, led by Fega & Schmitt Elektrogroßhandel GmbH, which reported a double-digit increase in sales, although companies in the chemicals sector also reported encouraging development. Companies that are direct suppliers to the automotive and mechanical engineering sectors and had already been affected by the downward trend in these sectors were hit hard by the COVID-19 pandemic. By way of example, this translated into lower sales at the subsidiary Arnold Umformtechnik, which specializes in connection technology for the automotive manufacturing industry. Our major German tool distributors Hahn+Kolb, Sartorius, and Hommel Hercules also reported declining sales.

SALES Würth Group in millions of EUR



SALES Würth Group in millions of EUR

	2020	2019	%
Würth Line Germany	2,335	2,252	+3.7
Allied Companies Germany	3,738	3,648	+2.5
Würth Group Germany	6,073	5,900	+2.9
Würth Group International	8,340	8,372	-0.4
Würth Group total	**14,413**	**14,272**	**+1.0**

Developments at Adolf Würth GmbH & Co. KG tell a completely different story. Established back in 1945, it is the nucleus of the Würth Group and celebrated its 75th anniversary in 2020. It started operations on 14 July 1945 in Künzelsau as the screw wholesaler Adolf Würth. This marked the first chapter in the story of a global corporation. In the fiscal year under review, its 7,477 employees reached another milestone, generating sales of EUR 2,215 million, including intra-Group sales. This corresponds to an increase of 5.8 percent, outstripping the average figure for the Group by a wide margin. Alongside the sales force and in-house sales staff, the more than 550 pick-up shops are key to the company's positive development. Even during the lockdown phases in Germany, these shops were open throughout due to their systemic importance, and our customers were able to cover their immediate needs at any time. This puts our Group's flagship closer to our customers than any of our competitors. The response to physical distancing was a successful further expansion of e-business reliant on trust-based cooperation between sales force employees and our customers. Professionalism, both internally and externally, is one of the reasons behind the company's high level of profitability. For the first time in the Würth Group's history, a company managed to achieve an operating result in excess of EUR 200 million.

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.

Overall, Germany accounted for an operating result of EUR 376 million (2019: EUR 389 million), making it the most profitable region.

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 were down only slightly, by 1.1 percent to EUR 1,994 million. The region benefited from the continued positive development of the companies in Switzerland, especially the Swiss direct selling company, which was able to shift up a gear again after a period of restructuring. The companies in Austria were able to maintain the sales level they achieved in 2019. France is the country with the highest sales in the region, accounting for a share of over 35 percent. The companies based in France were able to hold their own relatively well during the COVID-19 crisis. Despite a macroeconomic downturn—including a full lockdown in the month of April and a large number of restrictions in May—considerable success was achieved in e-business. By way of example, the strategic focus on digital channels such as the online shop, the Würth App, and e-procurement led to 29.1 percent growth in Würth France's e-business segment. The United Kingdom is also part of the Western European region. It is impossible to assess conclusively whether the 7.6 percent drop in sales in local currency terms in 2020 is an early consequence of Brexit or can be traced back to the COVID-19 pandemic.

The **Americas**, which includes both the US and Brazil, make up the continent that has been hit the hardest by the COVID-19 pandemic. In 2020, over 27 million people were infected in these two countries alone, with severe secondary effects on private and public life. In particular, the drop in sales witnessed during the first wave of the pandemic in April and May 2020 prevented the region from reporting better performance, with sales down by 3.1 percent in total. The strong euro also held sales growth back. In local currency terms, sales in the Americas region were slightly higher than in the previous year. In the US, the largest single market, developments varied significantly from business unit to business unit. Companies with significant activities in the personal protective equipment or chemicals product segments closed the year significantly better than those that rely heavily on the industrial sector.

THE WÜRTH GROUP AROUND THE WORLD

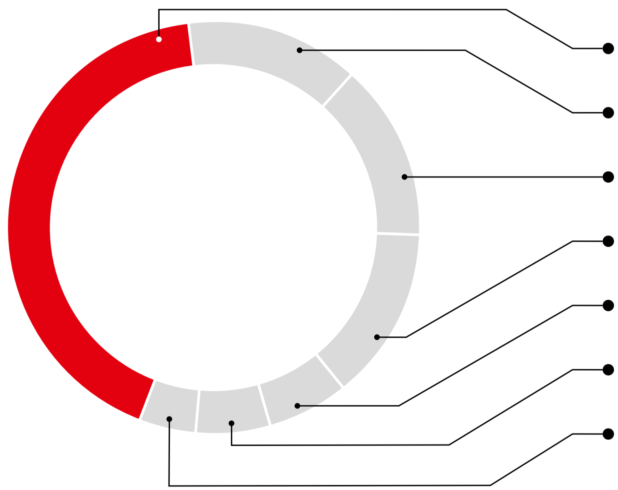
■ Countries in which Würth is represented

Another dominant topic last year was the US election campaign, the outcome of which has global implications far beyond the country's own borders. The traditional pillar of the US economy, a low unemployment rate, relinquished some of its strength last year. Millions of people in the US have lost their jobs as a result of the crisis. From the Würth Group's perspective, it is also crucial for private consumption in the US to be stimulated again and for global trade conflicts to be contained.

The companies in South America were able to close the year with respectable sales growth of 10.1 percent in local currency terms thanks to a strong fourth quarter of 2020.

Apart from Germany, **Southern Europe** was the only region to record an increase in sales. The 4.6 percent growth was, however, boosted by the 2019 acquisition of Grupo Electro Stocks, S. L. U., headquartered in Barcelona, Spain. It has always been part of the Group's growth strategy to add targeted acquisitions to successful business areas where it makes sense to do so. After adjustments to reflect this acquisition, the Southern European companies closed the 2020 fiscal year with a 4.2 percent drop in sales. In terms of the absolute share of sales, Italy is the dominant country in the Southern European region, followed by Spain. In both countries, the effects of the first wave of COVID-19 in Europe were particularly dramatic. By taking fast, systematic action in response to the truly exceptional situation, supported by many years of trust-based cooperation with customers and suppliers, the Würth Group was able to generate growth over the year as

SALES Regions of the Würth Group



	2020 in %	**2020** in millions of EUR	2019 in millions of EUR	Change in %
Germany	42.1	6,073	5,900	+ 2.9
Western Europe	13.8	1,994	2,016	– 1.1
The Americas	13.8	1,984	2,048	– 3.1
Southern Europe	13.6	1,952	1,866	+ 4.6
Eastern Europe	6.2	897	926	– 3.1
Scandinavia	6.0	864	867	– 0.3
Asia, Africa, Oceania	4.5	649	649	–
Total		**14,413**	**14,272**	**+ 1.0**

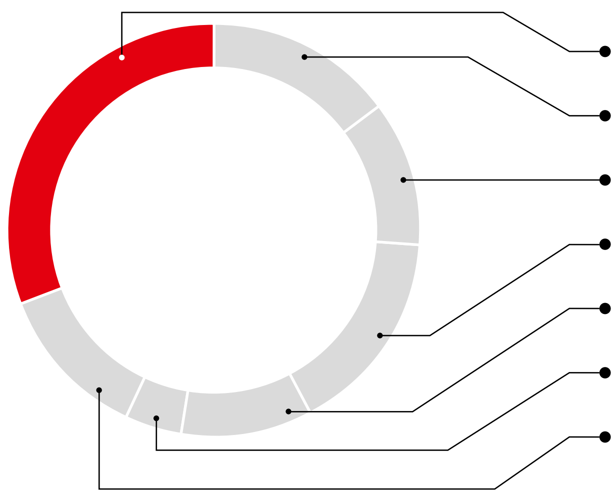
a whole that can be considered satisfactory given the circumstances. In order to continue to drive growth dynamically in the region in the future, the number of employees was increased by 2.3 percent. Out of the 12,774 employees, more than 60 percent work as sales representatives.

Sales in **Eastern Europe** slid by 3.1 percent; in local currency terms, the region remained on a par with the previous year. Countries such as Estonia, Hungary, and Russia also proved that growth can be achieved even in difficult times. The Würth Group employs more than 8,200 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. This stability was also evident in 2020, when sales charted only a very slight decline of 0.3 percent. This region is home to one of the model companies in the Würth Group, Würth Finland. With more than four decades of operations under its belt, the company consistently impresses with its excellent market penetration and high profitability. Würth Finland also spearheaded the spread of the successful "pick-up shops" sales concept within the Würth Line. The company now has 189 pick-up shops, four 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.

EMPLOYEES Regions of the Würth Group



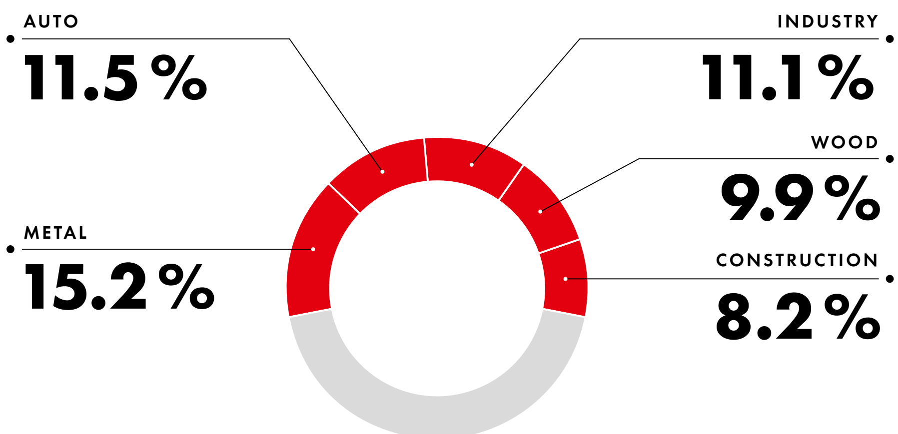
	2020 in %	**2020**	2019	Change in %
Germany	31.0	24,514	24,344	+0.7
Western Europe	14.6	11,508	11,410	+0.9
The Americas	11.4	9,054	9,245	-2.1
Southern Europe	16.1	12,774	12,486	+2.3
Eastern Europe	10.4	8,231	8,202	+0.4
Scandinavia	4.4	3,474	3,505	-0.9
Asia, Africa, Oceania	12.1	9,584	9,494	+0.9
Total		**79,139**	**78,686**	+0.6

THE OPERATIONAL UNITS OF THE WÜRTH GROUP

The divisions of the Würth Line

Würth Line operations focus on assembly and fastening materials, supplying customers in both trade and industry. Within the Würth Line, the operating business units are split into Metal, Auto, Industry, Wood, and Construction divisions.

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



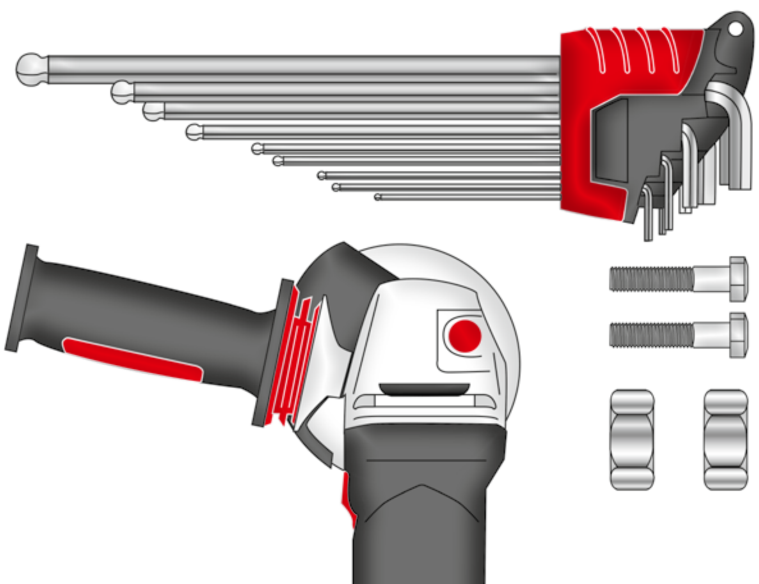
Metal division

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 stops and the various options for placing orders online, allows us to offer our customers top-quality advice and options for purchasing our products to suit 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.

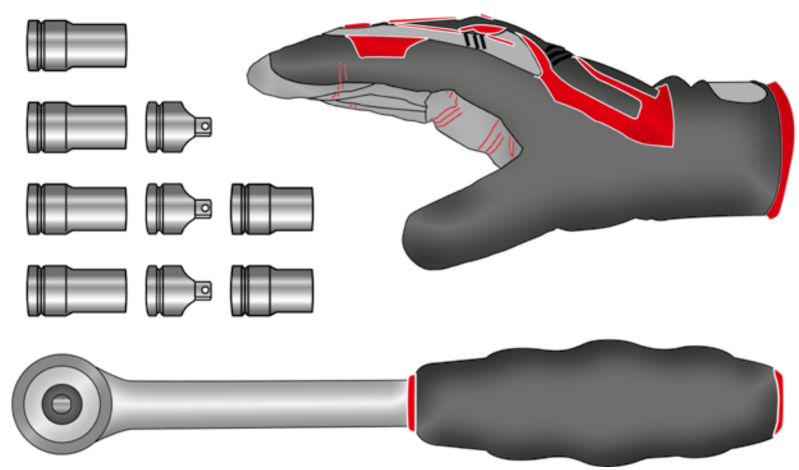


Auto division

Proximity to customers is a key success factor for the Auto division, along with an extensive range of top-quality products, as well as systems and services that make our customers' processes easier and more efficient. In complementary specialist areas such as the special tools segment, we help our customers to meet the rapidly changing demands of the automotive and commercial vehicle market. 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.



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 security 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.

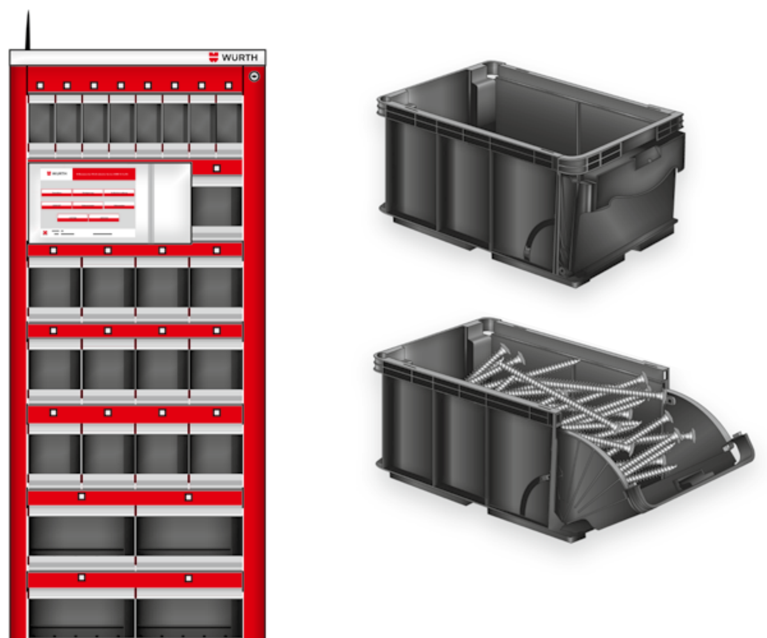
The strategic focus remains on personal on-site customer service thanks to a global network of companies and, as a result, the same high standards for quality, products, and processes across the globe.

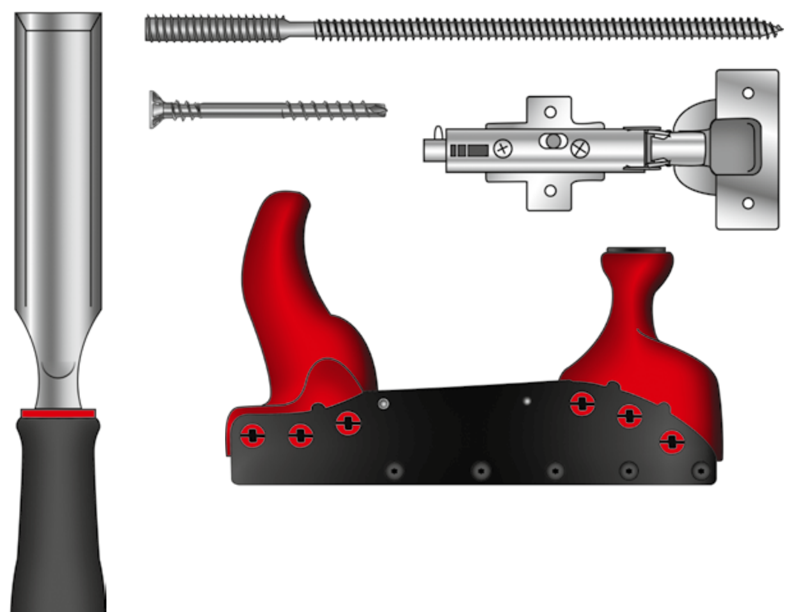
Wood division

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 and Austria.

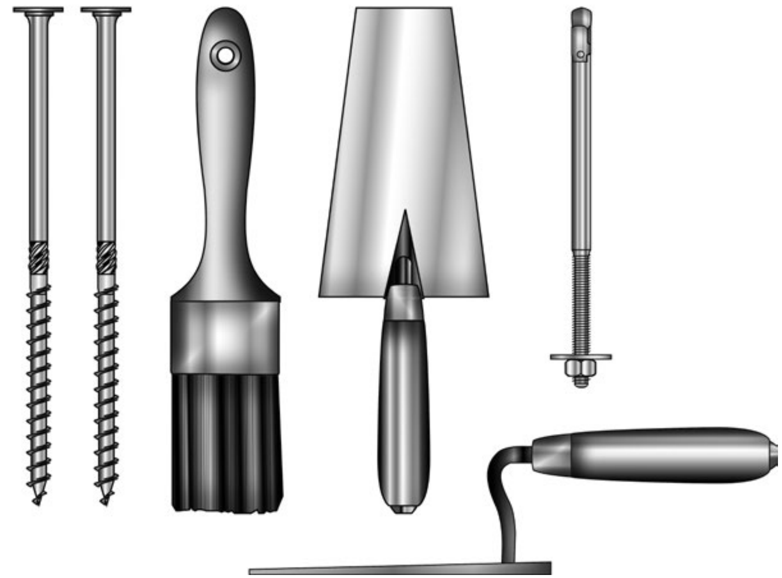




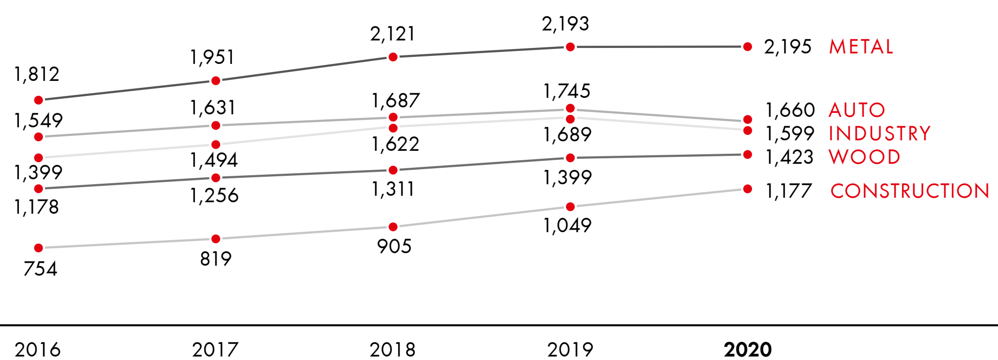
Construction division

The Construction division aims to supply construction companies across the globe at the regional, national, and international level with high-end products and services that are as standardized as possible. The pick-up shops are the ideal port of call for customers looking to cover their immediate needs. Sales representatives act 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.

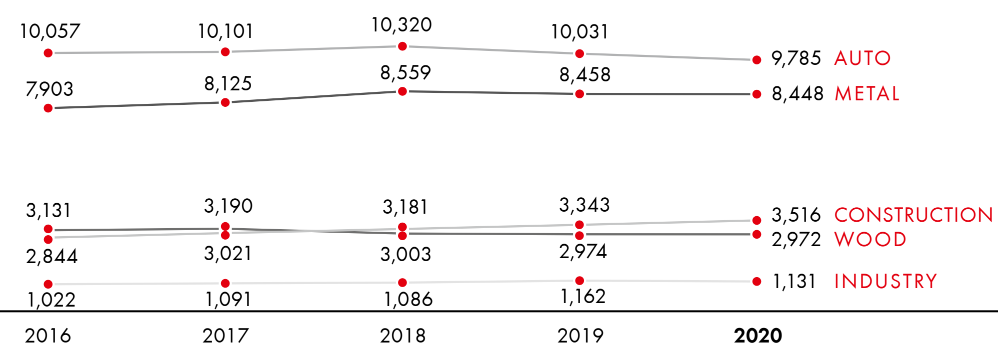
The Construction division encompasses all sales units responsible for serving customers in the building and civil engineering industry and the finishing trades. Cultivation of the market focuses on construction companies, technical building equipment, roof and wood construction customers, finishing and 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



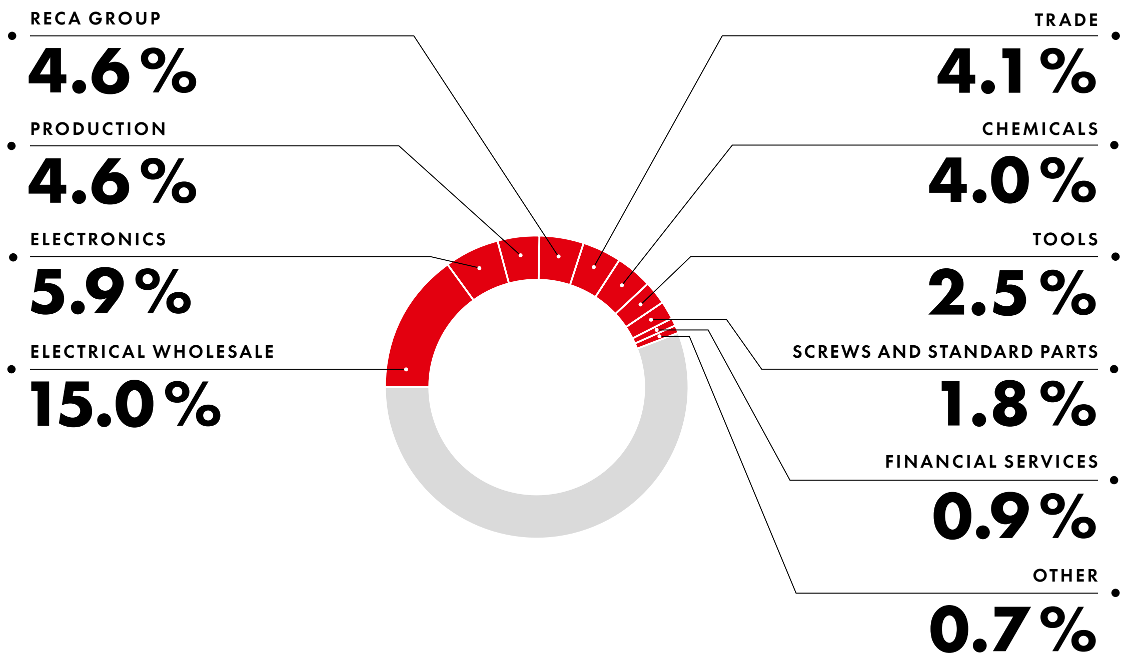
SALES REPRESENTATIVES by division



The business units of the Allied Companies

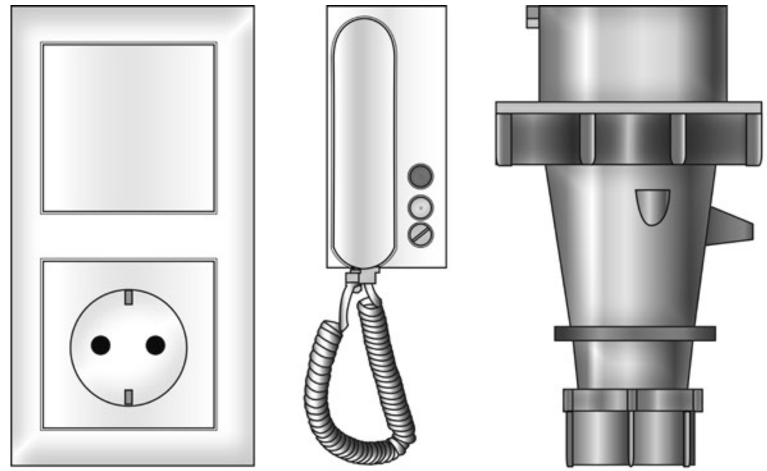
The Allied Companies operate either in business areas related to the Group's core business or in diversified business areas, rounding off the Würth Group's portfolio. They are divided into nine strategic business units. With the exception of a small number of manufacturing companies, the majority are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



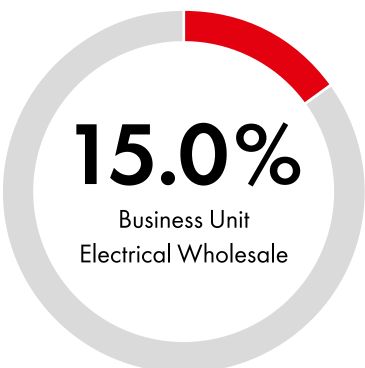
Electrical Wholesale

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 products, as well as 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.

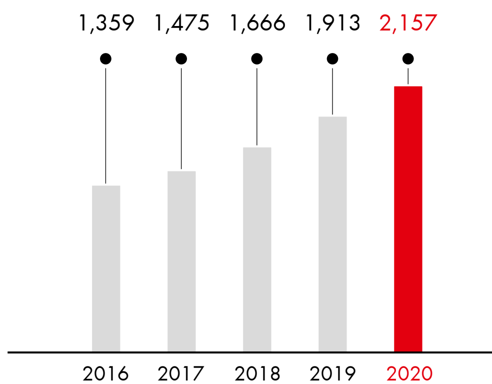


- Electrical Wholesale reaps benefits from COVID-19 pandemic: secure power supply considered "systemically important"
- Growth outstrips market trend: electrical wholesalers achieve sales in excess of EUR 2.0 billion for first time in 2020
- More than 5,600 employees
- Double-digit sales growth in German market
- Italy and Spain hit particularly hard by COVID-19 pandemic, but comparatively few restrictions on companies and satisfactory development thanks to systemic importance
- Pandemic gives extra boost to fast-growing e-commerce business
- Early moves to build up product stocks and extensive COVID-19 precautions ensure unrestricted supplies to customers during pandemic

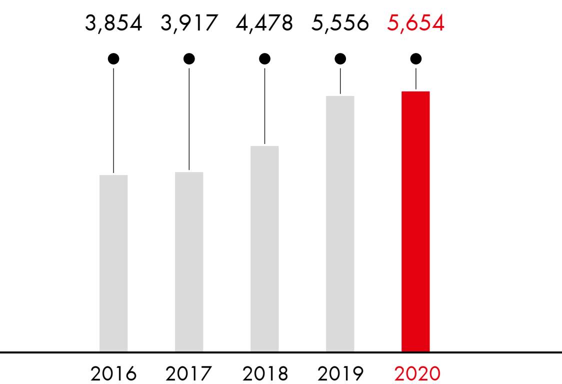
SHARE OF TOTAL SALES



SALES in millions of EUR



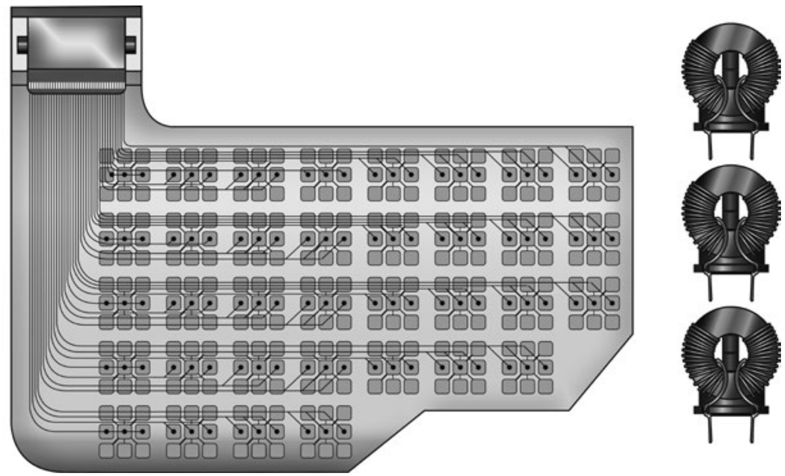
EMPLOYEES



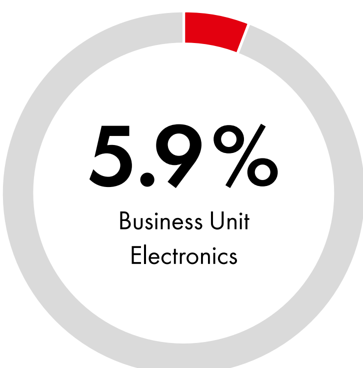
Electronics

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.

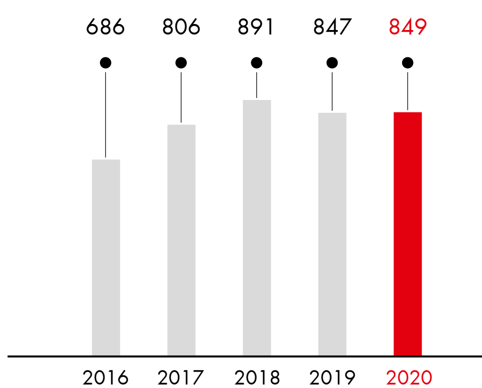
- Despite challenges associated with COVID-19 pandemic, successful year overall
- Focus on digital sales solutions, trade fairs and product landscapes
- Second place as product of the year in the readers' choice of industry magazine ELEKTRONIK for Würth Elektronik eiSos WE-LAN AQ (LAN transformer manufactured by means of full automation with innovative coil winding technique)
- German Electrical and Electronic Manufacturers' Association (Zentralverband Elektrotechnik- und Elektronikindustrie) confirms Würth Elektronik CBT's leading position among Europe's printed circuit board manufacturers
- Würth Elektronik eiSos relies on more sustainable alternatives for packaging materials, such as filling material and adhesive tape made of recycled paper
- Successful structural adjustment of Würth Elektronik CBT plant in Schopfheim to ensure future competitiveness
- Relocation of Wurth Electronics ICS USA to new company site in Miamisburg, Ohio, featuring twice previous production area



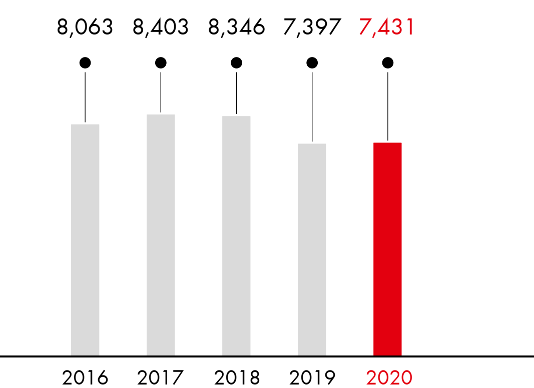
SHARE OF TOTAL SALES



SALES in millions of EUR



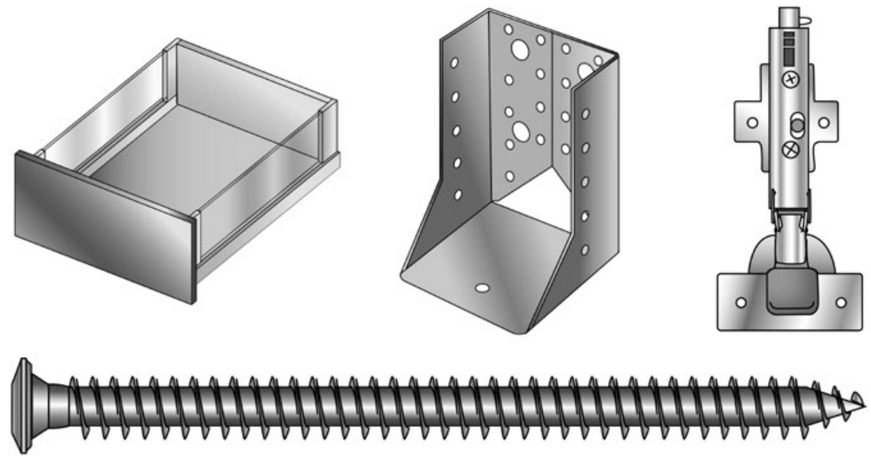
EMPLOYEES



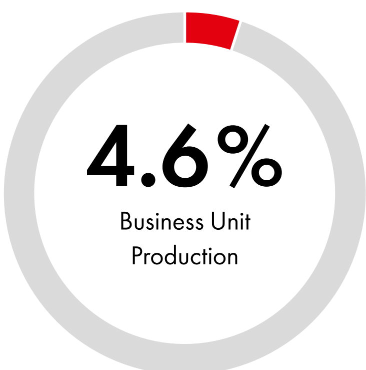
Production

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.

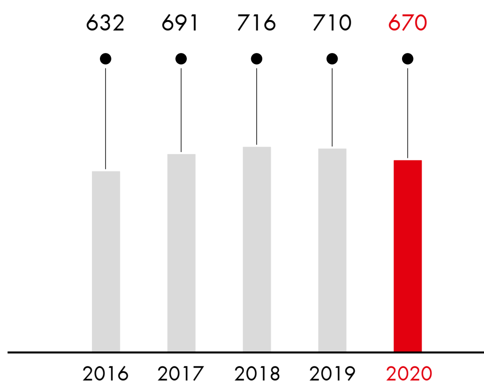
- Automotive sector hit hard by pandemic, otherwise only minor or no losses, although growth targets not achieved
- Commissioning of new production hall at SWG Schraubenwerk Gaisbach: beech roof structure considered pioneering project
- Completion of production hall spanning useful area of 13,000 m² at Arnold Umformtechnik to speed up work processes and bring the Fastening Systems and System Development areas together in one location
- FELO expands usable floor space by 1,600 m² with building extension
- Successful consolidation of Grass warehouses thanks to completion of new warehouse building in Hohenems
- Further development of Vionaro drawer system: Grass expands range to feature 8-millimeter Slim Line Drawer side made of steel



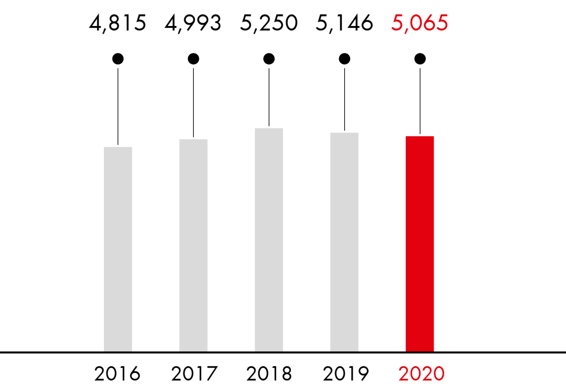
SHARE OF TOTAL SALES



SALES in millions of EUR



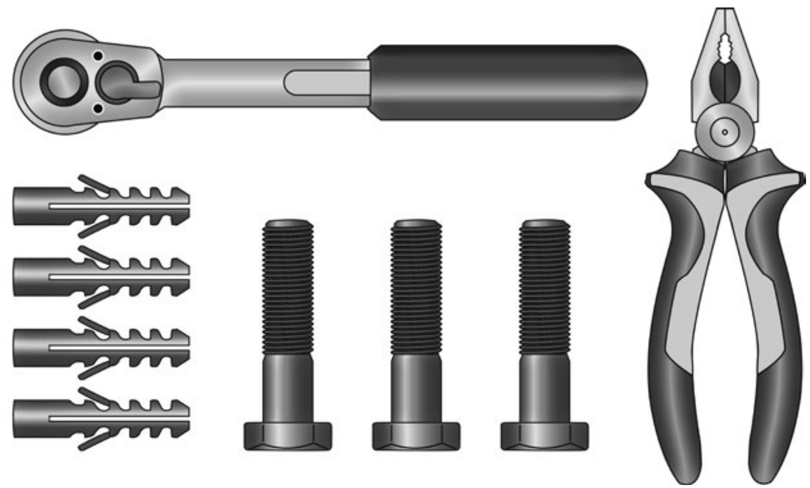
EMPLOYEES



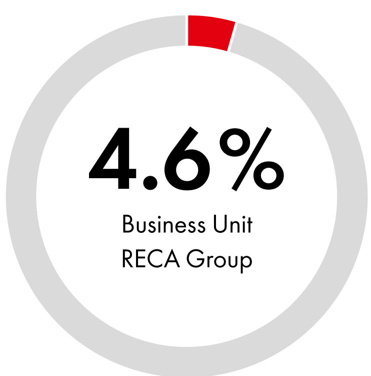
RECA Group

The RECA Group companies supply tools, assembly and fastening materials, and C parts to industry and directly to construction, wood, metal, and car business customers, as well as to customers in the cargo sector, in 19 European countries. Specialists in workwear, advertising materials, and vehicle equipment complement the company portfolio.

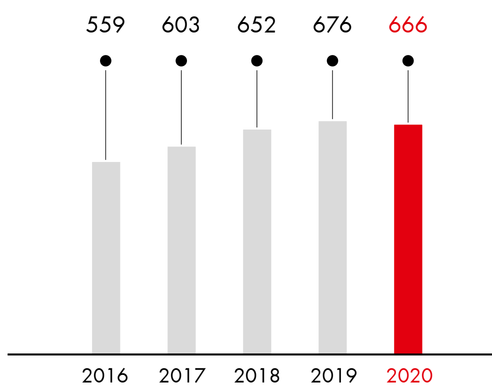
- Declining sales in industrial business, where impact of COVID-19 pandemic significantly more pronounced than in slightly growing craft sector
- Focus on services that help customers reduce procurement costs for small parts, such as KANBAN and RFID-supported storage systems, SECO® shelf management system (service concept) for trade customers, shelf and vending solutions for direct retrieval of goods, and automated reordering for customers
- Expansion of central logistics in Wels, Austria, to provide logistical support for growth activities in years ahead (delivery capability, service level)
- Continued good prospects for future thanks to combination of digital sales systems and customer support by traditional sales force on site and by telephone
- Tapping markets by implementing trading partner concept in (mainly European) countries in which RECA Group has not been active to date



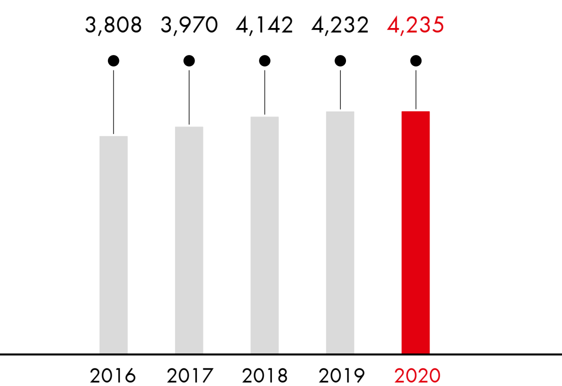
SHARE OF TOTAL SALES



SALES in millions of EUR

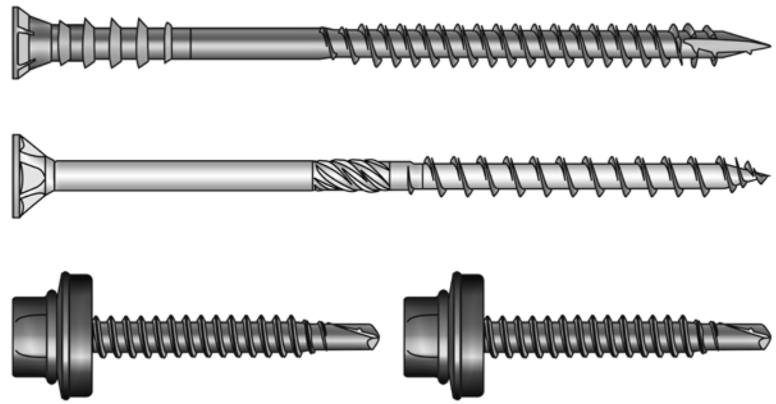


EMPLOYEES



Trade

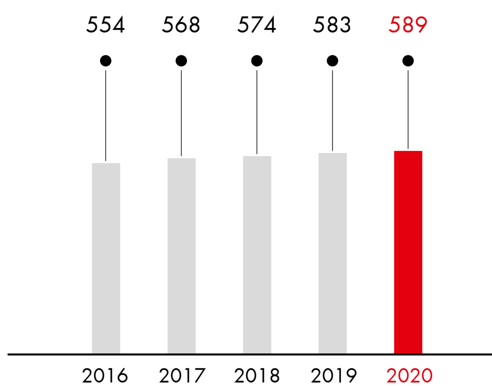
Companies in this business unit sell installation, sanitary, fastening and assembly materials, garden products, power tools, and hand tools. The range also includes furniture fittings for specialist stores and retailers as well as products for DIY stores and discount stores.



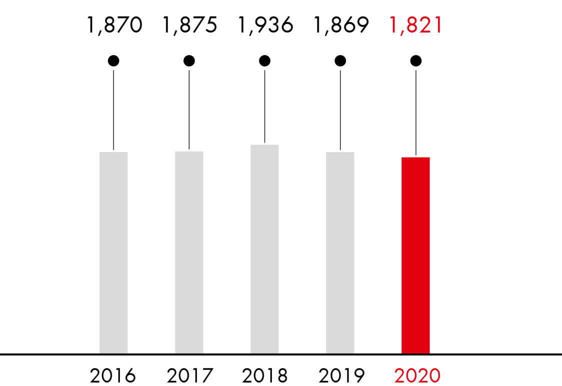
- Despite slump in sales in April, the exceptional year 2020 closed on positive note due to boom in DIY and home improvement sector sparked by the pandemic
- Expansion of e-commerce and digitalization
- Investments in IT infrastructure and forward-looking technologies such as electronic shelf labels
- Find-it shelf: newly developed all-in-one solution for stationary retail to allow products to be found on shelf in electronically controlled process
- Strengthened social media presence featuring dedicated company blogs, as well as use of new platforms
- Reduced packaging variety for better sustainability and compliance with highest environmental and safety standards based on customer specifications
- Special solutions tailored to customer needs and requirements
- Customer segmentation for optimum and targeted customer support

SHARE OF TOTAL SALES

SALES in millions of EUR



EMPLOYEES

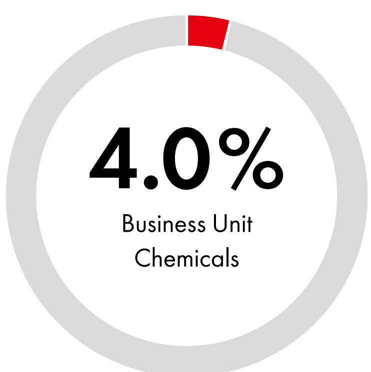


Chemicals

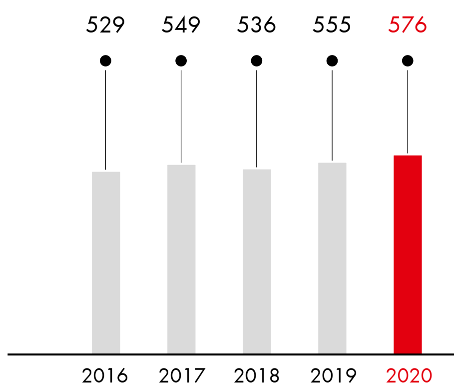
The companies in the Chemicals unit are responsible for the development, manufacturing, and distribution of chemical products for the automotive, industrial, and cosmetics sectors. They distribute both their own brands and private-label products and are renowned as innovation specialists and experts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

- TUNAP Group: positive sales development thanks to disinfectant products
- AP Winner China: new sustainable, antibacterial and VOC-reduced/VOC-free cleaners in novel, refillable spray bottles that spray like aerosols, but without propellants
- Relaunch of Dinitrol brand (corrosion protection, sealants, and adhesives) in Germany
- Increased focus on cost structures
- Promotion of digitalization in companies by expanding use of webinars

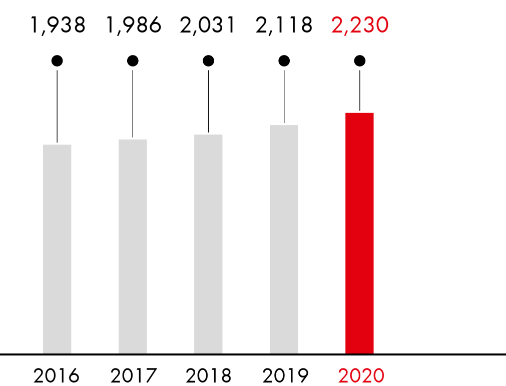
SHARE OF TOTAL SALES



SALES in millions of EUR

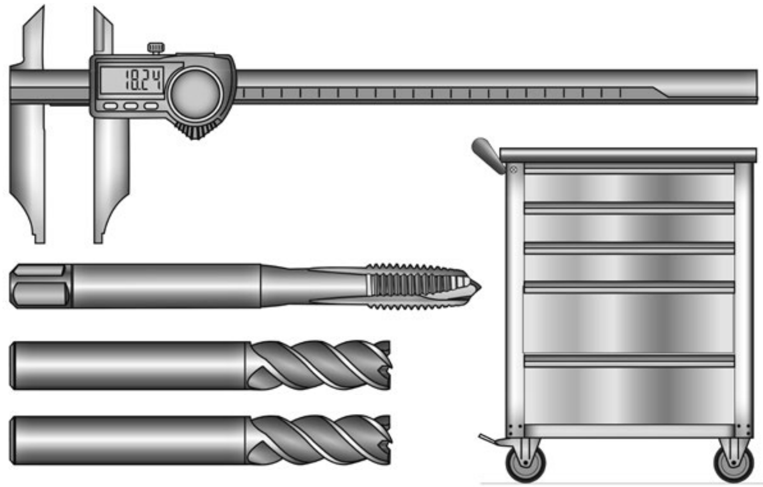


EMPLOYEES



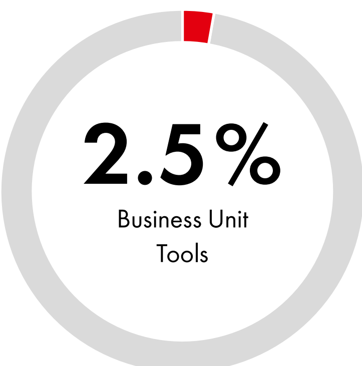
Tools

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.

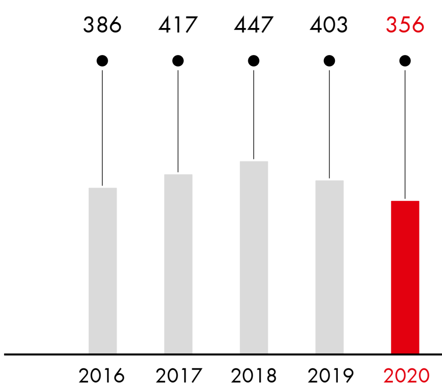


- COVID-19 crisis sparked further deterioration of economic situation for customers in mechanical and plant engineering sector and automotive industry
- Restructuring measures prompted by sharp drop in sales of 11.7 percent in 2020
- Expansion of e-business by forging ahead with web shop, EDI connection, and electronic catalogs
- Continued roll-out of SAP and online shop systems at national companies from 2021 onwards
- Expansion of data structure for 2D and 3D tool data to support digitalization of customer production processes
- Focus on customer acquisition in medical, food, transport and logistics, energy and environment, construction, and recreational vehicle sectors

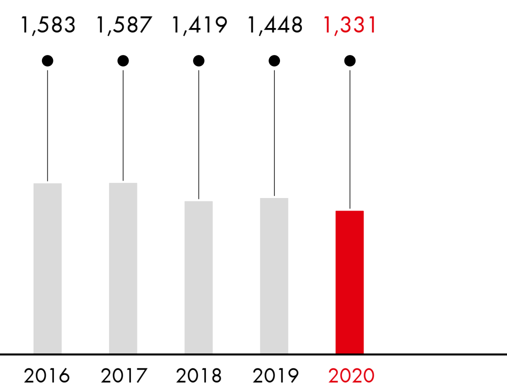
SHARE OF TOTAL SALES



SALES in millions of EUR



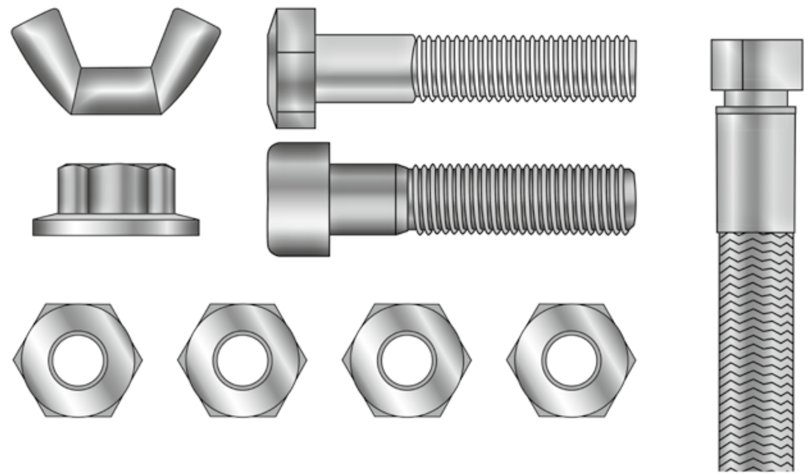
EMPLOYEES



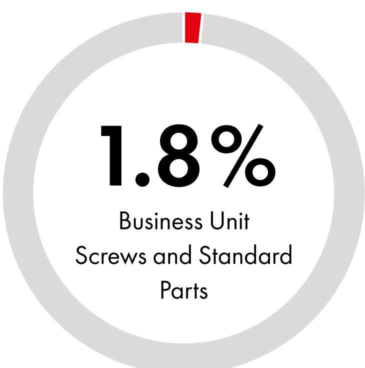
Screws and Standard Parts

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.

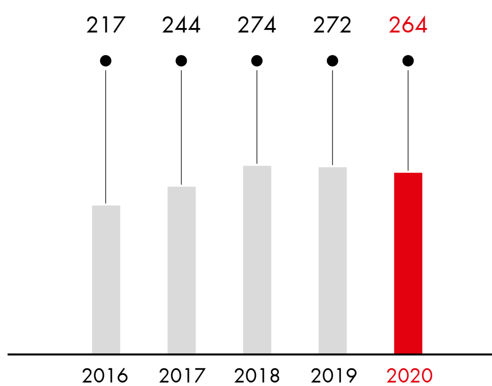
- Compensation for drop in sales in April and May triggered by COVID-19 pandemic almost possible year progressed
- Focus on telemarketing at stainless steel companies for closer customer contact
- Service sales reported by hydraulics companies prove resilient in difficult year 2020, declining only slightly in year-on-year comparison, growing again in the last quarter
- Wholesale business sees drop in sales running into high single digits due to economic situation and pandemic
- System update to support further digitalization of processes such as EDI connections
- Preparations under way to integrate e-shop into CRM module in sales to enable optimal customer care



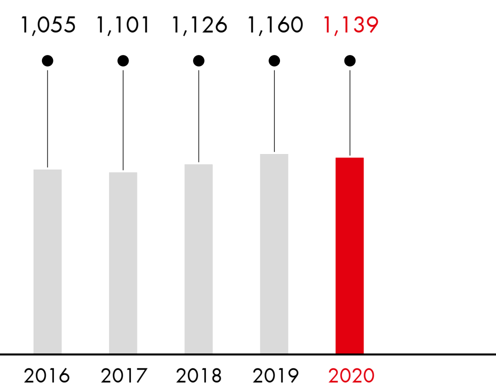
SHARE OF TOTAL SALES



SALES in millions of EUR



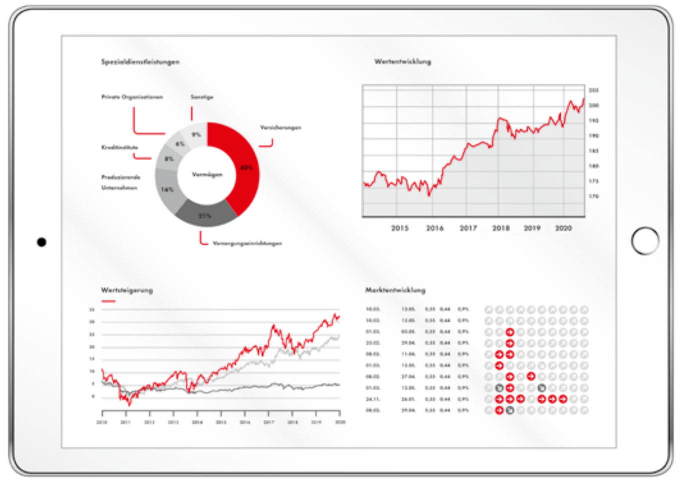
EMPLOYEES



Financial Services

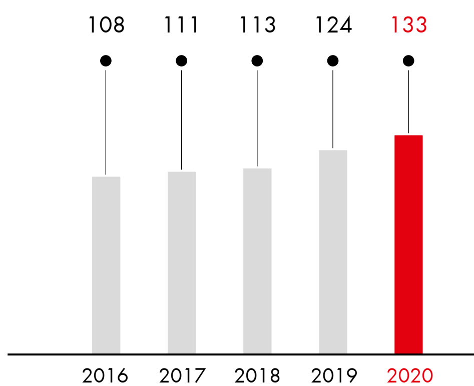
In addition to its conventional screw-based business, the Würth Group has also specialized in financial services for business and retail customers alike. Financing, leasing, retirement plans, property and personal insurance as well as asset management are among the services offered.

- IBB Internationales Bankhaus Bodensee AG: positive earnings development again
- Leasing companies report mixed performance due to COVID-19 pandemic: hardly any noticeable impact on new business volume in Switzerland and Denmark, Germany hit hard by developments in key mechanical engineering and automotive sectors
- Waldenburger Versicherung: earnings improve again thanks to combination of premium growth above market average and good loss ratio
- Further investments in digitalization, sales, and staff ensure future viability
- Würth Financial Services: sales record despite COVID-19 pandemic
- Successful integration of Optima Versicherungsbroker AG to strengthen market position in Switzerland

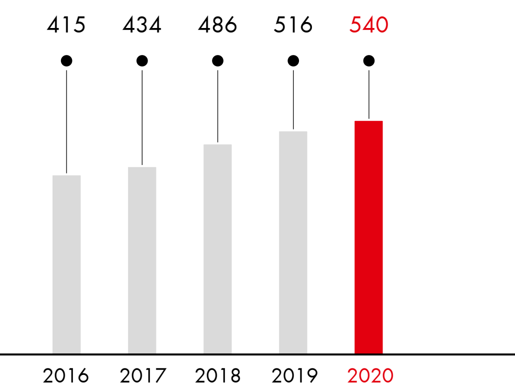


SHARE OF TOTAL SALES

SALES in millions of EUR



EMPLOYEES

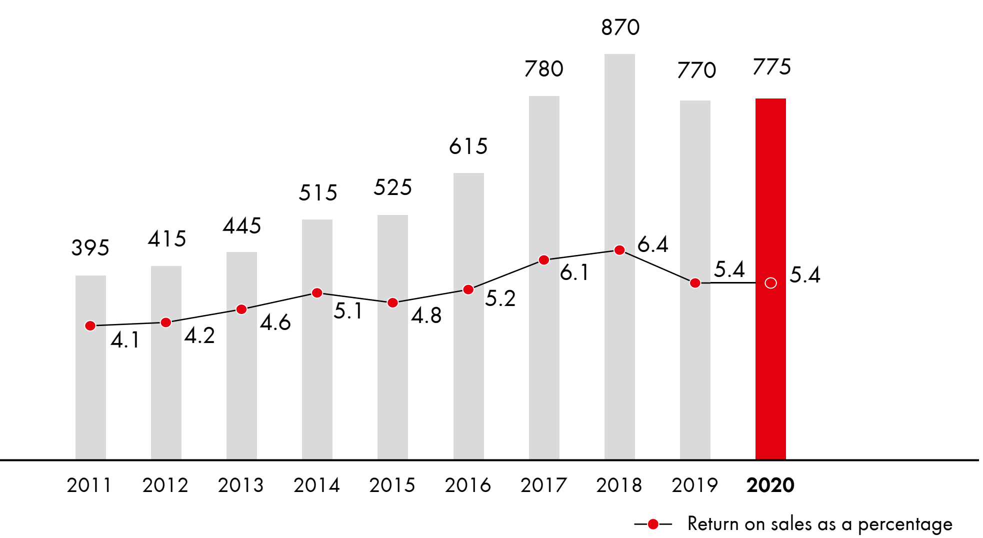


Net assets, financial position, and results of operations

- **Operating result slightly up on previous year**
- **Cash flow increases significantly**
- **Equity ratio of 43.8 percent**

At EUR 775 million, the Würth Group's operating result is slightly above the prior-year level. Due to the proportionate increase compared to sales, the rate of return remained constant at 5.4 percent (2019: 5.4 percent). We have calculated the operating result as earnings before taxes, before amortization of goodwill 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 from non-controlling interests disclosed as liabilities.

PRE-TAX OPERATING RESULT Würth Group in millions of EUR



The heavy reliance on the automotive industry and the mechanical engineering sector in Germany also had a negative impact in the 2020 fiscal year. The operating result in this market fell by 3.3 percent to EUR 376 million (2019: EUR 389 million). The negative trend in the industries mentioned put pressure on earnings at companies trading in tools, within the Würth Elektronik Group, and at individual manufacturing companies. The share of the Group's overall result attributable to the German companies fell to 48.5 percent as a result, with the return on sales amounting to 6.2 percent (2019: 6.6 percent). With an operating result in excess of EUR 200 million for the first time, Adolf Würth GmbH & Co. KG made what was by far the biggest contribution to earnings of any other single company in the Group. Other top performers within Germany include: Würth Elektronik eiSos, Reca Norm, and Fega & Schmitt Elektrogroßhandel.

Restructuring measures taken in the past at established companies, such as companies specializing in fittings or the Würth Line, had a positive impact in the 2020 fiscal year. This, combined with a rapid and efficient response to the new challenges brought about by COVID-19, resulted in the companies outside Germany posting a total operating result of EUR 399 million (2019: EUR 381 million). This equates to an increase of 4.7 percent. Taking account of the fact that significantly more companies outside of Germany were affected by closures due to COVID-19 lockdowns, this is a very encouraging development. Unsatisfactory business developments at individual industrial companies in the US prevented an even more significant increase in the operating result. The situation in the United Kingdom also remains challenging due to the uncertainty surrounding Brexit. We do not, however, expect Brexit to have had any significant impact on the net assets, financial position, and results of operations of the Würth Group in 2020, nor do we expect it to have an impact on 2021.

The ratio of cost of materials to sales was up slightly on the previous year at 50.4 percent (2019: 50.1 percent). A change in the sales mix is the main reason behind this increase. At EUR 110 million, other operating income is on a par with the previous year (2019: EUR 108 million).

At the end of December 2020, the Würth Group had a total of 79,139 employees. Person-to-person contact is the strength of our direct selling approach also, and particularly, in times of the COVID-19 pandemic. The sales force works closely with our efficient in-house departments. Due to temporary restrictions on face-to-face meetings, telephone-based consultancy sessions moved into the spotlight. In order to always be available to our customers and, in particular, to be able to return to the market at full capacity after the lockdowns, the Würth Group made a deliberate decision not to make any structural staff adjustments. The decrease of 193 employees in the sales force is minor and can be attributed exclusively to normal staff turnover.

The number of employees in our in-house departments rose by 1.4 percent, an increase of 646 employees. The ratio of cost of materials to sales was up slightly on the previous year at 26.7 percent (2019: 27.0 percent). This is attributable to the fact that government support measures were available in various countries during the COVID-19 pandemic, leading to a partial reduction in personnel expenses.

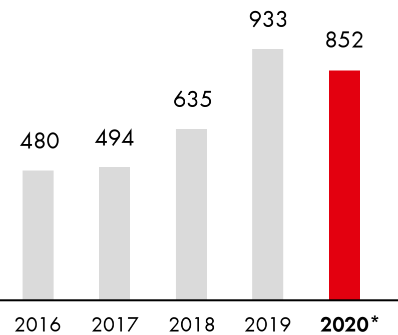
Amortization, depreciation, and impairment losses increased in the year-on-year comparison to EUR 779 million in 2020 (2019: EUR 721 million). This figure includes impairment losses on goodwill, customer bases, and property, plant and equipment amounting to EUR 84.3 million, which were mainly incurred in the US industrial companies and in the Würth Elektronik Group. Amortization and depreciation were up by 6.6 percent on the previous year.

Other operating expenses fell by 4.2 percent compared to the previous year. The ratio was down on the previous year at 12.4 percent (2019: 13.1 percent). This decrease was mainly due to savings in conferencing, travel, and other mobility expenses of around EUR 100 million. Travel restrictions imposed due to the COVID-19 pandemic led to a significant reduction in global mobility.

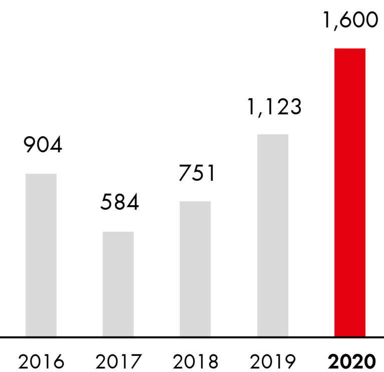
The tax rate increased in the 2020 fiscal year to 19.9 percent (2019: 18.8 percent). One of the main reasons behind this trend is that in the 2020 fiscal year, profits were increasingly generated in countries with higher tax rates, resulting in an increase in both the theoretical and the actual tax rate. For a detailed analysis, please refer to Section G. Notes on the consolidated income statement, [10] “Income taxes”, in the consolidated financial statements.

The Würth Group achieved a new sales record of EUR 14.4 billion in the last fiscal year in spite of the global pandemic. The operating result increased slightly thanks to stringent cost management. The Würth Group closed the fiscal year with an operating result of EUR 775 million. Net income for the year increased to EUR 604 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. By contrast, staff turnover and sales per employee improved at an above-average rate compared with previous years. 2020 was an exceptional year. The outbreak of the first wave of COVID-19 in the Western world in March 2020 triggered a historic drop in sales of more than 20 percent for the Würth Group in April. The scenarios developed in response to this for 2020 as a whole envisaged a double-digit drop in sales. Against this background, the Central Managing Board is very satisfied with the sales growth of 1.0 percent. The operating result also outstripped expectations, taking into account the situation created by the pandemic last year.

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
Growth is inextricably linked to the self-image of the Würth Group. Growth by tapping into new markets and growth in existing markets require optimal overall 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. In 2020, global economic forecasts were revised downwards significantly from March onwards with the emergence of the COVID-19 pandemic, and economic development proved difficult to forecast for the Würth Group, too. Nevertheless, the Group continued to pursue planned investment projects, some of which had already been launched, and made investments (excluding right-of-use assets under IFRS 16) totaling EUR 473 million in the fiscal year under review (2019: EUR 705 million), corresponding to a decrease of 32.9 percent. The lower figure can be traced back to the fact that planned investment projects that were not directly related to an expansion of sales capacities or that were designed to optimize and expand services rendered by manufacturing companies were canceled, curtailed, or postponed to the following year.

All in all, investments in 2020 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.

Kellner & Kunz AG, Austria, made the biggest investment in its history, expanding the central logistics facility in Wels. The trading company is an expert in the distribution of screws, tools, DIN and standard parts, as well as service systems in C-parts management, and has a product range encompassing around 120,000 top-quality products. The planning phase for the logistics expansion project began back in 2016, and the commissioning of the facility was finalized successfully at the end of 2020. This logistics expansion consists of an automated small parts warehouse comprising 200,000 bin bays, a high-bay warehouse with 15,400 pallet bays, and a functional logistics building consisting of a total of four levels, also featuring a shuttle system with 16,000 bays. The expansion project has added a total of 18,000 square meters of logistics space across all floors. The total amount invested came to around EUR 48.8 million.

Logistics capacities were also expanded at IVT GmbH & Co. KG in Rohr near Nuremberg. The first phase of construction was completed in the fall of 2020. A total of 25,000 square meters of land is available for construction, on which 500 additional storage bays were initially created in the form of a high-bay warehouse and a block-type warehouse spanning an area of 1,200 square meters. Thanks to the expanded logistics wing, it is now possible to deliver the new IVT stainless steel pipe system to customers nationwide within 24 hours. The second construction phase will involve the expansion of the total usable space for production and logistics to 7,000 square meters and is scheduled for completion by the end of 2024. The total amount invested in both construction phases comes to around EUR 15 million.

In addition to the Allied Companies, the Würth Line companies also made substantial investments in stepping up their sales activities. Würth Finland, for example, continued its successful pick-up shop strategy by building four new pick-up shops. The share of sales generated by pick-up shops in Finland is now almost 50 percent. The company now has a total of 189 locations where customers can cover their immediate needs. The total investment volume for expanding the pick-up shop network amounted to EUR 5.7 million at Würth Finland in 2020.

Despite the crisis, the Group is stepping up its innovation strategy as planned: In March 2019, the groundbreaking ceremony was held at the Künzelsau site for the construction of the Innovation Center, which is scheduled to open in 2022. The total amount invested comes to around EUR 70 million. Modern laboratories and workshops are being built on an area spanning 15,000 square meters. A climate chamber, the latest 3D printers, and seismic test stations for anchor technology offer a wide range of opportunities to strengthen and advance Würth's in-house research in the long term.

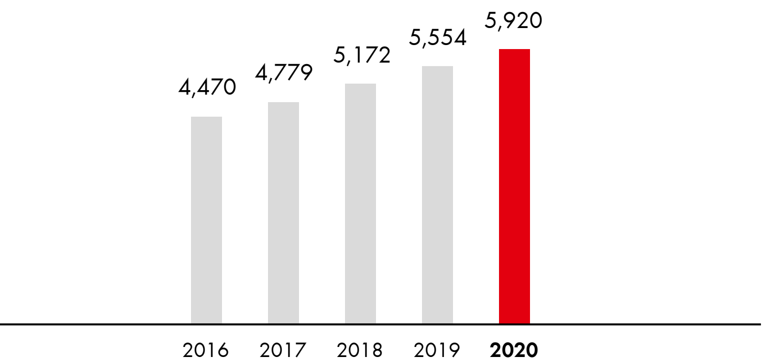
In addition to investments in production and storage space, we have also, as in previous years, invested in our ORSY® storage management system, which offers our customers storage and provision options for various consumables and supplies in line with their needs.

In total, EUR 245 million, or 51.8 percent of the investment volume, was attributable to Germany, reflecting the continued paramount significance of the home market for the Würth Group.

Thanks to our efficient investment controlling processes using sophisticated recording and analysis tools, the Central Managing Board is always in a position to react quickly to changes in the overall environment. In 2020, for example, one crisis management measure was to set more stringent limits on the approval of capital expenditure amounts. The focus here was on maintaining the Würth Group's stability and liquidity. There were no across-the-board investment cuts so as to ensure that necessary investments, for example, in the expansion of additional sales capacities, could continue to be made.

Thanks to all of the measures taken, we once again achieved our objective in 2020 of financing investments in intangible assets and property, plant, and equipment entirely from our operating cash flow, which amounted to EUR 1,600 million (2019: EUR 1,123 million), up by 42.5 percent on the previous year. The main reasons behind the strong growth, achieved based on unchanged earnings, were higher depreciation, amortization and impairment losses, increased risk provisions for inventories and receivables, moderate growth at financial service providers compared with the previous year, and salary components that had not yet been paid out.

EQUITY Würth Group in millions of EUR



Purchasing

The COVID-19 pandemic had a significant impact on the procurement markets in 2020. This is confirmed if we take a look at the purchasing managers' indices for the world's three leading economic areas (eurozone, US, China), which serve as leading indicators of developments in these regions. Each of these indicators showed a significant drop between February and May 2020 before bouncing back in the months that followed. As a result, the purchasing managers' index for the eurozone again exceeded the important 50-point expansion threshold from July 2020 onwards and stood at 55.2 points at the close of the year. This suggests that leading buyers in this economic area expect to see positive market developments in 2021. The purchasing managers' index in the US was even more volatile. It bottomed out at 41.5 points in April and rose to 60.7 points by December 2020. The index for the People's Republic of China was much more stable. After touching on a low of 40.3 points in February, the index recovered to 53.0 points by December.

The situation for the Würth Group's buyers in 2020 was a very challenging one: On the one hand, production capacities were repeatedly unavailable in the course of the year due to regional measures to combat the pandemic. On the other, customer demand for a large number of products slumped significantly, especially at the peak of the COVID-19 pandemic in the first half of 2020. By contrast, demand for personal protective equipment products, such as face masks and disposable gloves, rose sharply. The production capacities available world-wide were far from sufficient. This development is ongoing in some cases and will also have a marked impact on the procurement markets in 2021.

Two effects came to light on the procurement markets in the second half of 2020. On the one hand, a special economic situation with above-average customer demand was observed following the lockdowns in the global sales markets in the first half of the year, inevitably resulting in longer delivery times and high levels of capacity utilization among suppliers. On the other, it was particularly noticeable in the second half of the year that regional decisions to step up the pandemic measures prompted a drop in production capacities worldwide. Accordingly, buyers were forced to juggle the conflicting priorities of a significant increase in customer demand and lower available production capacities on the supplier side.

The euro/dollar exchange rate was also heavily influenced by the pandemic in 2020. In addition, the US presidential elections in November 2020 failed to translate into any sustained increase in the value of the US dollar. While the dollar was trading at USD 1.123 per EUR at the beginning of 2020, it had climbed to as high as USD 1.224 by the end of the year. This exchange rate trend had a positive effect on the results of the importing purchasing companies.

By contrast, cargo rates for container handling at shipping ports in Asia rose significantly over the course of 2020. In the wake of the COVID-19 pandemic and the strict lockdowns imposed in Asia, shipping companies tightened up their freight capacities, meaning that the capacities available were completely booked up from the summer onwards. At the same time, demand for air freight from Asia increased enormously, which also meant longer delivery times for finished products.

The value management function launched in 2019 was established and expanded further in 2020. The aim is still to use value analysis approaches to strengthen product price transparency within the Purchasing function of the Würth Group so as to provide additional support to buyers in their negotiations with suppliers. This is designed to help counteract the price development expected for 2021. Further analysis projects were defined in the purchasing companies as a result.

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. Both balance sheet items allow for short-term controlling and optimization of liquidity and tied-up capital in the Group, something that proved crucial in the fiscal year under review.

The Würth Group's inventories increased significantly during the first COVID-19 wave between March and May 2020. Due to the drastic drop in sales in April and May and the fact that orders placed earlier continued to arrive in the warehouses, inventories peaked at a value of EUR 2,385 million in May.

From the very start of the pandemic, inventory control measures were stepped up in close coordination with the established companies, the aim being to bring inventory development in line with the sales situation as quickly as possible. At the same time, the Würth Line's Central Purchasing department pushed ahead with projects to streamline the range of products on offer in cooperation with Product Management in order to eliminate products with very low demand.

These activities resulted in an ongoing reduction in the Würth Group's inventories in the months that followed. At the end of the year, the Group's inventories came to EUR 2,222 million, EUR 163 million lower than the peak reached in May and as much as EUR 66 million lower than one year earlier (2019: EUR 2,288 million). Stock turnover, calculated on a 12-month basis, fell slightly from 4.7 times at the end of 2019 to 4.6 times at the end of 2020.

Alongside sales, logistics is a central element within the Würth Group. The rapid implementation of precautionary measures in logistics processes ensured that supply capability remained consistently high throughout the year. The service level in 2020 was 96.7 percent, meaning that 96 out of 100 items ordered were delivered to the customer the next day. This service allowed us to be a reliable partner for our customers even in an environment dominated by the pandemic.

COVID-19-related lockdowns lasting weeks in many sectors, worldwide border closures, and the associated disruption to supply chains, coupled with the shutdown of entire production plants in the spring and early summer of 2020, fueled fears of large-scale company insolvencies and associated massive losses caused by bad debt, or at least delayed incoming payments. The top priority was therefore to safeguard liquidity in the Würth Group. One of the ways in which we did this was by keeping a close eye on 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, and despite slightly rising sales, the Group actually succeeded in reducing its trade receivables by 1.7 percent to EUR 1,942 million (2019: EUR 1,975 million). This very encouraging development is also reflected in the level of receivables in relation to sales. At 53.0 days, the corresponding key figure, collection days (based on a 12-month calculation), was significantly lower than the figure for 2019 (54.8 days). An excellent result was achieved in Germany, in particular, with 40.0 days (2019: 42.2 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 increased slightly to 0.6 percent (2019: 0.4 percent).

Financing

The equity of the Würth Group climbed by 6.6 percent to EUR 5,920 million in the past year, an increase of EUR 366 million. This increase allowed the company to keep its equity ratio more or less stable at a level of 43.8 percent, which is high for a trading company (2019: 44.0 percent). 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 relatively independent of external capital providers, which is a must particularly in times of crisis.

Total assets rose by EUR 851 million to EUR 13,478 million (2019: EUR 12,627 million). The increase of 6.7 percent is due primarily to the increase in cash and cash equivalents. This is thanks to the issue of a new bond and a stringent spending policy. As a result, net debt fell significantly to EUR 601 million as against EUR 1,356 million in 2019.

Financial service activities also contributed to the growth in total assets, albeit not to the same extent as in the previous year. Refinancing in the banking sector was mainly achieved through financial intermediaries and refinancing programs launched by 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 25 years now. The leading rating agency Standard & Poor's once again confirmed the Würth Group's "A/outlook stable" rating in 2020. 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 opportunities and outlook for the Würth Group are 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.

Last spring, the Würth Group took advantage of the attractive conditions on the capital markets to raise long-term funds and successfully placed a EUR 750 million bond on the market via its finance company Würth Finance International B.V. on 11 May 2020. This issue, the largest to date, is an important component of the Würth Group's capital market-oriented financing strategy. The bond, which has a term of 7.5 years, has a coupon of 0.75 percent p.a. and is secured by an unconditional, irrevocable guarantee provided by Adolf Würth GmbH & Co. KG. It was used, among other things, to repay a EUR 500 million bond that matured in May 2020. At the end of the 2020 fiscal year, the Würth Group had three bonds issued on the capital market and one US private placement. All covenants in this context have been observed. In 2022, 2025, and 2027, bonds worth EUR 500 million and EUR 750 million will reach maturity, while the US private placement of USD 200 million is set to reach maturity in 2021. This means that the maturities are well spread out. For further details on the maturity profile and interest structure, 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 2020, cash and cash equivalents came to EUR 1,386 million (2019: EUR 477 million). In addition, the Group has a fixed undrawn credit line of EUR 400 million provided by a syndicate of banks until July 2023.

Research and development

In addition to successful sales and outstanding logistics, new products and innovations as a service to our customers are crucial when it comes to securing the competitive standing of the Würth Group.

In the 2020 fiscal year, for example, Adolf Würth GmbH & Co. KG generated one-fifth of its sales from products that are less than three years old. Given the breadth and size of the range that Würth offers its customers, this number is very high. The issue is also a priority throughout the Group: At present, the Group has 781 active patents, 8 utility models, 934 registered designs, and 7,749 active brands.

Developments within the Würth Line

Adolf Würth GmbH & Co. KG

ASSY®4: enhanced special screw for top performance in structural timber engineering
With the ASSY®4 innovation screw, Würth has introduced a new generation of the tried-and-tested wood construction screw that is widely used in timber construction. In cooperation with the development department of Adolf Würth GmbH & Co. KG, the production team at SWG Schraubenwerk Gaisbach was able to make its contribution to the successful series production of the product with its manufacturing expertise. The 1,400 different dimensions for the core range alone are testimony to the scale of this project. The most important further developments include a gently expanding screw tip with a linear rise in the counter thread to reduce splitting, a newly developed thread that pulls boards together much better, optimized milling pockets for fast and clean driving in of the screw, and the completely new RW screw drive. The main feature of the new RW drive is the extended, reinforced, and beveled bit wings, which allow the bit to penetrate particularly deeply into the screw head of the ASSY®4. This allows for a better transmission of forces. The RW drive also creates a clamping effect between the screw and the bit. This means that the screws stay reliably attached to the bit even without magnetic force. The improved transmission of forces also allows the required bit sizes to be reduced to a total of four, meaning fewer bit changes when working with different screw dimensions. Compared to the predecessor model, the screw features an increased number of milling pockets for smaller diameter screws. Especially in cases involving timber materials with a brittle melamine coating, this prevents unwanted fraying and, as a result, visible surface flaws around the countersunk screw head. In screws with metal fittings, the milling pockets have a braking effect that improves the friction-fit with the fittings.

HSCo Multi Performance combination screw tap: pre-drilling, thread cutting, and deburring—all without changing tools
The new HSCo Multi Performance combination screw tap combines all steps involved in making through-holes with internal threads in just one operation without having to change tools. The drilling depth has been increased to twice the drill diameter, twice that of conventional combination screw taps. In addition, it is suitable for almost all common materials—from conventional structural steels and casting materials to stainless steels and non-ferrous metals. This allows for more versatile and efficient applications. The tool can be used on cordless drills as well as on hand-held, pillar, and upright drills. A polygon shaft ensures safe power transmission from the machine to the combination tool.

WIT concrete screw anchor system: install anchors quickly and securely in concrete like never before
The combination of the W-BS concrete screw and the two-component WIT-BS concrete screw mortar creates the WIT concrete screw anchor system, which allows for unprecedented tensile loads in concrete. The anchor system, which has been approved by building regulatory authorities, is particularly suitable for the fast and secure fastening of heavy load-bearing elements such as steel and timber structures, facades, railings, or even pipe and cable shafts. Unlike conventional chemical anchors, the WIT concrete screw anchor system offers a major advantage in that it can bear a partial load immediately after being screwed in, without having to wait for the mortar to dry completely. Once the mortar is dry, the load-bearing capacity of the system increases significantly. This can be illustrated using the example of a size-10 concrete screw and an effective anchorage depth of 110 millimeters, for which the load-bearing capacity in cracked concrete increases from 9.6 kN to 19.8 kN. In addition, variable anchoring depths and options to select load-bearing capacities also allow particularly cost-effective anchoring solutions to be implemented.

Driverless transport systems in the new central logistics hub

The central logistics hub in the Gewerbepark Hohenlohe industrial park has a surface area of around 50,000 square meters. In the wide-aisle warehouse, nine automated guided vehicles (AGVs) are used to cover the long transportation routes. They support employees in their processes and take work off their hands so that they can focus on picking and packaging. The AGVs automatically transport the picking trolleys, loaded with goods, from one picking station to the next. Employees place the finished picked orders on the picking trolleys and the AGVs transport them from the picking area to the packaging area. Operating on a two-shift schedule, the AGVs currently make around 700 journeys from the pick-up station to the destination station, covering a distance of approximately 64 km. The AGVs first have to be integrated into the logistics processes so that they can navigate independently through the warehouse. The system and the capacity of the AGVs are optimized on an ongoing basis in order to achieve continual increases in productivity.

Cradle to Cradle Certified™ certification for packaging made from 100 percent recycled plastic waste

Würth and packaging manufacturer rose plastic have launched a pilot project for recyclable packaging solutions. They developed packaging made from 100 percent post-consumer recyclate (PCR), that is, plastic waste from the dual system that is collected throughout Germany. It is separated from other materials, split into size categories, sorted by type of plastic, ground, washed, melted, filtered, and re-granulated to be turned into new resources. The labels are also made of 100 percent recycled plastic and are affixed using ecologically friendly adhesives. This allowed the new packaging to secure Cradle to Cradle™ certification. The first step will involve using the recycled packaging for products in the cutting tools sector. The move to the new packaging will save around 45 metric tons of new plastic a year and will reduce CO_2 emissions by 77 percent.

Würth Italy

HoloMaintenance Link

The HoloMaintenance Link platform allows tradespeople to manage consultation, support, and maintenance requests interactively and respond to them remotely by leveraging the potential of augmented and mixed reality. The customer clicks on a link received via SMS, e-mail, or chat and starts a video call from a mobile device. The tradesperson can then give the customer step-by-step instructions remotely to guide them through the necessary activities using augmented and mixed reality models, 3D animations, and technical documentation. At the end of the support call, HoloMaintenance Link automatically generates a ticket documenting the call history. By allowing for quick, solution-focused assignments, the platform streamlines the workflow and reduces the tradesperson's costs. HoloMaintenance Link is a joint project launched by Würth Italy, Microsoft Italia, and Hevolus Innovation, Microsoft's international mixed reality partner and Würth Italy's technology partner for open innovation initiatives.

Würth Automatic Store

The Würth Automatic Store allows customers in Italy to buy products using a self-service function—24 hours a day, seven days a week. The fully automated store contains more than 2,000 items that can be selected via touchscreen and are always in stock. Likewise, orders placed via the Würth App or on the website can be collected in a contactless process at any time. The store is flexible and can be transported from one location to another by truck as required. The store does not have to be staffed by employees and no costs are incurred for rent, electricity, and heating. The first prototype is located in Sommacampagna near Verona. More Automatic Stores across the country will follow.

Developments within the Allied Companies

The Allied Companies of the Würth Group also continued to invest in the development of products and services to offer their customers the best possible solutions in 2020.

Würth Elektronik eiSos: Horticulture LEDs
"Horticulture lighting" describes the use of light to optimize plant growth. Würth Elektronik eiSos performed research in this area and developed special LED lamps that it is making available to the greenhouse laboratory center at the Technical University of Munich for joint research so that they can contribute to our nutrition in the future. The Horticulture LEDs make it possible to produce food all year round irrespective of the weather conditions (vertical farming). The wavelengths selected for plant cultivation promote photosynthesis and optimize plant development. In trials, tomatoes exposed to Horticulture LEDs produced up to 14 percent more flowers in winter than those exposed to other plant cultivation lamps. At the same time, energy consumption was reduced by up to 70 percent. As each plant requires different lighting conditions to grow and thrive, individual light recipes are developed. To allow every developer to replicate the experiments themselves, the Lighting Development Kit was developed as part of the project. Among other things, it features the MagI³C Multi Color LED Driver power module and the Horticulture LEDs, while it is also being used for basic research into new horticulture lamps and is accelerating their development considerably. In addition, developers have the option of using the WEilluminate app, developed by Würth itself, to control the individual LED strands. This underscores eiSos' commitment to green electronics—the use and application of highly efficient energy-saving components and solutions to conserve resources and make innovative solutions available to the market for reducing CO_2 emissions and waste.

Würth Elektronik CBT: Project CHARM—robust electronics for harsh industrial environments
Digitalization is the most important prerequisite for strengthening the competitive standing of Europe's manufacturing industries. The options for the implementation and use of digitalization are, however, limited by the harsh environmental conditions associated with manufacturing processes, for example. High temperatures and humidity, as are common in paper production, dust formation, and strong vibrations during mining operations often lead to the premature failure of the electronics involved. The objective of the CHARM (Challenging Environments Tolerant Smart Systems for IoT and AI) research project is to develop technologies that are capable of tolerating harsh industrial environments. As part of the project, Würth Elektronik CBT is developing assembly and interconnection technology for robust assemblies at the PCB level. These assemblies are equipped with integrated sensors and flexible film and sensor systems. All components have to be designed to withstand the combination of severe thermal, mechanical, and chemical stresses. To ensure this, special protective housings for electronic components are being used that go beyond the current state of technological progress.

WTN: pioneering 3D metal printing technology
With the help of 3D metal printing, also known as "additive manufacturing," complex components—which stand out due to their lower weight and greater functional scope—can be produced within a very short period of time. Taking the example of a mounting fixture manufactured by WTN from stainless steel (1.4404) and plastic, it was possible to save around 2.5 kg of weight per fixture by optimizing the topologies (support structures). Since the fixture is folded open and closed about 700 times a day, around 1.75 tons less weight has to be moved per day.

TUNAP: airco well sensor
Germs and bacteria: TUNAP has responded to what is currently an increasingly topical issue and now offers sustainable improvements for vehicle interiors. The airco well air conditioning cleaning system removes germs, bacteria, and mold at the source—on the evaporator and in the pollen filter box. Thanks to the cleaning system, germs are flushed out by a high-pressure jet and all the affected components are thoroughly cleaned. Now, a sensor is being launched to allow for the rapid measurement of bacteria and pollutant levels in vehicle air conditioning systems. The airco well sensor checks the air from the air conditioning system for pollutants and bacteria and lets you know when the air conditioner needs to be cleaned. The improved air quality is then analyzed and documented.

Arnold Umformtechnik: Flowform® Plus
Working in cooperation with various vehicle manufacturers, Arnold Umformtechnik was able to successfully enhance its flowhole-forming screw and make it ready for series production. Thanks to innovative heat treatment in conjunction with adapted material, the potential areas of application for the new Flowform® Plus have been extended significantly. One significant advantage is the product's use in joining sheet steels without pre-drilled holes up to 1,000 MPa. At the same time, the fastener is now smaller, thus saving weight and installation space. The Flowform® Plus screw is being used at Audi for the production of the company's high-voltage battery, among other things.

Kisling Group: UV/anaerobic dual-curing joining compound ergo. 2453 for electromobility
One of Kisling's latest developments is the UV/anaerobic-curing adhesive ergo. 2453. It enables hand-fixed bonds in seconds, without the addition of heat or activators to speed up the process. The advantage is that the components can be processed further during production. For this purpose, the adhesive gap is irradiated with UV light for about five seconds and the adhesive is cured to a depth of ~ 2 mm. The UV/anaerobic-curing adhesive ergo. 2453 remains temperature-resistant at temperatures as high as 180 degrees Celsius. This makes it perfect for adhering permanent magnets in motor housings or pocket magnets in stator or rotor packages as used in high-performance electric engines for electromobility.

FELO: Series 450 hammer cap screwdriver product innovation
Hammer cap screwdrivers are used when you need to apply particular force, for example, when loosening stuck screws in automotive repair work, machinery, or in construction. Most current models, however, return the vibrations and significant forces of the impact directly to the screwdriver users. The ergonomics experts at the Hesse-based manufacturer FELO have developed a solution. The patented ERGONIC® handle makes it possible to transmit considerable forces while protecting the joints at the same time. It is already a component of a large number of FELO products.

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 2020 – 31 December 2020

Economic environment	Productivity	IT structures	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 online record of the financial statements of the Group entities 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. This platform also ensures that financial reporting changes are implemented in a uniform manner across the Group. Data is protected from changes by using check digits and a system of IT access rights. Standard software is used for consolidation. Changes in the system settings are logged centrally. The monthly and annual financial statements of Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's Policy and Procedure (PAP) Manual contains internal procedural instructions. Internal publications and training include detailed rules on financial reporting. Compliance with these rules 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 the 2020 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 2020, 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 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 decreased further in 2020 and are at a low level. 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. This risk has not been reduced to any considerable degree even after the reform of the insolvency challenge rights. Nevertheless, 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, a reduced dependency on negative economic developments in individual countries, even though more than 80 percent of our sales are generated in Europe. In addition, the diversity 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 in 2020. Due to the large proportion of sales generated in Europe, we are affected to a particular degree by economic fluctuations in the eurozone. 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 immigration to Europe not only poses economic and social challenges, but also still presents opportunities for the labor market and on the demand side for our customers and, as a result, for the Würth Group. We believe that the rise of right-wing populism and isolated plans to reverse globalization trends within individual countries give cause for concern, although we have not identified any immediate threat to our business objectives for 2021 as of yet.

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 1,386 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 CSA (Credit Support Annex) 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."

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."

IT structures
As a company with a very 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 that can offer platform-based IT solutions to suit the business models of companies in 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 relevant components in parallel to provide 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. Efficiency gains can still be achieved, as the standardization of the IT structures through central development will result in economies of scale and better protection against attackers.

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

Risks arising from global integration are minimized by applying high security standards to make sure that the company is well equipped to deal with the constant threat of cyber attacks. 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 monitor 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. In addition, Würth has introduced an IT Compliance Code of Conduct and appointed an IT Compliance Officer. 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 establish those measures in an effort to continuously improve IT security. Where IT systems have been centralized, far-reaching and multi-level security procedures can also be implemented, both at the physical level, for example, in the data centers, and at the logistical level, for example, in the 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 they need to adopt in order to reduce the risk of security incidents. Targeted measures taken at individual companies, for example, using password phishing, are used to check the success of the measures and, if necessary, to take subsequent action.

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 well below the 15-percent mark. 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 addition to management seminars, international specialist seminars on issues such as product management, procurement, logistics, and financial topics are organized and coordinated by Würth Business Academy in order to support the specialist functions with relevant further training. In order to make further training available across the globe, the company had already set up its Learning Campus back in 2017 to enable digital learning. All employees can complete e-learning courses via the Learning Campus. Together with the specialist departments, targeted activities were launched to digitize knowledge about global standards so as to make it available across the globe.

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.

Würth Business Academy North America (in Chicago) was established 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 regulations and administrative requirements 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 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 compliance 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 additional compliance officers were appointed 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 in the 2020 fiscal year was the further training of compliance officers at the company level.

Compliance regulations revised and supplemented
In addition to these structural changes, the internal guidelines on matters relating to compliance were also revised and supplemented. The fundamental features of the corporate philosophy were summarized once again 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 on the compliance organization and on compliance issues have been conducted since the 2016 fiscal year. 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 2020 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.

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 sales 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 managers of 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 2020, 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 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 operating result. The opportunities are also 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 3.9 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 customer 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. The brand promise made by this principle applies to all of our markets, and its implementation opens up important additional market opportunities. This is true both of customers in the professional trades and those in industry. 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 2020 fiscal year, the Würth Group’s central quality team continued its activities. Despite 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 156 participants received further training on a total of 282 training days. One specific area of training was how to conduct remote supplier audits.

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. 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 160 employees. By the end of the reporting period, six 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 advanced quality planning function and the verification of tests, and measures aimed at the further integration of Group laboratories and suppliers were stepped up.

Overall assessment

The risks for the Würth Group are limited by the established and functioning risk management system, even in the current COVID-19 pandemic. Existing risks are consistently monitored and assigned measures to ensure that they do not jeopardize the Würth Group’s continued prosperity. With the exception of the risks arising from the COVID-19 pandemic, which are still impossible to assess specifically—we refer to the information set out in the forecast report—we are currently not aware of any other such risks. The existing opportunities will enable us to continue growing profitably in 2021 and the years to come.

Employees

- **Number of employees rises to 79,139**
- **Broad-based in-house employee development program**

Workforce development

The number of employees in the Würth Group rose by 0.6 percent to 79,139 as of 31 December 2020 (2019: 78,686). In Germany, the Würth Group had 24,514 employees on its payroll (2019: 24,344), while Würth companies abroad reported 54,625 employees (2019: 54,342). There were 33,176 employees working as permanent sales representatives worldwide in the 2020 fiscal year (2019: 33,369).

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. Various activities were launched to present these prospects in a transparent manner. A binding and structured process was launched for the large companies to identify potential risks when filling key positions, but also to identify where new career prospects are opening up. 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, 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 local 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. As a result, working groups have been set up to look at individual HR processes and their digitalization. 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 Würth Business Academy, international cooperation within the Group is being strengthened by a Group-wide HR network and a platform for best practice sharing. In addition, topics relevant to human resources are discussed, developed, and established in this network.

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

EMPLOYEE HEADCOUNT
Würth Group as of 31 December

	2020	**2019**	%
Würth Line Germany	9,245	9,196	+0.5
Allied Companies Germany	15,269	15,148	+0.8
Würth Group Germany	24,514	24,344	+0.7
Würth Group International	54,625	54,342	+0.5
Würth Group total	**79,139**	**78,686**	**+0.6**
Thereof:			
Sales staff	33,176	33,369	-0.6
In-house staff	45,963	45,317	+1.4

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 Würth aim to offer everyone training that suits their individual skills and professional objectives.

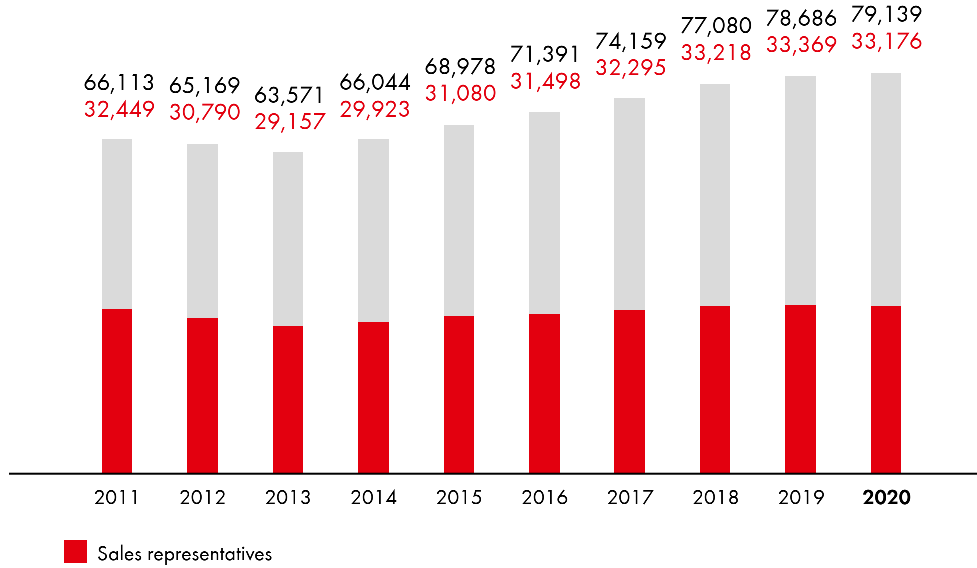
As a family business, Würth is committed to long-term corporate development. This also applies when it comes to promoting the talents of the future. In Germany, where there is a long tradition of dual training concepts, Würth has been committed to providing people with extensive initial training for more than 60 years now. At the end of 2020, the Würth Group in Germany had 1,279 trainees for more than 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. Companies within and outside the Würth Group alike 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 customer requirements. We also provide companies with support in areas such as strategy development and the implementation of change processes. Lean Management and Six Sigma have

EMPLOYEES in the Würth Group as of 31 December



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 the Distance Learning

University Hamburg 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 takes six semesters, finishing with a Bachelor of Science (B.Sc.). In collaboration with the University of Louisville in Kentucky (USA), Würth also offers the 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.

Würth Business Academy (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. Offering international technical and management qualifications, WBA ensures that quality standards are met in this area, too. WBA 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.

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 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 using 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. Every two years, "Fit mit Würth" takes part in an 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 current situation, everyone showed a particularly high level of flexibility and a willingness to explore new avenues. 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
Sustained high numbers of cases and the spread of new virus variants mean that measures to contain the pandemic are being prolonged worldwide, making it difficult to come up with any reliable forecasts. Nevertheless, declining infection rates and incidence rates, the widespread roll-out of vaccines, and the continued expansionary monetary policy stance taken by the world's major central banks are cause for optimism.

In **Germany**, the automotive industry in particular is expected to benefit from the global economic recovery. Prognos expects new vehicle registrations to increase by around 14 percent in 2021 (2020: – 19.1 percent), although this will not be enough to make up for the losses reported in the crisis year. Industrial sectors such as mechanical engineering (2020: – 14.0 percent) or the metal and electronics industry (2020: – 14.1 percent) also rank among the winners, with strong growth rates of six to seven percent on the books, as demand from abroad is providing a boost for export-oriented sectors of the economy. At the same time, Prognos expects the demand for capital goods from these sectors to rise again in Germany, too. The prospects for the construction industry are looking similarly positive, albeit with moderate growth of only 0.9 percent (2020: + 2.8 percent). This means that, overall, the forecasts for Germany, the Würth Group's largest sales market, are cautiously optimistic.

The year 2021 as a whole will bring a variety of challenges for buyers due to rising customer demand coupled with limited production capacities for a large number of products. Initially, purchase prices are expected to rise significantly again. At the same time, some procurement markets will become sellers' markets due to surplus demand. This will have the effect of increasing delivery times. Furthermore, we cannot expect any easing of the situation with regard to shipping container freight capacities for the time being. The overall situation is exacerbated by the threat that local measures to contain COVID-19 will be stepped up, although progress in vaccine production is expected to ease the situation slightly in the second half of 2021.

Despite the expected upswing in the second half of the year, it will take several more years for the economy to bounce back to pre-crisis levels. Germany suffered a 5.0 percent slump in economic output last year. The forecasts for this year vary considerably: They range from a conservative 2.8 percent predicted by the OECD, to a good 4.2 percent according to the Ifo Institute, and to a very optimistic 4.9 percent according to the RWI – Leibniz Institute for Economic Research. These forecasts are, however, now in the minority, as a large number of economists have revised their economic expectations downward again in response to the hard lockdown: In mid-February (the last valid estimate), the European Commission forecast growth of 3.2 percent for 2021. At the beginning of December, the German Institute for Economic Research (DIW) was still predicting an increase of 5.3 percent.

For the **eurozone**, the Würth Group's main sales market, the European Commission currently expects growth of 3.8 percent (2020: – 6.8 percent). Employment, and as a result global productivity, fell sharply in 2020. Consumption levels also declined, although we can expect to see catch-up effects here. The IMF is forecasting global growth of 5.5 percent in 2021 (2020: – 4.3 percent). State aid will also contribute to the economic upswing. The EU's EUR 750 billion recovery fund, for example, is designed to specifically strengthen the long-term growth prospects of economically weaker regions of the EU in the form of grants (EUR 312.5 billion) and concessional loans. The main beneficiaries will be Greece, Portugal, Spain, and southern Italy.

After **France's** GDP slipped by 8.3 percent last year, experts expect to see a recovery of 5.5 percent this year. The French plan to revive the economy will play a key role in this development. Among other things, it focuses on tax cuts for the manufacturing industry.

Experts expect GDP in **Italy** to recover by 3.4 percent, after contracting by 8.8 percent last year. Given the limited financial room for maneuver, the EU's recovery plan is of key importance to Italy's future.

In **Spain**, the slump in growth was even more pronounced: GDP contracted by 11.0 percent in 2020. Experts expect to see a recovery of 5.6 percent in 2021. In relation to economic output, the direct grants from the EU recovery fund should have the most pronounced positive effect on Spanish economic growth at around 4.8 percent of GDP.

China (2020: + 2.0 percent) is one of the few economies that reported growth in 2020. The forecasts for 2021 are also extremely positive, with growth of 8.1 percent in the cards. The People's Republic also completed a trailblazing change of course last year and is aiming to become a climate-neutral economy by 2060. This translates into additional opportunities for German companies in a large number of sectors (industry, power generation, transportation, construction).

India can also look ahead to a positive future, with the IMF expecting growth of 11.5 percent (2020: – 9.6 percent).

With the election and inauguration of Joe Biden in the **US**, all of the world's major industrialized nations are pinning their hopes on a global economic recovery, not least thanks to expectations of less tense international relations. In addition, climate protection has secured another prominent supporter. The 46th President of the United States signed an executive order to rejoin the Paris climate agreement on his very first day in office, a development that is also expected to have a positive impact on economic development worldwide. In addition, US President Biden signed a USD 1.9 trillion COVID-19 economic rescue package on 11 March 2021. Accordingly, economic experts are predicting growth of 3.7 percent this year (2020: – 4.6 percent). This rapid recovery is due most notably to public spending.

Great Britain is also still faced by uncertainty surrounding Brexit. The IMF nevertheless expects to see economic output increase by 3.3 percent after the pandemic hit the country hard last year (2020: – 9.9 percent).

Latin America will also pick up speed again after an economic slump of 7.6 percent in 2020: Although anti-government protests are continuing this year, exports of raw materials have been hit hard, and the pandemic is not yet under control, the Kiel Institute for the World Economy (IfW) is forecasting an upturn of 4.4 percent.

Following the government shake-up at the start of last year, there were signs that **Russia** was on the brink of a turnaround that would see it move toward a big-spending economic policy. The virus, however, took hold of the Russian economy, too, with a contraction of 4.0 percent. Looking ahead to 2021, the IfW expects to see growth of 3.0 percent.

All in all, the global economy will remain in a very volatile state in 2021. This report takes account of the experts' predictions up until the cut-off date of 15 March 2021.

Development of the Würth Group

- **Multi-channel strategy as key success factor**
- **Focus on availability during pandemic**
- **Würth sticks to innovation strategy**

With sales of EUR 14.4 billion and an operating result of EUR 775 million, the Würth Group set a new sales record in 2020. The figures prove that Würth was a reliable partner for craft and industrial businesses even during the COVID-19 pandemic and highlight the positive customer response to our services and products.

The Würth Group achieved 2.9 percent growth in Germany. Adolf Würth GmbH & Co. KG, the largest company in the Group, stood out with sales up by 7.4 percent. The foreign Group companies saw their sales slide by 0.4 percent. This development reflects the varying impact that the global pandemic has had on individual sectors. Both the Construction division (+ 12.2 percent) and Electrical Wholesale Germany (+ 10.8 percent) recorded double-digit sales increases. By contrast, those areas that supply the automotive and mechanical engineering sectors directly reported weaker performance.

Würth's corporate strategy is navigating the Group safely through the crisis. The Würth Group has a large number of footholds in a wide range of industries. This means that it is not reliant on a single industry, a single customer, or a single market. Thanks to this broadly diversified corporate activity, the Würth Group is able to compensate for economic fluctuations in individual submarkets.

The focus in 2020, a year dominated by the pandemic, was on our capacity to deliver and remain available to our customers. This is an area in which our multi-channel strategy paid off. As the trades are considered to be systemically important, our pick-up shops were allowed to remain open. This meant that customers were able to obtain the goods they needed around the clock in some cases. The Würth24 shop concept allows us to offer our customers even greater flexibility in covering their immediate needs. In the fall, the 550th pick-up shop in Germany opened in Schwäbisch Hall. The options for ordering goods via app and e-shop, as well as for contactless pickup at parcel stations located in front of the pick-up shop, make shopping even more hassle-free and safe in these times of COVID-19. The same applies to our Click & Collect service. Our sales representatives, as central points of contact, remain a key success factor and the backbone of the company.

The year 2020 was not just marked by the crisis. The Würth Group celebrated special anniversaries: Adolf Würth GmbH & Co. KG turned 75 years old, and Reinhold Würth celebrated his 85th birthday. He has been shaping the company for more than 70 years now, in part thanks to his cultural and social commitment. In June 2020, Museum Würth 2 opened as an extension of Carmen Würth Forum at the company's Künzelsau-Gaisbach site. The museum showcases centerpieces of modern and contemporary art from the Würth Collection.

ASSY®, a screw steeped in tradition, is testimony to just how much manufacturing and development expertise the Würth Group has at its disposal. The company has now launched the fourth generation of the screw on the market: the ASSY®4. The 1,400 different dimensions for the core range alone are testimony to the scale of this product. Only two bits are required for 80 percent of all ASSY® screw fittings. Würth is also focusing on innovation in other areas and has launched a pilot project for recyclable packaging solutions with the packaging manufacturer rose plastic. Packaging made from 100 percent post-consumer recyclate (PCR), that is to say, plastic waste from the dual system that is collected throughout Germany, has been developed. The project marks a first step toward more sustainable packaging solutions.

Construction of the Innovation Center

Despite the crisis, the Group is sticking to its innovation strategy. The Innovation Center in Künzelsau is scheduled to open in 2022. Modern laboratories and workshops are being built on an area spanning around 15,000 square meters. Around 250 people will develop and implement ideas in the Innovation Center, carrying them into the future: employees from the Research and Development Department of Adolf Würth GmbH & Co. KG and from the Group subsidiaries working in production, as well as external researchers. The cooperation with the Karlsruhe Institute of Technology KIT and the universities of Innsbruck and Stuttgart is creating a cluster of knowledge and expertise. The total amount invested amounts to around EUR 70 million.

E-business activities
E-business in the Würth Group has shown strong development over the last few years, particularly since the beginning of 2020, and has become more relevant for Würth's customers. The ability to order goods using digital channels allows customers to make contactless purchases and meet their needs even during the COVID-19 pandemic. The central online shop, app, and e-procurement solutions are now used by more than 60 companies and are being multiplied further to create a uniform technical basis and also to allow the company to scale innovations and enhancements quickly at an international level.

Regional competence centers are being set up, for example, in South-East Asia in 2019, to support local companies with e-business expertise and further promote global multiplication. In addition to the further development of central IT solutions, the competence centers are helping the companies to establish and expand cooperations with local platforms.

In-house e-procurement solutions and cooperation with other platforms have become an integral component of the Würth Group's e-business strategy in a quest to optimize and automate customers' procurement processes across the board. To this end, additional specialists are being hired and trained worldwide to analyze the ordering and warehouse management processes of major customers so that they can provide proactive advice to them and implement customized solutions.

Big Data remains an important topic, allowing digital marketing activities in particular to be automated based on data and used for specific target groups. In addition to a specialized team in Berlin, a group of data scientists and analysts has been put in place at several individual companies in order to develop personalized, relevant communication and sales activities based on our customers' purchasing and information behavior.

Overall statement on the future development of the Würth Group
Even in an environment dominated by the pandemic, economic forecasts are cautiously optimistic with the German economy proving solid in the face of the second lockdown. Although the global infection situation does not allow for any valid plans to be made, we expect to see sales growth in the mid-single digits and a proportionate increase in the operating result, as we also anticipate a certain base effect in the current fiscal year. The global changes are a source of hope, both in terms of the pandemic because of the vaccination drive, and in terms of economic development thanks to the new president of the United States. Nevertheless, it remains difficult to predict an overall effect for all of our companies. Acquisitions will remain part of our growth strategy and we will seize any opportunities that arise because of, or after, the crisis in line with our previous acquisition behavior. Even in difficult phases like the present, it is important for us to be able to generate additional growth under our own steam by being there for our customers, maintaining a high level of market activity, further expanding our sales capacities, bringing innovations onto the market, and expanding our market share through our performance and financial stability.

Our suppliers are likely to experience bottlenecks in 2021 as their capacities are fully utilized in some cases. It goes without saying that we are aiming to maintain our delivery capacity and offer our customers alternatives, using service levels, which we have been monitoring on a monthly basis across the Group for decades now, as a measure of customer satisfaction. We expect to see drastic price increases for freight costs, and a "super cycle" on the procurement side will also lead to sharp increases in commodity prices. We will rise to these challenges successfully with our 75 years of corporate experience.

One of the Group's strengths is the ability to continually explore new avenues. In this quest, our family business is aware of its social responsibility and is focused on sustainable growth in the long term. In addition to its commitment to the social and economic aspects of sustainability, the Würth Group is also involved in a wide array of environmental activities that are to be bundled within the Group in the future, laying the foundation for Group-wide reporting. The first sustainability report at the Group level is to be published in 2022.

5,920

... million euro was the value of the Würth Group’s equity in 2020.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in millions of EUR		2020	Share in %	2019	Share in %	Change in %
Sales	[1]	14,413.0	100.0	14,271.7	100.0	1.0
Changes in inventories		- 25.6	- 0.2	- 8.0	- 0.1	> 100
Own work capitalized		12.8	0.1	12.3	0.1	4.1
Cost of materials	[2]	7,265.6	50.4	7,151.0	50.1	1.6
Cost of financial services	[3]	29.0	0.2	21.8	0.1	33.0
		7,105.6	**49.3**	**7,103.2**	**49.8**	**0.0**
Other operating income	[4]	110.0	0.8	108.0	0.8	1.9
Personnel expenses	[5]	3,843.3	26.7	3,852.3	27.0	- 0.2
Amortization, depreciation and impairment losses	[6]	778.6	5.4	720.7	5.0	8.0
Other operating expenses	[7]	1,784.6	12.4	1,861.9	13.1	- 4.2
Finance revenue	[8]	44.3	0.3	42.8	0.3	3.5
Finance costs	[8]	99.0	0.7	85.8	0.6	15.4
Earnings before taxes	[9]	**754.4**	**5.2**	**733.3**	**5.2**	**2.9**
Income taxes	[10]	150.4	1.0	138.2	1.0	8.8
Net income for the year		**604.0**	**4.2**	**595.1**	**4.2**	**1.5**
Attributable to:						
Owners of parent companies in the Group		602.4	4.2	589.7	4.1	2.2
Non-controlling interests		1.6	0.0	5.4	0.1	- 70.4
		604.0	**4.2**	**595.1**	**4.2**	**1.5**

Consolidated statement of comprehensive income

in millions of EUR	2020	Share in %	2019	Share in %	Change in %
Net income for the year	**604.0**	**100.0**	**595.1**	**100.0**	**1.5**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain (+) / loss (–) on cash flow hedges	– 3.3	– 0.5	– 8.0	– 1.3	– 58.8
Foreign currency translation	– 75.3	– 12.5	18.3	3.1	< – 100
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**– 78.6**	**– 13.0**	**10.3**	**1.8**	**< – 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	– 12.1	– 2.0	– 40.7	– 6.8	– 70.3
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**– 12.1**	**– 2.0**	**– 40.7**	**– 6.8**	**– 70.3**
Other comprehensive income, net of tax	**– 90.7**	**– 15.0**	**– 30.4**	**– 5.1**	**> 100**
Total comprehensive income, net of tax	**513.3**	**85.0**	**564.7**	**94.9**	**– 9.1**
Attributable to:					
Owners of parent companies in the Group	512.6	84.9	559.6	94.0	– 8.4
Non-controlling interests	0.7	0.1	5.1	0.9	– 86.3
	513.3	**85.0**	**564.7**	**94.9**	**– 9.1**

Consolidated statement of financial position

Assets in millions of EUR		**2020**	Share in %	**2019**	Share in %	Change in %
Non-current assets						
Intangible assets including goodwill	[11]	284.3	2.1	383.4	3.0	– 25.8
Property, plant, and equipment	[12]	3,686.6	27.4	3,675.1	29.1	0.3
Right-of-use assets	[13]	960.6	7.1	884.8	7.0	8.6
Financial assets	[14]	99.5	0.7	102.6	0.8	– 3.0
Receivables from financial services	[15]	1,084.8	8.0	969.0	7.7	12.0
Other assets	[21]	29.7	0.2	33.0	0.3	– 10.0
Deferred taxes	[16]	222.4	1.7	214.0	1.7	3.9
		6,367.9	**47.2**	**6,261.9**	**49.6**	**1.7**
Current assets						
Inventories	[17]	2,222.4	16.5	2,288.0	18.1	– 2.9
Trade receivables	[18]	1,941.9	14.4	1,974.8	15.6	– 1.7
Receivables from financial services	[15]	1,047.4	7.8	1,113.5	8.8	– 5.9
Income tax assets	[19]	58.7	0.4	45.3	0.4	29.6
Other financial assets	[20]	165.0	1.2	170.1	1.3	– 3.0
Other assets	[21]	199.0	1.5	203.7	1.6	– 2.3
Securities	[22]	84.5	0.6	93.2	0.8	– 9.3
Cash and cash equivalents	[23]	1,386.4	10.3	476.9	3.8	> 100
		7,105.3	**52.7**	**6,365.5**	**50.4**	**11.6**
Assets classified as held for sale	[24]	4.8	0.1	0.0	0.0	> 100
		7,110.1	**52.8**	**6,365.5**	**50.4**	**11.7**
		13,478.0	**100.0**	**12,627.4**	**100.0**	**6.7**

Equity and liabilities in millions of EUR		**2020**	Share in %	**2019**	Share in %	Change in %
Equity						
Equity attributable to parent companies in the Group	[25]					
Share capital		408.4	3.0	408.4	3.2	0.0
Reserves		2,337.5	17.3	2,190.3	17.4	6.7
Retained earnings		3,116.8	23.1	2,897.4	22.9	7.6
		5,862.7	43.4	5,496.1	43.5	6.7
Non-controlling interests		57.7	0.4	57.9	0.5	– 0.3
		5,920.4	**43.8**	**5,554.0**	**44.0**	**6.6**
Non-current liabilities						
Liabilities from financial services	[26]	670.6	5.0	661.3	5.2	1.4
Financial liabilities	[27]	1,763.9	13.1	1,216.2	9.6	45.0
Lease liabilities	[28]	723.8	5.4	640.5	5.1	13.0
Post-employment benefit obligations	[29]	359.3	2.7	339.7	2.7	5.8
Provisions	[30]	121.1	0.9	113.4	0.9	6.8
Other financial liabilities	[31]	14.0	0.1	14.5	0.1	– 3.4
Other liabilities	[32]	0.9	0.0	1.4	0.0	– 35.7
Deferred taxes	[16]	111.4	0.8	127.3	1.0	– 12.5
		3,765.0	**28.0**	**3,114.3**	**24.6**	**20.9**
Current liabilities						
Trade payables		817.3	6.1	827.3	6.6	– 1.2
Liabilities from financial services	[26]	1,057.7	7.8	1,052.2	8.4	0.5
Financial liabilities	[27]	307.9	2.3	709.7	5.6	– 56.6
Lease liabilities	[28]	249.7	1.9	269.7	2.1	– 7.4
Income tax liabilities		91.3	0.7	74.8	0.6	22.1
Provisions	[30]	217.0	1.6	194.4	1.5	11.6
Other financial liabilities	[31]	554.5	4.1	430.4	3.4	28.8
Other liabilities	[32]	496.1	3.7	400.6	3.2	23.8
		3,791.5	**28.2**	**3,959.1**	**31.4**	**– 4.2**
Liabilities in a group of assets classified as held for sale	[24]	1.1	0.0	0.0	0.0	> 100
		3,792.6	**28.2**	**3,959.1**	**31.4**	**– 4.2**
		13,478.0	**100.0**	**12,627.4**	**100.0**	**6.7**

Consolidated statement of cash flows*

Cash flows from operating activities in millions of EUR	2020	2019
Earnings before taxes	**754.4**	**733.3**
Income taxes paid	– 173.1	– 185.5
Finance costs (excluding loss on derivative instruments at fair value through profit or loss)	99.0	75.0
Finance income (excluding gain on derivative instruments at fair value through profit or loss)	– 37.5	– 42.8
Interest received from operating activities	5.8	8.6
Interest paid from operating activities	– 16.0	– 17.1
Changes in post-employment benefit obligations	2.1	– 1.7
Depreciation, amortization, and reversals of impairment losses on intangible assets, property, plant and equipment, and right-of-use assets	778.1	718.9
Losses on disposal of non-current assets	4.1	2.1
Gains on disposal of non-current assets	– 5.7	– 5.0
Gains/losses on derivative instruments reported at fair value through profit or loss	– 6.8	10.8
Other non-cash income and expenses	116.2	52.4
Gross cash flows	**1,520.6**	**1,349.0**
Changes in inventories	– 20.5	– 42.3
Changes in trade receivables	– 47.0	– 15.9
Changes in receivables from financial services	– 63.2	– 223.3
Changes in trade payables	3.4	– 40.0
Changes in liabilities from financial services	15.4	143.4
Changes in short-term securities	10.4	37.6
Changes in other net working capital	181.2	– 85.5
Cash flows from operating activities	**1,600.3**	**1,123.0**
Investments in intangible assets	– 36.5	– 36.2
Investments in property, plant, and equipment	– 426.8	– 668.3
Investments in financial instruments	– 12.1	– 32.0
Investments in newly acquired subsidiaries less cash, as well as variable purchase price payments**	– 2.5	– 67.8
Cash received from disposals of assets	37.3	28.4
Cash flows from investing activities	**– 440.6**	**– 775.9**

Cash flows in millions of EUR	**2020**	**2019**
Distributions	– 303.8	– 265.9
Change in receivables from/liabilities to Family Trusts and the Würth Family incl. interest income	61.6	26.4
Capital contribution	156.6	85.5
Increase in financial liabilities	783.9	115.8
Decrease in financial liabilities	– 621.2	– 35.8
Payments for the repayment portion of lease liabilities	– 310.0	– 253.6
Interest paid/received from financing activities	– 37.8	– 41.2
Cash flows from financing activities	**– 270.7**	**– 368.8**
Changes due to consolidation	28.1	0.6
Effect of exchange rate changes on cash and cash equivalents	– 7.6	5.5
Changes in cash and cash equivalents	**909.5**	**– 15.6**

Composition of cash and cash equivalents in millions of EUR	**2020**	**2019**	Change in millions of EUR
Short-term investments	0.7	0.2	0.5
Other cash equivalents	1.8	2.2	– 0.4
Cash on hand	2.0	2.8	– 0.8
Cash at banks	1,381.9	471.7	910.2
Cash and cash equivalents	**1,386.4**	**476.9**	**909.5**

* 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 2019	**408.4**	**– 121.1**	**– 83.6**	**– 1.7**	**2,253.7**	**2,659.5**	**5,115.2**	**56.9**	**5,172.1**
Net income for the year	0.0	0.0	0.0	0.0	0.0	589.7	589.7	5.4	595.1
Other comprehensive income	0.0	18.6	– 40.7	– 8.0	0.0	0.0	– 30.1	– 0.3	– 30.4
Total comprehensive income	0.0	18.6	– 40.7	– 8.0	0.0	589.7	559.6	5.1	564.7
Issue/reduction of share capital	0.0	0.0	0.0	0.0	83.0	0.0	83.0	2.5	85.5
Transfer to/drawings from reserves	0.0	0.0	0.0	0.0	92.3	– 92.3	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	0.0	0.0	– 259.5	– 259.5	– 6.4	– 265.9
Changes in the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Other changes recognized in equity	0.0	0.1	0.0	0.0	– 2.3	0.0	– 2.2	– 0.3	– 2.5
31 December 2019	**408.4**	**– 102.4**	**– 124.3**	**– 9.7**	**2,426.7**	**2,897.4**	**5,496.1**	**57.9**	**5,554.0**
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	0.0	0.0	0.0	0.0	0.0	602.4	602.4	1.6	604.0
Other comprehensive income	0.0	– 74.4	– 12.1	– 3.3	0.0	0.0	– 89.8	– 0.9	– 90.7
Total comprehensive income	0.0	– 74.4	– 12.1	– 3.3	0.0	602.4	512.6	0.7	513.3
Issue/reduction of share capital	0.0	0.0	0.0	0.0	156.5	0.0	156.5	0.1	156.6
Transfer to/drawings from reserves	0.0	0.0	0.0	0.0	80.9	– 80.9	0.0	0.0	0.0
Distributions	0.0	0.0	0.0	0.0	0.0	– 302.5	– 302.5	– 1.3	– 303.8
Changes in the consolidated group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2
Other changes recognized in equity	0.0	– 0.3	0.0	0.0	– 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**

* 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	2020	2019	Change in %
Sales	14,413.0	14,271.7	1.0
Changes in inventories and own work capitalized for capital expenditure	– 12.8	4.3	< – 100
Other operating income	110.0	108.0	1.9
Finance revenue	44.3	42.8	3.5
	14,554.5	**14,426.8**	**0.9**
Less advance payments			
Cost of materials and cost of financial services	7,294.6	7,172.8	1.7
Other operating expenses	1,784.6	1,861.9	– 4.2
Amortization and depreciation	778.6	720.7	8.0
	9,857.8	**9,755.4**	**1.0**
Value added			
	4,696.7	**4,671.4**	**0.5**

Purpose in millions of EUR	2020	2019	Change in %
Employees (personnel expenses)	3,843.3	3,852.3	– 0.2
Public sector (tax expenses)	150.4	138.2	8.8
Company	456.8	414.7	10.2
Equity holders**	147.2	180.4	– 18.4
Lenders	99.0	85.8	15.4
Value added	**4,696.7**	**4,671.4**	**0.5**

* 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 trade in 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 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 sale 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, 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 2020 have been applied. This also includes the International Accounting Standards (IAS) as well as the interpretations issued by the IFRS Interpretations Committee (formerly: 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 23 March 2021 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 the legal entity. As of 31 December 2020, the carrying amount of goodwill totaled EUR 82.1 million (2019: EUR 98.7 million). Further details are presented under [11] "Intangible assets including goodwill" in Section H. Notes on the consolidated statement of financial position.

b) 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.

c) 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 20.4 million as of 31 December 2020 (2019: EUR 16.6 million) and are presented in [16] "Deferred taxes" in Section H. Notes on the consolidated statement of financial position.

d) Post-employment benefit obligations

The cost of defined benefit plans and other post-employment medical benefits 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 highly sensitive to changes in these assumptions. All assumptions are reviewed 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 extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Moreover, the quality of the underlying bonds is assessed. 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 359.3 million as of 31 December 2020 (2019: EUR 339.7 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.

e) 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.

f) 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 2020, the carrying amount of capitalized development costs was EUR 11.8 million (2019: EUR 11.9 million).

g) 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. Impairment is calculated based on the expected losses over the remaining term for receivables from financial services that change to the intensive approach.

h) 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.

i) 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.

j) 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).

k) 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 2020. The changes in accounting policies and in the disclosures in the notes are due primarily to the adoption of:
- **"Revised Conceptual Framework"**
- **Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies"**
- **Amendments to IFRS 9, IAS 39, and IFRS 7**
- **Amendments to IFRS 3 "Business Combinations"**
- **Amendments to IFRS 16 "Leases—COVID-19-Related Rent Concessions"**

The adoption of these standards is described below:

The International Accounting Standards Board (IASB) published the **revised Conceptual Framework for Financial Reporting** on 29 March 2018. On the one hand, the framework serves the IASB in the development of accounting standards. On the other hand, it supports companies in clarifying accounting issues that are not directly regulated in IFRS. Ultimately, it should also help all other interested parties to better understand IFRS. The framework concept consists of a new superordinate section "Status and Purpose of the Conceptual Framework" as well as eight completely contained sections. According to the press release, the Board is applying the framework concept immediately, while companies are expected to apply it from 2020. The revised Conceptual Framework has no impact on the consolidated financial statements of the Würth Group.

On 31 October 2018, the IASB published **amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies."** The amendments are intended to make it easier for the preparer of the IFRS financial statements to assess materiality without substantially changing the existing rules. In addition, the amendments ensure that the definition of materiality in the IFRS rules is uniform. The amended definition of "material" maintains that information is considered material when it can reasonably be expected that its omission, misstatement, or concealment will affect those decisions made by primary users of financial statements for general purposes on the basis of those financial statements that provide financial information about a particular entity. The amendments are effective for fiscal periods beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of the Würth Group.

On 26 September 2019, the IASB published the **amendments to IFRS 9, IAS 39, and IFRS 7**, the first phase of the IBOR reform project, which provides certain reliefs. The reliefs relate to hedge accounting and have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The amendments are effective for fiscal periods beginning on or after 1 January 2020. These amendments had no impact on the consolidated financial statements of the Würth Group.

On 22 October 2018, the International Accounting Standards Board issued **amendments to the definition of a business in IFRS 3 "Business Combinations"**. The amendments are intended to assist entities in determining whether a transaction should be accounted for as a business combination or as an acquisition of an asset. The IASB expects that the amendments to IFRS 3 and the corresponding amendments to US GAAP made in 2017 will lead to a more uniform application of the definition of a business operation under IFRS and US GAAP. These amendments had no impact on the consolidated financial statements of the Würth Group.

Amendments to IFRS 16 "Leases—COVID-19-Related Rent Concessions" were published by the IASB on 28 May 2020. The amendments provide relief to lessees in applying the IFRS 16 guidelines to the accounting of rent concessions that are a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may choose not to assess whether a COVID-19-related rent concession is a lease modification. Lessees that apply the exemption account for any 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. The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier adoption is permitted. These amendments had no impact on the consolidated financial statements of the Würth Group.

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. The Würth Group does not expect this amendment to have any significant impact on its consolidated financial statements.

In August 2020, the IASB published the **amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform—Phase 2."** The purpose of these amendments is to address issues that might affect financial reporting related to the second phase of the IBOR reform. Phase 2 focuses on issues that could have an impact at the time a previously applicable interest rate benchmark is replaced by an alternative, risk-free interest rate. In particular, the amendments grant practical relief with respect to changes required under the IBOR reform. The amendments are mandatory for fiscal years beginning on or after 1 January 2021. Voluntary earlier adoption is permitted. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

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 2020 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.

In May 2020, the IASB published **amendments to IFRS 3 "Business Combinations—Reference to the Conceptual Framework."** The amendment updates IFRS 3 such that the standard refers to the 2018 Framework rather than the 1989 Framework. The IASB amended IFRS 3 to require that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Another amendment adds an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments will enter into force for reporting periods beginning on or after 1 January 2022 and are to be applied prospectively. The

Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

The IASB published the **amendment to IAS 1 "Disclosure of Accounting Policies"** on 12 February 2021. The amendment requires entities to disclose their material accounting policy information. The amendments are intended to help improve the disclosures on accounting policies. This means that in the future, the focus will be on company-specific information as opposed to standardized information. The amendments to IAS 1 are effective for fiscal years beginning on or after 1 January 2023, with early application permitted. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

On 12 February 2021, the IASB published the **amendments to IAS 8 "Distinction between a change in an accounting policy and a change in an accounting estimate."** This distinction is important because changes in estimates are applied prospectively to transactions and other events from the date of the change in estimate, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events. The amendments to IAS 8 are effective for fiscal years beginning on or after 1 January 2023, with early application permitted. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

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. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

IFRS 17 "Insurance Contracts" was published in May 2017 and contains 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 with discretionary participation features. 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) and
- a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 is to apply to fiscal years beginning on or after 1 January 2023. Comparative figures must be provided. The Würth Group does not intend to adopt IFRS 17 earlier and is currently assessing the effect on the consolidated financial statements.

On 23 January 2020, the IASB issued **amendments to IAS 1 "Classification of Liabilities as Current or Non-current."** Based on these amendments, a liability is to be classified as non-current if the entity has the right, on the reporting date, to defer settlement of the liability for at least 12 months after the end of the reporting period. The mere fact that the entity has this right is sufficient. It is not necessary for the entity to intend to actually exercise it. In cases involving rights that depend on certain conditions being fulfilled, the decisive aspect is whether the conditions are fulfilled on the reporting date. If a liability is subject to terms that could, in the option of the counterparty, result in its settlement by the issue of equity instruments, it is clarified that this does not affect its classification as a current or non-current liability, provided that the option is recognized separately as an equity component of a compound financial instrument applying IAS 32.
The amendments will enter into force for reporting periods beginning on or after 1 January 2023. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

In May 2020, the IASB published amendments 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 for which not all obligations have been settled at the beginning of the fiscal year in which it first applies the amendments, but does not expect the amendments to have any significant effect on the consolidated financial statements.

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. The Würth Group does not expect the amendments to have any significant impact on the consolidated financial statements.

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. 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 fairly. 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.

Expenses amounting to EUR 93.1 million (2019: EUR 85.6 million), resulting from the amortization, depreciation, and impairment of assets identified in the course of purchase price allocation were recognized in connection with business combinations from prior years.

In the 2020 fiscal year, contingent purchase price liabilities from company acquisitions in the amount of 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 2.5 million were settled in 2020.

The Würth Group sold 100 percent of the shares in Arvid Nilsson Sverige AB, Kungälv, Sweden, as of 30 October 2020. The disposal resulted in a loss of EUR 8.6 million, which was recognized in the consolidated income statement under other operating expenses. As part of the sale, 100 percent of the shares in Arvid Nilsson Norge AS, Oslo, Norway, were transferred to Arvid Nilsson Sverige AB on 29 October 2020.

As the Würth Group already intended to sell 51 percent of the shares in TUNAP Cosmetics GmbH, Kematen in Tyrol, Austria, in 2020, the assets and liabilities of this company were presented in the consolidated statement of financial position under assets classified as held for sale and under liabilities in a group of assets classified as held for sale. The sale took place on 1 March 2021.

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 2020, 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 differences on the liabilities side 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 will be 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 from the 2010 fiscal year onwards.

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. Transactions under common control are recognized using the pooling-of-interest method. 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	
	2020	**2019**	**2020**	**2019**
1 US dollar	0.87982	0.89327	0.81726	0.89051
1 pound sterling	1.12408	1.13937	1.11709	1.17485
1 Canadian dollar	0.65354	0.67305	0.64167	0.68476
1 Australian dollar	0.60578	0.62082	0.63058	0.62492
1 Brazilian real	0.17034	0.22680	0.15731	0.22148
1 Chinese yuan renminbi	0.12714	0.12939	0.12496	0.12792
1 Danish krone	0.13415	0.13394	0.13434	0.13385
1 Norwegian krone	0.09342	0.10148	0.09539	0.10137
1 Polish zloty	0.22500	0.23269	0.21927	0.23494
1 Russian ruble	0.01213	0.01384	0.01105	0.01429
1 Swedish krona	0.09540	0.09440	0.09944	0.09571
1 Swiss franc	0.93417	0.89881	0.92455	0.92159
1 Czech koruna	0.03782	0.03895	0.03808	0.03936
1 Hungarian forint	0.00285	0.00308	0.00276	0.00302

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 Diffutherm and Dinol.

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. 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 following uniform group 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 through profit or

loss. 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; and
- 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 under 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, and
- [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. Amortized cost is calculated taking into account any premium or discount on acquisition and any fees or costs that are an integral part of the effective interest rate. 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.

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.

At the start of the hedge, both the hedging relationships and the risk management objectives and strategies of the Würth Group are formally defined and documented with regard to the hedge. Documentation from the period before 1 January 2018 stipulates the hedging instrument, the underlying transaction or the hedged transaction as well as the nature of the hedged risk and a description of how the Würth Group determines the effectiveness of the changes in the fair value of the hedging instrument in offsetting the risks from changes in the fair value or the cash flows of the hedged underlying transaction that can be attributed to the hedged risk. Such hedge relationships are deemed to be highly effective in terms of achieving compensation for the risks of changes in fair value or cash flows. They are assessed on an ongoing basis to determine whether they were actually highly effective throughout the reporting period for which the hedge was designated.

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; or
- 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.

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 transaction 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 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, and
- 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.

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 2020 fiscal year, the Würth Group's business and economic environment was 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	2020	2019
Revenue from contracts with customers	14,279.7	14,153.7
Revenue from financial services	133.3	118.0
Total	**14,413.0**	**14,271.7**

Revenues from contracts with customers relate to revenues from the sale of goods and services. These revenues include services amounting to EUR 74.9 million (2019: EUR 88.5 million).

Revenue from financial services primarily contains interest income of EUR 45.7 million (2019: EUR 46.4 million), similar income of EUR 6.5 million (2019: EUR 6.3 million), and commission income of EUR 9.6 million (2019: EUR 8.1 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. It also includes income from the leasing and insurance business.

The following table shows the breakdown of sales revenues for the 2020 fiscal year by region and business segment.

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 567.9 million (2019: EUR 588.1 million) was generated in 2020 on a periodic basis. All other revenues were recognized at a specific point in time.

[2] Cost of materials

in millions of EUR	2020	2019
Cost of materials and supplies and of purchased merchandise	7,025.1	6,909.0
Cost of purchased services	240.5	242.0
Total	**7,265.6**	**7,151.0**

[3] Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 4.9 million (2019: EUR 4.0 million) and commission of EUR 6.5 million (2019: EUR 3.7 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. This item also contains EUR 1.4 million (2019: EUR 1.4 million) from the external business of the companies specializing in leases and EUR 16.1 million (2019: EUR 12.6 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 addition, a contingent purchase price liability from acquisitions in the amount of EUR 6.2 million

(2019: EUR 11.9 million) was remeasured and derecognized through profit and loss in the 2020 fiscal year. Other operating income also includes income from the subleasing of right-of-use assets in the amount of EUR 0.4 million (2019: EUR 0.5 million).

[5] Personnel expenses and number of employees

Personnel expenses

in millions of EUR	2020	2019
Wages and salaries	3,162.3	3,147.4
Social security	405.5	425.7
Pension and other benefit costs	275.5	279.2
Total	**3,843.3**	**3,852.3**

For information on the drop in personnel expenses, please refer to [8] "Government grants" in Section I. Other notes. Individual companies in the Würth Group also 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.

Number of employees as of the reporting date

	2020	2019
Würth Line Germany	9,245	9,196
Allied Companies Germany	15,269	15,148
Würth Group Germany	24,514	24,344
Würth Group International	54,625	54,342
Würth Group total	**79,139**	**78,686**
Thereof		
Sales staff	33,176	33,369
In-house staff	45,963	45,317

The average headcount of the Würth Group totaled 78,639 in the reporting period (2019: 78,175).

[6] Amortization and depreciation

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

in millions of EUR	2020	2019
Depreciation of right-of-use assets for land, land rights and buildings incl. buildings on third-party land	170.8	163.4
Depreciation of right-of-use assets for technical equipment and machines	4.3	7.9
Depreciation of right-of-use assets for other equipment, furniture, and fixtures	109.4	101.9
Total	**284.5**	**273.2**

[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 liability:

in millions of EUR	2020	2019
Expense from short-term leases	46.5	75.7
Expense from leases of low-value assets	9.4	5.9
Expense from variable lease payments	6.0	2.4
Total	**61.9**	**84.0**

The total cash outflows for leases in the 2020 fiscal year amounted to EUR 387.7 million (2019: EUR 348.3 million).

Other operating expenses also include an expense from the increase in the impairment of receivables from the banking business of EUR 3.9 million (2019: EUR 0.0 million).

[8] Finance revenue/finance costs

in millions of EUR	2020	2019
Other interest and similar income	44.3	42.8
Interest and similar expenses	79.7	70.3
Interest expense from lease liabilities	15.8	10.7
Net interest cost from pension plans	3.5	4.8
Total financial result	**54.7**	**43.0**
Thereof from financial instruments under the IFRS 9 measurement categories:		
Income (+)/expense (–) from financial assets and liabilities to be reported at fair value through profit or loss (FVTPL)	7.0	– 15.1
Income (+)/expense (–) from measurement of financial liabilities at amortized cost (AC)	– 58.2	– 23.1

Expenses from the translation of foreign currency items amounted to EUR 19.8 million. In the 2019 fiscal year, the translation of foreign currency items resulted in income of EUR 13.0 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	2020	2019
Operating result	**775.4**	**770.0**
Impairment losses for goodwill and brands	– 17.3	– 54.3
Measurement of the interests as defined by IAS 32	– 4.7	6.7
Adjustment of purchase price liability from acquisition through profit or loss	1.1	11.9
Other	– 0.1	– 1.0
Earnings before taxes	**754.4**	**733.3**

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

[10] Income taxes

in millions of EUR	2020	2019
Income taxes	176.5	189.9
Deferred tax income		
Deferred tax income from unused tax losses	45.4	25.7
Other deferred tax income	82.8	90.7
Deferred tax expense		
Deferred tax expense from unused tax losses	38.7	27.0
Other deferred tax expenses	63.4	37.7
Total	**150.4**	**138.2**

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	2020	2019
Earnings before taxes	754.4	733.3
Theoretical tax rate as a %	20.7	18.8
Theoretical tax expense	**156.2**	**137.9**
Changes in theoretical tax expense due to:		
Unrecognized tax losses from the current fiscal year	13.3	14.3
Recognition of unused tax losses from prior periods	- 4.7	- 0.8
Use of unused tax losses written down in prior years	- 2.6	- 3.5
Write-down on recognized unused tax losses from prior years	4.0	0.4
Write-down (+)/write-up (–) on temporary differences	3.7	- 5.5
Different tax rates	0.6	- 1.5
Tax reductions due to tax-free items	- 2.6	- 4.2
Tax increases due to non-deductible expenses	8.3	9.8
Income tax expense that cannot be derived from earnings before taxes	5.3	2.5
Non-tax-deductible amortization of goodwill and other intangible assets	2.1	11.4
Taxes relating to other periods	- 33.8	- 29.4
Other	0.6	6.8
Income taxes	**150.4**	**138.2**
Effective tax rate as a %	**19.9**	**18.8**

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

Changes in income taxes resulted primarily from tax refunds in Germany relating to previous periods. In addition, there was a contrary effect resulting from a change in the tax base for future fiscal years 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 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 depreciation and impairment						
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**

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 2019	411.7	79.6	361.9	485.1	16.8	1,355.1
Exchange differences	1.6	0.2	2.8	4.7	0.0	9.3
Changes in the consolidated group	0.6	0.0	13.0	– 4.0	0.0	9.6
Additions	25.2	3.4	0.3	0.0	7.2	36.1
Disposals	6.9	0.4	0.0	0.0	0.0	7.3
Reclassifications	12.1	6.5	0.0	0.0	– 14.3	4.3
31 December 2019	**444.3**	**89.3**	**378.0**	**485.8**	**9.7**	**1,407.1**
Accumulated depreciation and impairment						
1 January 2019	301.7	70.3	194.0	329.7	0.0	895.7
Exchange differences	0.9	0.1	0.9	3.1	0.0	5.0
Amortization and depreciation	37.9	7.1	20.0	0.0	0.0	65.0
Impairment losses	0.0	0.0	10.3	54.3	0.0	64.6
Disposals	6.5	0.1	0.0	0.0	0.0	6.6
31 December 2019	**334.0**	**77.4**	**225.2**	**387.1**	**0.0**	**1,023.7**
Net carrying amount						
31 December 2019	**110.3**	**11.9**	**152.8**	**98.7**	**9.7**	**383.4**

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 9.3 million (2019: EUR 8.5 million).

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

Goodwill is tested for impairment annually. The test is based on estimated future cash flows derived from the business plan.

Of the impairment losses in the 2020 fiscal year, goodwill accounted for EUR 15.0 million (2019: EUR 54.3 million), customer relationships and similar assets for EUR 56.4 million (2019: EUR 10.3 million), and franchises, industrial rights, licenses, and similar rights for EUR 2.7 million (2019: EUR 0.0 million). These were largely required at companies whose previous plans for the reporting year were adjusted to reflect changes in expectations regarding future demand development. Goodwill was regularly tested for impairment in accordance with IAS 36 in the 2020 fiscal year. These impairment tests were based on net selling price and conducted at the level of the smallest cash-generating unit.

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:

2020 in millions of EUR	M.E.B. Srl	Tunap	HSR/ Indunorm	Chemofast Anchoring GmbH	Dakota Premium Hard-woods LLC	Lichtzentrale Thurner 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	

2019 in millions of EUR	Northern Safety Company, Inc.	M.E.B. Srl	Tunap	HSR/ Indunorm	Wurth Hot	Chemofast Anchoring GmbH	Dakota Premium Hard-woods LLC	Lichtzentrale Thurner GmbH	Wurth Des Moines Bolt Inc.	Other	Total
Goodwill before impairment test	46.1	23.0	9.2	9.1	9.1	8.7	8.3	6.8	6.1	25.0	151.4
Exchange difference	0.9	0.0	0.0	0.0	0.2	0.0	0.2	0.0	0.1	0.2	1.6
Impairment losses	47.0	0.0	0.0	0.0	6.3	0.0	0.0	0.0	0.0	1.1	54.3
Goodwill	**0.0**	**23.0**	**9.2**	**9.1**	**3.0**	**8.7**	**8.5**	**6.8**	**6.2**	**24.2**	**98.7**
Average sales growth in the planning period (in %)	9.8	4.3	2.3	8.7	8.1	7.0	13.8	6.0	10.8	3.7–24.8	
EBIT margin in the planning period (in %)	0.5–3.3	5.7–6.9	1.5–6.4	5.3–5.5	3.5–5.6	7.0–7.3	3.4–3.5	3.1–3.8	3.9–7.1	-0.6–22.1	
Length of the planning period	4 years	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 %)	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.0–1.5	
EBIT margin after the end of the planning period (in %)	4.5	8.4	6.4	5.5	6.7	8.6	4.2	3.8	9.8	2.5–22.1	
Discount rate	10.6	10.0	7.5	9.3	11.2	7.7	11.1	8.1	11.0	7.6–11.4	
Additional impairment losses											
assuming a 10 % lower cash flow	0.0	0.0	0.0	0.0	3.0	0.0	2.5	0.0	0.0	0.0	
assuming a 1 % higher discount rate	0.0	0.0	0.0	0.0	3.0	0.0	4.1	0.0	0.0	0.0	

The assumptions underlying the calculation of the net selling price 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 net selling price 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 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 depreciation and impairment					
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**

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 2019	2,744.9	1,128.6	2,065.0	272.1	6,210.6
Exchange differences	10.7	3.8	9.0	0.4	23.9
Changes in the consolidated group	11.0	0.4	0.9	0.0	12.3
Additions	67.2	57.0	198.4	346.6	669.2
Disposals	4.9	24.5	86.9	0.1	116.4
Reclassifications	41.7	76.7	31.9	– 154.0	– 3.7
31 December 2019	**2,870.6**	**1,242.0**	**2,218.3**	**465.0**	**6,795.9**
Accumulated depreciation and impairment					
1 January 2019	1,060.4	720.9	1,111.5	0.1	2,892.9
Exchange differences	3.3	2.5	6.5	0.0	12.3
Amortization and depreciation	76.7	82.5	154.1	0.0	313.3
Impairment losses	0.0	2.4	2.1	0.0	4.5
Disposals	3.1	19.9	78.9	0.0	101.9
Reclassifications	– 0.9	– 1.5	3.3	0.0	0.9
Reversal of impairment losses	0.0	0.0	1.2	0.0	1.2
31 December 2019	**1,136.4**	**786.9**	**1,197.4**	**0.1**	**3,120.8**
Net carrying amount					
31 December 2019	**1,734.2**	**455.1**	**1,020.9**	**464.9**	**3,675.1**

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	**2020**	**2019**
Land charges	4.1	4.1
Collateral assignment	8.4	9.2
Total	**12.5**	**13.3**

There are payment obligations for investment in fixed assets of EUR 32.2 million (2019: EUR 25.1 million).

Payments on account and assets under construction contain additions to assets under construction of EUR 114.4 million (2019: EUR 274.2 million), which relate to technical equipment and machines as well as buildings.

Of the impairment losses in the 2020 fiscal year, technical equipment and machines accounted for EUR 9.5 million (2019: EUR 2.4 million) and other equipment, furniture, and fixtures for EUR 0.7 million (2019: EUR 2.1 million). These were largely required at companies whose previous plans for the reporting year were adjusted to reflect changes in expectations regarding future demand development. 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 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 depreciation and impairment				
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**

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 2019	717.3	21.1	172.0	910.4
Changes in the consolidated group	23.4	0.0	2.8	26.2
Additions	123.5	0.9	103.4	227.8
Disposals	6.7	0.0	0.7	7.4
31 December 2019	**857.5**	**22.0**	**277.5**	**1,157.0**
Accumulated depreciation and impairment				
1 January 2019	2.2	0.0	0.0	2.2
Amortization and depreciation	163.4	7.9	101.9	273.2
Disposals	2.8	0.0	0.4	3.2
31 December 2019	**162.8**	**7.9**	**101.5**	**272.2**
Net carrying amount				
31 December 2019	**694.7**	**14.1**	**176.0**	**884.8**

[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 2020 fiscal year. Fair values that could not be determined on the basis of observable market data of EUR 15.7 million (2019: EUR 14.5 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 70.0 million (2019: EUR 80.0 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	2020	Thereof due within one year	2019	Thereof due within one year
Receivables from the leasing business	998.5	403.8	856.4	329.4
Receivables from the insurance business	1.6	1.6	1.9	1.9
Receivables from the banking business				
Receivables from customers	1,109.1	619.0	1,149.9	707.9
Receivables from banks	20.9	20.9	70.7	70.7
Other asset items	2.1	2.1	3.6	3.6
Total	**2,132.2**	**1,047.4**	**2,082.5**	**1,113.5**

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 20.9 million (2019: EUR 18.2 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 2020, EUR 475.4 million (2019: EUR 354.9 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. Impairment is calculated at lifetime expected credit loss for receivables from financial services that change to the intensive approach.

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

in millions of EUR	2020	2019
Receivables from financial services that are neither past due nor impaired	2,106.6	2,049.1
Receivables not impaired but past due by		
less than 120 days	7.0	16.0
Total receivables not impaired	**2,113.6**	**2,065.1**
Impaired receivables from financial services (gross)	47.3	47.3
Impairment loss recognized on receivables from financial services	28.7	29.9
Net carrying amount	**2,132.2**	**2,082.5**

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

in millions of EUR	2020	2019
Provision for impairment as of 1 January	**29.9**	**32.0**
Amounts recognized as income (–) or expense (+) in the reporting period	7.7	2.6
Derecognition of receivables	– 8.7	– 3.8
Payments received and recoveries of amounts previously written off	– 0.2	– 1.0
Currency translation effects	0.0	0.1
Provision for impairment as of 31 December	**28.7**	**29.9**

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 **2020**	Deferred tax liabilities **2020**	Deferred tax assets **2019**	Deferred tax liabilities **2019**	Change **2020**	Change **2019**
Non-current assets	168.7	180.8	140.5	220.5	67.9	– 92.0
Inventories	64.6	41.5	64.6	50.2	8.7	– 0.3
Receivables	54.2	43.8	46.8	15.3	– 21.1	23.6
Other assets	9.0	81.9	12.3	64.0	– 21.2	– 18.9
Provisions	102.4	33.4	83.4	32.1	17.7	12.4
Liabilities	138.7	2.8	168.3	1.3	– 31.1	159.0
Other liabilities	13.9	76.7	8.2	70.6	– 0.4	– 11.3
	551.5	**460.9**	**524.1**	**454.0**	**20.5**	**72.5**
Unused tax losses	20.4		16.6		3.8	0.3
Offset	– 349.5	– 349.5	– 326.7	– 326.7		
Total	**222.4**	**111.4**	**214.0**	**127.3**	**24.3**	**72.8**

The development of timing differences is fully reflected in income taxes. One exception relates to foreign exchange differences of EUR – 21.3 million (2019: EUR 24.4 million), which were recognized directly in equity, and additions of deferred taxes of EUR 0.0 million (2019: EUR 12.9 million) arising from new 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 3.1 million (2019: EUR 10.3 million).

Deferred tax assets totaled EUR 25.5 million (2019: EUR 15.5 million) for companies with historical losses.

During the 2020 fiscal year, deferred tax assets of EUR 4.7 million (2019: EUR 0.8 million) were subsequently formed on unused tax losses in the amount of EUR 37.1 million (2019: EUR 6.1 million), since the management has classified future use within the Würth Group as probable.

In total, deferred tax assets of EUR 110.4 million (2019: EUR 82.6 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 718.8 million (2019: EUR 725.8 million), as realization is not sufficiently certain.

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

in millions of EUR	2020	2019
Expiration of unused tax losses		
Non-forfeitable	494.2	434.5
Expiration within the next five to ten years	91.4	109.0
Expiration within the next one to five years	119.3	164.5
Expiration within the next year	13.9	17.8
Total unused tax losses net of deferred tax assets recognized	**718.8**	**725.8**

The unused tax losses include unused tax losses amounting to EUR 23.2 million (2019: 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 685.8 million (2019: EUR 650.0 million). 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. The calculation of these unrecognized deferred tax liabilities would have been unreasonably time consuming.

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

[17] Inventories

in millions of EUR	2020	2019
Materials and supplies	104.9	105.9
Work in process and finished goods	176.7	204.4
Merchandise	1,922.0	1,961.4
Payments on account	18.8	16.3
Total	**2,222.4**	**2,288.0**

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 23.3 million (2019: EUR 7.5 million).

[18] Trade receivables

This item exclusively comprises receivables from third parties.

in millions of EUR	2020	2019
Trade receivables that are neither past due nor impaired	936.1	830.5
Receivables not impaired but past due by		
less than 120 days	375.4	383.6
between 120 and 179 days	21.5	32.0
between 180 and 359 days	1.0	0.7
Total receivables not impaired	**1,334.0**	**1,246.8**
Impaired trade receivables (gross)	770.3	898.1
Provision for impairment of trade receivables	162.4	170.1
Net carrying amount	**1,941.9**	**1,974.8**

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

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

2019 in millions of EUR	Expected default rate in %	Gross book value	Expected losses over remaining term
< 120 days (level 2)	1.3	1,875.5	24.4
120 to 359 days (level 2)	14.2	139.7	19.8
> 359 days (level 3)	43.3	129.7	56.2
Total		**2,144.9**	**100.4**

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	2020	2019
Provision for impairment as of 1 January	**170.1**	**132.4**
Changes in the consolidated group	0.0	33.4
Amounts recognized as expense in the reporting period	32.0	34.6
Derecognition of receivables	– 32.6	– 29.5
Payments received and recoveries of amounts previously written off	– 1.9	– 1.6
Currency translation effects	– 5.2	0.8
Provision for impairment as of 31 December	**162.4**	**170.1**

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

in millions of EUR	2020	2019
Expenses from the derecognition of receivables	36.2	32.9
Income from recoveries of amounts previously written off	2.6	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	2020	Thereof due within one year	2019	Thereof due within one year
Receivables from related parties	0.0	0.0	3.5	3.5
Derivative financial assets	7.5	7.5	6.6	6.6
Sundry financial assets	157.5	157.5	160.0	160.0
Total	**165.0**	**165.0**	**170.1**	**170.1**

Sundry financial assets mainly include supplier discounts and bonuses as well as VAT receivables.

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

The receivables from related parties include the purchase price receivable of EUR 0.0 million (2019: EUR 3.5 million) from the sale of Freie Schule Anne-Sophie to the Würth Foundation, Künzelsau, Germany. The receivable was subject to customary market interest rates.

[21] Other assets

in millions of EUR	2020	Thereof due within one year	2019	Thereof due within one year
Sundry assets	147.0	117.3	154.6	121.6
Prepaid expenses	81.7	81.7	82.1	82.1
Total	**228.7**	**199.0**	**236.7**	**203.7**

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 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 (2019: EUR 25.2 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	2020
Non-current assets	
Property, plant, and equipment	3.8
Current assets	
Trade receivables	0.9
Other assets	0.1
Assets classified as held for sale	**4.8**

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

The statement of financial position of the Würth Group as of 31 December 2020 includes 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. The fair value measurement of assets classified as held for sale resulted in an expense of EUR 7.8 million.

[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
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, the remeasurement of defined benefit plans, and the differences resulting from the first-time application of IFRS 9 are also disclosed here.

The individual equity components and their development in 2020 and 2019 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 150 million are planned for 2021.

[26] Liabilities from financial services

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**

2019 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	534.3	242.9	269.4	22.0
Liabilities from the insurance business	0.7	0.7	0.0	0.0
Liabilities from the banking business	1,178.5	808.6	310.9	59.0
Total	**1,713.5**	**1,052.2**	**580.3**	**81.0**

Liabilities from financial services include liabilities from related parties of EUR 4.1 million (2019: EUR 4.5 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 475.4 million (2019: EUR 354.9 million). The nominal amount of this ABCP transaction comes to EUR 503.7 million (2019: EUR 376.2 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 balanced each other out.

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

in millions of EUR	Carrying amounts **31 December 2020**	Cash flow < 1 year	Cash flow 1–5 years	Cash flow > 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

in millions of EUR	Carrying amounts **31 December 2019**	Cash flow < 1 year	Cash flow 1–5 years	Cash flow > 5 years
Liabilities from the leasing business	534.3	254.9	287.2	28.4
Liabilities from the insurance business	0.7	0.7	0.0	0.0
Liabilities from the banking business	1,178.5	714.6	472.6	70.6

[27] Financial liabilities

in millions of EUR	**2020**	Thereof due within one year	**2019**	Thereof due within one year
Bonds	1,915.8	163.5	1,681.8	499.9
Liabilities to banks	93.4	86.9	188.0	176.0
Liabilities to non-controlling interests	62.6	57.5	56.1	33.8
Total	**2,071.8**	**307.9**	**1,925.9**	**709.7**

There are financial liabilities of EUR 746.4 million (2019: EUR 509.9 million) due in more than five years.

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
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**

Type	Amount	Interest	Effective interest	Maturity	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	1.75 %	1.76 %	21 May 2020	499.9	509.3
US private placement	USD 200 million	4.48 %	4.53 %	22 September 2021	178.1	188.9
Bond	EUR 500 million	1.00 %	1.04 %	19 May 2022	499.0	514.9
Bond	EUR 500 million	1.00 %	1.08 %	25 May 2025	504.8	523.9
31 December 2019					**1,681.8**	**1,737.0**

The capital borrowed though the US private placement of USD 200.0 million is contingent on certain covenants being met. The Würth Group is required to meet certain debt service ratios, such as the ratio of net financial debt to EBITDA and senior liabilities to equity. They also include restrictions on the disposal of assets.

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	0.01 %–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**

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1–5 years	Carrying amount
EUR	floating/fixed	< 1 year	0.01 %–12.00 %	156.6	4.3	160.9
EUR	floating/fixed	1–5 years	0.01 %–6.20 %	0.0	7.4	7.4
USD	floating/fixed	< 1 year	0.01 %–6.50 %	0.2	0.0	0.2
Other	floating/fixed	< 1 year	0.01 %–18.00 %	19.2	0.3	19.5
31 December 2019				**176.0**	**12.0**	**188.0**

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	2020	2019
Lease liabilities < 1 year	249.7	269.7
Lease liabilities 1–5 years	539.4	489.3
Lease liabilities > 5 years	184.4	151.2
Total	**973.5**	**910.2**

[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 21.3 million (2019: EUR 19.9 million). Payments of EUR 197.5 million were made to the statutory pension insurance in the fiscal year (2019: EUR 202.1 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 amounted to EUR 223.7 million (2019: EUR 206.0 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 29.8 million in Austria (2019: EUR 30.0 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 26.5 million were recognized in the consolidated statement of financial position of the Würth Group in Italy (2019: EUR 27.0 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 274.5 million (2019: EUR 262.5 million). Plan assets came to EUR 227.1 million (2019: EUR 216.1 million). The associated net liability amounted to EUR 47.4 million (2019: EUR 46.3 million).

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

	Discount rate		Future salary increases		Pension increase rate	
in %	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Germany	0.75	1.00	3.00*	3.00*	1.75	1.75
Austria	0.50–0.80	1.00–1.25	1.50–3.00	1.50–3.00	–	–
Italy	0.65	1.00	2.50	3.00	1.00	1.50
Switzerland	0.20	0.20	0.50	0.50	–	–
Other countries	0.39–1.50	0.97–2.30	1.75	2.00	1.00	1.00

* For pension commitments with salary-based components

The 2018 G mortality tables from Dr. Klaus Heubeck are applied in Germany.

The benefit obligations are derived as follows:

in millions of EUR	**2020**	**2019**	**2018**	**2017**	**2016**
Present value of funded benefit obligations	330.0	317.7	273.2	257.7	246.5
Fair value of plan assets	– 254.0	– 242.6	– 207.6	– 199.7	– 188.2
Net carrying amount on funded benefit obligations	**76.0**	**75.1**	**65.6**	**58.0**	**58.3**
Present value of unfunded benefit obligations	**283.3**	**264.6**	**218.4**	**219.8**	**208.9**
Net benefit liability recognized in the statement of financial position	**359.3**	**339.7**	**284.0**	**277.8**	**267.2**
Empirical adjustments					
Present value of the obligations	9.9	8.4	6.6	10.0	– 10.4

The average term to maturity of the post-employment benefit obligations is 18 years.

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

in millions of EUR	2020	2019
Service cost		
Current service cost	22.1	18.1
Past service cost	1.3	0.0
Expense/income from plan settlements	– 1.2	0.0
Net interest cost	3.5	4.8
Total expense recognized in the consolidated income statement	**25.7**	**22.9**

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	2020	2019
Actuarial gains (–) and losses (+) recognized		
on changes in actuarial assumptions	16.4	59.5
on empirical adjustments	9.9	8.4
Expense/Income from plan assets (less interest income)	– 11.0	– 16.8
Remeasurement of defined benefit plans	**15.3**	**51.1**

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

in millions of EUR	2020	2019
Defined benefit obligation at the start of the year	582.3	491.6
Changes in the consolidated group	0.0	0.1
Increase due to deferred compensation	0.2	0.3
Service cost	22.2	18.1
Interest cost	4.4	7.3
Employee contributions	7.4	7.1
Benefits paid	– 21.4	– 13.6
Actuarial gains (–) and losses (+) recognized	26.3	67.9
Transfer of benefits	– 6.2	– 2.4
Exchange difference on foreign plans	– 1.9	5.9
Defined benefit obligation at the end of the year	**613.3**	**582.3**

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	2020	2019
Fair value of plan assets at the beginning of the year	242.6	207.6
Interest income	0.9	2.5
Expense/Income from plan assets (less interest income)	11.0	16.8
Employer contributions	14.3	10.9
Employee contributions	7.4	7.1
Benefits paid	– 13.2	– 4.9
Transfer of assets	– 8.3	– 2.4
Exchange difference on foreign plans	– 0.7	5.0
Fair value of plan assets at the end of the year	**254.0**	**242.6**

The actual return came in at 4.60 percent (2019: 8.64 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	2020	2019	2018	2017	2016
Fixed-income investment funds	87.3	76.5	64.9	55.8	63.0
Share-based investment funds	50.1	59.6	51.5	47.0	45.4
Real estate investment funds	56.7	53.6	46.7	37.5	38.0
Other funds	19.6	19.1	10.4	11.7	10.5
Fixed-interest securities	16.8	16.8	16.2	21.0	16.8
Shares	2.0	1.9	1.9	5.7	2.0
Real estate	2.8	2.7	2.6	5.6	2.7
Other	18.7	12.4	13.4	15.4	9.8
Total	**254.0**	**242.6**	**207.6**	**199.7**	**188.2**

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 – 5.1 percent/+ 5.6 percent. A 0.25 percent increase/decrease in the pension trend would lead to an increase/decrease in the DBO of + 2.3 percent/– 2.1 percent. An increase in life expectancy of one year would increase the DBO by 3.9 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 – 3.7 percent/+ 3.9 percent. A 0.5 percent increase/decrease in the rate of future salary increases would lead to an increase/decrease in the DBO of + 1.3 percent/– 1.2 percent. An increase in life expectancy of one year would increase the DBO by 1.9 percent.

[30] Provisions

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

in millions of EUR	**1 January 2019**	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 2019**
Credit notes	80.4	0.2	2.1	55.5	6.4	62.2	0.0	83.0
Long-service bonuses	81.1	0.2	0.0	0.6	0.1	7.9	4.2	92.7
Warranty obligations	20.2	0.0	0.0	2.9	1.7	4.5	0.2	20.3
Litigation and lawyers’ fees	33.7	0.2	0.1	2.4	2.5	2.0	0.4	31.5
Phased retirement scheme	10.3	0.0	0.0	0.1	1.8	1.7	0.5	10.6
Product liability	3.8	0.0	0.0	0.5	0.7	0.9	0.0	3.5
Sundry	53.3	0.0	3.5	11.7	2.0	23.0	0.1	66.2
Total	**282.8**	**0.6**	**5.7**	**73.7**	**15.2**	**102.2**	**5.4**	**307.8**
Thereof: current	183.4							194.4
non-current	99.4							113.4

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	**2020**	Thereof due within one year	**2019**	Thereof due within one year
Liabilities to related parties	116.5	115.4	43.6	42.5
Derivative liabilities	10.3	10.3	6.1	6.1
Liabilities from business combinations	3.4	0.4	10.6	5.9
Sundry financial liabilities	438.3	428.4	384.6	375.9
Total	**568.5**	**554.5**	**444.9**	**430.4**

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

[32] Other liabilities

in millions of EUR	**2020**	Thereof due within one year	**2019**	Thereof due within one year
Prepaid expenses	12.9	12.9	18.6	18.6
Other liabilities	484.1	483.2	383.4	382.0
Total	**497.0**	**496.1**	**402.0**	**400.6**

Liabilities relating to social security amounted to EUR 71.4 million (2019: EUR 69.7 million). In addition, sundry liabilities include liabilities from other taxes of EUR 156.8 million (2019: EUR 121.6 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. 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

in millions of EUR **Assets**	Measurement category under IFRS 9	Carrying amount **31 Dec. 2019**	Fair value **31 Dec. 2019**
Financial assets	FVTPL/AC	102.6	102.6
Receivables from the banking business	AC	1,224.2	1,224.2
Trade receivables	AC	1,974.8	1,974.8
Other financial assets			
Receivables from related parties	AC	3.5	3.5
Derivative financial assets	FVTPL	6.6	6.6
Sundry financial assets	AC	160.0	160.0
Securities	FVTPL/AC	93.2	93.2
Cash and cash equivalents	AC	476.9	476.9
Equity and liabilities			
Liabilities from the banking business	AC	1,178.5	1,178.5
Trade payables	AC	827.3	827.3
Financial liabilities	FVTPL/AC	1,925.9	1,972.4
Other financial liabilities			
Liabilities to related parties	AC	43.6	43.6
Derivative liabilities	FVTPL	6.1	6.1
Liabilities from business combinations	FVTPL	10.6	10.6
Sundry financial liabilities	AC	384.6	384.6
Thereof combined by measurement category in accordance with IFRS 9:			
Financial assets measured at amortized cost	AC	3,952.8	3,952.8
Financial liabilities measured at amortized cost	AC	4,326.1	4,372.6
Financial assets at fair value through profit or loss	FVTPL	88.9	88.9
Financial liabilities at fair value through profit or loss	FVTPL	50.5	50.5

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

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**

in millions of EUR	**Total 31 December 2019**	Listed price on active markets (level 1)	Material observable input parameter (level 2)	Material unobservable input parameter (level 3)
Financial assets	14.5	0.0	14.5	0.0
Derivative assets				
Currency instruments	0.8	0.0	0.8	0.0
Interest instruments	10.4	0.0	10.4	0.0
Securities	67.9	67.9	0.0	0.0
Financial assets at fair value	**93.6**	**67.9**	**25.7**	**0.0**
Liabilities to non-controlling interests	33.8	0.0	0.0	33.8
Derivative liabilities				
Currency instruments	15.8	0.0	15.8	0.0
Interest instruments	13.3	0.0	13.3	0.0
Liabilities from business combinations	10.6	0.0	0.0	10.6
Financial liabilities at fair value	**73.5**	**0.0**	**29.1**	**44.4**

Financial assets and liabilities not stated at fair value:

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**

in millions of EUR	**Total 31 December 2019**	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	88.1	0.0	88.1
Receivables from the banking business	1,224.2	0.0	1,224.2
Trade receivables	1,974.8	0.0	1,974.8
Receivables from related parties	3.5	0.0	3.5
Sundry financial assets	160.0	0.0	160.0
Securities	25.3	0.0	25.3
Cash and cash equivalents	476.9	476.9	0.0
Financial assets not stated at fair value	**3,952.8**	**476.9**	**3,475.9**
Liabilities from the banking business	1,178.5	0.0	1,178.5
Trade payables	827.3	0.0	827.3
Financial liabilities (partially excluding liabilities to other companies)	1,892.1	0.0	1,892.1
Liabilities to related parties	43.6	0.0	43.6
Sundry financial liabilities	384.6	0.0	384.6
Financial liabilities not stated at fair value	**4,326.1**	**0.0**	**4,326.1**

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

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2020**	< 1 year	1–5 years	> 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

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2019**	< 1 year	1–5 years	> 5 years
Financial liabilities				
Bonds, liabilities to banks	1,869.8	702.5	738.0	502.0
Trade payables	827.3	827.3	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	679.4	106.3	0.0
Outflows from currency derivatives	15.8	692.3	113.2	0.0
Outflows from interest rate derivatives	13.3	4.7	13.3	3.5

Change in liabilities from financing activities

in millions of EUR	1 January 2020	Cash flows	Exchange differences	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**

in millions of EUR	1 January 2019	Additions due to changes in the consolidated group	Cash flows	Exchange differences	Changes in fair value	New leases	Other	31 December 2019
Bonds > 1 year	1,669.3	0.0	4.6	3.4	4.3	0.0	– 499.7	1,181.9
Liabilities to banks > 1 year	12.4	0.3	4.7	0.0	0.0	0.0	– 5.4	12.0
Lease liabilities > 1 year	654.6	21.1	0.0	0.0	0.0	164.1	– 199.3	640.5
Bonds < 1 year	0.0	0.0	0.0	0.0	0.2	0.0	499.7	499.9
Liabilities to banks < 1 year	79.2	20.5	70.7	0.2	0.0	0.0	5.4	176.0
Lease liabilities < 1 year	254.4	5.0	– 253.6	0.0	0.0	63.7	200.2	269.7
Receivables from/liabilities to family trusts and the Würth family	– 7.5	0.0	26.4	0.0	0.0	0.0	0.0	18.9
Total liabilities from financing activities	**2,662.4**	**46.9**	**– 147.2**	**3.6**	**4.5**	**227.8**	**0.9**	**2,798.9**

I. Other notes

[1] Commitments and contingencies

in millions of EUR	2020	2019
Guarantees, warranties, and collateral for third-party liabilities	24.4	28.1

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

[2] Other financial obligations

in millions of EUR	2020	2019
Purchase obligations		
due within 12 months	715.8	492.9
due in 13 to 60 months	0.1	0.1
	715.9	**493.0**
Sundry financial obligations		
due within 12 months	34.6	60.2
due in 13 to 60 months	230.1	152.8
due in more than 60 months	0.0	0.3
	264.7	**213.3**
Total	**980.6**	**706.3**

The sundry financial obligations contain irrevocable lending commitments on the part of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 232.1 million (2019: EUR 181.8 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 or appreciated against the US dollar, the Swiss franc, and the pound sterling by 10 percent as of 31 December 2020, the hypothetical effect on profit or loss would have been as follows:

in millions of EUR	Hypothetical effect on profit or loss 2020		Hypothetical effect on profit or loss 2019	
Currency	Depreciation	Appreciation	Depreciation	Appreciation
US dollar	7.7	- 7.7	- 9.1	9.1
Swiss franc	- 14.2	14.2	- 11.4	11.4
Pound sterling	- 0.2	0.2	- 0.1	0.1

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 2020, profit or loss would have been EUR 14.1 million lower (higher) (2019: EUR 3.6 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.

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 2020 and 31 December 2019. The equity ratio, calculated as equity in accordance with IFRS divided by total assets, is 43.8 percent (2019: 44.0 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. Regarding a US private placement, the Würth Group is also required to comply with a certain ratio of senior liabilities to equity.

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 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 adjustment of the fair value of financial assets at fair value through profit or loss resulted in the recognition of EUR 1.6 million recognized in income in the fiscal year and EUR 4.3 million in full recognized as an expense in 2019.

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	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Currency instruments						
Foreign exchange forward contracts	1,261.0	1,042.1	4.4	0.8	9.3	15.8
Currency options (OTC)	7.2	0.0	12.9	0.0	0.1	0.0
Total currency instruments	**1,268.2**	**1,042.1**	**17.3**	**0.8**	**9.4**	**15.8**
Interest instruments						
Interest rate swaps	661.2	719.1	9.1	9.1	2.9	12.8
Cross-currency swaps	154.3	153.8	0.5	1.3	2.6	0.5
Interest rate futures	51.0	6.5	0.0	0.0	0.0	0.0
Total interest instruments	**866.5**	**879.4**	**9.6**	**10.4**	**5.5**	**13.3**
Reduction due to CSA			**19.4**	**4.6**	**4.6**	**23.0**
Net replacement value			– 2.8	0.5		

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**	Nominal amount	Assets **2020**	Liabilities **2020**	Assets **2019**	Liabilities **2019**
Planned new bond 2018 EUR	0.0	0.0	0.3	0.0	0.4
Planned new bond 2020 EUR	200.0	0.0	12.7	0.0	9.3

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 onwards.

The following table shows the carrying amount and maturity profile of the hedging instruments used to hedge cash flows:

in millions of EUR **31 December 2020**	< 1 year	1–5 years	> 5 years
Forecast new bond 2020	0.0	0.0	12.7

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 **2020**	Liabilities **2020**	Assets **2019**	Liabilities **2019**
Bond 2025	150.0	8.1	0.0	6.8	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 2020**	< 1 year	1–5 years	> 5 years
Bond 2025	0.0	8.1	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	2020	2019
Lease installments (future minimum lease payments)	761.3	651.9
due within 12 months	292.1	304.2
due in 1 to 2 years	167.8	126.5
due in 2 to 3 years	141.1	104.4
due in 3 to 4 years	89.7	70.5
due in 4 to 5 years	45.3	32.3
due in more than 5 years	25.3	14.0
Unearned finance income	60.1	56.6
Unguaranteed residual value	0.0	3.7
Net investment in the lease—finance leases only	**701.2**	**599.0**
Lease payments already sold	267.9	218.4
Advance payments on leased assets	38.0	44.1
Impairments on lease receivables	8.6	5.1
Lease receivable (net)	**998.5**	**856.4**

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	2020	2019
Disposal gain (+)/loss (-)	2.5	4.3
Financial revenue on the net investment in the lease	29.0	34.4
Income from variable lease payments not included in the measurement of the net investment in the lease	0.4	1.2
Total	**31.9**	**39.9**

Operating leases
Maturity analysis of operating leases:

in millions of EUR	2020	2019
due within 12 months	2.7	3.2
due in 1 to 2 years	1.9	2.7
due in 2 to 3 years	1.8	2.4
due in 3 to 4 years	1.6	2.1
due in 4 to 5 years	0.0	1.6
due in more than 5 years	0.0	0.1
Total	**8.0**	**12.1**

Leasing income of EUR 2.0 million was generated from operating leases (2019: 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 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
Reversal of impairment losses	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

in millions of EUR	Technical equipment and machines	Other equipment, furniture, and fixtures	Total
Cost			
1 January 2019	17.4	3.5	20.9
31 December 2019	17.4	3.5	20.9
Accumulated depreciation and impairment			
1 January 2019	5.7	1.1	6.8
Amortization and depreciation	1.7	0.5	2.2
31 December 2019	7.4	1.6	9.0
Net carrying amount			
31 December 2019	10.0	1.9	11.9

[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 303.8 million (2019: EUR 259.5 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 156.6 million (2019: EUR 83.0 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	2020	2019
Purchased services	3.5	2.8
Services rendered	0.1	0.6
Interest cost	0.9	0.8
Lease/Rental expense	5.3	5.3
Lease/Rental income	0.6	0.7
Remuneration of the Management Board and Supervisory Board of the Würth Group's Family Trusts, the Advisory Board, members of the Würth family	13.3	7.8

The following receivables and liabilities arose from these transactions:

in millions of EUR	2020	2019
Receivables from financial services	20.9	18.2
Loan receivables	0.0	3.5
Liabilities from financial services	4.1	4.4
Loan liabilities	42.2	10.8

In addition, close family members of key management personnel have the following liabilities:

in millions of EUR	2020	2019
Liabilities from financial services	0.5	0.1
Loan liabilities	15.6	8.6

The interest income and expenses listed below were transacted between the Würth Group and the Family Trusts:

in millions of EUR	2020	2019
Lease/Rental expense	1.0	1.0
Purchased services	0.7	0.0
Interest cost	4.9	4.1
Interest income	0.0	0.1

These transactions gave rise to loan liabilities amounting to EUR 58.7 million (2019: EUR 32.9 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	2020	2019
Short-term employee benefits	39.4	23.8
Benefits due to the end of the employment relationship	0.0	1.3
Total	**39.4**	**25.1**

Individual members of the Central Managing Board and the Executive Board have a right to pension benefits with a total present value of EUR 19.9 million (2019: EUR 21.1 million). Former members and their surviving dependents are also entitled to benefit payments. The present value of the resulting benefit obligations totals EUR 19.3 million (2019: EUR 20.0 million). The reduction is due to settlements of existing pension obligations.

[8] Government grants

The following table shows government grants received in 2020, largely due to the COVID-19 pandemic:

in millions of EUR	2020	2019
Investment subsidies for infrastructure projects deducted from the carrying amount	0.2	0.0
Investment subsidies for infrastructure projects recognized immediately in profit or loss	2.1	1.0
Reimbursements of social security contributions due to the use of short-time work schemes	8.7	0.0
Wage subsidies	20.0	0.0
Subsidies for rental and lease payments	0.2	0.0
Other subsidies	0.3	0.0
Total	**31.5**	**1.0**

[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 2020 fiscal year.

in millions of EUR	2020	2019
Audit	1.8	2.0
Tax services	0.1	0.1
Other fees	0.1	0.2
Total	**2.0**	**2.3**

[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 2020 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
Schössmetall GmbH & Co. KG	Freilassing
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

Entity	Registered office
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
Würth V1 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 2020 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	Ellhofen
E 3 Energie Effizienz Experten GmbH	Künzelsau
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
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
Normfest GmbH	Velbert
Panorama Hotel- und Service GmbH	Waldenburg
Pronto-Werkzeuge GmbH	Wuppertal

Entity	Registered office
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
Sonderschrauben Hamburg GmbH Eiben & Co.	Künzelsau
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 iBE GmbH	Thyrnau
Würth IT GmbH	Bad Mergentheim
Würth Logistic Center Europe GmbH	Künzelsau
Würth Logistics Deutschland GmbH	Bremen
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 on hand and bank balances as well as highly liquid short-term investments and other cash equivalents. 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 1,600.3 million, the **cash flow from operating activities** is up considerably in a year-on-year comparison (2019: EUR 1,123.0 million). Specifically, the figure for earnings before 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, non-cash amortization, depreciation, impairment and reversals of impairment on intangible assets, property, plant and equipment, and right-of-use assets.

Other non-cash income and expenses are as follows:

in millions of EUR	2020	2019
Expenses from receivables that have been derecognized	46.1	36.1
Additions to/reversal of impairment losses on receivables	10.7	4.1
Expenses/Income from the measurement of inventories at their net realizable value	23.3	7.5
Expenses/Income from the elimination of intra-group profits in relation to inventories	9.9	4.7
Income from the adjustment of purchase price liabilities from acquisitions	– 6.1	– 11.6
Legal and consultancy fees	14.6	0.0
Other	17.7	11.6
Total non-cash expenses (+) and income (–)	**116.2**	**52.4**

The **cash flow from investing activities** fell from EUR 775.9 million to EUR 440.6 million. In the reporting year, there was significantly less investment in property, plant, and equipment and in newly acquired subsidiaries.

The **cash flow from financing activities** came to EUR 270.7 million (2019: EUR 368.8 million), down in a year-on-year comparison.

K. Events after the reporting period

Dr. Steffen Greubel left the Central Managing Board of the Würth Group with effect from 15 February 2021. Also effective 15 February 2021, Dr. Jan Allmann and Rainer Bürkert were appointed as new members of the Central Managing Board, which now consists of five members.

As of 1 March 2021, 51 percent of the shares in TUNAP Cosmetics GmbH, Kematen in Tyrol, Austria, were sold. The assets and liabilities of this company were presented in the consolidated statement of financial position under assets classified as held for sale and under liabilities in a group of assets classified as held for sale.

On 26 February 2021, the Würth Group acquired 100 percent of the shares and voting rights in Kaczmarek Electric SA., 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 total purchase price amounted to EUR 13.3 million. In 2020, the company contributed EUR 116.9 million to sales. The net income for the year came in at EUR 0.5 million. The financial impact of the acquisition is not yet fully clear. The Würth Group does not, however, expect to see any material impact on its net assets, financial position, and results of operations.

On 15 March 2021, the Würth Group acquired 100 percent of the shares and voting rights in ORR Safety Corporation, Louisville, Kentucky, USA. The provisional purchase price amounted to EUR 26.9 million. In 2020, the company contributed EUR 100.7 million to sales. The net income for the year came in at EUR 2.3 million. The financial impact of the acquisition is not yet fully clear. The Würth Group does not, however, expect to see any material impact on its net assets, financial position, and results of operations.

For both acquisitions, no information on the purchase price allocation (IFRS 3 "Business Combinations") has been provided at this point in time, as this information was not yet available at the reporting date.

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.	Sarajevo	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 (Shenyang) Hardware & Tool Co., Ltd.	Shenyang	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.	Nepřevázka	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
Ecuador		
WURTH ECUADOR S.A.	Quito	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
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	Čučer-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		
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 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		
Arvid Nilsson Logistics & Trade (Shanghai) 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	Reynosa	100
Würth McAllen Maquila Services S de RL de CV	Reynosa	100
Norway		
Würth Industri Norge AS	Dokka	100
Romania		
S.C. Wurth Industrie S.r.l.	Otopeni	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
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

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	79
M.E.B. S.R.L.	Schio	79
Latvia		
SIA Baltjas Elektro Sabiedriba	Riga	100
Lithuania		
Gaudre UAB	Vilnius	100
UAB ELEKTROBALT	Vilnius	100
Poland		
ENEXON Polska Sp. z o.o.	Poznań	100
Fega Poland Sp. z o.o.	Wrocław	100
W.EG Polska Sp. z. o.o.	Wrocław	100
Slovakia		
HAGARD: HAL, spol. s r.o.	Nitra	100
Spain		
Grupo Electro Stocks, S.L.U.	Sant Cugat del Vallés	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
Schössmetall GmbH & Co. KG	Freilassing	100
Teudeloff GmbH & Co. KG	Waldenburg	100
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

Entity	Registered office	Würth Group share in %
Netherlands		
Van Roij Fasteners Europe B.V.	Deurne	100
Poland		
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		
Reinhold Handels AG	Chur	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 (1)	Ingelfingen	100
SWG Schraubenwerk Gaisbach GmbH (1)	Waldenburg	100

On (1): These entities also operate in the Trade segment.

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

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
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

Entity	Registered office	Würth Group share in %
Germany		
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar	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
SIME Elektronikai Gyártó és Forgalmazó Kft.	Tab	75
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 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

ELECTRONICS

Entity	Registered office	Würth Group share in %
Netherlands		
Würth Elektronik Nederland B.V.	’s-Hertogenbosch	100
Poland		
Würth Elektronik Polska sp. z o.o.	Wrocław	100
Romania		
sc STM Elettromeccanica S.r.l.	Blaj	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
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

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
China		
reca (Shanghai) International Trading Co., Ltd.	Shanghai	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

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
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.	Katowice	100

TOOLS

Entity	Registered office	Würth Group share in %
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

CHEMICALS

Entity	Registered office	Würth Group share in %
Austria		
TUNAP Cosmetics GmbH	Kematen in Tyrol	51
TUNAP Cosmetics Liegenschaften GmbH	Kematen in Tyrol	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	Dachstein	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
Your Own Brand S.R.L	Milan	100
Netherlands		
Diffutherm B.V.	Hapert	100
Norway		
Tunap Norge AS	Hagan	67
Poland		
TUNAP Polska Sp. z o.o.	Zielonka	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		
Tunap (UK) Limited	Tonbridge	67
USA		
Dinol U.S. Inc.	Wilmington, Delaware	100
Liqui Moly USA, Inc.	Hauppauge, New York	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Australia		
James Glen Pty Ltd	Lidcombe	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
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

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
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
Italy		
Würth Leasing Italia S.r.l.	Neumarkt	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
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

Entity	Registered office	Würth Group share in %
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
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

Entity	Registered office	Würth Group share in %
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
EKOR Tech GmbH	Potsdam	41
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
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal	100

Entity	Registered office	Würth Group share in %
Germany		
"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
Sonderschrauben Hamburg GmbH Eiben & Co.	Künzelsau	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
India		
HAHN+KOLB TOOLS Chennai Pvt Ltd	Chennai	100
Indonesia		
PT. TUNAP INDONESIA	Jakarta	67
Iran		
Würth Teheran Ltd.	Tehran	100
Luxembourg		
ZEBRA S.A. (2)	Luxembourg	0
Mexico		
Würth Service Supply de Mexico	Mexicali	100

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
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		
Dokka Fasteners Inc.	Auburn Hills, Michigan	100
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
Former Chief Executive Officer
of DZ BANK AG, Frankfurt/Main

Jürg Michel †
Former Member of the Central Managing Board
of the Würth Group

Ina Schlie
Former Head of the Group Tax Dept.
at SAP SE, Walldorf

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

Dr. Martin H. Sorg
Certified Public Accountant and Partner
of the Law Firm Binz & Partner, 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 four 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

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

Dr. Steffen Greubel
Member of the Central
Managing Board
of the Würth Group
(until 15 February 2021)

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

Executive Board
The Executive Board 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.

Dr. Jan Allmann
Würth Line Scandinavia and Belux

Rainer Bürkert
Würth Line Industry (excl. USA)

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/Jörg Murawski
Würth Elektronik Group,
Chemicals Group
(excl. Liqui Moly Group)

Thomas Schrott
Würth Elektronik eiSos Group

Andreas Kräutle
Tools Companies

Ralf Lagerbauer
Würth Line Asia

Thomas O'Neill
Würth Line Wood North America

Pentti Rantanen
Würth Group Finland and
Würth Line Baltic States

Ignacio Roger
Würth Line Southern Europe

Uwe Schaffitzel/Ulrich Liedtke
Electrical Wholesale

Dr. Reiner Specht
Würth Line Russia, Austria 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
Art and Culture in the Würth Group,
Director of Museum Würth and
Kunsthalle Würth, Curator of the
Würth Collection

Mario Weiss
Würth Line France, UK, Ireland
and Middle East, Würth Line Auto
North America

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 2020, the consolidated statement of financial position as of 31 December 2020, the consolidated statement of cash flows and the consolidated changes in equity for the fiscal year from 1 January to 31 December 2020, 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 2020.

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 2020, and of its financial performance for the fiscal year from 1 January to 31 December 2020, 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", "Würth-like!", "Commitment", "Bulletin" and "The Boards" and the consolidated 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, 23 March 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Barth	Koch
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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The editorial team would like to thank the many people who helped prepare this annual report.

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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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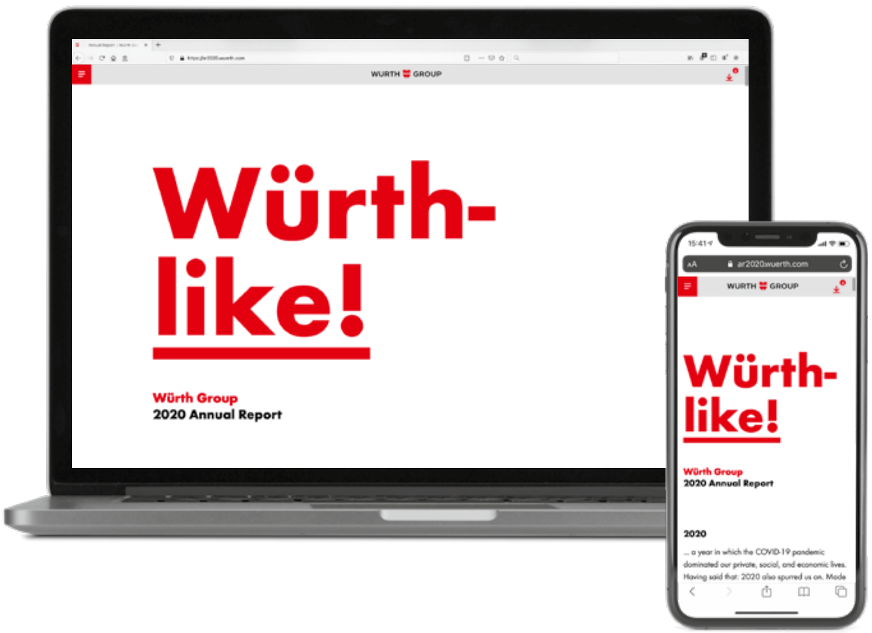

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