WÜRTH GROUP

COURAGE

Würth Group
Annual Report 2023

THE WÜRTH GROUP AT A GLANCE

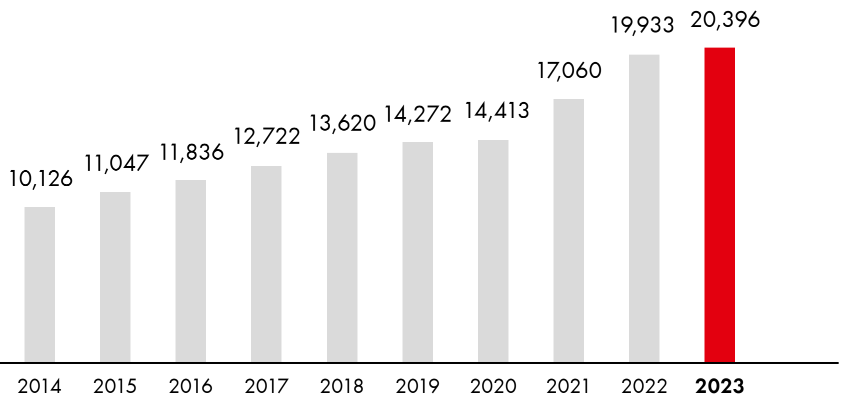
WÜRTH GROUP

		2019	2020	2021	2022	**2023**
Sales	in millions of EUR	14,272	14,413	17,060	19,933	**20,396**
Employees	no. of	78,686	79,139	83,183	85,637	**87,047**
Pre-tax operating result*	in millions of EUR	770	775	1,270	1,575	**1,455**
Return on sales	in %	5.4	5.4	7.4	7.9	**7.1**
EBIT	in millions of EUR	776	809	1,261	1,575	**1,502**
EBITDA	in millions of EUR	1,497	1,588	2,036	2,379	**2,364**
EBITDAR	in millions of EUR	1,581	1,650	2,101	2,455	**2,459**
Net income for the year	in millions of EUR	595	604	965	1,194	**1,136**
Cash flows from operating activities	in millions of EUR	1,123	1,600	1,034	867	**2,002**
Investments	in millions of EUR	933	852	861	1,178	**1,312**
Equity	in millions of EUR	5,554	5,920	6,824	7,913	**8,761**
Net debt	in millions of EUR	1,356	601	567	987	**455**
Total assets	in millions of EUR	12,627	13,478	15,114	17,188	**17,995**
Rating S&P Global Ratings		A/stable	A/stable	A/stable	A/stable	**A/stable**

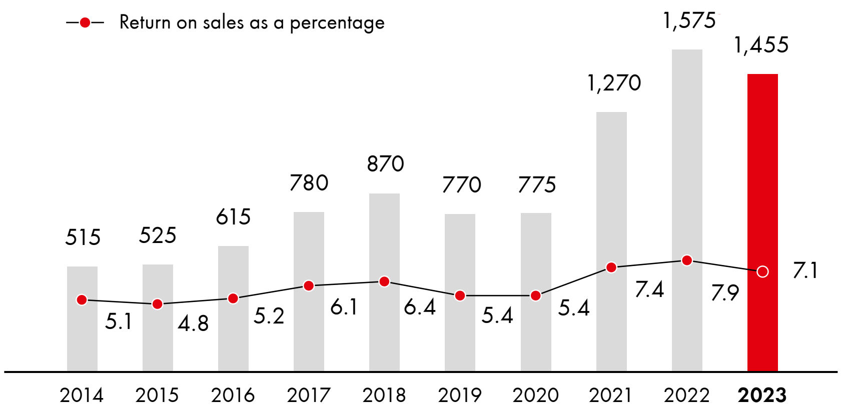
The consolidated financial statements of the Würth Group are prepared in accordance with the International Financial Reporting Standards (IFRS).

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

SALES Würth Group in millions of EUR



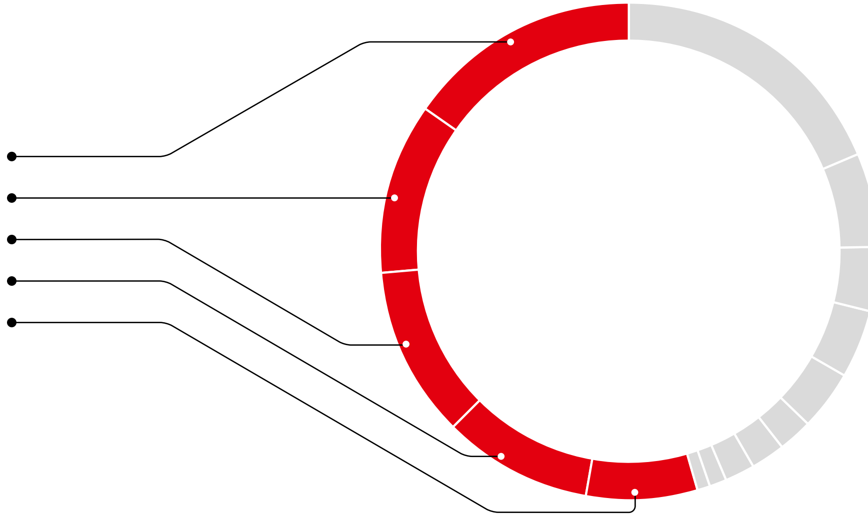
OPERATING RESULT Würth Group in millions of EUR

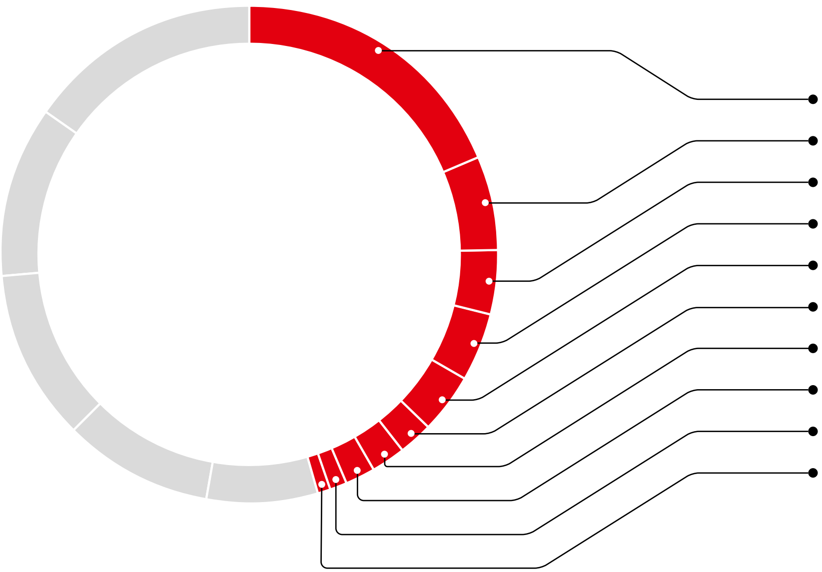


OPERATIONAL UNITS

SHARE OF SALES Divisions of the Würth Line

	2023 in %	**2023 in millions of EUR**	2022 in millions of EUR	Change in %
Metal	15.2	**3,096**	2,929	+5.7
Industry	11.2	**2,286**	2,290	−0.2
Auto	11.0	**2,253**	2,072	+8.7
Wood	9.5	**1,942**	2,029	−4.3
Construction	7.5	**1,520**	1,472	+3.3
Total	54.4	**11,097**	10,792	+2.8





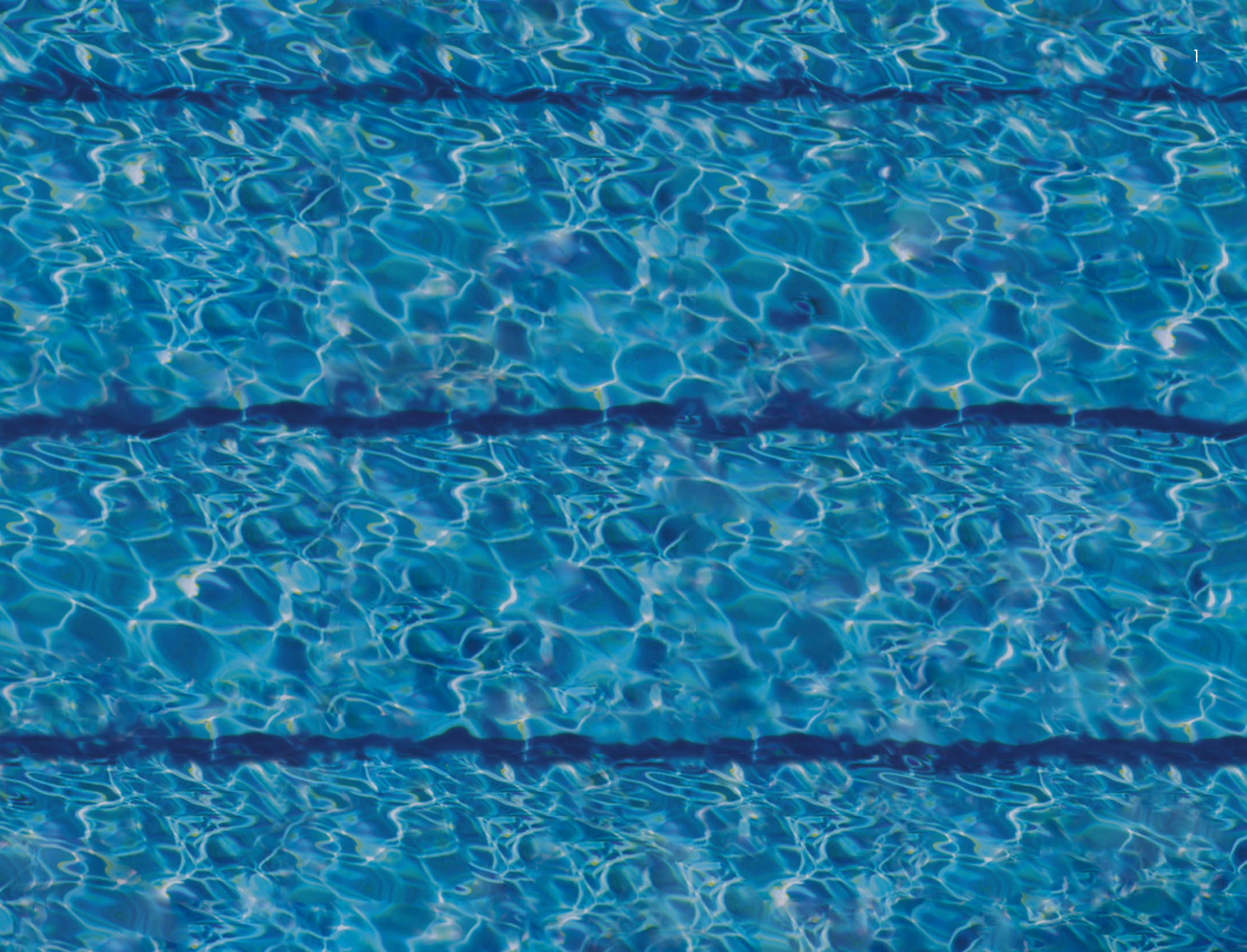
SHARE OF SALES Business units of the Allied Companies

	2023 in %	**2023 in millions of EUR**	2022 in millions of EUR	Change in %
Electrical Wholesale	18.7	**3,814**	3,472	+9.9
Electronics	6.3	**1,275**	1,372	−7.1
RECA Group	4.2	**856**	835	+2.5
Production	4.2	**855**	946	−9.6
Chemicals	3.9	**804**	738	+8.9
Trade	2.4	**482**	596	−19.1
Tools	2.3	**460**	446	+3.1
Screws and Standard Parts	1.8	**368**	405	−9.1
Financial Services	1.1	**234**	164	+42.7
Other	0.7	**151**	167	−9.6
Total	45.6	**9,299**	9,141	+1.7

CONTENT

Würth stands for COURAGE.


What decision would you make?



No matter what you decide:
A successful company
needs everyone.

**The brave ones who take the leap immediately.
The strategists who pause and weigh their options.
The prudent ones who make a conscious decision to turn back.**

A good and courageous decision is made by everyone.

Perfectionist

Planner

Driver

Visionary

Expert

Helper

Realist

Communicator

Leader

Having the courage to Master digitalization and retain the human touch

Navigation devices that help you avoid traffic jams. Programs that translate a text into another language in a matter of seconds. We have become very attached to our digital assistants. What we need to do is to have the courage to think about how much we want to hand over to artificial intelligence and where its added value, but also its limits, lie.

In the field of medicine, for example, artificial intelligence allows for more precise diagnoses or for diseases to be detected earlier on. And when it comes to logistics at Würth, automated processes boost efficiency and productivity—so that our employees do not have to lift heavy parcels and our customers receive their goods reliably.

The strengths of these digital applications are obvious: speed, precise results, reduced workload. At the same time, day-to-day working life needs creative minds, empathy, innovative solutions—in other words, people.

The key lies in being able to effectively combine human and technological strengths.

>11,500
employees

Robots are used in a wide variety of logistics operations within the Würth Group. But people remain indispensable. With 11,868 employees, logistics boasts the second largest workforce in the Group after sales, with around 44,000 employees. Over 400 new colleagues are expected to join the team in 2024.

Having the courage to Upturn existing structures to pave the way for something new

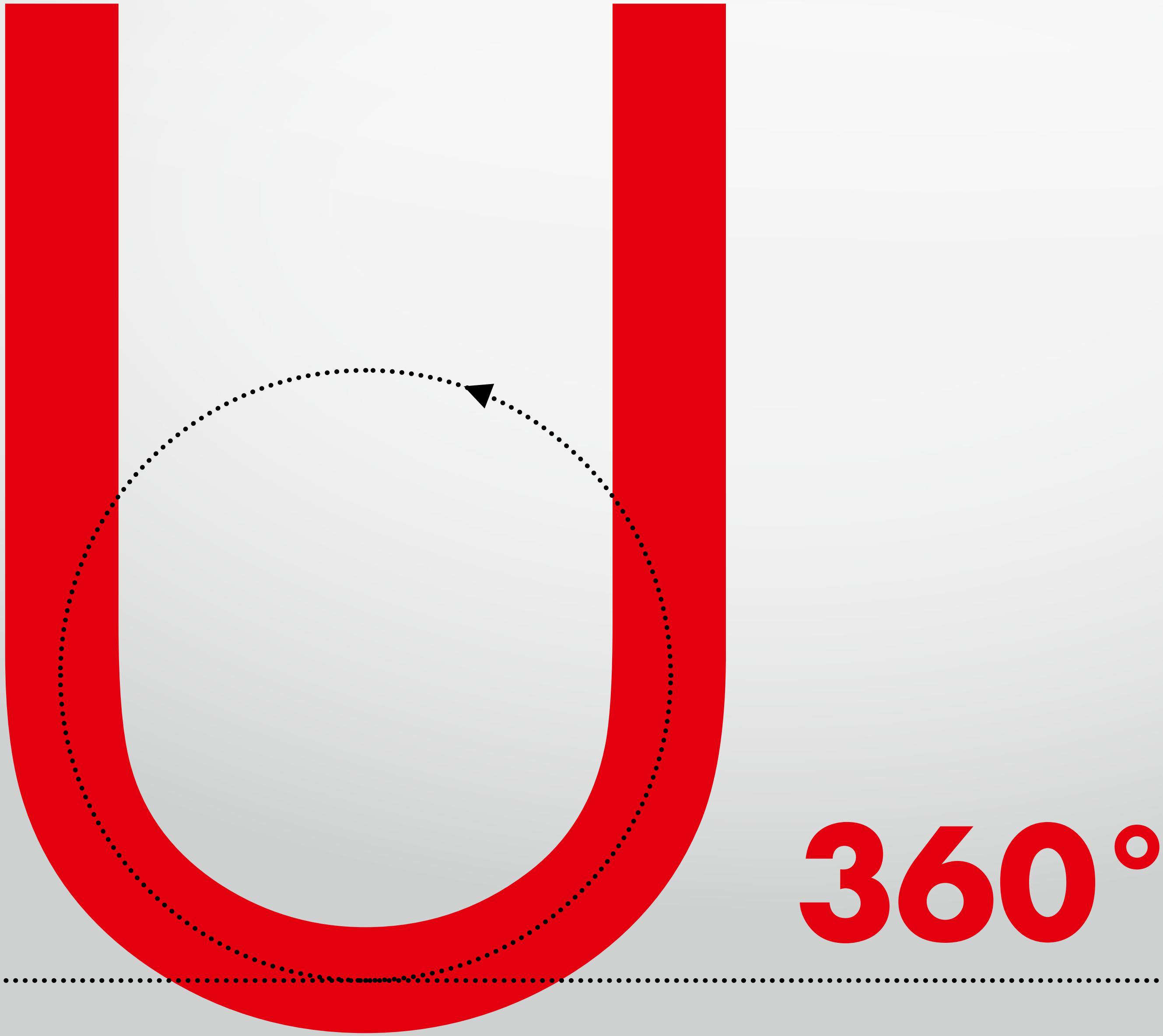
We would not have progress without innovative people. Without them, we would not be able to use our smartphones to surf the Internet; instead we would still be hunched over our thick encyclopedias. Without them, our products would not evolve and would always remain the same. This is why around 250 employees are working on pioneering new products and systems at the Reinhold Würth Innovation Center Curio.

One thing that these innovative people have in common is their courage to be different from everyone else in their era. Their instinct for opportunities. Their curiosity about the unknown. And their conviction that something great can emerge from good ideas and a fresh approach.

It is the courageous people who consciously take risks and turn their ideas into reality with self-confidence and perseverance. Who inspire and embolden others. Who are upturning existing structures to pave the way for something new.

And who shape the future by changing the way they think.

One of Würth's success factors is our ability to think in all directions, to see things from our 360-degree perspective. This has led to a revolution in the renovation of buildings and bridges, for example. Instead of demolishing and rebuilding them, they can be reinforced using special RELAST® screws while they are still in operation. This does away with the need for any closures or traffic jams.



Having the courage to Take on responsibility and help to shape the future

A future world worth living is not created by accident. We have to actively work on it. Visionaries provide us with guidelines as to where we can develop. And take us on this journey with them.

Many people can achieve a lot with personal initiative and energy. If you work as a team, you will win as a team. Because actions have power.

That is why more than 87,000 Würth employees roll up their sleeves and get down to hard work. Day in, day out. For customers and suppliers—yes, for our society.

And this effort requires everyone: The brave ones who are the first to push forward. The strategists who prefer to sleep on it for a night before making a decision. The prudent ones who stick to their guns and deliberately choose not to jump on the bandwagon.

T

100
employees

Würth has always been committed to social and cultural issues. Around 100 Würth employees supported the 2023 Special Olympics World Games, the world's largest inclusive sporting event, as volunteers working on location in Berlin.

Reinhold Würth and his grandson Benjamin

Essay Prof. Dr. h. c. mult. Reinhold Würth

COURAGE is part of our DNA at Würth

Ladies and gentlemen,
Dear readers,

At the age of 89, I believe I can safely say that I have a fair bit of life experience behind me. I also have 75 years of professional experience under my belt. Nowadays, I am so very grateful to have been able to experience and live my life in a political environment that was relatively calm and stable. This is something for which I have God, my family and my more than 87,000 employees to thank.

Now, in 2024, we find ourselves facing a whole new world: Wars, hatred, and xenophobia have raised a number of questions for us. What do we want planet Earth, Germany, and our company to look like in the future? The various hot spots have potential enough to trigger a third world war. We can all only hope and pray that human reason will prevail and overcome the perils of war.

So what does this scenario mean for our Würth Group? As we operate in 80 countries, we, too, have been, and still are, affected by local disputes, but this has had no impact on Würth's future and stability to date.

With equity of EUR 8.8 billion and an equity ratio of 48.7 percent, we are built on a solid foundation, especially as our activities focus on Germany, the European Union, and the US.

The authors have chosen "COURAGE" as the overall theme for this annual report. This is a leitmotif that I am more than happy to endorse because this is not the time for despondency, anxiety, or cutbacks. From the very outset, the Würth Group's DNA has been characterized by an optimistic, solid, and pro-active approach, as well as an ability to celebrate the success that this approach brings.

As far as the 2023 fiscal year described in this report is concerned, we are delighted by and thankful for the positive results. Having set a new sales record of EUR 20.4 billion and achieved the second-best pre-tax operating result in the company's history (EUR 1.5 billion), I would first of all like to express my sincere gratitude to all of our 87,000 employees for their fantastic work. I would, of course, like to extend a very special thanks to our more than four million customers across the globe, who have made this result possible by placing millions of orders with us.

With this foundation to build on, it is not unreasonable for us to look ahead to the 2024 fiscal year with courage and optimism. I very much hope we can count on the goodwill of our customers and the wonderful work of our employees in the months that lie ahead, too.

The category of "courage" also includes shaping the future after my time is up. After fruitful discussions with all of the committees involved, I have decided to hand my position over to my eldest grandson. Benjamin Würth has been working successfully within the company for over 25 years and has built himself a well-respected reputation.

I have asked Benjamin to briefly introduce himself. He is now to take over at the helm. I will be supporting him and giving him guidance in more of a background role for as long as I can. On that note, I have a heartfelt request for all of our readers: Please give Benjamin a fair chance to find his place in what has always been the very diverse world of the Würth Group. Benjamin is well aware that modesty, humility, fairness, and honesty are the cornerstones of our Group's success and are to remain so in the future.

I sincerely wish you all the best and hope that you are spared illness, war, and strife. Life can be such a wonderful thing!

Gratefully yours,

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of the Würth Group
in January 2024

« CLOSENESS REQUIRES THE COURAGE TO BE AUTHENTIC. »

Welcome address by Benjamin Würth

Ladies and gentlemen,

Although many of you know me already, I would still like to say a few words about myself. Over the past 25 years at Würth International AG, I have traveled to India, Southeast Asia, and the US, to name but a few places, and have worked closely both with the Würth companies and with the people there.

The company is not only part of my everyday working life but also has an impact on our family. My grandfather's values are firmly rooted at work and at home. Despite all of the changes that come and go, these values will continue to guide me and the entire Würth Group in the future. One of my main priorities is to be approachable not only as a manager but also as a person. This sort of closeness requires the courage to be authentic. It creates trust and a sense of team spirit that radiates far beyond everyday working life. I am looking forward to the new challenge and am delighted to be able to embark on this journey together with all of the great people we have at our company worldwide.

Yours,

B. Würth

Benjamin Würth
Deputy Chairman of the Supervisory Board
of the Würth Group


SIEMENS
Healthineers
SOMATOM X.ceed

Better images, less radiation—and with a little bit of help from artificial intelligence
Maria Würth, Deputy Executive Vice President of the Würth Group for Arts and Culture, and Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group, handed the computer tomography scanner over to Professor Martin Libicher, Chief Physician at the Institute of Diagnostic and Interventional Radiology.

SETTING THE PACE AND ENABLING PROGRESS

The Würth family, the Würth Group, and the Würth Foundation are committed to a vibrant cultural landscape, promote research and education, rise to social challenges, and recognize individuals who improve how we all live together.

WÜRTH DOES ITS BIT FOR THE GREATER GOOD WITH UNWAVERING CURIOSITY, A CONSTANT WILLINGNESS TO HELP OTHERS, THE SORT OF SHREWDNESS THAT IS CHARACTERISTIC OF THE HOHENLOHE REGION, AND A DEEP COMMITMENT TO LIBERALISM.

This remains paired with steadfast values such as predictability and commitment, as well as a firm belief in the social responsibility that ownership of capital brings.

Commitment

Würth takes responsibility

New high-performance CT for the Diakonie-Klinikum Schwäbisch Hall hospital

Up until now, this sort of high-performance computer tomography was only available at six locations in Germany. Patients in the Schwäbisch Hall and Hohenlohe region in urgent need of assistance will now benefit from the new CT scanner: for example, after a heart attack, a complicated fracture, or serious cancer. The purchase and operation of the device was co-financed by Adolf Würth GmbH & Co. KG with a donation of EUR 1.8 million.

More about the donation

David Hockney
***A Year in Normandie,* 2020–2021**
Composite iPad painting (detail), 1 x 90.75 m
Würth Collection, Inv. 20400

ART AND CULTURE ARE INTEGRAL COMPONENTS OF THE COMPANY'S ACTIVITIES.

The Würth Collection, which Reinhold Würth has amassed, driven by his passion for art, over a period now spanning almost 60 years, forms the living organism at the center of this commitment. But for him, collecting is not primarily about owning a work of art. Instead, he makes art freely accessible to everyone and incorporates it into everyday life: for example, in the Würth Group's 15 museums and art galleries across Europe.

BE IT IN EDUCATION, INTEGRATION OR SPORTS—WÜRTH IS ALSO COMMITTED TO THE GREATER GOOD IN OTHER AREAS OF LIFE, ADOPTING A CAUTIOUS YET PROACTIVE APPROACH.

This allows the Würth Group to live up to its responsibility and at the same time maintain a certain cosmopolitan flair, levity, and focus on the future.

Shaping society
Contributions made by Würth

"The viewers will walk past it, and I hope they will experience in one picture the year in Normandy."

This is how the artist David Hockney commented on his 90-meter-long iPad painting *A Year in Normandie*.
From 3 April to 3 September 2023, it was on display, in dialogue with his works from East Yorkshire, at Museum Würth 2 in Künzelsau.
The luminous frieze drew over 100,000 visitors to the museum.

MUSEUM WÜRTH 2
IN CARMEN WÜRTH FORUM

The opulent collection exhibition “Terrific” has been fascinating visitors to Museum Würth 2 in Künzelsau since 23 September 2023. Spectacular new acquisitions by Edvard Munch, Emil Nolde, Paula Modersohn-Becker, Gabriele Münter, Anselm Kiefer, and Stephan Balkenhol, as well as Max Beckmann with his brilliant *Self-Portrait Yellow-Pink* from 1943, meet icons from the collection encompassing works by artists from Max Liebermann to Jean-Michel Basquiat.

In the Atrium, the exhibition “Friedensreich Hundertwasser on his 95th birthday” pays tribute to the Austrian artist, architect, and activist with paintings and graphics. Previously, from 15 January to 3 September 2023, the museum had housed the highly acclaimed “Georg Baselitz on his 85th Birthday” exhibition, commemorating one of Germany’s greatest contemporary artists.

Max Beckmann
***Self-Portrait Yellow-Pink,* 1943**
Oil on canvas, 94.5 x 56 cm
Würth Collection, Inv. 18854

Anselm Kiefer
***Daniel 3.9–97 Schadrach, Meschach, Abed-Nego,* 2021**
Emulsion, acrylic, shellac, and charcoal on canvas, 380 x 570 x 12 cm
Würth Collection, Inv. 18862

Anselm Kiefer (second from the left) spoke about Vincent van Gogh to an audience of 700 guests in Künzelsau on 22 November 2023.
The artist joined Prof. Dr. h. c. mult. Reinhold Würth, Maria and Christian Würth, and C. Sylvia Weber, Executive Vice President of the Würth Group for Arts and Culture, on a visit to Museum Würth 2.

KUNSTHALLE WÜRTH

Just in time for the start of spring, an exhibition that was a feast for all the senses opened at Kunsthalle Würth in Schwäbisch Hall: From 12 March to 5 November 2023, the major special exhibition "Rose Red, Grass Green, Quince Yellow" revealed the secrets of plants featuring in the Würth Collection: in around 200 magnificent works by 70 artists, including Max Ernst, Gabriele Münter, Andy Warhol, and herman de vries. Azuma Makoto composed a sculpture from living plants. Previously, the exhibition "Sports, fun, and games in the Würth Collection" was dedicated to all facets of the phenomenon of leisure.

MUSEUM WÜRTH

Two of the most influential sculptors of the 20th century, Anthony Caro (1924–2013) and Eduardo Chillida (1924–2002), have been honored by Museum Würth in Künzelsau since 18 December 2023 to mark their 100th birthdays. The museum had previously turned a dictum by Paul Klee into a reality: "Art does not reproduce the visible; rather it makes visible." The exhibition "Abilities!" showcased around 140 works of art from 12 February to 3 December 2023, making it the biggest presentation of art created by special people in the Würth Collection to date.

Marc Quinn
***Buffin Bay Winter,* 2008**
Oil on canvas, 169 x 253 cm
Würth Collection, Inv. 13585

***AAA GTATA GGCAG,* 2009**
Bronze and plastic
(DNA strand), 90 x 36 x 39 cm
Würth Collection, Inv. 13583

Donald Baechler
***Untitled (Plant),* 2003**
Bronze, 150 x 145 x 50 cm
Würth Collection, Inv. 7398

Anthony Caro
***High Altar,* 2009–2010**
Brass and jarrah wood
231 x 289.5 x 96.5 cm
Würth Collection,
Inv. 15023

Eduardo Chillida
***Saludo a los pájaros,* 1994**
Steel, 90 x 104 x 22 cm
Würth Collection,
Inv. 3522

Classical music at Würth

In the 2022/23 season, the Würth Philharmoniker orchestra once again captivated audiences in the sold-out seats of Carmen Würth Forum. Numerous renowned guests such as pianist and conductor Rudolf Buchbinder, tenor Joseph Calleja, baritone Thomas Hampson, bass-baritone Luca Pisaroni, violinist Christian Tetzlaff, and pianist Fazıl Say delivered truly brilliant performances in the Reinhold Würth Hall. Around 14,000 tickets were sold in the sixth classical music season at Würth. The venue reported an increase in audience numbers and record occupancy rates. The year 2023 once again saw the Würth Philharmoniker make guest appearances at renowned concert halls across Europe: for example, in the Festspielhaus Baden-Baden with soprano Anna Netrebko and tenor Yusif Eyvazov, or at the George Enescu festival in Bucharest.

22ND WÜRTH OPEN AIR

A successful weekend of concerts: Over 17,000 music fans partied at the 22nd Würth Open Air held on 24 and 25 June 2023 at Carmen Würth Forum in Künzelsau. Hip-hop pioneers Die Fantastischen Vier and singer/songwriter Clueso performed their greatest hits on the first evening. Party duo SDP, 80s legend Holly Johnson, and TikTok newcomer Ayliva created a summery festival atmosphere on the second evening.

Pure festival vibes with Die Fantastischen Vier at the 2023 Würth Open Air

FURTHER HIGHLIGHTS

+++ From 5 April to 10 September 2023, the Leopold Museum in Vienna presented the highlights of the Würth Collection for the first time in Austria in the comprehensive "Amazing" exhibition. +++ Four out of the Würth Group's ten art galleries celebrated their anniversary in 2023: The Würth Forum in Rorschach, Switzerland, marked 10 years since its first exhibition, with the Musée Würth in Erstein, France, turning 15, the Forum Würth Arlesheim, Switzerland, 20, and the Galleri Würth in Hagan, Norway, also turning 20. +++ The Hirschwirtscheuer museum in Künzelsau allowed visitors to rediscover Joachim Georg Creuzfelder (1622–1702), court painter for the Counts of Hohenlohe, from 4 March to 10 December 2023. +++ The cultural center Kulturhaus Würth with Bibliothek Frau Holle library, which opened back in 2017 on the initiative of Carmen Würth, once again proved to be a cultural meeting point, event location, and learning venue in the heart of Künzelsau in 2023. +++ As part of the major exhibition "Holbein and the Renaissance in the North" at Frankfurt's Städel Museum from 2 November 2023, the *Madonna of Mayor Jacob Meyer zum Hasen* by Hans Holbein the Younger was presented as a highly prominent loan from the Würth Collection. +++ At Johanniterkirche in Schwäbisch Hall, visitors were captivated by the *Rimini Altar*, one of the most important late medieval alabaster ensembles from the Liebieghaus in Frankfurt. +++

AID FOR EARTHQUAKE VICTIMS IN TURKEY AND SYRIA

In February 2023, millions of children needed humanitarian aid. The catastrophic earthquakes in southern Turkey and Syria resulted in shortages of food, drinking water, and both medical and psychosocial care. The Würth Group donated EUR 500,000 to the United Nations International Children's Emergency Fund, UNICEF. "We consider it our humanitarian responsibility to help quickly and effectively," said Bettina Würth, Chairwoman of the Advisory Board of the Würth Group and member of the UNICEF Committee for Germany, explaining the motivation behind Würth's support.

Emergency aid for children in need
Mohamed, 13, is being cared for in a refugee camp in A'zaz in northwestern Syria.

More about the donation

CRISIS IN SRI LANKA: WÜRTH DONATES FOR CHILDREN

The island nation of Sri Lanka is grappling with a profound economic crisis. This prompted the Würth Group to donate EUR 400,000 in 2023 for the "Children at the heart of crisis: education and psycho-social support in Sri Lanka" program launched by the United Nations International Children's Emergency Fund, UNICEF. "With the donation, we want to make a contribution to enabling children to attend school on a regular basis and to providing school materials and meals for them," explained Bettina Würth. The money comes from the annual RW WORKOUT week, a joint worldwide campaign by Würth's inside staff and sales force.

More about the program

Opportunities through education
Students at the Mount Jean Tamil School in Watawala, Sri Lanka

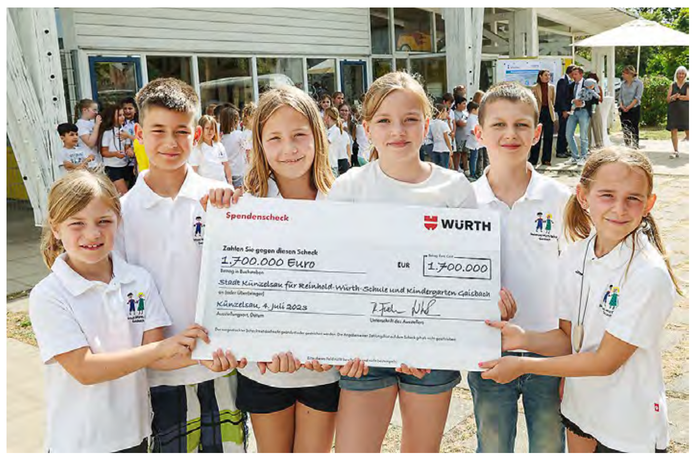
WÜRTH DONATES EUR 50 MILLION TO CANCER RESEARCH

Over the next ten years, the Würth Group and the Würth Foundation will provide EUR 50 million to fund research into combating pancreatic cancer at the Champalimaud Foundation in Lisbon, Portugal. Research is led by the world-renowned cancer researcher and former chief surgeon in Heidelberg, Prof. Dr. Markus Büchler. Pancreatic cancer is still one of the deadliest and at the same time one of the least researched forms of cancer.

More about the donation

CHILDREN IN GAISBACH GET A NEW PRIMARY SCHOOL AND DAY CARE CENTER

The town of Künzelsau is growing, and so should its schools and day care centers. Therefore, Adolf Würth GmbH & Co. KG donated EUR 1.7 million to build a new primary school and expand the day care center in Gaisbach, Künzelsau. Maria Würth, Deputy Executive Vice President of the Würth Group for Arts and Culture, and Norbert Heckmann, Chairman of the Management of Adolf Würth GmbH & Co. KG, handed over the donation check in July 2023. On an area spanning just under two hectares, the town is planning to build a new school accommodating three classes per grade, a day care center with six groups and a cafeteria, sports facilities, and a schoolyard, as well as a family center.



More about the planned new building

EY ENTREPRENEUR OF THE YEAR: REINHOLD AND BETTINA WÜRTH RECEIVE HONORARY AWARD

The auditing and consultancy firm EY (Ernst & Young) recognized Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group, and Bettina Würth, Chairwoman of the Advisory Board of the Würth Group, with the honorary award for exceptional entrepreneurial and social commitment at the "EY Entrepreneur Of The Year 2023" awards ceremony. The event took place on 9 November 2023 at the Motorwerk Berlin event location. A total of 300 guests from the business and political community were invited to the ceremony. In her laudatory speech, Baden-Württemberg's Minister of Economic Affairs, Dr. Nicole Hoffmeister-Kraut, referred to Würth as "a company that sets standards in a large number of areas—and yet is so markedly unobtrusive and modest."

Honorary award for exceptional commitment
Prof. Dr. h. c. mult. Reinhold Würth and Bettina Würth (center) accept their award in Berlin.

WILLY PITZER PRIZE FOR REINHOLD WÜRTH: IN HONOR OF HIS LIFE'S WORK

Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group, was awarded the 2023 Willy Pitzer Prize. He is being honored for his life's work as a sponsor and patron of social and cultural projects, the Willy Robert Pitzer Foundation announced. The entrepreneur accepted the EUR 50,000 award at Alte Oper in Frankfurt am Main on 13 September 2023.

Presentation of the 2023 Willy Pitzer Prize in Frankfurt
Prof. Dr. Dietmar Schranz presents the award for outstanding social commitment to Prof. Dr. h. c. mult. Reinhold Würth.

WÜRTH AS A PARTNER OF ELITE SPORTS

The willingness to give one's all is something that unites the Würth Group and competitive sport. This is why the company has been supporting athletes on all continents since the 1970s. In 2023, Würth became an official partner of the European Men's and Women's Handball Championships for the 2024 tournaments. Würth has been an official partner of the Deutscher Fußball-Bund soccer association since 2022 and has been cooperating with German top-tier Bundesliga clubs since the 1990s. In Italy, Würth has been a partner of the national soccer team since 2022. In Spain, the company has sponsored referees in the Primera and Segunda División soccer leagues since 2003, while in France it sponsors the first division club Racing Strasbourg. Würth has also been supporting FOKUS, one of the most successful FIFA eSports teams in the world, since 2022. Würth has been one of the main sponsors of the German Ski Association (DSV) since 2002. In motorsports, the company has been a sponsor of the Penske team in the NASCAR racing series in the US since 2012, while it sponsors the Triple Eight Race Engineering supercar racing team in Australia. The Würth Künzelsau Fencing Club was founded back in 1999 and has won numerous German titles, as well as medals at world and European championships alike.

More about sports sponsorship

"MACH WAS!": THE TRADES COMPETITION FOR SCHOOL TEAMS

The integrated comprehensive school Integrierte Gesamtschule Landau won the "MACH WAS!" competition with a mobile food counter. The Carl-Dittler-Realschule school in Remchingen won the Innovation Prize with sustainable surfboards for its watersports club. The Carmen Würth Prize, sponsored by the Würth Foundation, was awarded to the Freiherr-vom-Stein-Realschule school in Coesfeld for an outdoor classroom. The "MACH WAS!" competition is an initiative by Würth under the patronage of the Aktion Modernes Handwerk e. V. trades association and aims to get young people interested in the trades. Adolf Würth GmbH & Co. KG provides support of more than EUR 500,000 a year for the competition.

2023 Special Olympics World Games

Under the motto #UnbeatableTogether, the Special Olympics World Games held in Berlin from 17 to 25 June 2023 touched an audience of millions. Over 7,000 athletes from 190 countries took part in the world's largest sporting event for people with intellectual and multiple disabilities. Würth has been supporting Special Olympics Germany since 2008 on the initiative of Carmen Würth. Around 100 Würth employees from all over Europe helped out with the soccer, futsal, and beach volleyball competitions as volunteers at the 2023 World Games in Berlin.

More about the 2023 Special Olympics World Games

A PIONEER OF A TRULY INCLUSIVE SOCIETY

For decades now, Carmen Würth has been a systematic and active advocate of a world where people with and without disabilities can live together without facing barriers. She is convinced that "everyone has a gift."

Find out more about the Hotel-Restaurant Anne-Sophie

HOTEL-RESTAURANT ANNE-SOPHIE

"Humanity and a sense of social justice are not values that we can simply impose on people; rather they can only become ingrained through direct encounters with others," said Carmen Würth in 2003 to mark the opening of Hotel-Restaurant Anne-Sophie in Künzelsau. For 20 years now, people with and without disabilities have been working together as equals in the hotel on a day-to-day basis as a matter of course—in the same way as they encounter their guests. Almost 120 employees currently work at the multi-award-winning hotel, about 20 of whom have disabilities.

5 stars for Leo
In May 2023, a two-part documentary by the federal state broadcaster SWR showcased 20-year-old Leo, an intern at Hotel-Restaurant Anne-Sophie in Künzelsau.

LIVING UP TO ITS CORPORATE RESPONSIBILITY, ALSO IN THE NON-PROFIT SECTOR, HAS ALWAYS BEEN PART OF WÜRTH'S MISSION.

The non-profit Würth Foundation was established in 1987 to consolidate this commitment and ensure its continuation.

For the greater good
Contributions made by the Würth Foundation

A career in the trades instead of a university degree?

Career counseling in the "HANDWERKSTATT" (TRADES WORKSHOP) is just one of the Würth Foundation's many educational initiatives. As part of this initiative, for example, students repair small bridges and hiking trails in the Alps under the guidance of employees of the German Alpine Association (DAV).

Prof. Dr. h. c. mult. Reinhold Würth and Carmen Würth

STIFTUNG WÜRTH

FOUNDED BY PROF. DR. H. C. MULT. REINHOLD WÜRTH AND CARMEN WÜRTH, THE WÜRTH FOUNDATION PROMOTES A WIDE RANGE OF PROJECTS IN THE FIELDS OF ART & CULTURE, EDUCATION & TRAINING, RESEARCH & SCIENCE, AND INTEGRATION. IT PROMOTES CHARITABLE AND BENEVOLENT INITIATIVES.

The Würth Foundation focuses on the Heilbronn-Franken region, where the Würth Group was founded. Its activities are supported by the German Würth Group companies, in particular Adolf Würth GmbH & Co. KG.

A community dedicated to music
Deutsche Streicherphilharmonie received the 33rd Würth Prize of Jeunesses Musicales Deutschland.

33RD WÜRTH PRIZE OF JEUNESSES MUSICALES DEUTSCHLAND

The 33rd Würth Prize of Jeunesses Musicales Deutschland was awarded to the German string orchestra Deutsche Streicherphilharmonie on 14 September 2023. The prize awarded by the Würth Foundation is worth EUR 25,000. The orchestra, featuring musicians from the ages of 11 to 20, was honored for its unique symphonic string sound and its friendly community culture in dedication to music.

FREIE SCHULE ANNE-SOPHIE SCHOOLS IN KÜNZELSAU AND BERLIN

Bettina Würth founded Freie Schule Anne-Sophie in Künzelsau in 2006. Its sister school opened in Berlin in 2011. Both schools are state-accredited and provide more than 1,000 students with an educational pathway from primary school (grade one) to high school graduation. The Würth Foundation is the supporting organization for the schools. The focus in Berlin is on bilingual education in German and English. In 2023, Freie Schule Anne-Sophie in Berlin was awarded the "Excellent Digital School" seal of quality by the Berlin Senate Department for Education, Youth, and Family. Freie Schule Anne-Sophie Künzelsau has been a "Global Ethics School" and STEM-friendly school since 2018. "Every child should leave the school as a winner," said Bettina Würth, member of the Supervisory Board of the Würth Foundation.

Find out more about the Freie Schule Anne-Sophie schools

Taking responsibility
Muhterem Aras, President of the Baden-Württemberg federal state parliament, visited Freie Schule Anne-Sophie in Künzelsau in May 2023. She spoke about integration, occupations, and vocations.

CHARITY RUN AT FREIE SCHULE ANNE-SOPHIE RAISES EUR 30,000 FOR THE FOUNDATION ARNE-FRIEDRICH-STIFTUNG

Former national soccer player Arne Friedrich visited Freie Schule Anne-Sophie in Künzelsau in September 2023. He was presented with a donation check for EUR 30,000, which also included the proceeds from the school campaign "Children run for children" (Kinder laufen für Kinder). The foundation Arne-Friedrich-Stiftung is committed to helping children, particularly in the areas of intercultural understanding, education, and health.

Beaming winners:
Gemeinschaftsschule Neubulach school is delighted to be awarded first place in the Würth Education Prize on 21 July 2023 at Hospitalhof Stuttgart. Maria Würth and Johannes Schmalzl from the Würth Foundation offer their congratulations.

COMPETENCE CENTER FOR ECONOMIC EDUCATION

Established on the initiative of Prof. Dr. h. c. mult. Reinhold Würth and under the umbrella of the Würth Foundation, the Competence Center for Economic Education in Baden-Württemberg has been promoting entrepreneurial thinking and action in schools since 2005. All programs are organized and developed in close cooperation with the Ministry of Education, Youth, and Sports of the federal state of Baden-Württemberg.

The numerous activities in 2023 included the Würth Education Prize for outstanding economics projects in schools, the 11th federal state prize for graduates of secondary technical schools for students in grades 9 and 10 who have shown above-average commitment, the company placement program for teachers, the “HANDWERKSTATT” (TRADES WORKSHOP) with its career counseling for students, and the 14th management symposium titled “Future Skills—The Future Starts Now!”

Young people discussed the topic of Europe at the forum for trainees and students organized by Europäisches Jugendparlament in Deutschland e. V. (European Youth Parliament Germany) in cooperation with Bildungsregion Hohenlohe (District of Hohenlohe Education Region). In spring 2023, the topic of the social market economy was explored at the educational exhibition “What sort of system do we want to live in?” at Reinhold-Würth-Hochschule.

35 YEARS OF REINHOLD-WÜRTH-HOCHSCHULE: PROMOTING RESEARCH AND TEACHING

Reinhold-Würth-Hochschule celebrated its 35th anniversary in 2023. More than 300 guests from the worlds of politics, business, and higher education came together to celebrate at the ceremony on 23 June 2023. The Künzelsau campus is home to the Faculty of Engineering and Business at Heilbronn University of Applied Sciences. Around 1,300 students are enrolled in ten hands-on bachelor's and master's degree programs. The Würth Foundation is the supporting organization for the foundation for the promotion of Reinhold-Würth-Hochschule at Heilbronn University of Applied Sciences (Stiftung zur Förderung der Reinhold-Würth-Hochschule der Hochschule Heilbronn). It supports the university on its path to internationalization and digitalization and funded the restructuring of the campus. The "Technology studies with global market leaders" scholarship initiated by the foundation boosts the university's appeal for prospective students in the field of technology.

Supporters celebrate 35 years of Campus Künzelsau at the ceremony:
(from left to right) Harald Unkelbach (former Chairman of the Board of the Würth Foundation), moderator Bernadette Schoog, Johannes Schmalzl (Chairman of the Board of the Würth Foundation), Benjamin and Carmen Würth, Helmut M. Jahn (member of the Board of the Würth Foundation), Dr. Anne Bieschke (consultant to the Rector), Prof. Dr.-Ing. Oliver Lenzen (Rector of Heilbronn University of Applied Sciences), Stefan Neumann (Mayor of Künzelsau), Prof. Dr. h. c. mult. Reinhold Würth (Chairman of the Supervisory Board of the Würth Foundation), Prof. Dr.-Ing. Anke Ostertag (Dean of the Faculty of Engineering and Business)

36TH TÜBINGEN POETICS LECTURESHIP

To mark the traditional opening of the 36th Tübingen Poetics Lectureship author Christian Baron read from his autofictional work at Kunsthalle Würth in Schwäbisch Hall on 29 October 2023. He then held lectures in Tübingen together with French author Édouard Louis as a guest of the lectureship from 30 October to 3 November 2023.

The Tübingen Poetics Lectureship is a project organized by the charitable Würth Foundation at the University of Tübingen and is sponsored by Adolf Würth GmbH & Co. KG. Since 1996, writers such as Günter Grass, Amos Oz, and Hans Magnus Enzensberger have been providing food for thought and discussion.

Brutally honest
Christian Baron, guest at Kunsthalle Würth at the invitation of the Tübingen Poetics Lectureship

Prof. Dr. Renée Lampe with Carmen Würth

MARKUS WÜRTH ENDOWED PROFESSORSHIP AT THE TECHNICAL UNIVERSITY OF MUNICH

On the initiative of Carmen Würth, the Würth Foundation has been supporting the Markus Würth Endowed Professorship for Pediatric Neuro-Orthopedics and Cerebral Palsy (early childhood brain damage) at the University Hospital rechts der Isar belonging to the Technical University of Munich since 2012. The professorship is held by Prof. Dr. Renée Lampe.

THE WÜRTH FOUNDATION SUPPORTS FOOD BANKS

Less and less food for more and more people in need. This is the challenge faced by many food banks in Germany. The Würth Foundation, on the initiative of Carmen and Prof. Dr. h. c. mult. Reinhold Würth, donated a total of EUR 300,000 to food banks in the district of Hohenlohe, the Main-Tauber district, and the Schwäbisch Hall district between 2022 and 2024. In addition, the Würth Foundation also provided EUR 25,000 for the purchase of a new refrigerated vehicle, which the food banks operated by the social welfare organization Diakonisches Werk will use to transport food in the Main-Tauber district.

"With all the crises currently hitting us, it is important that we do not lose sight of the region we live in. The food banks alleviate a lot of suffering here," explained Carmen Würth. On 14 June 2023, the Würth Foundation supported Berlin's food banks by making another donation of EUR 10,000. They support around 170,000 people in need every month.

SCORA—SCHOOLS OPPOSING RACISM AND ANTISEMITISM

The Würth Foundation will be supporting the international school project SCORA (Schools Opposing Racism and Antisemitism) in the period from 2022 to 2025. Students discuss how dialogue can help foster understanding for one another so that people can live together in peace.

SCORA
SCHOOLS OPPOSING RACISM AND ANTISEMITISM
YES WE CARE!

Allowing families with seriously ill children to take time out:
Karin Eckstein, founder of the Lebensweg family hostel, with Carmen Würth

Excited about their new classroom
School principal Octavius Colquhoun and the 8th grade class

LEBENSWEG FAMILY HOSTEL

The Lebensweg family hostel in the Baden-Württemberg town of Schützingen is one of only two facilities in Germany that offer families with seriously ill and disabled children time out together with professional 24-hour care. It was founded back in 2016 by the trained pediatric nurse Karin Eckstein. She was awarded the 2023 Bambi media award in the "Silent Heroes" category for this achievement. Also in 2023, the book titled "Das Wunder hinter dem Dorf" (The Miracle Behind the Village) was published about the history of the hostel, with support from the Würth Foundation on the initiative of Carmen Würth. The Würth Foundation is also supporting the Lebensweg family hostel with a donation totaling EUR 120,000, spread out over the period from 2022 to 2024.

ITHEMBA LABANTU COMMUNITY CENTER IN CAPE TOWN

In one of the poorest townships in the South African city, the Würth Foundation has been supporting the iThemba Labantu community center for many years now. Day after day, it provides a safe place for 500 children of school age to play and learn, for women to earn an income with ceramics and sewing, and for young adults to receive vocational training and exercise at the Philipp Lahm sports field. Sponsorship of a school class was initiated by Carmen Würth. In 2023, the middle school also started with the 8th grade. The class was given a new classroom as a shared learning space.

Bulletin and the boards

REPORT OF THE ADVISORY BOARD

Ladies and gentlemen,

In 2023, we finally made it: The Würth Group surpassed the EUR 20 billion sales mark. This represents a milestone in the company's history, and for me, it bears testimony to the Group's considerable potential with its diverse structure. However, this encouraging result comes at a time when the challenges facing us could not be any greater: war, inflation, the energy crisis, shortage of skilled workers, seemingly insurmountable hurdles in terms of red tape. This is clearly reflected in Germany's economic output, which is on a par with the 2020 level witnessed at the start of the COVID-19 pandemic. In 2023, gross domestic product actually contracted by 0.3 percent. This puts us among those at the bottom of the eurozone league.

It is not surprising that people are tired and weary. Uncertainty tends to bring us down a gear in terms of our innovative strength. This has prompted 56 percent of the country's 500 largest family businesses to turn their backs on Germany and slim down their investments, according to a study by the ifo Institute and the Foundation for Family Businesses. The figure for major companies with global operations is as high as 75 percent. Germany remains the Würth Group's largest individual market, accounting for more than 40 percent of sales. Our commitment to Germany as a business hub is part of our corporate culture: This is where our roots lie. We must not allow Germany to lose its reputation as a successful industrialized nation with innovative prowess. This global reputation built up over decades is too valuable. What gives us courage is our experience: We have emerged stronger from every crisis. The important thing now is to join forces and think ahead. That is why we chose "COURAGE" as the title of our Annual Report. We chose this word very deliberately.

I am very grateful for the many courageous people in the Würth Group. More than 87,000 employees across the globe make courageous decisions every day to lead the company into a bright and sustainable future with innovative ideas. I take my hat off to our more than four million customers worldwide and to our suppliers. They are all facing these challenges, and they are keeping the world on the go. For this, they deserve our utmost respect and fullest support. This is how we understand our mission. Because we are courageous as we look into the future.

Work of the Advisory Board

The Advisory Board of the Würth Group held four regular meetings in 2023. All meetings were based on reports delivered by the Central Management Board on business developments, corporate planning, and opportunity and risk management. All transactions requiring approval in accordance with the company statutes were submitted to the Advisory Board for approval in good time and evaluated there in detail. In urgent cases, resolutions were passed by way of circular resolution.

Helped along by the tailwind from the two highly successful fiscal years 2021 and 2022, the Würth Group kicked off the year 2023 optimistically. The Advisory Board's work focused on providing strategic support to the Central Management Board on issues relating to digital transformation and corporate management in a tense global economic and political environment.

The Advisory Board continuously monitored the work of the Central Management Board and provided it with support in its management duties, in the further strategic development of the company, and with regard to key 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 by members of the Central Management Board.

Each of the Advisory Board's three committees (Personnel, Audit, and Investment Committee) met three times in 2023. These meetings serve to boost the efficiency of the Advisory Board's work and to prepare complex issues. The committee chairs all report regularly and in depth to the Advisory Board as a whole on the work of the committees. Due to the ever-increasing relevance of the IT function, the Advisory Board has established an additional advisory committee in consultation with the Supervisory Board of the Würth Group. The IT Committee met for the first time on 5 December 2023 and is tasked with supporting the Advisory Board in assessing the adequacy of financial and staff resources for the IT function, as well as its medium and long-term innovation and transformation priorities, in line with the further development of the Würth Group's business models and growth strategy.

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

On 25 April 2023, the Advisory Board's Audit Committee took a detailed look at the 2022 consolidated financial statements, including the Group management report, for which an unqualified audit opinion was issued, as well as the audit report prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The Audit Committee reviewed and approved these documents. It made a recommendation to the Supervisory Board of the Würth Group regarding the appointment of the auditor for the 2023 fiscal year. The Audit Committee also took an in-depth look at the functionality of the accounting process, the internal control system, Group Auditing Department, the compliance management system, and last but not least the risk management system, with a particular focus on its future effectiveness.

The Advisory Board's Investment Committee reviewed any investment projects that were subject to approval and categorized them based on their urgency and importance. In addition, the investment controlling system was evaluated with regard to the review of major investments made and selected acquisitions. The Würth Group's investment culture once again contributed to its successful growth in 2023. As scheduled, the Würth Group's corporate planning for the 2024 fiscal year was presented at the December meeting of the Investment Committee and was approved by the Advisory Board at its meeting on 8 December 2023 in accordance with the Investment Committee's proposal.

At its meetings, the Personnel Committee of the Advisory Board dealt with all HR-related measures that fall within the Advisory Board's sphere of responsibility. The Committee focused on HR development and on succession planning for management, as well as on the structure of the management incentive and remuneration systems. The Personnel Committee has the power to pass resolutions regarding employment contracts and management remuneration within the Würth Group.

The Advisory Board of the Würth Group would like to thank the Central Management Board and the Supervisory Board of the Würth Group, especially Prof. Dr. h. c. mult. Reinhold Würth, Chairman of the Supervisory Board of the Würth Group, for the good working relationship. I would also like to thank all of our employees for their exceptional commitment at a time when not only the speed of change is accelerating, but, in particular, the challenges facing us are mounting. Last but not least, the entire Würth Group would like to thank our customers and business partners. Without their loyalty, the company's success would not be possible.

Best regards,

B. Würth

Bettina Würth
Chairwoman of the Advisory Board of the Würth Group

REPORT OF THE CENTRAL MANAGEMENT BOARD

Ladies and gentlemen,

Has the world become too big for us? Ukraine, Russia, the Middle East, China, Taiwan, the US: We are caught up in the midst of all of these conflicts, with no signs that things will return to the predictable norm any time soon. War destroys a great deal of value, economic and human. In addition, politics in Germany are at an impasse. Despite these challenges, we can be grateful that we have been able to live in peace in large parts of Europe for the last 80 years.

Here at the Würth Group, we are grateful. The Group was able to grow again and achieved sales of EUR 20.4 billion in 2023. Even though the challenging underlying conditions had an impact on our operating result: At EUR 1.5 billion, it lags behind the previous year (EUR 1.6 billion), yet it is still the second best result in the company's history. The partnership with our more than four million customers across the globe, the Group's diverse structure spanning a wide range of sectors and regions, and our business model are the basis of our success. Subject to the approval of the antitrust authorities, Würth's Electrical Wholesale arm will expand in Italy in 2024 with the acquisition of the leading electrical wholesaler IDG01 S.p.A. based in Turin, Piedmont. This area is also expanding its market presence in Poland with the acquisition of TIM S.A., which operates the largest e-commerce platform for the distribution of electrical materials in Poland and generates over 70 percent of its sales exclusively via online channels.

The current economic situation is challenging for all of us. The Organization for Economic Co-operation and Development (OECD) predicts that the global economy will continue to show weaker development in 2024, with inflation expected to remain at a high level. One encouraging development is the fact that the European Central Bank is likely to start cutting interest rates in the first half of 2024. In the Würth Group, we expect the effects of this move to materialize in the second half of 2024. We are already focusing on this recovery.

Times of crisis bring dependencies to the fore and force us to call business models into question. Around 70 percent of the products sold within the Würth Group originate in Europe. One of the factors allowing us to achieve this lies in our in-house production facilities, which make us less reliant on global supply chains. Nevertheless, we have to be prepared for constant unpredictability. Flexibility and adaptability will then be crucial success factors. We cannot allow this challenge to paralyze us. We have to accept it and courageously transform it into an opportunity for success and growth.

The use of artificial intelligence is a great example of this. While it presents us with many opportunities, its possible misuse harbors a high risk at the same time. On the one hand, it holds the promise of more durable and cheaper products, better healthcare, safer cars and traffic, and broader access to education, while on the other, we are faced with breaches of our privacy, deepfakes, and concerns about losing our jobs.

The digitalization push triggered by the pandemic has shown that we are open to new technologies and can implement them quickly. But is Germany still a country of inventors? A study by the Association of German Engineers from 2023 addresses this very question. Around 98 percent of the German population recognizes the importance of technical innovation for Germany's success. One in three people are even convinced that technical innovations are very important when it comes to creating new jobs in Germany. The new Reinhold Würth Innovation Center Curio at the Group's headquarters in Künzelsau is a

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

prime example: Employees from product development, the Group's production companies, and scientists and students from technical universities are collaborating within the center on product and system innovations. The most fundamental thing we need is confidence. The confidence of each individual in themselves and the courage to help shape the future. Confidence requires leadership. Policymakers and the business community are called upon to motivate this sort of participation. The situation surrounding Germany's competitive standing is critical. This is currently clear from our leading sector, the automotive industry. The German Association of the Automotive Industry (VDA) expects around 2.82 million new registrations in 2024, down by one percent on 2023. A particularly sharp decline is forecast for electric cars, not least due to the expiration of the environmental bonus, a federal purchase grant. This makes it clear that government subsidies are only effective for the duration of the measures but do not achieve any long-term changes in attitudes. This challenge is also evident in a global context: The sales momentum for electromobility is waning on the US market as well. In 2022, sales increased by 65 percent, with 46 percent growth in 2023. Faced with the current economic slump, people across the globe expect their politicians to come forward with solutions.

In these volatile times, it takes courage to lead. On the one hand, we are taking strides into the future with innovation in our seven-league boots: just take the development of AI last year. On the other hand, for the first time in 30 years, Germany is reporting a contribution of two percent of GDP made to NATO for defense to protect the economy. The fact that increased deterrence and defense express the value that peace holds for our economy is a concept that was previously alien to today's generation. And so the most important value we should uphold is and remains peace.

Treating each other with respect and appreciation has always been part of the Würth Group's corporate culture. The Central Management Board of the Würth Group would like to thank everyone who joins us in our commitment to a peaceful future: our customers, employees, the Councils of Confidence and Works Councils, the members of the Customer Advisory Board, the Supervisory Board of the Würth Group, the Advisory Board, and the Würth family, in particular Prof. Dr. h. c. mult. Reinhold Würth and Bettina Würth.

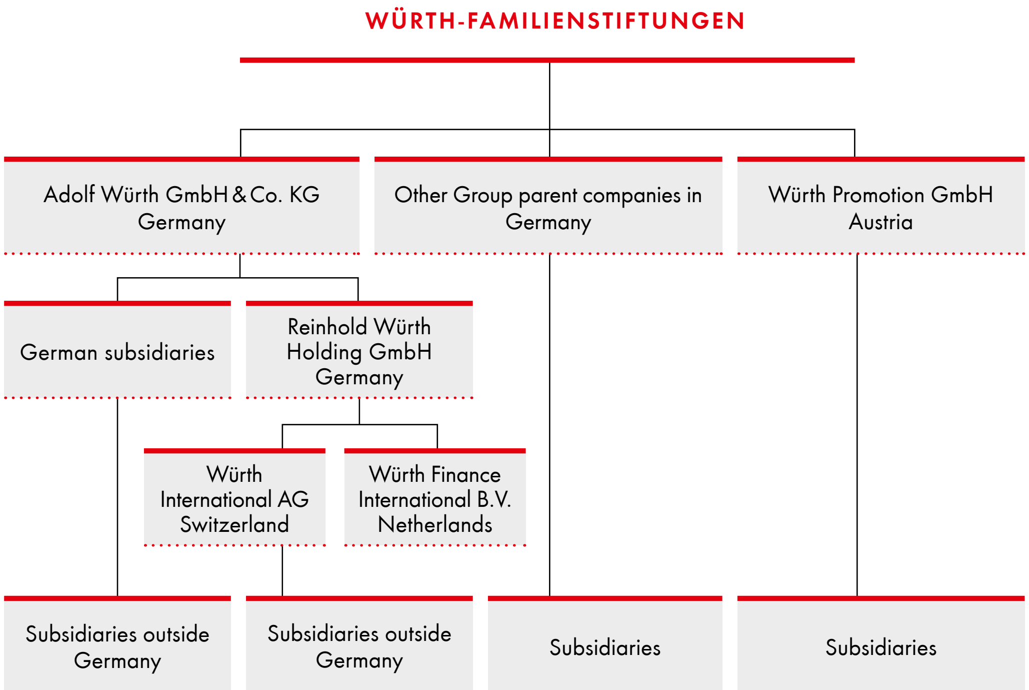
On behalf of the Central Management Board

R. Friedmann

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

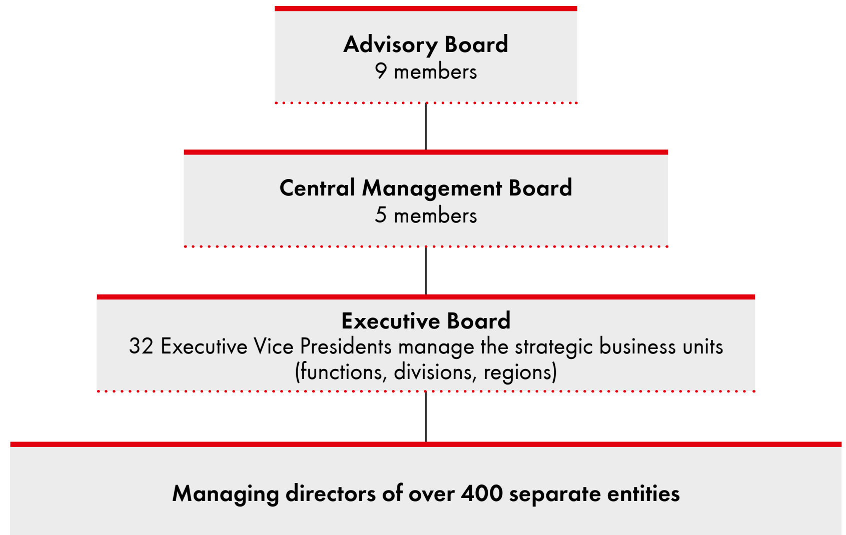
The Würth Group: legal structure

Simplified chart



Organizational structure

As of 31 December 2023



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 Management Board, the Executive Board, and the managing directors of the companies that generate the most sales.

Members of the Advisory Board

Bettina Würth (Chair)

Dr. Frank Heinricht (Deputy Chair)
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;
Deputy Chairman of the Supervisory Board
of Klöckner & Co SE, Duisburg

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

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

Markus Sontheimer
Chief Information & Digital Officer (CIDO),
Member of Executive Group Management of
ISS A/S, Søborg, Denmark

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

Sebastian Würth

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of
the Würth Group

Honorary member of the Advisory Board

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

Central Management Board

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

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

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

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

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

Joachim Kaltmaier
Member of the Central Management Board of the Würth Group (until 30 April 2023)

Ralf Schaich
Member of the Central Management Board of the Würth Group (since 1 May 2023)

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

Group management report

The company

The Würth Group is the global market leader in the development, production, and sale of assembly and fastening materials. The globally operating family business, headquartered in Künzelsau, Germany, includes over 400 companies with more than 2,700 shops in 80 countries.

The Würth Group is divided into two operational units: The core business of the Würth Group involves the manufacture and distribution of assembly and fastening material. Other trading and production companies, known as the Allied Companies, operate in related business areas, ranging from electrical wholesale and electronics to financial services. The Group achieved sales of EUR 20.4 billion in the 2023 fiscal year, with an operating result of EUR 1.5 billion.

The success story of the Würth Group began in the middle of the last century: Adolf Würth founded a screw wholesale business of the same name in Künzelsau in 1945. After his death in 1954, his then 19-year-old son Reinhold took over the business. With vision and entrepreneurial passion, he transformed the two-man business into a global group with more than 87,000 employees, including around 44,000 in sales. The founding company, Adolf Würth GmbH & Co. KG, is still the largest individual company in the Würth Group to this day.

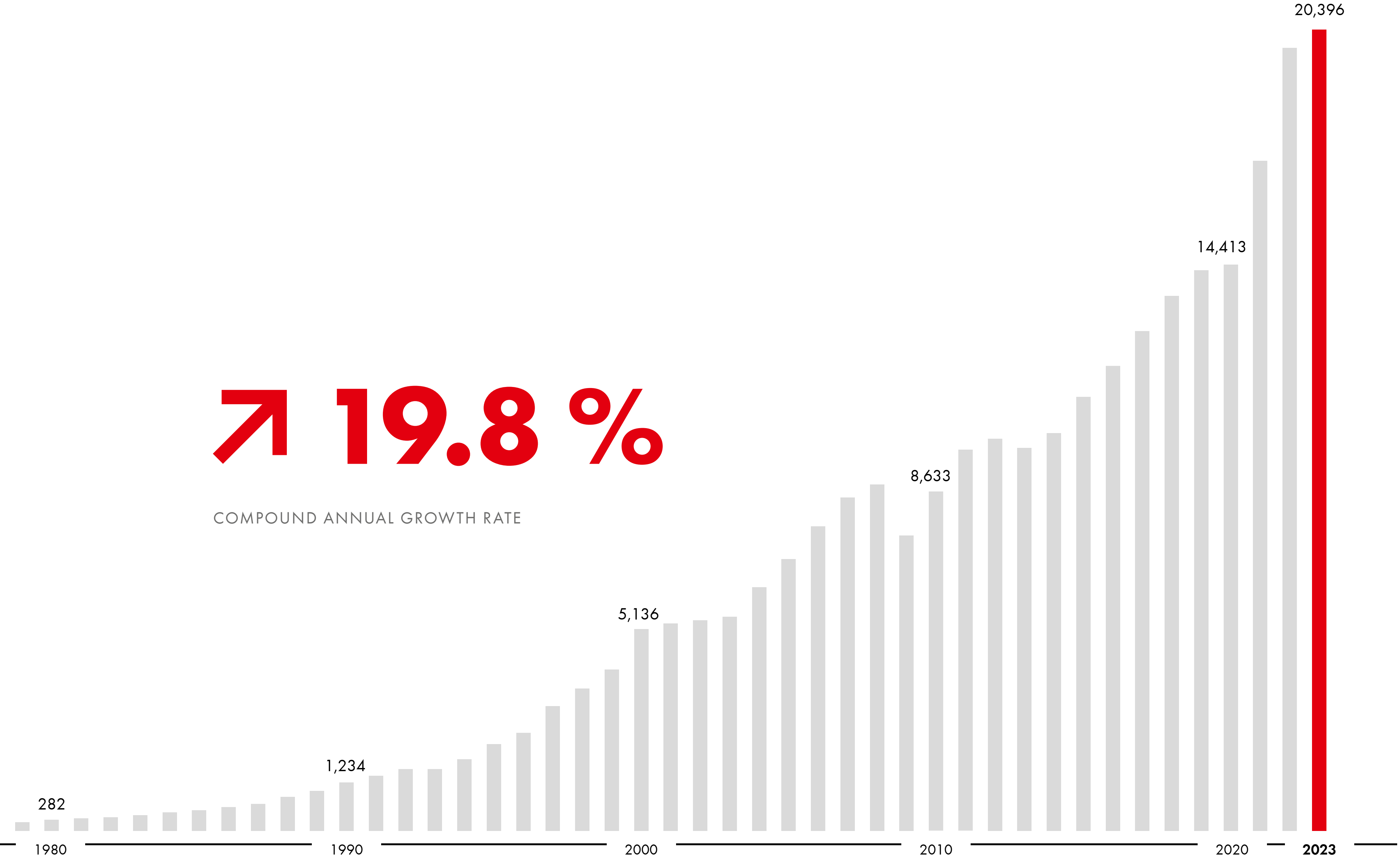
The Würth Group sees digitalization in conjunction with its multi-channel strategy in sales as a strategic growth area. More and more customers are moving to digital procurement and ordering via the online shop or the Würth App, or automating their purchasing processes using e-procurement and system solutions. These options are rounded off by a dense network of shops and customer support over the phone. Nevertheless, sales representatives remain an important link between Würth and the customer as central points of contact.

Besides sales, logistics is another central element within the Würth Group. Automated processes boost efficiency and productivity so that customers ultimately receive their goods quickly and reliably. At the same time, the company is focusing on product development with the Reinhold Würth Innovation Center Curio at the company's headquarters in Künzelsau. The aim is to bring new products and systems to the market even faster. Individual products, services, and application steps are combined to create efficient work processes that make work easier for more than four million customers from industry and trade across the globe. The Würth Group's range comprises more than one million products.

The family business has always been committed to social and cultural issues. The Würth Group and the not-for-profit Würth Foundation contribute to a vibrant cultural landscape and provide interaction for members of society. Five company-owned museums and ten art galleries of the Würth Group in Europe present the works of the Würth Collection, which comprises around 20,000 exhibits. All of the company's museums are open to the public free of charge.

The establishment of Würth Philharmoniker as the musical ensemble of Reinhold Würth Musikstiftung gGmbH back in 2017 laid the foundation for Würth's commitment to classical music. In addition, the Würth Group and the Würth Foundation are committed to helping people with disabilities. Other focal points include education and training, science, research, and integration. The company's sports sponsorship activities focus on soccer and winter sports.

SALES DEVELOPMENT Würth Group in millions of EUR


↗ 19.8 %
COMPOUND ANNUAL GROWTH RATE
282
1,234
5,136
8,633
14,413
20,396
1980
1990
2000
2010
2020
2023

Economic environment

The ongoing war in Ukraine, the escalation of the conflict in the Middle East, and tensions with China, coupled with supply chain difficulties, high oil and gas prices, and global inflation, had a significant impact on 2023 and the economy as a whole.

Despite these influencing factors, the **global economy** proved resilient and achieved growth of 2.7 percent (2022: +3.3 percent). Some countries slowly picked up speed again: The **US** recorded growth of 2.5 percent in 2023, compared to 1.9 percent in the previous year. With an increase of 5.2 percent, **China** also achieved a higher figure than in the previous year (2022: +3.0 percent).

The **European economy**, on the other hand, stagnated. Whereas in 2022, the EU was still reporting growth of 3.4 percent, GDP rose by a mere 0.5 percent in 2023. This is mainly due to restrictive monetary policy, weak foreign demand, and high inflation, influenced in particular by high prices for natural gas, petroleum products, and energy.

- **Global crisis situations had a negative impact on economic development in 2023**
- **Unlike many other economies, Germany recorded a drop in GDP**
- **Despite a slight recovery, the German automotive industry continues to lag behind the pre-pandemic levels**

The geopolitical challenges are also reflected in developments within **Germany**. Export-oriented companies in particular grappled with the weak order situation in 2023. The recent budget crisis and strikes put additional pressure on the political environment and the German economy.

Although the economy started 2023 on an optimistic note, demand declined over the course of the year. Rising interest rates and persistently high inflation of 5.9 percent (2022: 6.9 percent) translated into lower private consumption. Government spending also declined as special expenditure programs related to the pandemic were discontinued. All of these circumstances prompted a drop in gross domestic product of 0.3 percent in 2023 (2022: +1.9 percent).

The negative developments were also reflected in the overall sentiment in the German business community. In a survey conducted by the German Economic Institute, most companies were pessimistic: They were predominantly negative in their assessment of the production situation and also reported a deterioration in the situation with regard to staff and investments.

Corporate sentiment was also confirmed by the ongoing downward trend in individual sectors. The cushion of orders built up over the past few years dwindled, without sufficient new orders coming in to replace them. The **mainstream construction sector** was hit particularly hard: Incoming orders fell by 4.4 percent in real terms (2022: –9.6 percent), with sales down by 3.3 percent in real terms in 2023 (2022: –5.8 percent).

In contrast to the construction industry, the German **automotive industry** achieved growth of 7.2 percent. In 2023, a total of 2.84 million new vehicles were registered (2022: 2.65 million new registrations)—although this figure still falls well short of the pre-pandemic level. On the other hand, the German automotive industry performed rather poorly in a European comparison: The markets in France, Italy, and Spain saw significantly stronger growth, with EU-wide growth of 13.9 percent and 10.5 million new registrations (2022: 9.3 million, –4.6 percent).

The global challenges created a tense economic situation in Germany in particular. The year 2023 showed yet again that geopolitical factors are closely intertwined with the economic situation and have a far-reaching impact.

Business trends

- **EUR 20.4 billion in sales in 2023: a new record for the Würth Group**
- **E-business as a growth driver**
- **Investments up year-on-year**

In the 2023 fiscal year, the Würth Group generated sales of over EUR 20 billion for the first time in its history. The Group's diverse structure spanning a wide range of sectors and regions, its business model, and the trust of its more than four million customers worldwide once again formed the basis for its success last year. Despite the tense global economic and political environment, with trouble spots such as the war in Ukraine and the Middle East, the Group was once again able to grow and increased its sales by 2.3 percent, or 3.5 percent when adjusted for currency effects. This means that the Würth Group has doubled its sales within nine years, compared to EUR 10.1 billion in 2014.

The development of the Würth companies in Germany was positive. Companies here generated sales of EUR 8.3 billion, up by 5.6 percent. The companies abroad recorded sales of EUR 12.1 billion (+0.2 percent). As far as the operational units are concerned, the Würth Line continued to perform well with a 2.8 percent increase in sales, driven primarily by the positive development of the Auto (+8.7 percent) and Metal (+5.7 percent) divisions within the Würth Line. Within the Allied Companies, the Chemicals unit grew by an encouraging 8.9 percent. With growth of 9.9 percent to EUR 3.8 billion, the Electrical Wholesale unit stands out in particular, with a major influence on the overall development of the Würth Group due to its high sales share of 18.7 percent. In addition to service leadership, very high levels of product availability, and above-average logistics expertise, the positive development in Electrical Wholesale can be attributed to the thriving of renewable energies, particularly in the photovoltaics sector.

One key pillar of the Würth Group's sustained positive sales development is the area of digitalization in conjunction with the multi-channel strategy in sales. This enables customers to find products to meet their needs in over 2,700 shops worldwide. In addition, the digital possibilities offered by online shops, e-procurement, and the Würth App offer the right solutions for contactless shopping. In the 2023 fiscal year, e-business generated sales of EUR 4.6 billion, reporting above-average growth compared to the Group as a whole of 10.4 percent. This means that it accounts for 22.4 percent of sales. As central points of contact, sales representatives remain an important link between Würth and its customers.

The Group's own production facilities in Germany and Europe ensure a certain degree of independence from global supply chains, although these have become more stable again worldwide and delivery performance improved significantly in 2023. Around 70 percent of goods originate in Europe.

At EUR 1,455 million, the operating result was the second highest reported in the history of the Würth Group. In a year-on-year comparison, however, it was down by 7.7 percent (2022: EUR 1,575 million). In addition to restrained sales growth, earnings were also hit by inflation-driven cost increases, also for energy and raw materials, as well as high interest rates on loans, which are curbing demand in the construction industry. After the years from 2020 to 2022 that were dominated by the COVID-19 pandemic, there was also a certain catch-up effect in 2023 in terms of travel, trade fairs, and conferences. The return on sales fell year-on-year to 7.1 percent (2022: 7.9 percent). In the past fiscal year, the Würth Group made sustained investments in its various business units and markets in order to implement its planned strategies. Capital expenditure on intangible assets and property, plant, and equipment, excluding acquisitions, increased to EUR 913 million in 2023 (2022: EUR 821 million).

The Würth Group hired a total of 1,410 new employees in the 2023 fiscal year. At the end of the year, the Group employed 87,047 people, with 43,967 working in sales. In Germany, the company employed 27,128 people.

Sales by region

- **Germany remains the most important single market**
- **Sales trends vary from region to region**
- **Southern Europe has the most employees in sales**

SALES Würth Group in millions of EUR

	2023	2022	%
Würth Line Germany	3,087	2,912	+6.0
Allied Companies Germany	5,202	4,937	+5.4
Würth Group Germany	8,289	7,849	+5.6
Würth Group International	12,107	12,084	+0.2
Würth Group total	**20,396**	**19,933**	**+2.3**

Germany remains the Würth Group's most important single market. The German companies generated sales of EUR 8.3 billion in 2023. This corresponds to an increase in sales of 5.6 percent, a very positive result compared to the development of the German economy as a whole. Germany's gross domestic product contracted in 2023. This sales growth allowed the German companies in the Würth Group to boost their share of sales by 1.2 percentage points to 40.6 percent. Outside of Germany, the Würth Group grew only slightly by 0.2 percent compared to the previous year. At EUR 12.1 billion, the share of sales outside of Germany amounted to 59.4 percent. More than 400 companies in 80 countries supplied more than four million customers last year, with over 50 million orders leaving our warehouses.

From a regional perspective, the Würth Group's growth in 2023 was very unevenly distributed. In addition to Germany, growth continues to be driven by Southern and Eastern Europe. The Group companies in the US and Scandinavia, on the other hand, reported lower sales.

In the 2023 fiscal year, sales of EUR 8,289 million were generated in **Germany**, up by 5.6 percent (2022: EUR 7,849 million). The positive performance of the German companies can be attributed to the stability of the individual business models, high product availability, and above-average logistics performance. Fega & Schmitt, Uni Elektro, and Walter Kluxen, the Electrical Wholesale companies, provided a particular boost to growth in Germany, reporting double-digit sales growth. The companies Liqui Moly (Chemicals unit), the tool distributor Hahn+Kolb, and Würth Elektronik ICS also reported successful development with double-digit sales growth rates. In contrast, Würth Elektronik eiSos was confronted with dwindling demand due to the cyclical development on the electronics market. The companies in the Trade business unit, such as Conmetall Meister and WASI, our specialist for stainless steel fasteners and special materials, were also confronted with a difficult market environment. On the other hand, the Würth Line, the core business of the Würth Group with Würth Industrie in Bad Mergentheim and Adolf Würth GmbH & Co. KG, grew at a faster rate than the Würth Group in Germany at 6.0 percent.

Adolf Würth GmbH & Co. KG, the parent company and at the same time largest individual company in the Group, generated sales of EUR 2,945.8 million, including intra-Group sales (2022: EUR 2,775.4 million). After two outstanding years, the company grew by 6.1 percent in 2023, albeit a somewhat lower rate, partly due to the subdued sales trend in the construction sector. On 16 July 1945, one of the success stories of post-war Germany began with the establishment of the company. It plays a pioneering role within the Group and successfully introduced the multi-channel strategy back in 2014. Alongside sales employees, the 593 shops (2022: 585) are key to the company's positive development. The further expansion of e-business, whose sales increased by a double-digit percentage to account for a share of 21.9 percent in 2023, underpins the company's successful digitalization strategy.

Professionalism, both internally and externally, coupled with dynamic sales growth explain the high level of profitability of Adolf Würth GmbH & Co. KG. It was able to increase its operating result again in 2023. This earnings power is also

THE WÜRTH GROUP AROUND THE WORLD

a prerequisite for investments in forward-looking sales, logistics, and product solutions, e.g., in the strategic partnership for the digitalization of the construction industry. In August 2023, Adolf Würth GmbH & Co. KG joined LCM Digital, a subsidiary of construction and real-estate specialist Drees & Sommer, as the second shareholder.

All in all, Germany accounts for an operating result totaling EUR 673 million (2022: EUR 721 million), making it the most profitable region.

High interest rates and high inflation impacted economic performance worldwide in 2023. This also applied to the **American continent**. In **North America,** especially the US, the first two quarters of 2023 were characterized by multiple interest rate hikes by the Fed to curb inflation. These steps had the desired effect. Falling energy prices have also brought down inflation in the US. The recession that had been predicted for the US market in 2023 failed to materialize, and the labor market proved to be fairly robust. Gross domestic product in the US climbed by 2.5 percent in 2023. The Würth Group held its own in this economic environment, although developments varied considerably from business unit to business unit. Würth USA was able to continue the positive development seen over the last two years and achieve double-digit growth to over USD 100 million in annual sales. The companies in the Chemicals, Electronics ICS, and Production units also reported encouraging growth. Würth Electronics Midcom Inc., on the other hand, felt the headwind from the negative cyclical development on the electronics market and, like companies in the Würth Line's Industry and Wood divisions, struggled with declining sales.

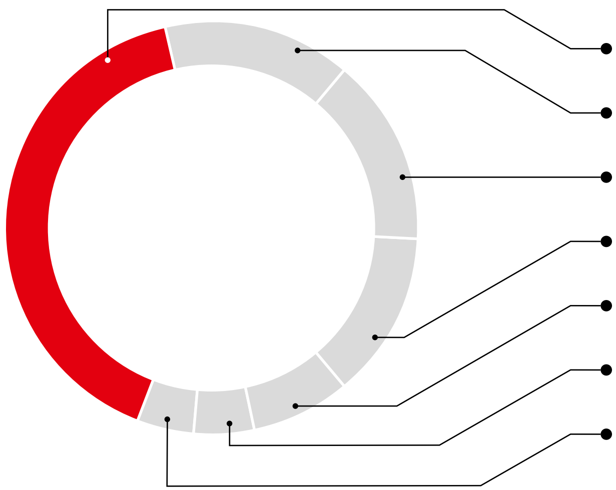
The companies in **South America**, which account for 1.5 percent of Group sales, showed very positive performance in 2023, led by Würth Brazil, the largest company in the region. In addition to Würth Brazil, Würth Argentina, Würth Uruguay, and Tunap Brazil also achieved double-digit sales growth in local currency terms. Sales growth of 8.0 percent in euro and an increase of 21.3 percent in local currency in this region represent above-average growth rates within the Würth Group, partly due to the high inflation in the countries that make up this region.

Overall, the Würth Group generated sales of EUR 2,997 million in the Americas region. In local currency terms, sales in the Americas were slightly lower than in the previous year.

The Würth Group companies in **Southern Europe** were able to achieve growth of 4.5 percent in 2023. Accounting for 14.8 percent of sales, the region ranks second behind Germany. In terms of the absolute share of sales, Italy is the dominant country in the Southern European region, followed by Spain and, with a wide margin, Portugal. In fourth place is Turkey, which recorded growth of 18.3 percent in 2023. This growth is particularly noteworthy given the country's economic situation, which is marred by high inflation.

In Italy, the country with the highest sales in Southern Europe, the Würth Group companies achieved growth of 1.5 percent. Würth Italy, the largest individual company in this region, reported sales growth of 6.5 percent. The Electrical Wholesale companies were confronted with declining sales, triggered to a significant degree by the expiry of the "Superbonus 110" government subsidy on 30 September 2023. Over the last three years, the Italian government has been using this state aid decree to subsidize the 110 percent tax deduction for renovation work on single-family homes, as well as the installation of photovoltaic systems and electric columns for charging vehicles, key areas for the electrical wholesale business.

SALES Regions of the Würth Group



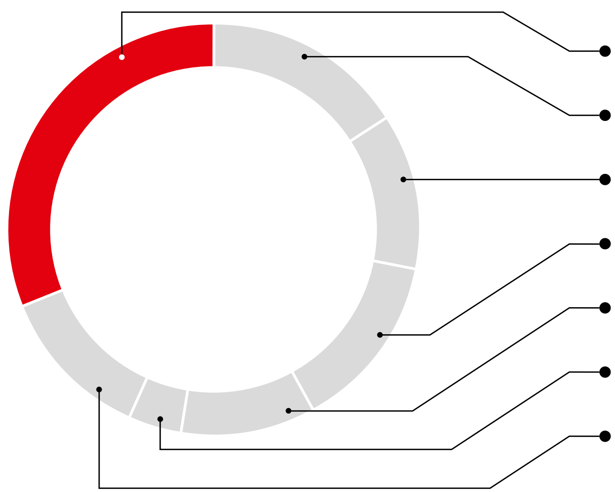
	2023 in %	**2023** in millions of EUR	2022 in millions of EUR	Change in %
Germany	40.6	8,289	7,849	+5.6
Southern Europe	14.8	3,017	2,888	+4.5
The Americas	14.7	2,997	3,134	-4.4
Western Europe	13.2	2,685	2,674	+0.4
Eastern Europe	7.6	1,544	1,468	+5.2
Scandinavia	4.9	1,002	1,022	-2.0
Asia, Africa, Oceania	4.2	862	898	-4.0
Total		**20,396**	**19,933**	**+2.3**

Spain, the country with the second highest sales in Southern Europe, was unable to maintain the growth rate seen in recent years but still achieved above-average sales growth of 8.7 percent. Electrical Wholesale also had a significant impact on the company's development in this region.

In the 2023 fiscal year, 298 additional employees were hired in the Southern Europe region, an increase of 2.2 percent compared with the previous year. Out of the 13,922 employees, more than 10,000 work in sales. No other region has such a substantial sales team.

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. With marginal growth of 0.4 percent, the companies in the region were able to increase sales to EUR 2,685 million. Growth rates vary considerably from country to country however. France and Belgium both grew by more than four percent last year. This allowed France to achieve sales in excess of EUR 1 billion for the very first time. The Würth Line in France was a significant factor in this development with its multi-channel strategy. Würth France achieved sustained success and growth of 26.2 percent in the e-business segment. Declining sales in Austria, the UK, and the Netherlands prevented more significant growth in the region.

EMPLOYEES Regions of the Würth Group



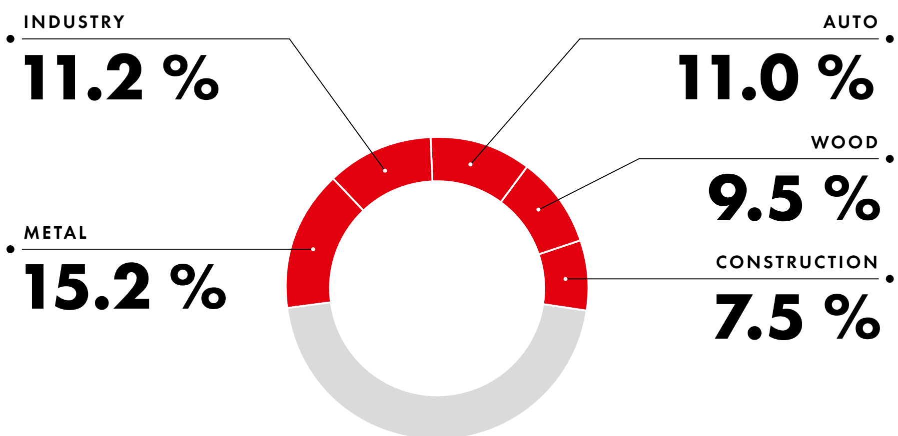
	2023 in %	**2023**	2022	Change in %
Germany	31.2	27,128	26,113	+3.9
Southern Europe	16.0	13,922	13,624	+2.2
The Americas	12.3	10,677	10,335	+3.3
Western Europe	13.7	11,898	11,856	+0.4
Eastern Europe	10.5	9,152	9,246	-1.0
Scandinavia	4.3	3,780	3,696	+2.3
Asia, Africa, Oceania	12.0	10,490	10,767	-2.6
Total		**87,047**	**85,637**	**+1.6**

THE OPERATIONAL UNITS OF THE WÜRTH GROUP

The divisions of the Würth Line

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

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



Metal division

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

Metal subdivision
Customers from the metal working and processing industry are served by this subdivision. The biggest customers comprise metal and steel producers, locksmiths, 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 wide range of sectors, such as industrial enterprises, hotels, shopping centers, airports, and hospitals.

Industry division

The entities of the Industry division are specialized companies with a complete range of assembly and fastening 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 advice.

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

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

Auto division

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

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

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

Wood division

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

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

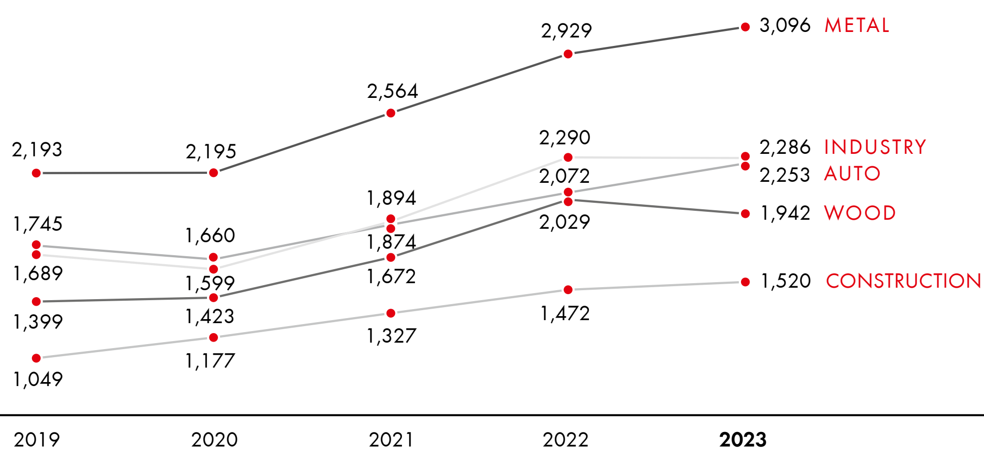
In these endeavors, the Wood division is responding to the latest trends in the industry: The WÜDESTO online configurator already allows customers to create customized furniture elements and order semi-finished parts with exact dimensions in Germany, Austria, Italy, and Belgium. In order to sustainably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

Construction division

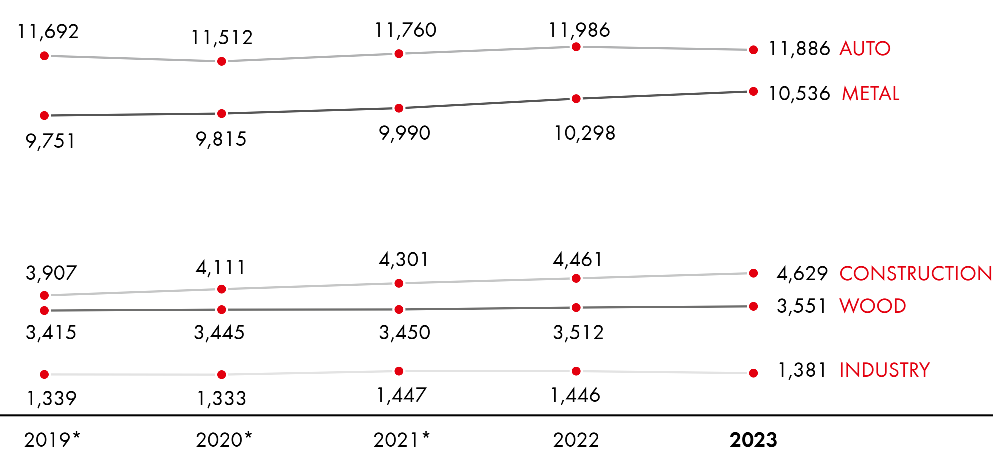
The Construction division aims to supply construction companies across the globe at the regional, national, and international level with standardized high-end products and services. The shops are the ideal port of call for customers looking to cover their immediate needs. The sales force acts as a permanent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

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

SALES by division in millions of EUR



SALES EMPLOYEES by division

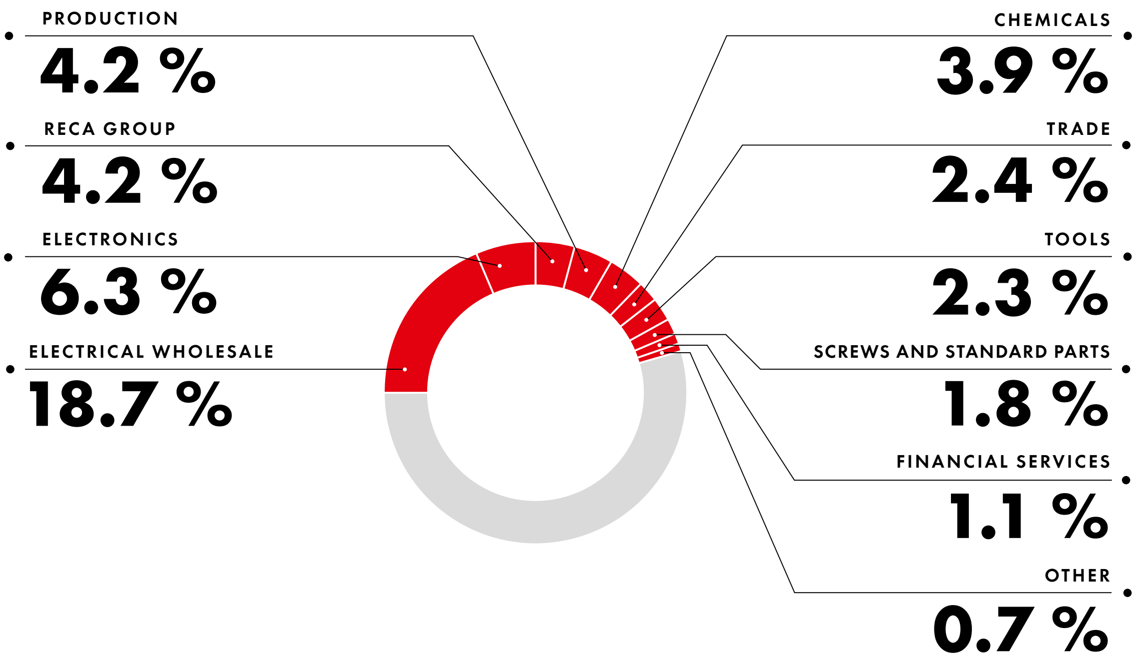


* information presented differently due to new employee classification

The business units of the Allied Companies

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

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

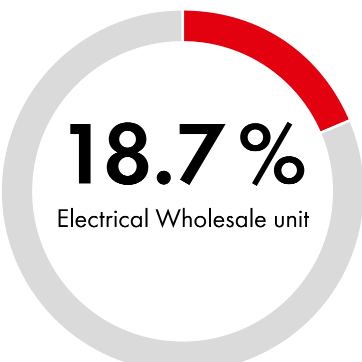


Electrical Wholesale

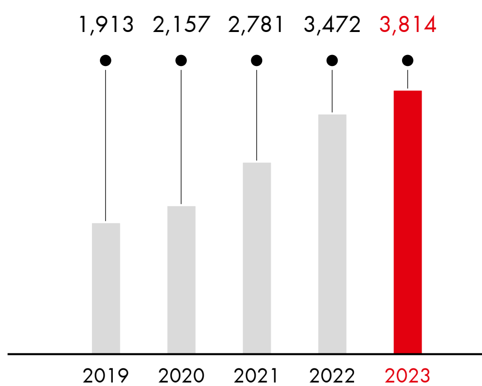
The business activities of these companies include products and systems covering the areas of electrical installation, industrial automation, cables and lines, tools, data and network technology, lighting and illumination, household appliances and multimedia, electrical domestic heating technology, and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

- New record sales: strong sales growth in renewable energies, mainly from photovoltaic systems
- Fega & Schmitt becomes the first individual company in the Electrical Wholesale division to exceed the EUR 1 billion sales mark
- Warehouse, logistics, and IT structures: Seven out of the 18 companies are investing millions in substantial expansion measures, automation solutions, or entirely new warehouse buildings

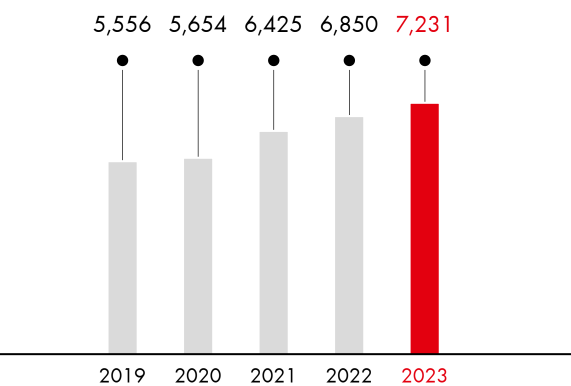
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

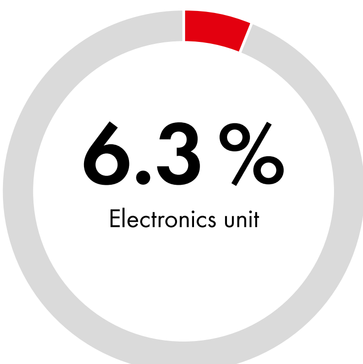


Electronics

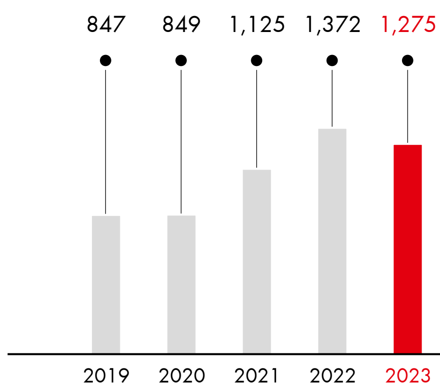
The Electronics unit produces and sells electronic components such as printed circuit boards, electronic and electro-mechanical elements, and full system components comprising intelligent power and control systems.

- Würth Elektronik eiSos (electronic and electro-mechanical elements): opening of the Hightech Innovation Center in Munich-Freiham
- Würth Elektronik CBT: new WEdesign service supports customers in Europe with the creation and customization of PCB layouts, component/library design, and simulations in the areas of signal and power integrity, as well as thermal analysis
- Würth Elektronik ICS (intelligent power and control systems): further internationalization with a new, larger location in France, the establishment of a company in China, and market entry in Japan

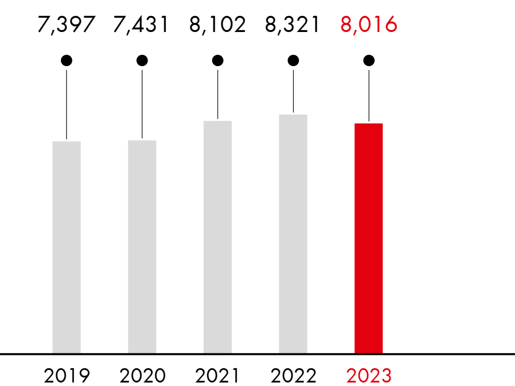
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

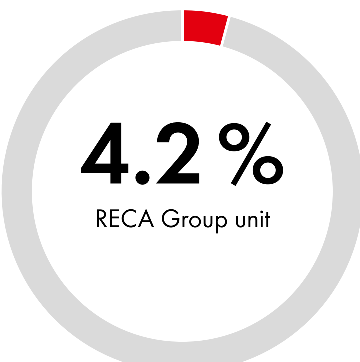


RECA Group

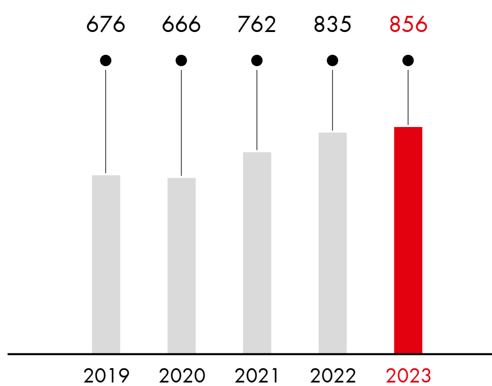
The 27 companies of the RECA Group supply the industry and sell directly to construction, wood, metal, car, and cargo customers in 19 European countries. The company’s portfolio includes tools, assembly and fastening materials, C-parts, workwear, advertising materials, and vehicle equipment.

- Focus on employees: expansion of recruitment measures, for example, using social networks and employee referral management, focus on diversity by boosting the proportion of women in the sales force and expanding inclusive employment
- Increasing the proportion of e-business and system customers through potential-oriented customer development
- Focus on sustainability in a range of different areas: use of renewable energy through photovoltaics, expansion of the infrastructure for e-mobility, measures related to packaging processes, such as shipping boxes made from recycled materials, and optimized freight transport routes

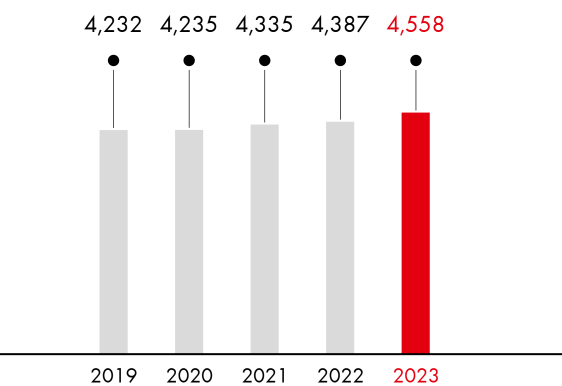
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

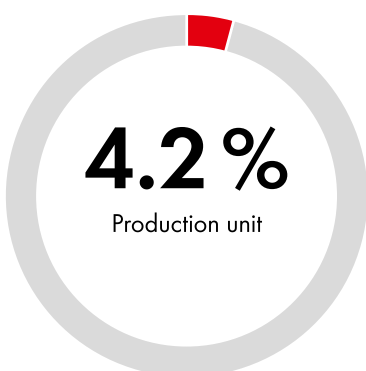


Production

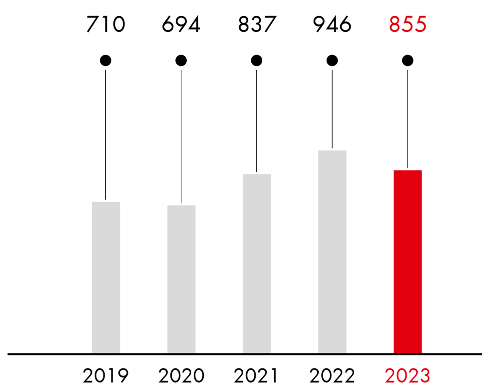
The range in this business unit includes the production of cold-formed parts, forming and punching tools, a variety of fasteners and fastening systems, furniture fittings, plastic assortment and storage boxes, as well as factory and vehicle equipment. The business unit supplies a range of customers,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

- Arnold Umformtechnik celebrates its 125th anniversary with a ceremony at the Carmen Würth Forum and opens its third production site in the Hohenlohe region with the facility in Forchtenberg-Rauhbusch
- Reisser Schraubentechnik uses innovative laser welding technology to produce stainless steel screws
- Grass Austria: Implementation of an automated transportation system to optimize the entire value stream from the raw component to the finished frame

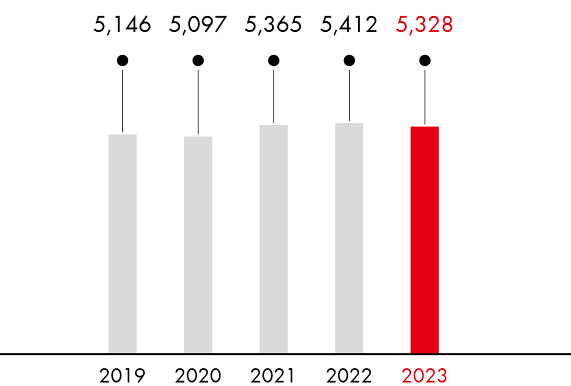
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

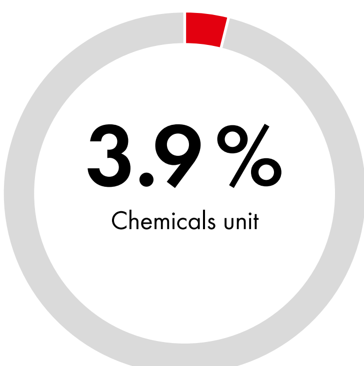


Chemicals

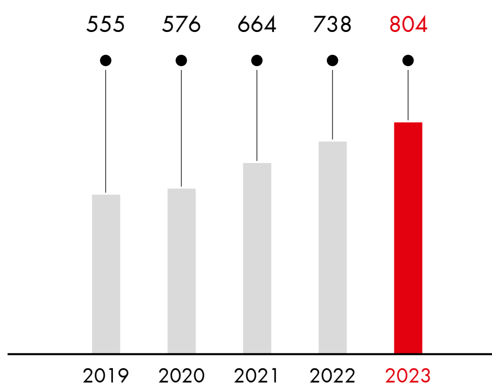
The companies in the Chemicals unit are responsible for the development, manufacturing, and distribution of chemical products for the automotive, industrial, and cosmetics sectors. They distribute both their own brands and private-label products and are recognized as innovation specialists and experts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

- Tunap receives the 2023 Business Award of the Bad Tölz-Wolfratshausen district for outstanding entrepreneurial performance in the region and is crowned “Employer of the Future” by the German Innovation Institute for Sustainability and Digitization (diind)
- Liqui Moly takes first place in the multi-oil test of “Auto Bild” magazine with its LM-40 multifunctional spray
- Kisling expands its product range to feature four new epoxy resin potting compounds for the fast-growing e-mobility and (power) electronics markets

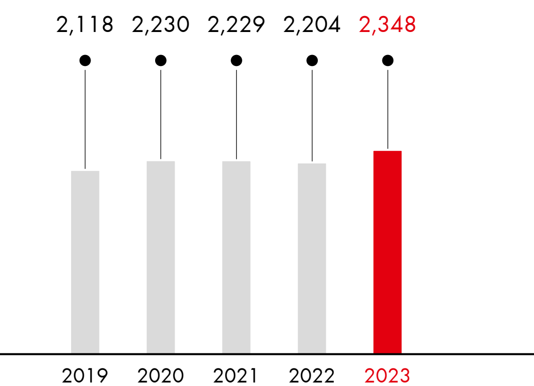
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES



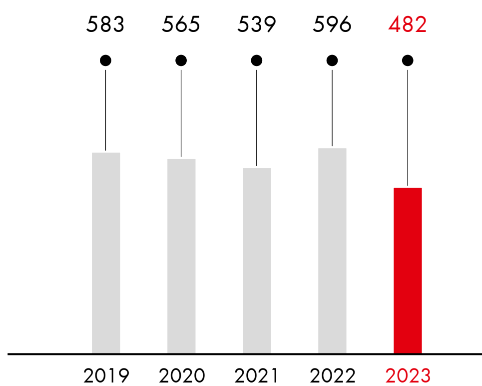
Trade

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.

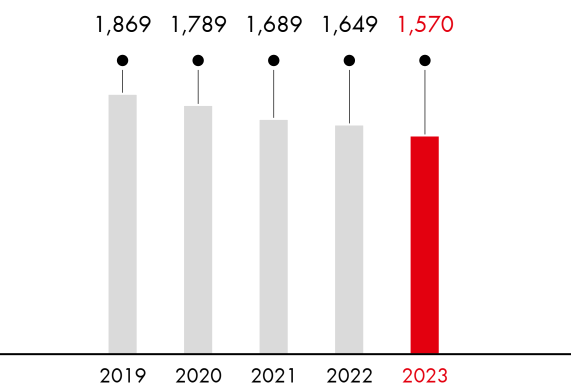
- Focus on sophisticated rack and packaging systems, as well as customized special solutions: The Unifix Shop System, an automated locker service, enables retailers to provide their own 24/7 sales, delivery, and exchange service for their customers with an integrated web service for the online store
- In the ConsuLive digital showroom, Unifix consultants can give their customers a better idea of the products on offer
- SWG Trade: further development and expansion of the Find_IT smart rack system, which shows customers the storage location of the product they are looking for

SHARE OF TOTAL SALES

SALES in millions of EUR



EMPLOYEES

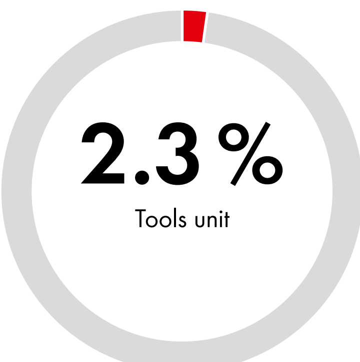


Tools

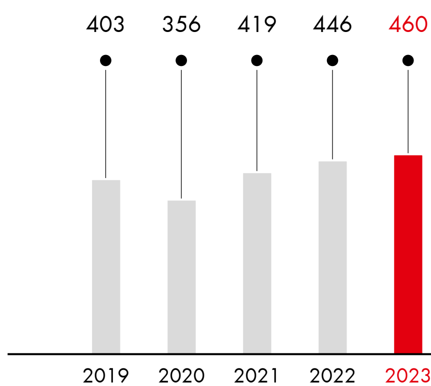
The tools companies supply customers in the metalworking and metal processing industries, particularly in the mechanical and plant engineering sector, and in the automotive manufacturing and automotive supplier industry. They sell products from the areas of drilling, milling, turning, clamping, grinding,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

- Group-wide own brand ATORN®: expansion of product range and expertise, particularly in the area of personal protective equipment
- Increased productivity thanks to digitalization and automation of sales and internal processes
- Development of a broader customer base with major customers from transportation and logistics, the food industry, and the energy sector

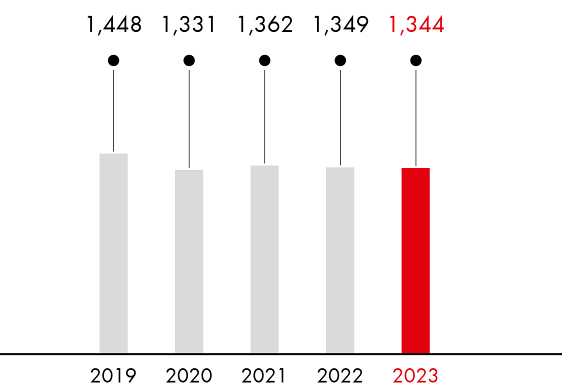
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

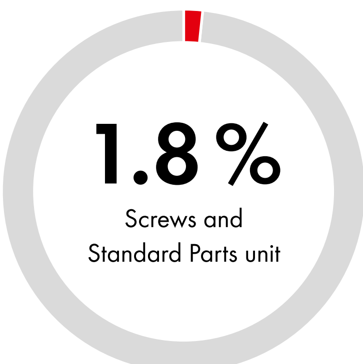


Screws and Standard Parts

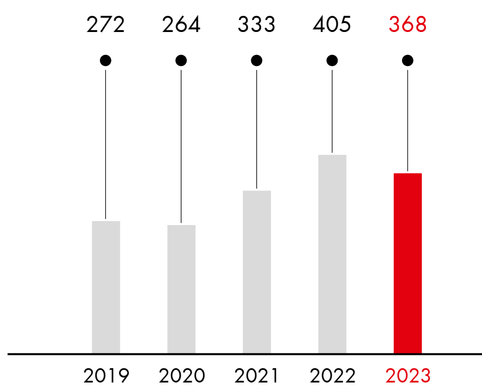
The stainless steel companies are product specialists with supply concepts for industry and trade. Their business activities mainly focus on the trade in stainless steel fasteners, especially DIN and standard parts. The hydraulic companies specialize in trading in hydraulic connection technology and providing the associated services.

- Hydraulics companies: HSR continues to successfully expand its digital service expertise; new features include digital reports on hydraulic maintenance measures generated by a mobile service in workshop vehicles
- Indunorm lays the foundation in Germany for the series production of hydraulic hose lines that will go into operation in 2024
- Gross profit of the stainless steel companies is hit by falling nickel prices compared to the previous year (–45.4 percent)
- Expansion of the product range for the assembly of photovoltaic systems and end-to-end solutions for installation companies

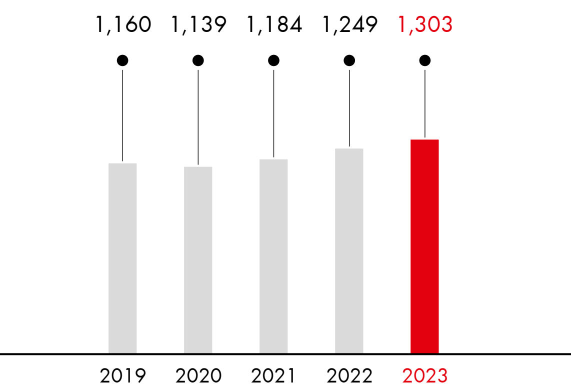
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES

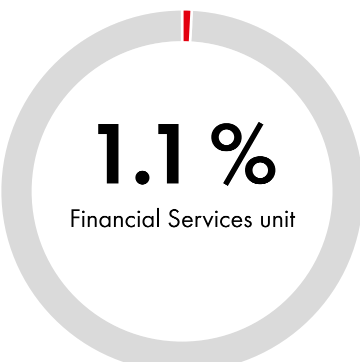


Financial Services

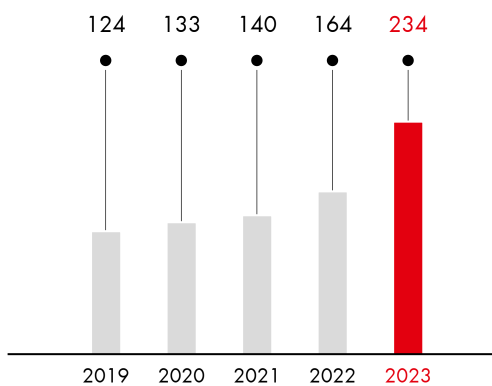
Security is a buzzword at the moment, especially in the financial sector. Thanks to its financial independence, the Würth Group offers this very security in all areas of financial services: financing, leasing, retirement plans, property and personal insurance, and asset management.

- Waldenburger Versicherung: investments in digitalization, sales, and staff ensure future viability
- IBB Internationales Bankhaus Bodensee AG: stable annual result in a challenging environment
- Leasing companies report strong growth but are hit by the economic slowdown in the last four months of the year

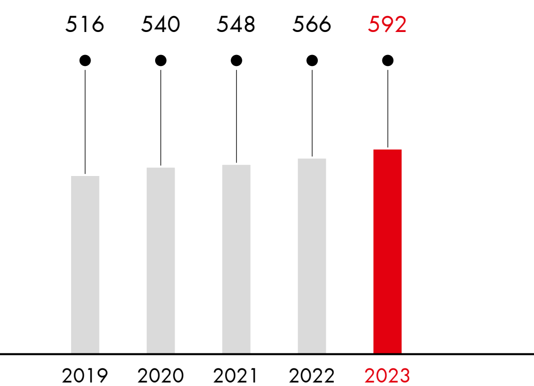
SHARE OF TOTAL SALES



SALES in millions of EUR



EMPLOYEES



Net assets, financial position, and results of operations

- **Second best operating result in the company's history**
- **Würth Group ups its investments considerably**
- **Cash flow from operating activities rises to over EUR 2 billion for the first time**

Despite the tense global economic and political environment, the Group increased its sales yet again in the 2023 fiscal year. The more challenging conditions did, however, have a negative impact on the operating result, which came to EUR 1,455 million (2022: EUR 1,575 million). Although this result corresponds to a decline of 7.7 percent, the Würth Group nevertheless achieved the second-best operating result in its history. The return on sales fell to 7.1 percent due to the lower operating result and simultaneous sales growth (2022: 7.9 percent). We calculate the operating result as earnings before taxes, before amortization of goodwill, brands and financial assets, before the collection of negative differences recognized in profit or loss, before the adjustment of purchase price liabilities from acquisitions through profit or loss, and before changes recognized in profit or loss of non-controlling interests disclosed as liabilities.

The decline in the operating result can also be traced back to inflation-driven cost increases, also for energy and raw materials, as well as higher interest expenses than in the previous year. Although material shortages have become much less of a problem than in 2022, there was still a shortage of materials in the automotive industry, in the field of data processing equipment and manufacturers of electronic equipment, and in mechanical engineering, preventing more positive development at companies operating in these areas. In addition, there was a certain catch-up effect on costs for travel, trade fairs, and conferences, which had been below the 2019 level in previous years due to the COVID-19 pandemic.

The German companies achieved an operating result of EUR 673 million (2022: EUR 721 million). The 6.7 percent decline was more moderate than in the companies outside of Germany. Accordingly, the German companies' share of the Group's overall result rose to 46.3 percent, while the return on sales fell to 8.1 percent (2022: 9.2 percent). With a record operating result of EUR 306.8 million, Adolf Würth GmbH & Co. KG made the biggest contribution to earnings, followed by Würth Elektronik eiSos. Other contributors include Fega & Schmitt Elektrogroßhandel, Liqui Moly, Uni Elektro Fachgroßhandel, and Würth Industrie Service.

Outside of Germany, the operating result declined, particularly at the companies in the US and Southern Europe. All in all, the companies abroad achieved an operating result totaling EUR 782 million (2022: EUR 854 million), down by 8.4 percent. Companies that are reliant on the electronics industry or the stainless steel segment felt significant economic headwind, and their operating result was unable to match the previous year's level. The furniture fittings area was hit by a marked decline in orders in the kitchen furniture industry. Coupled with high levels of safety stocks that customers had built up in 2022 due to material shortages, this led to a decline in sales and consequently to a lower operating result.

By contrast, established companies in the Würth Line, Electrical Wholesale companies, and the Chemicals group coped very well with the economic challenges and closed 2023 successfully.

The ratio of cost of materials to sales was down on the previous year at 52.1 percent (2022: 52.9 percent). The easing shortage of materials and increased efforts to pass on purchase price increases to customers were the main factors behind this slight improvement. At EUR 154 million, other operating income was up on the previous year (2022: EUR 109 million), mainly due to insurance settlements and the reversal of provisions for legal disputes in which decisions were made in favor of the Würth Group.

At the end of December 2023, the Würth Group had a total of 87,047 employees. This equates to an increase of 1,410 employees. The main focus of the increase in staff was on the shops and the logistics and IT functions. In some cases, the number of employees was adjusted to reflect the lack of capacity utilization in the business units, albeit to a lesser extent than the decline in sales. Together with wage cost increases implemented in 2023, this led to an increase in the ratio of personnel expenses to sales to 24.3 percent (2022: 23.9 percent).

At EUR 863 million, amortization, depreciation, and impairment losses were up on the previous year (2022: EUR 804 million). Amortization, depreciation, and impairment losses include impairment losses on intangible assets, including goodwill, property, plant, and equipment, right-of-use assets, and financial assets amounting to EUR 51.9 million (2022: EUR 44.4 million). These are mainly attributable to the Electronics business unit and production companies. Depreciation and amortization increased by 6.2 percent to EUR 811 million (2022: EUR 759 million).

Other operating expenses rose by 5.6 percent compared to the previous year. The ratio was up slightly year-on-year at 12.3 percent (2022: 11.9 percent). There was a significant increase in sample and advertising costs, as well as travel expenses. Packaging costs showed the opposite trend.

The tax rate fell slightly in the 2023 fiscal year to 21.5 percent (2022: 22.8 percent). One of the main reasons behind this slight decrease is the capitalization of deferred taxes on unused tax losses from previous years and lower taxes relating to other periods compared to 2022. This was offset by an increase in non-tax-deductible expenses. For a detailed analysis, please refer to "13. Income taxes" in the consolidated financial statements.

Overall, with sales of EUR 20.4 billion and an operating result of EUR 1.5 billion, the 2023 fiscal year did not quite meet the expectations set out by the Central Management Board at the beginning of 2023. Despite the difficult economic and political conditions created by the war in Ukraine and the conflict in the Middle East, sales rose to a new record level and the company achieved the second-best operating result in its history. The Würth Group has once again clearly demonstrated its ability to perform by spreading risks through its international positioning, diversification across various business areas, and its multi-channel strategy. Its broad positioning, which once again proved to be relatively resistant to crisis in 2023, means that it is able to compensate for economic fluctuations in individual submarkets.

EARNINGS BEFORE TAXES

Reconciliation of operating result of the Würth Group in millions of EUR

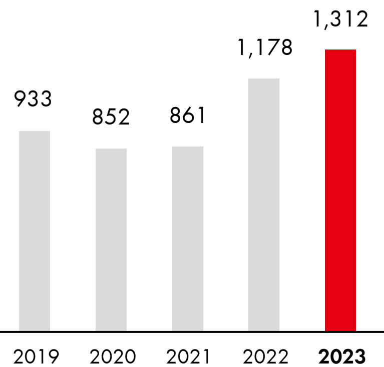
	2023	2022	%
Operating result	**1,454.6**	**1,575.1**	**–7.7**
Impairment losses for goodwill and brands	0.0	–19.0	–
Measurement of the interests as defined by IAS 32	–2.9	–6.2	+53.2
Other	–5.3	–4.5	–17.8
Earnings before taxes	**1,446.4**	**1,545.4**	**–6.4**

Net income for the year fell by 4.9 percent to EUR 1,136 million (2022: EUR 1,194 million). Our gross profit—that is to say, sales minus the cost of goods sold—has stabilized due to the easing of the shortage of materials and active price management. Staff turnover improved in a year-on-year comparison, which is also an expression of the company's policy of generally keeping employees on and not reacting immediately to difficult economic conditions by making capacity adjustments. In a long-term comparison over the last 20 years, staff turnover is at a low level of 12.6 percent (2022: 14.2 percent). Productivity deteriorated slightly in 2023 due to the subdued sales trend and simultaneous increase in the number of employees. Overall, the Central Management Board is satisfied with developments in the 2023 fiscal year. Although the targets set for sales and operating result were not quite achieved, the expectations that became more firmly established in the course of 2023 were met.

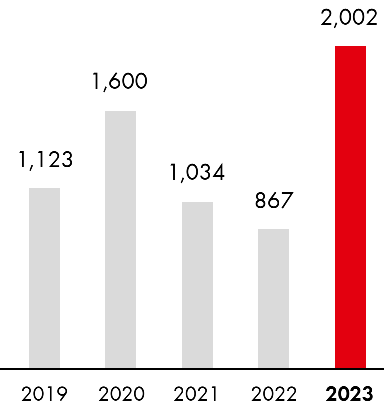
Capital expenditures and cash flow

The year 2023 was characterized by geopolitical turbulence. Nevertheless, the Würth Group was able to achieve record sales. Growth is inextricably linked to the self-image of the Würth Group as a matter of principle. Growth by tapping

INVESTMENTS Würth Group in millions of EUR



CASH FLOW FROM OPERATING ACTIVITIES Würth Group in millions of EUR



into new markets and growth in existing markets require optimal underlying conditions. One of the ways in which the Würth Group achieves such conditions is through sustainable investment. In 2023, investments in intangible assets and property, plant, and equipment, excluding acquisitions, amounted to EUR 913 million, an increase of 11.2 percent compared to the previous year. This means that, over the past ten years, the Group has invested around EUR 6 billion in intangible assets and in property, plant, and equipment.

In 2023, investments 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.

Within the Allied Companies, Reisser Schraubentechnik GmbH is sending a positive message to the local economy with its new logistics center in Osterburken. The state-of-the-art logistics center in the Osterburken Regional Industrial Park (RIO) is scheduled to go into operation in the fall of 2024, with the ground-breaking ceremony taking place in July 2022. A warehouse of around 20,000 square meters is being built on an area spanning four hectares. In addition to the high-tech warehouse, a modern administration building is also being constructed at the new logistics site. The EUR 52 million investment is the largest in Reisser's company history, spanning over a century. The new buildings in Osterburken are being planned and constructed in accordance with the energy-efficient construction guidelines set out by the German state-owned development bank, Kreditanstalt für Wiederaufbau (KfW). Photovoltaic modules with a total output of almost 1,000 kWp are being installed on the roof of the hall, ensuring that the modern building is powered by green electricity.

The manufacturing company Liqui Moly GmbH is opening a new chapter at its headquarters in Ulm: A new building for the production of additives featuring three state-of-the-art filling systems and additional office space was opened in 2023 and will be fully operational in 2024. The new machines increase the maximum output capacity by 40 percent. The company has invested EUR 8 million in the new additive production facility. Liqui Moly develops and manufactures all of its additives in Ulm. The investments mark the commitment to the

Ulm location, as well as to quality "made in Germany". The expansion of the new additive production facility not only creates additional jobs and improves working conditions but also marks an important milestone on the way to the company's EUR 1 billion sales target.

In addition to the Allied Companies, the Würth Line companies also made substantial investments in expanding their logistics capacities for future growth. One example is Würth Industrie Service GmbH & Co. KG in Bad Mergentheim, which is constructing a new automated high-bay warehouse with a further 59,000 storage bays on an area spanning over 4,000 square meters. More than EUR 30 million is being invested, with the warehouse scheduled to go into operation in April 2024. Würth Industrial Park in Bad Mergentheim is one of the most advanced logistics centers for industrial supplies in the whole of Europe. Around 20,000 customers are reliably supplied with production materials and supplies from the facility. State-of-the-art, fully automated high-bay and shuttle warehouses with a capacity of over 650,000 storage bays, 34 kilometers of conveyor technology, autonomous container shuttles, camera inspection systems, and modern self-learning robots are used—the aim being to optimize workplace ergonomics, ensuring a healthy way of working in the long term by relieving employees of physically demanding tasks and increasing the degree of automation and digitalization.

Logistics capacities for the core business were also expanded outside Germany. Würth Hungary opened a new logistics and administration center in Törökbálint in August 2023. A new location was built at a cost of EUR 18.2 million, still ensuring proximity to the capital Budapest while at the same time offering optimal transport links. The old site was built 33 years ago in Budaörs, on the western outskirts of Budapest. As the company has doubled its sales over the last eight years, the warehouse and office capacities had reached their limits. With 4,800 square meters of logistics space and 1,870 square meters of office space, Würth Hungary is now equipped for the future.

In addition to investments in production and storage space, we have also, as in previous years, invested in our ORSY® storage management system, which offers our customers storage and provision options for various consumables and supplies in line with their needs. A total of 42.7 percent of the total investments were made in Germany (EUR 560 million). This reflects how important the domestic market continues to be for the Würth Group.

The investment controlling system, which has been further refined in recent years to feature sophisticated recording and detailed analysis options, allows the Central Management Board to respond to any changes that emerge at very short notice and to adapt to new conditions at any time of the year. In 2023, the Würth Group once again remained true to its approach of financing investments in intangible assets and property, plant, and equipment (excluding right-of-use assets under IFRS 16) entirely from its operating cash flow. Our cash flow from operating activities came in at EUR 2,002 million (2022: EUR 867 million), setting a new record. The increase of EUR 1,135 million compared to the previous year is due to very prudent inventory management and the highly efficient management of trade receivables.

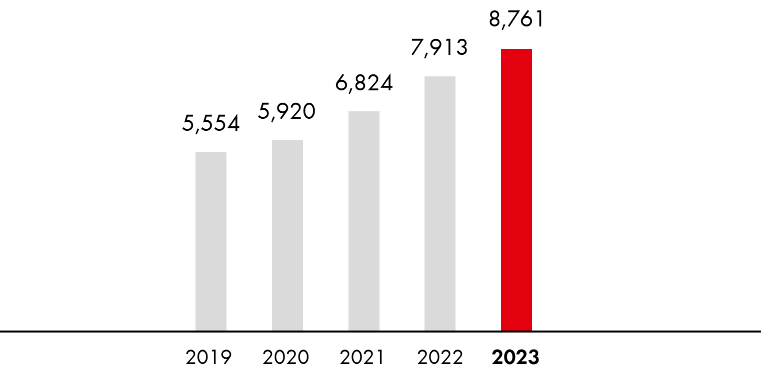
Purchasing

The year 2023 saw the procurement market change from a seller's market to a buyer's market. The market environment in Germany, Europe, and Asia remains challenging. The purchasing managers' indices showed a marked negative trend for the markets. The values have been falling steadily since February 2023 and dropped to well below the 50-point growth threshold for Europe in December 2023. The figure for the eurozone in December 2023 was 44.4, and only 43.3 for Germany. The index in China was sitting at 50.8 in December 2023.

This means that production capacities are not being fully utilized. The decisions made by the Federal Reserve Bank and the European Central Bank to hike key interest rates also triggered a significant slump in the construction industry in particular. The US dollar bounced back slightly compared to 2022, which made purchases from the dollar area more advantageous.

On the procurement side, the situation has calmed down considerably compared to 2022. Supplier capacity utilization is falling, making supply chains more stable again and significantly improving delivery performance in 2023. Delivery perfor-

EQUITY Würth Group in millions of EUR



mance stabilized in all product areas. In the course of 2023, especially in the second half of the year, price reductions were achieved for the first time since the COVID-19 pandemic, although these only took effect with a certain time lag due to high inventory levels. As economic development in the coming months is associated with considerable uncertainty, purchasing will continue to focus on reducing inventories, boosting stock turnover, and lowering purchase prices.

Raw material development paints a mixed picture depending on the product area. For example, the availability of steel, aluminum, and plastics improved significantly, particularly in Asia, while the technical chemicals sector remained plagued by disruption in some cases. Prices for raw materials, particularly copper, nickel, steel, and plastic, fell over the course of 2023.

The freight situation was another area where developments were positive. Container ship capacity utilization eased in 2023 and European and Asian ports were no longer confronted with delays by December. As a result, container prices also dropped back to pre-COVID-19 pandemic levels. This positive development came to a halt when the Houthi militia attacked container vessels in the Red Sea.

In addition to mounting legal requirements and guidelines, such as the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) or the Carbon Border Adjustment Mechanism (CBAM), global political tension continues to pose challenges for procurement, for example, when sanctions are imposed on certain countries. Due to the volatile market situation, we are continuing to look for alternatives for strategically important product areas in order to ensure our ability to deliver at all times.

Inventories and receivables

Due to its business model, inventories and receivables are key balance sheet items for the Würth Group. The company's management keeps a constant eye on managing and optimizing them. The transformation of the procurement market from a seller's to a buyer's market eased the inventory management situation in 2023. However, reduced demand in almost all markets and cautious ordering behavior among customers were reflected in lower sales growth. As a result, inventories were only built up in a small number of business units, such as Electrical Wholesale. The majority of companies in the Würth Group focused on reducing their inventories. As a result, the Würth Group's inventories fell to EUR 3,512 million (2022: EUR 3,828 million), down by 8.3 percent or EUR 316 million on the previous year. Stock turnover, calculated on a 12-month basis, fell slightly from 4.2 times at the end of 2022 to 4.1 times at the end of 2023.

The tense global economic and political environment means that safeguarding the Würth Group's liquidity remains a major focus. The risk of increasing corporate insolvencies, or at least delayed payments, increased, particularly in the last few months of the year. The long-established controlling systems, which allow the Group to take fast action in response to any undesirable developments that may emerge, helped the Würth Group to stay on top of the situation at all times. Thanks to efficient interaction between sales and receivables management, the Group reduced its trade receivables by 3.1 percent to EUR 2,732 million (2022: EUR 2,819 million). At 54.3 days, the collection days key figure (based on a 12-month calculation) was, however, up on the previous year (2022: 54.0 days). This increase was influenced to a considerable degree by the companies outside of Germany as companies in Germany actually reduced the number of collection days from 41.2 to 40.9 days. In the last ten years, the 41-day threshold has only been undercut in the 2020 and 2021 pandemic periods. Due to the large proportion of sales generated by the German companies, this development gives the Group additional security for a stable liquidity trend as the number of collection days outside of Germany rose from 62.3 in the previous year to 63.6 days. We will continue to promote the optimization of 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, and the Middle East as they can slow growth.

The percentage of bad debts and the expenses from additions to value adjustments related to sales remained constant compared to 2022 at 0.4 percent.

Financing
The Würth Group's equity increased to EUR 8,761 million last year (2022: EUR 7,913 million). This equates to an increase of 10.7 percent. This increase of EUR 848 million pushed the equity ratio up to 48.7 percent (2022: 46.0 percent), which is a good level for a trading company. The high level of equity financing allows the company to be largely independent of external capital providers, which is a must particularly in times of crisis. In addition, 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 for years, strengthening customers' and suppliers' trust in the Würth Group. As a family business, the Würth Group has largely reinvested profits in the company for decades.

Total assets increased moderately by 4.7 percent to EUR 17,995 million (2022: 17,188 million), mainly due to an increase in property, plant, and equipment and the expansion of financial services activities.

Refinancing in the banking sector was mainly achieved via customer deposits and financial intermediaries, as well as via the European Central Bank, while refinancing in the leasing segment was achieved mainly through the ABCP (asset-backed commercial paper) program created especially for this purpose, a global loan program launched by the German state-owned development bank KfW, as well as through non-recourse financing and internal funds.

The Würth Group has undergone an annual rating process for more than 25 years now. The leading rating agency S&P Global Ratings once again confirmed the Würth Group's "A /outlook stable" rating in May 2023. This rating reflects the confidence that business and the financial KPIs will continue to develop successfully. The outlook for the Würth Group is viewed in a positive light. Our long history of good ratings not only documents the positive credit rating. At the same time, it is proof of the continuous and successful development of our corporate group and the stability of our business model.

The optimized management of working capital led to a significant increase in cash and cash equivalents. Consequently, the Würth Group's net debt fell to EUR 455 million as against EUR 987 million in 2022. At the end of the 2023 fiscal year, the Würth Group still had four bonds issued on the capital market with a total volume of EUR 1,850 million, plus CHF 300 million, for financing purposes. The maturities are spread over the years 2025, 2026, 2027, and 2030, meaning that they are well diversified. For further information, please refer to "28. Financial liabilities" in the consolidated financial statements.

The Würth Group has sufficient liquidity reserves. As of 31 December 2023, cash and cash equivalents came to EUR 1,597 million (2022: EUR 1,215 million). In addition, the Group has a fixed undrawn credit line of EUR 500 million provided by a syndicate of banks until September 2028. As a result, the Würth Group continues to have extremely generous financial resources at its disposal, giving it the leeway it needs to act.

Research and development

Würth has been investing in research and development for over 30 years in order to further strengthen its expertise as a leading manufacturer and distributor of fastening technology for professional applications. The Würth Group currently generates around 45 percent of its sales with products manufactured within the Group or incorporating its own development expertise.

The central task of the Group's research and development work is to link individual products, services, and application steps in order to create efficient work processes. The aim is to make customers' work easier and to meet their future requirements. Our development activities primarily focus on our areas of expertise: fastening technology, screws, anchors, chemicals, machines, and systems.

The Reinhold Würth Innovation Center Curio was opened at the headquarters in Künzelsau in September 2022 to bring pioneering product and system innovations to the market even faster and in a more customer-oriented manner. Modern climate chambers, workshops, and one of the world's most efficient fastening technology test centers were built on premises spanning 15,500 square meters, along with test facilities for power tools and IoT.

Around 250 employees from the product management, quality assurance, and research and development departments of Adolf Würth GmbH & Co. KG and the Group's manufacturing companies work at the Innovation Center. They cooperate with external scientists through university partnerships. Cooperation with the Karlsruhe Institute of Technology KIT, as well as the University of Stuttgart and Reinhold-Würth-Hochschule of Heilbronn University of Applied Sciences on the Künzelsau campus, creates a cluster of specialized knowledge and application expertise. This enables solutions from university research to be implemented more quickly in industrial practice.

In the latest innovation project, KIT students spent a semester developing application-oriented solutions for roof construction in cooperation with Adolf Würth GmbH & Co. KG. This resulted in eight new patent applications.

In addition to product developments, Würth develops and tests intralogistics systems on a logistics area within Curio. The latest technologies available on the market can be tested on an area spanning several hundred square meters of office, storage, and logistics space without affecting ongoing operations. Innovations that pass the test are transferred to operational logistics.

Innovation is a top priority for the Group. The Würth Group currently has more than 3,300 active patents and utility models. The decline compared to the previous year is due to the streamlining of the product portfolio and patents that have since expired. The Group also has more than 1,350 registered designs and more than 8,270 active brands. Three pioneering products that exemplify the numerous innovations of the Würth Group are presented below.

The Würth Group: Adolf Würth GmbH & Co. KG and Toge Dübel GmbH & Co. KG

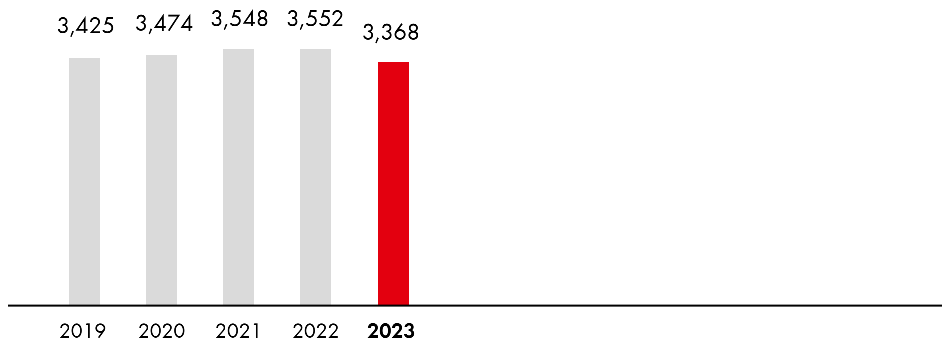
REINFORCE AC contributes to sustainability

Installing photovoltaic systems on existing roofs promotes the energy transition and avoids new land consumption. However, older industrial roofs made of aerated concrete are often not suitable for photovoltaic systems as their load-bearing capacity is insufficient.

In a joint research project, Adolf Würth GmbH & Co. KG and Toge Dübel GmbH & Co. KG developed REINFORCE AC, a system that increases the load-bearing capacity of old aerated concrete roofs considerably by reinforcing them from the inside. This is achieved using screws and a strengthening mortar that is pressed into the air capillaries of the aerated concrete. While the screws help support the existing reinforcement of the aerated concrete, they are used at the same time to anchor GRP or aluminum rods to the underside of the roof. These serve as additional external reinforcement and bending tensile reinforcement. This allows the load-bearing capacity of roofs to be increased by up to 80 percent or for already damaged aerated concrete elements to be secured beyond the original load bearing capacity.

REINFORCE AC was developed at the Reinhold Würth Innovation Center Curio and received the Baden-Württemberg 2023 Environmental Technology Award in the “Material Efficiency” category. The solution is available on the market

ACTIVE PATENTS of the Würth Group



and projects are approved on a case-by-case basis. General building authority approval from the German Institute for Building Technology (DIBT) is expected in the course of 2024.

Würth Line: Adolf Würth GmbH & Co. KG

Three innovative drill bit types have been added to the ZEBRA® SMART STEP® product family

Würth focuses systematically on innovations in the field of efficient and intelligent drilling. In addition to the new sheet metal conical drills and a premium version of the "3 in 1" combination screw tap, the company is now also presenting new stepped drill bits.

The stepped drill bits are available in uncoated and aluminum-titanium-nitride-coated versions and are characterized by a vast range of dimensions. SMART STEP® technology enables customers to drill up to three times faster and more precisely. Innovative geometries between the step transitions minimize the force required and ensure controlled drilling. The patent-pending geometry of the coated stepped drill bit also ensures a significantly longer tool life: The tool lasts three times as long before reaching its wear-and-tear limit.

The new stepped drill bits are ideal for sheet metal processing in various industries, such as the electrical trade, plumbing and heating technology, and automotive workshops, as well as machine, switch cabinet, container, and apparatus engineering.

Allied Companies: Würth Elektronik Circuit Board Technology

Advancing the development of smart patches for cardiac monitoring

Würth Elektronik Circuit Board Technology (CBT), together with partners from research and industry, has developed a stretchable and wireless patch that allows for long-term cardiac monitoring. Once applied, the patch measures the patient's bodily functions. Hospital staff receive the values for monitoring directly via an app.

Würth Elektronik CBT supported the design of the printed circuit boards and manufactured the stretchable substrates. The patch's adhesive-back film is made of an elastic material that is comfortable to wear on the skin. The thermoplastic polyurethane film can be processed cost-effectively using standard PCB techniques, such as pick-and-place machines. This advantage was exploited by integrating the electrical functions into a dual system-in-package (SiP) design that could be mounted directly on the flexible PCB. The high degree of miniaturization and tight integration resulted in an unobtrusive design. This means that the patch remains almost invisible under clothing.

The intelligent patch was developed as part of the ECSEL (Electronic Components and Systems for European Leadership) initiative funded by the European Union and the "Advanced packaging for photonics, optics and electronics for low cost manufacturing in Europe" project. Würth Elektronik CBT was one of 31 European partners that took part in the project. The aim of the project was to strengthen the semiconductor value chain for medical technology in Europe by developing new tools, methods, and processes for series production.

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. To ensure this, the Würth Group has established a system that identifies entrepreneurial opportunities and risks, records and 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 Group Auditing Department, the Group Controlling Department, and the early warning system. The Central Management Board of the Würth Group holds overall responsibility for the Group-wide risk management process and defines the principles of our risk policy and risk 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 Management Board of the Würth Group and coordinates risk management 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 Management Board and Executive Board based on standardized monthly reporting.

System-based control mechanisms such as validation and cross-checks optimize the quality of the information as a basis for decision-making. The standardized

RISK DEVELOPMENT Würth Group 1 January 2023–31 December 2023

Economic environment	Political environment	Information technology	Human resources	Compliance	Business model
↑	↑	↗	→	↗	→

↑ significant increase ↗ slight increase → unchanged ↘ slight decrease recording of the financial statements of all Group entities, combined with monthly reporting, is not only efficient, it also avoids carry-over errors, safeguards the uniform provision of information, and includes numerous plausibility checks, without which the information cannot be forwarded. Standardized external and internal reporting also helps to ensure that financial reporting changes are implemented in a uniform manner across the Group. Changes to the data recorded are documented using check digits and authorized by a corresponding system of IT access rights. Standard software is used for consolidation. Changes in the system settings are logged centrally. The monthly and annual financial statements of Group companies are subject to regular automated assessment mechanisms, as are the consolidated financial statements. Moreover, Würth's Policy and Procedure (PAP) Manual contains internal procedural instructions. Internal publications and training include detailed rules on financial reporting, compliance with which is regularly reviewed by the Auditing Department. External specialists are consulted to clarify the implications of legal and tax issues on accounting. External actuaries calculate pension obligations and similar obligations. Furthermore, regular training courses for those in charge of finance departments, which are also offered online, ensure that all employees involved in the financial reporting process are up to date on the latest information and knowledge 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. At the request of the Advisory Board's Audit Committee, another analysis of the risk management system was carried out by an auditing firm in the 2023 fiscal year. The focus was on determining the status quo, analyzing the degree of maturity, and performing a comparison with third-party companies. The resulting recommendations are being explored in close consultation between the Central Management Board and the Audit Committee, with some of them being implemented immediately or scheduled for implementation in the future, also from an economic and efficiency perspective. Overall, the results of the analysis have fundamentally confirmed our previous risk management approach, although adjustments have to be made in some areas in order to meet the requirements of the new IDW PS 340 auditing standard promulgated by the German Institute of Public Auditors (IDW). This auditing standard is not mandatory for the Würth Group but is to be applied in the future. The IT-based risk reporting system was rolled out at further Group companies in the 2023 fiscal year. The Executive Board and the heads of the administrative offices and functions were actively involved in the risk management process.

Risks

The Central Management 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, in some cases 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 2023, 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. The credit insurance master policies were extended ahead of schedule, securing the conditions for the years to come. In addition, receivables from customers are monitored by an extensive receivables 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 these risks through a strict credit verification procedure and appropriate insurance for our investments. Collection days increased slightly in 2023 compared to the previous year but are still 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 predicted increase in insolvencies and 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 had initially been reduced by the temporary suspension of the obligation to file for insolvency introduced in response to the COVID-19 pandemic. Looking ahead to 2024, however, we expect to see a renewed increase in corporate insolvencies and, consequently, also in the number of insolvency challenges. 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. The Würth Group's insurance policies are managed centrally in the main lines of insurance.

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

Economic environment
Through our global purchasing and sales activities, we have a high natural diversification of risk and, as a result, are less sensitive to negative economic developments in individual countries, even though more than 80 percent of our sales are generated in Europe. In addition, the diversification in our business units makes us independent of specific industries and markets, which proved an effective strategy in particular during the various phases of the COVID-19 pandemic. Due to the large proportion of sales generated in Europe, we are heavily affected by economic fluctuations in the eurozone. The Würth Group sources around 25 percent of its goods from the Far East.

On the procurement side, the situation has calmed down compared to 2022. Supplier capacity utilization has fallen, making supply chains more stable again. The inventory buildup that was necessary until the fall of 2022 to ensure delivery capability came to a halt and turned into an inventory reduction trend.

Following the end of the COVID-19 pandemic, we have identified risks in the political development of the markets in Eastern Europe, Turkey, and the Middle East, as well as in the trade restrictions between China, the US, and Europe. We believe that—despite all of the associated economic and social challenges—immigration to Europe still presents opportunities for the labor market and on the demand side for our customers and, as a result, for the Würth Group. We are concerned to see the rise of right-wing populism. We do not, however, currently see this as a direct threat to our business targets for 2024.

Most of the financial risks of the Würth Group are measured, monitored, and controlled centrally by Würth Finance International B.V. Thanks to the A rating from S&P Global Ratings, the Würth Group has very good access to the public and private capital markets to procure further financial resources. With liquid assets of EUR 1,597 million and a committed, unused credit line of EUR 500 million running until September 2028, the Würth Group has sufficient liquidity reserves to meet its payment obligations. There are binding counterparty limits for each counterparty with which financial assets are invested so as to avoid cluster risks. The creditworthiness of all banks is monitored daily. ISDA master agreements with a Credit Support Annex are in place with the main counterparties for financial derivative transactions and guarantee the daily settlement of the net present value of outstanding transactions. No specific defaults by counterparties had come to light at the time this management report was prepared. For an overview of the fair value of derivative financial instruments as of the reporting date and hedges, please refer to "36. Financial instruments" in the consolidated financial statements.

Political environment
The geopolitical world order continued to disintegrate in 2023. A wide variety of trouble spots that had already emerged in 2022 came to a head in 2023 and presented a large number of countries with major challenges. The war in Ukraine took on a new dimension with the demolition of the Kakhovka dam. In addition, there was the conflict in the Middle East, which escalated in October 2023.

Against this backdrop, the world and the Würth Group are poised to see what the 2024 election year brings: In addition to European elections, the US elections are another uncertain factor that will influence the political situation worldwide.

The domestic political situation in Germany is tense. The current government is faced with huge social pressure. At the same time, the ruling of the German Federal Constitutional Court has forced it to make savings that will also have to be cushioned by the corporate sector and the population at large. Increasing discontent among the population is being expressed in numerous protests and strikes, among other things.

Times of crisis such as 2023 once again demonstrate the complexity and interdependence of energy policy, the economy, high inflation, climate protection, and the geopolitical environment. It is clear that the global tensions cannot be resolved in the short term and that policymakers have to show competence and determination in rising to the challenges facing us. In these volatile times, we as a company need to give our employees stability and show them respect. Here at the Würth Group, these are values that we are firmly committed to.

IT structures

As a company with a highly 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 related to cyber security. In line with our corporate philosophy, which allows for a significantly higher degree of centralization in IT, the Würth Group's IT organization, represented by the IT companies, has established a global ecosystem featuring platform-based IT solutions to suit the various business models within the Group.

IT standardization

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

The roll-outs will make existing processes more uniform, more efficient, more transparent, and faster. The increasing demand from our customers for individual ordering and delivery systems can now be met by the individual companies, and the new IT solutions are being made available to other companies. Efficiency gains can still be achieved as the standardization of the IT structures through central development will result in economies of scale. Harmonization of the system environment and support by specialists provide the IT ecosystem with significantly better protection against attacks.

The Würth Group's IT structure has proven its effectiveness 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

Cyber attacks remain a huge risk for every company worldwide. The Würth Group also identified attempted attacks in 2023, but these did not result in any significant damage. Risks arising from global integration are minimized by applying high standards for security policy and the centrally managed Internet perimeter security systems, as well as by systematically isolating the individual strategic business units to make sure that the company has the best level of protection possible. The information security organization was also significantly expanded. This topic is a top priority within the Würth Group, right up to the top management level, and lessons learned from the incidents are incorporated into security policies on an ongoing basis. IT system standards are reviewed by means of IT checks at the Group entities in accordance with a plan coordinated with the Group Auditing Department. This allows us to analyze and reduce the potential threat that cyber risks pose on a regular basis and directly on site. We counteract existing risks by taking organizational and technical measures and also transfer insurable risks to external risk carriers, taking economic aspects into account. All measures relating to data security and IT risks are supported and implemented by our IT security officers in the national companies. They work in line with an IT Compliance Code of Conduct. The IT Compliance Officer of the Würth Group, together with his team and the IT security officers, ensures that the IT Compliance Code of Conduct is further developed and applied. In companies where the IT security systems have already been centralized, it is also possible to implement far-reaching and multi-level security procedures. At a physical level, these relate to our own data centers, and at the logical level they include various system and program components. We analyze our attack surface using conventional methods, supplemented by artificial intelligence procedures to make us even better at defending against attacks. The automated processes of our Cyber Defense Center allow us to detect and contain any attempted attacks in good time.

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

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 satisfaction surveys conducted by independent institutes and monthly monitoring of staff turnover are important tools that help us pick up on any undesirable developments. They also help us to analyze recruitment processes and training and further education programs and to optimize them by taking targeted measures. The overall staff turnover rate of the Würth Group remains at a very encouraging low level below the 15-percent mark. We aim to ensure that this remains the case in the future.

Demographic trends and the shortage of skilled workers mean that competition for employees is increasing, and vacancies are becoming increasingly harder to fill. In this respect, keeping existing employees within the Group is paramount. Offering attractive working conditions plays a decisive role in this endeavor and strengthens the Würth employer brand. The "New Work" approach illustrates ways of structuring work in the Würth Group going forward to make it effective and efficient for employees and the company alike. An important goal in the Würth Group's HR work is to offer employees an attractive working environment with interesting development opportunities. This also includes the fundamental commitment to filling management positions primarily with our own up-and-coming staff. The Würth Group, with its diverse business models and international focus, has a great many options open to it in this regard.

In order to meet the increased requirements in the area of human resources, the Group HR function is tasked with bundling and organizing the strategically relevant HR topics that are important for the entire Würth Group with its three pillars (Würth Business Academy, Akademie Würth, and Group HR Strategy and Processes). The Würth Business Academy focuses exclusively on the topics of management development, talent management, and organizational development (e.g. diversity). One of its key tasks lies in overseeing the development of international management candidates for the various management levels within the Würth Group. This is achieved primarily through the programs Würth Potential, High Potential, and Top Potential. These programs give employees targeted training that is tailored to suit their own individual ambitions and skills in order to prepare them for current or future managerial duties within the Group. Diversity and inclusion can also contribute to the success of the Würth Group in the future. The company's general stance is that good decisions also arise from the diversity of opinions and perspectives. As a result, central diversity and equality measures have been running at the international level since 2022 and are coordinated centrally by the Würth Business Academy.

Akademie Würth ensures that the necessary specialist and leadership knowledge is available throughout the Würth Group. The range of courses offered is designed to enable employees and managers working internationally to meet current and future requirements in their day-to-day working lives. Academic formats are also offered via the Akademie Würth Business School.

The third pillar, HR Strategy and Processes, comprises Group HR IT and Group HR Global Mobility. Both focus on the new and further development of overall conditions and infrastructures in order to ensure state-of-the-art HR work throughout the Würth Group. Group HR IT supports and coordinates the establishment of a uniform IT infrastructure for the HR function to provide the Würth Group companies with the best possible support for their HR processes and make state-of-the-art tools available to applicants, employees, and managers alike. Among other things, Group HR Global Mobility creates and maintains global policies to professionally support employees and managers on international assignments and thus ensure that key positions are filled internationally.

The Group HR function is supported in an advisory capacity by an HR Board consisting of international HR managers from the Würth Group. Working in collaboration with these colleagues, international and national HR projects are developed and rolled out (e.g., an international job platform, employer branding activities).

Locations in Asia-Pacific and North America serve as interfaces for implementing and multiplying the offerings of all three pillars. This offers the advantage that processes can be implemented quickly and applying the requisite cultural sensitivity.

The Learning Campus provides a platform for digital learning on which all employees from different levels in the hierarchy can complete e-learning courses in all knowledge areas.

To safeguard central key functions within the Group, both for management and specialist functions, we use two processes, primarily at larger companies. Talent management is used as a quantitative instrument to capture which key functions exist and how they are secured. We also 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. The Management Assessment Process (MAP) is the qualitative tool used for the objective and standardized evaluation of executives. There is also a succession and contingency plan in place for managing directors, which ensures that succession/deputization arrangements that can be planned are made in good time.

Compliance risks
National and international transactions involving goods, services, payments, capital, technology, software, and other types of intellectual property are subject to numerous regulations and limitations that also have to be observed by the companies in the Würth Group. There is no question that we aim to comply with all statutory and official regulations for our business, both nationally and internationally. This applies to dealings with customers and suppliers, employees, competitors, and other business partners and authorities. Due to increasing legal complexity, we have in-house experts and consult 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.

In November 2022, searches were carried out at various electrical wholesalers—including three subsidiaries of the Würth Group—as part of investigations by the German Federal Cartel Office. The searches were motivated by initial suspicions of anti-competitive agreements at wholesale level in Germany. The Würth Group immediately launched an internal investigation after the facts came to light. No conclusive statements can be made regarding the outcome of the investigations as yet. Based on the information currently available, the Würth Group can conclude that, while the imposition of fines by the German Federal Cartel Office due to violations of competition law is possible in principle, it is an unlikely outcome for the subsidiaries of the Würth Group concerned.

Value-oriented corporate culture
Mutual trust, predictability, honesty, and straightforwardness in both internal and external interactions are fundamental principles that are deeply ingrained in Würth's corporate culture. Our commitment to these values can be traced back as far as the corporate philosophy penned by Prof. Dr. h. c. mult. Reinhold Würth back in the 1970s. This is not just about complying with all of the relevant legislation and internal company regulations but also about employees adopting the right intrinsic attitude, a key component in the sustainable corporate success of the Würth Group. Extensive internal guidelines known as the Policy and Procedure Manual (PAP) 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
In order to meet the increasing compliance requirements, the Central Management Board of the Würth Group has established a Group-wide compliance management system with the approval of the Advisory Board and the Supervisory Board of the Würth Group. In addition to the role of Chief Compliance Officer and Group Compliance Officer, compliance officers have been appointed at the level of the business units and also within the largest individual companies in the Würth Group. The responsibilities and structures for product, tax, and IT compliance that are already in place across the Group remained unchanged in the 2023 fiscal year, and the individuals responsible report to the Chief Compliance Officer of the Würth Group. The Compliance Board provides advice on compli-

ance 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 Management Board and the Advisory Board of the Würth Group in all compliance matters. Particular emphasis was placed on further training for compliance officers at the business unit and company level and on meeting face-to-face after the restrictions imposed in response to the pandemic were lifted.

Compliance regulations

The fundamental features of the corporate philosophy are summarized in a Code of Compliance and supplemented with regard to compliance with international standards. In order to anchor the compliance organization within the Group in the long term, Group-wide training sessions are conducted on compliance issues. Training sessions initially focus on “Dealing with gifts and invitations,” “Antitrust law and price fixing,” “Company secrets,” “Data protection,” “European General Data Protection Regulation,” and “Export control.” In the 2022 fiscal year, an anti-money laundering policy and a policy on protection against discrimination and harassment were also added to the compliance framework. Corresponding training courses were already held in the 2023 fiscal year and will be continued in 2024. In addition, in the 2023 fiscal year, training courses on the German Supply Chain Due Diligence Act were held with the aim of providing the Würth Group companies with the best possible support in meeting the requirements of this piece of legislation.

Group-wide whistleblower system

The Group-wide whistleblower system means that not only employees but also customers, suppliers, and other individuals are able to report any suspected compliance breaches directly to the Würth Group’s Compliance Office. The use of a system made available by an external service provider means that reports can be submitted completely anonymously. This system already laid the foundation to meet the requirements of the German Whistleblower Protection Act (Hinweisgeberschutzgesetz), which came into force in the 2023 fiscal year. In addition to the Group-wide whistleblower system, an additional complaints procedure has been set up in accordance with the requirements of the German Supply Chain Due Diligence Act.

Prerequisite for sustainable corporate success

The compliance organization is supported by the firm conviction of the Central Management Board, the Würth family, the Supervisory Board of the Würth Group, 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 aim is for the management teams of the Group companies to 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 selling to continue to play a key role but also want issues such as logistics, services, and a broad product range to open up market opportunities. The sales representatives of today are no longer just salespeople but rather manage the various customer contact points: the sales force, the shops, and e-business. 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. The COVID-19 crisis and the resulting change in our customers’ purchasing behavior led to an above-average increase in e-business sales as our systemic importance gave us the green light to deliver and our delivery capacity was virtually unrestricted. This development continued in 2023 and shows that we are on the right track with the services that we are offering with our customers’ needs in mind and that our strategy of multi-channel sales is bearing fruit.

Opportunities

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

Decentralized structure
Würth's decentralized structure is a great advantage for the Group, especially in light of the fact that the individual countries in which we operate display such variation in their economic development. We believe that this structure presents an opportunity for further sustainable growth. It allows for a quick local response to circumstances and changes in any given market environment, meaning that we can implement efficient measures. We will continue to push the development of the Würth Group while maintaining our decentralized structure. The term "decentralized" within this context not only refers to regional aspects, but also covers our large array of different business models. However, the fact that we pursue the principle of decentralization does not mean that we cannot standardize processes further where it makes sense to do so in order to make more efficient use of our resources.

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

Customer relations
Our more than four million customers form the basis for our business success. As a result, expanding and maintaining our customer relations are key components of our day-to-day work. We will continue to focus on comprehensive customer management at all Group companies. More than 300,000 customer contacts a day and our almost 44,000 sales employees, many of whom have long-standing customer relationships, help us to exploit the existing potential to the greatest extent possible. Grouping our customers based on their individual needs is a key steering 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 one million products, the comparatively low average order values, and our broad customer base, we are well positioned to keep these risks to a minimum.

Quality
Würth always sees it as its responsibility to meet the very highest quality standards with its products and services. Based on this firmly established principle, we strive to be a trustworthy and reliable partner to our customers in the markets we serve. The high diversity of business models within the Würth Group leads to a large number of very different requirements on the part of our customers and stakeholders, which we meet by taking the comprehensive approach of integrated management systems. By creating synergies and pooling resources in the area of established management systems, we adapt the process landscape in the individual companies to suit the relevant challenges.

The Group Quality function is doing its bit to minimize the risks to our companies through the preventive measures that have been taken, our training programs, and the performance of its role in the after-sales process.

In our standard range in particular, we adopt a proactive approach in our supply chain through the risk-based use of a network of qualified Supplier Quality Engineers (SQE) operating worldwide. Last year, following the end of the travel restrictions imposed in response to the pandemic, audits and further development measures at our suppliers were again increasingly carried out as on-site assignments in order to examine the local conditions comprehensively following the end of the pandemic.

Furthermore, world-renowned testing laboratories working at the very highest level, including those with ISO 17025 accreditation, are used to test approvals, norms, and Group-wide standards. These activities serve to ensure high-quality products that meet our requirements and those of our customers.

Sustainability
As a family business, advocating for a secure future for our grandchildren is a matter of great importance for us. We are striving to transform the Würth Group from a linear to a circular economy with our “Circular Way,” focusing on three key areas of transformation: Climate, Material Life Cycles, and Social Standards. In the key area of transformation, for example, the Würth Group is clearly focusing on reducing the greenhouse gases that are harmful to our climate in order to make a real contribution to climate protection.

On the road to a circular economy, it is, however, important to develop all areas equally and, in doing so, to also meet the statutory and market-specific requirements. We are reporting transparent information on this progress annually as part of our Sustainability Report.

We have also expanded our risk portfolio and will now also be mapping social and ecological risk developments in addition to the previous risk assessment in order to manage and preventively minimize, or in the best-case scenario avert, the resulting risks. The Würth Group’s sustainability management is controlled centrally.

Diversity and inclusion
Different opinions and outlooks boost creativity and innovation, while paving the way for new solutions. In order to make the best possible use of the considerable potential that diversity offers within the Würth Group’s workforce, the aim is not only to build diverse teams but also to involve and listen to all employees. With this in mind, the Würth Group has laid out its position on diversity and inclusion:

> “The future needs good decisions. Good decisions also arise from the diversity of opinions and perspectives. Diversity stands for creating space, for variety, for opportunities—and that is precisely what the Würth Group stands for. That is why we make our teams diverse at all organizational levels and are enthusiastic about the opportunities this creates. That is why we actively focus on incorporating the perspectives of people with different world views, experiences, and socio-economic backgrounds. That is why we provide a framework and work environment that is free of prejudice and intolerance and enables everyone to make a valuable contribution. That is why we do not tolerate any discrimination based on gender, gender identity, sexual orientation, physical or mental impairments, social or ethnic origin, age, nationality, language, skin color, religion, or any other unique characteristic that makes us human. That is why, in the end, it is the best idea that counts for us, and not where the idea comes from. That is why we are committed to a strong corporate culture, and to inclusion and diversity, for the future success of the Würth Group.”

As an initial step on the way to greater diversity within the company, the focus is on a higher proportion of women at all hierarchical levels, especially in management positions.

Overall assessment

The opportunities available will generally enable us to achieve further profitable growth in 2024 and beyond. The risks for the Würth Group are limited by the established and functioning risk management system, even in an economic and political environment that remains challenging, and are being monitored very closely. Existing risks are consistently monitored and assigned measures to ensure that they do not jeopardize the Würth Group’s continued prosperity.

We are very concerned as we follow the ongoing developments in the crisis spots in the Middle East and in the Ukraine conflict and the associated impact on the population. Direct and indirect economic implications and risks for the Würth Group are difficult to forecast at the present time.

Employees

The number of employees in the Würth Group rose by 1.6 percent to 87,047 as of 31 December 2023 (2022: 85,637). In Germany, the Würth Group had 27,128 employees on its payroll (2022: 26,113).

HR strategy
A sufficient number of highly qualified employees is becoming an increasingly important success factor for future growth in view of demographic trends and the associated shortage of specialists and managers in a large number of countries. With this in mind, an important goal in the Würth Group's HR work is to offer employees an attractive working environment with interesting development opportunities. This also includes the fundamental commitment to filling management positions primarily with our own up-and-coming staff. The Würth Group, with its diverse business models and international focus, has a great many options open to it in this regard.

In order to meet the increased requirements within HR, the Group HR function is responsible for strategically relevant HR issues at the Group level. Group HR is divided into three pillars:

- Würth Business Academy (WBA) focuses on management development and talent management, as well as organizational development.
- Akademie Würth offers training and consultancy services worldwide for the companies in the Würth Group and their customers, as well as academic formats via the Akademie Würth Business School.
- HR Strategy and Processes comprises HR IT and Global Mobility. Both focus on the new and further development of overall conditions and infrastructures in order to ensure state-of-the-art HR work throughout the Würth Group.

Digitalization, in particular, will lead to major changes and further challenges with regard to human resources. As a result, the Würth Group is working with representatives from HR, IT, and the individual companies to develop a central HR digitalization strategy featuring IT solutions that will be made available to all Würth Group companies. In the area of digital learning, the Learning Campus is a platform that is open to all employees of the Würth Group.

EMPLOYEE HEADCOUNT
Würth Group as of 31 December

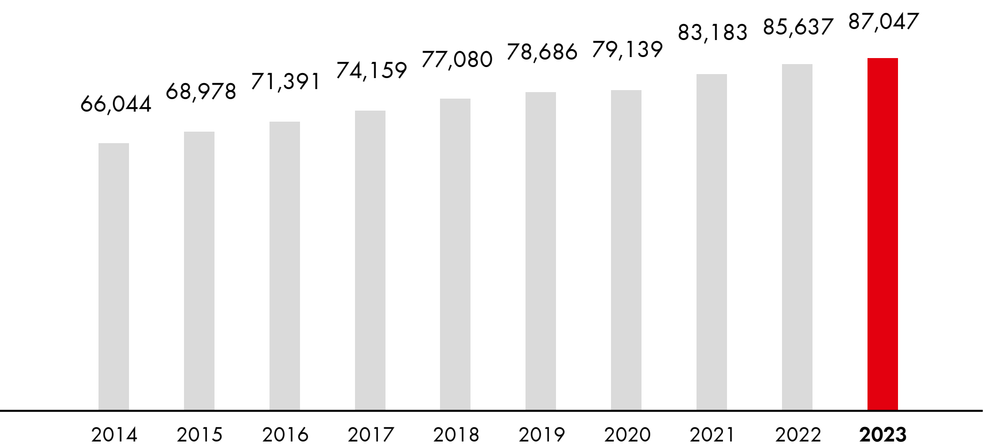
	2023	2022	%
Würth Line Germany	9,967	9,640	+3.4
Allied Companies Germany	17,161	16,473	+4.2
Würth Group Germany	27,128	26,113	+3.9
Würth Group International	59,919	59,524	+0.7
Würth Group total	**87,047**	**85,637**	**+1.6**

Diversity and inclusion can also contribute to the success of the Würth Group in the future. The company's general stance is that good decisions also arise from the diversity of opinions and perspectives. As a result, central diversity and equality measures have been running at the international level since 2022, coordinated by the WBA.

Employee training
The skills, competences, and qualifications of all employees, but primarily the right fundamental attitude, form the basis for a successful future. That is why personal development and continuing professional development are of particular relevance in the company. The programs available aim to offer each and every employee training that promotes their individual skills and suits their professional objectives.

As a family business, Würth focuses on long-term corporate development and in Germany, for example, has been committed to providing people with extensive vocational training for more than 60 years now. At the end of 2023, the Würth Group in Germany had 1,426 trainees for around 50 different occupations. Young professionals can also study for bachelor's degrees at the Baden-Württemberg Cooperative State University.

EMPLOYEES in the Würth Group as of 31 December



WBA provides holistic management training and the systematic development of up-and-coming talent. Accordingly, it offers suitable development programs for different stages. It also supports management teams worldwide in succession planning as part of a structured process and makes its information available to the Central Management Board and the executive bodies of the Würth Group as part of the risk assessment process.

Akademie Würth offers a holistic further training concept for employees and customers of the Würth Group, as well as for interested parties outside the Würth Group. In addition, Akademie Würth offers a practice-oriented range of further training courses specifically for craft businesses in the form of technically oriented training courses. This allows Würth to support its customers also as a driver of innovation and a mentor.

Akademie Würth Business School offers professionals the opportunity to obtain an academic degree alongside their work. Interested individuals can participate in these programs regardless of their affiliation with the Würth Group. The range of programs on offer includes various degree courses leading to different qualifications. Cooperation partners are the Hamburger Fern-Hochschule (HFH) distance-learning university, SRH Distance-Learning University of Applied Sciences, the Heilbronn Institute for Lifelong Learning (HILL), the Hochschule für angewandtes Management (HAM) university of applied management, the University of Louisville, Kentucky, and Northumbria University, Newcastle.

Health management

The health of our employees is a key asset. This is why the Würth Group creates a work environment that contributes to maintaining and promoting health in the long run. In addition to complying with country-specific statutory requirements, the aim of occupational health management is to ensure that every company lives up to its responsibility as an employer. Good health management also has a positive effect on the employer image. At Adolf Würth GmbH & Co. KG, the Health and Social Affairs department has been committed to the health of employees since 1994 with occupational health management and the institute for social affairs and offers a wide range of health promotion measures. Topics include exercise, nutrition, regeneration, safety, social issues, and prevention. These services are open to employees. Family members and retirees of the Würth Group can also take advantage of many of the courses on offer.

Employee opinion survey

The Würth Group sees the employee opinion survey as a key starting point in the improvement process. Increasing employee satisfaction is at the center of the process, thereby improving the performance of the organization. This is why we have been conducting regular employee opinion surveys since 2005.

Thanks to our employees

The Central Management Board of the Würth Group would like to thank all employees, as well as the employee representatives, for their considerable commitment and flexibility in exploring new avenues in a constantly changing environment in order to promote the Würth Group's healthy growth in the long term.

Outlook

Macroeconomic environment
It is difficult to arrive at any reliable forecasts for economic development in 2024 due to the current geopolitical conditions. The development of the numerous crises that were already weighing on the economy in 2023 is too uncertain. One thing is certain: The effects of these crises will continue to leave their mark this year, something that the economic institutes are also emphasizing in their forecasts.

In 2024, the **global economy** is expected to grow by a moderate 2.6 percent, which is roughly in line with the previous year (2023: +2.7 percent). Experts are particularly optimistic about growth in Africa and Asia, while expectations for Europe and America remain comparatively subdued. The European Commission is predicting growth of 0.8 percent for the **eurozone** (2023: +0.5 percent), while the International Monetary Fund (IMF) expects to see growth of 2.1 percent for the **US** (2023: +2.5 percent). According to initial IMF forecasts, **China** will record lower year-on-year growth of 4.6 percent (2023: +5.2 percent).

As far as **Germany** is concerned, early forecasts by the German economic institutes initially fueled hopes of growth. However, these forecasts were already revised downward at the beginning of the current year. The Munich-based ifo Institute predicted growth of 0.9 percent at the end of 2023 but lowered this expectation to just 0.7 percent in January 2024. The German government also revised its autumn forecast of +1.3 percent and only expected growth of 0.2 percent by February 2024. The German economy remains locked in a weak phase. Other leading institutes are forecasting growth of between 0 and 1.0 percent, including the German Institute for Economic Research (DIW) with its prediction of +0.6 percent and RWI, the Leibniz Institute for Economic Research, with +0.8 percent. The European Commission is also forecasting a mere +0.3 percent. While, in contrast to the previous year, the signs are again pointing to slight growth (2023: –0.3 percent), the German economy is still grappling with the overall economic conditions and, according to Federal Minister for Economic Affairs and Climate Action Habeck, is emerging from the crisis more slowly than hoped.

Similar to in 2023, the weak global environment will also have an impact on the economy in 2024. Foreign trade and investments are still being hit hard by the geopolitical situation. Nevertheless, positive developments are also on the cards for 2024. Private consumption will gradually bounce back over the course of the year thanks to the predicted drop in inflation to 2.8 percent (2023: 5.9 percent). This decline, which had already started to emerge in 2023, continued in January 2024. How quickly inflation falls and private investment starts to increase again will depend on how energy prices, wage costs, and general prices develop.

As in recent years, individual sectors are also facing further challenges. The DIW and the ifo Institute expect to see a further decline in construction output in the construction industry. Following the decline in sales in the **mainstream construction industry** in 2023, which came to 3.3 percent according to calculations by the Federal Statistical Office, the German Construction Industry Federation is expecting a further decline of around 3.5 percent in 2024. This pessimistic forecast is due in particular to the ongoing negative trend in residential construction.

After a turbulent 2023, the **automotive industry** is heading into 2024 with a mood of uncertainty. Although a number of large companies were still reporting more new registrations and rising sales in September 2023, suppliers were complaining about declining production and job cuts. The uncertain situation is also reflected in current forecasts. The German Association of the Automotive Industry (VDA) expects around 2.82 million new registrations in 2024. Compared to the previous year, this would equate to a drop of 0.7 percent (2023: 2.84 million new registrations). The decline is expected to be particularly pronounced for electric cars, not least due to the end of the environmental bonus.

The overall economic situation remains challenging against the backdrop of the ongoing crises and current uncertainties. These negative factors will continue to dominate the economy, and it remains to be seen how resilient the economies of individual countries will prove to be in this environment.

Development of the Würth Group

- **E-business records sales growth of 10.4 percent**
- **Würth Group focuses on automation and sustainability**
- **Electrical Wholesale becoming increasingly important**

Despite the many economic and political uncertainties, the Würth Group closed the 2023 fiscal year setting new records, proof that the family business sees crises as a source of opportunity and is boldly breaking new ground, whether in the areas of digitalization, artificial intelligence, sustainability, or acquisitions.

With sales of EUR 4.6 billion, the e-business segment continued its positive growth trend in the 2023 fiscal year and recorded a 10.4 percent increase in sales. As a result, the share of e-business in relation to the Würth Group's total sales rose again by 1.7 percentage points to a record high of 22.4 percent. E-business is an important lever in driving forward the transformation of the multi-channel business model to an omni-channel system in the Würth Group. This development refers to the transition from isolated, independent sales channels to a seamless, integrated customer experience across all channels.

With over 60 companies, the Würth Group is focusing on an in-house solution to offer customers a standardized experience in the areas of the online shop, e-procurement, app, systems, and scanners. This strategy allows us to create tailor-made solutions to meet our customers' requirements and to guarantee the security and integrity of the data.

The Würth app remains an important pillar of e-business in order to meet customers' desire for straightforward and fast product purchases, regardless of company size and industry. In the 2023 fiscal year, the Würth App generated sales growth to the tune of 17.4 percent. At 15.1 percent, the sales growth of the online shops lagged just behind that of the app solutions, but it was the shops that generated the largest absolute growth in comparison at over EUR 259 million.

In addition to the online shops and Würth apps, the biggest growth drivers behind the Würth Group's e-business are the ORSY® systems and e-procurement. ORSY® systems achieved a 10.4 percent increase in sales compared to the previous year. In 2023, e-procurement contributed 10.2 percent growth to the e-business sales result. This makes the digital and professionalized supply of consumables to customers a growth driver that underscores the trend toward business process automation. To turn the possibilities into a reality, specialists in digital procurement solutions support our customers across the globe.

In addition to the central e-business unit, local hubs in Asia and South America are continuing with this work. This allows resources to be built up locally and synergies to be created. The hubs also ensure that the digital sales strategy is implemented with the necessary local adjustments in these growth markets and provide individual support to the companies based there in their daily work.

PICO—the digital assistant for sales employees

Despite all the possibilities of digital goods procurement, personal contact between Würth and its customers remains essential. The PICO voice and chat assistant has been developed to support sales employees in their work. The AI-supported tool processes user requests in real time and provides the required information and documents, such as invoices or delivery notes, using voice or chat input. This means that the digital assistant can take over simple and repetitive tasks so that sales employees have more time to focus on their customers' needs.

IPAI—a place where AI projects are developed

Artificial intelligence has become an integral part of many areas of everyday life. Würth also wants to use AI in a way that adds value. With this aim in mind, the company has been part of the Innovation Park Artificial Intelligence (IPAI) in Heilbronn since 2022 and has had its own office there since 2023. With the support of the federal state of Baden-Württemberg and private sector investment, a place is being created where new business ideas and models are being developed using artificial intelligence. Würth is currently in the process of putting together a specialized team at IPAI. The initial aim is to exchange ideas with other companies, institutes, and start-ups on current topics relating to AI and to collaborate to develop selected projects. In the future, other AI experts from the Würth Group will also be able to use the office and the opportunities created by the IPAI ecosystem.

Sustainability: transformation to the circular economy
As a family business, creating a secure future for our grandchildren is a matter of great importance for the Würth Group. In our view, the circular economy model is a promising approach to breaking the link between future growth and the consumption of finite resources. That is why the Würth Group is striving to transform the linear economy into a circular one. The company is pursuing the transformation of the Würth Group, our "Circular Way," in three key areas of transformation: Climate, Material Life Cycles, and Social Standards. The aim is to keep valuable resources within climate-neutral, socially just material cycles. More information on the Würth Group's sustainable development can be found in the Würth Group's 2023 Sustainability Report.

Acquisitions strengthen the position of Electrical Wholesale
The increasing demand for photovoltaic systems, heat pumps, and charging stations for electric cars, for example, is having a positive impact on business development within the Electrical Wholesale business. The acquisition of three companies will further strengthen the position of this strategic business unit. The Würth Group has signed a purchase agreement for the acquisition of a strategic majority stake in IDG01 S.p.A., based in Turin, Italy. The acquisition, which is still subject to approval by the antitrust authorities, will provide a considerable boost to the Electrical Wholesale business in the Piedmont region. It also opens up further growth opportunities in Lombardy and Liguria.

The Würth Group also received approval from the Polish antitrust authorities, subject to reasonable conditions, for the acquisition of TIM S.A. (including its subsidiary 3LP S.A.), based in Wroclaw, Poland, in January 2024. In addition, with Johannes Kraft GmbH, the Würth Group has acquired a German electrical wholesaler based in Stuttgart-Vaihingen and six other locations in Baden-Württemberg, as well as an external warehouse near the headquarters, effective 1 January 2024. The Group expects Electrical Wholesale to generate sales of over EUR 4 billion this year.

Overall statement on the future development of the Würth Group
The Würth Group is keen to see whether or not, and to what extent, the economic situation will ease in the second half of 2024. Another decisive factor will be the extent of the expected interest rate cuts and when these effects will stimulate demand in the construction sector and other key customer segments. The situation on the procurement market, which has eased in recent months, is viewed in a positive light. Nevertheless, the recent attacks by the Houthi militia on container vessels in the Red Sea have led to longer transportation routes and times, resulting in significantly higher freight rates as shipping companies have altered their routes.

The economic trend in Germany makes for a rather negative outlook for 2024: Despite initial hopes of stronger growth, various institutes revised their forecasts downward at the beginning of the year. The German government now expects to see minimal growth of 0.2 percent. The European Commission is forecasting a similar increase of 0.3 percent for the German economy. Nevertheless, there are also positive signs emerging for 2024, including a gradual recovery in private consumption, accompanied by an expected drop in inflation to 2.8 percent.

The volatile global political situation with the wars in Ukraine and the Middle East makes it difficult to arrive at any reliable forecasts. We currently assume, however, that sales in 2024 will be on a par with the previous year's level, with a slight decline in the operating result. Despite all of the crises facing us, we are taking the momentum and positive mood from previous years along with us, maintaining our optimism and acting prudently. Provided that a significant improvement emerges, the Group is sticking to its plans to increase the number of jobs in sales and IT, as well as in engineering. Acquisitions will also remain part of our growth strategy, and we will seize any opportunities that arise in line with our previous acquisition behavior. Because COURAGE is what Würth is all about.

Consolidated financial statements

Consolidated income statement

in millions of EUR		2023	Share in %	2022	Share in %	Change in %
Sales	[5]	20,396.2	100.0	19,933.1	100.0	2.3
Changes in inventory of work in progress and finished goods		– 13.9	–0.1	46.7	0.2	< –100
Own work capitalized		14.9	0.1	12.1	0.1	23.1
Cost of materials	[6]	10,632.5	52.1	10,554.9	52.9	0.7
Cost of financial services	[7]	94.3	0.5	31.9	0.2	> 100
Gross profit		**9,670.4**	**47.4**	**9,405.1**	**47.2**	**2.8**
Other operating income	[8]	153.8	0.8	108.6	0.5	41.6
Personnel expenses	[9]	4,954.4	24.3	4,762.4	23.9	4.0
Amortization and depreciation	[10]	862.6	4.2	803.7	4.0	7.3
Other operating expenses	[11]	2,505.6	12.3	2,372.7	11.9	5.6
Finance revenue	[12]	110.3	0.5	75.7	0.4	45.7
Finance costs	[12]	165.5	0.8	105.2	0.5	57.3
Earnings before taxes		**1,446.4**	**7.1**	**1,545.4**	**7.8**	**–6.4**
Income taxes	[13]	310.7	1.5	351.8	1.8	–11.7
Net income for the year		**1,135.7**	**5.6**	**1,193.6**	**6.0**	**–4.9**
Attributable to:						
Owners of parent companies in the Group		1,124.9	5.5	1,175.5	5.9	–4.3
Non-controlling interests		10.8	0.1	18.1	0.1	–40.3
		1,135.7	**5.6**	**1,193.6**	**6.0**	**–4.9**

Consolidated statement of comprehensive income

in millions of EUR	2023	Share in %	2022	Share in %	Change in %
Net income for the year	**1,135.7**	**100.0**	**1,193.6**	**100.0**	**–4.9**
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Net gain (+)/loss (–) on cash flow hedges	2.0	0.2	2.6	0.2	–23.1
Foreign currency translation	–46.6	–4.1	19.6	1.7	< –100
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**–44.6**	**–3.9**	**22.2**	**1.9**	**< –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	–23.0	–2.0	68.3	5.7	< –100
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**–23.0**	**–2.0**	**68.3**	**5.7**	**< –100**
Other comprehensive income, net of tax	**–67.6**	**–6.0**	**90.5**	**7.6**	**< –100**
Total comprehensive income, net of tax	**1,068.1**	**94.0**	**1,284.1**	**107.6**	**–16.8**
Attributable to:					
Owners of parent companies in the Group	1,056.9	93.0	1,265.1	106.0	–16.5
Non-controlling interests	11.2	1.0	19.0	1.6	–41.1
	1,068.1	**94.0**	**1,284.1**	**107.6**	**–16.8**

Consolidated statement of financial position

Assets in millions of EUR		**2023**	Share in %	**2022**	Share in %	Change in %
Non-current assets						
Intangible assets including goodwill	[14]	246.9	1.4	247.1	1.4	–0.1
Property, plant, and equipment	[15]	4,608.4	25.6	4,185.7	24.3	10.1
Right-of-use assets	[29]	1,022.3	5.7	994.5	5.8	2.8
Financial assets	[16]	168.7	0.9	150.7	0.9	11.9
Receivables from financial services	[17]	1,432.9	8.0	1,460.3	8.5	–1.9
Other assets	[22]	48.4	0.3	30.3	0.2	59.7
Deferred taxes	[18]	274.5	1.5	250.4	1.5	9.6
		7,802.1	**43.4**	**7,319.0**	**42.6**	**6.6**
Current assets						
Inventories	[19]	3,512.0	19.5	3,828.4	22.3	–8.3
Trade receivables	[20]	2,732.4	15.2	2,819.4	16.4	–3.1
Receivables from financial services	[17]	1,523.5	8.5	1,328.9	7.7	14.6
Income tax assets	[13]	57.2	0.3	43.9	0.3	30.3
Other financial assets	[21]	238.8	1.3	238.6	1.4	0.1
Other assets	[22]	278.5	1.5	284.0	1.7	–1.9
Securities	[23]	244.1	1.4	110.8	0.6	> 100
Cash and cash equivalents	[24]	1,596.6	8.8	1,214.7	7.0	31.4
		10,183.1	**56.5**	**9,868.7**	**57.4**	**3.2**
Assets classified as held for sale	[25]	10.0	0.1	0.0	0.0	> 100
		10,193.1	**56.6**	**9,868.7**	**57.4**	**3.3**
		17,995.2	**100.0**	**17,187.7**	**100.0**	**4.7**

Equity and liabilities in millions of EUR		**2023**	Share in %	**2022**	Share in %	Change in %
Equity						
Equity attributable to parent companies in the Group	[26]					
Share capital		408.4	2.3	408.4	2.4	0.0
Reserves		3,325.0	18.5	2,979.8	17.3	11.6
Retained earnings		4,940.5	27.4	4,438.0	25.8	11.3
		8,673.9	48.2	7,826.2	45.5	10.8
Non-controlling interests		86.6	0.5	87.2	0.5	-0.7
		8,760.5	**48.7**	**7,913.4**	**46.0**	**10.7**
Non-current liabilities						
Liabilities from financial services	[27]	1,045.1	5.8	1,017.2	5.9	2.7
Financial liabilities	[28]	2,164.7	12.0	2,119.8	12.3	2.1
Lease liabilities	[29]	742.3	4.1	728.4	4.3	1.9
Post-employment benefit obligations	[30]	262.3	1.5	232.7	1.4	12.7
Provisions	[31]	139.3	0.8	127.0	0.7	9.7
Other financial liabilities	[32]	14.6	0.1	15.8	0.1	-7.6
Other liabilities	[33]	0.7	0.0	0.2	0.0	> 100
Deferred taxes	[18]	141.2	0.8	139.4	0.8	1.3
		4,510.2	**25.1**	**4,380.5**	**25.5**	**3.0**
Current liabilities						
Trade payables		1,070.5	6.0	1,247.3	7.3	-14.2
Liabilities from financial services	[27]	1,357.5	7.5	1,323.8	7.7	2.5
Financial liabilities	[28]	130.5	0.7	192.3	1.1	-32.1
Lease liabilities	[29]	300.7	1.7	285.9	1.7	5.2
Income tax liabilities	[13]	110.1	0.6	149.9	0.9	-26.6
Provisions	[31]	290.3	1.6	286.2	1.7	1.4
Other financial liabilities	[32]	799.1	4.4	743.1	4.3	7.5
Other liabilities	[33]	646.3	3.6	661.2	3.8	-2.3
		4,705.0	**26.1**	**4,889.7**	**28.5**	**-3.8**
Liabilities in a group of assets classified as held for sale	[25]	19.5	0.1	4.1	0.0	> 100
		4,724.5	**26.2**	**4,893.8**	**28.5**	**-3.5**
		17,995.2	**100.0**	**17,187.7**	**100.0**	**4.7**

Consolidated statement of cash flows*

Cash flows from operating activities in millions of EUR	2023	2022
Earnings before taxes	**1,446.4**	**1,545.4**
Income taxes paid	–383.7	–359.5
Finance costs (excluding loss on derivative instruments at fair value through profit or loss)	138.6	105.2
Finance income (excluding gain on derivative instruments at fair value through profit or loss)	–110.3	–34.9
Interest received from operating activities	37.8	12.5
Interest paid from operating activities	–24.9	–23.4
Changes in post-employment benefit obligations	–6.6	–4.8
Depreciation, amortization, and reversals of impairment losses on intangible assets, property, plant, and equipment, and right-of-use assets	858.0	801.9
Losses on disposal of non-current assets	13.1	4.2
Gains on disposal of non-current assets	–15.4	–20.4
Gains/losses on derivative instruments reported at fair value through profit or loss	26.9	–40.8
Other non-cash income and expenses	55.8	207.5
Gross cash flows	**2,035.7**	**2,192.9**
Changes in inventories	303.4	–861.4
Changes in trade receivables	45.4	–480.7
Changes in receivables from financial services	–202.7	–352.9
Changes in trade payables	–171.6	151.3
Changes in liabilities from financial services	61.0	263.5
Changes in short-term securities	–127.1	–32.6
Changes in other net working capital	58.2	–13.4
Cash flows from operating activities	**2,002.3**	**866.7**
Investments in intangible assets	–46.3	–42.1
Investments in property, plant, and equipment	–866.6	–767.9
Investments in financial instruments	–53.3	–62.9
Investments in newly acquired subsidiaries less cash, as well as variable purchase price payments**	–9.2	–4.4
Cash received from disposals of assets	47.5	58.3
Cash flows from investing activities	**–927.9**	**–819.0**

Cash flows in millions of EUR	**2023**	**2022**
Distributions	-461.5	-369.4
Change in receivables from/liabilities to Würth-Familienstiftungen and the Würth family incl. interest income	40.5	16.5
Capital contribution	221.3	174.3
Increase in financial liabilities	24.3	1,005.0
Decrease in financial liabilities	-124.3	-526.5
Payments for the repayment portion of lease liabilities	-326.1	-304.6
Interest paid/received from financing activities	-47.7	-38.0
Cash flows from financing activities	**-673.5**	**-42.7**
Changes due to consolidation	-5.7	-2.5
Effect of exchange rate changes on cash and cash equivalents	-13.3	-4.6
Changes in cash and cash equivalents	**381.9**	**-2.1**

Composition of cash and cash equivalents in millions of EUR	**2023**	**2022**	Change in millions of EUR
Short-term investments	4.7	27.1	-22.4
Other cash equivalents	3.2	2.6	0.6
Cash on hand	2.7	2.8	-0.1
Cash at banks	1,586.0	1,182.2	403.8
Cash and cash equivalents	**1,596.6**	**1,214.7**	**381.9**

* Reference to "41. Notes on the consolidated statement of cash flows"
** Reference to "4. Consolidated group"

Consolidated statement of changes in equity*

in millions of EUR	Equity attributable to parent companies in the Group								
	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
1 January 2022	**408.4**	**–129.1**	**–103.6**	**–10.9**	**2,878.5**	**3,708.0**	**6,751.3**	**73.1**	**6,824.4**
Net income for the year	–	–	–	–	–	1,175.5	1,175.5	18.1	1,193.6
Other comprehensive income	–	18.7	68.3	2.6	–	–	89.6	0.9	90.5
Total comprehensive income	–	18.7	68.3	2.6	–	1,175.5	1,265.1	19.0	1,284.1
Issue/reduction of share capital	0.0	–	–	–	173.5	–	173.5	0.8	174.3
Transfer to/drawings from reserves	–	–	–	–	81.8	–81.8	0.0	–	0.0
Distributions	–	–	–	–	–	–363.7	–363.7	–5.7	–369.4
Other changes recognized in equity	–	0.1	–	–	–0.1	0.0	0.0	0.0	0.0
31 December 2022	**408.4**	**–110.3**	**–35.3**	**–8.3**	**3,133.7**	**4,438.0**	**7,826.2**	**87.2**	**7,913.4**
1 January 2023	**408.4**	**–110.3**	**–35.3**	**–8.3**	**3,133.7**	**4,438.0**	**7,826.2**	**87.2**	**7,913.4**
Net income for the year	–	–	–	–	–	1,124.9	1,124.9	10.8	1,135.7
Other comprehensive income	–	–47.0	–23.0	2.0	–	–	–68.0	0.4	–67.6
Total comprehensive income	–	–47.0	–23.0	2.0	–	1,124.9	1,056.9	11.2	1,068.1
Issue/reduction of share capital	0.0	–	–	–	220.0	–	220.0	1.3	221.3
Transfer to/drawings from reserves	–	–	–	–	172.2	–172.2	0.0	–	0.0
Distributions	–	–	–	–	–	–450.2	–450.2	–11.3	–461.5
Changes in the consolidated group	–	–	–	–	21.0	–	21.0	0.9	21.9
Other changes recognized in equity	–	–0.1	–	–	0.1	0.0	0.0	–2.7	–2.7
31 December 2023	**408.4**	**–157.4**	**–58.3**	**–6.3**	**3,547.0**	**4,940.5**	**8,673.9**	**86.6**	**8,760.5**

* Reference to “26. Equity”

Consolidated value added statement*

Origin of the value added in millions of EUR	**2023**	**2022**	Change in %
Sales	20,396.2	19,933.1	2.3
Changes in inventories and own work capitalized for capital expenditure	1.0	58.8	-98.3
Other operating income	153.8	108.6	41.6
Finance revenue	110.3	75.7	45.7
	20,661.3	**20,176.2**	**2.4**
Less advance payments			
Cost of materials and cost of financial services	10,726.8	10,586.8	1.3
Other operating expenses	2,505.6	2,372.7	5.6
Amortization and depreciation	862.6	803.7	7.3
	14,095.0	**13,763.2**	**2.4**
Value added	**6,566.3**	**6,413.0**	**2.4**

Purpose in millions of EUR	**2023**	**2022**	Change in %
Employees (personnel expenses)	4,954.4	4,762.4	4.0
Public sector (tax expenses)	310.7	351.8	-11.7
Company	926.5	998.5	-7.2
Equity holders**	209.2	195.1	7.2
Lenders	165.5	105.2	57.3
Value added	**6,566.3**	**6,413.0**	**2.4**

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

Notes on the consolidated financial statements

Content

1. General information about the Würth Group

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

The core business of the Würth Group involves the manufacture and distribution of fastening and assembly materials worldwide. The Würth Group companies with sales activities are divided into two units: the Würth Line and the Allied Companies.

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

The Group's Allied Companies, which either operate in 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.

2. Accounting policies

2.1 Basis of preparation of the consolidated financial statements of the Würth Group

The consolidated financial statements of the Würth Group were prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, UK, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code]. 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.

All IFRS standards whose adoption is mandatory as of 31 December 2023 have been applied. This also includes the International Accounting Standards (IAS), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

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

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

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

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

The consolidated financial statements were approved by the Central Management Board of the Würth Group on 26 March 2024 for issue to the audit committee of the Würth Group's Advisory Board.

2.2 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 2023, which have been prepared according to uniform standards.

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

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

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

2.3 Summary of key accounting policies

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

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

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

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

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 justifiable. 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 individually at least once a year. Such intangibles are not amortized as scheduled. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be justifiable.

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

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

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

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

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

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

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

An item of property, plant, and equipment or an intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the fair value less costs to sell 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 realizable value and its value in use. The net realizable value 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 "29.1 The Würth Group as the lessee."

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 when it is first recognized. 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 "5. Revenue from contracts with customers." 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 as debt instruments.

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

Financial assets (or part of a financial asset or part of a group of similar financial assets) are mainly derecognized (i.e., the values are 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 has 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:

- 3. Use of judgments, estimates and assumptions
- 17. Receivables from financial services
- 20. Trade receivables

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 supplemented to include 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 that are not part of a hedge, and liabilities from company acquisitions. Realized gains and losses are recognized through profit or loss. Financial liabilities are classified as at fair value through profit or loss at the time of initial recognition if the criteria in IFRS 9 are met.

Financial liabilities
After initial recognition, interest-bearing bonds, liabilities to banks, and liabilities under leases are measured at amortized cost using the effective interest method. Amortization using the effective interest method is included in the consolidated income statement as part of financial expenses. In addition, financial liabilities include liabilities to other companies that are measured at fair value through profit or loss. These are minority interests reported as liabilities or liabilities to minority shareholders from a put option for the acquisition of further minority interests. Further information can be found under "28. Financial liabilities."

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

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

All **assets and liabilities** for which the fair value is calculated or is reported in the financial statements of the Würth Group are allocated to the fair value hierarchy described below based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Valuation procedures in which the lowest level input factor that is relevant to valuation at fair value as a whole can be directly or indirectly observed on the market
- Level 3: Valuation procedures in which the lowest level input factor that is relevant to valuation at fair value as a whole cannot be observed on the market

The Würth Group uses **derivative financial instruments** such as forward exchange contracts and interest rate swaps to hedge against exchange rate and interest rate risk. 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.

Documentation includes 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 an 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. Further information can be found under "36. Financial instruments."

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 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 "36. Financial instruments."

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

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

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

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

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

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

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

Payments on account received from customers are recorded as liabilities.

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

Assets classified as held for sale and liabilities in a group of assets classified as held for sale are measured at the lower of the carrying amount or the fair value less cost to sell. Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Property, plant, and equipment and intangible assets are not depreciated or amortized once classified as held for sale. For details, please refer to "25. Assets classified as held for sale and liabilities in a group of assets classified as held for sale."

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 "29.1 The Würth Group as the lessee."

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 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 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. 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 at 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 a 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, they 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. Here, 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, 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 customer's right to return products.
- 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.

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 "2.3 Summary of key accounting policies."

Leases
Information is presented under "29. Leases."

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attached to the grant and 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 said grants. If grants are designed for the purchase of property, plant, or equipment, they 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.

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.

In the separate financial statements of the entities, non-monetary and monetary items denominated in foreign currency are **translated** 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 to 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 translation from the previous year 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	
	2023	2022	2023	2022
1 US dollar	0.92518	0.95008	0.90522	0.93677
1 Pound sterling	1.14945	1.17359	1.15389	1.12667
1 Canadian dollar	0.68520	0.73202	0.68648	0.69152
1 Australian dollar	0.61392	0.66028	0.61764	0.63550
1 Brazilian real	0.18541	0.18493	0.18655	0.17730
1 Chinese yuan renminbi	0.13067	0.14142	0.12750	0.13581
1 Danish krone	0.13421	0.13442	0.13415	0.13448
1 Norwegian krone	0.08754	0.09898	0.08914	0.09509
1 Polish zloty	0.22032	0.21332	0.23023	0.21354
1 Swedish krona	0.08720	0.09402	0.08985	0.08989
1 Swiss franc	1.02886	0.99570	1.07571	1.01275
1 Czech koruna	0.04166	0.04072	0.04051	0.04140
1 Hungarian forint	0.00262	0.00255	0.00262	0.00250

2.4 Changes in accounting policies and disclosures

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 2023:
- IFRS 17: "Insurance Contracts" and its amendments
- Amendments to IAS 8: "Definition of Accounting Estimates"
- Amendments to IAS 1 and IFRS Practice Statement 2: "Disclosure of Accounting Policies"
- Amendments to IAS 12: "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"
- Amendments to IAS 12: "International Tax Reform—Pillar Two Model Rules"

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

IFRS 17 is to apply for the first time to fiscal years beginning on or after 1 January 2023. This did not have any material impact on the consolidated financial statements of the Würth Group.

In February 2021, the IASB issued **amendments to IAS 8 "Definition of Accounting Estimates**," which introduced a new definition for accounting estimates. The amendments clarify how changes in accounting estimates differ from changes in accounting policies and error corrections. They also explain how companies can make accounting estimates using measurement techniques and inputs. The amendments apply to fiscal years beginning on or after 1 January 2023, and are to be applied to changes in accounting policies and accounting estimates that occur at or after the beginning of that fiscal year. The application of these amendments did not have any material impact on the consolidated financial statements of the Würth Group.

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

In May 2021, the IASB issued amendments to IAS 12 **"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"** that narrow the scope of the initial recognition exemption under IAS 12 to no longer apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for transactions that occur on or after the beginning of the earliest comparative period presented. Also, at the beginning of the earliest comparative period presented, the entity recognizes a deferred tax asset (insofar as sufficient taxable income is available) and a deferred tax liability for all deductible and taxable temporary differences relating to leases and decommissioning obligations. The amendments are effective for fiscal periods beginning on or after 1 January 2023. The application of these amendments did not have any material impact on the consolidated financial statements of the Würth Group.

In May 2023, the IASB introduced amendments to **IAS 12 International Tax Reform—Pillar Two Model Rules** in response to the OECD's Pillar Two BEPS (base erosion and profit shifting) rules. These include the following:

- A mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the legal implementation of the Pillar Two model rules, and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception—the use of which is required to be disclosed—applies immediately. The other disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023 but not for any interim periods ending on or before 31 December 2023. The Würth Group has applied the mandatory exception for the recognition and disclosure of information on deferred tax assets and liabilities arising from Pillar Two income taxes. In addition, the Würth Group has reviewed its corporate structure with regard to the introduction of the Pillar Two model rules in various jurisdictions. As the Group's effective tax rate in the main countries in which it operates is significantly higher than 15 percent, it has concluded that it is essentially not subject to the Pillar Two top-up taxes. As a result, the consolidated financial statements do not contain any disclosures in accordance with sections 88A-88D of IAS 12.

3. Use of judgments, estimates and assumptions

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, the 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 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 if and when better information becomes available.

The main 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 when making decisions on business combinations. In the Würth Group, this is generally the legal entity. As of 31 December 2023, the carrying amount of goodwill totaled EUR 70.8 million (2022: EUR 71.1 million). Further details are presented in "14. Intangible assets including goodwill."

b) Inventories

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

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

The Würth Group tests intangible assets, property, plant, and equipment, and right-of-use assets for impairment if events or changes in circumstances suggest that it may not be possible to recover the carrying amount of an asset. The intrinsic value is calculated by comparing the carrying amount of the individual assets with their recoverable amount. The recoverable amount is either the value in use or the fair value, whichever is higher, less the cost of sale. The value in use is the amount calculated by discounting the estimated future cash flows. If an asset does not generate any cash inflows that are largely independent of the cash inflows generated by other asset groups, the impairment test is not carried out for each individual asset, but rather for the respective cash-generating unit. Further details are presented under "14. Intangible assets including goodwill," "15. Property, plant, and equipment," and "29.1 The Würth Group as the lessee."

d) Unused tax losses and temporary differences

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the 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 33.6 million as of 31 December 2023 (2022: EUR 22.4 million) and are presented in "18. Deferred taxes."

e) Post-employment benefit obligations

The cost of post-employment defined benefit plans and the present value of the pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates, and future pension increases. Due to the complexity of the valuation, the underlying assumptions, and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed by the management on each reporting date. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in their respective currencies with at least an AA rating or above and an extrapolated maturity corresponding to the expected duration of the defined benefit obligation. Moreover, the quality of the underlying bonds is assessed by the management. Those having excessive credit spreads are excluded from the analysis of bonds from which the discount rate is derived on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country. The net carrying amounts of the obligations from post-employment benefits amount to EUR 262.3 million as of 31 December 2023 (2022: EUR 232.7 million). Further details are presented under "30. Post-employment benefit obligations." All parameters are reviewed annually.

f) Fair value measurement of financial instruments

If the fair values of recognized financial assets and financial liabilities cannot be measured using quoted prices in active markets, they are determined using valuation techniques, including the discounted cash flow method. The input factors used in the model are based on observable market data as far as possible. If such data is not available, the determination of fair values is largely based on discretionary decisions by management. The discretionary decisions relate to input factors such as liquidity risk, default risk, and volatility. Changes in the assumptions made for these factors may affect the fair values of the financial instruments. For further information, please refer to "36.9 Fair value of financial instruments."

g) Development costs

Development costs are capitalized in accordance with "2.3 Summary of key accounting policies." 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. When determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generated by the assets, discount rates to be applied, and the expected period of benefits. As of 31 December 2023, the carrying amount of capitalized development costs was EUR 8.9 million (2022: EUR 11.3 million).

h) Allowance for expected credit losses on trade receivables and receivables from financial services

The Würth Group uses an allowance matrix in order to calculate expected credit losses on trade receivables and receivables from financial services.
The allowance rates are determined on the basis of days past due for various customers (grouped according to criteria such as geographical region, credit rating, and credit insurance coverage).
The allowance table is initially based on the historical default rates within the Würth Group. The Würth Group then calibrates the table in order to adjust its historical loan defaults to future-related information. If, for example, it is assumed that forecast economic conditions (such as gross domestic product) will deteriorate in the course of the coming year, which could lead to an increase in loan defaults, then the historical default rates are adjusted. Historical default rates are updated and changes in future-oriented estimates are analyzed on each reporting date.
The assessment of the relationship between historical default rates, forecast economic conditions, and expected loan defaults represents a material estimate. The amount of expected loan defaults depends on changes in circumstances and the forecast economic environment. Historical loan defaults within the Würth Group and the forecast of the general economic conditions may not be representative of the actual defaults of customers in the future. Information on expected credit losses on trade receivables of the Würth Group is provided in "20. Trade receivables."

For receivables from financial services that are valued at amortized cost, the first step is to calculate the impairment at the 12-month credit loss. In cases involving receivables from financial services whose default risk has increased significantly since initial recognition, the impairment loss is calculated based on the expected losses over the remaining term.

i) Purchase price liabilities from business combinations and/or acquired operations

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

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 a lease is based. This is why it applies its incremental borrowing rate to measure lease liabilities. This 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 under "2.3 Summary of key accounting policies."

l) The war in Ukraine and the conflict in the Middle East

As the war in Ukraine continues and new sanctions are imposed, the full extent of the impact remains uncertain. In addition to the war in Ukraine, the conflict in the Middle East also brings further direct and indirect economic implications and risks for the Würth Group that are difficult to predict at the present time.

m) Climate change

The Würth Group continuously monitors legislation relating to climate change. At present, no laws have been passed that have an impact on the Würth Group. It will adjust the basic assumptions for the calculation of the value in use and the sensitivity analysis to reflect any assumptions made if necessary.

4. 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 Management Board. One exception is Zebra S.A. Luxemburg, Luxembourg, whose inclusion is based on the right to variable returns generated by the company and the ability to direct the main activities that significantly affect the company's returns. The consolidated group is therefore based on the Würth Group's uniform ownership, organizational, and management structure, as only this presentation gives a true and fair view of the Würth Group. Determining the consolidated group in accordance with IAS 27/IFRS 10 would not portray a true and fair value of the net assets, financial position, and results of operations because transactions between the subgroups thereby created would not be presented 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.

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

in millions of EUR	Holdahl, Inc.	Other	**Total**
Assets			
Customer relationships and similar assets	4.9	0.0	4.9
Right-of-use assets	3.2	0.0	3.2
Other non-current assets	0.6	1.1	1.7
Inventories	3.4	0.0	3.4
Receivables and other assets	2.8	0.0	2.8
Cash and cash equivalents	1.7	0.0	1.7
	16.6	**1.1**	**17.7**
Equity and liabilities			
Deferred tax liabilities	1.0	0.0	1.0
Non-current liabilities	2.5	0.0	2.5
Current liabilities	2.8	0.9	3.7
	6.3	**0.9**	**7.2**
Basic purchase price	10.3	0.2	10.5
Consideration transferred	**10.3**	**0.2**	**10.5**
Pro rata sales	29.8	0.0	29.8
Share of profit/loss	-1.1	0.0	-1.1
Pro forma sales in 2023	36.1	0.0	36.1
Pro forma profit/loss in 2023	-1.4	0.0	-1.4

On 16 March 2023, the Würth Group acquired 100 percent of the shares and voting rights in Holdahl, Inc., Minneapolis, Minnesota, USA. The company operates in the Würth Line Wood division. Following the acquisition, the company was merged with Wurth Baer Supply Co., Vernon Hills, Illinois, USA.

In addition, Würth Immobilien Ges.m.b.H., Böheimkirchen, Austria, was included in the consolidation group as a Group parent company as of 31 December 2023 as the Würth Group obtained control over the company at this time.

In the 2023 fiscal year, expenses amounting to EUR 12.1 million (2022: EUR 28.4 million), resulting from the amortization, depreciation, and impairment of assets identified in the course of purchase price allocation, were recognized in connection with company acquisitions from prior years.

Purchase price liabilities from company acquisitions in previous years amounting to EUR 0.3 million were settled in the 2023 fiscal year (2022: EUR 0.3 million).

5. Revenue from contracts with customers

in millions of EUR	2023	2022
Revenue from contracts with customers	20,162.3	19,769.3
Revenue from financial services	233.9	163.8
Total	**20,396.2**	**19,933.1**

Revenues from contracts with customers relate to revenues from the sale of goods and services. These revenues include services amounting to EUR 116.5 million (2022: EUR 126.3 million).

Revenues from financial services contain interest income of EUR 91.2 million (2022: EUR 51.7 million), similar income of EUR 6.1 million (2022: EUR 6.6 million), and commission income of EUR 6.7 million (2022: EUR 8.0 million) of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, as well as income from the leasing and insurance business amounting to EUR 129.8 million (2022: EUR 97.5 million).

The following table shows the breakdown of sales revenues for the 2023 fiscal year by region and business segment:

2023 in millions of EUR	Germany	Southern Europe	The Americas	Western Europe	Eastern Europe	Scandinavia	Asia, Africa, Oceania	Total
Würth Line	3,087.2	1,583.8	2,650.9	1,743.7	587.2	873.5	570.5	**11,096.8**
Allied Companies								
Electrical Wholesale	2,160.1	951.3	0.0	0.0	702.6	0.0	0.0	**3,814.0**
Electronics	563.6	91.1	162.4	163.8	70.1	41.8	182.4	**1,275.2**
Production	454.1	18.7	88.3	198.1	3.9	41.0	51.0	**855.1**
RECA Group	270.0	158.9	0.0	331.2	95.9	0.0	0.0	**856.0**
Chemicals	557.9	52.5	92.4	71.5	3.5	1.2	25.4	**804.4**
Trade	362.0	53.7	0.0	43.3	18.5	0.0	4.4	**481.9**
Tools	358.3	1.1	2.8	39.0	46.4	0.0	12.0	**459.6**
Screws and Standard Parts	180.4	92.2	0.0	23.6	15.5	40.1	16.1	**367.9**
Financial Services	181.5	0.0	0.0	48.5	0.0	3.9	0.0	**233.9**
Other	114.4	14.1	0.0	22.1	0.2	0.0	0.6	**151.4**
Total	**8,289.5**	**3,017.4**	**2,996.8**	**2,684.8**	**1,543.8**	**1,001.5**	**862.4**	**20,396.2**

Of the revenues from the sale of goods and services, EUR 1,195.3 million (2022: EUR 1,217.0 million) was generated in 2023 on a periodic basis. All other revenues were recognized at a specific point in time.

6. Cost of materials

in millions of EUR	2023	2022
Cost of materials and supplies and of purchased merchandise	10,343.8	10,183.1
Cost of purchased services	288.7	371.8
Total	**10,632.5**	**10,554.9**

7. Cost of financial services

The cost of financial services primarily contains interest expenses of EUR 34.3 million (2022: EUR 5.8 million) and commission of EUR 2.4 million (2022: EUR 4.9 million) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany. This item also contains EUR 4.7 million (2022: EUR 3.1 million) from the external business of the companies specializing in leases and EUR 20.9 million (2022: EUR 18.1 million) from the insurance business.

8. Other operating income

Other operating income principally includes income from the disposal of assets in the amount of EUR 15.4 million (2022: EUR 20.4 million). Other operating income also includes income from insurance settlements in the amount of EUR 12 million, the reversal of provisions for legal disputes in which decisions were made in favor of the Würth Group in the amount of EUR 9.0 million, and the subleasing of right-of-use assets in the amount of EUR 3.4 million (2022: EUR 4.5 million).

9. Personnel expenses and number of employees

Personnel expenses:

in millions of EUR	2023	2022
Wages and salaries	4,063.1	3,913.7
Social security	515.1	489.7
Pension and other benefit costs	376.2	359.0
Total	**4,954.4**	**4,762.4**

Number of employees as of the reporting date:

	2023	2022
Würth Line Germany	9,967	9,640
Allied Companies Germany	17,161	16,473
Würth Group Germany	27,128	26,113
Würth Group International	59,919	59,524
Würth Group total	**87,047**	**85,637**
Thereof		
Sales	43,967	43,297
Functional areas	43,080	42,340

The average headcount of the Würth Group totaled 86,795 in the reporting period (2022: 85,043).

10. Amortization and depreciation

Further details on amortization and depreciation are presented in the financial statements under “14. Intangible assets including goodwill”, “15. Property, plant, and equipment” and “29.1 The Würth Group as the lessee.”

11. Other operating expenses

Other operating expenses mainly include selling, administration, and operating expenses, bad debts, and other taxes. They also include expenses from leases that were not included in the measurement of the lease liabilities. Further information can be found under “29.1 The Würth Group as the lessee.”

Other operating expenses also include an expense from the increase in the impairment of receivables from the banking business of EUR 27.9 million (2022: EUR 5.7 million).

12. Finance revenue/finance costs

in millions of EUR	2023	2022
Other interest and similar income	110.3	75.6
Interest and similar expenses	129.7	86.2
Interest expense from lease liabilities	27.3	13.7
Interest expense from pension plans	8.5	5.2
Total financial result	**55.2**	**29.5**
Thereof from financial instruments under the IFRS 9 measurement categories:		
Financial assets and liabilities to be reported at fair value through profit or loss (FVTPL)	-43.3	-38.4
Financial liabilities at amortized cost (AC)	62.7	49.0

The translation of foreign currency items resulted in similar income of EUR 6.7 million (2022: EUR 6.8 million).

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

13. Income taxes

in millions of EUR	2023	2022
Income taxes	332.0	354.6
Deferred tax income		
Deferred tax income from unused tax losses	44.2	37.6
Other deferred tax income	106.2	103.5
Deferred tax expense		
Deferred tax expense from unused tax losses	33.3	33.2
Other deferred tax expenses	95.8	105.1
Total	**310.7**	**351.8**

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	2023	2022
Earnings before taxes	1,446.4	1,545.4
Theoretical tax rate as a %	19.7	20.4
Theoretical tax expense	**284.9**	**315.3**
Changes in theoretical tax expense due to:		
Unrecognized tax losses from the current fiscal year	15.0	15.2
Recognition of unused tax losses from prior periods	-9.2	-3.2
Use of unused tax losses written down in prior years	-5.8	-5.8
Write-down on recognized unused tax losses from prior years	1.4	0.2
Write-down (+)/write-up (–) on temporary differences	1.1	0.6
Different tax rates	0.4	-2.8
Tax reductions due to tax-free items	-8.9	-3.3
Tax increases due to non-deductible expenses	16.6	11.7
Income tax expense that cannot be derived from earnings before taxes	4.1	2.0
Non-tax-deductible amortization of goodwill and other intangible assets	1.0	4.2
Taxes relating to other periods	10.3	17.3
Other	-0.2	0.4
Income taxes	**310.7**	**351.8**
Effective tax rate as a %	**21.5**	**22.8**

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

Changes in income taxes resulted mainly from non-tax-deductible expenses 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. Taxes attributable to another period were also taken into account.

14. 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 2023	520.6	94.6	423.0	503.2	6.2	1,547.6
Exchange differences	-1.5	-0.2	-4.3	-10.2	0.0	-16.2
Changes in the consolidated group	0.0	0.0	4.9	0.0	0.0	4.9
Additions	35.9	1.6	0.2	0.1	8.5	46.3
Disposals	18.8	0.0	0.0	0.0	0.1	18.9
Reclassifications to “Assets classified as held for sale”	-1.5	0.0	0.0	0.0	0.0	-1.5
Reclassifications	12.8	0.4	0.0	0.0	-3.7	9.5
31 December 2023	**547.5**	**96.4**	**423.8**	**493.1**	**10.9**	**1,571.7**
Accumulated amortization and depreciation						
1 January 2023	429.1	83.3	356.0	432.1	0.0	1,300.5
Exchange differences	-1.7	0.1	-4.1	-9.8	0.0	-15.5
Amortization and depreciation	39.2	4.3	9.4	0.0	0.0	52.9
Impairment losses	0.4	0.0	2.9	0.0	0.0	3.3
Disposals	15.7	0.0	0.0	0.0	0.0	15.7
Reclassifications to “Assets classified as held for sale”	1.5	0.0	0.0	0.0	0.0	1.5
Reclassifications	1.3	0.0	0.0	0.0	0.0	1.3
Reversal of impairment losses	-0.5	0.0	0.0	0.0	0.0	-0.5
31 December 2023	**450.6**	**87.7**	**364.2**	**422.3**	**0.0**	**1,324.8**
Net carrying amount						
31 December 2023	**96.9**	**8.7**	**59.6**	**70.8**	**10.9**	**246.9**

in millions of EUR	Franchises, industrial rights, licenses, and similar rights	Internally generated intangible assets	Customer relationships and similar assets	Goodwill	Payments on account	Total
Cost						
1 January 2022	498.5	92.7	411.2	488.2	6.1	1,496.7
Exchange differences	3.3	0.2	8.7	15.0	0.1	27.3
Changes in the consolidated group	0.0	0.0	3.2	0.0	0.0	3.2
Additions	34.9	2.3	0.0	0.0	4.9	42.1
Disposals	23.1	0.1	0.1	0.0	0.0	23.3
Reclassifications to "Assets classified as held for sale"	-2.9	-0.5	0.0	0.0	-0.1	-3.5
Reclassifications	9.9	0.0	0.0	0.0	-4.8	5.1
31 December 2022	**520.6**	**94.6**	**423.0**	**503.2**	**6.2**	**1,547.6**
Accumulated amortization and depreciation						
1 January 2022	409.5	79.0	339.6	400.7	0.0	1,228.8
Exchange differences	3.0	0.0	7.7	14.0	0.0	24.7
Amortization and depreciation	37.9	4.6	8.7	0.0	0.0	51.2
Impairment losses	3.2	0.4	0.0	17.4	0.1	21.1
Disposals	21.8	0.1	0.0	0.0	0.0	21.9
Reclassifications to "Assets classified as held for sale"	2.9	0.5	0.0	0.0	0.1	3.5
Reclassifications	0.2	-0.1	0.0	0.0	0.0	0.1
31 December 2022	**429.1**	**83.3**	**356.0**	**432.1**	**0.0**	**1,300.5**
Net carrying amount						
31 December 2022	**91.5**	**11.3**	**67.0**	**71.1**	**6.2**	**247.1**

Research and development costs (including amortization of capitalized development costs) recognized as expenses totaled EUR 48.2 million (2022: EUR 44.8 million).

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

Goodwill is tested for impairment annually. The recoverable amount was determined based on the value in use calculated using cash flow projections based on financial budgets approved by the management for a four-year period.

At enfas GmbH, Karlshuld, Germany, an impairment loss of EUR 2.9 million was recognized on customer relationships and similar assets in the 2023 fiscal year due to a realignment of the customer structure.

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:

2023 in millions of EUR	Tunap GmbH & Co. KG	HSR/ Indunorm	Dakota Premium Hardwoods LLC	Chemofast Anchoring GmbH	M.E.B. S.R.L.	Lichtzentrale Lichtgroß-handel GmbH	Kaczmarek Electric S.A.	Other	Total
Goodwill before impairment test	9.2	9.1	8.9	8.7	8.0	6.8	4.2	16.2	**71.1**
Exchange difference	0.0	0.0	–0.3	0.0	0.0	0.0	0.3	–0.3	**–0.3**
Goodwill	**9.2**	**9.1**	**8.6**	**8.7**	**8.0**	**6.8**	**4.5**	**15.9**	**70.8**
Average sales growth in the planning period (in %)	7.3	8.9	11.0	7.2	7.4	4.6	6.2	4.2–13.1	
EBIT margin in the planning period (in %)	7.2–8.2	6.7–7.1	7.1–7.4	9.5–10.5	5.0–8.9	4.2–4.4	1.6–2.1	2.6–18.3	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p.a. after the end of the planning period (in %)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (in %)	8.2	6.9	7.6	11.5	9.7	4.4	2.4	3.4–18.4	
Discount rate (before tax)	13.3	11.2	11.6	13.3	13.2	11.1	13.9	11.0–13.3	
Additional impairment losses									
assuming a 10 % lower cash flow	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
assuming a 1 % higher discount rate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

2022 in millions of EUR	M.E.B. S.R.L.	Tunap GmbH & Co. KG	HSR/ Indunorm	Chemofast Anchoring GmbH	Dakota Premium Hardwoods LLC	Lichtzentrale Lichtgroß-handel GmbH	Kaczmarek Electric S.A.	Other	Total
Goodwill before impairment test	23.0	9.2	9.1	8.7	8.4	6.8	4.3	18.0	**87.5**
Exchange difference	0.0	0.0	0.0	0.0	0.5	0.0	-0.1	0.6	**1.0**
Impairment losses	15.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	**17.4**
Goodwill	**8.0**	**9.2**	**9.1**	**8.7**	**8.9**	**6.8**	**4.2**	**16.2**	**71.1**
Average sales growth in the planning period (in %)	7.0	9.0	8.6	6.3	12.4	5.5	5.9	4.2-14.8	
EBIT margin in the planning period (in %)	7.3-9.1	7.0-8.3	6.2-6.9	9.1-9.3	6.8-7.3	3.3-3.4	1.3-2.0	3.1-20.0	
Length of the planning period	4 years	4 years	4 years	4 years	4 years	4 years	4 years	4 years	
Sales growth p.a. after the end of the planning period (in %)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
EBIT margin after the end of the planning period (in %)	9.9	8.3	6.4	10.2	7.7	3.4	2.3	3.6-20.0	
Discount rate (before tax)	14.2	10.3	10.2	10.4	11.7	10.9	16.2	9.9-11.6	
Additional impairment losses									
assuming a 10 % lower cash flow	8.0	0.0	2.1	0.0	0.0	0.0	0.0	0.0	
assuming a 1 % higher discount rate	8.0	0.0	4.3	0.0	0.0	0.0	0.0	0.0	

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

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

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

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

15. 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 2023	3,492.8	1,567.3	2,710.1	342.0	8,112.2
Exchange differences	-1.8	-3.7	-5.6	-1.6	-12.7
Changes in the consolidated group	53.5	0.0	0.4	0.0	57.5
Additions	125.5	74.8	294.8	375.2	866.7
Disposals	10.8	68.0	104.1	0.1	183.0
Reclassifications to “Assets classified as held for sale”	0.0	0.0	-3.3	0.0	-3.3
Reclassifications	58.6	77.3	37.5	-178.9	-5.5
Reversal of impairment losses	0.0	0.0	1.2	0.0	1.2
31 December 2023	**3,717.8**	**1,647.7**	**2,931.0**	**536.6**	**8,833.1**
Accumulated amortization and depreciation					
1 January 2023	1,389.7	1,004.1	1,532.7	0.0	3,926.5
Exchange differences	-1.3	-4.6	-2.1	0.0	-8.0
Amortization and depreciation	106.2	114.5	210.2	-0.1	430.8
Impairment losses	0.6	40.1	2.8	0.1	43.6
Disposals	6.8	62.7	95.3	0.0	164.8
Reclassifications to “Assets classified as held for sale”	0.0	0.0	3.3	0.0	3.3
Reclassifications	0.1	1.4	1.2	0.0	2.7
Reversal of impairment losses	0.0	0.0	-2.8	0.0	-2.8
31 December 2023	**1,488.5**	**1,092.8**	**1,643.4**	**0.0**	**4,224.7**
Net carrying amount					
31 December 2023	**2,229.3**	**553.5**	**1,287.6**	**536.6**	**4,608.4**

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 2022	3,288.0	1,460.5	2,462.2	248.3	7,459.0
Exchange differences	9.7	4.1	10.9	0.1	24.8
Changes in the consolidated group	0.2	0.0	0.0	0.0	0.2
Additions	127.1	73.0	291.1	287.7	778.9
Disposals	12.6	26.8	72.2	1.2	112.8
Reclassifications to “Assets classified as held for sale”	-23.4	0.0	-8.0	0.0	-31.4
Reclassifications	103.8	56.5	26.1	-192.9	-6.5
31 December 2022	**3,492.8**	**1,567.3**	**2,710.1**	**342.0**	**8,112.2**
Accumulated amortization and depreciation					
1 January 2022	1,298.0	918.5	1,404.7	0.0	3,621.2
Exchange differences	2.8	2.3	8.3	0.0	13.4
Amortization and depreciation	98.8	106.4	190.2	0.0	395.4
Impairment losses	18.2	0.0	5.0	0.0	23.2
Disposals	5.1	23.8	64.7	0.0	93.6
Reclassifications to “Assets classified as held for sale”	23.4	0.0	8.0	0.0	31.4
Reclassifications	0.5	0.7	-2.2	0.0	-1.0
Reversal of impairment losses	-0.1	0.0	-0.6	0.0	-0.7
31 December 2022	**1,389.7**	**1,004.1**	**1,532.7**	**0.0**	**3,926.5**
Net carrying amount					
31 December 2022	**2,103.1**	**563.2**	**1,177.4**	**342.0**	**4,185.7**

Property, plant, and equipment includes items pledged as collateral in the amount of EUR 5.4 million (2022: EUR 9.1 million) and payment obligations for investments in fixed assets in the amount of EUR 67.4 million (2022: EUR 81.5 million).

Payments on account and assets under construction contain additions to assets under construction of EUR 247.7 million (2022: EUR 191.7 million), which relate to technical equipment and machines, as well as buildings.

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

The recoverable amount of the cash-generating unit Wuerth Elektronik Stelvio Kontek S.p.A., Oggiono, Italy, was EUR 0.0 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 12.9 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1 percent. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 18.4 million had to be recognized on technical equipment and machines.

At the cash-generating unit Grass GmbH, Höchst, Austria, individual items of property, plant, and equipment had to be tested for impairment due to lower product demand. The pre-tax discount rate used for the cash flow projections is 8.0 percent. As a result of this analysis, an impairment loss of EUR 14.0 million had to be recognized on technical equipment and machines.

The recoverable amount of the cash-generating unit Würth Elektronik iBE GmbH, Thyrnau, Germany, was EUR 0.0 million as of the reporting date. The pre-tax discount rate used for the cash flow projections is 8.5 percent. Cash flows beyond the four-year period are extrapolated using a growth rate of 1 percent. The review showed that the fair value less costs to sell does not exceed the carrying amount. As a result of this analysis, an impairment loss of EUR 5.5 million had to be recognized on technical equipment and machines.

At the cash-generating unit Grass GmbH, Reinheim, Germany, individual items of property, plant, and equipment had to be tested for impairment due to lower product demand. The pre-tax discount rate used for the cash flow projections is 8.9 percent. As a result of this analysis, an impairment loss of EUR 1.6 million was recognized on technical equipment and machines and EUR 0.1 million on furniture and fixtures.

In addition, impairment losses of EUR 1.7 million had to be recognized on furniture and fixtures in connection with SVH Handels-GmbH, Dortmund, Germany, which was intended for sale, in the 2023 fiscal year. For more information, please refer to "25. Assets classified as held for sale and liabilities in a group of assets classified as held for sale."

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

16. 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. Fair values that could not be determined on the basis of observable market data of EUR 24.1 million (2022: EUR 26.3 million) relate to long-term interests in non-listed corporations and partnerships.

In the 2023 fiscal year, the fair value of Pepper Motion, Denkendorf, Germany, had to be adjusted by EUR 5.0 million due to changes in future forecasts.

Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, issued securities with a book value of EUR 112.2 million (2022: EUR 102.6 million) as security for the granting of a credit line for refinancing at Deutsche Bundesbank, Frankfurt am Main, Germany. The maximum credit risk corresponds to the amount carried in the consolidated statement of financial position.

17. Receivables from financial services

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Receivables from the leasing business	1,737.4	642.2	1,426.7	536.7
Receivables from the insurance business	2.2	2.2	1.9	1.9
Receivables from the banking business				
Receivables from customers	1,190.4	852.7	1,319.0	748.7
Receivables from banks	26.1	26.1	37.7	37.7
Other asset items	0.3	0.3	3.9	3.9
Total	**2,956.4**	**1,523.5**	**2,789.2**	**1,328.9**

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 are available under "29.2 The Würth Group as the lessor."

Receivables from financial services include receivables from related parties of EUR 21.1 million (2022: EUR 13.8 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 2023, EUR 1,028.1 million (2022: EUR 783.3 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 "27. Liabilities from financial services."

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

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

in millions of EUR	2023	2022
Receivables from financial services that are neither past due nor impaired	2,832.9	2,744.2
Receivables not impaired but past due by		
less than 120 days	44.1	2.7
Total receivables not impaired	**2,877.0**	**2,746.9**
Impaired receivables from financial services (gross)	139.6	78.5
Impairment loss recognized on receivables from financial services	60.2	36.2
Net carrying amount	**2,956.4**	**2,789.2**

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

in millions of EUR	2023	2022
Provision for impairment as of 1 January	**36.2**	**27.8**
Amounts recognized as expense (+) or income (–) in the reporting period	36.2	12.9
Derecognition of receivables	–11.1	–2.7
Payments received and recoveries of amounts previously written off	–1.4	–2.0
Currency translation effects	0.3	0.2
Provision for impairment as of 31 December	**60.2**	**36.2**

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

18. Deferred taxes

Deferred tax assets and liabilities can be allocated as follows:

in millions of EUR	Deferred tax assets 2023	Deferred tax liabilities 2023	Deferred tax assets 2022	Deferred tax liabilities 2022	Change 2023	Change 2022
Fixed assets	167.2	163.1	159.4	156.0	0.7	–21.4
Inventories	121.6	63.4	119.7	65.4	3.9	17.0
Receivables	157.3	59.8	128.1	55.6	25.0	46.6
Other assets	7.4	157.5	7.2	137.8	–19.5	–32.1
Provisions	68.1	44.2	64.6	42.2	1.5	–43.0
Liabilities	100.9	9.1	97.3	4.6	–0.9	1.2
Other liabilities	38.3	64.0	45.1	71.2	0.4	13.7
	660.8	**561.1**	**621.4**	**532.8**	**11.1**	**–18.0**
Unused tax losses	33.6		22.4		11.2	4.6
Offset	–419.9	–419.9	–393.4	–393.4		
Total	**274.5**	**141.2**	**250.4**	**139.4**	**22.3**	**–13.4**

The development of timing differences is fully reflected in income taxes. One exception relates to foreign exchange differences of EUR 22.1 million (2022: EUR 3.9 million), which were recognized directly in equity, and additions of deferred taxes of EUR 1.0 million (2022: EUR 0.0 million) arising from acquisitions, as well as deferred taxes on items recorded in equity that were also recognized directly in other comprehensive income in the amount of EUR 5.8 million (2022: EUR –17.3 million).

There are deferred tax assets totaling EUR 33.2 million (2022: EUR 20.4 million) for entities that have a history of losses.

During the 2023 fiscal year, deferred tax assets of EUR 9.2 million (2022: EUR 3.2 million) were subsequently formed on unused tax losses in the amount of EUR 61.2 million (2022: EUR 31.7 million), since the management has classified future use within the Würth Group as probable.

In total, deferred tax assets of EUR 171.4 million (2022: EUR 114.8 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 782.4 million (2022: EUR 812.5 million), as realization is not sufficiently certain.

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

in millions of EUR	2023	2022
Expiration of unused tax losses		
Non-forfeitable	452.8	489.1
Expiration within the next five to ten years	155.0	167.0
Expiration within the next one to five years	150.5	135.5
Expiration within the next year	24.1	20.9
Total unused tax losses net of deferred tax assets recognized	**782.4**	**812.5**

The unused tax losses include unused tax losses of EUR 24.2 million (2022: 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 1,159.9 million (2022: EUR 1,150.4 million), as a distribution in the near future is within the Würth Group’s control and is not probable. If deferred taxes had been recognized for these timing differences, they would have had to be calculated exclusively using the withholding tax rate applicable in each case, possibly including the German tax rate of five percent on distributed dividends.

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

19. Inventories

in millions of EUR	2023	2022
Materials and supplies	155.7	190.0
Work in process and finished goods	254.3	268.6
Merchandise	3,088.7	3,340.5
Payments on account	13.3	29.3
Total	**3,512.0**	**3,828.4**

The write-down recorded on inventories, which was recognized under cost of materials in the consolidated income statement, amounts to EUR 24.4 million (2022: EUR 93.5 million).

20. Trade receivables

This item exclusively comprises receivables from third parties.

in millions of EUR	2023	2022
Trade receivables that are neither past due nor impaired	1,162.4	1,188.5
Receivables not impaired but past due by		
less than 120 days	494.0	504.7
between 120 and 179 days	36.5	44.5
between 180 and 359 days	1.1	1.0
more than 360 days	0.1	0.0
Total receivables not impaired	**1,694.1**	**1,738.7**
Impaired trade receivables (gross)	1,194.8	1,252.8
Provision for impairment of trade receivables	156.5	172.1
Net carrying amount	**2,732.4**	**2,819.4**

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

2023 in millions of EUR	Expected default rate in %	Gross book value	Expected losses over remaining term
less than 120 days (level 2)	0.92	2,593.7	24.1
120 to 359 days (level 2)	5.6	175.5	9.8
more than 360 days (level 3)	66.5	119.7	79.6
Total		**2,888.9**	**113.5**

2022 in millions of EUR	Expected default rate in %	Gross book value	Expected losses over remaining term
less than 120 days (level 2)	1.07	2,692.3	28.8
120 to 359 days (level 2)	10.8	179.7	19.4
more than 360 days (level 3)	64.0	119.5	76.5
Total		**2,991.5**	**124.7**

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	2023	2022
Provision for impairment as of 1 January	**172.1**	**165.5**
Changes in the consolidated group	0.1	0.0
Amounts recognized as expense in the reporting period	25.6	42.7
Derecognition of receivables	-33.5	-31.7
Payments received and recoveries of amounts previously written off	-4.2	-2.8
Currency translation effects	-2.3	1.8
Less impairment losses recognized on "assets classified as held for sale"	1.3	3.4
Provision for impairment as of 31 December	**156.5**	**172.1**

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

in millions of EUR	2023	2022
Expenses from the derecognition of receivables	34.7	37.3
Income from recoveries of amounts previously written off	2.9	4.0

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

21. Other financial assets

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Derivative financial assets	19.6	19.6	19.5	19.5
Sundry financial assets	219.2	219.2	219.1	219.1
Total	**238.8**	**238.8**	**238.6**	**238.6**

Sundry financial assets mainly include rebates, supplier discounts, and bonuses.

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

22. Other assets

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Sundry assets	212.6	164.2	200.7	170.4
Prepaid expenses	114.3	114.3	113.6	113.6
Total	**326.9**	**278.5**	**314.3**	**284.0**

Sundry assets mainly include VAT receivables. Prepaid expenses mainly relate to prepaid insurance premiums and prepaid lease and rental payments.

23. Securities

Securities comprise listed equity and bond exposures (equity and debt instruments) that are actively traded and measured at fair value through profit or loss, or at amortized cost, in accordance with IFRS 9. Changes in value are calculated using quoted prices in active markets (level 1). Among other things, these include actively traded bonds (debt instruments) from Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 15.2 million (2022: EUR 15.1 million), which are pledged 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.

24. 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.

25. Assets classified as held for sale and liabilities in a group of assets classified as held for sale

Assets in millions of EUR	2023	2022
Non-current assets		
Right-of-use assets	7.1	0.0
Current assets		
Cash and cash equivalents	2.9	0.0
Assets classified as held for sale	**10.0**	**0.0**

Liabilities in millions of EUR	2023	2022
Non-current liabilities		
Lease liabilities	7.1	0.0
Current liabilities		
Trade payables	4.3	0.6
Lease liabilities	0.2	0.0
Other liabilities	7.9	3.5
Liabilities in a group of assets classified as held for sale	**19.5**	**4.1**
Net assets directly related to the disposal group	**–9.5**	**–4.1**

The statement of financial position of the Würth Group as of 31 December 2023 and 31 December 2022 reports assets classified as held for sale and liabilities in a group of assets classified as held for sale.

Due to the war in Ukraine and the sanctions imposed on Russia, the Würth Group intended, starting in the 2022 fiscal year, to sell its cash-generating units in Russia but assumed that the proceeds from the sale less costs to sell would not reach the carrying amount. As a result, impairment losses were recognized on all assets in the 2022 fiscal year. In addition, there were cumulative effects on other comprehensive income resulting from currency translation in the amount of EUR 28.9 million (2022: EUR 21.2 million).

In addition, all shares in SVH Handels-GmbH, Dortmund, Germany, were sold by the Würth Group to the company's current managing director as of 1 January 2024. As the proceeds from the sale less costs to sell will not reach the carrying amount, impairment losses were recognized on assets in the 2023 fiscal year. An amount of EUR 17.9 million was recognized as an expense in the consolidated income statement. EUR 0.3 million of this relates to intangible assets, including goodwill, and EUR 1.7 million to property, plant, and equipment. Further details on the impairment losses on non-current assets can be found in "14. Intangible assets including goodwill" and "15. Property, plant, and equipment." In addition, total impairment losses of EUR 15.9 million were recognized on inventories, trade receivables, and other assets.

26. 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-Familienstiftungen
Würth Finanz-Beteiligungs-GmbH	Germany	67.0	Würth-Familienstiftungen
Waldenburger Beteiligungen GmbH & Co. KG	Germany	20.0	Würth-Familienstiftungen
Würth Elektrogroßhandel GmbH & Co. KG	Germany	19.6	Würth-Familienstiftungen
Würth Promotion GmbH	Austria	0.07	Würth-Privatstiftung
Würth Beteiligungen GmbH	Germany	0.03	Würth-Familienstiftungen
Würth Immobilien Ges.m.b.H.	Austria	0.04	Würth-Privatstiftung
ZEBRA S.A.	Luxembourg	0.03	
Other (including 34 general partner companies)	Germany	0.83	Adolf Würth-Stiftung
Total		**408.4**	

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

Other capital and revenue 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 arising from foreign currency translation are also disclosed here.

The individual equity components and their development in 2023 and 2022 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 an instrument to hedge the risk of fluctuations in the cash flow from future financing.

Distributions of EUR 200 million are planned for 2024.

27. Liabilities from financial services

2023 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	1,132.8	257.5	862.0	13.3
Liabilities from the insurance business	0.7	0.7	0.0	0.0
Liabilities from the banking business	1,269.1	1,099.3	160.2	9.6
Total	**2,402.6**	**1,357.5**	**1,022.2**	**22.9**

2022 in millions of EUR	Total	Due in < 1 year	Due in 1–5 years	Due in > 5 years
Liabilities from the leasing business	920.7	219.6	640.5	60.6
Liabilities from the insurance business	0.8	0.8	0.0	0.0
Liabilities from the banking business	1,419.5	1,103.4	295.4	20.7
Total	**2,341.0**	**1,323.8**	**935.9**	**81.3**

Liabilities from financial services include liabilities from related parties of EUR 8.1 million (2022: EUR 6.1 million).

Liabilities from the leasing business include liabilities from an ABCP transaction of EUR 899.9 million (2022: EUR 687.7 million). The nominal amount of this ABCP transaction comes to EUR 1,006.0 million (2022: EUR 742.9 million).

Any risk items relating to it are hedged by interest swaps of the same amount and term as soon as they become apparent. As of the end of the reporting period, the contrasting changes in value and cash flows from hedged transactions and hedging instruments had largely balanced each other out.

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

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2023**	< 1 year	1–5 years	> 5 years
Liabilities from the leasing business	1,132.8	299.5	931.3	17.9
Liabilities from the insurance business	0.7	0.7	0.0	0.0
Liabilities from the banking business	1,269.1	1,113.2	163.1	11.7

		Cash flow		
in millions of EUR	Carrying amounts **31 December 2022**	< 1 year	1–5 years	> 5 years
Liabilities from the leasing business	920.7	254.8	659.2	62.6
Liabilities from the insurance business	0.8	0.8	0.0	0.0
Liabilities from the banking business	1,419.5	1,118.7	302.8	21.5

28. Financial liabilities

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Bonds	2,149.8	0.0	2,109.6	0.0
Liabilities to banks	95.3	85.2	158.2	152.8
Liabilities to non-controlling interests	50.1	45.3	44.3	39.5
Total	**2,295.2**	**130.5**	**2,312.1**	**192.3**

The Group has financial liabilities due in more than five years of EUR 583.6 million (2022: EUR 569.3 million).

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

Type	Amount	Interest	Effective interest	Maturity	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	1.00 %	1.08 %	26 May 2025	494.5	484.8
Bond	CHF 300 million	2.10 %	2.07 %	16 November 2026	323.8	328.2
Bond	EUR 750 million	0.75 %	-0.023 %	22 November 2027	748.0	693.9
Bond	EUR 600 million	2.13 %	2.174 %	23 August 2030	583.6	566.2
31 December 2023					**2,149.8**	**2,073.1**

Type	Amount	Interest	Effective interest	Maturity	Carrying amount in millions of EUR	Fair value in millions of EUR
Bond	EUR 500 million	1.00 %	1.08 %	26 May 2025	490.3	476.8
Bond	EUR 750 million	0.75 %	-0.023 %	22 November 2027	747.5	661.4
Bond	CHF 300 million	2.10 %	2.07 %	16 November 2026	302.5	304.0
Bond	EUR 600 million	2.125 %	2.174 %	23 August 2030	569.3	540.2
31 December 2022					**2,109.6**	**1,982.4**

There are three-month par call options for the bonds.

The maturities and terms 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 %- 14.82 %	56.2	0.0	56.2
EUR	floating/fixed	1 - 5 years	0.00 %- 5.00 %	0.0	7.9	7.9
USD	floating/fixed	< 1 year	0.01 %- 10.00 %	0.4	0.0	0.4
Other	floating/fixed	< 1 year	0.30 %- 50.00 %	28.9	0.2	29.1
Other	floating/fixed	1 - 5 years	0.00 %- 19.00 %	0.0	1.7	1.7
31 December 2023				**85.5**	**9.8**	**95.3**

Currency	Interest terms	Remaining fixed interest period	Interest rate	< 1 year	1 - 5 years	Carrying amount
EUR	floating/fixed	< 1 year	0.00 %- 14.00 %	112.9	0.0	112.9
EUR	floating/fixed	1 - 5 years	1.00 %- 8.00 %	0.0	4.6	4.6
USD	floating/fixed	< 1 year	0.00 %- 5.00 %	0.2	0.0	0.2
Other	floating/fixed	< 1 year	0.00 %- 26.00 %	39.7	0.4	40.1
Other	floating/fixed	1 - 5 years	2.00 %- 23.00 %	0.0	0.4	0.4
31 December 2022				**152.8**	**5.4**	**158.2**

The carrying amounts of liabilities to banks reported in the consolidated statement of financial position closely approximate fair value due to the current interest rates and the short terms.

29. Leases

29.1 The Würth Group as the lessee

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

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

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.

The following tables show the development in 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 2023	1,410.1	21.7	412.7	1,844.5
Exchange differences	-8.7	-0.1	-3.0	-11.8
Changes in the consolidated group	3.2	0.0	0.0	3.2
Additions	212.8	4.8	181.7	399.3
Disposals	57.6	1.3	108.6	167.5
Reclassifications to "Assets classified as held for sale"	-9.6	0.0	-0.6	-10.2
Reclassifications	0.0	-0.5	-0.4	-0.9
Reversal of impairment losses	0.1	0.0	0.0	0.1
31 December 2023	**1,550.3**	**24.6**	**481.8**	**2,056.7**
Accumulated amortization and depreciation				
1 January 2023	607.6	14.6	227.8	850.0
Exchange differences	-3.8	0.0	-2.0	-5.8
Amortization and depreciation	207.9	3.4	124.6	335.9
Disposals	41.0	1.2	99.5	141.7
Reclassifications to "Assets classified as held for sale"	2.7	0.0	0.4	3.1
Reclassifications	-0.2	-0.4	-0.3	-0.9
31 December 2023	**767.8**	**16.4**	**250.2**	**1,034.4**
Net carrying amount				
31 December 2023	**782.5**	**8.2**	**231.6**	**1,022.3**

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 2022	1,228.1	21.3	359.4	1,608.8
Exchange differences	9.5	0.3	0.7	10.5
Changes in the consolidated group	1.7	0.0	0.0	1.7
Additions	225.4	3.0	128.3	356.7
Disposals	54.7	3.0	76.3	134.0
Reclassifications to "Assets classified as held for sale"	0.0	0.0	-0.2	-0.2
Reclassifications	0.1	0.1	0.8	1.0
31 December 2022	**1,410.1**	**21.7**	**412.7**	**1,844.5**
Accumulated amortization and depreciation				
1 January 2022	447.3	13.3	186.1	646.7
Exchange differences	1.4	0.1	-0.6	0.9
Amortization and depreciation	196.6	2.9	112.9	312.4
Impairment losses	0.0	0.0	0.1	0.1
Disposals	37.6	1.7	70.7	110.0
Reclassifications to "Assets classified as held for sale"	0.0	0.0	0.2	0.2
Reclassifications	-0.1	0.0	0.2	0.1
31 December 2022	**607.6**	**14.6**	**227.8**	**850.0**
Net carrying amount				
31 December 2022	**802.5**	**7.1**	**184.9**	**994.5**

The following table shows the carrying amounts of the lease liabilities:

in millions of EUR	2023	2022
Lease liabilities < 1 year	300.7	285.9
Lease liabilities 1–5 years	570.0	549.5
Lease liabilities > 5 years	172.3	178.9
Total	**1,043.0**	**1,014.3**

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

in millions of EUR	2023	2022
Depreciation of right-of-use assets for land, land rights, and buildings incl. buildings on third-party land	207.9	196.6
Depreciation of right-of-use assets for technical equipment and machines	3.4	2.9
Depreciation of right-of-use assets for other equipment, furniture, and fixtures	124.6	112.9
Total	**335.9**	**312.4**

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

in millions of EUR	2023	2022
Expense from short-term leases	79.9	64.5
Expense from leases of low-value assets	13.7	11.1
Expense from variable lease payments	1.0	0.6
Total	**94.6**	**76.2**

The total cash outflows for leases in the 2023 fiscal year amounted to EUR 448.0 million (2022: EUR 394.3 million).

29.2 The Würth Group as the lessor

The consolidated group also contains several entities that specialize in leases. These entities also have financing and operating leases with external third parties. They comprise lease agreements primarily for machines, equipment, furniture, and fixtures, as well as vehicles.

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.

Finance leases

in millions of EUR	2023	2022
Lease installments (future minimum lease payments)	1,424.8	1,127.4
due within 12 months	478.4	385.4
due in 1 to 2 years	331.4	264.0
due in 2 to 3 years	270.2	209.3
due in 3 to 4 years	186.7	146.2
due in 4 to 5 years	102.8	79.3
due in more than 5 years	55.3	43.2
Unearned finance income	158.3	101.8
Net investment in the lease	**1,266.5**	**1,025.6**
Lease installments already sold	413.1	372.7
Advance payments on leased assets	80.6	45.1
Impairments on lease receivables	22.8	16.7
Lease receivable (net)	**1,737.4**	**1,426.7**

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	2023	2022
Disposal gain (+)/loss (-)	8.5	6.3
Financial revenue on the net investment in the lease	68.5	43.1
Income from variable lease payments not included in the measurement of the net investment in the lease	0.4	0.3
Total	**77.4**	**49.7**

Operating leases

Maturity analysis of operating leases:

in millions of EUR	2023	2022
due within 12 months	0.0	1.9
due in 1 to 2 years	0.0	1.6
due in 2 to 3 years	0.0	0.0
Total	**0.0**	**3.5**

Leasing income of EUR 1.8 million was generated from operating leases (2022: 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 2023	15.1	1.6	16.7
Disposals	14.0	1.6	15.6
31 December 2023	**1.1**	**0.0**	**1.1**
Accumulated amortization and depreciation			
1 January 2023	11.1	1.0	12.1
Amortization and depreciation	1.6	0.0	1.6
Disposals	11.7	1.0	12.7
31 December 2023	**1.0**	**0.0**	**1.0**
Net carrying amount of cost			
31 December 2023	**0.1**	**0.0**	**0.1**

in millions of EUR	Technical equipment and machines	Other equipment, furniture, and fixtures	Total
Cost			
1 January 2022	15.1	1.6	16.7
31 December 2022	**15.1**	**1.6**	**16.7**
Accumulated amortization and depreciation			
1 January 2022	9.5	0.9	10.4
Amortization and depreciation	1.6	0.1	1.7
31 December 2022	**11.1**	**1.0**	**12.1**
Net carrying amount of cost			
31 December 2022	**4.0**	**0.6**	**4.6**

30. Post-employment benefit obligations

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 27.8 million (2022: EUR 25.7 million). Payments of EUR 278.8 million were made to the statutory pension insurance in the fiscal year (2022: EUR 266.1 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 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). The limit is set at the higher of the two amounts. This deferred compensation scheme was already closed in 2018. In total, obligations in Germany amount to EUR 152.4 million (2022: EUR 136.9 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 25.7 million in Austria (2022: EUR 25.4 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, i.e., 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 23.0 million were recognized in the consolidated statement of financial position of the Würth Group in Italy (2022: EUR 23.7 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 LOB [BVG, "Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge": Swiss Federal Law on Occupational Old-Age, Survivors' and Disability Benefit Plans]. The top management body of these insurance companies, the foundation 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 LOB. 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 entities in the Würth Group in Switzerland, the insurance company is a separate pension fund. The benefits comprise not only old-age pensions, but also disability and surviving dependents' pension benefits. The fund's statutes define the pension scope and benefit amounts, minimum payment obligations, and the investment strategy. All insurance-related risks are borne by the pension fund. The foundation 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 343.3 million (2022: EUR 288.4 million). Plan assets came to EUR 308.4 million (2022: EUR 267.2 million). The associated net liability amounts to EUR 34.9 million (2022: EUR 21.2 million).

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

	Interest rate		Future salary increases		Future pension increases	
in %	2023	2022	2023	2022	2023	2022
Germany	3.25	3.75	3.00*	3.00*	2.10	2.10
Austria	3.25–3.50	3.70–4.00	3.00–3.50	2.50–3.25	–	–
Italy	3.15	3.00	3.00	3.00	2.50	2.50
Switzerland	1.50	2.20	1.50	1.00	–	–
Other countries	3.11–3.70	3.00–3.75	3.25	3.25	1.00	1.00

* For pension commitments with salary-based components

The 2018 G mortality tables from Dr. Klaus Heubeck are applied in Germany. In Austria, the AVÖ 2018-P pension tables are applied, and in Italy the ISTAT 2011 mortality tables are used to calculate post-employment benefit obligations. In Switzerland, the BVG 2020 generation tables are used.

The benefit obligations are derived as follows:

in millions of EUR	2023	2022	2021	2020	2019
Present value of funded benefit obligations	393.7	337.8	335.3	330.0	317.7
Fair value of plan assets	–338.1	–297.2	–285.1	–254.0	–242.6
Net carrying amount on funded benefit obligations	**55.6**	**40.6**	**50.2**	**76.0**	**75.1**
Present value of unfunded benefit obligations	206.7	192.1	268.5	283.3	264.6
Net benefit liability recognized in the statement of financial position	**262.3**	**232.7**	**318.7**	**359.3**	**339.7**
Empirical adjustments					
Present value of the obligations	3.7	25.5	0.7	9.9	8.4

The average term to maturity of the post-employment benefit obligations is 17 years (2022: 17 years).

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

in millions of EUR	2023	2022
Service cost		
Current service cost	19.4	23.6
Past service cost	0.1	0.0
Expense/income from plan settlements	-0.2	-0.6
Net interest cost	7.8	4.1
Other	0.3	0.9
Total expense recognized in the consolidated income statement	**27.4**	**28.0**

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	2023	2022
Actuarial gains (–) and losses (+) recognized		
on changes in actuarial assumptions	35.9	-126.8
on empirical adjustments	3.7	25.5
Expense/income from plan assets (less interest income)	-10.8	15.0
Remeasurement of defined benefit plans	**28.8**	**–86.3**

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

in millions of EUR	2023	2022
Defined benefit obligation at the start of the year	529.9	603.8
Increase due to deferred compensation	0.2	0.2
Service cost	19.3	23.0
Interest cost	15.0	5.6
Employee contributions	9.0	8.1
Benefits paid	-19.7	-21.2
Actuarial gains (–) and losses (+) recognized	39.6	-101.3
Transfer of benefits	-6.3	-4.9
Exchange difference on foreign plans	9.1	7.7
Other	4.3	8.9
Defined benefit obligation at the end of the year	**600.4**	**529.9**

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	2023	2022
Fair value of plan assets at the beginning of the year	297.2	285.1
Interest income	7.2	1.5
Expense/income from plan assets (less interest income)	10.8	–15.0
Employer contributions	14.4	13.2
Employee contributions	9.0	8.1
Benefits paid	–8.6	–6.2
Transfer of assets	–5.9	–5.2
Exchange difference on foreign plans	10.1	7.7
Other	3.9	8.0
Fair value of plan assets at the end of the year	**338.1**	**297.2**

The actual return came in at 5.5 percent (2022: –4.4 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	2023	2022	2021	2020	2019
Fixed-income investment funds	123.8	106.8	98.9	87.3	76.5
Share-based investment funds	71.8	59.0	65.5	50.1	59.6
Real estate investment funds	82.3	75.9	67.4	56.7	53.6
Other funds	29.7	25.7	23.8	19.6	19.1
Fixed-interest securities	17.5	17.5	18.4	16.8	16.8
Shares	2.1	2.2	2.2	2.0	1.9
Real estate	3.0	3.1	3.1	2.8	2.7
Other	7.9	7.0	5.8	18.7	12.4
Total	**338.1**	**297.2**	**285.1**	**254.0**	**242.6**

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 do not usually fall below an A rating. 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 –3.9 percent/+4.1 percent. A 0.25 percent increase/decrease in the pension trend would lead to an increase/decrease in the DBO of +2.0 percent/–1.9 percent. An increase in life expectancy of one year would increase the DBO by 3.1 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 –3.5 percent/+3.7 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 1.6 percent.

31. Provisions

in millions of EUR	1 January 2023	Exchange difference	Utilization	Reversal	Addition	Unwinding of the discount and changes in the discount rate	31 December 2023
Credit notes	125.4	-0.3	82.3	14.2	106.3	0.0	134.9
Long-service bonuses	84.1	0.0	1.0	0.7	8.9	1.0	92.3
Warranty obligations	25.6	-0.1	6.8	2.2	9.6	0.0	26.1
Litigation and lawyers' fees	57.5	0.2	6.8	13.5	14.7	0.3	52.4
Phased retirement scheme	15.9	0.0	0.2	1.4	11.8	-0.1	26.0
Product liability	5.1	0.1	0.4	0.8	1.2	0.0	5.2
Sundry	99.6	-0.2	34.8	9.2	37.2	0.1	92.7
Total	**413.2**	**-0.3**	**132.3**	**42.0**	**189.7**	**1.3**	**429.6**
Thereof current	286.2						290.3
non-current	127.0						139.3

in millions of EUR	1 January 2022	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 2022
Credit notes	113.3	0.1	0.1	75.2	9.9	97.1	0.0	125.5
Long-service bonuses	98.3	0.1	0.0	0.6	15.8	1.0	1.2	84.2
Warranty obligations	24.4	-0.1	0.0	6.4	1.7	9.3	0.0	25.5
Litigation and lawyers' fees	59.9	0.9	0.0	7.8	4.3	8.6	0.2	57.5
Phased retirement scheme	15.3	0.1	0.0	0.2	3.3	3.8	0.2	15.9
Product liability	4.2	0.0	0.0	0.9	0.4	2.1	0.0	5.0
Sundry	75.7	0.0	0.0	16.4	4.3	44.5	0.1	99.6
Total	**391.1**	**1.1**	**0.1**	**107.5**	**39.7**	**166.4**	**1.7**	**413.2**
Thereof current	254.6							286.2
non-current	136.5							127.0

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 during the next fiscal year.

32. Other financial liabilities

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Liabilities to related parties	200.1	199.0	172.6	171.5
Derivative liabilities	25.0	25.0	10.8	10.8
Liabilities from business combinations	4.0	0.0	5.1	0.0
Sundry financial liabilities	584.6	575.1	570.4	560.8
Total	**813.7**	**799.1**	**758.9**	**743.1**

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

33. Other liabilities

in millions of EUR	2023	Thereof due within one year	2022	Thereof due within one year
Deferred income	47.2	47.2	36.3	36.3
Sundry liabilities	599.8	599.1	625.1	624.9
Total	**647.0**	**646.3**	**661.4**	**661.2**

Liabilities relating to social security amount to EUR 102.2 million (2022: EUR 94.4 million). In addition, sundry liabilities include liabilities from other taxes of EUR 193.9 million (2022: EUR 207.0 million).

34. Additional disclosures on financial instruments

34.1 Carrying amounts and fair values by measurement category IFRS 9

in millions of EUR **Assets**	Measurement category under IFRS 9	Carrying amount **31 Dec. 2023**	Fair value **31 Dec. 2023**
Financial assets	FVTPL/AC	168.7	168.7
Receivables from the banking business	AC	1,216.8	1,216.8
Trade receivables	AC	2,732.4	2,732.4
Other financial assets			
Derivative financial assets	FVTPL	19.6	19.6
Sundry financial assets	AC	219.2	219.2
Securities	FVTPL/AC	244.1	244.1
Cash and cash equivalents	AC	1,596.6	1,596.6
Equity and liabilities			
Liabilities from the leasing business	AC	1,132.8	1,132.8
Liabilities from the banking business	AC	1,269.1	1,269.1
Trade payables	AC	1,070.5	1,070.5
Financial liabilities	FVTPL/AC	2,295.2	2,218.5
Other financial liabilities			
Liabilities to related parties	AC	200.1	200.1
Derivative liabilities	FVTPL	25.0	25.0
Liabilities from business combinations	FVTPL	4.0	4.0
Sundry financial liabilities	AC	584.6	584.6
Thereof combined by measurement category in accordance with IFRS 9:			
Financial assets measured at amortized cost	AC	6,022.5	6,022.5
Financial liabilities measured at amortized cost	AC	6,507.1	6,430.4
Financial assets at fair value through profit or loss	FVTPL	174.9	174.9
Financial liabilities at fair value through profit or loss	FVTPL	74.3	74.3

in millions of EUR **Assets**	Measurement category under IFRS 9	Carrying amount **31 Dec. 2022**	Fair value **31 Dec. 2022**
Financial assets	FVTPL/AC	150.7	150.7
Receivables from the banking business	AC	1,360.6	1,360.6
Trade receivables	AC	2,819.4	2,819.4
Other financial assets			
Derivative financial assets	FVTPL	19.5	19.5
Sundry financial assets	AC	219.1	219.1
Securities	FVTPL	110.8	110.8
Cash and cash equivalents	AC	1,214.7	1,214.7
Equity and liabilities			
Liabilities from the leasing business	AC	920.7	920.7
Liabilities from the banking business	AC	1,419.5	1,419.5
Trade payables	AC	1,247.3	1,247.3
Financial liabilities	FVTPL/AC	2,312.1	2,184.9
Other financial liabilities			
Liabilities to related parties	AC	172.6	172.6
Derivative liabilities	FVTPL	10.8	10.8
Liabilities from business combinations	FVTPL	5.1	5.1
Sundry financial liabilities	AC	570.4	570.4
Thereof combined by measurement category in accordance with IFRS 9:			
Financial assets measured at amortized cost	AC	5,738.2	5,738.2
Financial liabilities measured at amortized cost	AC	6,603.2	6,476.0
Financial assets at fair value through profit or loss	FVTPL	156.6	156.6
Financial liabilities at fair value through profit or loss	FVTPL	55.4	55.4

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

in millions of EUR	**Total 31 December 2023**	Listed price on active markets (level 1)	Material observable input parameter (level 2)	Material unobservable input parameter (level 3)
Financial assets	24.1	0.0	24.1	0.0
Derivative assets				
Currency instruments	9.2	0.0	9.2	0.0
Interest instruments	20.3	0.0	20.3	0.0
Securities	131.2	131.2	0.0	0.0
Financial assets at fair value	**184.8**	**131.2**	**53.6**	**0.0**
Liabilities to non-controlling interests	45.3	0.0	0.0	45.3
Derivative liabilities				
Currency instruments	30.4	0.0	30.4	0.0
Interest instruments	20.6	0.0	20.6	0.0
Liabilities from business combinations	4.0	0.0	0.0	4.0
Financial liabilities at fair value	**100.3**	**0.0**	**51.0**	**49.3**

in millions of EUR	**Total 31 December 2022**	Listed price on active markets (level 1)	Material observable input parameter (level 2)	Material unobservable input parameter (level 3)
Financial assets	26.3	0.0	26.3	0.0
Derivative assets				
Currency instruments	4.9	0.0	4.9	0.0
Interest instruments	19.6	0.0	19.6	0.0
Securities	110.8	110.8	0.0	0.0
Financial assets at fair value	**161.6**	**110.8**	**50.8**	**0.0**
Liabilities to non-controlling interests	39.5	0.0	0.0	39.5
Derivative liabilities				
Currency instruments	13.3	0.0	13.3	0.0
Interest instruments	36.1	0.0	36.1	0.0
Liabilities from business combinations	5.1	0.0	0.0	5.1
Financial liabilities at fair value	**94.0**	**0.0**	**49.4**	**44.6**

Financial assets and liabilities not stated at fair value:

in millions of EUR	Total 31 December 2023	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	144.6	0.0	144.6
Receivables from the banking business	1,216.8	0.0	1,216.8
Trade receivables	2,732.4	0.0	2,732.4
Sundry financial assets	219.2	0.0	219.2
Securities	112.9	0.0	112.9
Cash and cash equivalents	1,596.6	1,596.6	0.0
Financial assets not stated at fair value	**6,022.5**	**1,596.6**	**4,425.9**
Liabilities from the leasing business	1,132.9	0.0	1,132.9
Liabilities from the banking business	1,269.1	0.0	1,269.1
Trade payables	1,070.5	0.0	1,070.5
Financial liabilities (partially excluding liabilities to other companies)	2,249.9	0.0	2,249.9
Liabilities to related parties	200.1	0.0	200.1
Sundry financial liabilities	584.6	0.0	584.6
Financial liabilities not stated at fair value	**6,507.0**	**0.0**	**6,507.0**

in millions of EUR	Total 31 December 2022	Listed price on active markets (level 1)	Material observable input parameter (level 2)
Financial assets	124.4	0.0	124.4
Receivables from the banking business	1,360.6	0.0	1,360.6
Trade receivables	2,819.4	0.0	2,819.4
Sundry financial assets	219.1	0.0	219.1
Cash and cash equivalents	1,214.7	1,214.7	0.0
Financial assets not stated at fair value	**5,738.2**	**1,214.7**	**4,523.5**
Liabilities from the leasing business	920.7	0.0	920.7
Liabilities from the banking business	1,419.5	0.0	1,419.5
Trade payables	1,247.3	0.0	1,247.3
Financial liabilities (partially excluding liabilities to other companies)	2,272.7	0.0	2,272.7
Liabilities to related parties	172.6	0.0	172.6
Sundry financial liabilities	570.4	0.0	570.4
Financial liabilities not stated at fair value	**6,603.2**	**0.0**	**6,603.2**

Additional information on the determination of fair value can be found under "34.1 Carrying amounts and fair values by measurement category IFRS 9."

34.2 Contractually agreed remaining terms to maturity from financial liabilities

in millions of EUR	Carrying amounts 31 December 2023	Cash flow < 1 year	Cash flow 1 – 5 years	Cash flow > 5 years
Financial liabilities				
Bonds, liabilities to banks	2,245.1	115.5	1,669.1	625.5
Trade payables	1,070.5	1,070.5	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	1,230.2	77.0	12.7
Outflows from currency derivatives	30.4	1,251.4	82.6	13.6
Outflows from interest rate derivatives	20.6	9.6	12.9	4.2

in millions of EUR	Carrying amounts 31 December 2022	Cash flow < 1 year	Cash flow 1 – 5 years	Cash flow > 5 years
Financial liabilities				
Bonds, liabilities to banks	2,267.8	182.6	1,661.8	638.3
Trade payables	1,247.3	1,247.3	0.0	0.0
Derivative financial liabilities				
Inflows from currency derivatives	–	624.4	94.8	0.0
Outflows from currency derivatives	13.3	637.7	102.0	0.0
Outflows from interest rate derivatives	36.1	6.2	25.1	11.0

34.3 Change in liabilities from financing activities

in millions of EUR	1 January 2023	Additions due to changes in the consolidated group	Cash flows	Exchange differences	New leases	Other	31 December 2023
Bonds > 1 year	2,109.6	0.0	0.0	18.9	0.0	21.3	2,149.8
Liabilities to banks > 1 year	5.5	0.0	6.1	-0.1		-1.4	10.1
Lease liabilities > 1 year	728.4	2.5	0.0	-5.5	221.2	-204.3	742.3
Liabilities to banks < 1 year	152.8	38.2	-106.1	-1.0		1.3	85.2
Lease liabilities < 1 year	285.9	0.7	-326.1	-1.4	177.8	163.8	300.7
Receivables from/liabilities to Würth-Familienstiftungen and the Würth family	159.8	0.0	40.5	0.0	0.0	0.0	200.3
Total liabilities from financing activities	**3,442.0**	**41.4**	**-385.6**	**10.9**	**399.0**	**-19.3**	**3,488.4**

in millions of EUR	1 January 2022	Additions due to changes in the consolidated group	Cash flows	Exchange differences	New leases	Other	31 December 2022
Bonds > 1 year	1,250.0	0.0	898.6	-2.8	0.0	-36.2	2,109.6
Liabilities to banks > 1 year	1.6	0.0	5.1	-0.3	0.0	-0.9	5.5
Lease liabilities > 1 year	718.6	1.6	0.0	5.6	204.7	-202.1	728.4
Bonds < 1 year	499.9	0.0	-499.9	0.0	0.0	0.0	0.0
Liabilities to banks < 1 year	76.9	0.0	74.7	0.2	0.0	1.0	152.8
Lease liabilities < 1 year	259.1	0.1	-304.6	1.4	151.7	178.2	285.9
Receivables from/liabilities to Würth-Familienstiftungen and the Würth family	143.3	0.0	16.5	0.0	0.0	0.0	159.8
Total liabilities from financing activities	**2,949.4**	**1.7**	**190.4**	**4.1**	**356.4**	**-60.0**	**3,442.0**

35. Commitments, contingencies, and other financial obligations

35.1 Commitments and contingencies

in millions of EUR	2023	2022
Guarantees, warranties, and collateral for third-party liabilities	20.2	25.9

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

35.2 Other financial obligations

in millions of EUR	2023	2022
Purchase obligations		
due within 12 months	724.3	1,022.1
due in 13 to 60 months	0.0	1.3
	724.3	**1,023.4**
Sundry financial obligations		
due within 12 months	62.5	103.8
due in 13 to 60 months	72.7	89.0
due in more than 60 months	1.8	4.2
	137.0	**197.0**
Total	**861.3**	**1,220.4**

The sundry financial obligations contain irrevocable lending commitments of Internationales Bankhaus Bodensee AG, Friedrichshafen, Germany, in the amount of EUR 80.0 million (2022: EUR 135.4 million).

35.3 Contingent liabilities

In November 2022, searches were carried out at various electrical wholesalers—including three subsidiaries of the Würth Group—as part of investigations by the German Federal Cartel Office. The searches were motivated by initial suspicions of anti-competitive agreements at wholesale level in Germany. The Würth Group immediately launched an internal investigation after the facts came to light.

No conclusive statements can be made regarding the outcome of the investigations as yet.

Based on the information currently available, the Würth Group can conclude that, while the imposition of fines by the German Federal Cartel Office due to violations of competition law is possible in principle, it is an unlikely outcome for the subsidiaries of the Würth Group concerned.

In addition, as an international group with various areas of business, the Würth Group is exposed to many legal risks. This is especially true of risks relating to warranties, tax law, and other legal disputes. However, according to the assessment by the Central Management 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, and so the related audit findings have not yet been reported.

36. Financial instruments

36.1 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.

36.2 Exchange rate risks

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

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

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

If the euro had depreciated/appreciated against the following currencies by 10 percent as of 31 December 2023, the hypothetical effect on profit or loss would have been as follows:

in millions of EUR	Hypothetical effect on profit or loss 2023		Hypothetical effect on profit or loss 2022	
Currency	Depreciation	Appreciation	Depreciation	Appreciation
US dollar	7.8	-7.8	11.1	-11.1
Swiss franc	18.2	-18.2	12.9	-12.9
Pound sterling	0.9	-0.9	1.0	-1.0
Danish krone	4.9	-4.9	6.7	-6.7
Swedish krona	4.6	-4.6	2.9	-2.9
Other	13.6	-13.6	5.6	-5.6

This has no impact on other comprehensive income.

36.3 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 part 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 "28. Financial liabilities" and the items presented under "17. Receivables from financial services" and under "27. Liabilities from financial services."

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 or lower as of 31 December 2023, profit or loss would have been EUR 20.2 million lower or higher (2022: EUR 13.7 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.

This has no impact on other comprehensive income.

36.4 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.

36.5 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 posed by 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 consolidated statement of financial position. The credit risk from operating activities is accounted for by a portfolio-based specific allowance on trade receivables.

Additional information about credit risks may be found under "17. Receivables from financial services" and "20. Trade receivables."

36.6 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. Its high international credit rating (Standard & Poor's issued an A rating on the Würth Group's non-current liabilities) means that the Group can obtain favorable terms for procuring funds on international capital markets. In order to be in a position to meet its payment obligations at any time, even in extraordinary circumstances, the Würth Group also maintains lines of credit with various banks to cover potential liquidity bottlenecks. The Group has a fixed undrawn credit line of EUR 500 million provided by a syndicate of banks until September 2027.

36.7 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 "20. Trade receivables."

36.8 Capital management

The primary objective of capital management is to ensure that the Würth Group 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 2023 and 31 December 2022. The equity ratio, calculated as equity in accordance with IFRS divided by total assets, is 48.7 percent (2022: 46.0 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.

36.9 Fair value of financial instruments

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

The fair value of securities classified as financial instruments at fair value through profit or loss is determined in accordance with the valuation methods described in "23. Securities." The result of adjusting the fair value of financial assets at fair value through profit or loss amounted to income of EUR 6.2 million in the fiscal year under review (2022: expense of EUR 6.1 million) and was recorded in full in profit or loss for the period.

The fair value of forward exchange contracts is measured using the closing rates on the forward exchange markets. Interest rate swaps are measured at fair value on the basis of the present value of estimated future cash flows. The fair value of options is measured using option-pricing models. The Würth Group has a policy of obtaining confirmation of the fair value of all the above instruments from the banks that arranged the respective contracts for the 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, other liabilities, overdraft facilities, non-current loans, and held-to-maturity investments and securities.

The carrying amount of cash equivalents and overdraft facilities closely 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 closely 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 "34.1 Carrying amounts and fair values by measurement category IFRS 9."

36.10 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 fair value		Negative fair value	
Type	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Currency instruments						
Foreign exchange forward contracts	2,037.9	1,365.4	6.5	4.9	30.3	13.3
Currency options (OTC)	48.6	8.5	2.7	0.0	0.1	0.0
Total currency instruments	**2,086.5**	**1,373.9**	**9.2**	**4.9**	**30.4**	**13.3**
Interest instruments						
Interest rate swaps	1,684.5	1,620.7	10.9	12.9	18.4	31.0
Cross-currency swaps	245.3	268.2	9.4	6.7	2.2	5.1
Interest rate futures	4.9	14.3	0.0	0.0	0.0	0.0
Total interest instruments	**1,934.7**	**1,903.2**	**20.3**	**19.6**	**20.6**	**36.1**
Reduction due to CSA			**9.9**	**5.0**	**26.0**	**38.6**
Net replacement value			0.0	8.7	5.4	0.0

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 table below shows the results of the hedges:

in millions of EUR **Micro cash flow hedges**	Assets **2023**	Liabilities **2023**	Assets **2022**	Liabilities **2022**
Planned new bond 2018 EUR	0.0	0.1	0.0	0.2
Planned new bond 2020 EUR	0.0	6.7	0.0	8.7
Planned new bond 2022 EUR	0.5	0.0	0.5	0.0

The micro cash flow hedge in connection with the new issue of a Würth bond in 2018 was terminated in 2018. The loss in other comprehensive income from premature termination will be recognized in profit and loss over the actual derivative term from May 2019 onward.

The micro cash flow hedge in connection with the new issue of a Würth bond in 2020 was terminated in 2020. The loss in other comprehensive income from premature termination will also be recognized in profit and loss over the actual derivative term from May 2020 onward.

The micro cash flow hedge in connection with the new issue of a Würth bond in 2022 was terminated in 2022. The profit in other comprehensive income from premature termination will also be recognized in profit and loss over the actual derivative term from May 2022 onward.

Fair value hedges

Fair value hedges within the Würth Group essentially consist of interest rate swaps that are used to hedge against changes in the market value of fixed-interest Würth bonds.

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 **2023**	Liabilities **2023**	Assets **2022**	Liabilities **2022**
2025 bond EUR	150.0	0.0	5.0	0.0	8.8
2026 bond CHF	100.0	1.5	0.0	0.0	0.7
2030 bond EUR	250.0	0.0	13.3	0.0	27.1

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 2023**	1–5 years	> 5 years
Bond 2025	5.0	0.0
Bond 2026	1.5	0.0
Bond 2030	0.0	13.3

in millions of EUR **31 December 2022**	1–5 years	> 5 years
Bond 2025	8.8	0.0
Bond 2026	0.7	0.0
Bond 2030	0.0	27.1

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.

37. 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 Management Board and the Executive Board), members of the Advisory Board of the Würth Group, the Management Board of Würth-Familienstiftungen, the Supervisory Board of the Würth Group, and close family members of the aforementioned groups of persons. “Related parties” also include Würth-Familienstiftungen. Related party transactions were all conducted at arm’s length.

37.1 Transactions involving key management personnel in the Würth Group and entities controlled by them

Payments of EUR 450.2 million (2022: EUR 363.7 million) were made to members of the Würth family and Würth-Familienstiftungen for distributions and usufructuary rights. Of the payments made, an amount of EUR 241.1 million (2022: EUR 173.5 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 Management Board, the Executive Board and the Advisory Board, as well as the Supervisory Board of the Würth Group and the Management Board of Würth-Familienstiftungen.

in millions of EUR	2023	2022
Purchased services	3.0	2.9
Services rendered	0.5	0.3
Interest cost	1.6	0.1
Lease/rental expense	5.6	6.1
Lease/rental income	0.8	0.9
Remuneration of the Management Board of Würth-Familienstiftungen, the Supervisory Board of the Würth Group, the Advisory Board of the Würth Group, members of the Würth family	6.7	16.1

The following receivables and liabilities arose from these business relationships:

in millions of EUR	2023	2022
Receivables from financial services	21.1	13.8
Liabilities from financial services	7.2	6.1
Loan liabilities	84.9	74.0

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

in millions of EUR	2023	2022
Liabilities from financial services	0.9	0.5
Loan liabilities	5.6	0.8

There was also remuneration paid to family members of key management personnel amounting to EUR 0.0 million (2022: EUR 0.1 million).

The income and expenses listed below were transacted between the Würth Group and Würth-Familienstiftungen:

in millions of EUR	2023	2022
Lease/rental expense	1.0	1.0
Interest cost	18.6	6.5

These transactions gave rise to loan liabilities of EUR 109.7 million (2022: EUR 97.8 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.

37.2 Compensation of key management personnel

in millions of EUR	2023	2022
Short-term employee benefits	62.8	58.3
Total	**62.8**	**58.3**

Individual members of the Central Management Board and the Executive Board have a right to pension benefits with a total present value of EUR 13.0 million (2022: EUR 12.2 million). Former members and their surviving dependents are also entitled to benefit payments. The present value of the resulting benefit obligations totals EUR 13.3 million (2022: EUR 12.6 million). The reduction is due to settlements of existing pension obligations.

38. Government grants

The table below shows government grants:

in millions of EUR	2023	2022
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	0.4	0.4
Wage subsidies	0.0	0.1
Other subsidies	0.2	0.3
Total	**0.8**	**0.8**

39. Auditor's fees

The following table shows, on aggregate, the fees incurred for the services provided by the auditor EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, in the 2023 fiscal year.

in millions of EUR	2023	2022
Audit	2.8	2.4
Tax services	0.0	0.1
Other fees	0.3	0.1
Total	**3.1**	**2.6**

40. 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 fiscal year 2023:

Entity	Registered office
Abraham Diederichs GmbH & Co. oHG	Wuppertal
Adolf Menschel Verbindungstechnik GmbH & Co. KG	Plettenberg
Adolf Würth GmbH & Co. KG	Künzelsau
Arnold Umformtechnik GmbH & Co. KG	Forchtenberg
Baier & Michels GmbH & Co. KG	Ober-Ramstadt
Conpac GmbH & Co. KG	Celle
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar
Hommel Hercules-Werkzeughandel GmbH & Co. KG	Viernheim
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr
Marbet Marion & Bettina Würth GmbH & Co. KG	Schwäbisch Hall
Meguin GmbH & Co. KG Mineraloelwerke	Saarlouis
MKT Metall-Kunststoff-Technik GmbH & Co. KG	Weilerbach
SARTORIUS Werkzeuge GmbH & Co. KG	Ratingen
Siller & Laar Schrauben- Werkzeug- und Beschläge- Handel GmbH & Co. KG	Augsburg
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten
SYNFIBER AS & Co. beschränkt haftende KG	Worms

Entity	Registered office
Teudeloff GmbH & Co. KG	Waldenburg
TOGE Dübel GmbH & Co. KG	Nuremberg
TUNAP GmbH & Co. KG	Wolfratshausen
UNI ELEKTRO Fachgroßhandel GmbH & Co. KG	Eschborn
Waldenburger Beteiligungen GmbH & Co. KG	Künzelsau
Werkzeugtechnik Niederstetten GmbH & Co. KG	Niederstetten
WLC Würth-Logistik GmbH & Co. KG	Künzelsau
Würth Elektrogroßhandel GmbH & Co. KG	Künzelsau
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg
Würth Elektronik GmbH & Co KG	Niedernhall
Würth Elektronik ICS GmbH & Co. KG	Niedernhall
Würth GmbH & Co. KG Grundstücksgesellschaft	Künzelsau
Würth Immobilien-Leasing GmbH & Co. KG	Eislingen/Fils
Würth Industrie Service GmbH & Co. KG	Bad Mergentheim
Würth IT International GmbH & Co. KG	Bad Mergentheim
Würth Leasing GmbH & Co. KG	Eislingen/Fils
Würth Modyf GmbH & Co. KG	Künzelsau
Würth TeleServices GmbH & Co. KG	Künzelsau

The following German group entities organized as corporations made use of the exemption clause according to Sec. 264 (3) HGB for the 2023 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
enfas GmbH	Karlshuld
EPRO GmbH	Ulm
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn
Eurofast Germany GmbH	Schwäbisch Hall
FEGA & Schmitt Elektrogroßhandel GmbH	Ansbach
FELO-Werkzeugfabrik 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
Kisling (Deutschland) GmbH	Künzelsau
Lichtzentrale Lichtgroßhandel GmbH	Ansbach
Liqui - Moly Gesellschaft mit beschränkter Haftung	Ulm
Meguin Verwaltungs-GmbH	Saarlouis
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal
MKT Metall-Kunststoff-Technik Beteiligungsgesellschaft mbH	Weilerbach
Momper Auto-Chemie GmbH	Vöhringen
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn

Entity	Registered office
Normfest GmbH	Velbert
Panorama Hotel- und Service GmbH	Waldenburg
Pronto-Werkzeuge GmbH	Wuppertal
RECA NORM GmbH	Kupferzell
Reinhold Würth Holding GmbH	Künzelsau
Reinhold Würth Musikstiftung gemeinnützige GmbH	Künzelsau
REISSER Schraubentechnik GmbH	Ingelfingen
Schmitt Elektrogroßhandel GmbH	Fulda
SVH Handels-GmbH	Dortmund
SWG Schraubenwerk Gaisbach GmbH	Waldenburg
UNI ELEKTRO Handels- und Beteiligungs-GmbH	Eschborn
Walter Kluxen GmbH	Hamburg
WASI GmbH	Wuppertal
WLC Personal GmbH	Adelsheim
WOW ! Würth Online World GmbH	Künzelsau
WPS Beteiligungen GmbH	Künzelsau
WSS Würth Shared Services GmbH	Künzelsau
WUCATO Marketplace GmbH	Stuttgart
Würth Aerospace Solutions GmbH	Bad Mergentheim
Würth Aviation GmbH	Künzelsau
Würth Cloud Services GmbH	Bad Mergentheim
Würth Elektronik CBT International GmbH	Niedernhall
Würth Elektronik iBE GmbH	Thyrnau
Würth IT GmbH	Bad Mergentheim
Würth Logistic Center Europe GmbH	Künzelsau
Würth Logistics Deutschland GmbH	Bremen
Würth MODYF International GmbH	Künzelsau
Würth Truck Lease GmbH	Dreieich
Würth Versicherungsdienst GmbH	Künzelsau

41. 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 consist of cash, demand deposits, and short-term investments (e.g., money market funds). The effects of acquisitions and other changes in the consolidated group on the consolidated statement of cash flows have been considered separately and are presented in "4. Consolidated group."

At EUR 2,002.3 million, **cash flow from operating activities** was significantly higher than in the previous year due to the reduction in inventories and the drop in trade receivables (2022: EUR 866.7 million). Specifically, the figure for earnings before income taxes is adjusted for income tax paid, finance costs and finance revenue, interest income and expenses from operating activities, changes in post-employment benefit obligations, and non-cash amortization, depreciation, impairment and reversals of impairment on intangible assets and property, plant, and equipment.

Other non-cash income and expenses are as follows:

in millions of EUR	**2023**	**2022**
Expenses from receivables that have been derecognized	48.0	41.9
Additions to/reversal of allowances for trade receivables	12.4	14.4
Expenses/income from the measurement of inventories at their net realizable value	–5.6	93.5
Expenses/income from the elimination of intragroup profits in relation to inventories	–6.9	30.4
Personnel expenses	0.0	25.1
Legal and consultancy fees	1.3	–2.2
Other	6.6	4.4
Total non-cash expenses (+) and income (–)	**55.8**	**207.5**

The **cash flow from investing activities** fell from EUR –819.0 million to EUR –927.9 million.

At EUR –673.5 million (2022: EUR –42.7 million), **cash flow from financing activities** is significantly lower than in the previous year, as no new bond was issued in the 2023 fiscal year. Payments for the repayment portion of lease liabilities remained unchanged from the previous year at over EUR 300 million.

42. Standards issued but not yet effective

Standards issued but not yet effective at 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 at 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 its financial statements.

In September 2022, the IASB issued **amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"** to clarify the requirements that a seller-lessee applies when measuring the lease liability arising from a sale and leaseback transaction to ensure that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The amendments apply to fiscal years beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions concluded after the initial application of IFRS 16. Earlier application is permitted but must be disclosed. The amendments are not expected to have any material impact on the annual financial statements of the Würth Group.

In January 2020 and in October 2022, the IASB issued **amendments to IAS 1 "Classification of Liabilities as Current or Non-current"** to clarify the requirements for classification.
The amendments clarify the following:

- The right to defer settlement of a liability is explained.
- The right to defer settlement of a liability must be in place at the end of the reporting period.
- Classification is unaffected by expectations about whether an entity will exercise this right.
- It is only in cases involving a derivative embedded in a convertible liability that is an equity instrument to be recognized separately that the terms of the debt instrument do not affect its classification.
- For liabilities classified as non-current on the reporting date, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that the liability could become repayable within twelve months of the reporting date. In this context, disclosures are required regarding the covenants, the carrying amount of the corresponding liabilities, and facts and circumstances that could jeopardize compliance with the covenants.

The amendments apply to fiscal years beginning on or after 1 January 2024 and are to be applied retrospectively. The Würth Group is currently assessing what impact the amendments will have on current accounting practice and whether existing credit agreements may need to be renegotiated.

In May 2023, the IASB published **amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments": Disclosures to clarify the characteristics of supplier finance arrangements and requiring additional disclosures on such arrangements**. The disclosure requirements contained in the amendments are intended to help users of financial statements understand the effects of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted but must be disclosed. The amendments are not expected to have any material impact on the annual financial statements of the Würth Group.

The amendment to **IAS 21 "The Effects of Changes in Foreign Exchange Rates"** relates to the determination of the exchange rate when there is a long-term lack of exchangeability, as IAS 21 did not previously contain any corresponding provisions. IAS 21 is supplemented by the amendment standard to include:

- requirements for assessing whether a currency is exchangeable into another currency,
- explanatory information on how an entity determines the exchange rate when a currency is not exchangeable, and
- additional corresponding disclosure requirements.

The amendments are effective for fiscal years beginning on or after 1 January 2025. Earlier adoption of the amendments is permitted. The amendments are not expected to have any material impact on the annual financial statements of the Würth Group.

43. Events after the reporting period

On 24 March 2023, the Würth Group concluded an agreement with a group of TIM shareholders on the acquisition of around 40 percent of the shares in TIM S.A., Wroclaw, Poland, including its subsidiary 3LP S. A., Siechnice, Poland. The company operates in the electrical wholesale business and generates its sales primarily via online channels. In addition, the company operates a logistics platform via its wholly-owned subsidiary 3LP S.A., Siechnice, Poland. The Würth Group received approval from the antitrust authorities for the acquisition on 25 January 2024. As part of a public takeover bid, 97.31 percent of the shares were acquired on 31 January 2024. The remaining shares were acquired as part of a squeeze-out on 7 March 2024. According to the preliminary non-consolidated annual financial statements, the companies generated sales of EUR 308.4 million in the 2023 fiscal year. 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.

In December 2023, the transaction agreements for the acquisition of 80 percent of the shares in IDG 01 S.p.A., Turin, Italy, were signed. Put and call options were agreed for the acquisition of the remaining shares in the period leading up to 2030. The proposed transaction is subject to the approval of the antitrust authorities. The company operates in the electrical wholesale business in northern Italy and generated annual sales of EUR 285.0 million in the 2023 fiscal year. The purchase price allocation in accordance with IFRS 3 "Business Combinations" will be completed in the course of 2024 following approval by the antitrust authorities.

On 29 January 2024, the Würth Group acquired the operations of the two companies Russell Plywood, Inc., Reading, Pennsylvania, USA, and Russell Plywood, Inc. (DE), Wilmington, Delaware, USA, as part of an asset deal. The companies operate in the Würth Line Wood division, selling various wood products, as well as specialty products, in application areas including kitchens, flooring, and furniture in the northeastern United States.
The two companies generated sales of approximately EUR 65.0 million in the 2022/2023 fiscal year. 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.

All shares in SVH Handels-GmbH, Dortmund, Germany, were sold by the Würth Group to the company's current managing director as of 1 January 2024. For more information, please refer to "25. Assets classified as held for sale and liabilities in a group of assets classified as held for sale."

44. List of shareholdings

WÜRTH LINE CRAFT

Entity	Registered office	Würth Group share in %
Albania		
Würth Albania Ltd.	Tirana	100
Argentina		
Wumet Argentina S.A.	Buenos Aires	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
Belarus		
WurthBel FLLC	Minsk	100
Belgium		
Würth Belux N.V.	Turnhout	100
Bosnia and Herzegovina		
WURTH BH d.o.o.	Hadzici	100
Brazil		
Wurth do Brasil Peças de Fixação Ltda.	Cotia	100
Bulgaria		
Würth Bulgarien EOOD	Sofia	100
Cambodia		
Wuerth (Cambodia) Ltd.	Phnom Penh	100

Entity	Registered office	Würth Group share in %
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
Würth (China) Co., Ltd	Shanghai	100
Wuerth (Tianjin) International Trade Co., Ltd.	Tianjin	100
Wuerth (Zhejiang) Trade Co., Ltd	Haiyan	100
Wurth Taiwan Co., Ltd.	Miaoli	100
Würth (Chongqing) Hardware & Tools Co., Ltd	Chongqing	100
Würth (Guangzhou) International Trading Co., Ltd.	Guangzhou	100
Wurth Hong Kong Co., Ltd.	Hong Kong	100
Colombia		
Würth Colombia S.A.S.	Bogotá	100
Costa Rica		
Würth Costa Rica, S.A.	La Uruca, San José	100
Croatia		
Würth-Hrvatska d.o.o.	Veliko Trgovišće	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.	Pilsen	100
Denmark		
Würth Danmark A/S	Kolding	100
Dominican Republic		
Würth Dominicana S.A.	Santo Domingo	100
Estonia		
Aktsiaselts Würth	Tallinn	100
Finland		
Würth Oy	Riihimäki	100
France		
Würth France SAS	Erstein	95
Würth Modyf France S.A.R.L.	Erstein	100
Georgia		
Würth Georgia Ltd.	Tbilisi	100
Germany		
Würth Modyf GmbH & Co. KG	Künzelsau	100
Würth MODYF International GmbH	Künzelsau	100
Greece		
Wurth Hellas S.A.	Kryoneri, Attica	100
Hungary		
Würth Szereléstechnika KFT	Budaörs	100

Entity	Registered office	Würth Group share in %
Iceland		
Würth á Íslandi ehf.	Reykjavík	100
India		
Wuerth India Pvt. Ltd.	Mumbai	100
Indonesia		
Wuerth Indonesia P.T.	Tangerang	100
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
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
Malaysia		
Wuerth (Malaysia) Sdn. Bhd.	Kuala Lumpur	100
Malta		
Würth Limited	Zebbug	100
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
Namibia		
Wurth Namibia (Pty) Ltd	Windhoek	100

Entity	Registered office	Würth Group share in %
Netherlands		
Würth Nederland B.V.	’s-Hertogenbosch	100
New Zealand		
Wurth New Zealand Ltd.	Auckland	100
North Macedonia		
Wurth Makedonija DOOEL	Skopje	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
South Korea		
Wuerth Korea Co., Ltd.	Yongin-si	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

Entity	Registered office	Würth Group share in %
Turkey		
Würth Sanayi Ürünleri Tic. Ltd. Sti.	Mimarsinan	100
Ukraine		
Würth Ukraine Ltd.	Kiev	100
United Arab Emirates		
Würth Gulf FZE	Dubai	100
Wurth Gulf (L.L.C.)	Dubai	100
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 Additive Group Inc.	Greenwood, Indiana	100
Wurth Baer Supply Co.	Vernon Hills, Illinois	100
Wurth Louis and Company	Brea, California	100
Wurth USA Inc.	Ramsey, New Jersey	100
Wurth Wood Group Inc.	Charlotte, North Carolina	100
Vietnam		
Wurth Vietnam Company Limited	Ho Chi Minh City	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
Australia		
Thomas Warburton Pty. Ltd.	Dandenong South	100
Belgium		
Würth Industry Belgium N.V.	Grâce-Hollogne	100
Würth Industry Belux S.A.	Grâce-Hollogne	100
Brazil		
Würth SW Industry Pecas de Fixacão Ltda.	São Bernardo do Campo	100
Canada		
Wurth Industry of Canada Ltd.	Brantford	100
China		
WASI Tianjin Fastener Co., Ltd.	Tianjin	100
Wuerth Baier & Michels (Shanghai) Automotive Fastener Co., Ltd.	Shanghai	100
Würth Industry Service (China) Co., Ltd.	Shanghai	100
Würth Industry Service Taiwan Co., Ltd.	Miaoli County	100
Czech Republic		
Würth Industry, spol. s r.o.	Nepřevázka	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

Entity	Registered office	Würth Group share in %
Hungary		
baier & michels Kft.	Budapest	100
Würth Industry Kft.	Budaörs	100
India		
Wuerth Industrial Services India Pvt. Ltd.	Pune	100
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 México S de R.L. de C.V.	San Nicolas	100
Würth McAllen Maquila Services S. de R.L. de C.V.	Reynosa	100
Norway		
Würth Industri Norge AS	Dokka	100
Poland		
Würth Industrie Service Polska sp. z o.o.	Bydgoszcz	100
South Africa		
Action Bolt (Pty.) Ltd.	Durban	100
South Korea		
Wuerth Industry Korea Co., Ltd.	Hwaseong-si	100
Spain		
Wuerth Baier & Michels España, S.A.	Sabadell	100
Würth Industria España, S.A.	Palau-solità i Plegamans	100

WÜRTH LINE INDUSTRY

Entity	Registered office	Würth Group share in %
Sweden		
Würth Industri Sverige AB	Hisings Backa	100
Thailand		
Wuerth Industry Service (Thailand)	Bangkok	100
Turkey		
Würth Baier Michels Otomotiv Ltd. Sti.	Bursa	100
Würth Industrie Service Endüstriyel Hizmetler Pazarlama Limited Şirketi	Istanbul	100
USA		
Baier & Michels USA Inc.	Greenville, South Carolina	100
Marine Fasteners Inc.	Sanford, Florida	100
Northern Safety Company, Inc.	Frankfort, New York	100
Oliver H. Van Horn Co., LLC	Metairie, Louisiana	100
ORR Safety Corporation	Louisville, Kentucky	100
Würth Industrial US, Inc.	Brooklyn Park, Minnesota	100
Wurth Construction Services, Inc.	Wilmington, Delaware	100
Wurth RevCar Fasteners, Inc.	Roanoke, Virginia	100
Wurth Timberline Fasteners Inc.	Commerce City, Colorado	100
Vietnam		
Wuerth Industry Service (Vietnam) Company Limited	Ho Chi Minh City	100

ELECTRICAL WHOLESALE

Entity	Registered office	Würth Group share in %
Czech Republic		
Elfetex spol. s r.o.	Pilsen	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 S.r.l.	Merano	100
MEF - S.r.l.	Florence	100
M.E.B. S.R.L.	Schio	100
Latvia		
SIA Baltjas Elektro Sabiedriba	Riga	100
Lithuania		
UAB Gaudre	Vilnius	100
UAB ELEKTROBALT	Vilnius	100
Poland		
ENEXON Polska Sp. z o.o.	Poznan	100
Fega Poland Sp. z o.o.	Wrocław	100
Kaczmarek Electric S.A.	Wolsztyn	100
W.EG Polska Sp. z o.o.	Poznan	60
Slovakia		
HAGARD: HAL, spol. s r.o.	Nitra	100
Spain		
Grupo Electro Stocks, S.L.U.	Sant Cugat del Vallés	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Australia		
Wurth Electronics Australia Pty. Ltd.	Footscray	100
Austria		
Würth Elektronik Österreich GmbH	Schwechat	100
Belgium		
Würth Elektronik België	Turnhout	100
Bulgaria		
Würth Elektronik Bulgaria EOOD	Sofia	100
Würth Elektronik iBE BG EOOD	Belozem	100
Würth Elektronik ICS Bulgaria EOOD	Belozem	100
China		
Cenergy Tianjin Technology Co., Ltd.	Tianjin	100
Midcom-Hong Kong Limited	Hong Kong	100
Nanjing enfas Technology Co, Ltd	Nanjing	15
Wuerth Electronic Tianjin Co., Ltd.	Tianjin	100
Wurth Electronics Co., Ltd.	Taipei	100
Wurth Electronics (Chongqing) Co., Ltd.	Chongqing	100
Wurth Electronics (HK) Limited	Hong Kong	100
Wurth Electronics (Shenyang) Co., Ltd.	Shenyang	100
Wurth Electronics (Shenzhen) Co., Ltd.	Shenzhen	100
Wurth Elektronik ICS (Shenyang) Co., Ltd.	Shenyang	100
Czech Republic		
Würth Elektronik eiSos Czech s.r.o.	Brünn	100
Würth Elektronik IBE CZ s.r.o.	Budweis	100
Denmark		
Würth Elektronik Danmark A/S	Aarhus	100

Entity	Registered office	Würth Group share in %
Finland		
Würth Elektronik Oy	Nurmijärvi	100
France		
Würth Elektronik France SAS	Jonage	100
Germany		
enfas GmbH	Karlshuld	100
Erwin Büchele GmbH & Co. KG	Esslingen am Neckar	100
Würth Elektronik CBT International GmbH	Niedernhall	100
Würth Elektronik GmbH & Co. KG	Niedernhall	94
Würth Elektronik eiSos GmbH & Co. KG	Waldenburg	100
Würth Elektronik iBE GmbH	Thyrnau	100
Würth Elektronik ICS GmbH & Co. KG	Niedernhall	100
Hungary		
Würth Elektronik Hungary Kft.	Budapest	100
India		
Wuerth Elektronik CBT India Private Limited	Mysuru	100
Wuerth Elektronik India Pvt Ltd	Mysuru	100
Wurth Electronics Services India Private Limited	Bangalore	100
Israel		
Würth Elektronik Israel LTD	Caesarea	100
Italy		
Wuerth Elektronik ICS Italia S.r.l.	San Giovanni Lupatoto	100
Wuerth Elektronik Italia S.r.l.	Vimercate	100
Wuerth Elektronik Stelvio Kontek S.p.A.	Oggiono	100
Japan		
Wurth Electronics Japan Co., Ltd.	Yokohama	100

ELECTRONICS

Entity	Registered office	Würth Group share in %
Lithuania		
Wurth Elektronik Lietuva UAB	Vilnius	100
Malaysia		
Wurth Electronics Malaysia Sdn. Bhd.	Kuala Lumpur	100
Mauritius		
Wurth Electronics Midcom International Holdings (Mauritius) LTD	Ebene	100
Mexico		
Würth Elektronik Mexico S.A. de C.V.	Irapuato	100
Netherlands		
Würth Elektronik Nederland B.V.	's-Hertogenbosch	100
New Zealand		
Wurth Electronics New Zealand Ltd.	Auckland	100
Poland		
Würth Elektronik Polska sp. z o.o.	Wrocław	100
Romania		
sc STM Elettromeccanica S.R.L.	Blaj	100
Würth Elektronik România S.R.L.	Bucharest	100
Russia		
Würth Elektronik RUS OOO	Moscow	100
Singapore		
Wurth Electronics Singapore Pte. Ltd.	Singapore	100
Slovenia		
Würth Elektronik eiSos, izdelava in prodaja elektronskih ter elektromehanskih komponent d.o.o.	Trbovlje	100

Entity	Registered office	Würth Group share in %
South Korea		
Wurth Electronics Korea Ltd.	Seoul	100
Spain		
Würth Elektronik España, S.L.	Barcelona	100
Sweden		
Würth Elektronik Sweden AB	Enköping	100
Switzerland		
Würth Elektronik (Schweiz) AG	Volketswil	100
Turkey		
Würth Elektronik Ithalat Ihracat ve Ticaret Ltd. Sti.	Ümraniye	100
United Kingdom		
IQD Frequency Products Limited	Crewkerne	100
Würth Electronics UK Ltd.	Manchester	100
USA		
IQD Frequency Products Inc.	Palm Springs, California	100
Wurth Electronics ICS, Inc.	Dayton, Ohio	100
Wurth Electronics Midcom Inc.	Watertown, South Dakota	100

PRODUCTION

Entity	Registered office	Würth Group share in %
Australia		
Grass Australia/New Zealand Pty Ltd.	Brighton	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 GmbH	Neustadt (Hesse)	100
Grass GmbH	Reinheim	100
MKT Metall-Kunststoff-Technik GmbH & Co KG	Weilerbach	100
REISSER Schraubentechnik GmbH	Ingelfingen	100
SWG Schraubenwerk Gaisbach GmbH [1]	Waldenburg	100
TOGE Dübel GmbH & Co. KG	Nuremberg	100

[1] Entity also operates in the Trade segment.

Entity	Registered office	Würth Group share in %
Germany		
Werkzeugtechnik Niederstetten GmbH & Co.KG	Niederstetten	100
Hungary		
Felo Szerszámgyár Kft.	Eger	100
Italy		
Grass Italia S.r.l.	Pordenone	100
Lithuania		
UAB Dokka Fasteners Lithuania	Klaipeda	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 Şirketi	Istanbul	100
United Kingdom		
Grass Movement Systems Ltd	West Bromwich	100
Tooling International Ltd.	Solihull	100
USA		
Arnold Fastening Systems, Inc.	Auburn Hills, Michigan	100
Chemofast USA, Inc.	Wilmington, Delaware	100
Grass America, Inc.	Kernersville, North Carolina	100
MKT Fastening L.L.C.	Lonoke, Arkansas	100

RECA GROUP

Entity	Registered office	Würth Group share in %
Austria		
Kellner & Kunz AG	Wels	100
Belgium		
Reca Belux S.A./N.V.	Schaerbeek	100
Bosnia and Herzegovina		
RECA d.o.o. Sarajevo	Sarajevo	100
Bulgaria		
Reca Bulgaria EOOD	Sofia	100
Croatia		
reca d.o.o.	Varazdin	100
Czech Republic		
Normfest, s.r.o.	Prague	90
reca spol. s r.o.	Brünn	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
Netherlands		
STEENKIST RECA Nederland B.V.	Son en Breugel	100

Entity	Registered office	Würth Group share in %
Poland		
Normfest Polska Sp. z o.o.	Poznan	100
reca Polska Sp. z o.o.	Węgrzce	100
Romania		
Reca Bucuresti S.R.L.	Bucharest	100
Serbia		
reca d.o.o. Beograd	Belgrade	100
Slovakia		
reca Slovensko s.r.o.	Bratislava	100
Slovenia		
Reca d.o.o.	Pesnica pri Mariboru	100
Spain		
reca Hispania S.A.U.	Paterna	100
Walter Martínez S. A.	Zaragoza	100
Switzerland		
Airproduct AG	Oberwil-Lieli	100
Reca AG	Samstagern	100
United Kingdom		
reca-uk ltd	West Bromwich	100

CHEMICALS

Entity	Registered office	Würth Group share in %
Austria		
LIQUI MOLY Austria GmbH	Dornbirn	100
TUNAP Cosmetics Liegenschaften GmbH	Kematen in Tirol	51
TUNAP chemisch-technische Produkte Produktions- und Handelsgesellschaft m.b.H.	Böheimkirchen	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

Entity	Registered office	Würth Group share in %
France		
LM FRANCE SAS	Sarreguemines	100
Tunap France SAS	Altorf	67
Germany		
Dinol GmbH	Lügde	100
EPRO GmbH	Ulm	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	Wolfratshausen	100
Italy		
LIQUI MOLY ITALIA S.r.l.	Milan	100
Tunap Italia S.r.l.	Terlano	67
Netherlands		
Diffutherm B.V.	Hapert	100
Norway		
Tunap Norge AS	Hagan	67

CHEMICALS

Entity	Registered office	Würth Group share in %
Poland		
TUNAP Polska Sp. z o.o.	Nowy Dwór Mazowiecki	67
Portugal		
LIQUI-MOLY IBÉRIA, UNIPESSOAL, LDA	Sintra	100
Russia		
TUNAP Russia OOO	Moscow	67
South Africa		
LIQUI MOLY SOUTH AFRICA (PTY) LTD	Randburg	100
Spain		
Tunap Productos Quimicos, S.A.	Barcelona	67
Sweden		
Tunap Sverige AB	Jönköping	67

Entity	Registered office	Würth Group share in %
Switzerland		
Kisling AG	Wetzikon	100
TUNAP AG	Märstetten	51
Turkey		
Tunap Kimyasal Ürünler Pazarlama Ltd. Sti.	Istanbul	67
United Kingdom		
LIQUI MOLY UK Limited	Purley	100
Tunap (UK) Limited	Tonbridge	67
USA		
Dinol U.S. Inc.	Wilmington, Delaware	100
Liqui Moly USA, Inc.	Hauppauge, New York	100

TRADE

Entity	Registered office	Würth Group share in %
Austria		
Bk Handel GmbH	Salzburg	100
Belgium		
CONMETALL N.V.	Mechelen	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		
Beko GmbH	Monheim	100
Conmetall Meister GmbH	Celle	100
Conpac GmbH & Co. KG	Celle	100
Eurofast Germany GmbH	Schwäbisch Hall	100
IMS-Verbindungstechnik GmbH & Co. KG	Neuenstein	100
IVT Installations- und Verbindungstechnik GmbH & Co. KG	Rohr	100
Teudeloff GmbH & Co. KG	Waldenburg	100
Hungary		
REISSER Csavar Kft	Szár	100
Van Roij Fasteners Hungaria Kft.	Dunaharaszti	100
Italy		
Beko Italia srl	Eppan	100
Masidef S.r.l.	Caronno Pertusella	100
Unifix SWG S.r.l.	Terlano	100
Netherlands		
Van Roij Fasteners Europe B.V.	Deurne	100
Poland		
beko Polska SP. z.o.o	Poznan	99
Eurofast Poland sp. z o.o.	Stawiguda	100
REISSER - POL Sp. z o.o.	Poznan	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
Switzerland		
Beko Group AG	Rossrüti	100
Würth MODYF AG	Arlesheim	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

Entity	Registered office	Würth Group share in %
Mexico		
HAHN+KOLB Mexico S. de R.L. de C.V.	Puebla	100
Poland		
HAHN + KOLB POLSKA Sp. z o.o.	Poznan	100
HHW Hommel Hercules PL Sp. z o.o.	Chorzów	100
Romania		
HAHN + KOLB ROMANIA SRL	Otopeni	100
Russia		
OOO "Hahn + Kolb"	Moscow	100
Serbia		
HAHN + KOLB DOO	Belgrade	100
Turkey		
HAHN KOLB Endüstri Ürünleri Tic. Ltd. Sti	Istanbul	100

SCREWS AND STANDARD PARTS

Entity	Registered office	Würth Group share in %
Australia		
James Glen Pty Ltd	Lidcombe	100
Austria		
C.I.C.M.P. Vertriebs-GmbH	Kirchberg-Thening	100
Belgium		
HSR Belgium S.A./N.V.	Antwerp	100
Bulgaria		
Wasi Bulgarien EOOD	Sofia	100
Croatia		
WASI d.o.o.	Zagreb	100
Estonia		
Ferrometal Baltic OÜ	Tallinn	100
Finland		
Ferrometal Oy	Nurmijärvi	100
France		
INTER-INOX Sarl	Meyzieu	100

Entity	Registered office	Würth Group share in %
Germany		
HSR GmbH Hochdruck Schlauch + Rohr Verbindungen	Neukirchen-Vluyn	100
INDUNORM Hydraulik GmbH	Neukirchen-Vluyn	100
Sonderschrauben Güldner GmbH & Co. KG	Niederstetten	100
WASI GmbH	Wuppertal	100
Greece		
Inox Mare Hellas SA	Kalochori	100
Italy		
HSR Italia S.r.l.	Verona	100
Inox Mare S.r.l.	Rimini	100
Inox Tirrenica S.r.l.	Fiumicino	100
Spinelli S.r.l.	Terlano	100
Serbia		
WASI d.o.o.	Belgrade	100
Turkey		
Inox Ege Metal Ürünleri Dış Ticaret Limited Şirketi	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	Eislingen/Fils	100
Würth Leasing GmbH & Co. KG	Eislingen/Fils	100
Würth Truck Lease GmbH	Dreieich	100
Würth Versicherungsdienst GmbH	Künzelsau	100

Entity	Registered office	Würth Group share in %
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
Würth Phoenix Srl	Bolzano	100

Entity	Registered office	Würth Group share in %
Sweden		
Autocom Diagnostic Partner AB	Trollhättan	100
Switzerland		
Würth Elektronik International AG	Chur	100
Würth International AG	Chur	100
Würth ITensis AG	Chur	100
Würth Management AG	Rorschach	100
United Kingdom		
IQD Group Limited	Crewkerne	100
IQD Holdings Limited	Crewkerne	100
Wurth Holding UK Ltd	Kent	100
USA		
Wurth Electronics Inc.	Ramsey, New Jersey	100
Wurth Group of North America Inc.	Ramsey, New Jersey	100
Wurth Industry North America LLC	Ramsey, New Jersey	100
Wurth IT USA Inc.	Ramsey, New Jersey	100
Würth Wood-Division Holding LLC	Ramsey, New Jersey	100

DIVERSIFICATION

Entity	Registered office	Würth Group share in %
China		
Wuerth International Trading (Shanghai) Co., Ltd.	Shanghai	100
Germany		
EOS KSI Forderungsmanagement GmbH & Co. KG	Künzelsau	50
Flugplatz Schwäbisch Hall GmbH	Schwäbisch Hall	100
Marbet Marion & Bettina Würth GmbH & Co. KG	Schwäbisch Hall	100
Panorama Hotel- und Service GmbH	Waldenburg	100
Reinhold Würth Musikstiftung gemeinnützige GmbH	Künzelsau	100
WLC Personal GmbH	Adelsheim	100
WLC Würth-Logistik GmbH & Co. KG	Künzelsau	100
WSS Würth Shared Services GmbH	Künzelsau	100
WUCATO Marketplace GmbH	Stuttgart	100
Würth Aviation GmbH	Künzelsau	100
Würth Cloud Services GmbH	Bad Mergentheim	100
Würth Logistics Deutschland GmbH	Bremen	100
Würth TeleServices GmbH & Co. KG	Künzelsau	100

Entity	Registered office	Würth Group share in %
Malaysia		
Wurth Logistics Asia-Pacific Sdn. Bhd.	Kuala Lumpur	100
Singapore		
Wurth International Trading (Singapore) Pte. Ltd.	Singapore	100
Slovakia		
Würth International Trading s. r. o.	Bratislava	100
Spain		
FINCA INTERMINABLE, S.L.	Maspalomas	100
marbet Viajes Espana S.A.	Barcelona	100
Switzerland		
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
Cendas GmbH	Bochum	31
E 3 Energie Effizienz Experten GmbH	Künzelsau	100
Erbschloe Werkzeug Vertriebsgesellschaft mbH	Wuppertal	100
ESB Grundstücksverwaltungsgesellschaft mbH	Eschborn	100
EuroSun GmbH	Freiburg im Breisgau	45
Grundstücksgesellschaft Berlin Chemnitz Erfurt GbR	Künzelsau	49
Grundstücksgesellschaft Cottbus Magdeburg GbR	Künzelsau	49
hfcon GmbH & Co. KG	Künzelsau	50

Entity	Registered office	Würth Group share in %
Germany		
Meguin Verwaltungs-GmbH	Saarlouis	100
Meister-Werkzeuge, Werkzeugfabrik Vertriebsgesellschaft mbH	Wuppertal	100
"METAFRANC" Möbel- u. Baubeschläge Vertriebsgesellschaft mbH	Wuppertal	100
MKT Metall-Kunststoff-Technik Beteiligungsgesellschaft mbH	Weilerbach	100
nordberliner Elektro-Großhandels-Gesellschaft mbH	Eschborn	100
pepper motion GmbH	Denkendorf	2
Pronto-Werkzeuge GmbH	Wuppertal	100
Schmitt Elektrogroßhandel GmbH	Fulda	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

OTHER ENTITIES

Entity	Registered office	Würth Group share in %
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
Morocco		
Würth Maroc SARL	Casablanca	100
Pakistan		
Würth Pakistan (Private) Limited	Karachi	100
Singapore		
TUNAP Asia-Pacific Pte. Ltd.	Singapore	67
South Korea		
SST Co. Ltd.	Anyang	15
Spain		
ISA EOLICAS S.L.	Madrid	100
United Kingdom		
Anchorfast Limited	Wednesbury	100
Winzer Würth Industrial Ltd.	Erith	100
USA		
Lubro Moly of America, Inc.	Los Angeles, California	100
R. W. Ramsey Realty Corporation	Ramsey, New Jersey	100

[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.

45. 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 Management Board, the Executive Board, and the managing directors of the companies that generate the most sales.

Members of the Advisory Board

Bettina Würth (Chair)

Dr. Frank Heinricht (Deputy Chair)
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;
Deputy Chairman of the Supervisory Board
of Klöckner & Co SE, Duisburg

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

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

Markus Sontheimer
Chief Information & Digital Officer (CIDO),
Member of Executive Group Management of
ISS A/S, Søborg, Denmark

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

Sebastian Würth

Honorary Chairman of the Advisory Board

Prof. Dr. h. c. mult. Reinhold Würth
Chairman of the Supervisory Board of
the Würth Group

Honorary member of the Advisory Board

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

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

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

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

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

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

Joachim Kaltmaier
Member of the Central Management Board of the Würth Group (until 30 April 2023)

Ralf Schaich
Member of the Central Management Board of the Würth Group (since 1 May 2023)

Executive Board
The members constitute the operational management of the Würth Group. Each of the members is in charge of one strategic business unit or responsible for one functional area.

Walter Bostelmann
RECA Group
(since 1 April 2023)

João Cravina
Würth Line Craft
South America

Michael Dartsch
Production of screws, plastic anchors, screw assembly tools, workshop and vehicle equipment

Dirk Döllner
Production of screws and cold-formed parts for the industry and mobility business, as well as tools for the production of fasteners

Peter Federolf
Baier & Michels Group

Thomas Garz
Würth Line Craft Scandinavia,
Würth Line Craft Systems

Norbert Heckmann
Würth Line Craft Germany,
Chairman of the Management of Adolf Würth GmbH & Co. KG

Katrin Hummel
Tools Companies
(since 1 July 2023)

Martin Jauss
Würth Line Industry Europe

Thomas Klenk
Purchasing and
Product Management,
Anchor Production

Andreas Kräutle
Tools Companies
(until 30 June 2023)

Jörg Murawski
Würth Elektronik CBT Group,
Würth Elektronik ICS Group,
Chemicals Group

Christian Topp Olsen
Würth Line Craft
South and Southeast Asia

Thomas O’Neill
Würth Line Craft
North America

Serge Oppedisano
Würth Line Craft
Oceania, Malaysia,
Indonesia

Timo Raimla
Electrical Wholesale
Baltic states

Ignacio Roger
Würth Line Craft
Southern Europe

Carsten Sattler
Würth Line Craft
Eastern Europe

Uwe Schaffitzel/Ulrich Liedtke
Electrical Wholesale

Daniel Schmidt
Würth Line Industry America –
Industrial

Thomas Schrott
Würth Elektronik eiSos Group

Dr. Reiner Specht
Würth Group Finland,
Würth Line Craft Baltic states,
Austria, Chile, and Central Asia,
Trade Unit,
Deputy Member of the Central
Management Board of the
Würth Group

Ulrich Steiner
DIN and Standard Stainless
Steel Parts

Larry Stevens
Würth Line Industry Americas,
Asia, Pacific, and Africa

Jean-Luc Thesmar
Würth Line Craft
Africa, Middle East

Thomas Wahl
Logistics

C. Sylvia Weber
Arts and Culture in the Würth Group,
Director of Museum Würth and
Kunsthalle Würth,
Curator of the Würth Collection

Mario Weiss
Würth Line Craft France, UK, Ireland,
Belgium, Balkans, WOW! Group

Hannes Wieland
Würth-Linie Craft Modyf

Ernst Wiesinger
RECA Group
(until 31 March 2023)

Alois Wimmer
Production of screws, plastic anchors,
fittings, and tools for the production
of fasteners

Dai Xia
Würth Line Craft
China, East Asia

Axel Ziemann
Leasing and insurance

46. Independent auditor's report

To the Würth Group

Opinions

We have audited the consolidated financial statements of the 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 2023, and the consolidated statement of financial position as at 31 December 2023, consolidated statement of cash flows and consolidated statement of changes in equity for the fiscal year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of the Würth Group, for the fiscal year from 1 January to 31 December 2023.

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] 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 2023 and of its financial performance for the fiscal year from 1 January to 31 December 2023, 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 group 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 parts to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report: the disclosures made in the sections "The Würth Group at a glance," "Courage," "Commitment," "Bulletin" and "The boards" as well as the consolidated value added statement, but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

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 as adopted by the EU and 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, provided no actual or legal circumstances conflict therewith.

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 applicable German legal requirements, 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 the risk of not detecting a material misstatement 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 as adopted by the EU and 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, 28 March 2024
EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Heubach
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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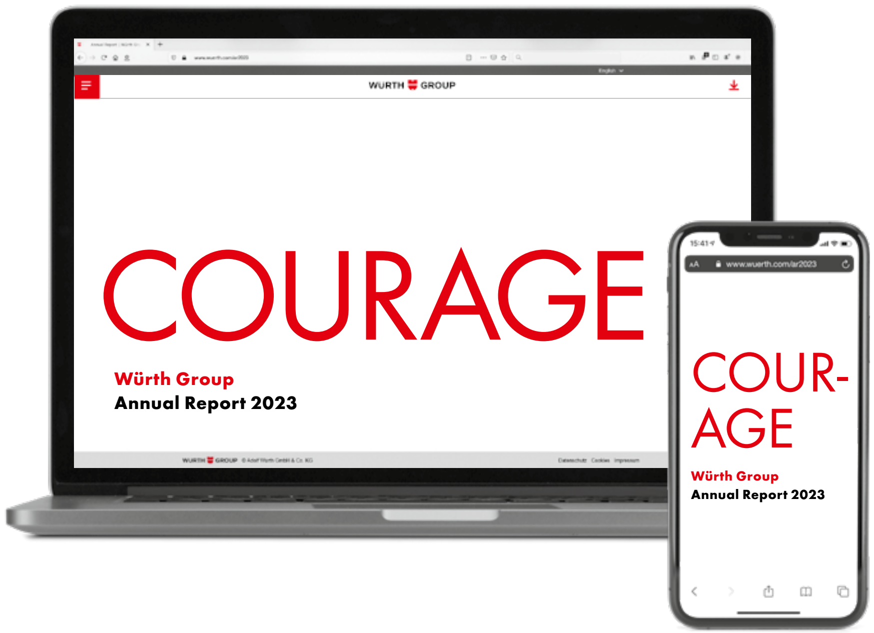

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1945 – 2020

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