THINKING AHEAD

ANNUAL REPORT 2021

Werhahn

AT
A GLANCE

Selected key figures

in € million	2017	2018	2019	2020	**2021**
Net sales	3,383	3,537	3,606	3,726	3,981
Earnings before tax	163	105	116	138	212
Equity ratio	26 %	23 %	21 %	19 %	18 %
Equity ratio excluding financial services	72 %	70 %	67 %	67 %	61 %

Net sales by corporate division

in € million	2017	2018	2019	2020	**2021**
Building Materials	1,358	1,450	1,417	1,388	1,409
Consumer Goods	809	751	741	842	969
Financial Services	1,204	1,305	1,431	1,480	1,585
Others	28	48	37	39	41
Consolidation	– 16	– 17	– 20	– 23	– 23
	3,383	**3,537**	**3,606**	**3,726**	**3,981**

Employees by corporate division

	2017	2018	2019	2020	**2021**
Building Materials	4,456	4,548	4,530	4,502	4,546
Consumer Goods	4,414	4,371	4,465	4,374	4,316
Financial Services	923	977	1,044	1,069	1,093
Others	138	265	174	185	273
	9,931	**10,161**	**10,213**	**10,130**	**10,228**

THINKING AHEAD

In the summer of 2021, we all had hopes of the pandemic finally coming to an end, but unfortunately this did not prove to be the case. On the contrary: At the turn of the year, a new variant of the virus began sweeping across the globe. Nevertheless, the Werhahn Group is still holding up extremely well after the second year of COVID-19.

Our resilience is founded on the diversity of our business activities, the expertise and commitment of our employees, our financial stability, and the support of our family shareholders. However, there is another decisive factor: our constant efforts to rethink our business models, products, organizational structures, and corporate culture. It is a continuous process of further development – reviewing, optimizing, changing, or perhaps even discontinuing what we have and daring to try something new. While the pandemic has certainly accelerated the process in many areas, the ability and willingness to think in new directions is essentially ingrained in the Werhahn Group's DNA. This is how we have ensured our continued viability ever since the Group was founded in 1841 – from generation to generation.

CONTENTS

CORPORATE **STRUCTURE**

Building Materials

Aggregates

The Aggregates business unit under the leadership of Basalt-Actien-Gesellschaft comprises the segments mineral raw materials, asphalt mixtures, construction chemicals, and building materials recycling/disposal.

Slate

The Slate business unit offers a wide assortment of cladding for roofs and walls, develops solution systems for innovative façade configurations, and supplies building stone for interiors as well as for gardens and landscapes.

Consumer Goods

Zwilling Kitchenware

The high-quality products in the Zwilling Kitchenware business unit include knives, cookware, scissors, and kitchen utensils.

Zwilling Beauty Group

Under the brands ZWILLING, Tweezerman, and QVS, the Zwilling Beauty Group produces and markets tweezers as well as manicure, pedicure, and other beauty tools.

Financial Services

abcfinance

The abcfinance business unit specializes in customized financial services for small and medium-sized businesses (SMEs). With its leasing and factoring segments, it is one of the leading providers among companies operating independently of manufacturers and banks.

Bank11

Bank11 für Privatkunden und Handel GmbH is a credit institution specializing in sales financing. Its main focus is on supporting small and medium-sized automobile dealers by providing mobility and insurance services. For private customers, Bank11 offers attractive financing products, secure investments, and modern online banking.

MANAGING CHANGE TOGETHER

Ever since its inception, the Werhahn Group has thought and acted with a view to the long term. The primary objective, after all, is to maintain and increase the company's value and attractiveness for future generations. In the interview below, the Management Board reveals how the company is managing to do this even in these uncertain times of an ongoing pandemic.

Why is it so important for a group of companies like Werhahn to think above and beyond its existing operations, especially in times like these?

Paolo Dell'Antonio: It wasn't just the coronavirus crisis that made us realize how crucial it is to leave well-trodden paths and strike out in new directions. Take Consumer Goods, for example: Thanks to a systematic shift to omnichannel sales, the corporate division has been able to adapt quickly to changing consumer habits and thus increase its earnings by a healthy margin for the second year in succession. And we're also seeing a similar dynamic of change in our other divisions.

Alexander Boldyreff: Whether digitalization or demographic change – the key drivers of transformation are not technologies, but people. What we need is a corporate culture in which employees find the courage to question the status quo and pursue new approaches. This requires a positive error and communication culture, as well as a breakdown of any functional silos that may still exist. The success of the Financial Services division is proof of the energy released by networked thinking and agile business practices.

Stephan Kühne: Overall, we are becoming increasingly adept at combining the advantages of a financially strong group of companies with the ability to adjust quickly and efficiently to changing conditions. At the same time, we're taking on challenges with great courage and exploiting the associated opportunities in the competitive environment. This is particularly evident not only among our financial service providers, but also among such long-established companies as Zwilling Kitchenware or Basalt AG, which will have to continue to meet the ever more stringent climate and resource protection requirements going forward. In the course of their organizational transformation, they have found the right balance between consistency and innovative strength.

It is difficult to make predictions, especially about the future, as Mark Twain so rightly said. How do you plan what cannot be planned?

Paolo Dell'Antonio: During a period of transformation, uncertainty is the only constant. Our task is to provide a point of orientation and, at the same time, to leave enough room to change direction if necessary. But we also need the courage to make decisions. Last year, for example, we divested ourselves of the Jaguar/Tondeo Professional Hair-dressing Equipment business unit – not because the company had no viable future, but because, after a thorough review, we came to the conclusion that the Werhahn Group was not the best owner in light of the limited size of the market. In acquiring FiberLean Technologies, we simultaneously gained a foothold in a completely new market segment, namely the field of renewable composites. We're convinced that we will be able to lead the company to long-term success once we've overcome the challenges of the initial phase.

Stephan Kühne
Alexander Boldyreff
Paolo Dell'Antonio
(from left)

Alexander Boldyreff: As far as orientation in uncertain times is concerned, the Werhahn mission statement serves as our compass during the change process. The holding company has initiated an intensive discussion about the values anchored within it. Nowadays, we operate more openly, flexibly, and transparently in many areas. We collaborate more closely in cross-functional teams to address issues of the future. And we encourage employees across all hierarchical levels to act on their own initiative and with entrepreneurial spirit. Under the guiding principle "We combine visions to create value through entrepreneurship," we are also addressing our role as a supporter and enabler.

We are paving the way for sustainable growth by making targeted investments, while at the same time giving our corporate divisions sufficient leeway to develop their businesses.

Stephan Kühne: Trust is vital in this process – and that also means trusting the divisions to pursue new activities and cooperative ventures. A lean holding company can serve as their sounding board and source of inspiration. Our solid business results prove that we're on the right track with this strategy.
In the second year of the coronavirus, our figures are once again well above the already-high prior-year level. The Werhahn Group has thus achieved one of the best results in its 180 years of existence. With our long-term orientation and holistic view of our company's development, we will continue to create room for new ways of thinking and bold ideas in the future.

HIGHLIGHTS OF 2021

ON FIRE

The **Zwilling Kitchenware** business unit has acquired a majority stake in SANTOS Grills GmbH and Flammkraft GmbH, both suppliers of high-quality BBQ grills. With these acquisitions, Zwilling Kitchenware is adding the lucrative BBQ and outdoor kitchen segment to its culinary world and accelerating its growth in Central Europe and the USA.

COOPERATION FOR LIQUIDITY

The **abcfinance** business unit is cooperating with FYRST, a digital bank that is part of Deutsche Bank AG, in the factoring segment. FYRST customers can now use the Cashfox liquidity solution on special terms that abcfinance has developed especially for small businesses, self-employed persons, and freelancers.

FASTER, BETTER, CHEAPER

In March, the **Slate** business unit launched a supply chain management project with the aim of shortening delivery times, further improving adherence to delivery dates, and reducing process costs for manual activities. All areas and processes are included in the project – from production and procurement to warehousing and sales. The project development phase is set to be completed in the spring of 2022, after which implementation is scheduled to begin.

BRAND RELAUNCH

QVS becomes TRUYU: The **Zwilling Beauty Group** business unit is giving QVS a broader positioning and transforming what was originally an exclusive brand in the B2B business into a strong end-consumer brand with high recognition value. To this end, a rebranding process has been launched, which will see the subsidiary's beauty tools being marketed under the TRUYU by QVS label in the future.

ONE BILLION

The digital business model **Yareto** has cracked the one-billion-euro mark in car loan disbursements. Since its foundation in 2016, Yareto has thus become the market-leading loan comparison portal for the car trade.

AT THE TOP

Best automotive bank 2021 – for the first time, the **Bank11** business unit has secured sole first place in the "markt intern" contest of automotive banks and financial service providers, leaving 16 competitors on the sidelines. Bank11 also came out top in the bank monitor published by AUTOHAUS magazine. The ranking reflects car dealers' high level of satisfaction with their financing partner.

STRONG SOLIDARITY

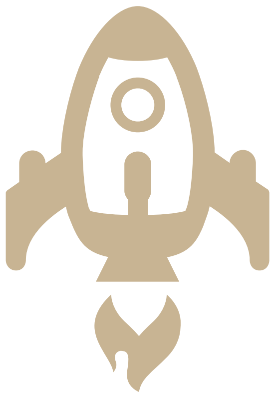
The disastrous floods that hit parts of Germany in July affected employees of the **Aggregates** business unit quite strongly. What was even stronger, however, was the wave of offers to help. Within hours of the flooding, members of staff were rallying to the cause. In parallel, a large-scale fundraising campaign was initiated, which yielded around €98,000. Basalt-Actien-Gesellschaft rounded up and doubled the amount, so that in the end, a total of €200,000 could be distributed to those affected.

THINKING AHEAD THE PORTFOLIO

Wilh. Werhahn KG has added a new, sustainable business activity to its portfolio by acquiring FiberLean Technologies in March. The company is a world-leading manufacturer of an innovative, patented composite material made from microfibrillated cellulose and minerals.

In April, Werhahn sold its Jaguar/Tondeo Professional Hairdressing Equipment business unit (United Salon Technologies). The new owner is the CERTINA Group, an owner-managed industrial holding company that will help the leading supplier of professional hairdressing supplies enter a new phase in its development.

HUNDRED MILLION



The startup company **abcfinlab**, founded in 2018, surpassed the 100-million-euro mark in new business volume. This growth spurt was achieved jointly with the parent company abcfinance via the all-digital sales channel Lease Sven developed by abcfinlab.

65%

reduction in greenhouse gas emissions to be achieved by Basalt AG's quarries in 2030 versus the 2013 baseline. By 2045 at the latest, all of the Group's quarries and mixing plants are to operate on a completely climate-neutral basis.

With innovative processes and technologies, the Augsburg asphalt mixing plant sets standards for high energy efficiency and sustainability in production.

More sustainable, more digital, more connected: With its Strategy 2030, the Aggregates business unit is adapting to a changing environment and market requirements. Following a number of lighthouse initiatives, the Group has launched a process that covers all divisions, companies, and locations.

STRATEGIES FOR TOMORROW'S INFRASTRUCTURE

How can sustainability be incorporated even more firmly into production and sales processes? Which tools support digitalization at quarries and mixing plants? And how can we achieve continuous knowledge transfer in a constantly changing environment? Strategy 2030, which was launched by the Aggregates business unit in 2021, provides answers to these questions. Lighthouse initiatives have started in the areas of sustainability, digitalization, employee development, market orientation, and innovative products and business segments, with employees networking across locations and hierarchies to jointly develop specific steps for implementation.

In this way, Basalt AG is getting closer and closer to its vision of becoming the ecological and digital market leader in the industry as well.

A clear view through the BAG Cockpit

No more waiting on hold when ordering by phone and no more transmission errors: With the BAG Cockpit, construction companies can simply order the required asphalt quantities online and track their delivery from the mixing plant to the construction site in real time. The digital customer portal also gives them an overview of all orders and contracts. The Aggregates business unit has now transitioned the online platform from pilot phase to soft launch. Customer feedback is being incorporated in a continuous improvement process.

The plan is to have 25% of all national material orders running via the BAG Cockpit by 2025.

Smart mixing plant

Reducing the carbon footprint while increasing efficiency and product quality: Digital technologies make all this possible. Many processes in the mixing plant are already automated today. In the future, tanks, silos, burners, and other plant modules will collect data independently. Sensors on the various components will be able to measure fill levels, temperatures, heating curves, or energy consumption in real time and evaluate the data in a uniform manner. This improves not only energy and resource efficiency, but also product quality.

Sunny prospects in the quarry

The value chain begins with the extraction of rock at the quarries. From dislodging the material from the quarry face to pre-crushing, transport, and final crushing: All mining processes consume energy and generate greenhouse gas emissions. Now the Aggregates business unit has laid the groundwork for climate neutrality. As a first step, certified carbon balances are being drawn up for all German quarries, which will then be used as the basis for defining specific reduction targets. In parallel, a project team is identifying suitable areas for the installation of photovoltaic systems. The idea is that in the future, green electricity will either be generated directly on site by solar energy or purchased from regional suppliers of renewable energy.

Another initiative is investigating the potential for reducing the carbon footprint of the machinery and vehicle fleet. Tomorrow's quarries will have dump trucks and wheel loaders transporting extremely heavy loads with zero emissions and low noise levels – all autonomously without the assistance of a driver.

In search of climate-neutral fuel

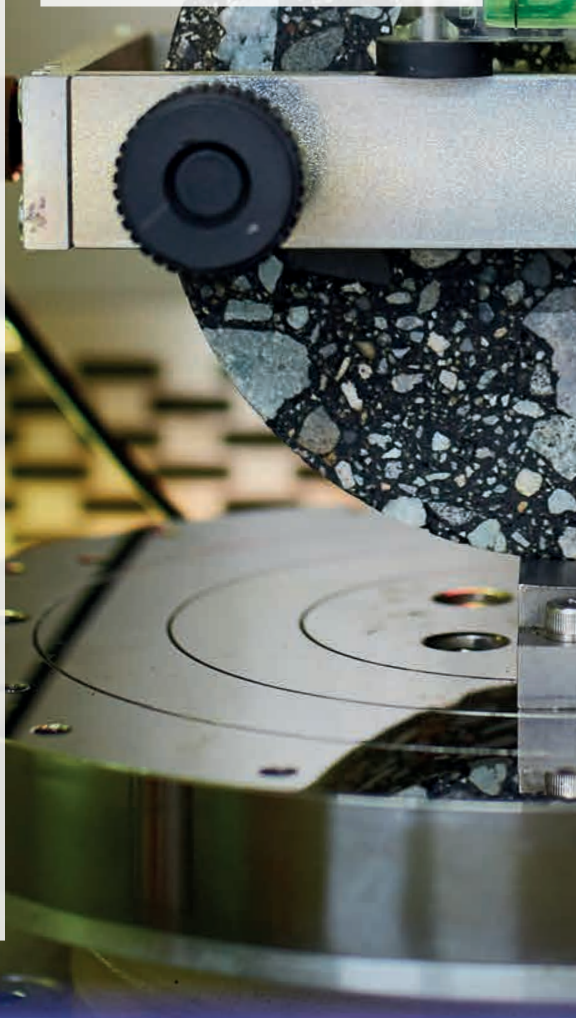
Climate protection is also a priority at asphalt mixing plants. Up to now, aggregate raw materials have mainly been dried and heated using pulverized lignite as a fuel. The Aggregates business unit is currently investigating how to replace pulverized lignite with alternative low-carbon fuels. An initial pilot project is underway to explore and test the use of fuels made from biomass. This would be one way of covering the substantial thermal energy requirements of asphalt production in a carbon-neutral way in the future.

From by-product to quality product

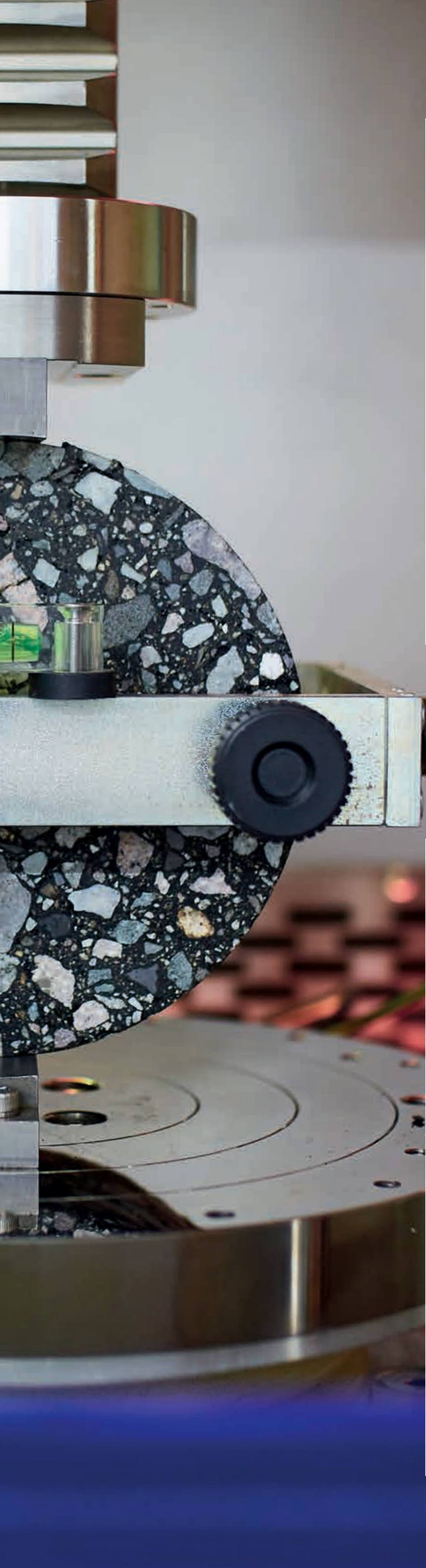
The energy transition is creating new markets: Traditionally treated only as a by-product, filler material is now increasingly coming under the spotlight. This fine rock flour is produced during the production of mineral raw materials – around 500,000 tons per year. Some of it is already marketed, for example as an aggregate in the concrete industry. However, demand could increase significantly once fly ash, a by-product of coal-fired power plants, is no longer produced after the coal phase-out. The natural product also has considerable market potential as a soil improver in the

»The building materials industry is undergoing one of the biggest transformation processes in decades. Climate protection, digitalization, and demographic change pose major challenges for Basalt AG. Our jointly developed Strategy 2030 provides a framework that will enable us to shape the transformation in a clearly focused manner. Instead of thinking in decentralized categories, we are increasingly networking across various different units. Collaboration beyond distinct market segments broadens our horizons and triggers new thought processes. For all the dynamics of change, we can rely on our fundamental philosophy: More than 130 years old and still curious about the future.«

PETER VOS, Chairman of the Management Board of Basalt AG (until April 30, 2022)



The fatigue resistance of asphalt is measured in a performance test.



agricultural sector and as a mineral aggregate in the ceramics industry. Technical experts and sales specialists from all Basalt AG sales regions are currently working on optimizing the filler material and marketing it as a quality product.

Organic road surfacing as an alternative

Bitumen is indispensable as a binding agent in asphalt – for the time being. To become less dependent on fossil raw materials and rising bitumen prices, the Aggregates business unit is researching cost-effective and environmentally friendly substitutes.

A possible alternative could be lignin, a by-product of paper production. Feasibility studies are currently examining to what extent this plant-based binder can be harnessed for the production of asphalt.

Aside from the search for alternative bio-based binders, there is also an increasing focus on recycling bitumen that is already in use on the road, not least for reasons of sustainability. Basalt AG uses rejuvenators to ensure that the binder remains elastic even after multiple recycling cycles. Here, too, there is a growing trend toward renewable raw materials, such as resin oils from pine trees.

»As key advisors for the BAG customer portal, we are the interface with the construction companies on site. In our dealings with customers, we receive valuable suggestions and ideas for improvement. Most users are simply thrilled with the portal because it closes a gap and finally enables continuous communication between the mixing plant and the construction site. This is something that no single BAG company would have been able to do on its own. We needed a cross-site initiative to make it happen. Networking allows us to learn from each other as well as to solve problems and achieve results much more quickly.«

OLIVER LÜBBE, Sales Representative for the Wolfsburg area at DEUTAG and Key Advisor for the digital BAG customer portal.

PREHISTORIC ROCK WITH NEW PERSPECTIVES

Innovations are not always planned on the drawing board. Sometimes they spring up in practice in the course of an individual project. The key then is to keep an open mind and recognize the potential of an idea. This is what happened with dynamic cladding, which changed the slate market forever and continues to set standards in modern architecture today.

When the city of Friedrichshafen on Lake Constance planned an extension to the school center in the Ailingen district in 2004, no one suspected that architectural history would soon be written there. The brief to build a new auditorium to connect the two existing school buildings and create a continuous complex seemed relatively unspectacular. The architects, however, were not content with standard designs, but instead sought solutions beyond conventional clinker façades. Inspired by the classic slate panels used in schools in the past, their choice fell on slate as the façade material.

Ailingen: From here, slate found its way into modern architecture.

Accepted in modern architecture

The planners were fascinated by the robust yet elegant natural stone with its relief-like structure and silky shimmer. However, the curved formats often found on the roofs of historic buildings were too old-fashioned for their liking. Their original idea of bonding slate strips to the insulated façade was rejected because the process had not been tested outdoors before. But the architects held on to the modern, linear design language. They experimented with various rectangular formats and, with the support of the Slate business unit, finally developed a type of façade cladding that had never been seen before – dynamic cladding. Clusters of stones of different heights and lengths create a dynamic, powerful look that is reminiscent of layered brickwork. And the end result is thoroughly convincing: The newly constructed anthracite-colored slate cube acts as a unifying element and blends in harmoniously with the school campus.

From one-off production to industry standard

Initially planned as a one-off production for a single project, the rectangular formats were subsequently included in the business unit's standard product range. A far-sighted decision: Dynamic cladding with its wide range of design possibilities captures the spirit of the times, with more and more architects showing an interest in the innovative façade design. Slate is perceived as a contemporary building material again. This opens up completely new market segments for Rathscheck Schiefer, and the Central Association of the German Roofing Trade (Zentralverband des Deutschen Dachdeckerhandwerks) has even included this type of slate covering in its technical rules for exterior wall cladding.

Leap in innovation: The Rathscheck Schiefer mounting system with its metal profiles and connectors makes it easy to fix slate into place. At the same time, it allows solar modules to be integrated flush with the slate roof surface.

Slate as a modular system

The development of dynamic cladding provided a spark that subsequently led to further product innovations for façades and roofs. Particular emphasis is placed on cost-efficient installation and fastening techniques. Another innovative leap was made with the introduction of the Rathscheck Schiefer system, which enables slate to be mounted almost as easily as roofing tiles in a support system of metal profiles and connectors – thus significantly reducing the price of a natural roof. Another advantage is that solar modules can be integrated flush with the slate roof surface. In the business unit's view, the future lies in combining durable slate modules with renewable energy sources. There is a good chance that this will prove to be another case where taking an established concept in a new direction results in an innovation with high market potential.

»A particularly important aspect for us was to retain the original color and material quality of slate. Its liveliness and the wide range of possible applications fascinate us time and again. Staging the traditional building material in new ways is something we will continue to focus on in the future.«

UWE SCHWARZ, Managing Director of Hildebrand + Schwarz Architekten GmbH. He and his business partner Jürgen Hildebrand implemented dynamic cladding for the first time at the Ailingen school center.

290 YEARS

and younger than ever. In 2021, its anniversary year, the Zwilling Kitchenware business unit once again demonstrated its innovative strength by entering the BBQ market.

“We inspire the culinary world“ – this claim is what guides Zwilling Kitchenware in its growth strategy. All around the brand portfolio, culinary worlds of experience have been created that generate strong demand. Through targeted acquisitions, the Zwilling Kitchenware business unit has now expanded its culinary world to include the BBQ and outdoor kitchen segment.

EXPANDING OUR HORIZONS

Cooking and eating outdoors is all the rage – and not just since the coronavirus pandemic. The barbecue market has been enjoying high growth rates for years. With around €1.2 billion in annual sales, Germany is now the second-largest market behind the USA. High-quality gas grills and accessories in particular have seen a sharp rise in demand. More and more consumers are investing in second and third grills as well as fully equipped outdoor kitchens. This booming industry provides Zwilling Kitchenware with the opportunity to broaden its positioning and tap into a new market segment.

A logical progression: from indoors to outdoors

The business unit had already continually expanded its brand portfolio in previous years. In addition to launching product innovations in its traditional core segments of knives and cookware, the business unit has systematically expanded into other business segments such as small electrical appliances and vacuuming systems. The objective of all these activities is always the same: to enrich the culinary experience for consumers through strong brands. While the focus has so far been on the indoor sector, Zwilling Kitchenware is now broadening its radius to include the BBQ and outdoor kitchen market.

Complete BBQ ecosystem

To gain a rapid foothold in the new market, Zwilling Kitchenware has chosen to enter the business segment through targeted acquisitions rather than going it alone. In 2021, the business unit acquired a majority stake in SANTOS Grills GmbH and Flammkraft GmbH. SANTOS Grills is one of the world’s largest specialist retailers of barbecue equipment and accessories. The company, which is based in Cologne, has built up a complete BBQ ecosystem over the past 15 years. Via its showroom as well as an online store, it markets not only barbecue equipment from leading manufacturer brands, but also high-quality gas grills and accessories under its own SANTOS brand. In addition, the company runs three barbecuing schools. In the future, the SANTOS sales channels will also offer ZWILLING products, and vice versa.

On track for success with premium grills

The startup company Flammkraft, founded in 2015, is bringing its technical expertise to the ZWILLING culinary

Three questions for the founders of Flammkraft
Manuel Lasar (left) and **Knud Augustin**

Considering the wide range of grills on offer, what prompted you to develop your own model?

Manuel Lasar: We had specific expectations about how a grill should be designed, but even after searching intensively, we couldn’t find a model that met our requirements. That was the catalyst.

Knud Augustin: As engineers, we relished the challenge of taking the grilling experience to a new level, not just in terms of aesthetics, but also from a technological perspective.

A Flammkraft grill costs several thousand euros. What justifies this price?

Manuel Lasar: For one thing, our grills are made entirely of double-walled reinforced stainless steel. And for another, we work exclusively with infrared burners, which heat ceramic plates until they are red-hot. In principle, this is similar to a charcoal grill, but it’s much more convenient, cleaner, and above all faster. It takes less than ten minutes for the grill to reach temperatures of 900 degrees Celsius. Plus our grills are handmade in Germany.

Where is the journey going for Flammkraft?

Knud Augustin: We want to expand our outdoor kitchen portfolio because this is where we see the greatest growth potential. And we want to build up our international presence. With Zwilling Kitchenware, we have the right partner to do this.

world. The company, based in Münster, Germany, develops high-end gas grills that combine German engineering with high design standards. The flagship in its product range, the “Block D” model, won the German Design Award in 2020. Flammkraft is riding the wave of success with both standalone solutions and special built-in modules that can be flexibly integrated into outdoor kitchens. For this purpose, the company cooperates with experienced partners that plan personalized outdoor kitchens and take care of their installation.

On the way to becoming a full-service BBQ supplier

In terms of innovative strength, customer focus, and quality standards, SANTOS and Flammkraft think along the same entrepreneurial lines as Zwilling Kitchenware. Both companies will continue to operate as independent brands within the ZWILLING Group. The managing directors will also remain involved in the companies – a win-win situation. Extensive market and customer knowledge meets many years of experience in brand

and store development as well as international expansion. There are plans to roll out the SANTOS concept to further metropolitan regions both in Germany and internationally in the coming years. The Flammkraft brand, which is already well-established in Germany, will initially tap into the European market. In the medium term, ZWILLING will also launch its own premium grills in the upper mid-price segment – especially in the USA, the motherland of barbecuing – thus paving the way to become a full-range supplier in the BBQ sector.

A MATTER OF MINDSET

An innovation rate of almost 25% as well as revenue growth of 18% over the previous year and 35% over the pre-coronavirus level: In the year of its 290th anniversary, ZWILLING is not only more productive, but also more inventive and agile than ever. The key to its success: a consistent focus on customer benefits.

The Zwilling Kitchenware business unit knew from the outset that its transformation from a trade-oriented to a consumer-centric company would not be limited to selectively introducing digital technologies and channels. To live up to the brand promise "We inspire the culinary world," the business unit has begun to align all of its processes with customer requirements – from sales and marketing to product development, manufacturing, and logistics.

Promoting enthusiasm for change

The key to this lies in a culture in which employees see change not as a threat, but as an opportunity. In coaching and training sessions, they learn how to master new technologies and ways of working. To bring both longstanding and new employees along on the journey, Zwilling Kitchenware has initiated a broad discussion about the company's values. This Group-wide dialog aims to breathe new life into the values of embracing change, acting on one's own responsibility, and enjoying teamwork. A campaign entitled "We are family" has been launched to give individuals a face and a voice in the process, with many employees worldwide taking part.

Transformation becomes part of everyday business

And the change is tangible in the company's day-to-day business. Today, all departments along the value chain work hand in hand, whether on the introduction of online product registration or the market launch of the ZWILLING FRESH & SAVE vacuuming and storage system. The culture of networking is also evident in the implementation of the new sustainability strategy. A cross-functional team is responsible for collecting key figures and ensuring that social and environmental standards are met across all companies.

EXTENDING OUR INFLUENCE

With beauty tools in the premium segment, TWEEZERMAN has come a long way in its home market of the USA. Now the Zwilling Beauty Group has begun to think bigger and is preparing to position TWEEZERMAN as a global brand. The global expansion strategy focuses primarily on listings in drugstores and the further development of e-commerce.

In North America, they are considered basic beauty care must-haves: The TWEEZERMAN brand beauty tools are popular with make-up professionals and discerning consumers alike. A central component of the marketing strategy is to collaborate with well-known make-up artists who use TWEEZERMAN products on their high-profile celebrity clients such as Kim Kardashian, Jennifer Lopez, and Drew Barrymore. These A-list celebrities then post positive comments about TWEEZERMAN on their social media pages and channels. Since late 2021, the company has also been working directly with actress and entrepreneur Jessica Alba, creating videos and posts with her for such platforms as YouTube and TikTok. With their global reach, the celebrities are raising awareness of the brand and driving up demand. And the strategy is working, as evidenced by the first-time listings with retail giants Walmart and Costco. This means that two of the few remaining white spots in the US retail network have been eliminated. Overall, revenue in the USA skyrocketed by 30% compared with the previous year.

18%

revenue growth was achieved with TWEEZERMAN's beauty tools across all markets worldwide in 2021.

Image boost through beauty awards

Now that the Zwilling Beauty Group is firmly in the fast lane in its home market, it is increasingly pursuing TWEEZERMAN's growth path in other regions around the world. The high visibility of the popular U.S. influencers is also boosting marketing activities in the European markets. In the UK, the business unit has furthermore been able to strengthen TWEEZERMAN's brand image by winning a number of accolades at prestigious beauty awards. The most important growth driver, however, is e-commerce. In 2021, the company systematically expanded its presence on all major online marketplaces; on Amazon alone, the sales volume in the UK increased by as much as 63% compared with 2020.

A focus on drugstores

Brand awareness is also the number one success factor in the highly competitive German beauty market. Appearances as an official partner at high-profile beauty and fashion trade shows ensure a strong media presence. In addition, the brand is collaborating with well-known make-up artists and online retailers. For example, one of Germany's leading online stores for beauty products, Flaconi, included TWEEZERMAN tools in its Advent calendars as an exclusive Love Brand.

Expansion: TWEEZERMAN is systematically positioning itself as a global brand.

This kind of public attention increases the interest of relevant retail customers in the TWEEZERMAN brand. The Zwilling Beauty Group's greatest success comes from being listed in the online store of dm, Europe's top-selling drugstore chain. TWEEZERMAN also has a presence on the digital marketplaces of Flaconi, Otto, and Fashionette. The result is quite impressive: Compared with 2020, online sales in Germany have shot up by almost 70%.

Successful listings via the distributor network

Another regional focus of the sales and marketing initiative is on the Benelux countries and Scandinavia. As in Germany, most consumers in these countries use drugstores as a central point of purchase for their personal beauty needs. Here, the business unit has mobilized its existing network of distributors to open up new sales channels in the drugstore and fashion sectors. This has proved quite successful: Kruidvat, the largest drugstore chain in the Benelux region, now carries TWEEZERMAN articles in its range. Since last year, consumers in Sweden and Denmark have been able to find the beauty tool expert's products in more than 200 stores of textile retailer Lindex. And the TWEEZERMAN brand is also available in an increasing number of beauty retail outlets in Norway and Finland.

Social media as a door opener

Broad-based social media campaigns and promotions at the point of sale have helped the business unit enter the rapidly expanding beauty market in Israel. Since October 2021, TWEEZERMAN has been selling a selection of its tools in the stores of the Israeli drugstore chain Super-Pharm. Next the company will turn its attention to Eastern Europe.

High media presence as an official partner at high-profile beauty and fashion trade shows.

50%

more new business can be realized by abcfinance Austria with its new modular digital system – without requiring any extra manpower.

Computers, coffee machines, or bicycles: Small-ticket leasing – that is, the leasing of assets with small investment values – has always demanded high levels of productivity and efficiency in terms of operational processes. Now abcfinance Austria has developed a modular digital system that completely automates the financing processes on B2B sales channels, opening up entirely new perspectives in sales financing for the abcfinance business unit as a whole.

BLUEPRINT FOR LEASING 4.0

More and more commuters are switching from company cars to company bicycles. As well as in Germany, this environmentally friendly mobility solution is experiencing a strong boom in Austria, in especially since the introduction of tax incentives for company bike models. The German market leader JobRad, whose services are already used by almost 50,000 companies with some three million employees, also wants to have a share in the growing Austrian market in the future. However, its plan was not to simply adopt the German model in the Alpine republic, but to take it to a new level in terms of technology and administration.

A fresh approach to lease financing

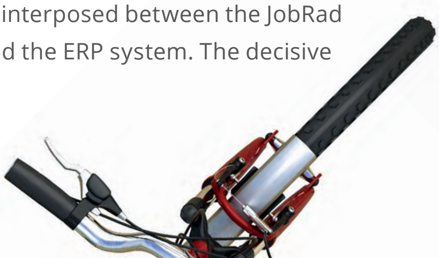
While searching for a competent financing partner capable of efficiently processing thousands of lease contracts, JobRad discovered abcfinance Austria. The abcfinance subsidiary has made a name for itself with customer-specific industry solutions

Edwin de Jong, Managing Director of JobRad Austria.

in the area of sales financing, among other things. For the new JobRad portal, however, the Vienna-based company was not able to use its existing financing solutions, but had to design a completely new type of leasing tool. One reason was that JobRad did not want to integrate a second application on its front end that might get in the way of a consistent user experience. In addition, the solution needed to automate almost all process flows via interfaces to enable the 25 members of the abcfinance team to handle even large numbers of leasing contracts reliably. The brilliant idea: Instead of reprogramming abcfinance's complex ERP system, a modular system is simply interposed between the JobRad portal and the ERP system. The decisive advantage here is that the tool also works with any other portal provider.

Company bike leasing made to measure

In close coordination with JobRad, abcfinance Austria developed a digital toolbox with various leasing functions – from quotes to the approval and contract process – in the space of just six months. "We haven't reinvented the



wheel, but certainly the leasing model behind it," says a delighted Edwin de Jong, Managing Director of JobRad Austria. "With our innovative, completely digital solution, we're reducing the administrative effort to a minimum, so that employers and employees reap the maximum benefits of a company bike."

Companies that want to provide their employees with company bikes can register on jobrad.at and enter into a framework lease agreement. Employees then order an e-bike or bicycle within the agreed budget on the portal and can pick it up from one of the affiliated bicycle dealers. The monthly lease payments are financed by salary conversion – that is, they are deducted from the employees' gross income.

Even more possibilities

Besides financing, abcfinance has arranged a unique insurance package with JobRad, where everything – fully comprehensive insurance, wear-and-tear repairs, and even insurance benefits in the event of termination, parental leave, or illness – is included in the leasing rate. From the first click through to invoicing, all user interaction takes place exclusively via the JobRad customer portal so that there is no media discontinuity. Meanwhile, the financing processes run completely automatically and digitally in the background. Whether ten or several hundred orders per day: By means of the connected modular system, the information from the portal is transferred directly to the abcfinance ERP system where it is processed without any manual input.

A business model for all eventualities

Designed on a modular basis, the leasing system can be seamlessly integrated into any online platform's ecosystem, visually customized, and extended to include additional functions. The new solution is thus freely scalable, enabling abcfinance to address a large number of providers. Fully automated processes cut the handling effort down to almost zero. From now on, even lease contracts with small investment amounts can be processed with maximum efficiency – no matter how many. This gives abcfinance a foothold in the small-ticket segment, a market that it has not exploited much to date but one that offers immense revenue potential overall. JobRad Austria alone intends to enter into at least 20,000 contracts per year via abcfinance as of 2023.

VENTURING INTO NEW MARKETS

In the tenth year of its existence, the Bank11 business unit is a force to be reckoned with in the automotive financing market – and yet it has retained the startup mentality of its early years. With fully digital loan applications and a more youthful brand identity, it is now making inroads with other target groups as well.

New overall look: With a revamped corporate design, Bank11 is aiming to bolster its public image and attract the attention of new target groups.

125,000

loan agreements were concluded by Bank11 in 2021 in the automotive sector alone.

Best automotive bank, best fixed-term deposit provider, first place in the AUTHOHAUS bank monitor: In 2021, the Bank11 business unit took home all major industry awards. Aside from its attractively priced finance products, Bank11 owes these top rankings above all to its fast, end-to-end digital loan application process via the Victor 3.0 loan assistant. Car dealers are thus able to seamlessly integrate financing options into the sales process and offer car buyers a consistently positive user experience.

Photographer and video blogger German Adventurer on the road with the smive car subscription.

Broadening the focus

In 2021, Bank11 recorded nearly 17,000 listed car dealers and more than €2 billion in new business – a further leap in growth compared with the previous year. But the car dealership landscape is changing. For example, there is an ongoing consolidation process toward a few large car dealership groups. What's more, the market is increasingly shifting toward an agency system in which car dealers no longer act as sellers, but as delivery partners for manufacturers. Against this backdrop, the business unit will be broadening its base in the future – but without losing sight of its core automotive business, of course.

Partner banking as a growth area

The biggest trump in its quest to enter new business segments is the fully digital loan application process, which allows Bank11 to address new target groups and markets with significant value creation potential. Partner banking is a promising growth area. Bank11 has developed a digital application process for consumer loans – similar to its successful model for the automotive industry – that it has been offering in collaboration with cooperative banks so far. Designed as a white-label solution, it adapts to the brand identity of any partner bank.

Bank11 is also diversifying into the B2C segment. End customers can now also finance or subscribe to individual mobility solutions by fully automated digital means via the company's Autowunsch application platform and smive.de. In addition, Bank11 offers investment products such as overnight and fixed-term deposit accounts on attractive terms.

Targeting digital-savvy customers

To raise awareness of its services, especially among a young, financially strong, and digital-savvy target group, Bank11 revamped its brand identity last year. The brand values "fast, smart, digital" have gained more prominence both on the website and in social networks. Rather unusually for a financial service provider, the business unit is increasingly working with influencers. The photographer German Adventurer, for example, uses the smive car subscription service on his excursions and reports about it in his video blogs. The company has also recruited "bankfluencers" from its own ranks, who regularly post articles on Instagram, Facebook, and Komoot.de, sharing tips and insights about Bank11's products, financing options, and lifestyle. ●

»In early 2021, I started to actively promote my eBikingfun brand on well-known social media channels, on the Komoot route planner app, and on my own website – with considerable success. I love being a brand ambassador for Bank11 and smive because it allows me to combine my greatest hobby with my job. From the Eifel mountains to Slovakia – there's no distance too far for me. I'm all set to tour Europe on my eBike as a bankfluencer.«

CARSTEN MEYER, Head of Data Management at Bank11 and new bankfluencer.

STRONG ALLIANCES

Where an individual fails, a network succeeds. That is the idea behind Yareto's digital business model. Through collaborations with financial service providers, the Yareto car loan comparison portal gives car dealers access to innovative offerings and services that strengthen their position as a central point of contact for car customers.

Customers can order a vehicle in an online store, choose a suitable financing option, and have the car delivered directly to their door: Sales of motor vehicles are also shifting increasingly to the Internet. This is putting brick-and-mortar car dealerships under pressure to redefine their place in the automotive value chain. Yareto broadens the spectrum for car dealers so that they can optimize their offerings and processes at the point of sale.

Strengthening the dealer position

On its digital marketplace, Yareto brings automotive dealers together with financial service providers. The approximately 15,000 registered users thus have access to a wide range of financing options – from traditional car loans and lease agreements to insurance packages. This enables dealers to cater to their customers' diverse financing needs and demonstrate their expertise as sales advisors.

04:39

The fastest car loan approval to date took **four hours and 39 minutes** from application to disbursement.

As a team, Yareto tracks down market trends in order to take the range of products and services offered by automotive dealers to the next level.

Identifying market trends

Yareto not only manages the loan application process – the company also works closely with market players to identify current market trends and changing customer requirements, and then initiates targeted collaborations. For example, it has introduced a digital loan application in collaboration with ING Bank. As an alternative to an on-site appointment, customers are able to not just choose a vehicle but also apply for a loan from the comfort of their own home using their smartphone or tablet. They can provide proof of identity via video chat and sign the contract using an electronic signature in a completely paperless process. What's special about ING: The loan is usually paid out in a matter of hours. The fastest vehicle loan approval to date took just four hours and 39 minutes. For car dealers, this additional sales channel gives them the chance to become more competitive.

Insuring repair costs

Identifying a need and finding the right offering through collaborations: That is also how a new type of repair cost insurance came about. Together with BNP Paribas Cardif Germany, Yareto has developed an insurance tariff in the form of a low monthly flat rate. Car dealers can offer their customers comprehensive repair cost insurance right at the time of purchase, with coverage for the most important assemblies and fast processing in the event of a claim.

Virtually expanding the vehicle inventory

Dealers with a wide range of car brands and models have more sales opportunities than those that are brand-dependent. Yareto cooperates with the B2B vehicle marketplace ELN.de so that car dealers registered with Yareto can expand their range of vehicles without additional effort and fulfill their customers' wishes regardless of their own vehicle inventory. The vehicle trading system gives dealers access to around 40,000 new and used cars.

A UNION WITH FUTURE

500

patents have now been registered by FiberLean Technologies in more than 40 countries around the globe. The company thus has an extremely powerful technology platform at its disposal.

Werhahn KG has taken its portfolio a step further by acquiring FiberLean Technologies, one of the world's leading manufacturers of microfibrillated cellulose. A substantial and far-sighted investment: The innovative composite material plays a significant role in establishing a resource-efficient circular economy.

Tomorrow's raw materials are renewable, recyclable, and multi-functional. One of the most efficient bio-based materials is microfibrillated cellulose (MFC). It is obtained from cellulose fibers, the main component of the cell walls of plants. Its excellent stability and favorable environmental footprint make this natural fiber suitable for a wide range of applications.

For a long time, the energy- and cost-intensive processes involved in the production of MFC stood in the way of its large-scale use. FiberLean Technologies (FLT), a pioneer in the development of cellulosic nanomaterials, has risen to this challenge. By adding industrial minerals, the company has succeeded in modifying the preparation process in such a way that it can be implemented reliably and scalably in large-scale on-site operations at the customer's site. As a full-range supplier, FLT not only markets the patented FiberLean® MFC composite material, but also provides the associated process technology.

Cellulose gives plants their internal structure. A cellulose fiber consists of many bundled, long cellulose threads called microfibrils.

Jointly setting the course for growth

While systematically analyzing new growth areas, Werhahn KG recognized the market potential of the product innovation and added FiberLean Technologies into its portfolio in 2021. The decision to enter the market for microfibrillated cellulose is in line with Werhahn's principle of achieving long-term growth by establishing or acquiring future-oriented business activities. With its innovative strength, focus on resource efficiency, and entrepreneurial management team, FiberLean Technologies fits in well with Werhahn as a value-oriented group of companies. The backing of the new owner will enable FLT to accelerate its growth in existing markets and above all to intensify its activities in other industries.

Part of a resource-efficient value chain

At present, FiberLean® MFC is used mainly in the paper and packaging industry. Here, the addition of MFC during the production process leads to better stability while simultaneously reducing material consumption and production costs. These are enormous benefits that are also attractive for many other industries and applications – from the food and cosmetics industries to agriculture and the construction, energy, and electronics sectors. In the construction industry, for example, ceiling panels coated with MFC absorb less moisture and provide better sound insulation. In the food industry, the barrier effect of MFC can be used to protect perishable fruits and vegetables from exposure to oxygen, allowing them to keep longer by preventing premature ripening.

FROM JOINT VENTURE TO INNOVATION LEADER

FiberLean Technologies was founded in Cornwall, England, in 2016 as a joint venture between the Swiss Omya Group and the French Imerys Group. Today, the company has around 90 employees and is one of the world's leading manufacturers of cellulosic nanomaterials, operating production sites in France, the USA, and India. FiberLean Technologies is part of the Werhahn Group but operates as an independent business based in Neuss, Germany.

WERHAHN GROUP

Corporate Principles

- Decentralized corporate management
- Independent and flexible business
- Ensuring customer benefits

Over the course of 180 years, Werhahn has developed into a corporate group with diverse activities in Germany and abroad. A close relationship with our markets and customers, reliability and social responsibility are the values which our mid-sized family-owned business has always practiced and maintained.

Wilh. Werhahn KG is decentralized in structure. The Group's companies, which are legally independent for the most part, are organized into three corporate divisions and six business units. Their flat management structure, with short and non-bureaucratic decision-making channels, provides room for maneuver. This enables market requirements to be fulfilled rapidly and flexibly – for the benefit of our customers. For each individual employee, this means a high level of motivation as well as individual responsibility.

Central corporate management functions are performed directly by Wilh. Werhahn KG. These functions include long-term strategic alignment as well as financing the individual companies and reviewing their performance. With the goal of continuously safeguarding and further developing the Group, the aim is to achieve an economic and structural balancing of risks in the interest of risk distribution.

Wilh. Werhahn KG is a company for entrepreneurs, a family-owned business that places great value on a relationship of mutual trust with its customers, business partners and employees. The resulting corporate culture is the vital foundation on which our success is based.

Supervisory Board and Management Board

Supervisory Board

Anton Werhahn
(Chairman)

Gabriela-Maria Baum-D'Ambra
(Vice Chairwoman)

Peter Gerckens

Lambert Goder

Wilhelm Josten

Dr. Wolfgang Klein

Julius Kolb

Clemens Maier

Dr. Katharina Müller-Bardenhewer

Fritz Oidtmann

Wilhelm Straaten

Ruth Werhahn

Management Board

Paolo Dell'Antonio
(Chairman)

Alexander Boldyreff

Stephan Kühne

Report of the Supervisory Board

Dear Shareholders,

Dominated once again by the coronavirus pandemic, the past year posed further major challenges for the Werhahn Group's Management Board, managers and employees and placed restrictions on all our lives. Thanks to Werhahn's diversified positioning and the commitment of all involved, business performance was stable again, with very satisfactory results that exceeded expectations. The Supervisory Board would like to express its gratitude to the Management Board, managers and all employees of the Werhahn Group for their dedication and very successful work during the past year.

In addition, the Supervisory Board would like to thank all employees for the considerable commitment and support shown to those affected by the devastating floods caused by Storm Bernd last year, both personally and through their donations. Our heartfelt thanks also go to all employees for the help and support given to our employees and their families in Ukraine, who have been victims of the Russian war of aggression in recent weeks. We are also grateful for the additional personal assistance and donations provided by employees to help those affected in Ukraine and those who have fled the country. The Supervisory Board and Management Board will address the potential economic impact of this war on the Werhahn Group over the course of this year and, possibly, also beyond.

During the 2021 business year, the Supervisory Board fullfilled the duties required of it by law and by the articles of association, and supervised and advised the Management Board. During this period, the Management Board provided the Supervisory Board regulary with written and verbal reports on the situation and development of the entire Group and its corporate divisions, including reports on significant business events.

The Supervisory Board held four regular meetings and seven further meetings in person and by video conference in 2021. In addition to the regular discussions about the Group's business situation and development, the topics covered at the Supervisory Board meetings included the status, situation and position of the individual business units, the status of projects, issues concerning risk management, and the adoption of the operational business plan for 2022. One particular focus of the discussions was the status of the various acquisitions and divestments, including the acquisition of FiberLean Technologies and the acquisitions in the barbecue segment of the Zwilling Kitchenware business unit. At several meetings, the Supervisory Board also addressed the rules regarding shareholder resolutions in emergency situations, which have since been adopted by the shareholders' meeting. At its meetings, the Supervisory Board also made decisions on transactions requiring approval under the articles of association.

Outside of these meetings, the Chairman of the Supervisory Board maintained close contact with the members of the Management Board. In regular conversations with them and the auditor, he gained a comprehensive overview of the economic, financial and legal situation. The Vice Chairwoman of the Supervisory Board was also involved in the preparations for Supervisory Board meetings. The Supervisory Board was supported in its work by an Accounting Committee and a Personnel Committee. The committees prepared the topics for discussion, reviewed pending decisions in advance and decided upon these if necessary, and made recommendations for resolutions of the Supervisory Board. The topics discussed last year on the Accounting Committee included the 2020 Financial Statements and Consolidated Financial Statements as well as reports on legal, compliance, information security, data protection and internal audit activities in the Werhahn Group. The Personnel Committee discussed matters relating to the Management Board in particular. Committee chairpersons informed the members of the Supervisory Board of the content and outcomes of their committee meetings.

At the regular shareholders' meeting on September 11, 2021, Pricewaterhouse-Coopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, was reappointed as auditor for the Annual Financial Statements and Consolidated Financial Statements. Following a corresponding resolution, the appointment was made by the Supervisory Board, after having confirmed the auditor's independence.

The Consolidated Financial Statements including the Consolidated Management Report as well as the Financial Statements of Wilh. Werhahn KG for the 2021 business year were prepared by the Management Board and audited by the auditors, who issued an unqualified auditor's opinion pursuant to section 322 of the German Commercial Code (HGB). Following a preliminary audit by the Accounting Committee, the Supervisory Board approved both sets of financial statements in its meeting on April 8, 2022. The Financial Statements of Wilh. Werhahn KG as of December 31, 2021 were thus adopted. The auditor was present at the discussions of the Financial Statements and the Consolidated Financial Statements as well as at all meetings of the Accounting Committee and answered supplementary questions.

Neuss, April 8, 2022
The Supervisory Board

Anton Werhahn
Chairman of the Supervisory Board

Corporate Governance Report

The Management Board and the Supervisory Board report in conformity with principle 22 of the German Corporate Governance Code on the corporate governance of the Werhahn Group. The Management Board consisted of three non-family members in the period from January 1 to December 31, 2021. The Supervisory Board of Wilh. Werhahn KG comprised nine family members and three non-family members throughout the business year.

Responsibly dealing with risks is a key component of corporate governance in the Werhahn Group. Therefore, the Management Board and Supervisory Board of Wilh. Werhahn KG place great value on the principle that good corporate governance at all Group levels is a major element of strategic thinking and action. The statutes of Wilh. Werhahn KG comply to a great extent with the recommendations of the Governance Code for Family Businesses.

Responsibly dealing with risks

At the Werhahn Group, good corporate governance involves comprehensive and systematic risk management within the framework of corporate management, and comprises three lines of defense.

The first line of defense is situated where the main material risks can arise, in other words in the respective companies of the Werhahn Group. The risks in the various business units are identified, the resulting risk potential is analyzed and evaluated using quantitative measurement variables, and risk mitigation measures are considered. These measures include controls that the respective management implements in the business processes. This approach helps to ensure that risks are identified at an early stage. Any risks to the going-concern status are reported immediately – outside of regular reporting – to the supervisory boards in the business units as well as to Wilh. Werhahn KG and its supervisory boards.

The second line of defense is exercised by Controlling and by Compliance, among others. It establishes the framework for the risk management and compliance management systems, for example, by setting guidelines and operating procedures. At the same time, these functions monitor the risk situation from a Group perspective. We strive to closely integrate the functions in order to ensure the highest possible degree of efficacy in avoiding and managing risks. The risk management system is described in detail in the Consolidated Management Report.

To create a picture of the Group's overall risk situation, the specific local and general risks as well as the Group effects are evaluated based on the reports prepared by the business units. The Management Board and the Supervisory Board are informed annually about the resulting current overall risk situation of the Group and the individual business units, and on an ad hoc basis regarding special developments. The boards discuss in detail the causes of the current risk situation and measures to be taken.

Beyond its advisory role concerning the annual financial statements and the Consolidated Financial Statements, the Accounting Committee of the Supervisory Board dedicates a meeting to the risk management system and risk evaluation, taking into account knowledge from the areas of internal audit, compliance, data protection and information security by creating written reports and conducting personal interviews with the individuals responsible.

The central Internal Audit department functions as the third internal line of defense, conducting independent tests to monitor the appropriateness and efficacy of the processes and risk management systems in the broadest sense that are implemented in the first two lines of defense. The Internal Audit department reports directly to the Chairman of the Management Board.

This model is rounded out by the external monitoring by the auditor, who incorporates the results of the Internal Audit department's tests into his audit opinion. The model is continuously updated and is adapted to changing circumstances on an ongoing basis.

Cooperation between the Boards

The Management Board and the Supervisory Board work closely together in the interest of the company. The Management Board coordinates the strategic alignment of the company with the Supervisory Board and informs it regularly, promptly and comprehensively about all matters of strategy, business development relevant to the company, the risk situation, risk management and compliance. Any deviations in the development of business from the Group's established plans and goals are explained and justified.

The articles of association require approval by the Supervisory Board for numerous major business transactions, regardless of whether the transaction pertains to Wilh. Werhahn KG itself or to a subordinate Group company.

Avoiding conflicts of interest

The Management Board and the Supervisory Board are obligated to act in the company's interest. In their decisions and in connection with their activities, members of the Management Board and the Supervisory Board may neither pursue personal interests nor personally exploit business opportunities to which the company is entitled. The Management Board has expressly recognized the entire Code of Conduct that applies to the Werhahn Group as binding on the Board itself.

Compliance

The Werhahn Group has a Code of Conduct that is applicable worldwide to all Group companies and to all employees, and governs their conduct in relation to third parties, among other things. The Code of Conduct, which was updated in 2020, is supplemented by a specific guideline on antitrust law, among other things, as well as electronic training tools for the overall Code of Conduct and other issues relevant to compliance. The Code of Conduct is available in 18 languages.

Wilh. Werhahn KG has a Compliance Committee, which is headed up by the compliance officer of Wilh. Werhahn KG and to which the compliance officers of the business units and the head of the Internal Audit department also belong. The member of the Management Board responsible for Compliance also participates in the Compliance Committee meetings held several times during the year. The compliance officers in the business units report to the central compliance officer of Wilh. Werhahn KG, among others, who in turn reports to the Management Board. The central compliance officer will contact the Chairman of the Supervisory Board directly if he suspects that the Management Board has not conducted itself compliantly.

The 35 compliance officers in the business units assist the central compliance officer in developing the compliance system. They implement the measures in their area of responsibility. Local compliance officers and the central compliance officer are available to answer any questions employees may have regarding compliance. In addition, a whistle-blower system has been established, which employees all over the world can access anonymously and free of charge in their local language to report compliance issues. It is also possible to enter into an anonymous dialog with the whistle-blower.

Listing the compliance rules is an essential component of the compliance management system. But it is just as important to convince the employees required to comply with these rules of the necessity of adhering to legal and internal requirements. The Group has a comprehensive training program for this purpose. One focus of our compliance activities is antitrust law and anti-corruption training, which is conducted worldwide on site by experienced attorneys or compliance officers as well as through e-learning. Chaired by the central compliance officer of Wilh. Werhahn KG, the Compliance Committee addresses all matters relating to compliance within the Werhahn Group, analyzes risk and takes steps to ensure improved compliance. Knowledge arising from the discussions and training sessions is used to investigate business processes for preventive purposes.

Because an awareness of compliance also crucially depends on how this issue is communicated by top-level management. Therefor updated video messages from the Management Board and individualized statements made by the chairperson of each business unit are incorporated into the Code of Conduct training tool.

An international compliance audit conducted in 2016 by a renowned and experienced German law firm and coordinated by the Chairman of the Supervisory Board concluded that, in terms of content and concept, the compliance management system currently in place provides sufficient certainty with regard to preventing or substantially impeding infringements of antitrust and corruption rules and in recognizing emerging infringements. The Werhahn Group was also certified for its strong compliance culture. A comprehensive follow-up audit is being conducted in 2022 to review the effectiveness of the Group’s compliance system.

In addition, data protection and information security processes and structures have been enhanced to take account of the significantly increased importance of these areas. In particular, protective measures against the constantly evolving threat of cybercrime were initiated in consultation with specialists and insurers.

Furthermore, there are numerous additional compliance, data protection and information security activities, particularly in the companies regulated by the German Federal Financial Supervisory Authority (BaFin).

Accounting and audit

For the reporting year, it was agreed once again that the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, will inform the Chairman of the Supervisory Board and the Chairman of the Accounting Committee immediately of any material findings or incidents discovered during the audit of the financial statements and the Consolidated Financial Statements.

CONSOLIDATED MANAGEMENT REPORT

Preface

The Russian forces' invasion of sovereign Ukraine on February 24, 2022 has exposed the global economy to numerous risks. The extent and impact of which are currently impossible to predict. The consequences of the war will not only be borne by Ukraine and the heavily sanctioned Russia alone. Just two weeks after the Russian attack, the International Monetary Fund (IMF) indicated that these events would have major consequences for the global economy and annonced that it would be publishing a downgraded global economic outlook in April, after publication of this annual report.

Above all, however, this war in Ukraine is a humanitarian and social crisis that is pushing many people to the limit.

The Werhahn Group has some limited business activities in Ukraine and Russia through its business units Aggregates and Zwilling Kitchenware. Business operations in Ukraine were halted immediately after the Russian invasion. Employees and their families were evacuated wherever possible. It is not possible to predict the economic impact of the military conflict and the declared and potential sanctions to come with any certainty. There are major risks in relation to the availability of raw materials. Consequently, sharp price rises are to be expected in many industries. Expropriation coluld even be possible. Two weeks after the war began, the Russian government announced its intention to potentially nationalize foreign companies that suspend their business in Russia due to the war in Ukraine.

The war in Ukraine has hit the global economy at a time when the consequences of the coronavirus pandemic are far from resolved. The spread of the pandemic again posed major challenges for society and the economy in the past business year. Any emerging hopes of a sustained recovery were time and again quashed by new waves of infection. After the third wave abated in early summer 2021, a sharp economic upturn began, only for the stop/start to resume with the rapid spread of the omicron variant starting in fall 2021.

Many governments then imposed new restrictions on movement and social contact, as well as extensive testing requirements to stem the further spread of the virus. The recurrent setbacks in the efforts against the pandemic not only had a direct economic impact. The related circumstances also led to major disruption to production due to supply shortages, for example.

The protective measures implemented by many countries worldwide to contain the virus blocked procurement and distribution channels, increased risks and led to digital working methods gaining further traction. The Group systematically established this new form of digital working and – where it is responsible to do so – intends to combine this with on-site working going forward. Personal contact is a crucial element of our relationships and it is important to find the right balance when it comes to hybrid working.

Despite all of the difficulties, the Group continued to successfully optimize its business models, consistently make the most of opportunities and strengthen its position also through acquisitions. Thanks to the systematic development of e-commerce activities, forward-looking raw materials procurement and the significant innovative power of the Werhahn Group, many companies were able to grow their market share.

At the beginning of 2022, significant risks weighed on the economy. Firstly, the coronavirus crisis is not yet over. Rising infection rates at the end of the first quarter prompted concerns of another peak and a continuation of the situation. The Group has implemented various preventive measures to protect employees from infection and maintain business operations. It has developed a series of organizational approaches to minimize the economic effects of the pandemic. Furthermore, it is probable that the war in Ukraine will substantially push up the cost of energy and raw materials imports, among other things, and thus negatively impact the global economy.

How these developments will influence the Werhahn Group's economic situation this year cannot be reliably predicted at this stage. Demand for products and services could be depressed, as could availability of the required raw materials and finished products.

The Werhahn Group's continuing good financial situation and broad-based positioning are a strong foundation for its survival even in prolonged adverse circumstances.

Macroeconomic Development

Following the deep recession triggered by the coronavirus pandemic in the previous year, the global economy began to recover in the second quarter of 2021. The recovery process lost momentum at the end of the year, as rising infection rates, supply bottlenecks for intermediate goods and raw materials, and concerns about price developments put the brakes on many business activities. According to figures published by the International Monetary Fund (IMF) in 2022, global gross domestic product (GDP) rose by 5.9 % in 2021, slightly exceeding its forecast of the previous year. However, this was still not enough to offset the preceding sharp decline in economic output.

The speed of the recovery differed worldwide. In many cases, countries that were less affected by the spread of the virus, for example due to high vaccination rates and the development of effective protective measures, bounced back particularly strongly.

German economy supported by foreign trade and government spending

Data from the Federal Statistical Office shows that the German economy grew by 2.7 % in the past year, following a 4.6 % decline in GDP in 2020. The expected growth of 3.5 % was thus not fully achieved. According to the Federal Ministry for Economic Affairs and Climate Action, industry was impacted by severe bottlenecks in the supply of important inputs and was unable to ramp up production to the fullest extent despite healthy order books. Many service providers, such as stationary retail, also faced restrictions on their economic activity at the beginning and again toward the end of the year. A shortage of labor and materials bottlenecks meant that construction investment rose by just 0.5 %, having previously recorded stronger growth for the five consecutive years before. According to a survey conducted by the Leibniz Institute for Economic Research at the University of Munich (Ifo Institute), around one in three businesses complained of a lack of suitable applicants in fall 2021. Many construction materials could only be purchased with a delay and at a considerable mark-up.

Growth was primarily pushed by foreign trade. Adjusted for inflation, Germany exported 9.4 % more goods and services than in 2020. As has been the case since 2015, most exports went to the USA. Compared with the previous year, goods exports to the USA rose by 18 %. Exports to China (up 8.1 %) and France (up 12.6 %) also increased strongly. The most important exported goods were motor vehicles, automotive parts, machinery and chemical products.

Vaccine manufacturer BioNTech, whose licensing revenue is classified as service exports, also made a considerable contribution to foreign trade. According to estimates from the Kiel Institute for the World economy (IfW) in January 2022, the pharmaceutical industry's contribution to GDP rose by 0.5 %.

Impulses also came from government spending, which increased by a further 3.4 % on the already high prior-year level. Above all, the government spent more on the free rapid antigen tests introduced nationwide in spring 2021 and on coronavirus vaccines, as well as on operating testing and vaccination centers. The fight against the pandemic left a considerable dent in the national budget. At € 154 billion, the budget deficit was again up by almost € 10 billion on the previous year and reached the second-highest level since German reunification.

Consumer spending in 2021 matched the low level of the previous year, remaining well short of its pre-crisis levels. Alongside the pandemic, private consumption was held back by strong inflation. According to the Federal Statistical Office, inflation last year was at its highest level since 1993, at 3.1 %. This development was primarily driven by higher energy prices and the ongoing supply bottlenecks. The IfW estimates that German consumers have saved roughly an additional € 200 billion due to the lack of spending opportunities since the pandemic began.

Pace of European recovery mixed

The European economy recorded a strong upturn in the past year. However, this growth was not enough to offset the sharp drop in GDP suffered in the previous year. According to the European Commission, both the 19 eurozone countries and the 27 European Union member states saw healthy GDP growth of 5.0 %, exceeding the expected 4.2 % increase.

However, depending on their respective infection rates and the significance of the economic sectors particularly hard-hit by the crisis for the individual nations, the pace of the recovery differed widely.

Spain and Italy, which were both impacted particularly early and severely by the pandemic, again recorded clear economic growth in 2021. According to the Federal Statistical Office, Italy recorded higher growth (6.2 %) than Spain (4.8 %), which was still contending with the consequences of the euro crisis. France also recorded above-average GDP growth (6.5 %). Developments in Eastern Europe were very mixed. While the Czech economy began to gather pace very slowly with growth of 3 %, Hungary's growth was well above average at 7.1 %, due especially to high public spending.

Following a relatively mild recession in 2020 in Poland, the Polish economy returned to growth in the past year. At 5.3 %, its GDP growth exceeded the EU average. Alongside stable consumer spending, the economy was supported by robust, broadly diversified foreign trade. Polish exports such as furniture, electronic devices, batteries and electric vehicles remained in high demand during the pandemic. Foreign companies relocating to Poland also contributed to this trend. The government investment agency registered a record number of new projects. Stronger government demand added further momentum, which particularly benefited the construction industry. Many of the civil engineering and infrastructure projects that were temporarily postponed or suspended in 2020 were resumed.

The UK economy recovered from the previous year's GDP slump in 2021, recording growth of 6.9 % according to EU figures. The country ceased to be a member of the EU Customs Union and the single market on January 1, 2021. However, the Brexit trade agreement signed at the last moment provides for continued exemption from duties in most industries. Recently, the United Kingdom's significance as a German trading partner has decreased considerably. According to Germany Trade and Invest (GTAI), Germany's foreign trade and inward investment agency, trade with the United Kingdom shrank by 4.6 % in 2021. Imports fell by 8.5 % compared with the previous year, while exports declined by 2.6 %.

Strong growth in the USA and China

The USA achieved its highest growth rate since 1984 in the past year. According to the US Department of Commerce, GDP was up 5.7 % on the 2020 level, exceeding the anticipated growth of 5.1 %. Among other factors, this was attributable to the several trillion dollar economic and reform package passed by Congress. This led to higher employment and bolstered consumer spending.

Growth was very strong at the start of the year (due in part to the sharp decline in the 2020 comparative period), slowed significantly in the summer and then picked up strongly again from the fall. The economic upturn had a positive impact on the labor market. The employment figure rose by 6.4 million in 2021 to 152.7 million, while the unemployment rate declined to 3.9 %. Although foreign trade recovered noticeably from the prior-year slump, the balance of trade remained negative in 2021. Domestic resources were again unable to keep up with the demand for goods and services. In the fourth quarter, high infection rates, a sharp rise in inflation and gaps in the supply of goods flattened out the economic recovery.

The Chinese economy recorded strong growth in 2021. The national statistics office puts the country's GDP growth at 8.1 %, which is in line with expectations.

The high growth rate is attributable to the low base, particularly in the first half of 2020. At that time, the People's Republic imposed an extensive six-month lockdown. With a zero-COVID strategy, mass testing, quarantines and travel restrictions, China initially brought the virus under control relatively quickly. Industry continued to produce without major restrictions. This especially benefited exports. During various lockdowns, many countries ordered products manufactured in China, including medical PPE or electronics for home working. Foreign trade therefore proved to be a major pillar of the Chinese economy again. Exports rose by just under 30.0 % compared with 2020 and contributed 20.9 % to growth. In contrast, no notable impetus came from consumer spending. This was partly attributable to the strict restrictions imposed to fight the pandemic.

Russia and Japan recover at differing speeds

The Russian economy recovered in 2021, with growth even touching pre-pandemic levels toward the end of the year. According to the Central Bank of the Russian Federation, GDP was 4.5 % higher than in the previous year. In the third quarter of 2021, GDP was already 1.3 % higher than before the coronavirus crisis in the third quarter of 2019. The main driver of the economic recovery was the significantly higher income from exporting oil and gas, the price of which rose considerably. Employment market developments were also favorable. According to the Russian Federal State Statistics Service, there was a clear decline in the unemployment rate, while the number of employees rose strongly. However, consumers' spending power was curtailed by the accelerated inflation. Real income rose by 2.5 % in 2021, following a decline of 2.8 % in the previous year, according to the estimates of various banks.

To cover the higher cost of food in particular, private households ultimately borrowed more. The Central Bank of the Russian Federation reports that consumer lending totaled € 284 billion as of October 1, 2021, up 22.1 % on the previous year.

Japan's economic recovery last year was much slower than many experts had forecast. Supply chain difficulties, the chip shortage and the sharp rise in energy and materials prices all contributed to this development. The International Monetary Fund puts the country's GDP growth at 2.4 %. The economy was supported, in particular, by significant government investment, for example in health care. In the fourth quarter, the newly elected government in Tokyo adopted a stimulus package in the record amount of € 430 billion. The primary target group was small- and medium-sized enterprises and families, whose financial headroom was increased through direct grants.

Business Development and Results of Operations

Diversity is a defining feature of the Werhahn company. The Group's operations are assigned into three corporate divisions – Building Materials, Consumer Goods, and Financial Services – with six business units.

Key control parameters for the corporate divisions are net sales, EBITA (operating result as earnings before interest, tax and non-operating depreciation and amortization[1]) and EBT (earnings before tax).

In 2021, the Werhahn Group recorded consolidated net sales of € 3,981 million (previous year: € 3,726 million). At 7 %, net sales growth significantly exceeded both the prior-year figure and planning.

All corporate divisions contributed to this considerable increase. The Consumer Goods and Financial Services divisions recorded clear year-on-year growth.

While net sales in Germany rose slightly, foreign net sales climbed steeply to € 1,380 million (previous year: € 1,194 million). The share of foreign net sales in consolidated net sales also rose significantly on the previous year to 35 %. Net sales in euros were negatively impacted by exchange rate movements. This trend was driven, in particular, by the US dollar and the Japanese yen.

Net sales by business unit

in € million	2021	2020	Change
Aggregates	1,333	1,318	15
Slate	77	71	6
Zwilling Kitchenware	878	744	134
Zwilling Beauty Group	97	82	15
Jaguar/Tondeo Professional Hairdressing Equipment	–	22	– 22
abcfinance	1,392	1,319	73
Bank11	193	161	32
Others	41	39	2
Consolidation	– 30	– 30	–
	3,981	3,726	255

[1] Non-operating amortization includes write-downs on goodwill and hidden reserves disclosed during the revaluation of acquisitions, as well as differences between straight-line and declining-balance depreciation.

Selected key figures

	2021	2020
Cost of materials ratio[2]	54 %	51 %
Personnel expenses ratio[3]	14 %	14 %
Investment rate[4]	147 %	107 %
Tax rate[5]	33 %	42 %
Earnings before tax (in € million)	212	138

The Werhahn Group's cost of materials includes expenditures in the Building Materials and Consumer Goods divisions. Furthermore, cost of materials for the Financial Services division includes refinancing costs, residual book values of sold leasing assets, acquisition costs for hire-purchase objects, and commissions from the banking and leasing segment. The cost of materials was up 13 % on the previous year due to the higher net sales in almost all divisions and amounted to € 2,148 million (previous year: € 1,899 million).

The cost of materials ratio increased from 51 % to 54 %. The cost of materials ratio in the Building Materials division increased on the year, partly due to higher procurement costs. The Consumer Goods division achieved a lower cost of materials ratio despite the above-average rise in the cost of materials, largely due to the significant sales growth. In the Financial Services division, higher expenditures from residual book values of sold leading assets led to a slight rise in the cost of materials ratio.

At € 564 million, personnel expenses were noticeably up on the prior-year figure (€ 531 million), with slightly higher average employee numbers. The personnel expenses ratio remained unchanged on the year, at 14 %.

[2] The cost of materials ratio is calculated by dividing the cost of materials by net sales.
[3] The personnel expenses ratio is calculated by dividing personnel expenses by net sales.
[4] The investment rate is determined by dividing investments in tangible assets, intangible assets (excluding goodwill), and net investment related to acquisitions by depreciation and amortization.
[5] The tax rate is calculated by dividing the tax expense by earnings before tax.

Depreciation of tangible assets and amortization of intangible assets in the business year stood at € 147 million, which is just below the previous year's figure of € 152 million. Write-downs on leasing assets also decreased slightly, from € 565 million to € 547 million.

Other operating income totaled € 66 million in 2021, an increase of 19 % compared with the previous year (€ 55 million). This strong rise is largely attributable to foreign exchange gains and higher income from the release of provisions. In addition, nonrecurring income was realized from a subsequent purchase price adjustment in relation to an earlier company sale. In contrast, gains on the disposal of fixed assets declined on the year. The most significant individual items of other operating income are income from the release of provisions (€ 17 million, previous year: € 13 million), foreign exchange gains (€ 12 million, previous year: € 6 million) and gains on the disposal of fixed assets (€ 9 million, previous year: € 11 million).

Other operating expenses declined by 3 % to € 483 million (previous year: € 497 million). In addition, write-downs on accounts receivable from financial services, maintenance costs and write-downs on other assets, in particular, declined compared with the previous year. Conversely, marketing expenses, IT expenses and foreign exchange losses increased. The prior-year figure also included nonrecurring expenses related to the recognition of provisions for losses from pending transactions. The most significant individual items within other operating expenses are external services (€ 109 million, previous year: € 88 million), maintenance costs (€ 85 million, previous year: € 90 million) and marketing expenses (€ 61 million, previous year: € 52 million).

In the business year, investment income declined by € 2 million to € 30 million. This was primarily due to lower distributions from other participations.

The Werhahn Group's 2021 operating result significantly exceeded the prior-year figure and expectations. While the operating result in the Building Materials division was unable to reach the record prior-year figure or the planned level due to the rise in bitumen prices, the Consumer Goods division's operating result exceeded both the prior-year and the planned figure. This was attributable to higher net sales and a positive gross margin trend. The Financial Services division posted a clear rise in its operating result. This was largely due to a considerable increase in net interest income and a significantly lower risk level, which made it possible to reduce risk provisioning.

The interest result including income from securities in fixed and current assets amounted to € – 9 million (previous year: € – 14 million). Interest expenses declined by € 4 million compared with the previous year.

Earnings before tax of € 212 million were considerably higher than in the previous year (€ 138 million) and also significantly exceeded expectations.

The 2021 tax rate declined considerably compared with the previous year, since non-tax deductible expenses were lower.

Overall, the Werhahn Group generated net income of € 140 million in 2021, a year-on-year increase of € 60 million.

The Management Board would like to thank all employees for their strong commitment and for their contributions to the success of the Werhahn Group in a year marked by exceptional challenges.

Building Materials

The Building Materials division includes the **Aggregates** and **Slate** business units, which are active in Germany and in other European countries. The Aggregates business unit extracts and processes mineral raw materials for the construction industry. The Slate business unit produces and markets premium-quality slate for roofs, façades, interiors and landscaping.

Aggregates

The Aggregates business unit comprises four segments under the leadership of Basalt-Actien-Gesellschaft (BAG): mineral raw materials, asphalt mixtures, construction chemicals, and building materials recycling/disposal. In addition to Germany, Sweden and the Benelux countries, the business unit also operates in the Central and Eastern European countries of Poland, Russia, Ukraine, the Czech Republic and Hungary with its own production sites. Customers primarily include road construction, civil engineering, hydraulic engineering and track construction companies, private and public property developers and rockwool producers.

In the mineral raw materials segment, hard stones are extracted in 90 Group-owned quarries, then processed and marketed regionally. In addition, a significant portion of the raw material is used for the production of asphalt mixtures in 169 mixing plants owned by the Group. The construction chemicals segment mainly produces and markets bituminous sealant materials for structural and roadway construction. The building materials recycling/disposal segment involves processing, marketing and storing non-contaminated recyclable building rubble.

German road construction contracts stall

Economic conditions in countries in which the business unit operates were impacted by the pandemic last year, albeit to differing extents.

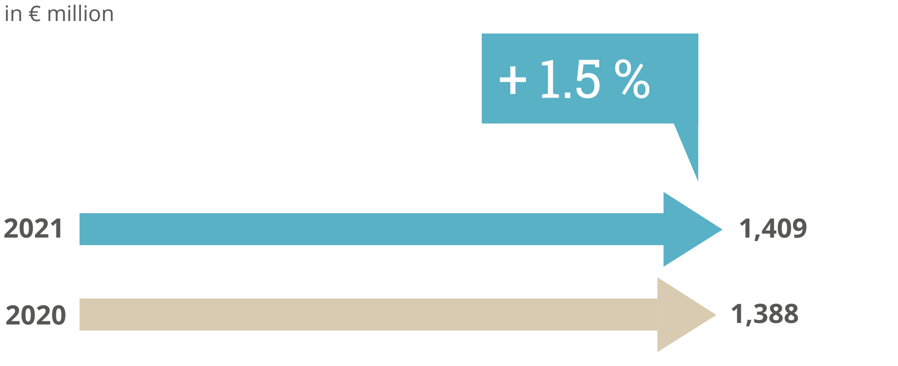
According to figures from the Central Association of the German Construction Industry (Hauptverband der Deutschen Bauindustrie), the industry registered nominal net sales growth of 0.8 % in 2021; price-adjusted, this represents a real decline in net sales of 6.2 %. Residential construction and commercial construction were the main contributors, posting nominal growth of 1.3 % and 2.1 %, respectively. Public construction performed less well, recording a nominal decline of 1.3 % compared with the previous year. Public road construction, a key area for the business unit, also recorded a decline of 0.9 %. Taking into account price increases, this would actually represent a decline of 4.4 % in net sales. In addition, order intake in public road construction remained 1.4 % down on the previous year in nominal terms (price-adjusted: 4.3 %).

The weaker trend in public road construction was due in part to the continued major staff shortages at planning and licensing authorities, despite high budgets, which meant orders were slow to come in. Furthermore, the calls for tender situation was impacted as a result of administrative difficulties caused by the pandemic as well as the still-inadequate level of digitalization at public building authorities. In addition, the German Länder and municipalities deferred or even completely canceled calls for tender due to the sharp rise in construction costs. Delays continued to arise in relation to the transfer of the administration of Länder contracts to the Federal Government's Autobahn GmbH. Consequently, the market volume in asphalt road construction fell short of expectations.

In most of the Aggregates business unit's foreign markets, the construction industry performed well last year. In Poland, the most significant foreign market, many of the civil engineering and infrastructure projects that were temporarily postponed or suspended in 2020 were resumed. This was largely thanks to new funding from the EU financial framework and under the EU's COVID-19 recovery plan. In Russia, although a lack of investors meant it was not possible to proceed with planned projects to develop ports, rail networks and airports, spending on road construction increased in the past year.

Alongside the pandemic, supply chain issues and high gas prices, Ukraine's economy suffered due to political tensions with Russia in 2021. However, an infrastructure program launched in 2020, with a focus on road construction, provided momentum. There is still a major need for improvements in this area. Despite weak economic growth, the Czech government further increased transport infrastructure funding. The budget reached a record level just under € 5 billion, which is to be used for the modernization of railways and roads, for

Net sales development Building Materials division



route safety, and for bridge maintenance. The Hungarian economy rediscovered its former strong growth path last year and invested further in infrastructure improvements as well as in the development of the (express) road network. The Swedish economy also recovered, following a pandemic-induced slump.

The procurement markets were dominated by the sharp rise in crude oil and energy prices in 2021. The high crude oil prices had a negative impact on the bitumen price - the most important raw material in asphalt production – which was well above the prior-year level. The new carbon tax also contributed to the rise in energy prices. It was possible to mitigate the negative impact, particularly on electricity procurement, through a forward-looking hedging strategy. In addition, materials shortages and supply difficulties resulted in higher prices for spare and wear parts.

Strong trend abroad bolsters results

Net sales in the Aggregates business unit rose by a moderate 1.2 % compared with the previous year to € 1,333 million. This was also slightly above the planned figure.

Raw materials sales in Germany were marginally down on the previous year, but slightly exceeded planning. In contrast, foreign sales were again up considerably on the high prior-year level. The planned level of raw materials sales was even significantly exceeded. The companies in Russia and Ukraine again achieved record sales. Not least due to the lack of calls for tender and strong competition, sales of mixtures remained moderate, failing to reach either the prior-year or planned level.

The operating result of the Aggregates business unit was unable to match the exceptionally good prior-year result or the planned level. This was due to a significant decline in margins on bituminous mixtures as a result of much higher bitumen prices as well as a generally weaker sales trend in Germany. Despite good capacity utilization, the construction chemicals business suffered due to the higher cost of bitumen and other inputs and was unable to repeat the good result of the previous year. Among the foreign companies, Russia and Ukraine, in particular, saw considerable earnings growth. The acquisition of two quarries in the Czech Republic secured further rock deposits, which bolstered earnings performance in the country. Expectations were exceeded in all countries, with the exception of Poland and Sweden.

Overall, the operating result was well below the prior-year level and clearly short of expectations. Much like the operating result, earnings before tax were down noticeably on the previous year and fell well short of the planned level.

Lackluster public construction

The construction industry will be a stable pillar of the German economy in 2022. The Central Association of the German Construction Industry expects nominal net sales to rise by 5.5 %. Taking price increases into account, growth of 1.5 % is expected. The Association expects residential and commercial construction to drive this development, with nominal growth of 7.0 % and 6.0 %, respectively. A nominal increase of just 2.0 % is expected for public construction. On a price-adjusted basis, this corresponds to a decline of 2.0 %. According to the government bill of June 2021, public investment in transport infrastructure this year will be around 10 % higher than in 2021, at € 19.2 billion. However, the primary beneficiaries of the higher funding are federal railways and bridge renovations. Investments in federal highways, in contrast, are down by a nominal 2.9 %. Over the longer term, expectations are positive. The coalition agreement specifies a staggered increase in funding for federal highways at least until 2025, with a greater emphasis placed on maintenance and renovation. Municipal investment in construction will be much lower in 2022. Central municipal organizations forecast a nominal decline of 9.0 %.

Foreign market developments in 2022 will largely be influenced by the progress of the pandemic and geopolitical uncertainties. This applies, in particular, to the outlook in Russia and Ukraine. Economic growth in Poland could outstrip the EU average this year. New funding from the EU will drive this trend. In particular, € 6.5 billion has been made available for the extensive development of the motorway and expressway network. The Russian economy will experience a severe slump this year due to the sanctions imposed. Until recently, the outlook for road construction had been good, with plans to invest around € 50 billion in this area between 2021 and 2025. However, other infrastructure projects, such as ports, railways and airports, were to be postponed. Due to the war, it is currently impossible to predict Ukraine's economic prospects. The Hungarian economy is expected to record strong growth in 2022. While government and EU funding programs will provide impetus, the dispute with the EU could have a dampening effect. Investment in the country's infrastructure, particularly the road network, is set to continue. In the Czech Republic, the construction industry will also benefit from record transport infrastructure funding in 2022. The modernization of railways and roads, route safety and bridge maintenance will be the main focus. The Swedish economy will grow moderately. No specific infrastructure projects are planned.

According to the planning drawn up in December 2021, the Aggregates business unit expects German sales of raw materials to be roughly on a par with the previous year, with improved sales of mixtures. No significant growth is expected abroad from the two Czech companies, which will be consolidated for the full year for the first time. Overall, net sales are likely to considerably exceed the prior-year level. Despite better net sales and margins, particularly for asphalt mixtures, given the absence of the positive influences of 2021 and further costs associated with digital transformation and sustainability, the operating result will not quite reach the previous year's figure. Earnings before tax were positively impacted by improved interest income and lower goodwill impairment losses.

The above-mentioned estimates regarding the business unit's expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report

Slate

The Slate business unit extracts and produces premium-quality slate in Spain and develops products for aesthetically designed living spaces. The product line encompasses a wide variety of cladding types for roofs and façades. System solutions specifically created for modern architecture, which also include solar elements, make it possible to realize innovative building designs. The offering is complemented by ashlar, which can be used for interior applications as well as for gardening and landscaping.

The business unit runs all of its activities, including development, procurement and sales, from the head office in Mayen, Germany. The products are sold in all major slate markets, particularly in Western and Central Europe, and North America.

Materials shortage curbs construction activity

Residential construction was again a mainstay of Germany's building industry last year. According to the Central Association of the German Building Industry, this area recorded a nominal increase of 2.6 % in net sales. The roofing business benefited from this development. In the first half of 2021, the construction business was negatively impacted by bad weather, a shortage of materials and significant price rises. Traders and manufacturers stockpiled to safeguard against further shortages. This led to high capacity utilization in the supply industry. At the start of the second half of the year, many construction projects were realized using the stocks previously built up. Capacity utilization among roofing companies remained at a high level throughout the year.

Demand for slate in foreign markets rose sharply in places in 2021. A shortage of some construction materials, including slate, meant that numerous construction projects came to a standstill or were delayed. The limited availability led to steep price rises.

Production was much less heavily impacted by the pandemic in 2021 than it was in the previous year and recorded growth. The business unit took advantage of the higher demand on several major slate markets to reduce inventories. Together, this resulted in a considerable rise in exports.
At € 77 million, the Slate business unit's net sales significantly exceeded the prior-year level and were well above expectations. This was primarily driven by the high demand from abroad. In contrast, net sales in Germany rose only slightly due to the difficult transport situation, which in places led to supply bottlenecks. Production standstills due to the pandemic led to a reduction in earnings for the business unit in 2020, which was not experienced to the same degree in 2021. Overall, the operating result and earnings before tax significantly exceeded figures achieved in the previous year.

Costs to rise significantly

Residential construction in Germany will remain a growth market in 2022. The renovation business, which is the core focus of the Slate business unit, will be the main driver of this trend. Many homeowners consider it necessary to renovate the exterior of their properties from an energy perspective. This also includes replacing roofing materials. Higher energy costs, reduced materials availability and limited logistics capacity are likely to lead to sharp price rises. Given the high capacity utilization at building firms, property owners could experience additional costs for renovation work. Outside Germany, the slate markets in France and the United Kingdom, in particular, promise slight growth.

Based on the December 2021 planning, the Slate business unit foresees a moderate rise in net sales in 2021, driven by growth in Germany and abroad. However, both the operating result and earnings before tax are expected to fall well short of the prior-year level. This is due to the anticipated increase in costs due to higher raw materials and merchandise prices.

The above-mentioned estimates regarding the business unit's expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

Consumer Goods

The Consumer Goods division comprises the **Zwilling Kitchenware** and **Zwilling Beauty Group** business units. These business units produce high-quality brand products for kitchen use and personal care and their products are present in all the important markets worldwide.

Zwilling Kitchenware

The Zwilling Kitchenware business unit provides premium products for the modern kitchen. The products marketed under the brands ZWILLING, STAUB, BALLARINI, MIYABI and DEMEYERE include, in particular, knives, cookware, cutlery, scissors, kitchen utensils, vacuum systems and small electrical kitchen appliances. In 2021, the offering was expanded to include the Outdoor Kitchen segment, with a focus on grills and barbecue-related products, through the acquisition of the SANTOS and FLAMMKRAFT brands. Apart from the German market and other European countries, the most important markets for Zwilling Kitchenware are China, North America and Japan.

High spending on home improvements

The performance of Zwilling Kitchenware is reliant on consumers' willingness to spend, which is in turn dependent on the general economic environment. Following a slump in the previous year, the markets relevant to Zwilling Kitchenware saw a significant economic recovery in 2021. The increased importance of the home continued to encourage major investment in kitchen, home and garden improvements. Zwilling Kitchenware also benefited from this trend last year.

The number of pandemic-related business closures in 2021 was much lower than in the previous year, so Zwilling Kitchenware's B2B business also performed positively. E-commerce activities were strengthened further, resulting in a higher proportion of business being transacted online. The very high demand in 2021 led to increased utilization of production capacity. Zwilling Kitchenware was able to largely avoid the supply chain disruption across the globe by consciously building up reserve inventories, particularly of third-party merchandise. By ensuring its ability to deliver, it was even able to take advantage of growth opportunities.

Sharp rise in net sales and earnings

The Zwilling Kitchenware business unit's net sales were up significantly on the previous year and the planned level, at € 878 million. Zwilling Kitchenware achieved strong growth both in its core business and in the special business, particularly with customer loyalty programs. This was largely attributable to the successful multi-channel concept and the marketing of ZWILLING ENFINIGY electrical appliances and the FRESH & SAVE vacuum food storage system. Overall, however, net sales were negatively impacted by exchange rate movements.

The distributing company in the USA recorded strong, better-than expected growth and consolidated its position as Zwilling Kitchenware's biggest sales market. Following rapid growth a year earlier, the online channels saw slightly lower net sales in 2021. In contrast, the self-service retail business, primarily consisting of cash and carry stores, supermarkets and DIY stores, recorded strong growth. Business in the high-quality specialist bricks-and-mortar retail sector performed exceptionally well. Net sales in Canada significantly exceeded both the prior-year and the planned level. All major bricks-and-mortar and online sales channels contributed to this increase.

In China, too, Zwilling Kitchenware achieved considerably higher sales compared with the previous year. The rise was attributable to further sharp growth in online retail as well as a clear increase in sales of promotional and gift items. Net sales in the high-quality premium retail and TV shopping segments were lower, however. In Japan, bricks-and-mortar retail and the catalog business, in particular, contributed to strong and significantly better-then-expected growth.

In Germany, the business unit recorded a slight rise in net sales, moderately exceeding the planned level. Healthy growth in the online business more than compensated for the downward trend in bricks-and-mortar retail including company-owned stores.

The acquisitions made in the barbecue business during the year (SANTOS and FLAMMKRAFT) had a clearly positive impact on net sales. These acquisitions led to inorganic growth. New products expanded the business unit's portfolio, the effect of which was rapidly reflected in net sales.

Net sales development Consumer Goods division

in € million

Net sales in other European countries rose significantly. The highest growth was achieved in Italy, Scandinavia, France, the United Kingdom and Turkey. The growth was primarily attributable to higher net sales through online sales channels. In particular, business through own online stores was successfully increased through content optimization and country-specific consumer marketing.

The operating result was up considerably on the previous year and exceeded the planned level by a clear margin. This was primarily attributable to the increased gross profit resulting from the higher net sales. However, due to higher procurement costs, the gross margin was slightly lower than in the previous year. The ongoing digital transformation process and savings made during lockdowns in the previous year led to a rise in operating expenses. Earnings before tax were also considerably higher than in the previous year and foreseen in the planning.

Consumer climate paints a clear picture

At the beginning of the 2022 business year, consumer sentiment was mixed. Among many consumer researchers, the easing of coronavirus restrictions in Germany at the end of the first quarter has prompted hopes of increased spending appetite. This could benefit the travel and entertainment industry in particular. However, surging prices are causing uncertainty. Significantly higher energy and food costs are driving inflation and reducing consumers' spending power.

Based on the December 2021 planning, the Zwilling Kitchenware business unit expects net sales in 2022 to be broadly in line with the previous year. Impetus will largely come from the core business, which will grow further thanks to the new barbecue, electrics and vacuum business areas. Zwilling Kitchenware is relying, in particular, on growth in the share of direct business with end customers as well as healthy e-commerce, which will slightly increase the share of online business. The special business with customer loyalty programs, in contrast, is expected to decline slightly. Given the sharp rise in the cost of sales, raw materials, energy and freight costs, the business unit faces considerable uncertainty and challenges. The continuing difficulties with regard to the availability of goods and staff shortages dampen the prospects for this year. The operating result and earnings before tax are unlikely to reach the high prior-year level.

The above-mentioned estimates regarding the business unit's expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

Zwilling Beauty Group

Under the brands ZWILLING and TWEEZERMAN, the Zwilling Beauty Group business unit produces and markets high-quality tweezers, manicure sets and pedicure tools. The offering is supplemented by the QVS Group, which sells beauty tools under the QVS brand, as well as trade and exclusive brands. Apart from the USA and Germany, the most important sales markets for Zwilling Beauty Group are the United Kingdom and China. In addition, the business unit has increased its business activity in Australia, Canada, Mexico and the Netherlands since 2020.

Online business bolsters net sales and earnings

Like the Zwilling Kitchenware business unit, the performance of Zwilling Beauty Group depends significantly on consumer sentiment in the respective markets. The individual markets were again dominated by the coronavirus pandemic in 2021. Business closures and travel restrictions temporarily altered the significance of individual sales channels.

The business unit's net sales were up significantly compared with both the previous year and the planned level, at € 97 million. In the USA, by far the most important market, the business unit benefited from the fact that premium retailers were not subject to lockdowns in 2021, as well as a further rise in online sales. Customer footfall at drugstores and other large retail chains continued to increase due to vaccination options in their retail spaces. The temporary closure of nail studios in the USA due to the pandemic and the ongoing do-it-yourself trend also had a positive impact. Many households did not have manicure and pedicure equipment and so invested in their own tools for the first time. Because it built up inventories at an early stage, the business unit was less affected by disrupted supply chains than some of its competitors and was able to deliver reliably to customers at all times. In addition, increased spending on marketing, particularly on digital media, resulted in market share growth.

In Germany, the Zwilling Beauty Group's business saw a significant revival after the previous year's slump. This was primarily attributable to online business. In contrast, bricks-and-mortar sales again suffered due to the lack of tourists and pandemic-related sales restrictions. Higher online sales also bolstered net sales in the United Kingdom and China. In both countries, Zwilling Beauty Group turned over considerably more in 2021 than in the previous year.

The 2021 operating result and earnings before tax significantly exceeded both the prior-year and the planned level.

High inflation curbs consumer sentiment

In 2022, consumer spending in Germany and other countries was again heavily influenced by the course of the pandemic. Amid the restrictions, many consumers deferred purchases that they may now make as the situation eases, giving a boost to consumption. However, the high rate of inflation is dampening consumer sentiment.

The developments described will substantially influence the Zwilling Beauty Group's performance in 2022. Based on the December 2021 planning, the business unit expects to see slightly lower net sales compared with the previous year, as well as a weaker operating result and earnings before tax in the 2022 business year. One of the main reasons for this is the probable decline in drugstore business in the USA.

The above-mentioned estimates regarding the business unit's expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

Financial Services

The Financial Services division comprises the **abcfinance** business unit and **abcbank**, as a leasing and factoring provider, as well as **Bank11**, a business unit specializing in vehicle financing.

abcfinance

abcfinance provides tailored financial services to more than 80,000 mainly medium-sized companies in Germany, the Netherlands and Austria. In the leasing segment, abcfinance finances mobile assets, including used, low-value and intangible items such as software and licenses. In the factoring segment, abcfinance purchases receivables and thereby provides more financial options for its business partners. In the sales financing segment, abcfinance supports the sales activities of manufacturers and dealers with custom financing solutions.

As part of the abcfinance business unit, abcbank refinances receivables from abcfinance's leasing and factoring business. It offers institutional, commercial and private customers overnight money, fixed-term deposits and savings bonds, and conducts securitization transactions.

Leasing market records mixed performance

In the course of 2021, the pandemic increasingly disrupted supply chains. Many companies were unable to clear their high order backlogs due to a lack of raw materials or insufficient transport capacity. According to a survey conducted by the ifo Institute, at the end of the year 82 % of industrial companies were affected by this issue. This reduced their willingness to invest and was also reflected in the performance of the leasing business. In its 2021 trend report, the Federal Association of German Leasing Companies (BDL) estimates that – atypically for the sector – growth in leasing investments fell short of the total 3.2 % growth in equipment investments. Purchase values in the equipment leasing segment grew by just 2.0 %. While the leasing business remained stable, up 0.6 %, the hire purchase business actually recovered to pre-crisis levels over the year, with growth of 10.2 %.

The picture varied widely between the different asset groups: Vehicle leasing, which is particularly important for the leasing market, recorded growth of just 1.8 % due to the pricing levels of passenger car manufacturers. In contrast, commercial vehicle leasing grew by 8.9 %. The segment for other equipment also registered 8.2 % growth, thanks in particular to the strong demand for cycle leasing solutions. The 28.2 % decline in the aircraft, rolling stock and watercraft segment is closely linked to the problems in the logistics industry caused by the pandemic.

In the second year of the pandemic, factoring again proved a resilient form of financing in times of economic crisis. Many companies took the opportunity to obtain short-term liquidity through the sale of receivables. In the first half of 2021, the German Factoring Association's member companies saw net sales increase by 8.6 % compared with same period of the previous year to € 147 billion. Government support for trade credit insurers to guarantee supplier credit lasted until mid-year. On this basis, the industry was able to maintain coverage of more than € 400 billion. And there was no collapse once the government support ended. At the end of 2021, trade credit insurers covered supplier credit totaling € 458 billion. This represents an increase of 5.0 % compared with the previous year and is around € 35 billion higher than at the start of the pandemic.

Refinancing costs for financial service providers that specialize in leasing and factoring remained favorable in 2021 due to the low capital market and loan interest rates.

Earnings considerably exceed prior-year and planned level

In the leasing segment, the abcfinance business unit achieved new business growth of 5.0 % in 2021. In the factoring segment, strong purchasing volume growth of 19.4 % was recorded. Both business areas again experienced margin declines, but these were offset by volume growth and ancillary income. Net sales significantly exceeded the prior-year figure and were well above the planned level. Both the commercial result (EBITA) – as defined by the industry association BDL – and earnings before tax were substantially higher than in 2020 and exceeded forecasts. Alongside the good new business, this was attributable to the significantly lower risk level compared with the previous year, which reduced the need for risk provisioning.

Net sales development in Financial Services division

in € million

Investment appetite remains strong

According to industry association BDL, companies will further increase their leasing-financed investments in 2022. Equipment investment is expected to rise by 5–7 %. The ongoing issue of disrupted supply chains remains a major influence. This is hampering the fulfillment of already-agreed leasing contracts. BDL and its member companies consider the medium- and long-term outlook for leasing business to be positive. The upcoming transformation of the economy as a whole, digital transformation and the strong emphasis on sustainability and climate neutrality will require significant investment over the coming years. The performance of the so far crisis-resilient factoring business in 2022 will be heavily dependent on the short- to medium-term economic consequences of the coronavirus pandemic, which are currently hard to predict. Credit insurers, which are important for the factoring business, expect to see an increase in company insolvencies, potentially accompanied by a series of higher insolvency losses.

For 2022, the abcfinance business unit has set the target of new business volumes in the leasing segment reaching the pre-pandemic levels of 2019. In the factoring business, it intends to maintain the very good level of the previous year. Alongside new customer groups, new products and digital solutions should contribute to this development. Based on the December 2021 planning, the commercial result (EBITA) will likely fall considerably short of the prior-year level. This is due to the planned risk costs, which are set to reach the level of the coronavirus year 2020. Starting in 2023, the business unit expects to see a continuation of or increase in of the very good results achieved in 2021. The planned risk costs will likely also lead to a significant year-on-year decline in EBT in 2022.

The above-mentioned estimates regarding the business unit's expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

Bank11

Bank11 für Privatkunden und Handel specializes in sales and purchase financing and consumer lending. It offers simple and cost-effective financing for medium-sized automobile dealers and insurance for its customers. Through purchase financing, Bank11 additionally offers partner dealerships the opportunity to finance their fleet of new and used vehicles. Since October 2020, Bank11 has also offered consumer loans through partner banks. To refinance its own operations, Bank11 offers savings bonds and overnight money, as well as time and notice deposits, to private and institutional investors, and conducts securitization transactions.

Challenging market environment

The German automobile market declined again last year due to the pandemic as well as significant supply bottlenecks and materials shortages. The Federal Motor Transport Authority (Kraftfahrt-Bundesamt) recorded a 10.1 % decline in new registrations compared with 2020 to 2.6 million cars. The trade in used cars was also weaker. At 6.7 million, transfers of ownership were down 4.5 % on the previous year.

Business for banks specializing in automobile financing again benefited from the large number of private new and used cars that were financed in the past year. According to a study conducted by the banking association, the proportion of financing amounted to 63.0 % for new vehicles and 29.0 % for used vehicles. In the first three quarters, the member institutes of the banking association thus recorded a decline of 14.4 % in their new loan business in private automobile financing.

Bank11 growth exceeds industry average

In a challenging environment, Bank11 once again grew much faster than the industry average in 2021. It benefited from the further expansion of online sales and increased new business to € 3.1 billion. The loan volume grew by 17.0 %. The number of trade partners rose by around 1,500 to 16,200. Among other things, the long-standing, successful cooperation with automobile industry associations and automobile dealer associations was expanded.

The cooperation with ADAC in vehicle financing continued to provide impetus. Bank11 also benefited from its innovative strength and the fast and competent service provided to automobile dealers and their customers.

Bank11 recorded a clear improvement in operating result in the past year, significantly exceeding the planned figure. This was primarily attributable to the sharp rise in net interest income. The higher commission expenses as a result of the strong new business growth reduced the result. The costs related to credit risk provisioning declined considerably compared with 2020, while accounts receivable increased. Firstly, the adjustment of the method for provisioning for credit risk due to a change in regulatory requirements led to comparatively high costs for credit risk provisioning in 2020, which did not continue in the year under review. Secondly, credit risk was on a positive trend in 2021. As a result of these developments, earnings before tax considerably exceeded both the prior-year level and forecasts.

Significantly improved results in sight

Based on the December 2021 planning, the environment is likely to be more favorable for Bank11 in 2022, since the availability of vehicles is set to increase compared with the previous year. According to a German Association of the Motor Trade (ZDK) forecast, the bottleneck will be resolved in the second half of the year at the latest. A total of 2.9 million new registrations are expected. Bank11 intends to grow both its new business and its loan portfolio and to further expand its market share. It aims to achieve these goals through further digitalization and the continued customer-oriented optimization of processes. It also plans to counter the negative effect of sustained low interest rates through these measures. Both the operating result and earnings before tax are expected to be up significantly on 2021 levels.

The above-mentioned estimates regarding the business unit’s expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation due to the war in Ukraine. Please refer to the Outlook Report.

Innovative Business Models

The Werhahn Group invests in innovative business models to enhance the company's forward-looking positioning and open up new opportunities, alongside the six key business units.

Yareto

Since its establishment in 2016, Yareto has become the market-leading loan comparison portal for the German car trade. It enables automobile dealers to quickly select the right solution for their customers from a large number of financing options. The portal shows the best real-time offer available that day from partner banks.

One innovation in 2021 was the qualified electronic signature (QES) introduced in cooperation with finance partner ING Bank. This makes it possible to process loan applications digitally and more rapidly. At the same time, it enables the loan to be paid out sooner, with the loan amount usually transferred on the same day. A further step toward offering dealers an all-in-one solution through Yareto was made last year, with the integration of a vehicle marketplace in the portal.

Yareto forecasts strong growth in 2022. The volume of loans brokered is set to increase substantially, with both the operating result and earnings before tax expected to improve compared with the previous year. Yareto aims to achieve this through the development of its sales team and technical improvements to the portal and its features. The product portfolio is to be expanded through the inclusion of additional banks and cooperation partners.

The above-mentioned estimates regarding the expected developments – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

abcfinlab

abcfinlab, which was founded in 2018, develops digital financial products in the field of leasing and factoring for business customers. Two products developed in close cooperation with abcfinance have been on the market since 2020. Firstly, there is Lease Seven, a web-based application that can be used by sales partners to digitally enter into a legally valid leasing agreement with a lessee that meets all regulatory requirements in the space of a few minutes. Secondly, in the factoring segment, Cashfox is a solution that enables micro-businesses and self-employed people to sell their receivables via a digital platform.

In the past year, abcfinlab further developed these two successfully launched products. Lease Seven was enhanced by the addition of after-sales services: The additional necessary steps in the leasing process were digitalized and extensively automated. As a result, the application is improving efficiency as well as driving growth. Based on the independently marketed Cashfox brand, abcfinlab developed the “Factoring as a Service” programming interface in 2021. This enables cooperation partners to integrate the factoring product into their ecosystems to be offered to their customers as a service.

abcfinlab plans to expand its new business in both leasing and factoring in 2022.

The above-mentioned estimates regarding the expected developments – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

FiberLean Technologies

In the reporting period, the Werhahn Group acquired FiberLean Technologies (FLT), a global leader in the manufacture of an innovative composite material made of microfibrillated cellulose (MFC), which was founded in 2016. Thanks to its high degree of stability and excellent barrier properties to prevent oxidation, this natural material is superior to conventional mineral-oil based additives for various applications. FiberLean Technologies’ biobased materials are thus in a position to replace – or at least reduce – the use of more environmentally harmful chemicals and plastics.

Alongside FiberLean Technologies' original area of business – developing MFC products for the paper and packaging industry – further industrial applications have been investigated and a technology platform with almost 500 patents in 40 countries has been created. It has already had stable customer relationships with long-term contracts for many years. In the reporting period, sales revenues were achieved in one location in the USA, with licensing income generated in two further countries.

2022 will be the first full business year for FiberLean Technologies. Consequently, net sales will be higher than in the previous year. The acquisition of the MFC factories in Nantes, Blendecques (both FLT France) and Bhigwan (FLT India) will provide additional impetus. In addition, the licensing and marketing of new MFC technologies will further boost net sales. The development of FiberLean Technologies will result in additional planned start-up losses in 2022.

The above-mentioned estimates regarding the expected developments – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine. Please refer to the Outlook Report.

Net Assets and Financial Position

The consolidated balance sheet total increased by € 1,302 million in 2021 from € 10,150 million to € 11,452 million. The individual balance sheet items changed as follows:

Assets

in € million	Dec. 31, 2021	Change
Fixed assets	2,828	45
thereof leasing assets from financial services	1,660	– 74
Accounts receivable from financial services	6,516	787
Inventories	564	169
Accounts receivable and other assets (including prepaid expenses)	420	66
Securities and liquid funds	1,123	234
Deferred tax assets	1	1
	11,452	1,302

Equity and liabilities

in € million	Dec. 31, 2021	Change
Equity	2,035	98
Provisions	466	29
Liabilities from financial services	8,393	961
Liabilities (including deferred income)	558	214
	11,452	1,302

in %	Dec. 31, 2021	Dec. 31, 2020
Equity ratio	18 %	19 %
Equity ratio excluding financial services	61 %	67 %
Ratio of equity to fixed assets	72 %	70 %
Short-term debt service ratio	81 %	80 %

The fixed assets of the Werhahn Group rose from € 2,783 million in the previous year to € 2,828 million as of the closing date. They comprised tangible assets of € 870 million (previous year: € 851 million), intangible assets of € 191 million (previous year: € 106 million), financial assets of € 107 million (previous year: € 92 million) and leasing assets from financial services of € 1,660 million (previous year: € 1,734 million).

Overall, fixed assets excluding leasing assets increased by € 119 million compared with the previous year. Investments therefore exceeded depreciation and net disposals during the year.

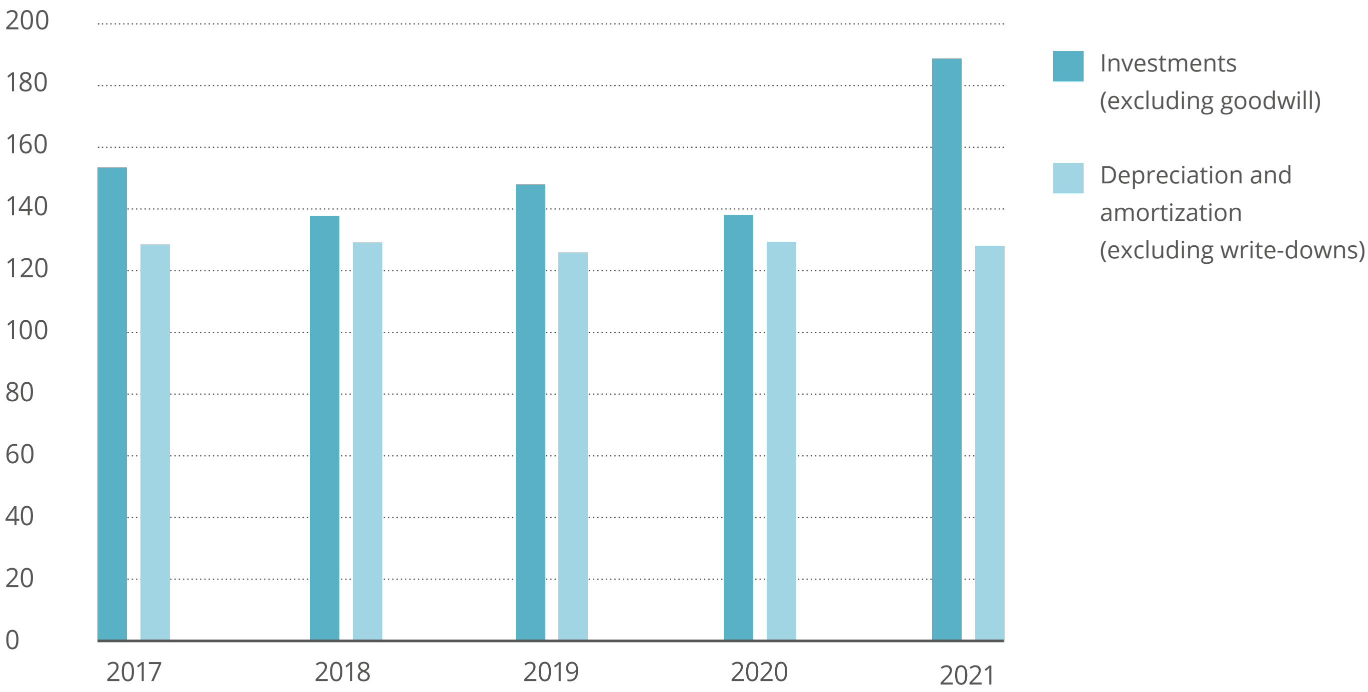
The € 85 million increase in intangible assets was largely attributable to the additions related to acquisitions of € 103 million and ongoing investments of € 20 million. Amortization during the business year amounted to € 42 million, of which € 17 million related to goodwill amortization.

Tangible assets rose by € 19 million compared with the previous year. Business-year investments of € 127 million were largely offset by depreciation charges of € 104 million.

Financial assets increased by € 15 million compared with the previous year. Investments in participations of € 19 million were partly offset by net disposals of € 4 million.

Investments in tangible assets, intangible assets (excluding goodwill) and net investments related to acquisitions are presented below along with the depreciation and amortization for the respective years:

in € million



In 2021, a total of € 188 million (prior year: € 138 million) was invested in tangible assets, intangible assets (excluding goodwill) and net investments related to acquisitions. Investments exceeded depreciation and amortization. The major portion of investments was made in the investment-heavy Aggregates business unit. While investments in the Aggregates business unit and the Financial Services division remained broadly at the prior-year level, investments in the Consumer Goods division rose sharply, mainly due to acquisitions. Furthermore, the additions related to the acquisition of FiberLean Technologies had a positive impact.

In the Financial Services division, leasing assets from financial services declined by € 74 million. In the reporting year, with depreciation and amortization of € 547 million and net disposals of € 153 million, an additional € 627 million was invested.

Accounts receivable from financial services increased by € 787 million to € 6,516 million as a result of the growth in new business in the Financial Services division.

Inventories amounted to € 564 million as of December 31, 2021 (previous year: € 395 million). This marked increase is largely attributable to the Consumer Goods division.

Accounts receivable and other assets (including prepaid expenses) totaled € 420 million (previous year: € 354 million).

Trade accounts receivable increased by € 16 million to € 253 million. The Aggregates and Zwilling Kitchenware business units, in particular, saw especially significant year-on-year increases in trade accounts receivable. Accounts receivable from companies in which a participating interest is held increased by € 2 million to € 27 million. This rise related, in particular, to the Aggregates business unit. Due primarily to higher receivables from tax authorities, other assets increased by € 45 million to € 127 million, most of which resulted from an intragroup distribution.

At € 391 million, cash flow from operating activities was significantly lower than in the previous year (€ 444 million). A higher result for the period was offset, in particular, by much higher investments in inventories in the Consumer Goods division. In addition, changes in inventories, trade accounts receivable and other assets, and trade accounts payable and other liabilities led to a decline in cash flow from operating activities in both the Building Materials and Consumer Goods divisions. These effects were partly offset by higher inflows in the Financial Services division.

Cash flow from investing activities (€ – 233 million; previous year: € – 99 million) was attributable, in particular, to investments in tangible assets and payments to acquire entities included in the basis of consolidation. Payments to acquire entities included in the basis of consolidation amounted to € 107 million and primarily related to the acquisitions made in the Consumer Goods division and the acquisition of FiberLean Technologies.

Free cash flow amounted to € 167 million compared with € 344 million in the previous year.

At € – 57 million, cash flow from financing activities remained at the prior-year level (€ – 61 million) and was marked by dividends paid to shareholders.

Cash funds at the end of period amounted to € 937 million (previous year: € 824 million), up significantly on the prior-year figure.

Securities and liquid funds increased by € 234 million to € 1,123 million. Of this amount, € 1,020 million is tied to financial services institutions. This increase is due to a significantly higher amount of cash deposited with central banks, while bank deposits declined considerably. As of the closing date, there were no marketable securities in the portfolio.

Due to the provisions of DRS 21 governing the presentation of financing in the Financial Services division, the cash flow statement of the Werhahn Group has only limited informative value.

As of December 31, 2021, net liquidity[6] amounted to € 920 million, an increase of € 120 million compared with the previous year. Of this amount, € 1,020 million is tied to financial services institutions.

As of the closing date, there was € 1 million in surplus assets from deferred taxes (previous year: less than € 1 million). The Werhahn Group continues to exercise its right not to recognize deferred tax assets from individual companies.

The Group's equity totaled € 2,035 million (previous year: € 1,937 million). This represents an equity ratio of 18 % (previous year: 19 %). Without consolidation of the financial services companies, the equity ratio was 61 % (previous year: 67 %). Non-controlling interest in equity as of the closing date was € 67 million (previous year: € 60 million). To a limited extent, this amount includes positive currency translation differences. The changes in equity are shown in the Statement of Changes in Equity.

[6] Net liquidity comprises the balance sheet item "Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks" less any existing access restrictions in this balance sheet item and less any liabilities to banks.

Provisions increased by € 29 million in comparison with the previous year to € 466 million. These mainly included provisions for pension obligations amounting to € 124 million (previous year: € 119 million), provisions for recultivation obligations in the Building Materials division amounting to € 86 million (previous year: € 80 million), other personnel provisions amounting to € 76 million (previous year: € 71 million), provisions for rebates and discounts of € 45 million (previous year: € 26 million) and tax provisions of € 42 million (previous year: € 22 million). Provisions for losses from pending transactions amounted to € 4 million (previous year: € 28 million).

The liabilities from the financial services business reflect refinancing of the Financial Services division as well as the liabilities of Bankhaus Werhahn GmbH resulting from its banking business. The € 961 million increase in liabilities from financial services to € 8,393 million was primarily attributable to the growth in new business in the Financial Services division.

The liabilities (including deferred income) of the Werhahn Group amounted to € 558 million, up considerably on the previous year's figure of € 344 million. Liabilities to banks increased by € 124 million to € 201 million. At € 137 million, trade accounts receivable were also up € 30 million on the prior-year figure.

Personnel

In the reporting period, the average number of employees in the Werhahn Group increased by 98 to 10,228.

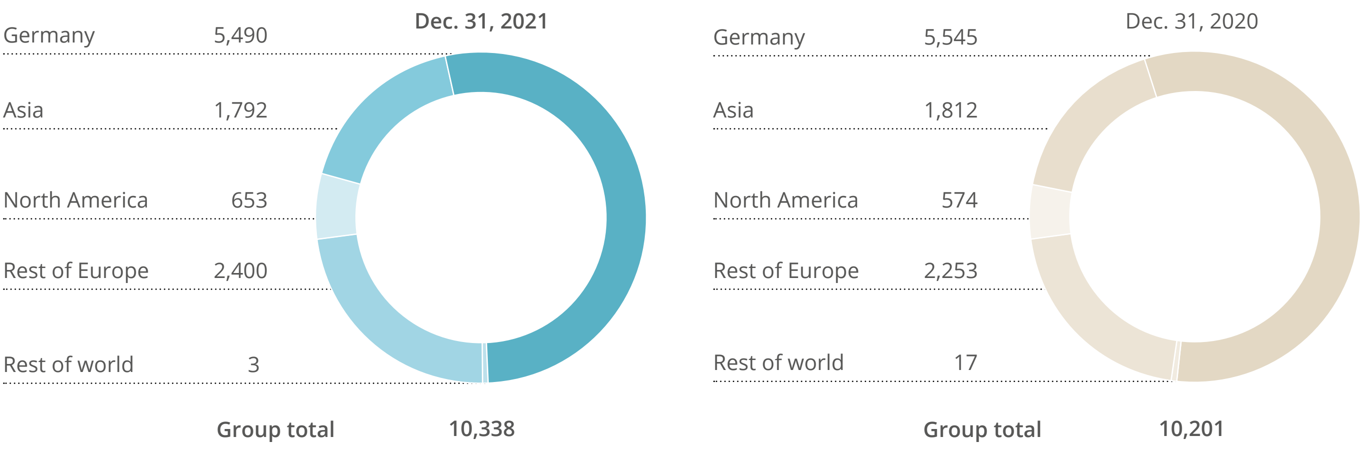
The trend in the average number of employees differed across the operative corporate divisions. While the average number declined in the Consumer Goods division, the number of employees in the Building Materials division increased. The Financial Services division also recorded a rise. In the 'Others' segment, employees from the acquired FiberLean Technologies contributed to the rise in employee numbers.

With the exception of the changes due to acquisitions made during the year in the Building Materials and Consumer Goods divisions and Others, employee numbers in the individual corporate divisions had changed only slightly as of the closing date.

The number of employees is distributed across the individual corporate divisions as follows:

	Average 2021	Average 2020	**Dec. 31, 2021**	Dec. 31, 2020
Building Materials	4,546	4,502	4,536	4,546
Consumer Goods	4,316	4,374	4,425	4,375
Financial Services	1,093	1,069	1,090	1,088
Others	273	185	287	192
Group total	**10,228**	**10,130**	**10,338**	**10,201**
Salaried employees	4,997	5,063	5,059	5,072
Industrial employees	5,007	4,825	5,030	4,892
Employees	**10,004**	**9,888**	**10,089**	**9,964**
Trainees	224	242	249	237

As of the closing date, 5,490 people, or around 53% (previous year: 54%) of the Werhahn Group's workforce, were employed in Germany.



To ensure its long-term success, the Werhahn Group builds on its employees' expertise, dedication and sense of identification with the company. The cornerstones of its forward-looking personnel planning are the continuous training and education of employees, the targeted identification and promotion of top performers, and recruiting and retaining talent. The Werhahn Group remained true to these principles in 2021. All Group companies – including internationally – adapted to the pandemic situation with tailored solutions. Among other steps, these included the use or rapid establishment of remote working, coronavirus testing and special hygiene measures.

Education and further training

At the end of the year, the Werhahn Group had 249 trainees. This figure represents an increase of 12 trainees compared with the end of 2020, when 237 young people were receiving training. The Aggregates business unit again had the largest number of trainees, although fewer training positions were filled recently due to the pandemic. The number of trainees in the Kitchenware business unit increased from 49 to 73. In the other business units, the number of trainees in 2021 remained broadly the same as in the previous year. Training was provided in 30 professions, including through dual study programs. This reflects the diversity of the qualifications required by the Werhahn Group. The professions in which training is provided have changed only slightly recently. The standard offering now includes dual study programs, both for business and technical and engineering jobs. With dual study programs, initial professional training can either take place alongside academic study, or they can be arranged so that longer practical phases are spent with the companies once the student's studies are complete. The high quality of the training is frequently demonstrated by the impressive number of trainees achieving the best results in their year across a variety of vocational training programs and business areas. A long-standing trend continued in 2021: Many young people aim to study once their training is complete and the Werhahn Group and its companies support them in doing so.

It is essential that skills remain up to date. The Werhahn Group therefore provides ongoing training to its employees, ensuring they are well prepared for the latest demands. The focus is on product, subject area and technology-related training. This is complemented by the long-standing Werhahn Excellence Program, which takes the form of seminars on subjects such as leadership, communication and work techniques. The program is targeted at all Group managers and employees. In 2021, the seminars were deliberately planned as both in-person and remote sessions. Wilh. Werhahn KG, as the event organizer, reacted flexibly based on the pandemic situation. In-person events were postponed or, where possible, switched to a remote format.

Remuneration

The Werhahn Group companies that are in collective wage sectors are subject to the relevant industry-specific collective wage agreements. Skilled professionals and managers are remunerated independently of these agreements based on performance. This includes both fixed and target-based remuneration components. In the banks belonging to the Werhahn Group, the German Remuneration Regulation for Institutions (InstitutsVergV) forms the basis for the remuneration of employees and managers. Various other fringe benefits, such as meal vouchers, company health insurance or e-bike leasing are offered by the business units.

Talent management

The recruitment, development and retention of employees at all levels remains a high priority in the Werhahn Group. The quality of the management has proved to be a key factor in the company's success, particularly amid a rapidly evolving environment. In the past year, management development programs in the business units and an offering for managers adapted to the current challenges as part of the Werhahn Excellence Program made a major contribution to the continuing development of the management at all levels.

Attractive employer

Personal contact was again only possible to a very limited extent last year. As a result, the Werhahn Group relied on digital communication channels such as social media to recruit employees at all levels. Trainees also participated in these efforts, using their own social media channels to reach out to potential new young colleagues. Active sourcing – establishing direct contact with promising candidates – grew in importance in 2021. The implementation and modernization of the careers website helped further professionalize the recruitment process. In addition, the Werhahn Group developed innovative concepts to enhance its employer branding and attract the best candidates. For example, we offered the opportunity to participate in escape games following a digital careers fair.

Proven concepts based on attracting employees as early as possible – in the form of training, dual study programs, internships and supporting Bachelor and Master theses, for example – were continued.

In the face of the coronavirus pandemic, employee health remained the top priority for the Werhahn Group in the past year. The Employee Assistance Program (EAP), which has been in place in some business units for several years, was a service that helped overcome the difficulties of the pandemic. It provides all employees, managers and their family members with free professional counseling from external experts, either by telephone, in person, or online. Counseling may be sought due to a professional or personal crisis, or other issues ranging from wellbeing to legal advice. Solutions are either reached directly with the counselor, or they may put the person concerned in contact with further appropriate assistance.

The accelerated implementation of flexible working hours and remote working concepts helped to more easily achieve a balance between work and home life in all corporate divisions last year.

Risk Report

With its diversified structure covering various industries and regions, the Werhahn Group is exposed to many different business risks. Dealing with these risks is an essential part of corporate management. The period under consideration corresponds to the forecast period.

Risk management

The risk management system consists of the following three elements: the company-specific risk management manual, a risk inventory, and the risk reporting system at the level of the Group and the individual companies. An annual risk inventory is conducted in all of the business units as part of corporate planning. The individual risks identified are described by the business units and evaluated based on their maximum potential damage and the percentage probability of their occurrence. At the same time, appropriate measures are created for dealing with these risks wherever this is feasible. The development of individual risks is continuously monitored by the business units and reported in scheduled meetings of the various executive bodies of the business units as well as the Management Board of Wilh. Werhahn KG. Significant new risks are also communicated to the responsible executive bodies as part of the reporting process or in ad hoc reports outside of scheduled meetings. In addition to risk management, internal and external audits are conducted.

Business performance as well as opportunities and risks from current operations are discussed at meetings of the Management and Supervisory Boards.

In the case of the Group's financial services companies, which are subject to supervision by the German Federal Financial Supervisory Authority (BaFin), the Minimum Requirements for Risk Management (MaRisk) are implemented and continuously monitored.

The major features of the internal control and risk management system as regards the Group accounting process are described in the following.

The task of the internal control system with regard to the Group accounting process is to ensure that the annual financial statements are properly prepared by implementing applicable principles, procedures and controls.

The basis for the Group accounting process is the Werhahn Group Accounting Guideline. It includes detailed rules on ensuring uniform accounting in the Werhahn Group, on completing the reporting packages and regarding consolidation. The Accounting Guideline is updated and approved by the Management Board each year and is binding on all consolidated affiliated companies in the Werhahn Group.

In addition to existing rules on accounting, the task of entering accounting information is kept separate from verification and approval when the annual financial statements are prepared by organizational means, for example, by limiting access rights.

The Group accounting process comprises the following steps:

Accounting for the consolidated affiliated companies included in the Consolidated Financial Statements is done by the companies locally, in compliance with the rules of the Accounting Guideline. The individual annual reports are entered in the corporate consolidation system. At the business unit level, the individual annual reports submitted by the subsidiaries are assessed for correctness and then the sub-consolidated accounts of the business unit are prepared. After the sub-consolidated accounts are verified and the Wilh. Werhahn KG corporate accounting department has finalized all of the steps of consolidation, the Consolidated Financial Statements of Wilh. Werhahn KG are prepared. The Consolidated Report is prepared on the basis of information submitted by the business units and the respective corporate departments of Wilh. Werhahn KG. The Consolidated Financial Statements and the Consolidated Management Report are prepared by the Management Board.

Risks in the Werhahn Group

The Werhahn Group divides risks into the following categories: external, performance-related, financial and internal risks. The risks related to the coronavirus pandemic are described in a separate section of this risk report.

External risks exist in the form of political or legal circumstances as well as natural events and economic developments. In particular, this includes the possible restriction of business activity in some countries, such as state intervention or military conflict, as well as sanctions of any kind. A further risk is that planned investments in some countries are not carried out due to economic instability or financial crises. As of the December 31, 2021 closing date, country risks were covered by Hermes guarantees.

Performance-related risks primarily affect the procurement, production and sales activities of the Werhahn Group.

In **procurement**, the greatest risks in all business units are posed by possible increases in the cost or shortages of inputs such as energy, fuel and bitumen, as well as the cost of refinancing. Bitumen, in particular, is an extremely important input for the Aggregates business unit and its production of asphalt mixtures for road construction. It calls for additional risk-reducing measures such as fixed-price quotas for bitumen and, if possible, reducing bitumen consumption through the increased use of recycled asphalt. In the Consumer Goods division, alongside price inflation and availability risks, there is also the risk of default on the part of suppliers, which could lead to production shutdowns. This is counteracted by alternative procurement sources. Refinancing in the Financial Services division also falls under procurement. The main risks in this area include a worsening of refinancing conditions or withdrawal of lines of credit. Risks are limited through constant review of the refinancing and by identifying new refinancing sources.

Production risks are addressed with preventive maintenance and quality assurance measures as well as with proactive investment planning. This approach ensures that production capacities are reliably available and that damage from production stoppages can be avoided. Environmental protection interests and sustainability are also of high importance.

The **sales** area faces a number of risks, which are primarily caused by weak economic development. In some cases, this can cause demand in individual industries or markets to fluctuate. Weak demand carries the additional risk that heavy competitive and price pressure will develop. Thus, the Building Materials division faces the risk of shrinking demand for road construction products as a result of restraint in public investment. Demand may also fall in the Consumer Goods division due to cyclical developments and may be subject to fluctuations. In the Financial Services division, there is a risk that clients will no longer meet their financial obligations in the event of an economic downturn. Accordingly, special focus is placed on risk development and risk monitoring in the leasing and factoring business as well as in vehicle sales financing. Accordingly, in the Building Materials and Consumer Goods divisions there is the risk of customer insolvency, which is counteracted with ongoing receivables management, collateralization and, in some cases, with appropriate credit default insurance.

Inventory risks can arise, for example, from a change in customer demand or from lengthy storage time, which may result in diminished usability of inventories. In this respect, inventories are continuously monitored and devaluations are made or greater price reductions are guaranteed, if necessary.

Financial risks in the form of currency, interest rate and raw material price risks are integral aspects of international business. Basic rules on how to deal with financial risks are set out in the Financial Risk Management Guideline that is reviewed annually. The goal is to limit risks to a minimum that will not endanger the Group's economic existence, value and creditworthiness, even under very negative conditions. Currency risks are reduced by comprehensively hedging contracts and planned cash flows in a set time period. Any limits set for non-hedged currency positions are constantly monitored and managed using external hedging instruments, in which case only conservative financial instruments are used. Interest risks can take the form of cash flow and net present value risks. Because neither of these two types of risk can be ruled out or completely hedged, each individual transaction leads to a decision on which risk should be taken and, if possible, offset by transferring them to third parties. The limits set as part of the finance strategy are continually monitored and managed using external hedging instruments.

Internal risks include personnel and organizational risks as well as IT, legal and compliance risks.

Personnel risks are minimized through a number of personnel policy tools such as performance-related remuneration, training for young professionals, extensive further training schemes and, most importantly, general employee protection. In addition, the Werhahn Group offers employees the Employee Assistance Program (EAP). This is an independent advisory service available to Werhahn employees for help with professional, personal, family and financial matters.

Organizational risks are accounted for by clearly allocating responsibilities and by enforcing organizational rules. The internal control systems specific to the business units are systematically checked and developed.

Numerous technical and organizational measures have been instituted across the Group and reviewed by external audits to protect the **IT systems** against unauthorized access and data loss, thereby ensuring smooth handling of the

Group’s business processes. The IT structures in the individual business units are also continually standardized and upgraded. Special attention is paid to compliance with data protection provisions. In addition, comprehensive measures to implement the EU General Data Protection Regulation are ongoing.

The **compliance systems** of the Werhahn Group are continually updated. Compliance officers are appointed in the Group's business units. These officers meet regularly with the responsible member of the Management Board, central compliance officers and the Audit department. In addition, a helpline has been set up that employees can access at any time and, if necessary, anonymously.

Within the scope of the Group’s business activities, there are circumstances in which risks arise as a result of **legal disputes and proceedings**. These include, for instance, risks related to patent law, guarantees and product liability, tax law, contract law and competition law. These risks are preemptively mitigated as much as possible through comprehensive legal advice and internal policies. Furthermore, appropriate insurance policies have been taken out for various legal risks. In the case of pending proceedings not fully covered by insurance, the appropriate financial precautions are taken. Tax returns are prepared with great care. Nevertheless, there is a risk of back tax liability as a result of financial audits.

Risks associated with the coronavirus pandemic: The measures implemented to protect the population from infection severely restrict public life and result in the unexpected closure of our suppliers’ and customers’ sites, factories and offices, as well as our own operations, together with disruption to supply chains. If measures to control the virus are implemented at short notice or last for an unpredictable period, this could in certain circumstances considerably reduce our capacity to produce or supply the products and services offered by the business units. The major uncertainties of the COVID-19 crisis continue to include its unpredictable duration, which could be influenced by further waves of infection or mutations of the virus, as well as the economic cost of government measures. The impact of these uncertainties is, above all, expressed in the form of postponed or canceled contracts or investments by our customers, as well as increased default risks. Other potential negative consequences include an unbridled increase in public and private debt, which would not only hamper recovery after the crisis, but could also damage industry-specific demand from the public sector in particular. Furthermore, serious disruption to the financial system and rising customer and supplier insolvencies could become more likely.

Another important aspect is the issue of the intensity and speed at which the coronavirus and its mutations could continue to spread and jeopardize the health and availability of the Werhahn Group’s employees. Werhahn established crisis teams throughout the Group to carefully monitor the varying impact of COVID-19 and implement countermeasures, with a focus on ensuring the health and safety of our employees and the continuity of business operations. The measures are coordinated at Group level, with the relevant managers in the individual businesses and countries responsible for implementing measures appropriate to the specific circumstances. Examples of important measures to mitigate the consequences described above include the use of remote working and employee-focused health measures.

No risks relating to future development or other significant risks have been identified.

Risk assessment and outlook

The level of risk in the Werhahn Group remains low. As of December 31, 2021, the risks, weighted on the basis of their percentage probability of occurrence, equal 3.2 % of total Group equity, of which the weighted three largest individual risks account for 1.5 %. The largest individual risks relate to reduced demand from public budgets, a sharp rise in bitumen prices and an increase in the price of relevant inputs such as diesel and heating fuels. In comparison with the previous year, the risk situation, expressed as the total weighted probability of occurrence, has decreased significantly. However, this is also largely due to the standardization of the risk mapping methodology in the Financial Services division.

No risks that could endanger the continued existence of the Werhahn Group are currently identifiable.

Research and Development

Research and development (R&D) are drivers of technological progress and have high priority in the Werhahn Group. Research employees anticipate customer wishes, which employees in the development departments then transform into market-ready products. Development employees also continuously work to optimize production processes and promote digitalization.

The digital transformation remains of great importance for the Aggregates business unit. It is working hard to adapt its business processes accordingly and reached an important milestone in the past year, with the market launch of the BAG Cockpit customer portal and the BAG ON SITE app for real-time communication between the mixing plant and building site. In addition, a network of employees working intensively on the introduction, improvement and enhancement of digital solutions has been established across Germany. These employees are supported by the BAG digital team and experts from the IT department. Over the coming years, the aim is to harmonize business processes and data models, establish new technologies and develop additional expertise.

In the asphalt mixtures segment, product research was the main focus in 2021. In cooperation between the subsidiaries, the TechnologieCentrum, customers and road building authorities, testing was carried out to reduce production and installation temperatures. This was supported by the measurement technology of the measurement institute of the German construction industry association (BG Bau). At the same time, this laid the foundations to be able to reliably comply with the limits on asphalt processing temperatures that come into effect in 2025. In the past year, the business unit also developed a testing system together with various partners to determine the performance characteristics of asphalt. This was an important step for the future development and dimensioning of asphalt surfaces.

In the construction chemicals segment, R&D activities centered on the development of a cold-processed, reactive bitumen mixture (sealant). This type of product offers significant added value, since sealants are currently applied hot in a time-consuming process on the construction site. Transport to the site requires the use of a heated boiler, which is costly. A sealant that can be processed at ambient temperatures, in contrast, requires no heating energy, reduces carbon emissions and, moreover, opens up new application possibilities, for example as a sealing compound or for smaller asphalt renovations.

Another focus of the construction chemicals segment's research work was elastic rail casting compounds. In many new build and renovation projects, tram tracks are embedded in an elastic polyurethane material. This is more flexible than a rigid structure, which in turn reduces noise pollution. The aim is to develop a bituminous casting compound with the same durability as traditional materials, but with a higher elastic component.

The Slate business unit analyzes and reviews potential new extraction sites on a continuous basis, as high-quality slate excavation fields are rare. The reform of the distribution of land for extraction concessions in Spain resulted in additional extraction sites for the business unit in 2019, which were geologically explored in the following years. In connection with this, exploration of the southern section of the Valdemiguel concession began in 2021 and is to be completed this year.

The Slate business unit launched a comprehensive project to optimize supply chain management in the past year. A new logistics strategy aims to increase production flexibility, improve inventory management and delivery capability and shorten delivery times. As part of this, processes were extensively standardized and automated in SAP and other systems. This has improved efficiency and reduced lead times. In addition, in 2021 the business unit continued the digitalization project started in the previous year. This centered on establishing an ideas pool for digital tools to support the sales and marketing teams. The results were evaluated and validated by means of a market check. Following a profitability analysis, the tools are to be developed and implemented starting in 2022.

The R&D activities of the Zwilling Kitchenware business unit take into account the growing role of digital and customized products in the modern home kitchen. Its product developments are always customer-focused. For example, the range of vacuum products (ZWILLING FRESH & SAVE) was expanded to include the Sousvide Stick, among other products, in the past year. This makes it possible to gently cook vacuum-sealed food in a water bath. At the end of 2021, Zwilling Kitchenware also entered the growth market for coffee preparation with a new interpretation of the filter machine. In the knives product segment, the business unit developed a range with end caps that can be customized according to the customer's color preference. In addition, a range of knives was supplemented to include a model with white handles and a children's knife. Elegant cast iron cookware STAUB Stackable, which can be stored even in small kitchens thanks to its space-saving design, was also launched. ZWILLING Z-Cut is a new range of grating and cutting tools with special grating characteristics thanks to the patent-pending tooth geometry.

With regard to production, Zwilling Kitchenware examined various projects to improve resource efficiency. A successful project to reduce production complexity in the knives product segment decreased the number of individual models by around 35 %.

As part of its enterprise resource planning (ERP), the business unit harmonized its production planning and management by means of manufacturing execution system (MES) software, which it successfully implemented in Solingen. The software digitally records machinery data and sends it to the ERP system interface. This makes it possible to optimize machinery utilization and setting-up times.

Like Zwilling Kitchenware, Zwilling Beauty Group also continually enhances its range, embracing trends and adding special touches with its own innovations. In the past year, the business unit developed a new range for the ZWILLING brand, for the first time offering products for facial care alongside its manicure and pedicure tools. To do so, existing TWEEZERMAN products were adapted and upgraded. The range includes five product types: an eyelash curler with hypoallergenic pads, a lash comb, a facial hair remover, a facial massage tool and a 10x magnifying mirror with an LED light. The market launch is scheduled for the first half of 2022.

abcfinance accelerated the development of digital processes in the past year. Many strategic partners, including both major manufacturers and trading platforms, would like to be able integrate and fully automate abcfinance's leasing processes in their manufacturing and customer systems. To this end, as part of the SOA (service-oriented architecture) project, abcfinance has begun to develop the current monolithic IT architecture into a flexible IT landscape with modern API management (programming interface management). The SOA is also used to map processes that are optimized for a modern domain-driven design. The inclusion of an initial partner in Austria is currently being prepared.

In its tenth year, Bank11 overhauled its brand identity and began to transfer the proven digital processes to other business areas to capture new target groups. As part of a six-month pilot project, Bank11 software experts developed the digital loan application process Vitus with one of Germany's largest cooperative banks. As a 'white-label' solution, Vitus can be customized with the design of the relevant partner. Partners can then offer their own customers consumer loans through this loan application process. Vitus works according to the same logic as the online tool Victor, which has been established in vehicles sales financing for several years. EvoProtect fundamentally overhauled Bank11's purchase price insurance offering. A product has been created that covers all vehicle types in the event of an accident for the full term of the loan, regardless of who owns the vehicle. The insurance benefit – the payment of the difference between the replacement value and the original purchase price – is determined by means of a scale based on loan term.

Sustainability

Responsible and sustainable business is one of the fundamental principles of the Werhahn Group. To remain viable as a company overall, all business units take their economic, environmental, social and community responsibility seriously. They continuously apply measures to improve environmental efficiency along the full length of the process chain. The aim is to conserve natural resources as far as possible and thus reduce our environmental impact.

As a manufacturer of construction materials, the Aggregates business unit is directly reliant on natural resources. The production of valuable natural stone always involves temporarily disrupting the environment and the landscape.

Reducing carbon emissions is a major factor in confronting the challenge of climate change. The Aggregates business unit can also contribute here. In the past year, the business unit therefore launched a strategic initiative to reduce CO_2 emissions in its quarries. Measures were identified to decrease emissions, which primarily result from the use of electricity, diesel and heating oil. The preferred solution is the installation of systems to generate renewable energy. Other options include piloting electric trucks, long-term supply contracts for green electricity and, to a limited extent, purchasing carbon credits. Site-specific carbon balances have been compiled for the first plants. Suitable areas for the installation of systems to generate renewable energy were located and evaluated. Technical feasibility studies were also commissioned.

In the search for a carbon-neutral asphalt mixing plant, the business unit conducted initial tests on replacing the previous primary fuel, pulverized lignite, with alternative fuels. Preparations were made to implement pilot projects in selected locations and the further diversification of the power supply was accelerated. Over the medium and long term, as well as the substitution of pulverized lignite, the research and development of alternative process technologies are also planned.

Through targeted local marketing of the rock powder created when crushing rock (filler), the Aggregates business unit intends to reduce the waste produced and thus operate more sustainably. Filler can be valuable both in established customer segments such as asphalt, cement or agriculture and in new industrial sectors. In addition, the business unit’s own studies aim to use certain rock powders as partial substitutes for fly ash in cement.

The Slate business unit stepped up its sustainability measures in the past year. It aims to develop a comprehensive sustainability concept in 2022. This concept will take into account environmental, economic and social aspects along the full supply chain. To ensure sustainable environmental management, the business unit started a climate assessment project in the past year. This also includes environmental product declarations, which will in future demonstrate the sustainability performance of the business unit's products. The Slate business unit applies high industrial safety standards. Dedusting systems and processes are regularly optimized to reduce dust concentrations in the production facilities. Flexible, multiple-shift systems with fewer staff present at a given time further reduce dust exposure in workplaces. The business unit plans to build a new production facility in Spain, which will provide employees with ergonomically optimized processes as well as an enhanced air purification system.

The Zwilling Kitchenware business unit published a sustainability report for the first time last year. In all action areas – energy efficiency and the environment, sustainable products and packaging, supply chains, and employees and social responsibility – structures were created and projects initiated to help improve the business unit's contribution to climate protection. The aim is for operations at all production sites to be climate neutral by 2030. To achieve this, multi-year plans were defined for each site in 2021, including investments in production processes that consume less energy and emit less carbon. Zwilling Kitchenware is also focusing more strongly on improving its carbon footprint in the development of new products. For example, it is reviewing the extent to which recycled materials can be used in a sustainable knife range and a sustainable pan. The business unit also avoids the use of plastics in its knife and cutlery packaging wherever possible. For cutlery, the transition to entirely plastic-free packaging has already been made.

In addition to the requirements under the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz), it is important to Zwilling Kitchenware that its suppliers meet the same social and ethical standards as the business unit itself. To verify adherence to environmental, social and governance rules, Zwilling Kitchenware established an assessment and monitoring process in the past year. The business unit has already been a member of the amfori Business Social Compliance Initiative (BSCI) since 2017. Suppliers in BSCI risk countries are audited and monitored in accordance with these standards. Starting in 2022, Zwilling Kitchenware will also require its suppliers to comply with the amfori Business Environmental Performance Initiative (BEPI) standards.

The Zwilling Beauty Group business unit launched a group-wide sustainability project in 2021. The aim is for operations to be climate neutral by 2030. The primary focus is the development of more sustainable products and packaging. As the first step, the carbon footprint of various products was determined in the past year. In the USA, the TWEEZERMAN brand completed the second phase of a project to remove plastics from its packaging. The external shipping packaging was also changed to recyclable material and other plastics were removed from shipping cartons. In China, the business unit set up sorting facilities for production waste. Switching the printing technology for affixing logos should lead to the reduced use of chemical substances in the country. In Germany, changing over the vehicle fleet to hybrid vehicles and the exclusive use of green electricity contributed to climate protection.

abcfinance develops financing solutions for climate-friendly energy technologies. Its “green-energy-solutions” industry solution is the central focus. An expert team is creating tailored financing solutions for items that primarily serve to supply energy, such as photovoltaic systems or energy storage systems.

Among other things, Bank11 is also contributing to the switch to new forms of mobility by offering special financing terms for electric vehicles and e-scooters. smive, the independent vehicle subscription service founded by Bank11, offers users a flexible and demand-led solution for personal mobility. At the same time, it contributes to more sustainable traffic development. Bank11’s company car fleet is being gradually changed over to all-electric vehicles.

Outlook and Opportunities Report

Macroeconomic forecast

In its global economic forecast in January this year, the IMF predicted considerable global gross domestic product (GDP) growth of 4.4 % for 2022, following the rise (recovery) of 5.9 % estimated in 2021. The trend is slightly mixed across the different regions. Growth of 3.9 % is forecast for the eurozone in 2022, while the USA is expected to grow by 4.0 % and the Chinese economy by 4.8 %. Overall, it is predicted that GDP in the emerging markets and developing economies will recover by 5.9 %.

For the German market, the IMF forecasts GDP growth of 3.8 % in 2022 (previous year: estimated 2.7 %). Despite the ongoing uncertainty caused by the pandemic and the increasing burden on government budgets, economic developments are expected to continue to provide impetus. However, the scale of the recovery is expected to be somewhat smaller than in other major economies.

In its forecast, the IMF emphasizes that economic recovery is still expected, but the extent of the recovery has weakened considerably since the last projections. According to the IMF, as well as the risk of the pandemic lasting for an extended period due to new variants, this is due to potential suppy chain disruption, volatile energy prices and wage pressure. The resulting inflation risk and the steep rise in public debt over the past two years are the main reasons behind the considerable increase in global economic risk in the IMF's view.

Just two weeks after the Russian attack, the International Monetary Fund (IMF) indicated that these events would have major consequences for the global economy and announced that it would be publishing a downgraded global economic outlook in April, following publication of this annual report.

Opportunities for future growth

Within the Werhahn Group, the individual business units have a number of opportunities to improve the development of their business situation beyond their annual planning.

The condition of the German road network, as well as the increasing traffic volumes, will likely require further investment in the transport infrastructure, offering future opportunities for the Aggregates business unit. The resumption of regular call for tender activity coupled with the gradual easing of coronavirus restrictions, as well as specific regional trends due to flood repairs, could open up further opportunities. Growth opportunities will also emerge from our existing market presence, modern plants and logistics and by taking advantage of business opportunities resulting from the increased digitalization of business processes in road construction.

In the Slate business unit, opportunities exist primarily in the expansion of new application areas (façade systems) and in the reduction of modernization backlogs (renovation of old asbestos roofs). Further opportunities could arise from capturing additional customer segments in Germany and concentration on foreign markets.

In the Consumer Goods division, additional opportunities will emerge from the decline in global trade disputes and the cancellation of tariffs. Further opportunities may also arise from the accelerated expansion of some distribution channels both online and offline through company-owned stores. Other opportunities will arise through production innovations, large-scale project business, and winning new key accounts. Opportunities also exist due to the better-than-expected development of relevant currency exchange rates. Ultimately, the perpetuation of the widespread trend of staying at home, or “cocooning”, could open up additional business opportunities.

In the Financial Services division, the sales market for the services offered is still considered attractive. In addition, there will be opportunities for further organic and acquisition-related growth. The expansion of foreign activities and strategic cooperations offer additional growth potential. In addition, further business opportunities are opening up in this area due to the rapid advances in digitalization.

Outlook 2022

Traditionally, business performance within the Werhahn Group is strongly influenced in the first part of the year by events in the building materials sector, which is highly seasonal- and weather-dependent. Due to weather conditions, performance at the beginning of the year was up on the previous year. The Consumer Goods division’s result matched the prior-year level, while the Financial Services division had a good start to the year, registering a year-on-year increase. However, the first few months have limited informative value for the entire year.

Based on the planning established in December 2021, for the full year 2022, the Management Board expects a slight decline in net sales, with EBITDA and earnings before tax still clearly in positive territory. However, it is anticipated that both figures will be slightly weaker than the very good level achieved in the reporting period.

This assessment is primarily based on the expectation that the clearly positive performance of the Zwilling Kitchenware business unit could be dampened somewhat in 2022 by a decline in special business, negative exchange rate effects and rising costs. In addition, the plants' mostly full capacity utilization could hamper additional growth opportunities over the short term.

In the Building Materials division, improved mixtures volumes and margins are expected, which will be offset by the absence of the positive impacts experienced in 2021 and costs associated with the digital transformation and sustainability. Further negative effects caused by the war in Ukraine, for example price rises and input shortages, are already apparent. It is not yet possible to predict the impact on the Building Materials division with certainty.

In the Financial Services division, parts of the business are expected to see a decline in earnings due to higher risk provisioning following the end of government support measures and higher costs.

Furthermore, the new FiberLean Technologies business acquired in 2021 will generate higher start-up losses in 2022, as planned.

The above-mentioned estimates regarding the Werhahn Group’s expected development – based on the December 2021 planning – were made subject to increased planning uncertainty due to the coronavirus pandemic and the current uncertain political situation caused by the war in Ukraine.

CONSOLIDATED FINANCIAL STATEMENTS

There may be slight rounding differences in the calculated figures.

Consolidated Balance Sheet

Assets

in € thousand	Note	Dec. 31, 2021	Dec. 31, 2020
Intangible assets		190,988	106,329
Tangible assets		869,605	850,687
Financial assets		107,479	92,196
Fixed assets excluding leasing assets from financial services		**1,168,072**	**1,049,212**
Leasing assets from financial services		1,660,315	1,733,654
Fixed assets	(1)	**2,828,387**	**2,782,866**
Accounts receivable from financial services	(2)	6,516,037	5,728,990
Inventories	(3)	564,131	394,705
Accounts receivable and other assets	(4)	409,764	346,663
Securities		–	10,466
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	(5)	1,122,827	878,469
Current assets		**8,612,759**	**7,359,293**
Prepaid expenses		9,452	7,554
Deferred tax assets	(6)	838	183
Surplus from offsetting		141	113
		11,451,577	**10,150,009**

Equity and liabilities

in € thousand	Note	Dec. 31, 2021	Dec. 31, 2020
Capital shares of Wilh, Werhahn KG		147,790	147,790
Capital reserve		68,273	68,273
Group profit carried forward		1,645,308	1,637,578
Difference in equity from currency conversion		– 13,353	– 34,689
Net profit		119,503	57,683
Non-controlling interests		67,340	60,139
Equity	(7)	**2,034,861**	**1,936,774**
Difference in amounts from capital consolidation		283	364
Provisions	(8)	465,924	436,919
Liabilities from financial services	(9)	8,393,403	7,431,771
Liabilities	(10)	555,433	343,045
Outside capital		**9,414,760**	**8,211,735**
Deferred income		1,673	1,136
		11,451,577	**10,150,009**

Consolidated Income Statement

in € thousand	Note	2021	2020
Net sales	(11)	3,980,878	3,726,088
Inventory changes		23,372	– 25,945
Internally produced and capitalized assets		10,202	9,942
Total operating performance		**4,014,452**	**3,710,085**
Other operating income	(12)	65,651	55,124
Cost of materials	(13)	2,148,294	1,898,512
Personnel expenses	(14)	564,255	530,798
Amortization of intangible assets and depreciation of tangible assets		146,640	152,213
Amortization and write-downs of leasing assets from financial services		546,896	564,909
Other operating expenses	(15)	482,840	497,088
Investment income	(16)	30,102	32,323
Amortization and write-downs of financial assets and securities classified as current assets		203	2,487
Write-ups of financial assets		–	9
Interest result	(17)	– 9,498	– 13,914
Earnings before tax		**211,579**	**137,620**
Taxes on income and earnings	(18)	71,456	57,584
Earnings after tax/net income		**140,123**	**80,036**
Profit attributable to non-controlling interests		20,620	22,353
Net profit		**119,503**	**57,683**

Statement of Changes in Fixed Assets

(Annex to the Notes to the Consolidated Financial Statements)

	Purchase and manufacturing costs					
in € thousand	Balance as of Jan. 1, 2021	Changes in the basis of consolidation et. al.	Additions	Disposals	Reclassifi-cations	Balance as of Dec. 31, 2021
Internally generated commercial trademarks and similar rights and assets	4,630	–	6,164	–	–	10,794
Concessions acquired against payment, commercial trademarks and similar rights and assets as well as licenses to such rights and assets	231,953	50,473	6,310	757	10,946	298,924
Goodwill	198,672	45,902	3,063	20,250	–	227,387
Prepayments	10,389	– 10	4,783	230	– 8,456	6,476
Intangible assets	**445,644**	**96,365**	**20,320**	**21,237**	**2,490**	**543,582**
Land, land rights and buildings including buildings on third-party land	986,173	541	16,548	20,713	18,920	1,001,469
Technical facilities and machinery	1,303,254	9,410	32,322	46,862	15,966	1,314,091
Other facilities, operating and business equipment	468,047	470	34,735	35,598	7,317	474,972
Prepayments and facilities under construction	65,416	785	43,168	220	– 44,693	64,456
Tangible assets	**2,822,890**	**11,207**	**126,774**	**103,393**	**– 2,490**	**2,854,987**
Interests in affiliated companies	71,568	15,651	225	4,229	–	83,216
Interests in associated at-equity companies	36,977	–	542[1]	1,103[1]	–	36,415
Interests in other associated companies and other participations	89,019	– 204	17,845	4,561	–	102,100
Loans to affiliated companies	621	–	–	–	–	621
Other loans	1,372	–	27	2	–	1,396
Financial assets	**199,557**	**15,447**	**18,639**	**9,895**	**–**	**223,749**
Fixed assets excluding leasing assets from financial services	**3,468,091**	**123,019**	**165,732**	**134,525**	**–**	**3,622,317**
Leasing assets from financial services	**3,129,328**	**–**	**626,956**	**673,689**	**–**	**3,082,595**
Fixed assets[1]	**6,597,419**	**123,019**	**792,688**	**808,214**	**–**	**6,704,912**
			542	678		

[1] Thereof from equity valuation

Cumulated depreciation and amortization						Book value	
Balance as of Jan. 1, 2021	Changes in the basis of consolidation et. al.	Additions	Disposals	Reclassifi-cations	**Balance as of Dec. 31, 2021**	**Balance as of Dec. 31, 2021**	**Balance as of Dec. 31, 2020**
172	–	2,040	–	–	2,213	8,581	4,458
180,930	14,672	23,060	595	– 15	218,051	80,873	51,023
157,961	– 22,447	17,044	20,250	–	132,308	95,080	40,711
252	–	–	230	–	22	6,454	10,137
339,315	**– 7,775**	**42,143**	**21,075**	**– 15**	**352,593**	**190,988**	**106,329**
506,001	– 1,546	24,020	13,110	4,023	519,389	482,080	480,172
1,100,480	2,258	42,687	45,176	– 7,326	1,092,924	221,166	202,774
365,542	587	37,649	34,350	3,318	372,745	102,227	102,505
180	4	141	–	–	324	64,132	65,237
1,972,203	**1,304**	**104,497**	**92,635**	**15**	**1,985,383**	**869,605**	**850,687**
67,330	14,901	–	3,765	–	78,467	4,749	4,238
15,863	–	45[1]	–	–	15,907	20,508	21,114
24,028	– 204	150	2,219	–	21,756	80,345	64,991
–	–	–	–	–	–	621	621
140	–	–	–	–	140	1,256	1,232
107,361	**14,697**	**195**	**5,984**	**–**	**116,270**	**107,479**	**92,196**
2,418,879	**8,226**	**146,835**	**119,695**	**–**	**2,454,246**	**1,168,072**	**1,049,212**
1,395,674	**–**	**546,896**	**520,289**	**–**	**1,422,280**	**1,660,315**	**1,733,654**
3,814,553	**8,226**	**693,731**	**639,984**	**–**	**3,876,526**	**2,828,387**	**2,782,866**

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Consolidated Cash Flow Statement

	in € thousand	2021	2020
	Result for the reporting period (Consolidated net profit including non-controlling interests)	140,123	80,036
+/–	Depreciation, amortization and write-downs of fixed assets/reversals of write-downs of fixed assets (excluding leasing assets from financial services)	146,835	154,676
+/–	Increase/decrease in provisions	32,653	21,553
+/–	Other non-cash expenses/income	7,308	– 11,356
–/+	Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	– 227,221	21,879
+/–	Increase/decrease in trade payables and other liabilities not related to investing or financing activities	54,736	1,826
–/+	Gain/loss from disposal of fixed assets	– 7,455	– 9,618
+/–	Interest expenses/income	9,498	13,914
–	Other investment income	– 30,102	– 32,323
+/–	Expenses/income of exceptional size or incidence	– 4,000	33,514
+/–	Income tax expenses/income	71,456	57,583
–/+	Income taxes paid	– 63,231	– 57,722
+/–	Amortization and write-downs of leasing assets/reversals of write-downs of leasing assets	546,896	564,909
+	Proceeds from disposals of leasing assets	153,400	140,497
–	Payments to acquire leasing assets	– 626,956	– 618,258
–/+	Increase/decrease in securities in financial services companies (unless classified as financial assets)	10,041	22
–/+	Increase/decrease in accounts receivable from customers from financial services	– 815,480	– 713,976
–/+	Increase/decrease in accounts receivable from banks from financial services	29,818	10,039
+/–	Increase/decrease in liabilities to customers from financial services	632,319	85,684
+/–	Increase/decrease in liabilities to banks from financial services	165,660	1,044,772
+/–	Increase/decrease in other liabilities from financial services	164,353	– 343,698
	Cash flow from operating activities	**390,651**	**443,953**

	in € thousand	2021	2020
+	Proceeds from disposals of intangible fixed assets	162	938
–	Payments to acquire intangible fixed assets	– 19,853	– 19,347
+	Proceeds from disposals of tangible fixed assets	18,188	11,540
–	Payments to acquire tangible fixed assets	– 127,266	– 120,018
+	Proceeds from disposals of long-term financial assets	3,256	2,915
–	Payments to acquire long-term financial assets	– 18,313	– 4,980
+	Proceeds from the disposal of entities included in the basis of consolidation	– 2,572	–
–	Payments to acquire entities included in the basis of consolidation	– 106,585	– 340
+	Payments relating to income of exceptional size or incidence	4,000	–
–	Payments relating to expenses of exceptional size or incidence	–	– 2,908
+	Interest received	1,552	1,651
+	Dividends received	24,235	31,068
	Cash flow from investing activities	**– 223,196**	**– 99,481**
+/–	Proceeds from the issuance of bonds and from borrowings/cash repayments of bonds and borrowings	– 6,106	– 3,424
+	Proceeds from subsidies/grants	2,880	2,784
–	Interest paid	– 3,402	– 6,055
–	Dividends paid to shareholders of the parent entity	– 29,779	– 31,714
–	Dividends paid to minority shareholders	– 20,363	– 22,511
	Cash flow from financing activities	**– 56,770**	**– 60,920**
	Net change in cash funds	**110,685**	**283,552**
+/–	Effect on cash funds of exchange rate movements and remeasurements	3,946	– 5,065
+/–	Effect on cash funds of changes in the basis of consolidation	– 1,161	–
+	**Cash funds at beginning of period**	**823,947**	**545,460**
	Cash funds at end of period	**937,417**	**823,947**

Cash funds are composed of the following items:

in € thousand	2021	2020
Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks	1,122,827	878,469
Liabilities to banks payable on demand and other short-term loans that are part of the disposition of liquid funds	– 185,410	– 54,522
Cash funds at end of period	**937,417**	**823,947**

Statement of Changes in Equity

	Parent company				
in € thousand	Capital shares of Wilh. Werhahn KG	Capital reserve	Group profit carried forward	Difference in equity from currency conversion	Net profit
Balance as of Jan. 1, 2021	**147,790**	**68,273**	**1,637,578**	**– 34,689**	**57,683**
Capital increase	–	–	–	–	–
Distribution	–	–	– 53,589	–	–
Currency conversion	–	–	–	20,420	–
Transfers to/ withdrawals from reserves	–	–	57,683	–	– 57,683
Other changes	–	–	–	–	–
Changes in the basis of consolidation	–	–	3,636	916	–
Net income	–	–	–	–	119,503
Balance as of Dec. 31, 2021	**147,790**	**68,273**	**1,645,308**	**– 13,353**	**119,503**

Non-controlling interests			
Equity attributable to non-controlling interests	Difference in equity from currency conversion attributable to non-controlling interests	Profit attributable to non-controlling interests	Total Group equity
36,976	**810**	**22,353**	**1,936,774**
–	–	–	–
– 19,221	–	–	– 72,810
–	2,638	–	23,058
22,353	–	– 22,353	–
– 3	–	–	– 3
3,167	–	–	7,719
–	–	20,620	140,123
43,272	**3,448**	**20,620**	**2,034,861**

Notes to the Consolidated Financial Statements

General Information

The Consolidated Financial Statements of Wilh. Werhahn KG, based in Neuss and entered in the register of companies at the Neuss District Court under the number HRA 4096, were prepared in accordance with the rules set out in sections 13 et seqq. of the German Public Disclosure Act (PublG) – excluding the exemption options in section 13, paragraph 3, sentences 1 and 2 of the PublG – in conjunction with sections 294 et seqq. of the German Commercial Code (HGB) and have been published in the Federal Gazette.

According to section 297, paragraph 1 of the HGB, the Consolidated Financial Statements comprise the Consolidated Balance Sheet, the Consolidated Income Statement, the Notes to the Consolidated Financial Statements, the Cash Flow Statement, and the Statement of Changes in Equity.

German Accounting Standards (DRS) have been applied where legally required, and are based on the interpretation of general legal principles.

The Consolidated Financial Statements were prepared in thousands of euros. To provide a better overview, various items on the Balance Sheet and in the Income Statement have been summarized and explained in the Notes. As in previous years, the Balance Sheet has also been expanded to include separate items for the financial services business.

Basis of consolidation

All participations are listed on pages 132 to 141. The Consolidated Financial Statements as of December 31, 2021 incorporate all the companies shown under **1. Consolidated affiliated companies**. Along with the parent company, Wilh. Werhahn KG, the basis of consolidation comprises 93 companies in Germany (previous year: 91) and 50 companies abroad (previous year: 47). In the reporting period, ten companies were incorporated for the first time. Five of these companies were newly founded and five were acquired. Of the total of five companies no longer included, one company was sold and four companies were deconsolidated due to their minor significance.

Pursuant to section 296, paragraph 2 of the HGB, 68 affiliated companies were not consolidated, as their impact on the net assets, financial position and results of operations of the Group was also of minor significance overall. In addition, no equity valuation was conducted for these companies due to their minor importance. The combined net sales of these companies account for less than 4 % of net Group sales, and their combined assets equal less than 2 % of the Consolidated Balance Sheet total. There are no peculiarities about the Group’s legal and commercial relationships with these companies.

All 14 companies listed under **2. Associated at-equity companies** were consolidated using the equity method. There are additional associated companies that have not been included at equity in the financial statements because they are, overall, of minor significance with regard to net sales and balance sheet totals and with regard to their impact on the net assets, financial position and results of operations.

Principles of consolidation

The **consolidated affiliated companies** are included in the Consolidated Financial Statements as of the date on which control was acquired, the date they were established, or, if they were previously not consolidated due to their minor significance, the date on which they were consolidated because they surpassed the size criteria for consolidation. The capital of the companies was consolidated using the purchase method by offsetting the purchase costs against the Group's share in their revalued equity. Any remaining difference on the asset side after the disclosure of hidden reserves is shown as goodwill.

Goodwill is amortized using the straight-line method over the respective individual useful life. The amortization periods for the Group's material goodwill items are summarized and outlined in groups in the following table:

Useful life of goodwill

	Useful life	Explanation
Aggregates business unit	15 years	Long-term availability of locations in conjunction with long-term usability of fixed assets and long-established customer relationships in regionally limited markets
Zwilling Kitchenware business unit (Staub Group and Demeyere G.C.V.)	15 years	High degree of stability and long-term duration of the industry, brand stability and long product life cycles
Zwilling Kitchenware business unit (Ballarini Group)	7 years	Relatively high degree of stability and long-term duration of the industry, moderate duration of product life cycles
Zwilling Kitchenware business unit (Santos Grills and Flammkraft)	7 years	Relatively high degree of stability and long-term duration of the industry, moderate duration of product life cycles
Zwilling Beauty Group business unit	5 years	Corresponds to the relatively short product life cycles
abcfinance business unit	5 years	Corresponds to the average duration of lease agreements and customer relationships
FiberLean Group	3 years	Technology company with uncertainty regarding future development

If, after acquiring control, other interests in consolidated affiliated companies are acquired or sold without a change in status, these transactions are consolidated using the purchase method.

Associated companies are valued at equity using the book value method. The difference resulting from at-equity consolidation is calculated at the time the company became an associated company or at the time of initial consolidation if the company was not previously consolidated due to its minor significance. Any goodwill arising from initial at-equity valuation is recognized under interests in associated at-equity companies and amortized over 15 years.

Goodwill from at-equity consolidation totaled € 243 thousand as of the closing date, with amortization of € 40 thousand. Prior to at-equity consolidation, there was a difference between the book values of the participations and the proportional equity of the associated at-equity companies of € 8,886 thousand or € – 2,206 thousand.

The financial statements of fully consolidated subsidiaries in Germany and abroad were uniformly prepared in accordance with the accounting and valuation methods stipulated in the Werhahn accounting guidelines.

Accounts receivable and liabilities, net sales, expenses, income, and intercompany profits and losses between consolidated companies are eliminated on consolidation. In the case of companies consolidated at equity, intercompany profits and losses in fixed and current assets have also been eliminated.

Currency conversion

The reporting currency for the Werhahn Group is the euro. Balance sheet items for financial statements of consolidated subsidiaries prepared in foreign currencies are valued at the mean euro spot exchange rate on the closing date. The exception to this is equity, which is reported at the historical rate. Items on the Income Statement are converted into euros at the average rate for the year.

Differences due to currency conversion are reported, without affecting profit or loss, under total Group equity in the difference in equity from currency conversion.

The most important exchange rates for the Werhahn Group are:

	Average rate		Closing rate	
1 € =	**2021**	2020	**2021**	2020
US dollar	**1,1832**	1,1411	**1,1326**	1,2271
Canadian dollar	**1,4834**	1,5290	**1,4393**	1,5633
Polish złoty	**4,5651**	4,4434	**4,5969**	4,5597
Chinese renminbi	**7,6335**	7,8689	**7,1947**	8,0225
Japanese yen	**129,8459**	121,7591	**130,3800**	126,4900

Exemption from compulsory disclosure

Pursuant to section 264b of the HGB, the following limited partnership is exempt from the obligations set out in section 264a, paragraph 1 of the HGB due to its inclusion in the present Consolidated Financial Statements:

- ETL Finance GmbH & Co. KG, Dortmund.

For the following subsidiaries, use has been made of the exemption pursuant to section 264, paragraph 3 of the HGB in conjunction with section 264, paragraph 4 of the HGB:

- abcfinance GmbH, Cologne[7]
- abcfinance advise GmbH, Cologne
- abcfinance Holding GmbH, Neuss[7]
- abcfinlab GmbH, Cologne
- Bank11 Holding GmbH, Neuss
- Charlie Acquisition GmbH, Monheim am Rhein
- C.O.I.N. Lease + Rent Leasing und Miete GmbH, Cologne
- Delta Acquisition GmbH, Monheim am Rhein
- DeTeWe Finance GmbH, Cologne
- Golf Acquisition GmbH, Neuss
- Hako Finance GmbH, Cologne
- Schneidereit Finance GmbH, Cologne
- Sechste Werhahn Beteiligungen GmbH, Neuss
- Stuart VV GmbH, Monheim am Rhein
- Werhahn Beteiligungs- und Projektgesellschaft mbH, Neuss
- Werhahn International Schiefer GmbH, Mayen[7]
- WW Achtzehnte Acquisition GmbH, Monheim am Rhein
- WW Vierzehnte Acquisition GmbH, Monheim am Rhein
- WW Siebte Acquisition GmbH, Monheim am Rhein
- WW Siebzehnte Acquisition GmbH, Monheim am Rhein
- WW Zehnte Acquisition GmbH, Monheim am Rhein
- Yareto GmbH, Neuss
- Zweite Werhahn Projekte GmbH, Neuss

Accounting and valuation principles

The accounting and valuation principles of Wilh. Werhahn KG also apply to the Consolidated Financial Statements. Financial statements for consolidated subsidiaries whose accounts are prepared using diverging accounting principles have been adjusted. Only in insignificant cases has an adjustment not been made. The option to capitalize is predominantly not exercised.

[7] The company also exercises the consolidation exemption options provided by section 291, paragraph 2 of the HGB.

Intangible assets, including goodwill from capital consolidation, are valued at purchase cost less amortization and write-downs. These assets were amortized using the straight-line method pro rata temporis over a useful life of three to fifteen years. Internally generated intangible fixed assets have been capitalized in accordance with the option provided under section 248, paragraph 2 of the HGB since 2020. These include internally generated software, which is recognized in the balance sheet due to its significantly increased importance with regard to reflecting a true and fair view of the net assets, financial position and results of operations. The manufacturing costs for internally generated intangible fixed assets include an appropriate proportion of the necessary overheads alongside any decline in the value of the fixed assets, and material and production costs. Borrowing costs are not taken into account. Development costs are included in the manufacturing costs when the recognition criteria are met.

Tangible assets are valued at purchase or manufacturing cost, in the case of depreciable items less scheduled depreciation based on the usual useful life of two to 50 years. As far as the Consolidated Financial Statements permit, depreciation of assets acquired before January 1, 2010, is based on the maximum amounts under tax law. Assets acquired after this date are depreciated using the straight-line method pro rata temporis. Write-downs are carried out wherever the asset must be measured at a lower value. Interest on borrowed capital is not reflected in manufacturing costs.

Interests in non-consolidated affiliated companies, other associated companies and other participations are measured at purchase cost or lower carried-over book values. Significant interests in **associated companies** are included at equity in the Consolidated Financial Statements, using the book value method. **Loans** are measured at face value or lower net present value. **Long-term securities** are measured at purchase cost. Write-downs are carried out wherever the asset must be measured at a lower value.

Leasing assets from financial services are reflected at acquisition cost less depreciation and write-downs. Leasing assets are depreciated using the straight-line method over the usual useful life of the asset. Depreciation of leasing assets acquired before 2015 is based on the term of contract.

Accounts receivable from financial services are measured at their face value. Individual risk and general credit risk have been accounted for through appropriate mark-downs.

In **Inventories**, raw materials and supplies as well as merchandise are measured at their purchase or manufacturing cost. Finished and unfinished goods are measured at manufacturing cost. Manufacturing costs comprise direct material and production costs and the separate direct costs of production. In addition, appropriate material and production overheads as well as any decline in the value of fixed assets caused by the manufacture of the item are included. Inventory risks arising from time in storage and from diminished usability have been accounted for through appropriate mark-downs. This is done in accordance with the principle of loss-free valuation.

Accounts receivable and **other assets** are shown at their respective face values. Allowances have been recognized for potential risks through specific amortization amounts and general bad debt provisions. Long-term receivables in foreign currencies have been converted at the rate on the date of entry or at the less favorable rate on the closing date. Short-term receivables in foreign currencies are primarily converted at the mean spot rate on the closing date.

Marketable securities are measured at purchase cost or lower current value.

Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks are shown at face value. Holdings in foreign currencies are primarily converted at the mean spot rate on the closing date.

Deferred taxes are recognized for temporary differences between the commercial and tax value of assets, liabilities, and prepaid and deferred items. Deferred taxes on tax losses and interest amounts that may be utilized within the next five years are also recognized. The option to offset deferred tax assets and deferred tax liabilities is exercised. Subsequently, if a net asset position remains from the annual financial statements, this is not recognized in the Consolidated Financial Statements. Insofar as there is a debt carryover, and further tax losses and interest amounts exist which can be offset and carried forward without limitation, further deferred taxes up to the amount of the excess of deferred tax liabilities are then recognized.

No deferred tax liabilities are recognized on goodwill resulting only from capital consolidation. Deferred taxes are also not recognized on differences resulting from the taxable measured value of a consolidated affiliated or associated at-equity company and the commercial value of the net assets recognized in the Consolidated Financial Statements. Deferred taxes under section 306 of the HGB are combined with those from the individual financial statements under section 274 of the HGB.

The company-specific tax rates expected to be valid at the time when timing differences will be reserved are applicable. They range from 9.0 % to 34.5 %.

Provisions are measured at the settlement amount required in accordance with sound business practices and, where they have a remaining maturity of more than one year, discounted at the market interest rate determined by the German Federal Bank for the respective term.

The settlement amount of **pension provisions** is calculated based on expected future salary and pension increases of 0.0 % to 3.5 %, as well as assumptions concerning future employee turnover. Where permitted, the entry age normal method based on the 2018 G tables created by Prof. Dr. Heubeck is used. Pension provisions are discounted using the average market interest rate of the last ten years, determined by the German Federal Bank, over a fixed remaining term of 15 years. An interest rate of 1.87 % was used for the valuation of pension provisions as of December 31, 2021. Effects from the discounting of pension provisions and from changes in the discount rate are included in the interest result. Any assets to which no other creditors have access and which are to be used solely for the fulfillment of pensions or other similar non-current obligations (cover assets) were offset against provisions. The fair value of the covered assets is determined by means of external valuation reports or listed market prices. The pension provisions item also includes obligations on the part of US subsidiaries to provide medical insurance to their employees following retirement.

The separate **liabilities from financial services** item shows the liabilities of the financial services companies at their respective settlement amounts. It also includes deferrals from the financial services business.

Liabilities are shown at their settlement value. Long-term liabilities in foreign currencies have been converted at their entry date rate or at the less favorable rate on the closing date. However, short-term liabilities are generally valued at the mean spot rate on the closing date.

Closing date for companies incorporated in the Consolidated Financial Statements

Fully consolidated subsidiaries incorporated in the Consolidated Financial Statements generally close their accounts on December 31. The exceptions are the companies Tweezerman (India) Pvt. Ltd., Ital Beauty Nippers (India) Pvt. Ltd., ZWILLING Kitchen India Pvt. Ltd., and FiberLean Technologies India Pvt. Ltd., which close their accounts on March 31. These companies are incorporated in the Consolidated Financial Statements of the Werhahn Group using interim financial statements.

The closing date for the associated at-equity companies is December 31.

Notes to the Balance Sheet

1 Fixed assets

The breakdown of and changes in intangible and tangible assets, financial assets, and leasing assets from financial services are shown on pages 108/109.

Of the total research and development costs of € 16,896 thousand, internally generated intangible assets of € 6,164 thousand were capitalized in the business year.

Goodwill is derived primarily from capital consolidation. The acquisitions in the business year resulted in additions to goodwill of € 67,729 thousand.

Fixed assets include leasing assets from financial services in the amount of € 1,660,315 thousand (previous year: € 1,733,654 thousand).

Companies included in the basis of consolidation for the first time accounted for € 104,558 thousand of fixed assets. Of this amount, most – € 94,795 thousand – was attributable to intangible assets. The prior-year figure included € 6,091 thousand from deconsolidated companies, € 5,908 thousand of which related to tangible assets.

Companies consolidated for the first time accounted for € 9,457 thousand of depreciation and amortization. In the previous year, depreciation and amortization of € 835 thousand was due to deconsolidated companies.

Depreciation and amortization includes write-downs totaling € 69,785 thousand (previous year: € 86,371 thousand). Of this amount, € 68,426 thousand was attributable to leasing assets from financial services.

2 Accounts receivable from financial services

in € thousand	**Dec. 31, 2021**	**thereof due in more than 1 year**	Dec. 31, 2020	thereof due in more than 1 year
Receivables from banks from financial services	419,855	4,875	449,684	–
Purchased accounts receivable	391	–	79	–
Accounts receivable from banking business	4,748,139	3,457,960	4,053,000	3,064,406
Accounts receivable from factoring business	326,419	–	267,352	–
Hire-purchase receivables	954,116	642,563	885,061	566,461
Other accounts receivable from financial services	67,088	5,880	73,633	114
Deferrals	29	–	181	–
	6,516,037		**5,728,990**	

3 Inventories

in € thousand	Dec. 31, 2021	Dec. 31, 2020
Raw materials and supplies	105,896	81,513
Unfinished goods and services	70,344	72,773
Finished goods and merchandise	381,047	238,867
Prepayments	6,844	1,552
	564,131	**394,705**

Companies consolidated for the first time accounted for € 14,165 thousand of inventories. The prior-year figure included € 9,988 thousand from deconsolidated companies.

4 Accounts receivable and other assets

in € thousand	Dec. 31, 2021	thereof due in more than 1 year	Dec. 31, 2020	thereof due in more than 1 year
Trade accounts receivable	253,053	475	236,727	352
Accounts receivable from affiliated companies	2,547	–	3,072	–
Accounts receivable from companies in which a participating interest is held	27,087	–	24,823	–
Other assets	127,077	4,869	82,041	6,658
	409,764		**346,663**	

Accounts receivable from affiliated companies in the amount of € 263 thousand and receivables from companies in which a participating interest is held in the amount of € 2,277 thousand result from supply and service transactions.

5 Cash on hand, cash deposited with the German Federal Bank, bank deposits and checks

Of the cash on hand, cash deposited with the German Federal Bank, bank deposits and checks in the amount of € 1,122,827 thousand, € 1,035 thousand is subject to restrictions on use.

This item includes cash on hand and cash deposited with the German Federal Bank by the Financial Services division and Bankhaus Werhahn GmbH of € 1,019,618 thousand.

6 Deferred tax assets

After offsetting against deferred tax liabilities, there was a surplus of deferred tax assets of € 838 thousand in the Consolidated Financial Statements. Debt carryover from the subsidiaries amounting to € 5,476 thousand was more than offset by deferred tax assets from consolidation adjustments.

Without offsetting, this resulted in deferred tax liabilities of € 14,559 thousand and deferred tax assets of € 15,397 thousand. In the business year, deferred tax assets rose by € 2,436 thousand and deferred tax liabilities increased by € 1,781 thousand.

Deferred tax liabilities resulted mainly from tangible assets and intangible assets, while deferred tax assets relate primarily to inventories and accounts receivable from financial services. This includes only a minimum amount of deferred taxes on loss carryovers. Net asset positions of individual financial statements are not recognized. Taking into account net asset positions would have resulted in deferred tax assets of € 94,680 thousand in the Group.

The capitalization of internally generated intangible assets resulted in deferred tax liabilities of € 2,238 thousand.

7 Equity

Equity in the Consolidated Financial Statements includes the reported net equity of Wilh. Werhahn KG, the Group profit carried forward, the net profit of the Group, as well as non-controlling interests in the equity of the subsidiaries incorporated in the Consolidated Financial Statements. These amounts relate primarily to outside shareholders in the Building Materials and Consumer Goods divisions. Profit and loss attributable to non-controlling interests totaled € 21,643 thousand and € 1,023 thousand, respectively.

The changes in total Group equity are shown in the Statement of Changes in Equity.

As of the closing date, there were restrictions on distribution amounting to € 16,249 thousand under German law and € 2,312 thousand under local law.

8 Provisions

in € thousand	Balance as of Jan. 1, 2021	Used	Released	Addition	Other changes	Balance as of Dec. 31, 2021
Pensions and similar obligations	119,095	7,341	1,050	12,605	791	124,100
Tax provisions	21,526	10,716	1,100	30,810	1,523	42,042
Other provisions						
Personnel expenses	71,439	56,624	2,855	63,153	1,076	76,189
Recultivation	79,591	2,003	1,848	7,609	3,057	86,406
Loss from pending transactions	28,011	26,485	129	2,438	– 7	3,828
Sureties and guarantees	13,175	1,676	4,068	3,602	87	11,120
Outstanding and missing invoices	22,963	17,832	2,932	28,317	228	30,744
Discounts and bonuses	25,561	22,298	1,355	42,331	597	44,836
Miscellaneous other provisions	55,558	30,180	4,178	24,343	1,114	46,659
	436,919	**175,155**	**19,515**	**215,208**	**8,466**	**465,924**

Assets to cover pensions and similar obligations with fair values totaling € 1,039 thousand and € 594 thousand were offset against pension provisions and provisions for personnel costs, respectively. The historical acquisition costs of the cover assets amount to € 761 thousand and € 711 thousand, respectively. Without offsetting, the pension provisions would have totaled € 125,139 thousand and the provisions for personnel costs € 76,782 thousand.

As of the closing date, the difference between the valuation of pension provisions using the 10-year average interest rate and the 7-year average interest rate amounts to € 7,873 thousand.

Companies consolidated for the first time accounted for € 2,801 thousand of provisions. The prior-year figure included € 7,784 thousand from deconsolidated companies.

9 Liabilities from financial services

in € thousand	Dec. 31, 2021	thereof due within 1 year	thereof due in more than 1 year
Bonds from financial services	706,902	170,160	536,742
Liabilities to banks from financial services	2,705,776	904,316	1,801,460
Liabilities to customers from financial services	4,936,060	3,678,138	1,257,922
Deferrals	44,665	15,804	28,861
	8,393,403		

in € thousand	Dec. 31, 2020	thereof due within 1 year	thereof due in more than 1 year
Bonds from financial services	546,037	154,040	391,997
Liabilities to banks from financial services	2,540,990	1,103,990	1,437,000
Liabilities to customers from financial services	4,303,566	2,836,600	1,466,966
Deferrals	41,178	13,979	27,199
	7,431,771		

Liabilities from financial services relate to the refinancing of the companies in the Financial Services division. Deferrals consist predominantly of deferred items for income from leasing business not yet due.

As of the closing date, liabilities from financial services with a remaining term of more than five years totaled € 293,139 thousand (previous year: € 471,233 thousand).

10 Liabilities

in € thousand	Dec. 31, 2021	thereof due within 1 year	thereof due in more than 1 year
Liabilities to banks	201,343	189,676	11,667
Prepayments received	5,418	5,418	–
Trade accounts payable	137,172	137,172	–
Liabilities to affiliated companies	6,220	6,220	–
Liabilities to companies in which a participating interest is held	64,072	58,689	5,383
Other liabilities	141,208	137,220	3,988
(thereof from taxes)	(77,529)		
(thereof for social security payments)	(4,438)		
	555,433		

in € thousand	Dec. 31, 2020	thereof due within 1 year	thereof due in more than 1 year
Liabilities to banks	77,353	64,805	12,548
Prepayments received	2,894	2,894	–
Trade accounts payable	106,799	106,778	21
Liabilities to affiliated companies	10,405	10,405	–
Liabilities to companies in which a participating interest is held	57,607	56,602	1,005
Other liabilities	87,987	85,412	2,575
(thereof from taxes)	(43,282)		
(thereof for social security payments)	(4,141)		
	343,045		

As of the closing date, liabilities with a remaining term of more than five years totaled € 6,790 thousand (previous year: € 4,922 thousand). For liabilities amounting to € 13,767 thousand, security has been provided in the form of mortgages, title transfers by way of security, and other rights.

Liabilities to affiliated companies in the amount of € 1,440 thousand and € 8,897 thousand of the liabilities to companies in which a participating interest is held are due to supply and service transactions.

Liabilities include € 8,489 thousand from companies consolidated for the first time.

Notes to the Income Statement

The income statement was drawn up using the total cost method.

11 Net sales

Net sales include revenues from product sales, less discounts and price reductions, as well as revenues from renting or leasing and the provision of services. Sales from the banking and leasing business are also reported.

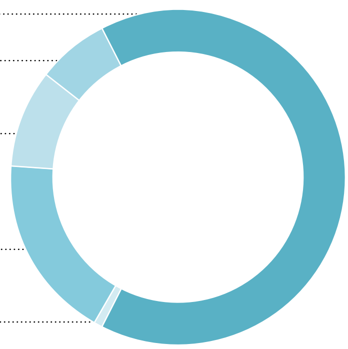
Companies consolidated for the first time accounted for € 10,066 thousand of net sales. Net sales in the previous year included € 21,867 thousand from deconsolidated companies.

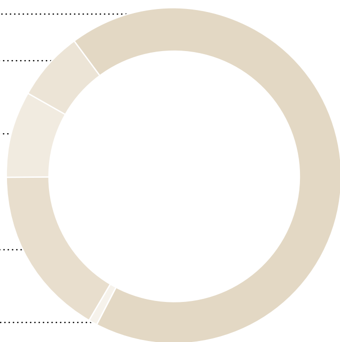
By corporate division

in € thousand	2021	2020
Building Materials	1,408,982	1,387,618
Consumer Goods	969,080	841,917
Financial Services	1,585,419	1,479,845
Others	40,515	39,005
Consolidation	– 23,118	– 22,297
	3,980,878	**3,726,088**

By region

	2021	2020
Germany	2,601,078	2,532,284
Asia	279,610	249,353
North America	373,403	320,805
Rest of Europe	716,785	612,519
Rest of world	10,002	11,127
Group total	3,980,878	3,726,088





12 Other operating income

This item comprises mainly non-periodic income from the release of provisions (€ 17,364 thousand), gains on the disposal of fixed assets (€ 8,596 thousand), and income from reversals of allowances (€ 1,586 thousand). In addition, nonrecurring income of € 3,500 thousand was realized from a subsequent purchase price adjustment in relation to an earlier company sale.

Other operating income also includes currency exchange gains (€ 11,536 thousand; previous year: € 5,965 thousand).

13 Cost of materials

Cost of materials totaled € 2,148,294 thousand (previous year: € 1,898,512 thousand), thereof € 911,090 thousand (previous year: € 771,622 thousand) for raw materials, supplies and merchandise and € 88,027 thousand (previous year: € 85,203 thousand) for purchased services. In addition, the cost of materials item particularly includes refinancing costs from the banking and leasing business, acquisition costs for hire-purchase objects, expenditures for outgoing freight, disposed residual book values of sold leasing assets, energy costs as well as commissions from the banking and leasing business.

Companies consolidated for the first time accounted for € 4,930 thousand of the cost of materials. Cost of materials in the previous year included € 10,032 thousand from deconsolidated companies.

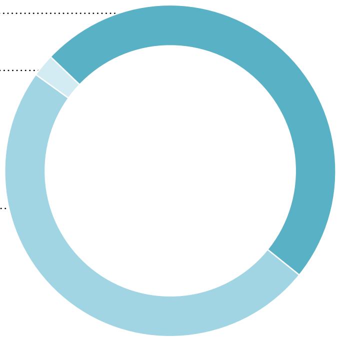
14 Personnel expenses

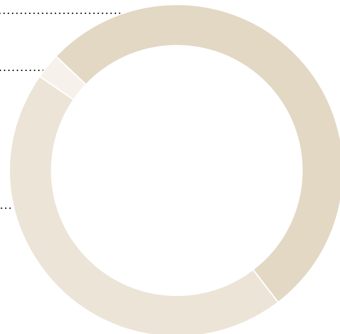
in € thousand	**2021**	2020
Wages and salaries	456,675	435,388
Social security contributions and staff welfare costs	94,471	88,634
Pension costs	13,109	6,776
	564,255	**530,798**

Personnel expenses include € 7,508 thousand from companies consolidated for the first time. In the previous year, € 11,128 thousand was attributable to deconsolidated companies.

The average number of employees over the business year was as follows:

	2021	2020
Salaried employees	4,997	5,063
Trainees	224	242
Industrial employees	5,007	4,825
Group total	**10,228**	**10,130**





Remuneration paid to the Supervisory Board in the reporting period totaled € 0.9 million (previous year: € 0.7 million). Provisions for pensions for former members of the Management Board or their surviving dependents amounted to € 55.0 million (previous year: € 48.8 million). Remuneration and pensions paid to former members of the Management Board and their surviving dependents totaled € 1.9 million (previous year: € 1.8 million).

In accordance with section 314, paragraph 3 in conjunction with section 286, paragraph 4 of the HGB, total Management Board remuneration is not disclosed.

15 Other operating expenses

Other operating expenses include, among other things, external services (€ 109,158 thousand), maintenance costs (€ 84,703 thousand), marketing expenses (€ 61,466 thousand) and leasing and rental costs (€ 47,236 thousand). In addition, the figure includes allowances on accounts receivable (€ 32,401 thousand), currency exchange losses (€ 12,571 thousand; previous year: € 8,104 thousand) and insurance expenses (€ 11,841 thousand). Other taxes totaling € 6,351 thousand (previous year: € 6,525 thousand) are also reported in other operating expenses.

Non-periodic expenses totaled € 33,543 thousand (write-downs on accounts receivable and losses on the disposal of fixed assets).

Companies consolidated for the first time accounted for € 8,064 thousand of other operating expenses. Other operating expenses in the previous year included € 4,221 thousand from deconsolidated companies.

Domestic fees to the auditors of the Consolidated Financial Statements, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, totaled € 2,320 thousand in the reporting period. This includes fees for auditing services totaling € 2,164 thousand, € 98 thousand for other assurance services and € 58 thousand for miscellaneous services.

16 Investment income

in € thousand	2021	2020
Expenses from profit and loss transfer agreements	19	16
	– 19	**– 16**
Income from affiliated companies	1,218	1,536
Expenses from affiliated companies	477	298
	741	**1,238**
Income from associated at-equity companies	16,191	15,669
Expenses from associated at-equity companies	400	–
	15,791	**15,669**
Income from other associated companies and other participations	13,711	15,573
Expenses from other associated companies and other participations	122	141
	13,589	**15,432**
	30,102	**32,323**

The result from associated at-equity companies generally represents the Group's share of the profit or loss of these companies for the year. This item also takes account of the elimination of intercompany profits and losses.

17 Interest result

in € thousand	2021	2020
Income from other securities and loans of financial assets (thereof from affiliated companies)	569 (12)	677 (17)
Other interest and similar income (thereof from affiliated companies)	1,819 (126)	1,774 (223)
Interest and similar expenses (thereof from affiliated companies)	11,886 (49)	16,365 (33)
	– 9,498	**– 13,914**

The interest result includes expenses from the accumulation of provisions totaling € 8,021 thousand (previous year: € 9,624 thousand) and income from discounting provisions in the amount of € 265 thousand (previous year: € 392 thousand) Interest income (€ 25 thousand) from covered assets was offset against expenses from accumulated interest.

18 Taxes on income and earnings

Taxes on income and earnings comprise mainly domestic and foreign corporation tax as well as domestic trade tax. The item also includes deferred tax income of € 3,305 thousand (previous year: deferred tax expense of € 3,270 thousand).

19 Income and expenses of exceptional size or incidence

In the business year, income of exceptional size and incidence amounting to € 4,000 thousand was generated due to a subsequent purchase price adjustment in relation to a company sale in the past. This resulted in other operating income of € 3,500 thousand and interest income of € 500 thousand.

List of Shareholdings as of December 31, 2021

1. Consolidated affiliated companies

Building Materials Aggregates	Registered office	Share in %
Basalt-Actien-Gesellschaft	Linz am Rhein	100
AK Asphaltmischwerke Kaiserslautern GmbH	Ramstein-Miesenbach	75
Allgemeine Baustoff-Handels-Contor GmbH	Erfurt	100
AMB Asphalt-Mischwerk Bischofsheim GmbH & Co. KG	Bischofsheim	80
AME Asphalt-Mischwerk Eging GmbH	Eging am See	82
AML-Asphaltmischwerke GmbH Leipzig	Taucha	80
AMW Asphalt-Mischwerke Würzburg GmbH & Co. KG	Würzburg	87
AO KP-Gabbro	Petrazavodsk, Russian Federation	100
Asphalt-Mischwerke Osnabrück GmbH. & Co.KG.	Osnabrück	53
Asphalt-Mischwerke Rhein-Pfalz GmbH & Co. KG	Albersweiler	52
Atlas Industriebeteiligungsgesellschaft mbH	Linz am Rhein	83
AWE Asphaltmischwerk GmbH	Cappeln-Nutteln	77
AWE Asphaltmischwerk Walschleben GmbH & Co. KG	Walschleben	80
BASALT CZ s.r.o.	Zabrušany, Czech Republic	100
Basalt Eastern Europe GmbH	Linz am Rhein	100
Basalt International GmbH	Linz am Rhein	100
Basalt Minerals GmbH	Linz am Rhein	100
Basalt s.r.o.	Zabrušany, Czech Republic	97
BASALTKER Építőanyag Kereskedelmi Kft.	Uzsa, Hungary	100
Basalt-Középkő Kőbányák Kft.	Uzsa, Hungary	75
Basalt-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	76
Basaltwerk Pechbrunn, Gesellschaft mit beschränkter Haftung	Pechbrunn	76
Bayerische Asphaltmischwerke GmbH & Co. Kommanditgesellschaft für Straßenbaustoffe	Hofolding	52
Bergisch-Westerwälder Hartsteinwerke, Zweigniederlassung der Basalt-Actien-Gesellschaft	Linz am Rhein	100
Bitumina Handel GmbH & Co. KG	Linz am Rhein	100
Bitumina Spedition GmbH & Co. KG	Linz am Rhein	100
BMH - Basalt - und Mischwerk Herschbach GmbH & Co. Kommanditgesellschaft	Herschbach	51
BORNIT-Werk Aschenborn GmbH	Zwickau	62
BVG Baustoff-Vertriebs-Gesellschaft mbH & Co. KG	Kirn	100
BWH Basaltwerk Mittelherwigsdorf GmbH & Co. KG	Mittelherwigsdorf	51
DEUMA Mischwerke GmbH & Co. KG	Taucha	70
DEUTAG Nord Zweigniederlassung der Basalt-Actien-Gesellschaft	Hanover	100
DEUTAG Ost Zweigniederlassung der Basalt-Actien-Gesellschaft	Berlin	100
Diabaswerk Hirzenhain GmbH & Co. KG	Linz am Rhein	55

Building Materials

Aggregates	Registered office	Share in %
Diabaswerk Nesselgrund GmbH & Co. KG	Floh-Seligenthal	80
Dortmunder Gussasphalt GmbH & Co. KG	Dortmund	70
Ems-Jade-Mischwerke GmbH KG. für Straßenbaustoffe	Cappeln	81
GAB Gesellschaft zur Aufbereitung von Baustoffen mbH	Berlin	100
GBH-Gesellschaft für Baustoff-Aufbereitung und Handel mit beschränkter Haftung	Brunnthal	100
GbR Asphaltmischwerk Karlsruhe	Karlsruhe	75
Hartsteinwerke Bayern-Mitteldeutschland Zweigniederlassung der Basalt-Actien-Gesellschaft	Erfurt	100
Hollweg, Kümpers & Comp., Zweigniederlassung der Basalt-Actien-Gesellschaft	Rheine	100
HWR Hartsteinwerk Rattenberg GmbH	Brunnthal, OT Hofolding	100
Isoliererzeugnisse Großröhrsdorf GmbH	Großröhrsdorf	100
Kopalnie Surowców Skalnych w Bartnicy Sp. z o.o.	Świerki, Poland	100
Mischwerke Lautzenbrücken GmbH & Co. KG	Lautzenbrücken	100
Norddeutsche Naturstein GmbH	Flechtingen	100
ODRA-ASFALT Sp. z o.o.	Szczecin, Poland	67
OOO "Basalt"	St. Petersburg, Russian Federation	100
OOO "Karjer Sheleiki"	Podporozhskiy rajon, Russian Federation	100
Porphyrwerke Weinheim-Schriesheim Aktiengesellschaft	Weinheim	100
Sauerländer Asphaltmischwerke GmbH. & Co., Kommanditgesellschaft	Brilon	73
Schweden Splitt AB	Karlshamn, Sweden	100
Śląskie Kruszywa Naturalne Sp. z o.o.	Krapkowice, Poland	100
Südhessische Asphalt-Mischwerke GmbH & Co. KG für Straßenbaustoffe	Hanau	100
Südwestdeutsche Hartsteinwerke Zweigniederlassung der Basalt-Actien-Gesellschaft	Kirn	100
SWA Südwest Asphalt GmbH & Co. KG	Iffezheim	65
T E W E Bauchemiegesellschaft mbH	Vierlinden	100
TOV Vyrivskyj Karjer	Granitne, Ukraine	100
V D Mischwerk und Recycling GmbH.	Offenburg	100
Werhahn & Nauen SE & Co. OHG	Neuss	100
Westdeutsche Grauwacke-Union Gesellschaft mit beschränkter Haftung	Linz am Rhein	100
Wm. Hilgers GmbH & Co. KG	Düsseldorf	100

Building Materials

Slate	Registered office	Share in %
Rathscheck Schiefer und Dach-Systeme Zweigniederlassung der Wilh. Werhahn KG in Neuss	Mayen	100
Canteras Fernandez S.L. Elaboracion S.COM	El Barco, Spain	100
Canteras Fernandez S.L. Explotación S.Com.	El Barco, Spain	100
Canteras Fernandez S.L. Extracción S.COM	El Barco, Spain	100
Castrelos Elaboración S.L.S.COM.	El Barco, Spain	100
I.B. Rathscheck Söhne KG Moselschiefer-Bergwerke	Mayen	100
North American Slate LLC	Dover, USA	100
Werhahn International Schiefer GmbH	Mayen	100
Werhahn International Schiefer GmbH Sucursal en España	El Barco, Spain	100

Consumer Goods

Zwilling Kitchenware	Registered office	Share in %
ZWILLING J. A. Henckels Aktiengesellschaft	Solingen	100
Demeyere CommV	Herentals, Belgium	100
Demeyere Zwilling Nederland B.V.	Roermond, Netherlands	100
Flammkraft GmbH	Münster	51
JV ZWILLING-RM GmbH	Solingen	90
OOO "ZWILLING J.A. HENCKELS Rus"	Moscow, Russian Federation	100
Santos Grills GmbH	Cologne	80
Staub Fonderie SARL	Merville, France	100
ZWILLING BALLARINI ITALIA S.R.L.	Rivarolo Mantovano, Italy	100
Zwilling Demeyere Belgium BVBA	Herentals, Belgium	100
ZWILLING International GmbH	Solingen	100
ZWILLING J A Henckels MUTFAK VE GÜZELLİK ÜRÜNLERİ LİMİTED ŞİRKETİ	Istanbul, Turkey	100
ZWILLING J.A. HENCKELS (UK) Limited	Hitchin, United Kingdom	100
ZWILLING J.A. HENCKELS Canada Ltd.	Markham, Ontario, Canada	100
ZWILLING J.A. Henckels Deutschland GmbH	Solingen	100
ZWILLING J.A. HENCKELS Iberia S.A.	Cornellá de Llobregat, Spain	100
ZWILLING J.A. HENCKELS Japan Ltd.	Seki-shi, Japan	100
ZWILLING J.A. HENCKELS Kitchenware (Shanghai) Ltd.	Minhang, Shanghai, China	70
ZWILLING J.A. HENCKELS LLC	Wilmington, USA	100
ZWILLING J.A. HENCKELS Scandinavia A/S	Ballerup, Denmark	100
ZWILLING J.A. HENCKELS Shanghai Ltd.	Pudong, Shanghai, China	70
ZWILLING J.A. HENCKELS Taiwan Ltd.	Taipei, Taiwan	100

Consumer Goods Zwilling Kitchenware	Registered office	Share in %
ZWILLING Kitchen India Pvt. Ltd.	Chennai, India	80
ZWILLING STAUB FRANCE SAS	Paris, France	100
ZWILLING Trading GmbH	Solingen	100

Consumer Goods Zwilling Beauty Group	Registered office	Share in %
ZWILLING Beauty Group GmbH	Solingen	100
Ital Beauty Nippers (India) Pvt. Ltd.	Puducherry, India	90
QVS Global China	Dongguan, China	100
Tweezerman (India) Pvt. Ltd.	Puducherry, India	90
Tweezerman International, LLC	Wilmington, USA	100
Tweezerman Minority LLC	Wilmington, USA	100
Tweezerman UK Ltd.	Nottingham, United Kingdom	75
Zwilling Beauty Trading (Shenzhen) Ltd.	Shenzhen, China	100

Financial Services abcfinance	Registered office	Share in %
abcfinance GmbH	Cologne	100
abc Holding GmbH	Neuss	100
abc SME Lease Germany SA	Luxembourg, Luxembourg	0
abcbank GmbH	Cologne	100
abcfinance advise GmbH	Cologne	100
abcfinance B.V.	Eindhoven, Netherlands	100
abcfinance GmbH	Vienna, Austria	100
abcfinance Holding GmbH	Neuss	100
C.O.I.N. Lease + Rent Leasing und Miete GmbH	Cologne	100
DeTeWe Finance GmbH	Cologne	100
ETL Finance GmbH & Co. KG	Dortmund	55
ETL Finance Verwaltungsgesellschaft mbH	Dortmund	56
Hako Finance GmbH	Cologne	100
milon financial services GmbH	Cologne	69
Schneidereit Finance GmbH	Cologne	100

Financial Services

Bank11	Registered office	Share in %
Bank11 für Privatkunden und Handel GmbH	Neuss	100
Bank11 Holding GmbH	Neuss	100
RevoCar 2018 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2019 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2019-2 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2020 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2021-1 UG (haftungsbeschränkt)	Frankfurt am Main	0
RevoCar 2021-2 UG (haftungsbeschränkt)	Frankfurt am Main	0

Others

Others	Registered office	Share in %
Wilh. Werhahn KG	Neuss	
abcfinlab GmbH	Cologne	100
Bankhaus Werhahn GmbH	Neuss	100
Charlie Acquisition GmbH	Monheim am Rhein	100
Delta Acquisition GmbH	Monheim am Rhein	100
FiberLean Technologies France SAS	Paris, France	100
FiberLean Technologies GmbH	Neuss	100
FiberLean Technologies India Private Limited	Pune, India	100
FiberLean Technologies Limited	Par, United Kingdom	100
FiberLean Technologies NA Inc.	Dover, USA	100
FiberLean Tecnologia e Solucoes EIRELI	Piracicaba, Brazil	100
Golf Acquisition GmbH	Neuss	100
Sechste Werhahn Beteiligungen GmbH	Neuss	100
Stuart VV GmbH	Monheim am Rhein	100
Werhahn Beteiligungs- und Projektgesellschaft mbH	Neuss	100
Werhahn Industrieholding SE	Neuss	100
Wilh. Werhahn KG Zweigniederlassung Haus & Grund	Neuss	100
WW Achtzehnte Acquisition GmbH	Monheim am Rhein	100
WW Holding KG	Neuss	100
WW Siebte Acquisition GmbH	Monheim am Rhein	100
WW Siebzehnte Acquisition GmbH	Monheim am Rhein	100
WW Vierzehnte Acquisition GmbH	Monheim am Rhein	100
WW Zehnte Acquisition GmbH	Monheim am Rhein	100
Yareto GmbH	Neuss	100
Zweite Werhahn Projekte GmbH	Neuss	100

2. Associated at-equity companies

	Registered office	Share in %
AEL-Abfallentsorgungsanlage Lösenbach GmbH	Lüdenscheid	49
amb Asphalt- und Bitumen-Mischwerke GmbH	Augsburg	50
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50
AMK Asphalt-Mischwerk Kirchheimbolanden GmbH & Co. KG	Kirchheimbolanden	50
AMK Asphalt-Mischwerke Kraichgau GmbH	Gemmingen	45
AMM Asphalt-Mischwerke-Mosel GmbH & Co.KG	Neumagen-Dhron	50
Arcos Hermanos S.A.	Albacete, Spain	49
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	60
H&B Grondstoffen C.V.	Capelle aan den Ijssel, Netherlands	48
Natursteinwerke im Nordschwarzwald NSN GmbH & Co.KG	Mühlacker-Enzberg	50
NHB Nahe-Hunsrück Baustoffe GmbH & Co. KG.	Kirn	50
Rheinische Provinzial-Basalt- und Lavawerke GmbH & Co. oHG	Sinzig	50
Trapobet Transportbeton GmbH Kaiserslautern Kommanditgesellschaft	Kaiserslautern	50
VAMA Vereinigte Asphalt- Mischwerke Aachen GmbH & Co. Kommanditgesellschaft	Alsdorf	45

3. Non-consolidated affiliated companies

	Registered office	Share in %
AML Asphaltmischwerk Langenthal GmbH & Co. KG	Langenthal	70
AML Asphaltmischwerk Langenthal Verwaltungs-GmbH	Langenthal	70
AMM Asphalt-Mischwerke Münsterland GmbH & Co.KG	Cappeln	100
AMW Asphalt-Mischwerke Würzburg Verwaltungs-GmbH	Würzburg	87
Asphalt - Mischwerke Rhein-Pfalz Beteiligungs-GmbH	Albersweiler	52
Asphalt-Mischwerk Bischofsheim Verwaltung GmbH	Bischofsheim	86
Asphalt-Mischwerke Münsterland Verwaltungs-GmbH	Ladbergen	100
AWE Asphaltmischwerk Walschleben Verwaltung GmbH	Walschleben	80
B V G Baustoff-Vertriebs- u. Verwaltungsgesellschaft mbH	Kirn	100
Ballarini North America Inc.	Horsham, USA	100
Basalt Ukraine TOV	Kyiv, Ukraine	100
Basalt- und Mischwerk Herschbach GmbH	Herschbach	51
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	52
Beteiligungsgesellschaft Asphalt-Mischwerke Osnabrück mit beschränkter Haftung	Osnabrück	53
Bitumina Handel Verwaltungs GmbH	Linz am Rhein	100
Bitumina Spedition Verwaltungs GmbH	Linz am Rhein	100
BRP-Baustoffaufbereitungs- und Recycling-Gesellschaft in Pforzheim mbH	Pforzheim	100
BWH Basaltwerk Mittelherwigsdorf Verwaltungs-GmbH	Mittelherwigsdorf	51
Canteras Fernandez S.L.	El Barco, Spain	100
Canteras Fernandez S.L. Geologia S.COM	El Barco, Spain	75
Castrelos Elaboración S.L.	El Barco, Spain	100
DEUMA Beteiligungs-GmbH	Taucha	70
Diabaswerk Hirzenhain Verwaltungs-GmbH	Linz am Rhein	55
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	80
Dortmunder Gußasphalt Gesellschaft mit beschränkter Haftung	Dortmund	70
Dritte Werhahn Projekte GmbH	Neuss	100
Ems-Jade-Mischwerke GmbH	Cappeln	81
Fünfte Werhahn Beteiligungen GmbH	Neuss	100
Fünfte Werhahn Projekte GmbH	Neuss	100
GfR-Gesellschaft für Rekultivierung mbH	Linz am Rhein	100
Hessentor Gesellschaft für Unternehmensbeteiligungen mbH	Neuss	100
Hilgers Beteiligungsgesellschaft mbH	Düsseldorf	100
Inn-Asphalt-Mischwerke GmbH.	Nußdorf am Inn	75
LAJTA-KAVICS Bányászati Kft.	Darnózseli, Hungary	100
Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung i. L.	Linz am Rhein	57
MAW-Marsdorfer Asphaltwerke Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft i. L.	Linz am Rhein	57

	Registered office	Share in %
Mischwerke Lautzenbrücken Verwaltungsgesellschaft mbH	Lautzenbrücken	100
Mischwerke Mühlhausen GmbH	Mühlhausen	76
Mühle Cottbus GmbH i.L.	Neuss	100
N 2 SRG GmbH	Linz am Rhein	100
Norddeutsche Naturstein Rail GmbH	Flechtingen	100
Obertor Immobilien GmbH	Neuss	100
OOO ”Basalt Management“	St. Petersburg, Russian Federation	100
Rathscheck Schiefer und Dach-Systeme Verwaltungs GmbH	Mayen	100
Rheintor Immobilienholding GmbH	Neuss	100
Sauerländer Asphaltmischwerke GmbH	Brilon	72
Secato Style GmbH	Solingen	100
Senftenberger Kohlenwerke GmbH	Neuss	100
Siebte Werhahn Projekte GmbH	Neuss	100
Stephan Beratungs-GmbH	Linz am Rhein	70
Stichting Derdengelden ABC finance	Eindhoven, Netherlands	0
Südhessische Asphalt-Mischwerke Gesellschaft mit beschränkter Haftung	Hanau	100
Südwest Asphalt Verwaltungs GmbH	Iffezheim	65
Thaler Baustoff-Betriebe Gesellschaft mit beschränkter Haftung	Falkenstein/Harz	100
Verwaltungsgesellschaft Wilh. Werhahn mit beschränkter Haftung	Neuss	100
Vierte Werhahn Projekte GmbH	Neuss	100
VV Eins Verwaltungs-GmbH i.L.	Neuss	100
WAW Asphalt GmbH	Linz am Rhein	100
Werhahn Flour Mills GmbH i.L.	Neuss	100
WMW GmbH	Linz am Rhein	100
ZWILLING Cooking Studio LLC	Wilmington, USA	100
ZWILLING Cooking Studio Minority LLC	Wilmington, USA	100
ZWILLING J.A. HENCKELS (Vietnam) Ltd.	Ho Chi Minh City, Vietnam	100
ZWILLING J.A. Henckels Austria GmbH	Parndorf, Austria	100
ZWILLING J.A. HENCKELS Brasil Produtos de Cozinha e Beleza Ltda.	São Paulo, Brazil	100
ZWILLING J.A. Henckels Ireland Ltd.	Dublin, Ireland	100
ZWILLING J.A. Henckels Portugal, Lda.	Alcochete, Portugal	100
ZWILLING J.A. Henckels Schweiz AG	Zurich, Switzerland	100

4. Other associated companies

	Registered office	Share in %
”RKS“ Kies- und Splittwerke Eckelsheim GmbH & Co. KG	Eckelsheim	50
”RKS“ Kies- und Splittwerke GmbH	Eckelsheim	50
Adrian Basalt GmbH & Co. KG	Enspel	50
Adrian Basalt Verwaltungsgesellschaft mbH	Enspel	50
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50
AMH Asphaltmischwerk Hellweg Gesellschaft mit beschränkter Haftung i. L.	Erwitte	50
AMK Asphalt-Mischwerk Kirchheimbolanden Verwaltungs-GmbH	Kirchheimbolanden	50
AMM Asphalt-Mischwerke-Mosel Verwaltungs-GmbH	Neumagen-Dhron	50
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	60
H&B Grondstoffen B.V.	Capelle aan den Ijssel, Netherlands	50
Herbert Willersinn Steinbruch- Verwaltungs GmbH	Heßheim	50
J. u. G. Giro Nachf. Willersinn GmbH & Co KG Steinbruchbetrieb	Bolanden	50
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	50
NHB Nahe-Hunsrück Baustoffe und Verwaltungsgesellschaft mbH	Kirn	50
Plattform Dach.de Gesellschaft des bürgerlichen Rechts	Hamburg	20
Rheinische Provinzial-Basalt- und Lavawerke Verwaltungs-GmbH	Sinzig	50
SC Diabas Bata s.r.l.	Timisoara, Romania	50
Schillathöhle GmbH	Hessisch Oldendorf-Langenfeld	49
Schuhmacher & Heuser GmbH	Katzenelnbogen	50
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	25
Steinbruch Breidenbach Verfüllungsgesellschaft mbH	Breidenbach	50
Steinbruch Spittergrund GmbH	Erfurt	50
VAMA Vereinigte-Asphalt-Mischwerke Aachen, Verwaltungsgesellschaft mit beschränkter Haftung	Alsdorf	45
Verwaltungsgesellschaft mit beschränkter Haftung TRAPOBET Transportbeton Kaiserslautern	Kaiserslautern	50

5. Other participations

	Registered office	Share in %	Equity in € thousand	Annual result in € thousand
AME Asphalt-Mischwerke Eifel GmbH & Co. KG	Sinzig	33	465[1]	– 288[1]
Asphalt-Mischwerke Eifel Verwaltungsgesellschaft mbH	Sinzig	33	44[1]	2[1]
DEBUS Naturstein GmbH & Co. KG	Untersiemau	49	1,924[1]	560[1]
Debus Naturstein Verwaltungs-GmbH	Untersiemau	49	29[1]	3[1]
Escombrera Sobredo S.L.	Carballeda de Valdeorras, Spain	22	107[1]	29[1]
Hartsteinwerke Burgk GmbH & Co. OHG	Schleiz	27	4,966[1]	1,274[1]
HWB Hartsteinwerke Burgk Verwaltungs-GmbH	Schleiz	27	76[1]	3[1]
INTERASPHALT Sp. z o.o.	Obornik, Poland	48	724[1]	– 103[1]
ThyssenKrupp MillServices & Systems GmbH	Duisburg	32	39,040	4,255

[1] Figures from previous years

For other companies, use is made of the exemption provision of section 313, paragraph 3, sentence 1 of the German Commercial Code (HGB).

Notes to the Cash Flow Statement

The Cash Flow Statement is prepared in accordance with DRS 21 and shows how funds held by the Werhahn Group have changed during the reporting year through the inflow and outflow of cash. The minimum classification scheme was expanded to include items for the financial services business.

For information on the access restrictions within cash funds, please see note 6 of the Notes to the Consolidated Financial Statements.

A brief presentation of the Cash Flow Statement is given below:

in € thousand	**2021**	2020
Cash flow from operating activities	390,651	443,953
Cash flow from investing activities	– 223,196	– 99,481
Free cash flow	**167,455**	**344,472**
Cash flow from financing activities	– 56,770	– 60,920
Net change in cash funds	**110,685**	**283,552**
Other changes in cash funds	2,785	– 5,065
Cash funds at beginning of period	823,947	545,460
Cash funds at end of period	**937,417**	**823,947**

Other Information

Transactions with related companies and persons

Transactions with related companies and persons are generally conducted under customary market conditions. Employees and shareholders are entitled to standard discounts on specific Werhahn products in some business units. Transactions with related companies primarily involve the normal exchange of goods and services.

Subsequent events

At the time of preparing this report, it is not possible to predict with reasonable certainty how the recent events in the Russia-Ukraine conflict and the related sanctions will affect the global economy and the business activities of the Werhahn Group. The negative impact of the war in Ukraine can already be felt, for example in the form of rising prices and the limited availability of input materials. In particular, it is currently not possible to say definitively what the effects on the Building Materials division will be like.

The consequences of the coronavirus pandemic could also have a negative effect on the economic success of the Werhahn Group in 2022. The coronavirus crisis is not yet over. Rising infection rates, particularly abroad, have raised concerns of another peak and the further continuation of the situation.

The Group's ability to continue as a going concern is in no doubt due to its good financial situation and the Group's regional and operational diversification. With regard to the increased forecast uncertainty arising from the coronavirus pandemic and the war in Ukraine, we refer the reader to the explanations in the Consolidated Report.

Transactions not included in the Consolidated Balance Sheet

in € thousand	2021	2020
Liabilities from the issue and transfer of bills	–	33
Liabilities from sureties, bills and check guarantees	2,334	2,396
(thereof to affiliated companies)	(418)	(418)
(thereof to associated companies)	(1,211)	(1,321)
Liabilities from warranties	80	107
Commitments from open purchase orders	129,782	141,082
(thereof to associated companies)	(520)	(406)
Cash value of non-current commitments from rent, tenancy and leasing agreements	107,404	101,093
(thereof to affiliated companies)	(20)	(195)
(thereof to associated companies)	(175)	(153)
Commitments from loan undertakings	402,591	327,181
(thereof to affiliated companies)	(1,289)	(1,174)
Other financial obligations	11,876	17,634
(thereof to affiliated companies)	(1,357)	(4,206)
(thereof to associated companies)	(0)	(347)

There are no off-balance sheet transactions beyond the contingent liabilities and other financial commitments that are necessary for the assessment of the Group's financial position. Sufficient provisions have been established for all identifiable risks from claims under sureties. Moreover, no claims are expected, since no borrowers are expected to default.

Derivative financial instruments

Valuation units have been created in the Werhahn Group pursuant to section 254 of the HGB. In accordance with the net hedging presentation method, changes in the value of underlying transactions and hedging instruments are not recognized. The effectiveness of the valuation units is assessed using the critical terms match method and this assessment is made as a forecast at every closing date. Derivative financial instruments are valued using the mark-to-market method.

Foreign currency loans in the local currency are extended to foreign subsidiaries for refinancing. The currency risk from the Group's point of view that arises from payments of principal and interest is hedged using forward exchange contracts.

The regular procurement of goods in the course of regular business that takes place in a foreign currency is planned with a certain buffer prior to the actual transaction. The net currency position that arises from these highly probable forecast transactions is also hedged against currency risk using portfolio hedges.

Raw materials needed for the production process for sales transactions already contracted for are procured using forward supply contracts. If the supply contracts contain variable prices, commodity swaps are used to avoid price risks from these transactions. This mainly involves portfolio hedges with a residual maturity of up to one year.

As part of a securitization transaction, a special purpose vehicle issued variable-rate bonds for refinancing a fixed-rate loan portfolio. To reduce the interest rate risk, amortizing interest rate swaps were arranged as a micro hedge with a residual maturity of up to four years.

Both micro hedges and portfolio hedges provide 100% hedging of underlying transactions.

The following underlying transactions are included in the valuation units:

Type of underlying transaction	Type of hedged risk	Hedged amount of underlying transaction in € thousand (book value, expected value)	Hedged risk in € thousand	Positive fair value in € thousand	Negative fair value in € thousand
Intragroup refinancing	Currency risk	178,149	3,310	767	– 2,543
Highly probable forecast transactions	Currency risk	111,627	1,887	905	– 982
Pending transactions	Procurement price risks	5,787	201	198	– 3
Variable-rate bonds	Interest rate risk	654,000	1,093	916	– 177

Neuss, April 8, 2022

Wilh. Werhahn KG

sig.

Paolo Dell'Antonio Alexander Boldyreff Stephan Kühne

Independent Auditor’s Report

To Wilh. Werhahn KG, Neuss

Audit Opinions

We have audited the consolidated financial statements of Wilh. Werhahn KG, Neuss, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Wilh. Werhahn KG for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law to be applied according to § [Article] 13 PublG [Publizitätsgesetz: Public Disclosure Act] and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its financial performance for the financial year from 1 January to 31 December 2021 in compliance with German Legally Required Accounting Principles, 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 § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], 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 Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 14 PublG 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 audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit 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 audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors 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 the requirements of German commercial law to be applied to § 13 PublG, and 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 German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, 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.

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 audit 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 § 14 PublG 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 audit 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 audit 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 German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit 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 audit 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.

Düsseldorf, April 8, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Uwe Rittmann	ppa. Christa Mommsen
Wirtschaftsprüfer	Wirtschaftsprüferin
(German public auditor)	(German public auditor)

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Business activities/products
Production and sale of aggregates consisting of natural products and bituminous mixtures, logistics services, receipt and recycling of recyclable building rubble, inert excavated earth for landfills

Slate

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Email: info@rathscheck.de
www.rathscheck.de

Business activities/products
Slate for roofs, façades and interiors, rafter insulation systems, roofing tools and roofing equipment

Zwilling Kitchenware

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Tel.: +49 (0)212 882-0
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www.zwilling.com

Business activities/products
Knives, scissors, cookware, kitchen utensils, cutlery

Zwilling Beauty Group

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www.zwilling-beauty.com

Business activities/products
Manicure, pedicure, tweezers and other beauty tools

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Lease finance for mobile goods, rental agreements and leases, factoring

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