Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	912 478 955
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ØGLÆND GROUP HOLDING AS
Forretningsadresse:	Engelsvollvegen 264
	4353 KLEPP STASJON

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Anne-Grethe Båtnes
Dato for fastsettelse av årsregnskapet:	11.02.2022

Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert

År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 23.03.2023

Resultatregnskap

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	222 000	98 000
Sum kostnader		**222 000**	**98 000**
Driftsresultat		**-222 000**	**-98 000**
Finansinntekter og finanskostnader			
Utbytte/konsernbidrag	3	39 767 000	14 664 000
Annen renteinntekt		3 000	31 000
Sum finansinntekter		**39 770 000**	**14 695 000**
Annen rentekostnad	3	2 330 000	3 878 000
Annen finanskostnad	4	9 302 000	1 000
Sum finanskostnader		**11 632 000**	**3 879 000**
Netto finans		**28 138 000**	**10 816 000**
Ordinært resultat før skattekostnad		**27 916 000**	**10 718 000**
Skattekostnad på ordinært resultat	5	8 187 000	2 356 000
Ordinært resultat etter skattekostnad		**19 729 000**	**8 362 000**
Årsresultat		**19 729 000**	**8 362 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	6	19 730 000	8 363 000
Sum overføringer og disponeringer		**19 730 000**	**8 363 000**

Balanse

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6		1 372 000
Sum immaterielle eiendeler			**1 372 000**
Finansielle anleggsmidler			
Investering i datterselskap	4	793 298 000	802 599 000
Sum finansielle anleggsmidler		**793 298 000**	**802 599 000**
Sum anleggsmidler		**793 298 000**	**803 971 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	7	39 770 000	49 287 000
Sum fordringer		**39 770 000**	**49 287 000**
Sum omløpsmidler		**39 770 000**	**49 287 000**
SUM EIENDELER		**833 068 000**	**853 258 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6	40 300 000	40 300 000
Overkurs	6	167 700 000	167 700 000
Sum innskutt egenkapital		**208 000 000**	**208 000 000**
Opptjent egenkapital			
Annen egenkapital	6	366 089 000	346 359 000
Sum opptjent egenkapital		**366 089 000**	**346 359 000**

Balanse

Beløp i: NOK	Note	2021	2020
Sum egenkapital		**574 089 000**	**554 359 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	7,8	216 000 000	296 281 000
Sum annen langsiktig gjeld		**216 000 000**	**296 281 000**
Sum langsiktig gjeld		**216 000 000**	**296 281 000**
Kortsiktig gjeld			
Leverandørgjeld	7	569 000	522 000
Betalbar skatt	5	6 816 000	2 095 000
Annen kortsiktig gjeld	7	35 595 000	0
Sum kortsiktig gjeld		**42 980 000**	**2 617 000**
Sum gjeld		**258 980 000**	**298 898 000**
SUM EGENKAPITAL OG GJELD		**833 069 000**	**853 257 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

Journalnummer:	2022 158517

Enheten

Organisasjonsnummer:	912 478 955
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ØGLÆND GROUP HOLDING AS
Forretningsadresse:	Engelsvollvegen 264 4353 KLEPP STASJON

Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	-

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Anne-Grethe Båtnes
Dato for fastsettelse av årsregnskapet:	11.02.2022

Grunnlag for avgivelse

År 2021: Årsregnskap er elektronisk innlevert.
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 23.03.2022

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 912 478 955
ØGLÆND GROUP HOLDING AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2021	2020
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	2	222 000	98 000
Sum kostnader		**222 000**	**98 000**
Driftsresultat		**-222 000**	**-98 000**
Finansinntekter og finanskostnader			
Utbytte/konsernbidrag	3	39 767 000	14 664 000
Annen renteinntekt		3 000	31 000
Sum finansinntekter		**39 770 000**	**14 695 000**
Annen rentekostnad	3	2 330 000	3 878 000
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Årsresultat		**19 729 000**	**8 362 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital	6	19 730 000	8 363 000
Sum overføringer og disponeringer		**19 730 000**	**8 363 000**

Organisasjonsnr: 912 478 955
ØGLÆND GROUP HOLDING AS

BALANSE

Beløp i: NOK	Note	2021	2020
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6		1 372 000
Sum immaterielle eiendeler			**1 372 000**
Finansielle anleggsmidler			
Investering i datterselskap	4	793 298 000	802 599 000
Sum finansielle anleggsmidler		**793 298 000**	**802 599 000**
Sum anleggsmidler		**793 298 000**	**803 971 000**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer	7	39 770 000	49 287 000
Sum fordringer		**39 770 000**	**49 287 000**
Sum omløpsmidler		**39 770 000**	**49 287 000**
SUM EIENDELER		**833 068 000**	**853 258 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	6	40 300 000	40 300 000
Overkurs	6	167 700 000	167 700 000
Sum innskutt egenkapital		**208 000 000**	**208 000 000**
Opptjent egenkapital			
Annen egenkapital	6	366 089 000	346 359 000
Sum opptjent egenkapital		**366 089 000**	**346 359 000**
Sum egenkapital		**574 089 000**	**554 359 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	7,8	216 000 000	296 281 000
Sum annen langsiktig gjeld		**216 000 000**	**296 281 000**
Sum langsiktig gjeld		**216 000 000**	**296 281 000**
Kortsiktig gjeld			

Leverandørgjeld	7	569 000	522 000
Betalbar skatt	5	6 816 000	2 095 000
Annen kortsiktig gjeld	7	35 595 000	0
Sum kortsiktig gjeld		**42 980 000**	**2 617 000**
Sum gjeld		**258 980 000**	**298 898 000**
SUM EGENKAPITAL OG GJELD		**833 069 000**	**853 257 000**

Organisasjonsnr: 912 478 955
ØGLÆND GROUP HOLDING AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
1

Regnskapsprinsipper
Årsregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling og noteopplysninger og er avlagt i samsvar med regnskapslov og god regnskapsskikk. Årsregnskapet er basert på de grunnleggende prinsipper om historisk kost, sammenlignbarhet, fortsatt drift, kongruens og forsiktighet. Transaksjoner regnskapsføres til verdien av vederlaget på transaksjonstidspunktet. Eiendeler/Gjeld Eiendeler og gjeld som forfaller til betaling innen et år etter balansedagen, er klassifisert som omløpsmidler/kortsiktig gjeld. Vurdering av omløpsmidler/kortsiktig gjeld skjer til laveste/høyeste verdi av anskaffelseskost og virkelig verdi. Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler. Inntektsføring Inntekt resultatføres etter hvert som den anses opptjent. I praksis vil det normalt si på leveringstidspunkt av tjenester. Kostnadsføringstidspunkt/sammenstilling Utgifter sammenstilles med og kostnadsføres samtidig med de inntekter utgiftene kan henføres til. Utgifter som ikke kan henføres til inntekter kostnadsføres når de påløper. Valuta Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Av praktiske årsaker er kursen på transaksjonstidspunktet satt til gjennomsnittlig kurs i måneden forut for transaksjonen. Selskapet er eksponert for valutarisiko. Valutakursdifferanser er i finansregnskapet presentert under andre finansinntekter/-kostnader. Fordringer Fordringer er oppført til pålydende med fradrag for forventet tap. Datterselskap Datterselskap vurderes etter kostmetoden. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede. Utbytte, konsernbidrag og andre utdelinger fra datterselskap er inntektsført samme år som det er avsatt i givers regnskap. Overstiger utbyttet / konsernbidraget andel av opptjent resultat etter anskaffelsestidspunktet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen til morselskapet. Skatt Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessige underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttegjort. Konsernkontoordning Øglænd Group Holding AS er en del av konsernkontoordning hvor datterselskpaet Øglænd Industrier AS er kontoeier. Bankkontoen innenfor konsernkontoordningen er klassifisert som gjeld til konsernselskap så lenge samlet verdi er negativ. Kontantstrømsanalyse Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden.

Note
2

Antall årsverk i regnskapsåret

0.00

Note
2

Spesifisering av resultatregnskapet

Lønnkostnader

Mer om årsverk og lønn
Det har ikke vært ansatte i Øglænd Group Holding AS i løpet av regnskapsåret. Selskapet er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Daglig leder er ansatt i Øglænd Industrier AS.

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap
Virksomheten inngår i konsolideringen til morselskapets konsernregnsk.: Ja

Morselskapet sitt navn
Hilti AG

Forretningskontor for morselskapet
Feldkircher Strasse 100, 9494 Schaan, Liechtenstein

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Morselskap som ikke utarbeider konsernregnskap

Transaksjoner med datterselskaper
Konsernbidrag fra datterselskap

Interngevinst på transaksjonene

Konsern, tilknyttet selskap m.v. - fordringer og gjeld

Fordringer

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	39767000.00	49266000.00

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Annen langsiktig gjeld

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	216000000.00	296281000.00

Kortsiktig gjeld

Samlet beløp - foretak i samme konsern	Årets	Fjorårets
	36164000.00	515000.00

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Note

Fordringer

Fordringer som forfaller senere enn ett år etter regnskapsårets slutt

Mer om fordringer

Note

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Erverv

Endringer i beholdning av aksjer i løpet av regnskapsåret

Avhendelse

Endringer i beholdning av aksjer i løpet av regnskapsåret

Samvirkeforetak

Vedtektsbestemmelser/årsmøtevedtak/forslag til vedtak om medlemskapskonti

Mer om aksjer

Note

Lån og sikkerhetsstillelse til medlemmer
Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei

Opplysninger om: **Medlemmer av:**

Mer om lån og sikkerhetsstillelse

Øglænd Group Holding AS

Årsregnskap 2021

Alle tall i 1,000 NOK

ØGLÆND GROUP HOLDING AS
RESULTATREGNSKAP

	Note	2021	2020
Driftskostnader			
Andre driftskostnader	2	222	98
Sum driftskostnader		222	98
DRIFTSRESULTAT		-222	-98
Finansinntekter og -kostnader			
Utbytte/Konsernbidrag	3	39 767	14 664
Annen renteinntekt		3	31
Annen rentekostnad	3	-2 330	-3 878
Annen finansinntekt/-kostnad	4	-9 302	-1
Netto finansinntekter og -kostnader		28 138	10 817
RESULTAT FØR SKATTEKOSTNAD		27 917	10 719
Skattekostnad	5	8 187	2 356
ÅRSRESULTAT		19 730	8 363
Anvendelse av årsresultat			
Annen egenkapital	6	-19 730	-8 363
Sum anvendelse av årsresultat		-19 730	-8 363

Alle tall i 1,000 NOK

ØGLÆND GROUP HOLDING AS

BALANSE

EIENDELER	Note	2021	2020
ANLEGGSMIDLER			
Immaterielle eiendeler			
Utsatt skattefordel	6	0	1 372
Sum immaterielle eiendeler		0	1 372
Finansielle anleggsmidler			
Investering i datterselskap	4	793 298	802 599
Sum finansielle anleggsmidler		793 298	802 599
SUM ANLEGGSMIDLER		793 298	803 971
OMLØPSMIDLER			
Andre fordringer	7	39 770	49 287
SUM OMLØPSMIDLER		39 770	49 287
SUM EIENDELER		833 068	853 258

Alle tall i 1,000 NOK

ØGLÆND GROUP HOLDING AS
BALANSE

EGENKAPITAL OG GJELD	**Note**	**2021**	**2020**
EGENKAPITAL			
Innskutt egenkapital			
Aksjekapital	6	40 300	40 300
Overkurs	6	167 700	167 700
Sum innskutt egenkapital		208 000	208 000
Opptjent egenkapital			
Annen egenkapital	6	366 089	346 359
Sum opptjent egenkapital		366 089	346 359
SUM EGENKAPITAL		574 089	554 359
GJELD			
Annen langsiktig gjeld			
Gjeld til selskap i samme konsern	7,8	216 000	296 281
Sum annen langsiktig gjeld		216 000	296 281
Kortsiktig gjeld			
Leverandørgjeld	7	569	522
Påløpte, ikke utlignede skatter	5	6 816	2 095
Annen kortsiktig gjeld	7	35 595	0
Sum kortsiktig gjeld		42 980	2 618
SUM GJELD		258 980	298 899
SUM EGENKAPITAL OG GJELD		833 068	853 258

4. februar 2022
Styret for Øglænd Group Holding AS

DocuSigned by: Reinhard Schindler
0BEBD693A1F347D...
Reinhard Schindler
Styreleder

DocuSigned by: Christian Rapacher
526E82ADD33F47D...
Christian Rapacher
Styremedlem

DocuSigned by:
76B7FDA0D535486...
Amanda Daintith
Styremedlem

DocuSigned by: Dimitrij Lisak
B074445529114C8...
Dimitrij Lisak
Styremedlem

DocuSigned by: Geir Seland
C9AF908F8BE4497...
Geir Seland
Adm. Direktør

Alle tall i 1,000 NOK

ØGLÆND GROUP HOLDING AS

KONTANTSTRØMOPPSTILLING

	2021	2020
Kontantstrøm fra operasjonelle aktiviteter		
Resultat før skattekostnad	27 917	10 719
Betalte skatter	-2 094	-5 970
Konsernbidrag/Utbytte	-39 767	-14 664
Endring fordringer konsern	70 197	-21 048
Endring leverandørgjeld	46	-1 318
Nedskrivning av aksjer i datter	9 301	0
Endring andre tidsavgrensingsposter	17	0
Innbetaling av konsernbidrag / utbytte	14 664	34 915
Netto kontantstrøm fra operasjonelle aktiviteter	80 281	2 634
Kontantstrøm fra finansieringsaktiviteter		
Nedbetalinger av lån	-80 281	-2 634
Netto kontantstrøm fra finansieringsaktiviteter	-80 281	-2 634
Netto endring i kontanter og kontantekvivalenter	0	0
Kontanter og kontantekvivalenter pr. 01.01.	0	0
Kontanter og kontantekvivalenter pr. 31.12.	0	0

ØGLÆND GROUP HOLDING AS
NOTER 2021

Alle tall i 1,000 NOK

Note 1 Regnskapsprinsipper

Årsregnskapet består av resultatregnskap, balanse, kontantstrømoppstilling og noteopplysninger og er avlagt i samsvar med regnskapslov og god regnskapsskikk. Årsregnskapet er basert på de grunnleggende prinsipper om historisk kost, sammenlignbarhet, fortsatt drift, kongruens og forsiktighet. Transaksjoner regnskapsføres til verdien av vederlaget på transaksjonstidspunktet.

Eiendeler/Gjeld

Eiendeler og gjeld som forfaller til betaling innen et år etter balansedagen, er klassifisert som omløpsmidler/kortsiktig gjeld. Vurdering av omløpsmidler/kortsiktig gjeld skjer til laveste/høyeste verdi av anskaffelseskost og virkelig verdi. Eiendeler bestemt til varig eie eller bruk er klassifisert som anleggsmidler.

Inntektsføring
Inntekt resultatføres etter hvert som den anses opptjent. I praksis vil det normalt si på leveringstidspunkt av tjenester.

Kostnadsføringstidspunkt/sammenstilling
Utgifter sammenstilles med og kostnadsføres samtidig med de inntekter utgiftene kan henføres til. Utgifter som ikke kan henføres til inntekter kostnadsføres når de påløper.

Valuta
Transaksjoner i utenlandsk valuta omregnes til kursen på transaksjonstidspunktet. Av praktiske årsaker er kursen på transaksjonstidspunktet satt til gjennomsnittlig kurs i måneden forut for transaksjonen.
Selskapet er eksponert for valutarisiko.

Valutakursdifferanser er i finansregnskapet presentert under andre finansinntekter/-kostnader.

Fordringer
Fordringer er oppført til pålydende med fradrag for forventet tap.

Datterselskap
Datterselskap vurderes etter kostmetoden. Investeringen er vurdert til anskaffelseskost for aksjene med mindre nedskrivning har vært nødvendig. Det er foretatt nedskrivning til virkelig verdi når verdifall skyldes årsaker som ikke kan antas å være forbigående og det må anses nødvendig etter god regnskapsskikk. Nedskrivninger er reversert når grunnlaget for nedskrivning ikke lenger er til stede.

Utbytte, konsernbidrag og andre utdelinger fra datterselskap er inntektsført samme år som det er avsatt i givers regnskap. Overstiger utbyttet / konsernbidraget andel av opptjent resultat etter anskaffelsestidspunktet, representerer den overskytende del tilbakebetaling av investert kapital, og utdelingene er fratrukket investeringens verdi i balansen til morselskapet.

Skatt

Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt er beregnet med 22 % på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier, samt skattemessige underskudd til fremføring ved utgangen av regnskapsåret. Skatteøkende og skattereduserende midlertidige forskjeller som reverserer eller kan reversere i samme periode er utlignet. Netto utsatt skattefordel balanseføres i den grad det er sannsynlig at denne kan bli nyttegjort.

Konsernkontoordning
Øglænd Group Holding AS er en del av konsernkontoordning hvor datterselskpaet Øglænd Industrier AS er kontoeier. Bankkontoen innenfor konsernkontoordningen er klassifisert som gjeld til konsernselskap så lenge samlet verdi er negativ.

Kontantstrømsanalyse
Kontantstrømoppstillingen er utarbeidet etter den indirekte metoden.

ØGLÆND GROUP HOLDING AS
NOTER 2021

Alle tall i 1,000 NOK

Note 2 Lønnskostnader, ansatte, godtgjørelser mv.

Det har ikke vært ansatte i Øglænd Group Holding AS i løpet av regnskapsåret. Selskapet er ikke pliktig til å ha tjenestepensjonsordning etter lov om obligatorisk tjenestepensjon. Daglig leder er ansatt i Øglænd Industrier AS.

Lønnskostnader og andre ytelser:	**2021**	**2020**
Styrehonorar	0	0
Folketrygdavgift	0	0
Sum lønnskostnader	0	0

Styrets leder har ingen klausul som gir rett til etterlønn. Styrets leder har heller ikke noen avtale som gir rett til bonus, overskuddsdeling eller lignende.

Revisor:	
Lovpålagt revisjon	44
Attestasjonstjenester	0
Sum honorar til revisor (forholdsmessig mva fradrag)	44

Note 3 Transaksjoner med nærstående

Selskapet har følgende transaksjoner med nærstående parter i perioden:

	2021	**2020**
Konsernbidrag fra datter / datterdatter	39 767	14 664
Sum inntekter	39 767	14 664
Rentekostnader på lån fra nærstående	2 138	3 848
Sum kostnader	2 138	3 848

Note 4 Investering i datterselskap

Selskap	Forretningsaddresse	Eierandel	Egenkapital 31.12.2021	Resultat 2021
Øglænd Industrier AS	Kleppe	100 %	248 865	79 321
Oglaend System Ltd Russia	St. Petersburg, Russland	20 %	41 481	-4 188

Bokført egenkapital i datterselskapene er betydelig lavere enn bokført verdi på investeringen. Basert på ledelsesgodkjente kontantstrømprognoser er det identifisert nedskrivningsbehov på aksjer i Oglaend System Ltd Russia med kr 9 301.

ØGLÆND GROUP HOLDING AS
NOTER 2021

Alle tall i 1,000 NOK

Note 5 Skatt

Grunnlag betalbar skatt fremkommer slik:	**2021**	**2020**
Ordinært resultat før skattekostnad	27 917	10 719
Permanente forskjeller	-3	30
Vurdering av aksjer i datterselskap	9 301	0
Justering for begrensning rentefradrag	-6 234	0
Grunnlag betalbar skatt	30 981	10 749
Betalbar skatt	6 816	2 365
Korreksjon tidligere års skatteberegning	0	-269
Skyldig betalbar skatt 31.12	6 816	2 095
Periodens skattekostnad fremkommer slik:		
Betalbar skatt	6 816	2 365
Endring utsatt skatt	1 371	0
Korreksjon tidligere års skatteberegning	0	-9
Periodens totale skattekostnad	8 187	2 356
Avstemming periodens skattekostnad:		
22% av årets resultat	6 142	2 358
22% av sum permanente forskjeller	2 046	7
Korreksjon tidligere års skatteberegning	0	-9
Sum periodens skattekostnad	8 187	2 356
Spesifikasjon av utsatt skatt:	**31.12.2021**	**31.12.2020**
Avskåret rentefradrag til fremføring	0	-6 235
Sum midlertidige forskjeller	0	-6 235
Utsatt skattefordel	0	1 372

Note 6 Egenkapital og aksjonærinformasjon

	Aksje-kapital	**Overkurs**	**Annen EK**	**Sum EK**
Egenkapital 01.01	40 300	167 700	346 359	554 359
Periodens resultat	0	0	19 730	19 730
Egenkapital 31.12	40 300	167 700	366 089	574 089

Aksjekapitalen består av:	**Antall**	**Pålydende**	**Balanseført**
Ordinære aksjer	1 000 000	0,1	100
A-aksjer	352 500 000	0,1	35 250
B-aksjer	49 500 000	0,1	4 950
Totalt	403 000 000		40 300

Samtlige aksjer eies av Hilti AG, Liechtenstein. Hilti AG utarbeider konsernregnskap, og dette kan fås utlevert ved henvendelse til hovedkontoret i Schaan, Liechtenstein.

ØGLÆND GROUP HOLDING AS
NOTER 2021

Alle tall i 1,000 NOK

Note 7 Mellomværende med selskaper i samme konsern

	2021	2020
Andre kortsiktige fordringer på selskaper i konsernet (*)	39 767	49 266
Langsiktig gjeld til selskaper i konsernet	216 000	296 281
Leverandørgjeld til selskaper i konsernet	569	515
Annen kortsiktig gjeld til selskaper i konsernet	35 595	-

(*) Selskapet er en del av flervaluta konsernkontoordning hvor datterselskapet Øglænd Industrier AS er kontoeier. Selskapets trekk på kr 35 595 i ordningen pr 31.12.2021 er således klassifisert som konserngjeld .

Note 8 Gjeld som forfaller til betaling mer enn 5 år etter regnskapsårets slutt

Øglænd Group Holding AS har langsiktige lån på MNOK 216. Lånet, som i sin helhet er fra det ultimate morselskapet Hilti AG, ble inngått i forbindelse oppkjøp av konsernet Øglænd System Group 23.08.2017. Lånet er gitt for 1 år, men blir automatisk fornyet for 1 års perioder med mindre de blir terminert.

Det foreligger ingen finansielle vilkår i låneavtalene.

Årsberetning 2021 - Øglænd Group Holding AS

Virksomhetens art og tilholdssted
Øglænd Group Holding AS er et holdingselskap med aksjer i datterselskapet Øglænd Industrier AS. I tillegg eies 20 % av Oglaend System Russia Ltd. Selskapet er lokalisert på Øksnevad i Klepp.

Fortsatt drift
I samsvar med regnskapsloven § 3-3a bekreftes det at forutsetningene om fortsatt drift er tilstede. Selskapet er i en sunn økonomisk og finansiell stilling.

Fremtidig utvikling
Generelt vil det alltid være usikkerhet knyttet til vurdering av fremtidige forhold. Utsiktene for 2022 er imidlertid bra og ledelsen forventer et fortsatt positivt resultat fra driften.

Redegjørelse for årsregnskapet
Covid-19 pandemien påvirket oss i 2021 både lokalt og globalt. Kapasiteten på verftene i Nord Europa var sterkt redusert, og det førte til store forsinkelser i gjennomførelse av prosjektene. Offshore vedlikehold i UAE, Brasil og delvis Europa stoppet opp pga problemer med utreise til plattformene. I Sør Øst Asia hadde verftene store problemer med å holde aktiviteten i gang, både i Singapore og Indonesia. Det eneste landet som var upåvirket av covid-19 var Kina. I Kina hadde vi for annet år på rad en vekst på 57 %. Her pågår gassprosjekter for Russland, Canada og Senegal. Innenfor skipssegmentet hadde vi en vekst på 18 % i ett marked med forholdsvis konstant ordreinngang til marine og cruise. Offshore vind hadde fin vekst i 2021, spesielt innenfor engineering.

Industrielt erfarte vi store kostnadsøkninger for både råmaterialer og logistikk.

Fremover ser vi vekst pga etterslepet fra 20/21 og nye investeringer i alle våre fokussegmenter olje og gass, marine og offshore vind. Vi ekspanderer til nye segmenter som karbonfangst, akvakultur, nye energiformer og lagring av energi.

Konsekvensene av covid situasjonen er fremdeles ukjente og nye mutanter av viruset oppdages. Styret anser det ikke mulig å anslå hvilke effekter dette vil ha for Øglænd Group Holding AS på kort sikt. Styret mener den gjeldende situasjonen vil være forbigående for selskapet.

Selskapet har ikke driftsinntekter i 2021. Resultat etter skatt i 2021 er på MNOK 19,7.

Samlet kontantstrøm i selskapet var i 2021 MNOK 0, mens resultat før skatt utgjorde MNOK 27,9. Forskjellen skyldes i hovedsak nedbetaling av gjeld til konsernselskap, nedskrivning av verdi datterselskap samt endring i mellomværende med konsernselskap.

Selskapets likviditetsbeholdning var MNOK 0 pr. 31.12.21.

Totalkapitalen var ved utgangen av året MNOK 833,1, sammenlignet med MNOK 853,3 året før. Egenkapitalandelen pr. 31.12.21 var 69 %, sammenlignet med 65 % pr. 31.12.20.

Styret mener at årsregnskapet gir et rettvisende bilde av selskapets eiendeler og gjeld, finansielle stilling og resultat.

Styret er ikke kjent med vesentlige hendelser etter balansedagen med faktisk eller potensiell virkning på resultat og stilling.

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Finansiell risiko
Øglænd Group Holding AS er eksponert for endringer i valutakurser knyttet til utbytter fra utenlandsk datterselskap.

Selskapet anses ikke å ha kredittrisiko av vesentlig betydning.

Selskapet vurderer likviditeten som tilfredsstillende. Det anses ikke å være vesentlig likviditetsrisiko.

Arbeidsmiljø og personale
Det er ingen ansatte i selskapet

Likestilling
Selskapet har som mål å være en arbeidsplass der det råder full likestilling mellom kvinner og menn. Styret består av 3 menn og 1 kvinne.

Styreansvarsforskring
Øglænd Industrier AS inngår i Hilti AG's globale styreansvarsforsikring. Alle styremedlemmer og ledende ansatte er omfattet av forsikringen. Styreansvarsforsikringen dekker det erstatningsansvaret man kan pådra seg som styremedlem etter norsk rett, som følge av oppgaver utført for selskapet.

Miljørapportering
Selskapet driver ikke virksomhet som forurenser det ytre miljø, og har derfor ikke iverksatt spesielle tiltak på dette område.

Styret for Øglænd Group Holding AS
4. februar 2022

DocuSigned by:
Reinhard Schindler
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Reinhard Schindler
Styreleder

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Geir Seland
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Geir Seland
Adm. Direktør

pwc

Til generalforsamlingen i Øglænd Group Holding AS

Uavhengig revisors beretning

Konklusjon

Vi har revidert Øglænd Group Holding AS' årsregnskap som består av balanse per 31. desember 2021, resultatregnskap og kontantstrømoppstilling for regnskapsåret avsluttet per denne datoen og noter til årsregnskapet, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening

- oppfyller årsregnskapet gjeldende lovkrav, og
- gir årsregnskapet et rettvisende bilde av selskapets finansielle stilling per 31. desember 2021, og av dets resultater og kontantstrømmer for regnskapsåret avsluttet per denne datoen i samsvar med regnskapslovens regler og god regnskapsskikk i Norge.

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet nedenfor under *Revisors oppgaver og plikter ved revisjonen av årsregnskapet*. Vi er uavhengige av selskapet slik det kreves i lov, forskrift og International Code of Ethics for Professional Accountants (inkludert internasjonale uavhengighetsstandarder) utstedt av the International Ethics Standards Board for Accountants (IESBA-reglene), og vi har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Innhentet revisjonsbevis er etter vår vurdering tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Øvrig informasjon

Styret og daglig leder (ledelsen) er ansvarlige for informasjonen i årsberetningen. Øvrig informasjon omfatter informasjon i årsrapporten bortsett fra årsregnskapet og den tilhørende revisjonsberetningen. Vår konklusjon om årsregnskapet ovenfor dekker ikke informasjonen i årsberetningen.

I forbindelse med revisjonen av årsregnskapet er det vår oppgave å lese årsberetningen. Formålet er å vurdere hvorvidt det foreligger vesentlig inkonsistens mellom årsberetningen og årsregnskapet og den kunnskap vi har opparbeidet oss under revisjonen av årsregnskapet, eller hvorvidt informasjon i årsberetningen ellers fremstår som vesentlig feil. Vi har plikt til å rapportere dersom årsberetningen fremstår som vesentlig feil. Vi har ingenting å rapportere i så henseende.

Basert på kunnskapen vi har opparbeidet oss i revisjonen, mener vi at årsberetningen

- er konsistent med årsregnskapet og
- inneholder de opplysninger som skal gis i henhold til gjeldende lovkrav.

PricewaterhouseCoopers AS, Kanalsletta 8, Postboks 8017, NO-4068 Stavanger
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Uavhengig revisors beretning - Øglænd Group Holding AS

pwc

Ledelsens ansvar for årsregnskapet

Ledelsen er ansvarlig for å utarbeide årsregnskapet og for at det gir et rettvisende bilde i samsvar med regnskapslovens regler og god regnskapsskikk i Norge. Ledelsen er også ansvarlig for slik internkontroll som den finner nødvendig for å kunne utarbeide et årsregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av årsregnskapet må ledelsen ta standpunkt til selskapets evne til fortsatt drift og opplyse om forhold av betydning for fortsatt drift. Forutsetningen om fortsatt drift skal legges til grunn for årsregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av årsregnskapet

Vårt mål er å oppnå betryggende sikkerhet for at årsregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

For videre beskrivelse av revisors oppgaver og plikter vises det til:
https://revisorforeningen.no/revisjonsberetninger

Stavanger, 4. februar 2022
PricewaterhouseCoopers AS

Tom Notland

Tom Notland
Statsautorisert revisor

(2)

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ØGLÆND GROUP HOLDING AS

PROTOKOLL FRA ORDNÆR GENERALFORSAMLING

Sakene nedenfor er behandlet etter asl § 5-7.

Den 11. februar 2022 ble det avholdt ordinær generalforsamling i Øglænd Group Holding AS.

Til stede var Hilti AG, representert ved Reinhard Schindler etter fullmakt. Hilti AG eier samtlige aksjer, og samtlige aksjer var dermed representert.

Følgende saker ble behandet:

1. Godkjennelse av behandlingsform og dagsorden

Samtlige aksjonærer samtykket i at generalforsamlingen ble avholdt i henhold til reglene i aksjeloven § 5-7.

2. Godkjennelse av årsregnskap og årsberetning

Selskapets årsregnskap, styrets årsberetning og revisjonsberetning for 2021 ble gjennomgått. Det fremlagte resultatregnskap, balanse og noter ble godkjent som selskapets offisielle regnskap for 2021.

3. Disponering av resultat

Generalforsamlingen godkjente foreslått overføring til annen egenkapital.

4. Godkjennelse av godtgjørelse til styrets medlemmer

Det utbetales ikke godtgjørelse til styrets medlemmer.

MINUTES OF ANNUAL GENERAL MEETING

The issues in this meeting have been processed in accordance with section 5-7 of the private limited liability companies act.

On February 11th 2022 the Annual General Meeting (AGM) of Øglænd Group Holding AS was held.

The following shareholders were present; Hilti AG, represented by Reinhard Schindler by proxy. Hilti AG owns all shared, thus all the shares and votes in the company were represented.

The following matters were resolved:

1. Approval of form of treatment and agenda

All shareholders agreed to process the AGM in accordance with section 5-7 of the private limited liability companies act.

2. Approval of annual report

The AGM reviewed and approved the company's 2021 Annual Report, including financial statement, Board of Directors report and Auditor's Report.

3. Distribution of profit

The AGM approved suggested transfer to retained earnings.

4. Approval of remuneration to Board of Directors

No remuneration is paid to board members.

Flere saker forelå ikke til behandling, og generalforsamlingen ble hevet.

No other matters were due for process and the AGM was closed.

The English version of this document is an office translation of the original Norwegian text. In case of discrepancies, the Norwegian text shall prevail.

Klepp, 11. februar 2022 / Klepp, February 11th 2022

DocuSigned by:

Reinhard Schindler

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Reinhard Schindler


2021
Financial
Report

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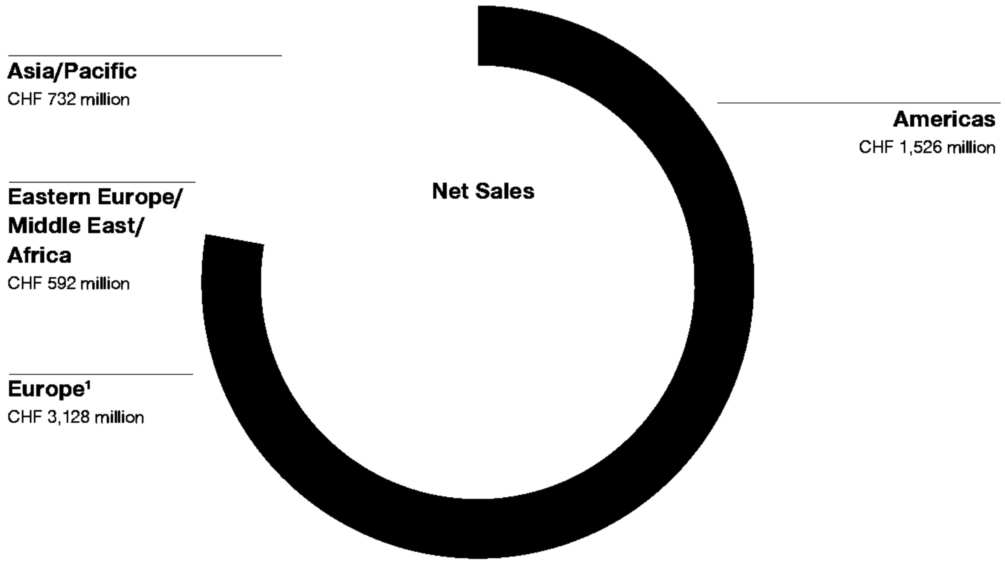
Net Sales by Region



[1] Excl. Eastern Europe

Operating result

Net income

Free cash flow

Employees (as at December 31)

Group at a Glance
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Financing and Ca
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Management Report
Group Financial State
Financial Statements
Corporate Governanc
Investor Information

KEY FINANCIAL INFORMATION

of the Group

financial amounts in CHF million

	2017[5]	2018	2019	2020	2021
Results					
Net sales	5,113	5,659	5,900	5,332	5,978
Depreciation and amortization	174	202	374	395	412
Operating result	681	728	783	728	847
Net income before tax	644	668	716	652	805
Net income	521	546	591	531	675
Return on capital employed (RoCE) in % (operating result)[1]	21.1	20.6	19.8	16.4	17.1
Return on equity (RoE) in % (net income)	19.3	18.4	18.6	15.7	17.4
Return on sales (RoS) in %	13.3	12.9	13.3	13.7	14.2
Free cash flow[2]	330	244	314	463	377
Balance sheet					
Total equity	2,873	3,075	3,276	3,472	4,294
Total equity in % of total equity and liabilities	53	55	51	53	57
Total non-current liabilities[3]	1,129	1,088	1,582	1,673	1,470
Total current liabilities[3]	1,442	1,448	1,521	1,401	1,705
Capital expenditures on intangible assets and on property, plant and equipment	289	334	412	345	401
Intangible assets and property, plant and equipment	1,598	1,702	1,846	1,902	2,250
Other non-current assets[3]	755	835	1,405	1,374	1,486
Total current assets	3,090	3,075	3,128	3,270	3,733
Total assets	5,444	5,612	6,379	6,546	7,469
Dividend[4]	264	272	294	–	337
Employees (as at December 31)	**26,881**	**29,004**	**30,006**	**29,549**	**31,115**

[1] Capital employed is defined as the average of the total equity and interest-bearing liabilities of the last two years
[2] Free cash flow definition changed in 2021 and prior period figures were restated. Detailed information is given in note 6.3
[3] Due to the adoption of IFRS 16 Leases, starting from 2019 these line items include right of use assets and lease liabilities, respectively
[4] As proposed by the Board of Directors
[5] Due to the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers, 2017 figures have been restated

SALES DEVELOPMENT ACROSS REGIONS

Change in CHF (%)

Europe (excl. Eastern Europe)
In local currencies: 13.8%

15.1%

Asia/Pacific (Asia, Australia and the Pacific)
In local currencies: 8.9%

9.3%

Americas (North and Latin America)
In local currencies: 10.5%

8.6%

Eastern Europe/Middle East/Africa
In local currencies: 12.3%

9.8%

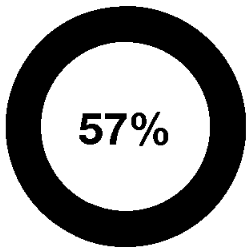
Total net sales
in CHF million

2017	2018	2019	2020	**2021**
5,113	5,659	5,900	5,332	5,978

INFORMATION ON FINANCING AND CAPITAL

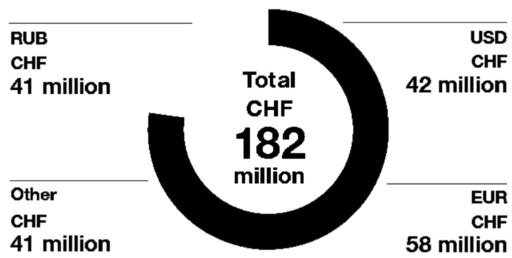
Equity ratio

Total equity in % of total equity and liabilities

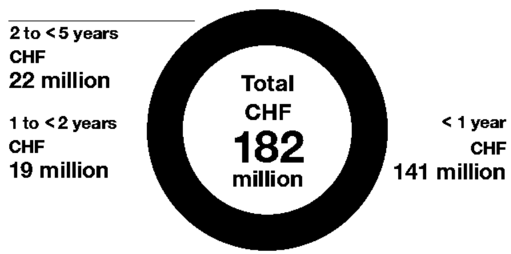


Bank borrowings

Currencies



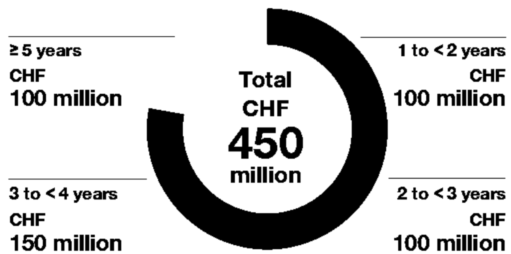
Time to maturity



Information on bonds (nominal values)

in CHF million	2019	2020	2021
CHF bond 1.875% bond 13/23 (early call for tax reasons only)	100	100	100
CHF bond 0.2% bond 17/24 (early call for tax reasons only)	100	100	100
CHF bond 0.4% bond 17/27 (early call for tax reasons only)	100	100	100
CHF bond 0.05% 20/25 (early call for tax reasons only)	–	150	150

Time to maturity



OUTLOOK

In 2022, the Hilti Group anticipates **double-digit sales growth** and a profitability of 2-3 percentage points below the 2021 level.

The worldwide construction industry forecasts point towards a **favorable business environment** in 2022. There are, however, **significant uncertainties** due to the escalation in Ukraine, ongoing **cost increases** and **challenges** in the sourcing and logistic markets, the substantial appreciation of the Swiss franc and the uncertain progress of the COVID-19 pandemic.

Our strategic objective is **sustainable value creation** through market leadership and differentiation.

The Group will use its solid financial position to continue to invest significantly into **innovative, integrated solutions** and in the **digitalization** of company processes. In particular, it will also strongly invest into expanding its construction software business.

STRONG RECOVERY WITH DOUBLE-DIGIT GROWTH

With a net sales increase of 12.1 percent in Swiss francs and a turnover of nearly CHF 6 billion, the Hilti Group closed 2021 with disproportionate operating result growth (+16.3%) amounting to CHF 847 million. The double-digit sales increase is the result of the continued focus on the implementation of the Champion 2020 strategy and brings the Group back to the pre-COVID-19 sales level.

The recovery was pronounced in the first six months, with growth of 16.2 percent in Swiss francs compared to reduced sales in the first half of 2020 and reflects a full catch-up to the pre-crisis net sales level of June 2019. For the full year, net sales were approximately 1 percent above the pre-crisis level of 2019 in Swiss francs and 7 percent in local currencies.

All regions contributed to the recovery in local currencies: Growth rates between 10 and 25 percent were achieved in the European regions, and 36 percent in Latin America, whereas North America and Asia each contributed growth of 9 percent. All these regions also grew compared to 2019. The Middle East / Africa region did not fully recover to the pre-crisis level with growth of 4 percent in 2021. Currencies were overall fairly stable in 2021 and hence the currency impact on Group sales was negligible compared to 2020.

Strong investments in innovations

In 2021, the Hilti Group once again launched an impressive number of 66 new products and services on the market. Expenditure for research and development reached CHF 373 million, equal to 6.2 percent of net sales. This investment is double the amount spent at the beginning of the Champion 2020 strategy back in 2013 (CHF 189 million) and highlights the Group's strong focus on differentiation in its offering.

With the additional expansion of integrated solutions combining products, software and services, Hilti continues to provide leading innovations to help customers design better buildings, work more productively, increase the health protection and safety of their employees, and thereby enjoy greater success. An important step in this direction was the successful acquisition of Fieldwire Inc. (USA), a San Francisco-based construction software company focusing on real-time information sharing for more effective jobsite management.

Regarding the number of employees, the temporary hiring slowdown in 2020 was followed by a significant expansion of the team to a total of 31,115 employees (+5.3%) per end of 2021.

Disproportionate profit increase

Both the operating result and the net profit increased disproportionately, by 16.3 and 27.1 percent, respectively, and reached an all-time high of CHF 847 million (2020: CHF 728 million) and CHF 675 million (2020: CHF 531 million). Despite the cost rebound and the increase in raw material and transport prices, the relative profitability (ROS) grew slightly and reached 14.2 percent (2020: 13.7%). Consequently, the return on capital employed (ROCE) recovered by 0.7 percentage points to 17.1 percent (2020: 16.4%). Both ROS and ROCE continued to reside in or above the upper end of the strategic target corridors of 10-12 and 15-20 percent, respectively.

Free cash flow reached CHF 377 million (2020: CHF 463 million) leading to a cash flow conversion close to 56 percent. Despite the higher net income, the rebound of the main net working capital positions, combined with higher capital expenditure, led to lower free cash flow compared to 2020.

The fairly stable currencies – on a sales weighted average basis – had a moderately negative impact of CHF 11 million on the operating result (2020: CHF -61 million).

Very solid balance sheet and liquidity

The equity ratio was 4 percentage points above the previous year and reached a level of 57 percent. Despite the purchase price payment for the Fieldwire acquisition, the total cash position has increased to CHF 1.3 billion (2020: CHF 1.1 billion). It should be highlighted that the shareholder waived the 2020 dividend (usually paid out in April 2021) despite the very solid balance sheet and liquidity situation of the Group. This action emphasizes the shareholder's commitment to the successful long-term development of the company.

As part of the Group's refinancing strategy, Hilti entered into a five-year syndicated stand-by facility of CHF 600 million in December 2021 with its core banks.

Based on the business result, the Board of Directors proposes an ordinary dividend payout of CHF 337 million for the 2021 financial year.

Outlook

The worldwide construction industry forecasts point towards a favorable business environment in 2022. There are, however, significant uncertainties due to the escalation in Ukraine, ongoing cost increases and challenges in the sourcing and logistic markets, the substantial appreciation of the Swiss franc and the uncertain progress of the COVID-19 pandemic. Nonetheless, the Group remains dedicated to its strategic targets and will take advantage of its very solid financial position to continue to invest significantly into innovative, integrated solutions and the digitalization of company processes. In particular, it will also strongly invest into expanding its construction software business. In 2022, the Hilti Group anticipates double-digit sales growth and a profitability of 2-3 percentage points below the 2021 level.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CONSOLIDATED INCOME STATEMENT

in CHF million	Note	2020	2021
Net sales	2	5,332	5,978
Other operating income	2	150	170
Total operating income		**5,482**	**6,148**
Material costs	2	(1,445)	(1,570)
Personnel expenses	3	(2,282)	(2,602)
Depreciation and amortization	4	(395)	(412)
Losses on trade and other receivables		(53)	(30)
Other operating expenses[1]	2	(757)	(884)
Capitalized costs[1]		178	197
Total operating expenses		**(4,754)**	**(5,301)**
Operating result		**728**	**847**
Other income and expenses (net)	5	(29)	3
Finance costs	5	(47)	(45)
Net income before income tax expenses		**652**	**805**
Income tax expenses	8	(121)	(130)
Net income		**531**	**675**
Attributable to:			
Equity holders of the parent		530	673
Non-controlling interests		1	2

[1] Prior period figures were restated (see note 8.5)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF million	Note	2020	2021
Net income		**531**	**675**
Net movement on cash flow hedges (incl. deferred tax)	5/8	(2)	3
Foreign currency translation differences (incl. deferred tax)	8	(57)	(40)
Items that may be subsequently reclassified to the income statement		**(59)**	**(37)**
Remeasurements on employee benefits (incl. deferred tax)	3/8	17	184
Items that will never be reclassified to the income statement		**17**	**184**
Other comprehensive income (OCI)		**(42)**	**147**
Total comprehensive income		**489**	**822**
Attributable to:			
Equity holders of the parent		489	820
Non-controlling interests		–	2

CONSOLIDATED BALANCE SHEET

as at December 31

Assets

in CHF million	Note	2020	2021
Property, plant and equipment	4	960	995
Right of use assets	4	423	432
Intangible assets	4	942	1,255
Deferred income tax assets	8	134	162
Other financial assets	5	23	23
Other assets	7	4	5
Trade and other receivables	6	790	864
Total non-current assets		**3,276**	**3,736**
Inventories	6	588	756
Trade and other receivables	6	1,255	1,370
Accrued income and prepaid expenses	6	64	97
Other financial assets[1]	5	310	246
Cash and cash equivalents[1]	6	1,053	1,264
Total current assets		**3,270**	**3,733**
Total assets		**6,546**	**7,469**

[1] Prior period figures were restated (see note 8.5)

Equity and liabilities

in CHF million	Note	2020	2021
Non-controlling interests		8	10
Equity attributable to equity holders of the parent		3,464	4,284
Total equity	**5**	**3,472**	**4,294**
Employee benefits	3	614	358
Deferred income tax liabilities	8	124	165
Trade and other payables	6	18	28
Other financial liabilities	4/5	824	821
Other liabilities	7	93	98
Total non-current liabilities		**1,673**	**1,470**
Employee benefits	3	8	69
Trade and other payables	6	576	680
Accrued liabilities and deferred income	6	438	570
Other financial liabilities	4/5	263	260
Other liabilities	7	116	126
Total current liabilities		**1,401**	**1,705**
Total liabilities		**3,074**	**3,175**
Total equity and liabilities		**6,546**	**7,469**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF million	Share capital	Capital reserves	Translation reserves	Hedging reserves	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity at January 1, 2021	**127**	**17**	**(538)**	**3**	**3,855**	**3,464**	**8**	**3,472**
Net income recognized in income statement	–	–	–	–	673	673	2	675
Other comprehensive income								
Cash flow hedges	–	–	–	3	–	3	–	3
Remeasurements on employee benefits	–	–	–	–	184	184	–	184
Foreign currency translation differences	–	–	(40)	–	–	(40)	–	(40)
Total other comprehensive income	**–**	**–**	**(40)**	**3**	**184**	**147**	**–**	**147**
Total comprehensive income			**(40)**	**3**	**857**	**820**	**2**	**822**
Dividend paid	–	–	–	–	–	–	–	–
Equity at December 31, 2021	**127**	**17**	**(578)**	**6**	**4,712**	**4,284**	**10**	**4,294**
Equity at January 1, 2020	**127**	**17**	**(482)**	**5**	**3,602**	**3,269**	**7**	**3,276**
Net income recognized in income statement	–	–	–	–	530	530	1	531
Other comprehensive income								
Cash flow hedges	–	–	–	(2)	–	(2)	–	(2)
Remeasurements on employee benefits	–	–	–	–	17	17	–	17
Foreign currency translation differences	–	–	(56)	–	–	(56)	(1)	(57)
Total other comprehensive income	**–**	**–**	**(56)**	**(2)**	**17**	**(41)**	**(1)**	**(42)**
Total comprehensive income	**–**	**–**	**(56)**	**(2)**	**547**	**489**	**–**	**489**
Dividend paid	–	–	–	–	(294)	(294)	–	(294)
Change in non-controlling interests	–	–	–	–	–	–	1	1
Equity at December 31, 2020	**127**	**17**	**(538)**	**3**	**3,855**	**3,464**	**8**	**3,472**

CONSOLIDATED CASH FLOW STATEMENT

in CHF million	Note	2020	2021
Operating result		**728**	**847**
Depreciation and amortization	4	395	412
Interest received		3	3
Interest paid		(48)	(45)
Income tax paid	8	(122)	(131)
(Increase)/decrease in inventories	6	29	(170)
(Increase)/decrease in trade receivables	6	32	(63)
(Increase)/decrease in finance lease receivables	6	(81)	(154)
Increase/(decrease) in trade payables	6	(6)	74
Increase/(decrease) in contract liabilities	7	–	5
Change in non-cash items		(28)	34
Change in other net operating assets		32	84
Cash flow from operating activities		**934**	**896**
Capital expenditure on intangible assets	4	(194)	(211)
Capital expenditure on property, plant and equipment	4	(151)	(190)
Acquisition of subsidiaries	8	–	(227)
(Increase)/decrease in financial investments[1]		(284)	71
Disposal of intangible assets	4	–	1
Disposal of property, plant and equipment	4	6	24
Cash flow from investing activities[1]		**(623)**	**(532)**

in CHF million	Note	2020	2021
Proceeds from long-term borrowings	5	34	6
Repayment of long-term borrowings	5	(46)	–
Payment of lease liabilities	4	(132)	(143)
Proceeds from (repayment of) short-term borrowings	5	(76)	(3)
Proceeds from issuance of bonds	5	150	–
Increase/(decrease) in liability to shareholder	8	–	(1)
Dividend paid	5	(294)	–
Cash flow from financing activities		**(364)**	**(141)**
Exchange differences		(8)	(12)
Total increase/(decrease) in cash and cash equivalents[1]		**(61)**	**211**
Cash and cash equivalents at January 1		1,114	1,053
Cash and cash equivalents at December 31[1]		**1,053**	**1,264**

[1] Prior period figures were restated (see note 8.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Basis of preparation

1.1 General information

The Hilti Group (the Group) comprises the Hilti Corporation and its domestic and foreign subsidiaries. The Group supplies the worldwide construction and energy industries with technologically leading products, systems, software and services that provide clear added value. Its product range includes tools and systems covering demolition, drilling, sawing, cutting and grinding, direct and screw fastening, diamond coring and cutting, anchoring, firestop, installation and measuring.

The Hilti Corporation is a limited by shares company incorporated and domiciled in the Principality of Liechtenstein. The Group's headquarters and the address of its registered office are at Feldkircher-strasse 100, 9494 Schaan, Liechtenstein. The Group's principal production and research and development location is Liechtenstein with further production and research and development locations worldwide. The Group operates in over 120 countries and has about 31,000 employees worldwide.

These consolidated financial statements were approved for issue by the Board of Directors on March 15, 2022.

1.2 Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Preparation of the financial statements in accordance with IFRS meets the requirements of Liechtenstein's corporations law, the "Personen- und Gesellschaftsrecht (PGR)".

The Group's accounting policies are set out in the explanatory notes to the consolidated financial statements and have been consistently applied to both periods presented, unless otherwise stated.

In 2021, the Group has reviewed the presentation of its financial statements. To make the information and disclosures more understandable, various line items in the consolidated income statement and in the consolidated balance sheet have been aggregated and/or re-presented. Comparative amounts have been re-presented accordingly.

1.3 Critical accounting estimates and judgments

The preparation of the financial statements requires management to use certain critical accounting estimates and to exercise its judgment in the process of applying the Group's accounting policies. The Group also makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from these assumptions and estimates.

Significant estimates (with the related uncertainties) were primarily made in the following areas:

- Assumptions underlying the expected credit loss of trade receivables (note 6.2)
- Assumptions underlying write-downs of inventories (note 6.1)
- Assumptions underlying impairment testing of goodwill and intangible assets with an indefinite useful life (note 4.3)
- Assumptions underlying the recognition of defined benefit pension plans (note 3.2)
- Assumptions underlying the valuation of current and deferred tax assets and liabilities (note 8.2)

As a result of the increased level of uncertainty regarding economic developments due to the COVID-19 pandemic, the Group reassessed the underlying assumptions and estimates affecting its consolidated financial statements.

1.4 Changes in accounting policies and estimates

The Group has assessed the following amendment for the first time for its annual reporting period commencing January 1, 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16

The interest rate swap (hedging instrument) is impacted by the IBOR reform. During 2021 the floating rate of the hedging instrument has been moved to SARON. The Group is applying the reliefs granted in the IBOR Phase 2 amendment treating such hedges as continuing hedges and therefore the reform has no significant impact on financial statements.

1.5 New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations that have been published are not mandatory for the December 31, 2021 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods or on foreseeable future transactions.

1.6 Method of consolidation

The consolidated financial statements are based on the annual financial statements of the individual Group companies controlled directly or indirectly by Hilti Corporation and are prepared using consistent accounting policies. The Group eliminates all intercompany transactions as part of the Group consolidation process. A company is consolidated for the first time or deconsolidated from the date on which the Group exercises or loses control over the company.

All entities over which the Group has significant influence but no control are classified as associates or joint ventures and accounted for using the equity method.

The Group has joint operations and as a joint operator accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet, respectively. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount being recognized in other income and expenses (net).

On November 18, 2021 the Group obtained control of Fieldwire Inc. (USA), resulting in the first-time consolidation of the company. Detailed information on the first-time consolidation of Fieldwire Inc. and on the business combinations is given in note 8.3.

No significant changes in the Group's structure took place in 2021 compared to 2020, except the acquisition of Fieldwire Inc., whose impact is reported in the line change in scope of consolidation in the relevant notes to the consolidated financial statements.

1.7 Foreign currency translation

The functional currency of the Group companies is generally the currency used in the primary economic environment in which they operate. The consolidated financial statements are presented in Swiss francs.

Foreign currency transactions are translated using the exchange rates at the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Foreign exchange gains and losses relating to long-term intercompany foreign currency loans are regarded as part of the net investment in the foreign entity and are recognized in other comprehensive income (OCI).

For consolidation purposes, the results and financial position of all the Group companies in foreign currencies are translated into Swiss francs. Assets and liabilities are translated at the year-end rates (closing rate), while income and expense items are translated at the sales-weighted average exchange rates (average rate).

The change in accumulated exchange differences from the translation of foreign companies is recognized in OCI. If a Group company is sold, or if part of it is sold and control is lost, the accumulated exchange differences are reclassified to the income statement.

The following exchange rates of principal currencies were applied for translation into Swiss francs:

in CHF	Average rates		Closing rates	
	2020	2021	2020	2021
1 CAD	0.700	0.730	0.691	0.718
1 EUR	1.071	1.082	1.080	1.033
1 GBP	1.206	1.260	1.202	1.229
100 JPY	0.880	0.833	0.854	0.792
100 RUB	1.288	1.245	1.181	1.211
1 USD	0.941	0.915	0.880	0.912

1.8 COVID-19 implications

Through the challenging period of the COVID-19 pandemic, the Group has focused on employee and customer safety, continued customer support and has been managing the business with strong financial discipline. In 2021, all geographic regions showed a strong recovery trend, which resulted in a double-digit sales increase. Even though COVID-19-related restrictions were again being felt more strongly in some markets and increased the level of uncertainty, the COVID-19 pandemic had a negligible impact on the 2021 consolidated financial statements. The Group has remained agile, adapting its operations to local guidelines and requirements, travel restrictions within and across countries and micro- and macro-economic changes and has continued the smooth transition to virtualize many of its operations.

2 Operating performance

2.1 Operating income

Accounting policies

Depending on the specific contractual circumstances, the Group recognizes revenue over time or, when it transfers control over a product or service to a customer, at a point in time. The Group has therefore implemented a five-step model applicable to all contracts with customers and has disaggregated revenue from contracts with customers into the following categories of revenue recognition patterns: sales contracts of goods, services and warranties (covering repairs). Net sales of services consist of logistics, repairs (including service warranty) and other fleet management-related services, tests, trainings and software solutions. Other operating income, among others, comprises finance lease interests including related risk premiums.

Net sales of goods and services
Revenue from the sale of goods is recognized in the income statement at a point in time, when control of the products has transferred, typically when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue related to goods for which control has not yet been transferred to the customer will be recognized when control is transferred to the customer.

Revenue from services rendered is recognized at a point in time or over time, depending on when the performance obligation is satisfied.

All revenues from sales of goods and services rendered are recognized at the normal selling price less applicable trade discounts and rebates, individually determined in the markets. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed upon in rare circumstances, the deferral never exceeds 12 months.

Revenue from sales of goods with a significant financing component relates to finance lease and is recognized in the period the lease commences, while the applicable interest income is recognized on an actuarial basis over the lease term. Revenue from operating leases is recognized over the lease term.

Service warranty
The Group offers its customers a warranty covering all repairs for a certain period after the sale. These warranty obligations are considered as a separate performance obligation and recognized over time. A portion of the transaction price is allocated to the service warranty and recognized as a contract liability. Revenue is recognized over the period in which the service warranty is provided based on the time elapsed. Contract liabilities are shown as part of other liabilities and split into current and non-current. Detailed information is given in note 7.2.

in CHF million	2020	2021
Net sales of goods	4,927	5,529
Net sales of services	405	449
Total net sales	**5,332**	**5,978**
Other operating income	150	170
Total operating income	**5,482**	**6,148**

The following table shows the revenue recognition split into point in time and period of time. A contract liability is recognized until the points are redeemed or expire.

in CHF million	2020	2021
Revenue recognized at a point in time	5,024	5,645
Revenue recognized over time[1]	308	333
Total revenue recognized at December 31	**5,332**	**5,978**

[1] See note 8.5

Revenue recognized over time mainly comprises special repairs and other fleet management-related services and software solutions. The subscriptions for software solutions are short-term contracts, whereas the average contract duration of the repairs and fleet management-related services is somewhat longer.

2.2 Operating segments

Accounting policies

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board (EB) that makes strategic decisions. With the Group's Multi-Channel-Service (MCS) approach, all products and services are relevant for all customers and the EB steers the business at the Group level as one unit. Consequently, the Group operates in only one single operating segment. The single operating segment disclosure is accordingly set out in the balance sheet, income statement, statement of comprehensive income, statement of changes in equity and the cash flow statement.

Net sales information by geographical area is based on the country of the third-party customer. Net sales information by major country is based on the country of domicile of the respective Group companies.

Net sales information about products and services

in CHF million		2020	2021
Electric Tools & Accessories	Products	2,240	2,556
Electric Tools & Accessories	Services	353	396
Total Electric Tools & Accessories		**2,593**	**2,952**
Fastening & Protection Systems	Products	2,687	2,973
Fastening & Protection Systems	Services	52	53
Total Fastening & Protection Systems		**2,739**	**3,026**
Total Group		**5,332**	**5,978**

Net sales information about geographical areas

The Group has no customer exceeding the threshold of 10% of the Group's net sales.

financial amounts in CHF million	2020	2021	Change in CHF (%)	Change in local currencies (%)
Europe excl. Eastern Europe	2,718	3,128	15.1	13.8
Americas	1,405	1,526	8.6	10.5
Asia/Pacific	670	732	9.3	8.9
Eastern Europe/ Middle East/ Africa	539	592	9.8	12.3
Total Group	**5,332**	**5,978**	**12.1**	**12.2**

Net sales for major countries

in CHF million	2020	2021
USA	1,100	1,147
Germany	826	909
France	417	509
Liechtenstein (country of domicile)	64	71
Other countries	2,925	3,342
Total Group	**5,332**	**5,978**

Tangible and intangible assets information for major countries

in CHF million	2020	2021
Liechtenstein (country of domicile)	1,189	1,362
Germany	286	305
USA	148	289
Norway	133	130
Other countries	569	596
Total Group	**2,325**	**2,682**

2.3 Operating expenses

Operating expenses include material costs and changes in inventory, other operating expenses, personnel expenses, losses on trade and other receivables, depreciation, amortization and capitalized costs. Detailed information regarding personnel expenses is given in note 3.1. Capitalized costs mainly include development costs such as personnel and other consulting costs (see note 4.3).

Expenditure on research and development in the reporting period amounted to CHF 373 million (2020: CHF 358 million), thereof CHF 189 million (2020: CHF 171 million) were recognized as additions on intangible assets.

Material costs

in CHF million	2020	2021
Materials	(1,400)	(1,723)
Outsourced manufacturing	(16)	(17)
Total material costs	**(1,416)**	**(1,740)**
Change in inventory	(29)	170
Total material costs including change in inventory	**(1,445)**	**(1,570)**

Other operating expenses

Major items included in other operating expenses are as follows:

in CHF million	2020	2021
Outward freight	(123)	(142)
Maintenance & repairs	(106)	(116)
Legal & consulting	(75)	(100)
Expenditures for rent[1]	(72)	(84)
Transportation	(54)	(82)
Travel	(68)	(77)
Other administration expenses	(60)	(66)
Marketing & communication	(52)	(56)
Power	(21)	(24)
Recruiting	(15)	(24)
Other[2]	(111)	(113)
Total other operating expenses[2]	**(757)**	**(884)**

[1] Including expenses relating to short-term and low-value leases (detailed information is given in note 4.2)
[2] Prior period figures were restated (see note 8.5)

3 Personnel expenses

3.1 Personnel expenses

in CHF million	2020	2021
Salaries and wages	(1,829)	(2,100)
Social contributions	(453)	(502)
Total personnel expenses	**(2,282)**	**(2,602)**

Social contributions include expenses for pensions and similar liabilities in addition to social security contributions.

The breakdown of the number of employees of Group companies by function is as follows:

	2020	2021
Sales	22,942	23,926
Research and development	1,683	1,798
Production	3,432	3,756
Administration	1,492	1,635
Total employees (as at December 31)	**29,549**	**31,115**

3.2 Employee benefits

Accounting policies

Pension obligations
Group companies operate various post-employment schemes, including both defined benefit and defined contribution pension plans. These schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by annual actuarial valuations.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Long service benefits
Some Group companies provide jubilee and other similar long service benefits. The entitlement to these benefits is usually conditional on the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans.

Variable compensation
The Group recognizes a liability and an expense for variable compensation based on changes in key financial results, such as sales, operating profit, net income and capital employed as specified in the employment contracts.

Management judgment and estimates

The present value of the defined benefit obligations is determined annually by independent actuaries using the projected unit credit method. Actuarial assumptions are required for this purpose. The calculation of the discount rate, future increases in salaries/wages and pensions, and mortality are significant assumptions in actuarial valuations.

Employee benefits creating obligations of the Group to its employees comprise defined benefit plans, other long-term employee benefits and short-term employee benefits. The Group also provides employee benefits through defined contribution plans.

Defined benefit plans

Swiss pension plan
The Group's largest defined benefit pension plan is located in Switzerland and covers employees of the parent company as well as of the Swiss and other Liechtenstein-based Group companies (the "Swiss pension plan"). The Swiss pension plan accounts for 78% (2020: 79%) of the Group's total defined benefit obligation and 86% (2020: 88%) of the Group's plan assets. The weighted average duration of the defined benefit obligation is 16.1 years (2020: 18.0 years).

The Swiss pension plan is funded through a legally separate trustee-administered pension fund. The pension plan is overseen by a regulator as well as by a state supervisory body. The pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives. The Board of Trustees is responsible for the investment of the assets. When defining the investment strategy, it takes into account the pension fund's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target asset structure (investment policy). The Board of Trustees delegates the implementation of the investment policy – in accordance with the investment strategy – to an Investment Committee. The cash funding of the plan is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Further on, the Board of Trustees is able to adapt the contributions and benefits. There is a stop-loss insurance which covers the risk from a certain excess amount (e.g., for disability or death).

The Swiss pension plan contains a cash balance benefit formula and is therefore accounted for as a defined benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age-related sliding scale of percentages of remuneration. Under Swiss law, the pension fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees (i.e., 1.5% in 2021 and 1.0% in 2020). At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the remaining balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may change the conversion rate at their discretion subject to the plan's funded status and the requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plan (BVG).

Other defined benefit plans
The remaining defined benefit plans are located in Austria, Germany, Great Britain, Italy, Taiwan, Korea, Norway, the Philippines, France and Japan. Only the last two plans listed are still open for new plan participants.

Other long-term employee benefits

Other long-term employee benefits comprise jubilee and other long service benefits, a long-term incentive and other long-term employee benefits. The relevant period for the long-term incentive is 2019–2021 with payment to be made in 2022. Historically, the level of outflows concerning other long-term employee benefits (excluding the long-term incentive) has been constant each year.

Short-term employee benefits

Short-term employee benefits such as short-term variable compensation are included in accrued expenses and deferred income (see note 6.6).

Defined contribution plans

The employer's contribution totals CHF 52 million (2020: CHF 40 million).

Total net book value employee benefits

in CHF million

	2020	2021
Current portion of total net book value employee benefits	(8)	(69)
Non-current portion of total net book value employee benefits	(614)	(358)
Total net book value employee benefits	**(622)**	**(427)**

Employee benefit obligations (defined benefit plans and other long-term benefits)

in CHF million

	2020			2021		
	Funded	Unfunded	Total	Funded	Unfunded	Total
Switzerland						
Fair value of plan assets	958	–	958	1,019	–	1,019
Present value of defined benefit obligation	(1,276)	–	(1,276)	(1,157)	–	(1,157)
Net defined benefit (liability)/asset at December 31	**(318)**	**–**	**(318)**	**(138)**	**–**	**(138)**
Other plans						
Fair value of plan assets	132	–	132	161	–	161
Present value of defined benefit obligation	(274)	(65)	(339)	(258)	(65)	(323)
Net defined benefit (liability)/asset at December 31	**(142)**	**(65)**	**(207)**	**(97)**	**(65)**	**(162)**
Total						
Fair value of plan assets	1,090	–	1,090	1,180	–	1,180
Present value of defined benefit obligation	(1,550)	(65)	(1,615)	(1,415)	(65)	(1,480)
Net defined benefit (liability)/asset at December 31	**(460)**	**(65)**	**(525)**	**(235)**	**(65)**	**(300)**
Present value of other employee benefits	–	(97)	(97)	–	(127)	(127)
Total net book value employee benefits at December 31	**(460)**	**(162)**	**(622)**	**(235)**	**(192)**	**(427)**

Reconciliation of present value of defined benefit obligation and fair value of plan assets

in CHF million

	2020			2021		
	Present value of obligation	**Fair value of plan assets**	**Total**	**Present value of obligation**	**Fair value of plan assets**	**Total**
Opening balance at January 1	**(1,610)**	**1,065**	**(545)**	**(1,615)**	**1,090**	**(525)**
Current service cost	(43)	–	(43)	(46)	–	(46)
Past service cost	8	–	8	6	–	6
Interest (expense)/income	(8)	5	(3)	(7)	4	(3)
Total amount recognized in profit or loss	**(43)**	**5**	**(38)**	**(47)**	**4**	**(43)**
Actuarial gains/(losses) arising from changes in demographic assumptions	(1)	–	(1)	74	–	74
Actuarial gains/(losses) arising from changes in financial assumptions	(5)	–	(5)	66	–	66
Actuarial gains/(losses) arising from experience adjustments	(3)	–	(3)	9	–	9
Return on plan assets excluding interest income	–	27	27	–	62	62
Total remeasurements recognized in other comprehensive income	**(9)**	**27**	**18**	**149**	**62**	**211**
Contributions by employer	–	30	30	–	50	50
Contributions by plan participants	(18)	18	–	(18)	18	–
Benefits paid	55	(49)	6	48	(45)	3
Currency translation adjustment	10	(6)	4	3	1	4
Total other movements	**47**	**(7)**	**40**	**33**	**24**	**57**
Closing balance at December 31	**(1,615)**	**1,090**	**(525)**	**(1,480)**	**1,180**	**(300)**

In the income statement, the various components of the defined benefit costs are included as follows:

- Total service cost – in personnel expenses (see note 3.1) and
- Interest income and expense – in other income and expenses (net) (see note 5.5)

Plan asset classes at December 31

financial amounts in CHF million

	2020				2021			
	Quoted market price	Non-quoted market price	Total	%	Quoted market price	Non-quoted market price	Total	%
Cash and cash equivalents	55	–	55	5	58	–	58	5
Equity instruments	289	–	289	26	279	–	279	24
Debt instruments (e.g., bonds)	191	–	191	18	218	–	218	19
Real estate	8	211	219	20	10	228	238	20
Investment funds	117	8	125	12	128	7	135	11
Others	–	211	211	19	–	252	252	21
Total plan assets at fair value	**660**	**430**	**1,090**	**100**	**693**	**487**	**1,180**	**100**

The Group does not make use of any assets held by pension plans.

Cash and cash equivalents are primarily invested in money market funds and current accounts with financial institutions that mostly have at least an "A" rating.

Equity instruments represent investments in equity funds and direct investments. They generally have quoted market prices in an active market. The pension plans' assets do not include any shares of Hilti Corporation.

Debt instruments (e.g., bonds) generally have a credit rating that is no lower than "BBB", have quoted market prices in an active market and are primarily direct investments.

Real estate represents indirect and direct investments in residential and commercial properties. Indirect investments comprise listed and unlisted real estate funds, investment foundations and unlisted real estate fund of funds. Direct investments are primarily held in residential properties in Liechtenstein. Directly held real estate is periodically valued by an independent expert.

Investment funds represent investments with an insurance company and a mandate with a bank which invests in alternative asset classes (e.g., hedge funds and commodities). In case of investment funds, quoted market prices in an active market are usually not available.

The position others primarily includes private equity investments, mezzanine investments and insurance-linked securities, among others. Leveraging and short selling is prohibited. Quoted market prices in an active market are usually not available.

Plan members at December 31

financial amounts in CHF million

	2020				2021			
	Active	Deferred	Retired	Total	Active	Deferred	Retired	Total
Plan members	6,132	784	1,657	8,573	5,965	766	1,672	8,403
Defined benefit obligation	(810)	(141)	(664)	(1,615)	(726)	(138)	(616)	(1,480)
Defined benefit obligation share in % of total	50	9	41	100	49	9	42	100
Average weighted duration in years	21.4	22.7	13.0	18.1	19.2	22.7	12.2	16.5

The employer's best estimate of contributions expected to be paid to defined benefit plans for the financial year 2022 is CHF 28 million.

Actuarial assumptions

Actuarial assumptions are based on long-term economic factors in the respective countries. Each item of "other plans" is a weighted average in relation to the relevant underlying component. The significant assumptions are as in the table below.

Life expectancy is reflected in the defined benefit obligations by using mortality tables of the country in which the plan is located. The generational tables BVG/LPP 2020 (2020: BVG/LPP 2015) have been used for Switzerland.

The following impacts on the defined benefit obligation would result from changes in actuarial assumptions:

- A 0.25% increase/decrease in the discount rate would lead to a decrease/increase of 4.1% in the defined benefit obligation.
- A 0.25% increase/decrease in expected future salaries would lead to an increase/decrease of 0.5% in the defined benefit obligation.
- A one-year increase/decrease in life expectancy would lead to an increase/decrease of 3.0% in the defined benefit obligation.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting period. Each change in a significant actuarial assumption was analyzed separately as part of the test. Interdependencies were not taken into account.

in %

	2020			2021		
	Switzerland	Other plans	Total	Switzerland	Other plans	Total
Discount rate	0.25	1.10	0.43	0.50	1.51	0.72
Future salary increase	1.50	1.25	1.45	1.50	1.29	1.46
Future pension increase	0.00	2.01	0.42	0.00	2.23	0.49

4 Tangible and intangible assets

4.1 Property, plant and equipment

Accounting policies

Land is valued at historical cost less accumulated impairment losses, if any. Other property, plant and equipment consist mainly of office equipment, testing instruments, leasehold improvements and vehicles and are recognized at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost includes transfers from equity of any gains or losses on qualifying cash flow hedges. Historical cost may also include transfers from equity of gains/losses on qualifying cash flow hedges of foreign currency purchases of tangible fixed assets.

Depreciation is calculated using the straight-line method to allocate the historical costs of assets over their estimated useful lives. Additions to accumulated depreciation are included in the depreciation and amortization line item of the income statement. The estimated useful lives of depreciable property, plant and equipment are:

Buildings	20 to 40 years
Plant and machinery	5 to 15 years
Other operating assets	2 to 7 years

An impairment test is performed whenever impairment indicators are identified. If the test reveals that the carrying amount exceeds the recoverable amount, the carrying amount is reduced accordingly. Impairment losses are recognized in the income statement.

Property, plant and equipment

in CHF million

	Land and buildings	Plant and machinery	Other operating assets	Assets under construction	Total
Cost 2021					
Opening balance at January 1, 2021	**893**	**783**	**624**	**102**	**2,402**
Additions	25	19	51	86	181
Disposals	(16)	(9)	(25)	–	(50)
Other transfers	44	25	8	(68)	9
Currency translation adjustment	(16)	(12)	(10)	(3)	(41)
Closing balance at December 31, 2021	**930**	**806**	**648**	**117**	**2,501**
Accumulated depreciation 2021					
Opening balance at January 1, 2021	**(384)**	**(628)**	**(430)**	**–**	**(1,442)**
Additions	(25)	(36)	(58)	–	(119)
Disposals	8	8	24	–	40
Other transfers	–	(7)	(2)	–	(9)
Currency translation adjustment	7	10	7	–	24
Closing balance at December 31, 2021	**(394)**	**(653)**	**(459)**	**–**	**(1,506)**
Net book values at December 31, 2021	**536**	**153**	**189**	**117**	**995**

Property, plant and equipment

in CHF million

	Land and buildings	Plant and machinery	Other operating assets	Assets under construction	Total
Cost 2020					
Opening balance at January 1, 2020	**837**	**765**	**611**	**124**	**2,337**
Change in scope of consolidation	–	–	–	–	–
Additions	17	25	51	58	151
Disposals	(1)	(15)	(25)	–	(41)
Other transfers	46	20	12	(78)	–
Currency translation adjustment	(6)	(12)	(25)	(2)	(45)
Closing balance at December 31, 2020	**893**	**783**	**624**	**102**	**2,402**
Accumulated depreciation 2020					
Opening balance at January 1, 2020	**(363)**	**(612)**	**(408)**	**–**	**(1,383)**
Additions	(23)	(35)	(60)	–	(118)
Disposals	1	11	23	–	35
Other transfers	–	–	–	–	–
Currency translation adjustment	1	8	15	–	24
Closing balance at December 31, 2020	**(384)**	**(628)**	**(430)**	**–**	**(1,442)**
Net book values at December 31, 2020	**509**	**155**	**194**	**102**	**960**

Capital expenditure, shown as additions to cost, relates primarily to manufacturing facility enhancements and extensions of sales organizations.

As at December 31, 2021, the Group had entered into firm commitments for capital expenditures of CHF 23 million (2020: CHF 18 million).

4.2 Leases

Accounting policies

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee
The Group, as a lessee, identified leases mainly relating to rental contracts for buildings (e.g., offices, warehouses, retail stores) and vehicles. Contracts may contain both lease and non-lease components; the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, which are recognized as expense on a straight-line basis over the lease terms.

At the date at which the leased asset is available for use, the Group recognizes lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term, which include:

- Fixed payments, less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease

Lease liabilities are subsequently increased by the interest cost on the lease liability and are decreased by lease payments made.

The Group has several lease contracts that include extension and termination options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Group applies judgment in evaluating whether it is reasonably certain whether or not the option to renew or terminate the lease will be exercised, considering relevant facts and circumstances that create an economic incentive.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The right of use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs

Subsequently, the right of use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, or if the purchase option is exercised, the right of use asset is depreciated over the underlying asset's useful life.

The carrying amount of the right of use assets is derecognized at the end date of the contract or before in case of early termination.

Right of use assets

in CHF million

	Buildings	Vehicles	Others	Total
Cost 2021				
Opening balance at January 1, 2021	**383**	**238**	**7**	**628**
Change in scope of consolidation	1	–	–	1
Additions	90	65	3	158
Disposals	(20)	(49)	–	(69)
Currency translation adjustment	(4)	(3)	–	(7)
Closing balance at December 31, 2021	**450**	**251**	**10**	**711**
Accumulated depreciation 2021				
Opening balance at January 1, 2021	**(102)**	**(101)**	**(2)**	**(205)**
Additions	(66)	(69)	(3)	(138)
Disposals	15	44	–	59
Currency translation adjustment	2	3	–	5
Closing balance at December 31, 2021	**(151)**	**(123)**	**(5)**	**(279)**
Net book values at December 31, 2021	**299**	**128**	**5**	**432**

Right of use assets

in CHF million

	Buildings	Vehicles	Others	Total
Cost 2020				
Opening balance at January 1, 2020	**339**	**212**	**8**	**559**
Additions	94	76	2	172
Disposals	(29)	(37)	(3)	(69)
Currency translation adjustment	(21)	(13)	–	(34)
Closing balance at December 31, 2020	**383**	**238**	**7**	**628**
Accumulated depreciation 2020				
Opening balance at January 1, 2020	**(61)**	**(61)**	**(2)**	**(124)**
Additions	(66)	(72)	(3)	(141)
Disposals	21	28	2	51
Currency translation adjustment	4	4	1	9
Closing balance at December 31, 2020	**(102)**	**(101)**	**(2)**	**(205)**
Net book values at December 31, 2020	**281**	**137**	**5**	**423**

Lease liabilities

in CHF million

	2020	2021
<1 year	113	118
1 to <2 years	93	92
2 to <5 years	144	137
≥5 years	94	101
Total lease liabilities	**444**	**448**

The consolidated income statement shows the following amounts relating to leases:

in CHF million

	2020	2021
Depreciation	(140)	(138)
Interest expense[1]	(16)	(14)
Expense relating to short-term leases[2]	(13)	(16)
Expense relating to low-value assets that are not short-term leases[2]	(14)	(16)
Expense relating to variable lease payments not included in lease liabilities[2]	(31)	(34)
Expense relating to leases relating to software and other intangible assets[2]	(14)	(18)

[1] Included in finance costs (see note 5.5)
[2] Included in other operating expenses (see note 2.3)

The total cash outflow for the leases is CHF 241 million (2020: CHF 220 million).

4.3 Intangible assets

Accounting policies

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful life and tested for impairment when indicators of impairment are identified. Intangible assets that have an indefinite useful life, like goodwill, or intangible assets not ready to use are not subject to amortization and are tested annually for impairment, or when indicators of impairment are identified.

Goodwill is recognized at cost less any accumulated impairment losses, which are not reversed. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (CGU).

Development costs are recognized as an asset only when the expenditure attributable to the internally generated intangible asset can be measured reliably and it is probable that the intangible asset will generate future economic benefits directly attributable to the costs. Only costs on certain product development projects, subjected to a stringent review process, meet this condition. Such assets are normally amortized on a straight-line basis over a five-year period. All other development costs are recognized directly as an expense when incurred.

Other intangible assets consist of database and application software as well as manufacturing patents, which are recognized at historical cost less accumulated amortization and accumulated impairment losses, if any, and of customer contracts, patents, trademarks and licenses, which were acquired as part of a business combination and initially recognized at fair value at the date of acquisition. They are amortized on a straight-line basis over their estimated useful lives, which are mostly periods of between three and ten years. Other periods may be used where specific contractual conditions apply.

Additions to accumulated amortization and impairment losses are included in the depreciation and amortization line item of the income statement.

Management judgment and estimates

An impairment loss is recognized for the amount by which the carrying amount of an asset or a cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

For impairment of goodwill the recoverable amounts of CGU are determined based on value-in-use calculations which require medium- and long-term estimates. The discounted cash flow model adopted is most sensitive to the following key assumptions, which are tested for sensitivity:

- Forecasts of free cash flows, which are based on the expected sales volumes of the CGU in years one to four and the long-term growth rate, for the terminal value beyond year four
- Post-tax discount rate, which is based on external data

Intangible assets

in CHF million

	Goodwill	Development costs	Other intangible assets	Total
Cost 2021				
Opening balance at January 1, 2021	**92**	**1,051**	**237**	**1,380**
Change in scope of consolidation	150	–	111	261
Additions	–	189	22	211
Disposals	–	(81)	(2)	(83)
Currency translation adjustment	(2)	–	(2)	(4)
Closing balance at December 31, 2021	**240**	**1,159**	**366**	**1,765**
Accumulated amortization 2021				
Opening balance at January 1, 2021	**–**	**(300)**	**(138)**	**(438)**
Additions	–	(125)	(24)	(149)
Impairment losses	–	(6)	–	(6)
Disposals	–	81	1	82
Currency translation adjustment	–	–	1	1
Closing balance at December 31, 2021	**–**	**(350)**	**(160)**	**(510)**
Net book values at December 31, 2021	**240**	**809**	**206**	**1,255**

Intangible assets

in CHF million

	Goodwill	Development costs	Other intangible assets	Total
Cost 2020				
Opening balance at January 1, 2020	**98**	**928**	**224**	**1,250**
Additions	–	171	23	194
Disposals	–	(48)	(5)	(53)
Currency translation adjustment	(6)	–	(5)	(11)
Closing balance at December 31, 2020	**92**	**1,051**	**237**	**1,380**
Accumulated amortization 2020				
Opening balance at January 1, 2020	**–**	**(231)**	**(125)**	**(356)**
Additions	–	(113)	(19)	(132)
Impairment losses	–	(4)	–	(4)
Disposals	–	48	5	53
Currency translation adjustment	–	–	1	1
Closing balance at December 31, 2020	**–**	**(300)**	**(138)**	**(438)**
Net book values at December 31, 2020	**92**	**751**	**99**	**942**

The goodwill arises for CHF 92 million (2020: CHF 92 million) from the acquisition of the Oglaend Group in 2017 and for CHF 148 million from the acquisition of Fieldwire Inc. in the current year (detailed information is given in note 8.3). Based on the assessment made in the current year for the goodwill from the Oglaend acquisition, no impairment losses have been recognized in the consolidated financial statements for the reporting period.

For impairment testing purposes, goodwill from the Oglaend acquisition is solely allocated to the Group's offshore business as CGU.

The projected cash flows largely depend on management's expectations concerning the development of the offshore market and the planned business focus by the Group on this area of operation. The long-term growth rate is based upon management's expectations corroborated by external information sources and does not exceed the long-term average growth rate customarily used for the relevant countries and markets.

The future cash flows are estimated based on the business plan approved by management in general covering a four-year forecast period – 2022 to 2025 – and a constant growth rate assumption of 2.0% for the terminal value beyond 2025.

The post-tax discount rate of 10.3% reflects the specific risks to the CGU offshore and is derived from its weighted cost of capital (WACC).

The key assumptions were tested for sensitivity by applying a reasonably possible change. A rise of 2% in the discount rate in the offshore business, a decrease to 0% of the long-term growth rate or a decrease of more than 20% of the terminal value would result in an impairment.

5 Financing and capital

5.1 Financial assets

Accounting policies

For the purpose of identifying accounting policies applied, after initial recognition, financial assets are classified as subsequently measured:

- at amortized cost and
- at fair value through profit or loss (FVPL).

For all classes of financial assets, purchases and sales are recognized on the trade date (the date on which the Group commits to purchase or sell the asset). Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred.

Financial assets are included in the current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date, otherwise they are classified as non-current assets.

Financial assets measured at amortized cost
This category includes loans and trade and other receivables, held within a business model whose objective is to collect contractual cash flows, which are solely of payments, fixed or determinable, of principal and interest. They arise when, in the ordinary course of business, the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Financial assets measured at amortized costs are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest method. Detailed information concerning trade receivables is given in note 6.2.

Financial assets measured at fair value through profit or loss
Financial assets other than those classified as measured at amortized cost are initially recognized at fair value with applicable transaction costs immediately recognized in the income statement. Subsequently, they are measured at fair value with all changes in fair value recognized in the income statement. The financial assets at fair value through profit and loss include investments in deposits and equities restricted to the funding of a deferred compensation plan for employees.

These financial assets are classified as held for trading, as acquired principally for the purpose of selling in the short-term or so designated by management. Other financial assets mandatorily measured at fair value through profit or loss comprise mainly other investments in equities. Derivatives are also categorized as held for trading unless they are designated as hedges.

Fair value estimation
Financial instruments measured at fair value are assigned to one of the following three hierarchy levels according to the input data available:

Level 1:
Fair values are determined using quoted prices in active markets.

Level 2:
Fair values are determined using quoted prices in inactive markets or according to the discounted cash flow method based on observable market data.

Level 3:
Fair values are determined by using external valuations or according to the discounted cash flow method based on unobservable data.

Financial assets listed according to the measurement categories are as follows:

in CHF million

	Measurement categories	2020			2021			Fair value measurement hierarchy
		Current	Non-current	Total	Current	Non-current	Total	
Trade and other receivables	**Amortized cost**	**1,255**	**790**	**2,045**	**1,370**	**864**	**2,234**	
Cash and cash equivalents[1]	**Amortized cost**	**1,053**	**–**	**1,053**	**1,264**	**–**	**1,264**	
Other financial assets								
Held for trading	FVPL	24	–	24	29	–	29	Level 1
Other financial investments	FVPL		19	19	1	21	22	Level 2
Short-term cash deposits[1]	Amortized cost	280	–	280	205	–	205	
Derivative financial instruments								
Used for hedging	FVPL	6	–	6	7	–	7	Level 2
Held for trading	FVPL	–	4	4	4	2	6	Level 2
Total other financial assets		**310**	**23**	**333**	**246**	**23**	**269**	
Total financial assets		**2,618**	**813**	**3,431**	**2,880**	**887**	**3,767**	

[1] Prior period figures were restated (see note 8.5)

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

There were no transfers between levels 1 and 2 during the current period or the prior period.

The Group has CHF 205 million (2020: CHF 280 million) of short-term cash deposits, with an original maturity of longer than three months but lower than 12 months.

5.2 Financial liabilities

Financial liabilities

Accounting policies

Financial liabilities comprise trade and other payables, bonds and borrowings, measured at amortized cost; derivative financial instruments, measured at FVPL; and lease liabilities.

Detailed information regarding trade and other payables, lease liabilities and derivative financial instruments is given in note 6.4, 4.2 and 5.4, respectively.

Borrowings are recognized initially at fair value net of transaction costs incurred and subsequently measured at amortized cost with any difference between the amount at initial recognition and the redemption value being recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Financial liabilities are derecognized when the contractual obligations are fulfilled, cancelled or expire.

Financial liabilities listed according to the measurement categories:

in CHF million	Measurement categories	2020			2021			Fair value measurement hierarchy
		Current	Non-current	Total	Current	Non-current	Total	
Trade and other payables	**Amortized cost**	**576**	**18**	**594**	**680**	**28**	**708**	
Other financial liabilities								
Bonds	Amortized cost	–	450	450	–	450	450	
Bank borrowings	Amortized cost	143	43	186	141	41	182	
Lease liabilities	n/a	113	331	444	118	330	448	
Derivative financial instruments								
Used for hedging	FVPL	3	–	3	–	–	–	Level 2
Held for trading	FVPL	4	–	4	1	–	1	Level 2
Total other financial liabilities		**263**	**824**	**1,087**	**260**	**821**	**1,081**	
Total financial liabilities		**839**	**842**	**1,681**	**940**	**849**	**1,789**	

There were no transfers between levels 1 and 2 during the current period or the prior period.

Bonds

financial amounts in CHF million	2020	2021
Maturity		
<1 year	–	–
1 to <2 years	–	100
2 to <3 years	100	100
3 to <4 years	100	150
4 to <5 years	150	–
≥5 years	100	100
Total bonds	**450**	**450**
Further information		
Fair values	461	457
Average effective interest rates (in %)	0.6	0.6

The bonds were issued by Hilti Corporation. Further details of the individual bonds are given in the Information on Financing and Capital section.

The fair values of Swiss franc bonds totaling CHF 457 million (2020: CHF 461 million) are based on the quoted market prices and are within level 1 of the fair value hierarchy.

Long-term bank borrowings

in CHF million	2020	2021
Maturity		
1 to <2 years	27	19
2 to <5 years	16	22
≥5 years	–	–
Total long-term bank borrowings	**43**	**41**
Currency		
EUR	32	31
RUB	5	9
USD	6	1
Total long-term bank borrowings	**43**	**41**

In certain countries, in order to finance its fleet management business, the Group enters into dedicated refinancing structures either based on sale-and-leaseback transactions of the underlying assets and therewith subsequently subleasing the tools to the customers or by a sale of the according account receivables on a non-recourse basis to financial institutions or similar vehicles. As the transfers do not qualify as sales in accordance with IFRS 15 Revenues from contracts with customers, the Group recognizes the related financial liabilities equal to the transfer proceeds as bank borrowings.

In 2021, CHF 10 million (2020: CHF 11 million) of the total long-term bank borrowings are secured by the underlying assets subleased to customers in the same amount. In addition, CHF 31 million (2020: CHF 32 million) of the total long-term bank borrowings are secured by non-recourse sale of fleet management business-related account receivables in the same amount (see note 6.2).

Short-term bank borrowings

in CHF million	2020	2021
Currency		
USD	26	41
RUB	21	32
EUR	49	27
Other	47	41
Total short-term bank borrowings	**143**	**141**

In 2021, CHF 6 million (2020: CHF 12 million) of the total short-term bank borrowings are secured by the underlying assets based on a sale-and-leaseback transaction in the same amount. In addition, CHF 26 million (2020: CHF 28 million) of the total short-term bank borrowings are secured by a non-recourse sale of fleet management business-related account receivables in the same amount (see note 6.2).

5.3 Net debt reconciliation

in CHF million			Non-cash changes				
	January 1, 2021	Cash flow	Change in scope of consolidation	Acquisition/ disposal of leases	Exchange differences	Other non-cash changes	December 31, 2021
Bonds	450	–	–	–	–	–	450
Long-term borrowings	43	5	–	–	(1)	(6)	41
Lease liabilities	444	(143)	1	150	(4)	–	448
Other long-term loans[1]	4	1	–	–	–	–	5
Short-term bank borrowings	143	(3)	–	–	(5)	6	141
Total liabilities from financing activities	**1,084**	**(140)**	**1**	**150**	**(10)**	**–**	**1,085**

[1] Included in trade and other payables (see note 6.4)

in CHF million			Non-cash changes			
	January 1, 2020	Cash flow	Acquisition/ disposal of leases	Exchange differences	Other non-cash changes	December 31, 2020
Bonds	300	150	–	–	–	450
Long-term borrowings	54	4	–	(2)	(13)	43
Lease liabilities	448	(132)	154	(26)	–	444
Other long-term loans[1]	19	(16)	–	1	–	4
Short-term bank borrowings	226	(76)	–	(20)	13	143
Total liabilities from financing activities	**1,047**	**(70)**	**154**	**(47)**	**–**	**1,084**

[1] Included in trade and other payables (see note 6.4)

5.4 Derivative financial instruments

Accounting policies

Derivatives are only used for economic hedging purposes and not as speculative investments. Hedge effectiveness is determined and documented at the inception of the hedge relationship, through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. The Group also documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on the nature of the item being hedged. The Group designates certain derivatives as one of:

- Fair value hedges – Hedges of the fair value of recognized assets or liabilities or a firm commitment
- Cash flow hedges – Hedges of highly probable forecast transactions

The Group enters into derivative contracts to hedge the foreign currency risks arising from forecasted foreign currency sales and purchases transactions and foreign currency investment positions. The critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group performs a qualitative assessment to identify any changes in circumstances affecting the critical terms. The applicable derivative contracts are designated as cash flow, fair value and net investment hedges, respectively.

Moreover, the Group enters into interest rate swaps. The hedged item is identified proportionally to the outstanding loans up to the notional amount of the swaps. As based on an effectiveness assessment of all critical terms matched at any time, the economic relationship was 100% effective.

Derivative contracts to hedge foreign currency risks and interest rate risks outstanding at the balance sheet date are as follows:

Contract face amounts

in CHF million

2021	CHF	USD	EUR	Other	Total
Foreign currency forward contracts	–	225	102	306	633
Outstanding interest rate swaps	60	–	–	–	60

in CHF million

2020	CHF	USD	EUR	Other	Total
Foreign currency forward contracts	–	167	117	331	615
Outstanding interest rate swaps	60	–	–	–	60

There was no ineffectiveness to be recognized in the income statement. All contracts, except interest rate swaps, have a maturity of less than 12 months. The fixed interest rate of the interest rate swaps is 1.9% (2020: 1.9%) and the floating rate is SARON.

Reconciliations for derivative financial instruments

in CHF million	Foreign currency risks	Interest rate risks	Total
2021			
Current assets	11	–	11
Non-current assets	–	2	2
Current liabilities	(1)	–	(1)
Non-current liabilities	–	–	–
Total net book value derivative financial instruments at December 31	**10**	**2**	**12**

in CHF million	Foreign currency risks	Interest rate risks	Total
2020			
Current assets	6	–	6
Non-current assets	–	4	4
Current liabilities	(7)	–	(7)
Non-current liabilities	–	–	–
Total net book value derivative financial instruments at December 31	**(1)**	**4**	**3**

The cash flow hedging reserve in equity, net of tax, amounts to CHF 6 million (2020: CHF 3 million).

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings of at least “A” according to Standard & Poor’s.

5.5 Financial result

Finance costs

Finance costs are reported at the gross interest expense amount. Interest expense includes interest on lease liabilities, see note 4.2.

Other income and expenses (net)

in CHF million	2020	2021
Gains/(losses) on disposal of foreign operations and investments	(6)	–
Interest and dividend income	3	3
Gains/(losses) arising from valuation changes on financial assets and fair value hedging instruments	–	14
Gains/(losses) on foreign currency hedging instruments	13	(2)
Gains/(losses) on foreign currencies	(36)	(9)
Net interest income/(expense) on defined benefit plans	(3)	(3)
Total other income and expenses (net)	**(29)**	**3**

5.6 Equity

Accounting policies

Dividend distributions to the Hilti Corporation's shareholder are recognized as liabilities in the Group's financial statements in the periods in which the dividends are approved by the Corporation's shareholder.

The share capital consists of 253,440 registered and fully paid shares with a par value of CHF 500 each. 100% of the registered shares of the Hilti Corporation are owned by the Martin Hilti Family Trust. As at December 31, 2021, Hilti has no authorized capital to issue.

The capital reserve contains the share premium from capital increases and capital accruing from mergers in previous years.

A dividend in respect of the year ended December 31, 2021 of CHF 337 million (financial year 2020: CHF nil) is to be proposed at the Annual General Meeting.

6 Net working capital

Net working capital is the capital invested in the Group's operating activities. Net working capital equals current assets and current liabilities – excluding current other financial and non-financial assets and liabilities and employee benefits. For completeness, non-current trade receivables and non-current trade and other payables are also reported in this section.

6.1 Inventories

Accounting policies

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the standard cost method with variances capitalized at acquisition and production and recognized in the income statement together with the standard cost of inventory at time of sale. Standard costs are annually reviewed and updated in light of current conditions. Cost determined under this method approximates cost determined under the FIFO method.

Management judgment and estimates

Write-downs of inventories are recognized for particular items when net realizable value falls below cost. The determination of net realizable value is made using a valuation process based on the aging of items with aging parameters set based on estimates of historical loss experience. This process assumes a linear realizable value reduction based on age.

Inventories

in CHF million

	2020	2021
Raw materials	63	80
Work in progress	10	12
Finished goods	515	664
Total inventories	**588**	**756**

The change in inventories includes a currency translation adjustment which decreases the inventories by CHF 2 million in 2021. This is due to the change in closing rates in 2021 compared to those in 2020.

The allowance made for possible inventory losses due to age and obsolescence totals CHF 65 million (2020: CHF 60 million). The change in the allowance recognized in the income statement is CHF -6 million (2020: CHF -3 million) and is included in the line change in inventory under the material costs (see note 2.3).

6.2 Trade receivables

Accounting policies

Trade receivables that do not have a significant financing component are initially recognized at their transaction price and subsequently measured at amortized cost, which equals their transaction value less expected credit losses (ECL).

The Group classifies its leases as operating leases or finance leases and accounts for those two types of leases differently. Finance leases transfer substantially all the risks and rewards incidental to ownership to the lessee. For such leases, a receivable is recognized at the amount of the net investment in the lease.

ECLs are recognized for financial assets measured at amortized cost and finance lease receivables. A credit loss is the present value of the difference between the contractual cash flows and the cash flows that the entity expects to receive.

For trade receivables that do not contain a significant financing component, the Group elected to adopt the simplified approach, which allows entities to use a provision matrix to recognize lifetime ECL. The provision matrix is based on historical loss patterns, reflecting the customers' payment behavior in the different countries, adjusted for forward-looking estimates.

The amount of the loss allowances is calculated based on aging applied to the following categories: normal or doubtful. A write-off is made when all or part of the financial asset is deemed uncollectible or forgiven.

For finance lease receivables, the Group elected to calculate the 12-month expected credit loss model based on the historical default rates.

Management judgment and estimates

Losses on trade receivables are recognized when they are expected, which requires management's best estimate of probable losses. Such estimates require consideration of historical loss experience, adjusted for current conditions, and judgments about the probable effects of relevant observable data, including financial health of specific customers and market sectors or collateral values.

in CHF million	2020	2021
Trade receivables	2,075	2,231
Less adjustment for impairment of trade receivables	(148)	(143)
Trade receivables net	**1,927**	**2,088**
Other receivables	118	146
Total trade and other receivables	**2,045**	**2,234**
Current portion	1,255	1,370
Non-current portion	790	864
Total trade and other receivables	**2,045**	**2,234**
Maturity of non-current portion		
1 to <2 years	411	445
2 to <3 years	250	274
3 to <4 years	104	118
4 to <5 years	18	21
≥5 years	7	6
Total non-current trade and other receivables	**790**	**864**

The closing loss allowances for trade receivables and finance lease receivables as at December 31 reconcile to the opening loss allowances as follows:

in CHF million	2020	2021
Opening balance of adjustment for the impairment of trade receivables at January 1	**135**	**148**
Additional impairment adjustment charged to income statement during year	40	24
Write-offs of trade receivables charged to impairment adjustment account during year	(27)	(29)
Closing balance of adjustment for the impairment of trade receivables at December 31	**148**	**143**

The change in trade and other receivables includes a currency translation adjustment which decreases the trade and other receivables by CHF 58 million in 2021 (2020: decreases by CHF 73 million). This is due to the change in closing rates in 2021 compared to those in 2020.

The net change in the adjustment for the impairment of trade receivables is recognized in the income statement in the line losses on trade and other receivables.

Other receivables primarily consist of VAT, income tax receivables and tax refunds totaling CHF 65 million (2020: CHF 48 million) and deposits totaling CHF 38 million (2020: CHF 29 million).

Receivables totaling CHF 57 million (2020: CHF 60 million) serve as security for bank borrowings. There are no other financial assets pledged as collateral for recognized liabilities or for contingent liabilities.

Details of the finance lease receivables included in trade receivables are as follows:

in CHF million	2020			2021		
	Gross investment in the lease	**Unearned finance income**	**Net investment in the lease**	**Gross investment in the lease**	**Unearned finance income**	**Net investment in the lease**
<1 year	685	102	583	737	110	627
1 to <5 years	886	84	802	955	94	861
≥5 years	–	–	–	1	–	1
Total at December 31	**1,571**	**186**	**1,385**	**1,693**	**204**	**1,489**
Accumulated allowance for uncollectible finance lease receivables			(58)			(54)

6.3 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Cash and cash equivalents are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

In 2021, the Group has decided to change the definition of free cash flow, excluding the cash flow from financial investments and disclosing it as a separate line item. Prior period figures were restated accordingly.

The movement in cash and cash equivalents is shown in detail in the cash flow statement and on the following cash flow bridge.

in CHF million	2020	2021
Cash flow from operating activities	934	896
Capital expenditures on/disposal of intangible assets and property, plant and equipment	(339)	(376)
Payment of lease liabilities	(132)	(143)
Free cash flow	**463**	**377**
Acquisition and disposal of subsidiaries	–	(227)
Cash flow from financial investments[1]	(284)	71
Cash flow from financing activities[2]	(232)	2
Effects of exchange rate changes on cash and cash equivalents	(8)	(12)
Total increase/(decrease) in cash and cash equivalents[1]	**(61)**	**211**

[1] Prior period figures were restated (see note 8.5)
[2] Excluding payment of lease liabilities

The Group has legal or economic restrictions on CHF 3 million (2020: CHF 3 million).

6.4 Trade and other payables

Accounting policies

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Other payables include income tax payables.

The change in trade and other payables includes a currency translation adjustment which reduces trade and other payables by CHF 5 million in 2021. This is due to the change in closing rates in 2021 compared to those in 2020.

in CHF million	2020	2021
Trade payables	273	346
Other payables	321	362
Total trade and other payables	**594**	**708**
Current portion	576	680
Non-current portion	18	28
Total trade and other payables	**594**	**708**
Maturity of non-current portion		
1 to <2 years	2	6
2 to <5 years	8	12
≥5 years	8	10
Total non-current trade and other payables	**18**	**28**

Other payables primarily consist of income tax payables totaling CHF 132 million (2020: CHF 108 million), liabilities for source-deducted taxes and VAT totaling CHF 103 million (2020: CHF 105 million), liabilities for social contributions totaling CHF 31 million (2020: CHF 22 million) and customers with credit balances totaling CHF 44 million (2020: CHF 45 million).

6.5 Accrued income and prepaid expenses

Accrued income and prepaid expenses comprise mainly prepayments for property, plant and equipment and prepaid operating expenditure to be recorded as expense in the next accounting period.

6.6 Accrued expenses and deferred income

Accrued expenses and deferred income comprise short-term liabilities, which include estimates, short-term expense accruals and deferrals of income already received but attributable to subsequent accounting periods.

7 Other assets and liabilities

7.1 Other assets

Other assets comprise investment property totaling CHF 2 million (2020: CHF 2 million) and investments in associates and joint ventures totaling CHF 3 million (2020: CHF 2 million). The Group has not acquired new material ownership interests in associates nor new joint ventures during the reporting period.

7.2 Other liabilities

Other liabilities comprise provisions and contract liabilities.

Accounting policies

The Group records provisions when it is probable that a liability has been incurred as a result of past events and the amount can be reliably estimated. These provisions are adjusted periodically as assessments change or additional information becomes available.

In the ordinary course of business, the Group is or may be involved in lawsuits, claims, investigations and proceedings, including product liability, commercial, environmental, health and safety matters, etc. The Group is currently not aware of any such matter that either individually or in the aggregate could likely have a material adverse effect on the company's future financial position or results of operations.

When conditions required to recognize a provision are not met, a contingent liability is disclosed, unless the likelihood of an outflow of resources is remote. Contingent liabilities also include guarantees to third parties.

Accounting policies regarding contract liabilities are disclosed under the operating income section (see note 2.1).

Provisions

in CHF million	2020	2021
Opening balance at January 1	**21**	**17**
Additions	6	13
Amounts used	(4)	(6)
Unused reversals	(5)	(1)
Currency translation adjustment	(1)	–
Closing balance at December 31	**17**	**23**

in CHF million	2020	2021
Current portion of total provisions	8	9
Non-current portion of total provisions	9	14
Total provisions at December 31	**17**	**23**

Provisions are, among others, built up for obligations regarding legal claims, product liability, assurance warranty, future dismantling of buildings, restructuring and job accidents, which are individually immaterial.

Contract liabilities

The revenue recognized that was included in the contract liabilities balance at the beginning of the reporting period totals CHF 116 million (2020: CHF 112 million).

The Group has recognized the following revenue-related contract liabilities from contracts with customers:

in CHF million	2020	2021
Opening balance at January 1	**199**	**192**
Change in scope of consolidation	–	9
Additions	135	143
Amount released	(135)	(138)
Currency translation adjustment	(7)	(5)
Closing balance at December 31	**192**	**201**

Contingent liabilities

in CHF million	2020	2021
Guarantees	3	9
Other contingent liabilities	2	2
Total contingent liabilities	**5**	**11**

8 Other disclosures

8.1 Financial risk management

Accounting policies

Financial risk management
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Corporate Treasury) under policies approved by the Board of Directors. Corporate Treasury identifies, evaluates and hedges certain financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as the use of derivative and non-derivative financial instruments, managing market risk, credit risk and investing excess liquidity.

Currency risk
The Group operates globally and is exposed to risk arising from various currency exposures. Currency risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Currency risk arising from future operating transactions (sales and purchases of goods and services) and recognized assets and liabilities is managed by Corporate Treasury using hedging instruments, primarily forward contracts. Corporate Treasury's general risk management practice is to hedge between 50% and 100% of the Group's anticipated net cash inflows or outflows in each major foreign currency for the subsequent 12 months. For hedge accounting purposes, forward contracts are designated against the relevant amounts of projected inter-company sales by the parent company and 100% (2020: 100%) of projected sales qualify as "highly probable" forecast transactions.

Currency risks arising from net investments in foreign operations are only hedged in exceptional cases.

Currency exposures arising from open balances with third parties and/or Group companies in trade and other receivables, trade and other payables, and bonds are reduced through the natural hedging (currency matching) of these items as well as managed using hedging instruments. Currency exposures arising from cash and cash equivalents are reduced by limiting non-Swiss franc-denominated investments to the main currencies of the operative business of the Group and by limiting the proportions of investments in these currencies.

Currency risk sensitivity

At December 31, if the Swiss franc had strengthened/weakened by 10% against the US dollar, euro and all other currencies with all other variables held constant, net income for the year would have been affected as follows:

in CHF million	Swiss franc strengthened (+10%)		Swiss franc weakened (–10%)	
	2020	2021	2020	2021
USD	(2)	6	2	(6)
EUR	(1)	(1)	1	1
All other currencies	(2)	5	2	(5)

These effects result from the translation of monetary asset and liability positions held in foreign currencies and from derivative contracts to hedge these foreign currency risks and do not include any effects of foreign currency transactions during the year.

At December 31, if the Swiss franc had strengthened/weakened by 10% against the US dollar, euro and all other currencies with all other variables held constant, OCI would have been affected as follows:

in CHF million

	Swiss franc strengthened (+10%)		Swiss franc weakened (–10%)	
	2020	2021	2020	2021
USD	3	4	(3)	(4)
EUR	–	–	–	–
All other currencies	7	7	(7)	(7)

These effects result from changes in the values (due to the respective Swiss franc movements) of Swiss franc derivative contracts held to hedge foreign currency risk.

Interest rate risk

The Group has investments in interest-bearing assets, mainly deposits and long-term borrowings. Interest-bearing assets and borrowings subject to variable rates or held for trading expose the Group to cash flow interest rate risk. Interest-bearing assets and borrowings subject to fixed rates and not held for trading expose the Group to fair value interest rate risk.

Virtually all the Group's interest-bearing assets are subject to variable rates or are reported at fair value through profit or loss because they are held for trading.

All the Group's bond liabilities are reported at amortized cost. The interest-bearing assets are denominated primarily in Swiss franc and euro investments and the bond liabilities are effectively denominated in a combination of Swiss francs and euros. Interest rate risk arising from long-term financing (banking and capital market) liabilities is managed by Corporate Treasury by using hedging instruments, primarily interest rate swaps. Corporate Treasury's general risk management practice is to hedge between 40% and 60% of the Group's relevant interest exposure.

Interest rate sensitivity

Based on December 31 levels of borrowings subject to variable rates, lease liabilities and interest-bearing assets subject to variable rates or held for trading, an increase/decrease of one hundred basis points would have affected net income as follows:

in CHF million

	Increase of hundred basis points		Decrease of hundred basis points	
	2020	2021	2020	2021
All currencies	6	7	(6)	(7)

Separate simulations of the impact of interest rate changes on each of the Swiss franc, euro and US dollar investment holdings have not been completed since an increase/decrease of one hundred basis points is not considered reasonably possible for each of the three currencies.

Credit risk

Credit risk is managed on a Group basis. Virtually all credit risk arises from cash and cash equivalents (which primarily consist of demand deposits with first-class financial institutions) and from trade receivables (which represent credit exposures to customers).

The Group has significant concentrations of credit risk arising from its investments in cash and cash equivalents. These concentrations relate to demand deposits with banking institutions. For all major counterparty banking institutions, a minimum credit rating of "A" is required. The Group regularly reviews the counterparties' creditworthiness based on the ratings issued by Standard & Poor's. Management does not expect any losses from non-performance by these counterparties.

For trade receivables, the Group has policies in place to ensure that credit sales of products are made to customers with appropriate credit histories. In addition, an active credit management focus is maintained in all the Group's market organizations to ensure that the impact of credit risk is minimized. Details of the impairment estimates of trade receivables are given in note 6.2. The Group has no significant concentrations of corresponding credit risk with trade receivables.

Liquidity risk

Cash flow forecasting is performed in the operating companies of the Group and aggregated by Corporate Treasury. Corporate Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn established borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements – for example currency restrictions.

Surplus cash held by the operating companies over and above the balance required for working capital management is transferred to Corporate Treasury. Corporate Treasury deposits surplus cash in current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. During 2020, the Martin Hilti Family Trust granted to the Group a revolving credit facility of CHF 200 million. As part of the Group's refinancing strategy, in December 2021 the Group entered into a five-year syndicated stand-by facility of CHF 600 million with its core banks. Both committed facilities are currently undrawn and can be cancelled by the Group if no longer required at any time. At the reporting date, the Group held liquid funds of CHF 1,264 million (2020: CHF 1,053 million).

The following table analyzes the Group's non-derivative financial liabilities into relevant maturity groupings, based on the periods from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including future interest payments:

in CHF million	< 1 year	1 to < 2 years	2 to < 5 years	≥ 5 years
At December 31, 2021				
Bonds and borrowings	144	122	274	101
Lease liabilities	127	101	151	111
Trade and other payables	680	6	12	10

in CHF million	< 1 year	1 to < 2 years	2 to < 5 years	≥ 5 years
At December 31, 2020				
Bonds and borrowings	146	30	370	101
Lease liabilities	126	103	159	106
Trade and other payables	576	2	8	8

Most of the non-trading Group's gross or net settled derivative financial instruments are in hedge relationships and are due to be settled gross or net within 12 months of the balance sheet date. These contracts require undiscounted contractual cash inflows of CHF 645 million (2020: CHF 626 million) and undiscounted contractual cash outflows of CHF 638 million (2020: CHF 630 million). All of the non-trading Group's derivative financial instruments are in hedge relationships and are disclosed in note 5.4.

Capital structure risk management

The Group's primary objective when managing capital is to add sustainable value for investors while ensuring the independence of the Group. In order to maintain or adjust the capital structure, the Group maintains a flexible dividend policy within the limits of its overall finance policies.

The Group monitors capital on the basis of the equity ratio measured as equity in percentage of total equity and liabilities. The Group views a high equity ratio as the basis for ensuring security, capability of taking risk, independence, flexibility and creditworthiness. The Group's objective is to maintain a sufficiently high equity ratio primarily to ensure independence from the influence of external creditors as well as to maintain a high external credit rating to help minimize the cost of debt if and when further debt is issued.

The Group's policy is to maintain a minimum equity ratio of 45% on a mid-term basis. Following is equity ratio information at the balance sheet date:

financial amounts in CHF million	2020	2021
Total equity	3,472	4,294
Total equity and liabilities	6,546	7,469
Total equity in % of total equity and liabilities	**53**	**57**

Based on the Group's credit profile and outlook as assessed by the Credit Suisse Banking Group during 2021 on the basis of the Group's 2020 Financial Report, a credit rating of "High A stable" was assigned (2020: "High A stable") (see Credit Suisse: Swiss Corporate Credit Handbook June 2021).

8.2 Income taxes

Accounting policies

The tax expenses for the period comprise current and deferred income taxes. Income taxes are recognized in the income statement, except to the extent that they relate to items recognized in OCI; in this case, the tax is also recognized in OCI.

Current income taxes
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. If late payment interests and/or penalties or fines are due in connection with additional direct taxes that are payable as the result of a tax audit, a voluntary disclosure, the amendment of a tax return or the like, such payments are considered as income taxes.

Deferred income taxes
Deferred income taxes are provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been legally or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled and reflects uncertainty related to income taxes, if any. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint arrangements except where the timing of the reversal of a temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Management judgment and estimates

The measurement of current and deferred income tax liabilities or assets is dependent on the judgment and interpretation of existing tax laws and regulations in the respective countries and, therefore, requires certain estimates. Generally, deferred tax assets and liabilities are determined based on temporary differences between the financial accounts and the tax balance and are measured relying on enacted tax rates and, if applicable, on tax rates that are anticipated to be in effect when differences are estimated to reverse, if substantively enacted. Unforeseen changes in these areas may affect the current and deferred tax asset and liability estimates. Additionally, in tax disputes, the judgments taken by management could be challenged by tax authorities, potentially resulting in the payment of additional taxes, interest and/or penalties. Consequently, deviations between the initial assumptions and the final determination of income taxes may lead to material changes to current or deferred income tax expenses of the period in which such income tax becomes definite. Furthermore, the recognition of deferred tax assets on tax loss carryforwards depends on the probability of future taxable profits of Group companies. Several internal and external factors, such as forecasts, interpretations of existing tax laws and regulations, are used in the estimation of such future profits. Tax positions are regularly and proactively clarified with external tax experts to reduce tax contingencies. If such tax positions are still considered as uncertain, they are assessed and treated based on the International Financial Reporting Interpretations Committee's interpretation on "Uncertainty over Income Tax Treatments" (IFRIC 23).

Income tax expenses

in CHF million

	2020	2021
Current tax	(119)	(150)
Deferred tax	(2)	20
Total income tax expenses	**(121)**	**(130)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

financial amounts in CHF million	2020	2021
Net income before income tax	**652**	**805**
Tax calculated at domestic tax rates applicable to profits in the respective countries	(109)	(127)
Income not subject to tax	3	5
Expenses not deductible for tax purposes	(9)	(10)
Utilization of previously unrecognized tax losses	1	6
Tax losses for which no deferred tax asset has been recognized	(3)	(2)
Tax attributable to prior years	(2)	–
Other effects	(2)	(2)
Income tax expenses	**(121)**	**(130)**
Weighted average applicable tax rate (%)	16.8	15.8

The line other effects includes the effects of changes in tax rates and expenses or incomes subject to different tax rates.

The tax effects on other comprehensive income are as follows:

in CHF million	2020			2021		
	Pre-tax amount	Tax	After-tax amount	Pre-tax amount	Tax	After-tax amount
Remeasurement of defined benefit plans	19	(2)	17	211	(27)	184
Cash flow hedges	(2)	–	(2)	4	(1)	3
Currency translation of foreign operations	(58)	1	(57)	(41)	1	(40)
Other comprehensive income	**(41)**	**(1)**	**(42)**	**174**	**(27)**	**147**

Deferred income tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net book values are shown in the table on the right:

in CHF million	2020	2021
Recovery of deferred tax balances		
More than 1 year	(123)	(161)
Less than 1 year	133	158
Total	**10**	**(3)**
Components of deferred tax balances		
Inventories	56	72
Fixed and intangible assets	14	30
Provisions and employee benefits	83	52
Receivables	(220)	(242)
Tax losses	6	8
Trade payables and contract liabilities	41	39
Other	30	38
Total	**10**	**(3)**
of which recognized as deferred tax assets	134	162
of which recognized as deferred tax liabilities	(124)	(165)

The movements in net deferred tax assets/(liabilities) during the reporting period and prior period are as follows:

in CHF million	Inventories	Fixed and intangible assets	Provisions and employee benefits	Receivables	Tax losses	Trade payables and contract liabilities	Other	Total
Opening balance at January 1, 2021	**56**	**14**	**83**	**(220)**	**6**	**41**	**30**	**10**
Changes in scope of consolidation	–	(22)	–	–	9	–	4	(9)
(Charged)/credited to income statement	17	42	(4)	(31)	(7)	(1)	4	20
(Charged)/credited to OCI	–	–	(27)	–	–	–	–	(27)
Currency translation adjustment	(1)	(4)	–	9	–	(1)	–	3
Closing balance at December 31, 2021	**72**	**30**	**52**	**(242)**	**8**	**39**	**38**	**(3)**

in CHF million	Inventories	Fixed and intangible assets	Provisions and employee benefits	Receivables	Tax losses	Trade payables and contract liabilities	Other	Total
Opening balance at January 1, 2020	**63**	**12**	**84**	**(212)**	**8**	**42**	**26**	**23**
(Charged)/credited to income statement	(2)	4	3	(11)	(2)	–	7	(1)
(Charged)/credited to OCI	–	–	(2)	–	–	–	–	(2)
Currency translation adjustment	(5)	(2)	(2)	3	–	(1)	(3)	(10)
Closing balance at December 31, 2020	**56**	**14**	**83**	**(220)**	**6**	**41**	**30**	**10**

Deferred income tax assets are recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Details are shown in the table on the right.

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries totaling CHF 326 million (2020: CHF 243 million). Such amounts are permanently reinvested.

in CHF million	2020	2021
Tax loss carryforwards recognized in deferred tax	27	53
Unused tax loss carryforwards	53	22
Total tax loss carryforwards	**80**	**75**
Expiration of unused tax loss carryforwards:		
Expiration <1 year	–	2
Expiration 1 year to <5 years	3	1
Expiration ≥5 years or no expiration date	50	19
Tax effect of unused tax loss carryforwards	11	6
Unremitted earnings subject to withholding tax or other taxes	243	326

8.3 Business combinations

Accounting policies

The Group applies the acquisition method to account for business combinations. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

The difference between the acquisition costs and the fair value of the net assets acquired is recognized as goodwill.

When the Group obtains control of an associate in a step acquisition, the previously held interests are measured at fair value at the acquisition date. Any gain or loss resulting from the remeasurement is recognized in other income. Items previously recognized in OCI are reclassified to the income statement.

On November 18, 2021, Hilti Group increased its interest in Fieldwire Inc. from 5% to 100%, acquiring the remaining 95% of its share capital.

Fieldwire Inc. is the developer of a leading, cloud-based construction project management software based in San Francisco, United States, with a head-count of over 130. The acquisition will accelerate the Group's capability to deliver productivity to customers through software solutions and strengthen its software portfolio.

The acquisition-date fair value of the equity interest held immediately before the acquisition was CHF 16 million and the gain recognized as a result of remeasuring the equity interest to fair value was CHF 13 million.

The acquired business contributed revenues of CHF 1 million and a net loss of CHF 4 million to the Group in the current reporting year. If the acquisition had occurred on January 1, 2021, the Group's revenue would have increased by a further CHF 13 million and net profit would have been decreased by CHF 18 million.

Details of net assets acquired are as follows:

in CHF million	2021
Purchase consideration	
Cash paid	240
Deferred payment of purchase price to sellers	1
Fair value of prior owned shares	16
Total purchase consideration	**257**

Acquisition-related costs, included in other operating expenses in the consolidated income statement for the year ended December 31, 2021, were CHF 4 million.

The assets and liabilities recognized as a result of the acquisition are as follows:

in CHF million	2021
Fair value	
Intangible assets	111
Deferred tax assets	13
Cash and cash equivalents	13
Other assets	3
Contract liabilities	(9)
Deferred tax liabilities	(22)
Other liabilities	(2)
Fair value of net assets	**107**
Goodwill	**150**
Total purchase consideration	**257**
Purchase consideration settled in cash	(240)
Cash and cash equivalents in subsidiary acquired	13
Cash outflow on acquisition	**(227)**

The goodwill is attributable to the assembled work-force, commercial synergies and economic benefits arising from the software portfolio. It will not be deductible for tax purposes. The fair value of acquired trade and other receivables is CHF 1 million, which corresponds to the gross contractual amount, expected to be fully collectible.

During the prior period the Group was not involved in any business combinations.

Transactions with non-controlling interests

During the reporting period there were no transactions with non-controlling interests.

In 2020, the Group established the manufacturing entity Handan HWC Manufacturing Ltd. in China. As the Group has an 80% ownership interest, the remaining 20% of the minority shareholder's interests resulted in a change in non-controlling interests of CHF 1 million in the Group consolidated statement of changes in equity.

8.4 Related parties

Details of compensation of key management personnel are as follows:

Key management personnel compensation

financial amounts in CHF million

	2020		2021	
	Number of members	Remuneration	Number of members	Remuneration
Board of Directors	8	4	8	4
Corporate Management (Executive Board and Executive Management Team)	30	25	31	40
Total	**38**	**29**	**39**	**44**
Salaries and other short-term employee benefits		24		28
Post-employment benefits		4		6
Other employee benefits, mainly related to long-term incentive		1		10
Total employee benefits to key management		**29**		**44**

Employee benefits to key management include both fixed and variable components. The variable components are performance-linked and include a long-term incentive which is payable only if certain predetermined specific financial targets linked to the sustainable development and growth of the Group's business are achieved. The 2021 portion of the estimated ultimate amount payable has been recognized as an obligation at December 31, 2021, under the heading of other employee benefits (see note 3.2).

Loans amounting to CHF 2.8 million (2020: CHF nil) have been granted to members of the Corporate Management at market interest rates.

Other transactions and balances with the shareholder

The Hilti Corporation rendered accounting, administration, rental and other support services to the Martin Hilti Family Trust. The amount invoiced was CHF 1.1 million (2020: CHF 1.0 million). These services were charged at cost. Additionally, the Hilti Corporation has a current liability to the Martin Hilti Family Trust of CHF 0.2 million (2020: CHF 0.7 million).

During 2020, the Martin Hilti Family Trust granted to the Hilti Corporation a revolving credit facility of CHF 200 million, of which CHF 100 million were drawn and repaid in the same period. The applied interest rate was at arm's length. This committed facility is cancelable by the Group at any time.

8.5 Prior period restatements

Short-term cash deposits

In 2020, the Group presented within cash and cash equivalents short-term cash deposits of CHF 280 million with an original maturity of longer than three months. Due to maturity the deposits should be classified as other financial assets; therefore, in 2021 the Group has restated prior year comparative figures, reclassifying CHF 280 million from cash and cash equivalents to other financial assets and the related line items in the consolidated cash flow statement. This had no impact on the prior period opening figures; therefore, a third statement of financial position was not presented. In 2021, the Group has CHF 205 million in short-term deposits with an original maturity of longer than three months.

The consolidated balance sheet for the year ended December 31, 2020 has been restated as follows:

in CHF million	2020 as previously stated	Reclassi-fication	2020 restated
Other financial assets	30	280	310
Cash and cash equivalents	1,333	(280)	1,053

The impact of the reclassification on total current assets is nil.

The consolidated cash flow statement for the year ended December 31, 2020 has been restated as follows:

in CHF million	2020 as previously stated	Reclassi-fication	2020 restated
Operating results	**728**	**–**	**728**
Cash flow from operating activities	**934**	**–**	**934**
Capital expenditure on intangible assets	(194)	–	(194)
Capital expenditure on property, plant and equipment	(151)	–	(151)
(Increase)/decrease in financial investments	(4)	(280)	(284)
Disposal of property, plant and equipment	6	–	6
Cash flow from investing activities	**(343)**	**(280)**	**(623)**
Cash flow from financing activities	**(364)**	**–**	**(364)**
Exchange differences	(8)	–	(8)
Total increase/(decrease) in cash and cash equivalents	**219**	**(280)**	**(61)**
Cash and cash equivalents at January 1	1,114	–	1,114
Cash and cash equivalents at December 31	**1,333**	**(280)**	**1,053**

Capitalized costs

In the past the capitalized costs were disclosed on a net basis under other operating expenses, instead of on a gross basis as required by IAS 1 Presentation of Financial Statements. In 2021, the Group has therefore disclosed the capitalized costs on a gross basis as a separate line item in the consolidated income statement and has restated the prior period comparative figures accordingly.

in CHF million	2020 as previously stated	Reclassi-fication	2020 restated
Other operating expenses	(579)	(178)	(757)
Capitalized costs	–	178	178

The impact of the reclassification on total operating expenses is nil.

Revenue recognized over time

In 2021, the Group has adjusted the amounts for the revenue recognized over time in the table of note 2.1 for the current period and restated the prior period comparative figures, in order to keep the consistency of the disclosures in the note. The adjustments do not have an impact on the consolidated income statement, as the reclassifications solely impact the disclosure in note 2.1.

8.6 Other information

Events after the reporting period

At the end of February 2022, the conflict between Russia and Ukraine escalated. As a result, this increased uncertainty and volatility in the markets and the global economy. These events, together with the international sanctions against Russia, may have a negative influence on the Hilti Group. However, it is too early to determine any potential impact. Hilti had an exposure in Russia, Ukraine and Belarus of approximately one percent of the Group's total assets as at December 31, 2021.

Group companies and joint arrangements

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Parent company		
Liechtenstein	Hilti Corporation, Feldkircherstrasse 100, P.O. Box 333, 9494 Schaan, Tel. +423 234 2111, www.hilti.group	S, R, D, P, Se, H
100% owned consolidated Group companies (subsidiaries – including production plants and market organizations)		
Albania	Hilti Albania sh.p.k., Tirana	S
Algeria	Hilti Construction Equipements EURL, Alger	S
Argentina	Hilti Argentina S.R.L., Buenos Aires	S
Australia	Hilti (Aust.) Pty. Ltd., Rhodes	S
Austria	Hilti Austria Gesellschaft m.b.H., Vienna	S
	Hilti Holding GmbH, Vienna	H
	Hilti Aktiengesellschaft Zweigniederlassung Thüringen, Thüringen	P
	Hilti Austria Industrie GmbH (formerly Eurofox GmbH), Lanzenkirchen	P, D
Belarus	Hilti BY FLLC, Minsk	S
Belgium	Hilti Belgium N.V., Brussels	S
Bosnia-Herzegovina	Hilti Systems BH d.o.o. Sarajevo, Sarajevo	S
Brazil	Hilti do Brasil Comercial Ltda., São Paulo	S
Bulgaria	Hilti (Bulgaria) EOOD, Sofia	S

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Canada	Hilti (Canada) Corporation, Mississauga, Ontario	S
Chile	Hilti Chile Limitada, Santiago de Chile	S
China	Hilti (China) Ltd., Zhanjiang	P, D
	Hilti (China) Distribution Ltd., Shanghai	S
	Hilti (PEC Suzhou) Ltd., Suzhou	P
	Hilti (Shanghai) Ltd., Shanghai	P, D
	Oglaend Industries (Suzhou) Co., Ltd., Suzhou	P
Colombia	Hilti Colombia S A S, Bogota D.C.	S
Croatia	Hilti Croatia d.o.o., Sesvete	S
Czech Republic	Hilti ČR spol. s r.o., Průhonice	S
Denmark	Hilti Danmark A/S, Hvidovre	S
	Øglænd System A/S, Haderslev	S
Estonia	Hilti Eesti OÜ, Tallinn	S
Finland	Hilti (Suomi) OY, Vantaa	S
France	Hilti France SAS, Boulogne-Billancourt	S
	Hilti Digital Marketing Services SAS, Boulogne-Billancourt	Se
	Fieldwire France SAS, Paris	Se
Germany	Hilti Deutschland AG (Liechtenstein), Zweigniederlassung Deutschland, Kaufering	S
	Hilti GmbH Industriegesellschaft für Befestigungstechnik, Kaufering	P
	Hilti Entwicklungsgesellschaft mbH, Kaufering	D
	Hilti Kunststofftechnik GmbH, Nersingen	P
	Hilti Deutschland Logistik GmbH, Oberhausen	Se
	PEC Europe GmbH, Duisburg	S
	Hilti Seuffer Electronics GmbH, Calw	D

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Great Britain	Hilti (Gt. Britain) Ltd., Manchester	S
	Oglaend System UK Limited, Wednesbury	S
Greece	Hilti Hellas S.A., Maroussi	S
Hong Kong	Hilti Asia Ltd., Kowloon, Hong Kong	H, Se
	Hilti (Hong Kong) Ltd., Kowloon, Hong Kong	S
Hungary	Hilti (Hungária) Szolgáltató Kft., Budapest	S
	Hilti Szerszám Kft., Kecskemét	P, D
India	Hilti India Private Ltd., Gurgaon	S
	Hilti Manufacturing India Private Limited, Mumbai	P, D
	Hilti Technology Solutions India Private Limited, Pune	Se
Indonesia	PT Hilti Nusantara, Jakarta	S
Ireland	Hilti (Fastening Systems) Ltd., Dublin	S
Israel	Hilti (Israel) Ltd., Petach Tiqva	S
Italy	Hilti Italia S.p.A., Sesto San Giovanni	S
Japan	Hilti (Japan) Ltd., Yokohama	S
Kazakhstan	Hilti Kazakhstan LLP, Almaty	S
Korea	Hilti (Korea) Ltd., Seoul	S
Latvia	Hilti Services Limited, Riga	S
Liechtenstein	Hilti Deutschland AG, Schaan	S
	Hilti Equipment Corporation, Schaan	H
	Hilti (International) Services, Ltd., Schaan	Se
	Hilti Service Corporation, Schaan	Se
	Hilti (Schweiz) AG, Zweigniederlassung Schaan, Schaan	S
Lithuania	Hilti Complete Systems UAB, Vilnius	S
Luxembourg	Hilti Belgium S.A. Succursale, Luxembourg	S

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Macao	Hilti (Hong Kong) Ltd. Macao Branch, Macao	S
Malaysia	Hilti (Malaysia) Sdn. Bhd., Selangor	S
	Hilti Asia IT Services Sdn. Bhd., Selangor	Se
	Oglaend Industries Sdn Bhd, Kuala Lampur	P, D
Mexico	Hilti Mexicana, S.A. de C.V., Mexico City	S
	Hilti Operaciones de Mexico, S.A. de C.V., Matamoros	P
Montenegro	Hilti Montenegro d.o.o Podgorica, Podgorica	S
Morocco	Hilti Maroc S.A., Casablanca	S
Netherlands	Hilti Nederland B.V., Berkel en Rodenrijs	S
	Hilti International Finance B.V., Berkel en Rodenrijs	Se
	Oglaend System BV, Ridderkerk	S
New Zealand	Hilti (New Zealand) Limited, Auckland	S
Norway	Øglænd Group Holding AS, Kleppe	H
	Øglænd Industrier AS, Kleppe	H, Se
	Øglænd System AS, Kleppe	S, P, D
Panama	Hilti Latin America S.A., Panama City	S, Se
	Transportes Continentales S.A., Panama City	Se
	Hilti Regional Services S.A., Panama City	Se
Peru	Hilti Peru S.A., Lima	S
Philippines	Hilti (Philippines) Inc., Metropolitan Manila	S
Poland	Hilti (Poland) Sp. z o.o., Warsaw	S
Portugal	Hilti (Portugal)–Produtos e Serviços Lda., Porto	S
Puerto Rico	Hilti Caribe LLC, San Juan	S
Romania	Hilti Romania SRL, Bucharest	S
Russian Federation	Hilti Distribution Ltd., Moscow	S
	LLC "Oglaend System", Saint Petersburg	P

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Serbia	Hilti SMN d.o.o. Beograd, Zemun	S
Singapore	Hilti Far East Private Ltd., Singapore	S
	Hilti Asia Pacific Pte. Ltd, Singapore	Se
	Oglaend System Singapore Pte Ltd., Singapore	S
Slovakia	Hilti Slovakia spol. s r.o., Bratislava	S
Slovenia	Hilti Slovenija d.o.o., Ljubljana	S
South Africa	Hilti Africa Holdings (Pty) Ltd., Johannesburg/Midrand	H
Spain	Hilti Española, S.A., Madrid	S
Sweden	Hilti Svenska AB, Arlöv-Malmö	S
Switzerland	Hilti (Schweiz) AG, Adliswil	S
	Hilti Befestigungstechnik AG, Buchs	Se
	Hilti-Finanz GmbH, Buchs	H, Se
Taiwan	Hilti Taiwan Co., Ltd., Taipei	S
Thailand	Hilti (Thailand) Ltd., Bangkok	S
Turkey	Hilti Insaat Malzemeleri Ticaret A.Ş., Istanbul	S
Ukraine	Hilti (Ukraine) Ltd., Kiev	S
United Arab Emirates	Hilti Middle East FZE, Jebel Ali-Free Zone, Dubai	S, Se
USA	Hilti Inc., Plano, Texas	S
	Hilti of America, Inc., Delaware	H
	Hilti Holdings Limited, Delaware	H
	Hilti US Manufacturing, Inc., Cypress, California	P
	Hilti Fieldwire, Inc., California	S, R, D
Venezuela	Hilti Venezuela, S.A., Caracas	S
Vietnam	Hilti Vietnam Company Limited, Ho Chi Minh City	S

Country	Company name and location	Activity S = sales R = research D = development P = production Se = services H = holding
Less than 100% owned consolidated Group companies (subsidiaries)		
Bahrain	Hilti Bahrain Co. W.L.L., Manama (49%)	S
China	Handan HWC Manufacturing Ltd., Handan (80%)	P
Qatar	Hilti Qatar W.L.L., Doha (49%)	S
Saudi Arabia	Hilti Saudi Arabia for Construction Tools LLC, Riyadh (75%)	S
South Africa	Hilti (South Africa) (Pty) Ltd., Johannesburg/Midrand (87.25%)	S
United Arab Emirates	Hilti Emirates LLC, Abu Dhabi (49%)	S

Although the Group owns less than half of the voting rights of Hilti Bahrain Co. W.L.L., Hilti Qatar W.L.L. and Hilti Emirates LLC, management has determined that the Group controls these three companies. The Group has control as contractual agreements grant the Group the right to appoint and remove management responsible for directing the relevant activities. In addition, the Group is entitled to appoint, remove and substitute a majority of members of the companies' Board of Directors.

Joint operations		
China	Panasonic Power Tools (Shanghai) Company Limited, Shanghai (49%)	P
Germany	HILLOS GmbH, Jena (50%)	P
Taiwan	Racing Point Industry Co., Ltd., Kaohsiung (49%)	P
USA	Intelligent Construction Tools LLC, Delaware (50%)	P, D
Joint venture		
South Africa	Hilti SA Holding (Pty) Ltd., Johannesburg/Midrand (49%)	H

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF HILTI AKTIENGESELLSCHAFT, SCHAAN

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Hilti Aktiengesellschaft (the Company) and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2021, the consolidated balance sheet as at 31 December 2021 and the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 11 to 62) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its financial performance for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the provisions of Liechtenstein law.

Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report.

We are independent of the Group in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical 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 opinion.

Our audit approach

Overview

Materiality

Audit scope

Key audit matters

Overall Group materiality: CHF 40 million

Audit scope:
- We concluded full scope audit work at 20 reporting units in 19 countries
- Our full scope audit work addressed 79% of the Group's total revenue and 76% of the Group's total assets.
- In addition, specified procedures were performed on a further four reporting units in three countries, representing a further 3% of the Group's total revenue and 2% of the Group's total assets.
- Further, we performed additional procedures to address other reporting units as deemed appropriate.

As key audit matters the following areas of focus have been identified:
- Capitalized development costs
- Fieldwire business combination

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 40 million
How we determined it	Net income before income tax expenses
Rationale for the materiality benchmark applied	We chose net income before income tax expenses as the benchmark because, in our view this is the most commonly used performance measure for the industry in which the Group operates and it is a generally accepted benchmark.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of over 100 reporting units, comprising the Group's operating businesses and market organisations, production plants, research and development centres, and centralised functions.

Subsequently, we determined the type and level of audit work required from component auditors in order that sufficient appropriate audit evidence had been obtained for our opinion on the Group consolidated financial statements as a whole. At the largest reporting units (market organisations) in the USA and Germany, we were directly involved in the audits. The oversight procedures we performed for the remaining component audits were tailored based on the size and complexity of the components.

The Group's reporting units vary significantly in size. We identified 20 reporting units where a full scope audit of the complete financial information was required, thereof four reporting units which were financially significant due to their size. All these component audits accounted for 79% of the Group's total revenue and 76% of the Group's total assets. Specific audit procedures on certain balances and transactions were performed at a further four reporting units representing a further 3% of the Group's total revenue and 2% of the Group's total assets. Finally, for the remaining reporting units we performed additional procedures on Group level.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Capitalized development costs Refer to note 4.3 for the accounting policies. We focused on this area due to the significance of total capitalized internal development costs (CHF 809 million as of 31 December 2021) and because significant judgement is involved in assessing whether costs are either research or development in nature and whether the criteria set forth in IAS 38 Intangible assets, have been met, particularly: • Generation of probable future economic benefit. • Reliable measure of the attributable expenditure; and technical feasibility of the project.	We assessed and tested the design and operating effectiveness of the key controls relating to the capitalization process, particularly those that: • Address whether costs are research or development in nature. • Address the risks relating to the 'probable future economic benefit' and 'technical feasibility'. • Ensure the correct, timely and complete capitalization of the internal employee costs and any other projectrelated costs. We held interviews with the business unit controllers and project managers, to: • Gain an understanding of their development projects and why specific projects were considered to meet the requirements of the relevant accounting standards. • Discuss specific project topics and risks and critically assess their responses. Our work also included substantive audit procedures (e.g., reading the project documentation, evaluating the project's key assumptions, testing a sample of standard hourly rates). Overall, we identified no significant findings in relation to the capitalization of internal development costs.
Fieldwire business combination Refer to note 8.3 for the accounting policies. In November 2021, the Group acquired Fieldwire Inc. for a total purchase consideration of CHF 257 million. The acquisition is accounted for as a business combination (IFRS 3) and includes several significant and complex judgments in the determination of the fair value of the assets and liabilities acquired. The primary element of the valuation and purchase price allocation process was to assess the fair value of intangible assets (CHF 111 million) in the form of technology, customer relationships and trademarks and the resulting goodwill (CHF 150 million). The allocation also considered other assets and liabilities. Business combinations are a key audit matter in the audit due to the high level of management judgement used in determining the fair value for the net assets acquired.	We have performed the following procedures for the business combination: • Assessment of the methodology adopted by management for calculating the fair value of technology, customer relationships and trademark related assets for the intangible assets. • Evaluation of the reasonability of the significant assumptions in the valuation of the intangible assets. • Testing of the accounting treatment of the payments from the contingent arrangements. • Substantive audit procedures of selected opening balances at the date of the acquisition. Based on the procedures performed, we conclude that the business combination is free of material misstatements.Overall, we identified no significant findings in relation to the capitalization of internal development costs.

Other information in the annual report

The Board of Directors is responsible for the other information in the Annual Report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements, the management report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Liechtenstein law and IFRS, and for such internal control as the Board of Directors determines is 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 Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 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 represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or the Audit Committee 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.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The accompanying management report has been prepared in accordance with the applicable legal requirements, is consistent with the consolidated financial statements and, in our opinion, based on the knowledge obtained in the audit of the consolidated financial statements and our understanding of the Group and its environment does not contain any material misstatements.

We further confirm that the consolidated financial statements comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying consolidated financial statements submitted to you be approved.

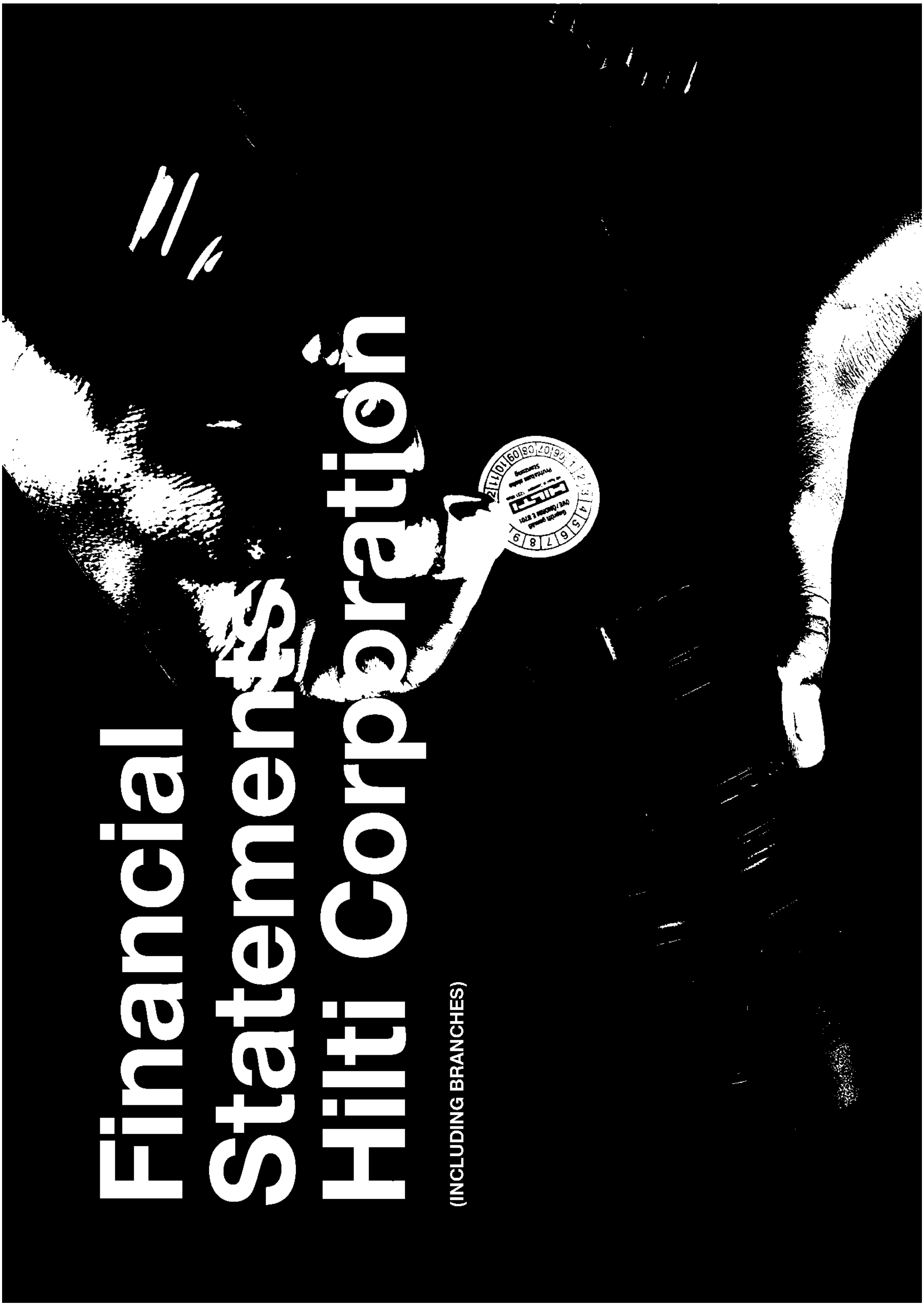
pwc

PricewaterhouseCoopers AG

Stefan Räbsamen

Beat Inauen
Liechtenstein Certified Public Accountant
Auditor in charge

St. Gallen, 15. March 2022


Financial Statements Hilti Corporation
(INCLUDING BRANCHES)

BALANCE SHEET

in CHF million	Note	Dec. 31, 2020	Dec. 31, 2021
Assets			
Intangible assets	4	51	175
Property, plant and equipment	5	416	424
Financial investments	6	1,888	2,167
Total non-current assets		**2,355**	**2,766**
Inventories	7	148	180
Trade and other receivables	8	721	806
Accrued income and prepayments		44	54
Cash and cash equivalents		818	997
Total current assets		**1,731**	**2,037**
Total assets		**4,086**	**4,803**
Equity and liabilities			
Share capital		127	127
Legal reserves		108	108
Foreign currency translation reserve		(17)	(20)
Retained earnings brought forward		2,318	2,661
Net income		343	494
Total equity	9	**2,879**	**3,370**
Provisions	10	85	109
Borrowings, payables and other liabilities	11	1,027	1,205
Accrued liabilities and deferred income		95	119
Total liabilities		**1,207**	**1,433**
Total equity and liabilities		**4,086**	**4,803**

INCOME STATEMENT

in CHF million

	Note	2020	2021
Net sales		2,861	3,450
Change in inventory of finished goods and work in progress		–	2
Capitalized own production		2	3
Other operating revenues		9	9
Total operating revenues		**2,872**	**3,464**
Material costs	12	(1,249)	(1,516)
Personnel expenses	13	(307)	(359)
Depreciation and amortization	14	(48)	(43)
Other operating expenses		(870)	(1,040)
Total operating expenses		**(2,474)**	**(2,958)**
Operating result		**398**	**506**
Financial revenues	15	187	73
Financial expenses	16	(193)	(26)
Financial result		**(6)**	**47**
Net income before income tax expense		**392**	**553**
Tax expense		(49)	(59)
Net income		**343**	**494**

NOTES TO THE FINANCIAL STATEMENTS HILTI CORPORATION

1 General information

Hilti Corporation is a limited by shares company incorporated and domiciled in the Principality of Liechtenstein. Its registered office is at Feldkircherstrasse 100, 9494 Schaan, Liechtenstein. Hilti Corporation is the parent and main operating company of the Hilti Group. The shareholder has an interest in the Group through its interest in Hilti Corporation. The accompanying Group's consolidated financial statements are the most significant indicator of the Group's financial position and financial performance.

2 Accounting policies

2.1 Overview

In contrast to the Group's consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS), the financial statements of Hilti Corporation have been prepared in accordance with Liechtenstein's corporations law, the "Personen- und Gesellschaftsrecht (PGR)". As a result, there are significant differences between the accounting treatments in the financial statements of Hilti Corporation and the accounting treatments in the Group's consolidated financial statements. The significant measurement, recognition and presentation differences are listed below. Apart from these differences, the accounting policies adopted for the measurement, recognition and presentation of financial statement items in both sets of financial statements are substantially the same.

2.2 Differences in accounting policies to those of the Group

The following table identifies the relevant financial statement items and the corresponding treatments where the accounting policies adopted for the measurement and recognition of items in the financial statements of Hilti Corporation are significantly different from those adopted in the Group's consolidated financial statements.

Relevant financial statement item	Treatment in financial statements of Hilti Corporation	Treatment in Group financial statements
Valuation of property, plant and equipment and inventories	In accordance with taxation rules pursuant to Article 1086 of the PGR.	At lower of market value and historical cost subject to adjustment for depreciation or obsolescence based on economic estimates.
Valuation of investments in associated companies and joint ventures	At historical cost.	In accordance with the equity method of accounting.
Valuation of provisions	Based on business risk criteria.	In accordance with the best estimate of the amounts required to satisfy existing obligations.
Reporting of derivative financial instruments hedging anticipated operating transactions (cash flow hedges)	Recognized at fair value with value changes reported directly in the income statement.	Recognized at fair value with value changes reported as part of equity and reclassified to the income statement when the anticipated operating transactions occur.
Reporting of development costs	All immediately expensed.	For qualifying new product developments, capitalized during the development phases and subsequently amortized over the sales lives of the new products while other development costs are immediately expensed.
Measurement of pension plan obligation	Treated as defined contribution plan.	Treated as defined benefit plan with cumulative remeasurements recognized directly in equity.
Reporting of operating lease contracts	Lease payments are recognized in the income statement in the period in which they are incurred. Payment commitments are reported as off-balance sheet commitments.	Recognized on the balance sheet, reflecting right of use assets as well as lease liabilities – except for short-term contracts and low-value assets.

Relevant financial statement item	Presentation in financial statements of Hilti Corporation	Presentation in Group financial statements
Investments in deposits, bonds and equities restricted to the funding of losses arising from damages to assets and losses arising from product-related obligations	Included in financial investments.	Included in other financial investments at fair value through profit or loss under non-current other financial assets line item.
Recognized values of derivative financial instruments	Included in accrued income and prepayments or accrued liabilities and deferred income as applicable.	Presented in the derivative financial instruments under each of the current and non-current other financial assets and other financial liabilities line items.
Short-term tax obligations	Included in provisions.	Included in income tax payables under trade and other payables mainly under current liabilities heading.

The table above identifies the significant presentation differences relating to items in the financial statements of Hilti Corporation and the corresponding items in the Group's consolidated financial statements.

2.3 Changes in accounting policies

There have been no material changes in accounting policies in the 2021 financial statements of Hilti Corporation from those adopted in 2020.

3 Exchange rates

For details of foreign exchange rates of principal currencies that have been applied for translation into Swiss francs, see note 1.7 of the Group's consolidated financial statements.

4 Intangible assets

in CHF million

	Rights	Other intangible assets	Total
Cost 2021			
Opening balance at January 1, 2021	**4**	**151**	**155**
Additions	–	140	140
Closing balance at December 31, 2021	**4**	**291**	**295**
Accumulated amortization 2021			
Opening balance at January 1, 2021	**(4)**	**(100)**	**(104)**
Additions	–	(16)	(16)
Closing balance at December 31, 2021	**(4)**	**(116)**	**(120)**
Net book values at December 31, 2021	**–**	**175**	**175**
Net book values at December 31, 2020	–	51	51

5 Property, plant and equipment

in CHF million	Land and buildings	Plant and machinery	Other operating equipment	Prepay-ments or assets under construction	Total
Cost 2021					
Opening balance at January 1, 2021	**517**	**399**	**105**	**45**	**1,066**
Currency translation adjustment	(3)	(4)	(1)	–	(8)
Additions	19	9	2	8	38
Disposals	–	(6)	–	(1)	(7)
Transfers	36	3	–	(39)	–
Closing balance at December 31, 2021	**569**	**401**	**106**	**13**	**1,089**
Accumulated depreciation 2021					
Opening balance at January 1, 2021	**(199)**	**(361)**	**(90)**	**–**	**(650)**
Currency translation adjustment	1	3	1	–	5
Additions	(9)	(13)	(4)	–	(26)
Disposals	–	6	–	–	6
Closing balance at December 31, 2021	**(207)**	**(365)**	**(93)**	**–**	**(665)**
Net book values at December 31, 2021	**362**	**36**	**13**	**13**	**424**
Net book values at December 31, 2020	318	38	15	45	416

6 Financial investments

in CHF million

	Shareholdings	Loans to Group companies	Other financial investments	Total
Cost 2021				
Opening balance at January 1, 2021	**2,048**	**27**	**18**	**2,093**
Additions	271	–	3	274
Disposals	(5)	(3)	(9)	(17)
Closing balance at December 31, 2021	**2,314**	**24**	**12**	**2,350**
Accumulated valuation allowance 2021				
Opening balance at January 1, 2021	**(205)**	–	–	**(205)**
Disposals	22	–	–	22
Closing balance at December 31, 2021	**(183)**	–	–	**(183)**
Net book values at December 31, 2021	**2,131**	**24**	**12**	**2,167**
Net book values at December 31, 2020	1,843	27	18	1,888

A list of Group companies, directly or indirectly held by Hilti Corporation, is included in note 8.6 of this Financial Report. Pursuant to Article 1094 (3) of the PGR, some details relating to investments in Group companies have not been disclosed in this list.

7 Inventories

in CHF million

	2020	2021
Raw materials	16	17
Consumables	9	9
Production in progress	7	9
Finished products and goods held for resale	116	145
Total inventories	**148**	**180**

Total inventories include a provision of CHF 89 million (2020: CHF 73 million), noted in accordance with tax regulations.

8 Trade and other receivables

in CHF million

	2020			2021		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Trade accounts receivables from third parties	18	–	18	20	–	20
Trade accounts receivables from Group companies	641	–	641	707	–	707
Total trade accounts receivables	**659**	–	**659**	**727**	–	**727**
Other accounts receivables from third parties	19	–	19	22	–	22
Other accounts receivables from Group companies	43	–	43	57	–	57
Total other accounts receivables	**62**	–	**62**	**79**	–	**79**
Total trade and other receivables	**721**	–	**721**	**806**	–	**806**

The contractual maturity of short-term receivables is less than one year and for long-term receivables over one year.

9 Equity

in CHF million

	Share and PC capital	Legal reserves	Foreign currency translation reserve	Retained earnings	Total equity
Equity at January 1, 2021	**127**	**108**	**(17)**	**2,661**	**2,879**
Dividend paid	–	–	–	–	–
Foreign currency translation differences	–	–	(3)	–	(3)
Net income	–	–	–	494	494
Equity at December 31, 2021	**127**	**108**	**(20)**	**3,155**	**3,370**

The share capital consists of 253,440 registered shares with a par value of CHF 500 each.

The currency translation differences arise from the inclusion of the income statement and balance sheet items of plant Thüringen, Austria, which are denominated in euro. The foreign currency translation reserve comprises the accumulated foreign currency gains and losses recognized in equity since 2003.

10 Provisions

in CHF million

	2020	2021
Provision for employee benefits	35	44
Tax obligations	46	59
Other provisions	4	6
Total provisions	**85**	**109**

11 Borrowings, payables and other liabilities

in CHF million

	2020			2021		
	Short-term	Long-term	Total	Short-term	Long-term	Total
Bonds	**–**	**450**	**450**	**–**	**450**	**450**
Trade accounts payables third parties	153	–	153	193	–	193
Trade accounts payables Group companies	138	–	138	158	–	158
Total trade accounts payables	**291**	**–**	**291**	**351**	**–**	**351**
Other liabilities owing to third parties	15	8	23	14	10	24
Other liabilities owing to Group companies	263	–	263	368	12	380
Total other liabilities	**278**	**8**	**286**	**382**	**22**	**404**
Total borrowings, payables and other liabilities	**569**	**458**	**1,027**	**733**	**472**	**1,205**

The contractual maturity of short-term liabilities is less than one year and for long-term liabilities over one year. The total amount of liabilities with a remaining term of more than five years is CHF 100 million.

12 Material costs

in CHF million	2020	2021
Raw materials, consumables and bought-in goods for resale	(1,237)	(1,503)
Outsourced manufacturing	(12)	(13)
Total material costs	**(1,249)**	**(1,516)**

13 Personnel expenses

in CHF million	2020	2021
Wages and salaries	(253)	(298)
Pension contributions	(41)	(42)
Other social contributions	(13)	(19)
Total personnel expenses	**(307)**	**(359)**

14 Depreciation and amortization

This position comprises depreciation and amortization of intangible assets and property, plant and equipment.

15 Financial revenues

in CHF million	2020	2021
Recovery of depreciation on financial assets	**1**	**22**
Financial investment revenues from third parties	1	2
Financial investment revenues from Group companies	185	49
Total revenues from financial investments	**186**	**51**
Total financial revenues	**187**	**73**

16 Financial expenses

in CHF million	2020	2021
Depreciation on financial assets	**(164)**	**(1)**
Interest and similar expenses incurred to third parties	(6)	(7)
Interest and similar expenses incurred to Group companies	(3)	(3)
Total interest and similar expenses	**(9)**	**(10)**
Operating currency and hedge gains/(losses)	**(20)**	**(15)**
Total financial expenses	**(193)**	**(26)**

17 Derivative financial instruments

Hilti Corporation enters into derivative contracts to hedge mainly foreign currency risks arising from forecast foreign currency sales and purchases transactions. Derivative contracts are recognized when the applicable forecast transactions occur. Until then they remain off-balance sheet. Recognized (i.e., on-balance sheet) derivative contracts are reported at fair value. Changes in the fair value of recognized derivative contracts are reported in the income statement. In accordance with Article 1093 of the PGR, details of the on- and off-balance sheet derivative contracts outstanding at balance sheet date are as follows:

in CHF million	2020	2021
Contract face amounts		
Foreign currency forward contracts	615	633
Interest rate swaps	60	60
Total contract face amounts	**675**	**693**
Contract values		
Foreign currency forward contracts	(1)	10
Interest rate swaps	4	2
Total contract values	**3**	**12**
Reporting of contract values		
Contract values recognized (on-balance sheet)	3	12
Total contract values	**3**	**12**

18 Segment information

Pursuant to Article 1094 (2) of the PGR, a breakdown of net sales has not been disclosed.

19 Contingent liabilities

in CHF million	2020	2021
Guarantees third parties	–	–
Guarantees Group companies	164	165
Total contingent liabilities	**164**	**165**

20 Commitments

Payment commitments arising from operating lease contracts are as follows:

in CHF million	2020	2021
Expiring within 1 year	1	–
Expiring between 1 and 5 years	–	1
Total commitments	**1**	**1**

21 Remuneration of the Board of Directors and the Corporate Management

For details of the remuneration of the Board of Directors and the Corporate Management, see note 8.4 of the Group's consolidated financial statements.

22 Other transactions and balances with the shareholder

For details about other transactions and balances with the shareholder see note 8.4 within the notes to the consolidated financial statements.

23 Number of employees

The breakdown of employees by nationality is as follows:

	2020	%	2021	%
Austria	839	40	857	39
Germany	436	21	457	21
Liechtenstein	136	6	131	6
Switzerland	226	11	215	10
Other countries	478	22	548	24
Total employees	**2,115**	**100**	**2,208**	**100**

24 Management report

Pursuant to Article 1121 (3) of the PGR, the management report of Hilti Corporation has been combined with the consolidated management report. The consolidated management report is on pages 8 to 10 of this Financial Report.

25 Appropriation of retained earnings

in CHF million	2020	2021
Profit brought forward	2,318	2,661
Net income	343	494
At the disposal of the General Meeting	**2,661**	**3,155**
Proposal by the Board of Directors		
Dividend of CHF 1330 (2020: nil) per share	–	337
Balance carried forward	2,661	2,818
Total	**2,661**	**3,155**

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF HILTI AKTIENGESELLSCHAFT, SCHAAN

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Hilti Aktiengesellschaft (the Company), which comprise the balance sheet as at 31 December 2021, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (page 68 to 79) give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for Opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical 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 opinion.

Our audit approach

Overview

Materiality

Audit scope

Key audit matters

Overall materiality: CHF 30.7 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

We have determined that there are no key audit matters to communicate in our report.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 30.7 million
How we determined it	Net income before income tax expense
Rationale for the materiality benchmark applied	We chose net income before income tax expense as the benchmark because, in our view, this is the most commonly used performance measure for the entity and it is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the consolidated financial statements, the standalone financial statements, the management report and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or ortherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

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using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. 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 financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or the Audit Committee 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.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The accompanying management report has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the accompanying financial statements submitted to you be approved.

pwc

PricewaterhouseCoopers AG

Stefan Räbsamen

Beat Inauen
Liechtenstein Certified
Public Accountant
Auditor in charge

St. Gallen, 15. March 2022

Election and term of office for the members of the Board of Directors

Members of the Board of Directors of Hilti Corporation are elected by the Annual General Meeting, generally for a three-year term with the possibility of re-election. In principle, the admissible term of office shall be limited to four terms and the mandate shall lapse with effect at the end of the business year in which the relevant member reaches the age of 70. For good reason, the term of office may be extended.

Allocation of responsibilities and duties of the Board of Directors

The Board of Directors is the supreme executive body of Hilti Corporation and responsible for superintendence, supervision and control of the management. In addition to further legally defined obligations, the Board of Directors adopts the fundamental strategic orientation of the Group, approves the Group's strategic planning and material business decisions, searches for and proposes eligible candidates to the General Meeting for election as members of the Board of Directors and ensures the succession planning and appointment of the Executive Board.

In the last business year, the Board of Directors supervised the activities of the Executive Board and supported it in a consultative capacity. The Board of Directors took a strategic focus and was actively involved in projects concerning Group strategy. In several multiday Board meetings and visits (performed physically or virtually, as practicable) to major operating units of the Group, as well as on the basis of written and oral reports of the Executive Board, the Board of Directors dealt intensively with the economic situation, day-to-day running of the business as well as with its corporate policy, financial planning, risk management and basic questions of corporate development. Furthermore, the Board of Directors was kept fully informed by the statutory auditors on the results of the audit of the annual financial statements.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its supervisory responsibilities with respect to the accounting and financial reporting practices of Hilti Corporation and its subsidiaries, compliance with legal and regulatory requirements, the internal and external audit processes as well as with its oversight of risk management. The overall responsibility for the tasks delegated to the Audit Committee remains with the Board of Directors. In 2021, the Audit Committee consisted of Carla De Geyseleer (Chair of the Audit Committee) and Dr. Daniel Daeniker.

Internal audit

The internal audit department, Corporate Audit, supports the Board of Directors by monitoring the internal control status within Group companies. To achieve this, Corporate Audit conducts audits focused on controls within major transaction cycles as well as on processes for management of selected corporate risks. Corporate Audit's objective is to provide transparency over the Group's control environment and enable security to be provided over the Group's resources.

Risk management

The Group maintains an enterprise-wide risk management process which involves a complete risk inventory with different risk owners assigned to manage all known strategic, financial and occurrence-oriented risks of the Group. The risk owners are responsible for evaluating, implementing, reviewing and monitoring compliance with the corresponding risk mitigation measures for their respective risks. For financial and occurrence-oriented risks, the Corporate Risk Manager is responsible for the risk reporting process and for ensuring that the reported content and identified measures regarding the identified risks are plausible. Corporate Audit undertakes reviews of selected risks as part of their internal control reviews in Group companies (see above) and in corporate functions managed by the respective risk owners. For strategic risks, Corporate Development runs annual strategy review workshops with the Executive Board. The risk management reporting is regularly reviewed by the Audit Committee, on behalf of the Board of Directors.

Shareholders' rights

Details of share capital are given in the Group financial statements (see note 5.6). In principle, resolutions of the General Meeting are passed by absolute majority of the voting shares represented. A majority of at least three quarters of the voting shares represented at the General Meeting is required for: an amendment to the Articles of Association, an increase in the share capital, the buyback of shares, the restriction or cancelation of the subscription right, mergers with other companies, transformation of the company into another legal form or the dissolution of the company.

Auditors

The examinations of the Group financial statements and the financial statements of Hilti Corporation are conducted by PricewaterhouseCoopers AG, St. Gallen (leading auditor). The company was re-appointed in March 2021 for the 2021 year. The auditor-in-charge has been responsible for the mandate from 2019 following a partner rotation after the 2018 year. In respect of the 2021 year, audit fees of PricewaterhouseCoopers amount to CHF 2.2 million whereas the non-audit fees amount to CHF 0.2 million. Total audit fees of the Group, including audits not performed by PricewaterhouseCoopers, amount to CHF 2.6 million.

INVESTOR INFORMATION

Contact information

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Key dates

Interim financial information January to April 2022	May 16, 2022
Interim financial information January to August 2022	September 23, 2022
Publication of the 2022 Financial Report	March 17, 2023
Annual results media conference	March 17, 2023