Würth Finance Group / Würth Finance International B.V.

FINANCIAL STATEMENTS 2020

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Würth Finance Group

FINANCIAL STATEMENTS 2020

Consolidated income statement
for the year ended at 31 December

in TEUR	Notes	2020	2019
Operating income			
Interest income from financial instruments measured at amortised cost	10	43,808	48,248
Interest income from financial instruments measured at fair value through profit or loss	10	15,017	12,665
Interest expenses	10	-45,036	-46,629
Net interest income		**13,789**	**14,284**
Income from factoring activities		16,275	16,419
Income from commission and service fee activities	11	37,668	35,897
Income from trading activities and financial instruments	12	12,376	14,713
Other ordinary income from related parties	13	1,709	2,870
Credit loss (expenses) / recovery	18a	-7,886	1,005
Total operating income		**73,931**	**85,189**
Operating expenses			
Personnel expenses	14	-19,394	-18,426
Other administrative expenses		-10,358	-11,953
Amortisation expenses		-1,767	-2,018
Total operating expenses		**-31,519**	**-32,397**
Profit before taxes		**42,412**	**52,792**
Income tax expense	15	-9,001	-11,349
Deferred taxes	15	-45	-1,285
Net profit for the year		**33,366**	**40,157**

Consolidated statement of other comprehensive income
for the year ended at 31 December

in TEUR Net of tax	2020	2019
Profit for the year	**33,366**	**40,157**
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	55	-11
Net gain / (loss) on cash flow hedges	-5,608	-7,606
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	-418	-868
Other comprehensive income for the year (OCI)	**-5,971**	**-8,484**
Total comprehensive income for the year, net of tax	**27,395**	**31,673**

Consolidated balance sheet

at 31 December before appropriation of profits

in TEUR	Notes	2020	2019
ASSETS			
Non-current assets			
Intangible assets	3	1,536	1,681
Property, plant and equipment	3	2,004	2,172
Loans to related companies	4, 16	1,163,513	1,113,594
Other financial assets to related parties	5, 16	9,896	20,568
Total non-current assets		**1,176,949**	**1,138,015**
Current assets			
Receivables from related companies	16	951,433	1,130,334
Loans to family foundation	16	0	4,988
Positive fair values of derivative instruments		14,030	8,154
Other assets	6	3,940	3,874
Income tax receivables	15	0	0
Accrued income and prepaid expenses		6,612	8,009
Securities held for trading	7, 18a	68,937	62,759
Cash and cash equivalents		1,126,950	272,268
Total current assets		**2,171,902**	**1,490,386**
Total assets		**3,348,851**	**2,628,401**
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		286,899	275,160
Other comprehensive income		-14,466	-8,859
Foreign currency translation		-5	-60
Net profit for the year		33,366	40,157
Total shareholders' equity		**326,794**	**327,399**
Non-current liabilities			
Bonds issued	8	1,752,348	1,003,797
Liabilities for pension plans	14	6,816	6,232
Lease liabilities		662	629
Payables to banks		4,622	4,608
Deferred tax liabilities	15	400	598
Total non-current liabilities		**1,764,848**	**1,015,863**
Current liabilities			
Bonds issued	8	0	499,879
Commercial paper		0	100,000
Payables to related companies	16	1,220,451	647,133
Lease liabilities		1,052	1,100
Payables to banks		1,674	1,720
Income tax payables	15	5,954	6,868
Negative fair values of derivative instruments	18b	8,766	3,657
Other liabilities	9, 16	12,513	13,194
Accrued expenses and deferred income		6,799	11,589
Total current liabilities		**1,257,209**	**1,285,139**
Total equity and liabilities		**3,348,851**	**2,628,401**

Consolidated statement of changes in equity
for the year ended at 31 December

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2019	16,000	5,000	301,027	-1,252	-49	320,726
Net profit for the year	0	0	40,157	0	0	40,157
Other comprehensive income	0	0	0	0	-11	-11
IAS 19	0	0	-868	0	0	-868
Cash flow hedge accounting	0	0	0	-7,606	0	-7,606
Total comprehensive income for the year	**0**	**0**	**39,290**	**-7,606**	**-11**	**31,673**
Dividend payments	0	0	-25,000	0	0	-25,000
At 31 December 2019	**16,000**	**5,000**	**315,317**	**-8,858**	**-60**	**327,399**
At 1 January 2020	16,000	5,000	315,317	-8,858	-60	327,399
Net profit for the year	0	0	33,366	0	0	33,366
Other comprehensive income	0	0	0	0	55	55
IAS 19	0	0	-418	0	0	-418
Cash flow hedge accounting	0	0	0	-5,608	0	-5,608
Total comprehensive income for the year	**0**	**0**	**32,948**	**-5,608**	**55**	**27,395**
Dividend payments	0	0	-28,000	0	0	-28,000
At 31 December 2020	**16,000**	**5,000**	**320,265**	**-14,466**	**-5**	**326,794**

Würth Finance International B.V. has authorised share capital of EUR 80 million consisting of 160,000 share certificates with a nominal value of EUR 500. Of this authorised share capital, 32,000 share certificates have been subscribed and fully paid in, corresponding to EUR 16 million.

In 2020, a dividend of TEUR 28,000 (EUR 875 per share) was paid for the 2019 financial year.

Consolidated cash flow statement
for the year ended at 31 December

in TEUR	2020	2019
Net profit for the year	**33,366**	**40,157**
Amortisation and impairments	434	807
Adjustment to provision for taxes	-120	-521
Deferred tax expense / (benefit)	-1,138	397
Other expenses and revenues without cash flows	700	-9,470
Foreign exchange gains and losses (long-term loans)	13,714	-5,578
Foreign exchange gains and losses (short-term loans)	678	-5,884
(Increase) / decrease in operating assets		
Redemption of long-term loans to related companies	60,786	61,240
Lending of long-term loans to related companies	-368,891	-408,721
Receivables from related companies	423,490	230,358
Positive fair values of derivative instruments	-5,876	-4,327
Income tax receivables	0	2,243
Other assets, accrued income and prepaid expenses	1,479	-242
Increase / (decrease) in operating liabilities	0	0
Payables to related companies	573,318	746
Negative fair values of derivative instruments	5,110	-2,333
Other liabilities, accrued expenses and deferred income	-5,471	1,309
Net cash flows from operating activities	**731,579**	**-99,818**
Purchase of property, plant and equipment, and intangible assets	-168	-1,934
Disposal of property, plant and equipment, and intangible assets	6	-2
Purchase of securities	-37,577	-28,425
Disposal of securities	31,653	54,807
Sales of other financial assets to related parties	11,068	16,334
Net cash flows from investing activities	**4,982**	**40,781**
Proceeds of borrowings	746,086	0
Repayment of borrowings	-500,000	0
Commercial paper	-100,000	100,000
Dividend payments	-28,000	-25,000
Net cash flows from financing activities	**118,086**	**75,000**
Net foreign exchange difference	67	-15
Net increase / (decrease) in cash and cash equivalents	**854,714**	**15,948**
Net cash and cash equivalents at the beginning of the year	**265,940**	**249,991**
Net cash and cash equivalents at the end of the year	**1,120,654**	**265,940**
Net increase / (decrease) in cash and cash equivalents	**854,714**	**15,948**
Increase / (decrease) in taxes paid	**-10,666**	**-10,860**
Interest received	**71,518**	**73,109**
Interest paid	**-40,870**	**-39,136**

The funds for this cash flow statement are represented by cash and cash equivalents (net).

Notes to the consolidated Financial Statements
for the year ended at 31 December

1 Business activity

Würth Finance International B.V. (in these consolidated Financial Statements together with its subsidiaries referred to as the Würth Finance Group) was incorporated in 1987 and is domiciled in Amsterdam, the Netherlands. The address of the company is Het Sterrenbeeld 35, P. O. Box 344, NL-5201 AH 's-Hertogenbosch. The company has a branch in Rorschach, Switzerland, and also has several subsidiaries in Switzerland.

The companies belonging to the Würth Finance Group (subsequently referred to as "the Group") are part of the internationally active Würth Group. All share certificates pertaining to Würth Finance International B.V., Amsterdam, are held by Reinhold Würth Holding GmbH, Künzelsau, Germany, which is ultimately owned by the family foundation.

The core activities of the Group include providing financing to and carrying out a wide range of financial activities with companies, both at home and abroad, belonging to the entire Würth Group, as well as providing consulting and other services in the area of pension funds and insurance to both private persons and small and medium-sized enterprises.

The Annual Report of the Group was approved by the Management on 26 March 2021 and can be obtained from Würth Finance International B.V., Amsterdam, or downloaded from the Würth Finance International B.V. website: www.wuerthfinance.net.

Fully consolidated companies
The consolidated Financial Statements include the financial statements of Würth Finance International B.V., Amsterdam, and its subsidiaries, which are represented as a single business entity known as the Würth Finance Group. Subsidiaries that are controlled directly or indirectly by the Group have been consolidated. Control is achieved when the Würth Finance Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Control is assumed if the Würth Finance Group holds more than 50% of the voting rights of the investee.

Subsidiaries are consolidated from the date on which they were acquired by the Group and are deconsolidated from the date of disposal.

The scope of consolidation of the Group as at 31 December 2020 is composed as follows:

Company	Core activities	No. chamber of commerce	Currency	Share capital	Quota
Würth Finance International B.V., Amsterdam	Treasury activities for the Würth Group	008654700	EUR	16,000	100%
Würth Invest AG, Chur	Asset management	CH-350.3.007.992-6	CHF	23,000	100%
Würth Financial Services AG, Rorschach	Financial and pension plan consulting / insurance brokerage for corporate and private clients	CH-020.3.918.954-7	CHF	1,500	100%

Business combination
On 23 October 2019, Würth Financial Services AG ("Würth Financial Services") acquired 100% of the issued share capital of Optima Versicherungsbroker AG ("Optima") in Chur, which acts as an insurance broker providing services for companies and private clients in German-speaking Switzerland and the Principality of Liechtenstein. Through the business acquisition and the additional location in Chur, Würth Financial Services aims to strengthen its market position as well as to accelerate its digitalisation strategy. The object of the above business combination is the transfer of 100 bearer shares of CHF 1,000 each.

In accordance with the requirements of IFRS 3.4, the Group applied the acquisition method to the above-mentioned business combination. The cost of the acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date at fair value. In accordance with IFRS 3.9, the Group considers the costs incurred in addition to the actual purchase price as incidental acquisition costs when determining the purchase price.

At the acquisition date, the purchase value amounted to CHF 1.8 million.

Method of consolidation
The consolidated Financial Statements comprise the financial statements of Würth Finance International B.V., Amsterdam, and its subsidiaries as at 31 December. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-Group balances and transactions as well as income and expenses resulting from intra-Group transactions are fully eliminated.

2 Accounting principles

General
The consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. The main accounting principles are described in this section in order to show how their application influences the stated results and information for the Group.

The consolidated Financial Statements are presented in euros and all values are rounded to the nearest thousand (EUR ’000), except when otherwise indicated.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated Financial Statements of the Group. The Group has not adopted any standards, interpretations or amendments early that have been issued but are not yet effective. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Amendments to IFRS 3: definition of a business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated Financial Statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: interest rate benchmark reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The impact of these amendments on the consolidated Financial Statements of the Group is currently under review as certain interest rate hedge relationships are affected. There is no material impact to be expected.

Amendments to IAS 1 and IAS 8: definition of material
The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated Financial Statements of the Group, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated Financial Statements of the Group.

Amendments to IFRS 16 COVID-19 Related Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated Financial Statements of the Group.

Assumptions and estimates
The IFRS include guidelines that require the Group to make assumptions and estimates when preparing its consolidated Financial Statements. These estimates and assumptions are continuously reviewed and are based on past experience and other factors, including expectations regarding likely future developments. The most important assumptions and estimates relate to the actuarial calculations for pensions and other post-employment benefits, the expected credit loss, as well as to the provisions.

Recognition
Purchases and sales of financial assets and liabilities are recognised on the settlement day. Transactions are thus recognised in the balance sheet mainly on the settlement date and not on the transaction date. All concluded transactions are recorded and evaluated. Any unrealised gains or losses resulting from valuing transactions at market value are recognised in the income statement.

Accrual of earnings and expenses

Interest income and interest expenses are accrued as earned and recognised as income or expenses respectively. Dividends are recognised as from the date when they have been formally declared and approved. Premiums and discounts arising from the issuance of bonds are amortised over their residual term using the effective interest rate (EIR) method. Factoring fees are charged when the receivable is assigned to the Group.

Collection and delcredere charges are levied when the supplier's invoice is paid. Income from services is in principle recorded when the service is rendered. Brokerage, consulting fees and other such income are recognised on a pro rata basis throughout the time the service is rendered. Revenue from new brokerage mandates is recognised with effect from the signature date on the basis of past experience.

Foreign exchange translation

The Group's consolidated Financial Statements are presented in euros, which is the Group's presentation currency. Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date the transaction first qualifies for recognition. Exchange differences arising from such transactions, as well as income resulting from converting monetary assets and monetary liabilities denominated in foreign currencies at the rate of exchange applicable at the balance sheet date, are recognised in the income statement.

Conversion rates at 31 December	2020	2019
US dollar (USD)	1.224	1.123
Swiss franc (CHF)	1.082	1.085
British pound (GBP)	0.895	0.851
Canadian dollar (CAD)	1.558	1.460
Chinese renminbi (CNH)	7.950	7.820
Norwegian krone (NOK)	10.484	9.865
Danish krone (DKK)	7.444	7.471
Swiss franc (CHF) – average exchange rate	1.070	1.113

On consolidation, all assets and liabilities of the subsidiaries – with the exception of shareholders' equity – are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss foreign currency translation.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and measurement of financial instruments

Financial instruments are recognised when the Group becomes party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.
Financial liabilities are derecognised when the related contractual obligations are extinguished, discharged / cancelled or expire.
Financial instruments are recognised and derecognised using settlement date accounting.

On initial recognition, financial instruments are measured at fair value. Fair value on initial recognition includes transaction cost directly attributable to the acquisition or issue of financial instruments, except for financial instruments carried at fair value through profit or loss, for which transaction costs are recognised in net income in the period when they are incurred.

Financial instruments are measured in subsequent periods either at fair value or at amortised cost using the effective interest rate method, depending on the financial instrument classification.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to its carrying amount. When calculating the effective interest rate, the Group estimates future cash flows, considering all contractual terms of the financial instrument.

Major types of financial instruments and their classification

Business combination

In a business combination, the acquirer obtains control over one or more businesses. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. A contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. A contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent considerations that are not within the scope of IFRS 9 are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is not amortised, but at the end of each reporting period or when indicators of impairment exist, the Group assesses whether there is any indication that goodwill is impaired. If such indicators exist, the Group is required to test the goodwill for impairment. Irrespective of whether there is any indication of impairment, the Group tests goodwill for impairment annually.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are valued at amortised cost.

Securities

Within the scope of its management and performance measurement activities relating to a documented risk management and investment strategy, the Group measures securities as financial instruments at fair value through profit or loss. The fair value of securities that are actively traded in organised financial markets is determined by reference to quoted market prices. For securities where there is no active market, fair value is determined using valuation techniques such as price quotations from securities brokers or on the basis of price models. The valuations are by their very nature dependent on the assumptions on which they are based. Traded debt securities are carried at their clean price.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. All loans and receivables are initially recognised at their actual cost, which corresponds to the fair value at the time of the loan being granted. After initial recognition, loans and receivables are subsequently measured at amortised cost less value adjustments using the effective interest rate method and less allowance for expected credit losses.

The payments on the loans consist solely of interest and principal. Income and expenses are recognised as income or expenses respectively.

The Group records an allowance for expected credit loss (ECL) for all loans. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit losses (12mECL).

Derivative financial instruments

Derivative financial instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates or other financial instruments. The Group acquires derivative financial instruments to manage exposures to interest, currency and other market risks. Derivative financial instruments are classified as held-for-trading financial assets / financial liabilities, unless they are included in hedge accounting as hedging instruments.

Derivative financial instruments are recognised at fair value at each balance sheet date and reported in the balance sheet under "positive fair values of derivative instruments" or "negative fair values of derivative instruments".

The fair values recognised in the balance sheet reflect the net fair value of the instruments after the cash settlement.

Derivative financial instruments and hedge accounting

The Group designates certain derivatives held for risk management purposes as cash flow hedges or fair value hedges:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or to a highly probable forecasted transaction or the foreign currency risk in an unrecognised firm commitment.

The Group documents all hedging relationships and its risk management objectives, along with its strategy for carrying out the hedge transactions.

The Group assesses whether the derivatives used in hedging transactions are highly effective in offsetting changes in the cash flow or the fair value of hedged items, both at inception and over the life of the hedge.

If these hedging instruments expire, are sold or no longer meet the criteria for hedge accounting, the amounts previously recognised in OCI are reclassified to the income statement as net gains or losses on other financial instruments during the periods when the variability in the cash flows or fair values of the hedged item affects net income. However, if a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement under net gains or losses on other financial instruments.

Bonds issued

Issued bonds are initially recognised at the fair value of the consideration received, net of directly attributable transaction cost. They are subsequently reported in the balance sheet at amortised cost using the effective interest method. The amortisation of bond-issuing cost (discount) is recognised in the income statement over the duration of the term using the effective interest method. Bonds represent non-current liabilities. As soon as the remaining term is less than 12 months, the respective bond is reported as a current liability.

Property, plant and equipment

Property, plant and equipment comprise office furniture and equipment, interior installations, vehicles, ICT hardware and works of art. These assets are capitalised if their acquisition or production cost can be reliably determined, if they will bring future economic benefit, and if the anticipated usage extends beyond the reporting period.

Property, plant and equipment are stated at cost, net of accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated on a straight-line basis over the estimated useful life of the assets:

Office furniture and equipment	2–5 years
Interior installations	5 years
Vehicles	3–4 years
ICT hardware	2–3 years

No amortisation is calculated on works of art.
The amortisation periods and methods are reviewed at least at each financial year-end.

Intangible assets

Intangible assets comprise among others software. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets:

EDP software	2 years
Activated customer base	10 years

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense is recognised in the income statement in the expense category amortisation expenses. The amortisation period and amortisation method are reviewed at least at each financial year-end.

Leases

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 a consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgment in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Impairment of assets
The value of property, plant and equipment and other fixed assets is reviewed for impairment at least once a year or if significant events or changes in circumstances suggest that their book value is too high. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less the cost to sell and its value in use.

Provisions
Provisions are recognised in the balance sheet when the Group has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Taxes and deferred taxes
Current income taxes are calculated based on the taxable income in the fiscal year and in accordance with the applicable tax laws in the Netherlands and Switzerland, and are recognised as an expense in the period in which the income is earned. They are stated as income tax receivables and income tax payables in the balance sheet.

Tax effects arising from temporary differences between the carrying value of assets and liabilities reported in the balance sheet and their corresponding tax values are recognised separately as deferred tax assets and deferred tax liabilities respectively. Deferred income tax assets arising from temporary differences and from loss carryforwards eligible for offset are recognised only if it seems likely that in future sufficient taxable profits will be available against which those loss carryforwards can be offset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled.

Pensions and other post-employment benefits
The Group operates a number of pension plans for its employees. These are treated as defined benefit plans in accordance with IAS 19. Actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The impact of the effect is shown in the "consolidated statement of other comprehensive income".

For separately funded defined benefit plans, the degree of coverage of the fair value of the benefit obligations compared with the plan's assets, valued at market prices, is reported in the balance sheet as a liability or an asset, taking into consideration claims that still have to be offset and unrecorded actuarial gains or losses ("the projected unit credit method").

Transactions with related companies
The Group is responsible for concentrating and optimising the worldwide cash flows within the Würth Group, managing the financial risks and handling the Würth Group financing. In this connection, by its very nature the Group carries out a very wide variety of transactions with associated companies, that is, with companies belonging to the Würth Group. Only a relatively small proportion of transactions are carried out with third parties outside the Würth Group.

Transactions performed within the Group are eliminated for the purpose of these consolidated Financial Statements. All intra-Group transactions are consolidated within the framework of the consolidated financial statements of the Würth Group.

Segments
The Group generates income through a wide range of activities, which are divided into the following segments:
- Inhouse Banking with Group Financing, Trading, Portfolio Management, Central Settlement and Central Services,
- External Financial Services with Pension Plans / Insurance.

This structure forms the basis for the primary segment reporting. Segment reporting by geographic area is not considered meaningful as the services are only provided from the Netherlands and Switzerland.

The Group Financing segment borrows funds from the money and capital markets and places them at the disposal of the Würth Group companies in the form of loans and credits. The Trading segment purchases and sells currency and interest rate instruments as well as securities for the purpose of generating financial income and capital gains. The activities relating to payment for goods purchased by Würth Group companies, together with the delcredere and collection services for suppliers of goods, are summarised under Services. Some of the Group's excess funds are allocated to a securities portfolio, which is managed through Würth Invest AG. The results of these asset management activities are disclosed in the segment Portfolio Management. The Pension Plans & Insurance segment comprises the services provided by Würth Financial Services AG.

Direct revenue and expense are allocated to the appropriate segment. Transfers between the business units are reported at fair value, which corresponds to the amounts that would be charged to third parties for similar services. Revenue and expense arising from activities that are not directly attributable to the segments are booked to Central Services.

3 Intangible assets / property, plant and equipment

Intangible assets / property, plant and equipment comprise the following items:

At 31 December 2020

in TEUR	Acquisition cost 2019	Additions (disposals) incl. asset retirement 2020	Acquisition cost 2020	Accum. amortisation 2019	Asset retirement 2020	Amortisation for the year 2020	Accum. amortisation 2020	Net book value 2020
Intangible assets								
Software	2,698	-470	2,228	-2,553	539	-61	-2,075	153
Activated customer base	15,231	49	15,280	-13,695	-43	-159	-13,897	1,383
Total intangible assets	**17,929**	**-421**	**17,508**	**-16,248**	**496**	**-220**	**-15,972**	**1,536**
Property, plant and equipment								
Right-of-use assets	2,934	780	3,714	-1,219	523	-1,333	-2,028	1,687
Vehicles	743	-108	635	-457	126	-151	-482	153
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	2,727	62	2,789	-2,590	-5	-63	-2,658	130
Total property, plant and equipment	**6,438**	**734**	**7,172**	**-4,266**	**644**	**-1,547**	**-5,168**	**2,004**
Total	**24,367**	**313**	**24,680**	**-20,514**	**1,140**	**-1,767**	**-21,140**	**3,540**

At 31 December 2019

in TEUR	Acquisition cost 2018	Additions (disposals) incl. asset retirement 2019	Acquisition cost 2019	Accum. amortisation 2018	Asset retirement 2019	Amortisation for the year 2019	Accum. amortisation 2019	Net book value 2019
Intangible assets								
Software	2,568	130	2,698	-2,022	-20	-510	-2,553	146
Activated customer base	13,162	2,069	15,231	-13,162	-507	-26	-13,696	1,535
Total intangible assets	**15,730**	**2,199**	**17,929**	**-15,184**	**-528**	**-537**	**-16,248**	**1,681**
Property, plant and equipment								
Right-of-use assets	0	2,934	2,934	0	-8	-1,211	-1,219	1,716
Vehicles	668	75	743	-375	95	-177	-457	286
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	2,566	161	2,727	-2,434	-62	-93	-2,590	137
Total property, plant and equipment	**3,267**	**3,171**	**6,438**	**-2,809**	**25**	**-1,481**	**-4,265**	**2,172**
Total	**18,997**	**5,370**	**24,367**	**-17,993**	**-503**	**-2,018**	**-20,514**	**3,853**

in TEUR	Right-of-use assets
At 1 January 2020	1,716
Accretion of interest	0
Additions	1,303
Amortisation expense	-1,333
At 31 December 2020	**1,686**

in TEUR	Lease liabilities
At 1 January 2020	1,729
Accretion of interest	-3
Payments	-13
At 31 December 2020	**1,713**

in TEUR	Lease liabilities
Amortisation expense of right-of-use assets	-1,333
Interest expense on lease liabilities	-3
Expense relating to short-term leases (incl. in cost of sales)	0
Expense relating to leases of low-value assets (incl. admin. expenses)	0
Variable lease payments (incl. in cost of sales)	0
Total amount recognised in income statement	**-1,336**

4 Loans to related parties

in TEUR	2020	2019
Balance at 1 January	1,113,594	1,055,899
New loans granted, increase in existing loans	368,891	408,721
Repayments	-60,786	-61,240
Currency and other adjustments	-20,173	6,273
Term reclassification	-238,013	-296,060
Total loans to related parties	**1,163,513**	**1,113,594**

Long-term loans to related companies, granted in foreign currencies, are translated into euros at the year-end conversion rates. The average interest rates for the major currencies at 31 December are:

	2020	2019
EUR	1.75%	1.87%
CHF	0.94%	0.94%
USD	3.72%	3.96%
DKK	1.08%	1.08%

5 Other financial assets to related parties

In its function to provide funds to other Würth Group companies to operate their business, the Group established a funding relationship with Internationales Bankhaus Bodensee AG (IBB). The following table shows the exposure for the year ended on 31 December:

in TEUR	2020	2019
Capital relinquishment	9,896	20,568
Total other financial assets to related parties	**9,896**	**20,568**

These funds are not guaranteed.

6 Other assets

in TEUR	2020	2019
Receivables from third parties	2,641	2,710
Other assets	1,299	1,164
Total other assets	**3,940**	**3,874**

The previously disclosed deferred tax assets in the amount of TEUR 2,658 per 31.12.2019 is now shown as a TEUR 1,536 Income tax payable and a TEUR 1,122 Other asset.

7 Securities

in TEUR	Market value 2020	Acquisition cost 2020	Market value 2019	Acquisition cost 2019
Equities / funds	6,615	5,733	8,526	6,782
Bonds	56,363	54,462	48,554	46,703
Sub-investment-grade bonds	3,644	3,534	2,660	2,589
Hedge funds	1,119	981	1,042	981
Commodities	1,196	956	1,977	1,611
Total securities	**68,937**	**65,666**	**62,759**	**58,667**

Securities are recognised at market values.

8 Bonds issued

On 21 May 2020, the company repaid a EUR 500 million bond with an annual 1.75% coupon. The company issued a EUR 750 million bond under its EUR 3 billion EMTN programme. The bond was issued on 21 May 2020 and has a term of 7.5 years and an annual coupon of 0.75%.

Overview of bonds issued at 31 December 2020

in TEUR Maturity	Notional amount	Premium / discount	Own bonds	Total	Coupon
Long-term					
19.05.2022	500,000	-578	0	499,422	1.000%
25.05.2025	500,000	6,521	0	506,521	1.000%
22.11.2027	750,000	-3,595	0	746,405	0.750%
Total book value long-term bond liabilities				**1,752,348**	
Total book value bonds issued				**1,752,348**	

in TEUR Maturity	Notional (excluding own bonds)	Market value	Coupon
19.05.2022	500,000	507,765	1.000%
25.05.2025	500,000	525,710	1.000%
22.11.2027	750,000	789,908	0.750%
Total market value at 31 December		**1,823,383**	

Overview of bonds issued at 31 December 2019

in TEUR Maturity	Notional amount	Premium / discount	Own bonds	Total	Coupon
Short-term					
21.05.2020	500,000	-121	0	499,879	1.750%
Total book value short-term bond liabilities				**499,879**	
Long-term					
19.05.2022	500,000	-999	0	499,001	1.000%
25.05.2025	500,000	4,797	0	504,797	1.000%
Total book value long-term bond liabilities				**1,003,797**	
Total book value bonds issued				**1,503,676**	

in TEUR Maturity	Notional (excluding own bonds)	Market value	Coupon
21.05.2020	500,000	509,250	1.750%
19.05.2022	500,000	514,860	1.000%
25.05.2025	500,000	523,915	1.000%
Total market value at 31 December		**1,548,025**	

The market values shown in the tables are calculated as the sum of all discounted cash flows based on the swap curves (source: Bloomberg).

The issued bonds are irrevocably and unconditionally guaranteed by joint and several guarantees of Adolf Würth GmbH & Co. KG, Künzelsau.

The effective interest rates do not significantly differ from the nominal interest rates.

9 Other liabilities

in TEUR	2020	2019
Payables for deliveries and services	6,179	5,525
of which to third parties	1,135	727
of which to related parties	5,044	4,798
Compensation-related liabilities	4,356	4,892
Other liabilities	1,978	2,778
Total other liabilities	**12,513**	**13,194**

Other liabilities primarily comprise accruals for services received but not invoiced during the financial year.

10 Interest income and expenses

At 31 December 2020

in TEUR	Total	Parent companies	Associated companies	Third parties
Interest income				
Interest income from financing activities at amortised cost	34,217	84	34,107	26
Interest income from financing leasing activities at amortised cost	2,709	0	2,709	0
Interest income from liquid assets at amortised cost	6,882	20	6,593	269
Interest income from current accounts	6,548	20	6,593	-65
Interest income from bank accounts, time deposits and money market funds	334	0	0	334
Interest income from financial instruments at fair value through profit and loss	15,017	0	7,234	7,783
Interest income from interest rate and cross-currency swaps	13,674	0	6,399	7,275
Other interest income from financial instruments	1,343	0	835	508
Total interest income	**58,825**	**104**	**50,643**	**8,078**
Interest expenses				
Interest expenses for current accounts and time deposits	514	1	513	0
Interest expenses for bonds issued	22,839	2,065	0	20,774
Interest expenses from financial instruments	20,180	179	6,479	13,522
Valuation gains / (losses) from interest rate and cross-currency swaps (unrealised)	1,191	0	-432	1,623
Interest expenses from interest rate and cross-currency swaps	14,325	0	5,889	8,436
Other interest expenses from financial instruments	4,664	179	1,022	3,463
Other interest expenses (third parties)	1,503	0	7	1,496
Total interest expenses	**45,036**	**2,245**	**6,999**	**35,792**

At 31 December 2019

in TEUR	Total	Parent companies	Associated companies	Third parties
Interest income				
Interest income from financing activities at amortised cost	36,532	616	35,818	97
Interest income from financing leasing activities at amortised cost	2,555	0	2,537	18
Interest income from liquid assets at amortised cost	9,161	37	8,750	374
Interest income from current accounts	8,787	37	8,750	0
Interest income from bank accounts, time deposits and money market funds	374	0	0	374
Interest income from financial instruments at fair value through profit and loss	12,665	0	4,199	8,466
Interest income from interest rate and cross-currency swaps	11,481	0	3,740	7,741
Other interest income from financial instruments	1,185	0	459	725
Total interest income	**60,913**	**653**	**51,303**	**8,956**
Interest expenses				
Interest expenses for current accounts and time deposits	1,661	25	1,636	0
Interest expenses for bonds issued	22,529	1,875	-14	20,668
Interest expenses from financial instruments	21,981	492	5,012	16,476
Valuation gains / (losses) from interest rate and cross-currency swaps (unrealised)	1,851	0	-49	1,900
Interest expenses from interest rate and cross-currency swaps	12,176	0	3,356	8,820
Other interest expenses from financial instruments	7,954	492	1,705	5,756
Other interest expenses (third parties)	458	0	0	458
Total interest expenses	**46,629**	**2,392**	**6,635**	**37,602**

11 Income from commission and service fee activities

in TEUR	2020	2019
Acquisition commissions, brokerage fees	12,765	10,699
Collection and delcredere agreements	24,903	25,198
Total income from commission and service fee activities	**37,668**	**35,897**

12 Income from trading activities and financial instruments

in TEUR	2020	2019
Income from securities transactions	1,685	3,566
Income from foreign exchange transactions	10,691	11,148
Total income from trading activities and financial instruments	**12,376**	**14,713**

13 Other ordinary income from related parties

Other ordinary income comprised TEUR 1,709 (2019: TEUR 2,870) of income out of the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered.

14 Personnel expenses

At 31 December 2020, personnel expenses were as follows:

in TEUR	2020	2019
Wages and salaries	15,975	15,738
Pension cost	1,339	947
Social security cost	1,440	1,209
Other employee cost	640	532
Total personnel expenses	**19,394**	**18,426**

Pension plan
The Group had no direct or indirect share or option-based remuneration in favour of employees.

The pension plan in the Netherlands consists of a defined contribution plan. The salary over which pension was built up was maximised at TEUR 96 (2019: TEUR 94). The premium was partly paid by the employer.

In Switzerland, the individual Group companies participated in a semi-autonomous pension scheme in which several Swiss Würth entities participated. In this plan actuarial risks (longevity, disability and death) are vested in an insurance company.

The investment risks remained with the pension scheme, which was responsible for the asset management. The pension scheme was an addition to the statutory social security insurance.

The employees paid a savings contribution amounting to 1.5%–10% of their insured annual salary. The employees' contribution amount is age-related. In addition, the employees had the option of paying voluntary contributions.

In another scheme for authorised representatives and Managing Directors in Switzerland, the annual employee contributions amounted to 50% of the total sum.

The following figures provide an overview of the financial situation regarding the defined benefit plans as at 31 December:

in TEUR	2020	2019
Pension cost		
Current service cost	1,197	948
Net interest expense / (income)	12	39
Foreign currency translation	130	–133
Pension cost recognised in income statement	**1,339**	**854**
Revaluation of defined benefit plan		
Actuarial (gains) / losses due to changes in demographic assumptions	346	2,539
Actuarial (gains) / losses due to changes based on experience	1,677	486
Return on plan assets (less interest income)	–1,610	–2,259
Foreign currency translation	5	102
Revaluation recognised in OCI	**418**	**868**
Liabilities for pension plan		
Defined benefit obligation at 31 December	40,572	36,591
Fair value of plan assets at 31 December	–33,756	–30,359
Net liabilities at 31 December	**6,816**	**6,232**
Changes in the benefit obligations		
Benefit obligation at 1 January	36,595	30,647
Interest expense	75	250
Current service cost	1,197	948
Plan participant contributions	929	877
Actuarial (gains) / losses due to changes in demographic assumptions	346	2,539
Actuarial (gains) / losses due to changes based on experience	1,676	486
Benefit payments	–333	–464
Foreign currency translation	86	1,308
Benefit obligation at 31 December	**40,571**	**36,591**
Changes in the plan assets		
Fair value of plan assets at 1 January	30,362	25,378
Interest income	63	211
Return on plan assets (less interest income)	1,610	2,259
Plan participant contributions	929	877
Employer contributions	1,075	1,027
Benefit payments	–333	–464
Foreign currency translation	58	1,072
Fair value of plan assets at 31 December	**33,764**	**30,359**
Assumptions		
Discount rate	0.15%	0.20%
Expected return on plan assets	0.15%	0.80%
Future salary increases up to age 54 P / A	0.50%	0.50%
Future salary increases from age 55 P / A	0.00%	0.00%
Future pension increases	0.00%	0.00%
Probability of termination of service	BVG 2015 / Generation table	

Sensitivity of benefit obligation

in TEUR Defined changes in assumptions	Defined benefit obligation	Gross service cost
Assumption at 31.12.2020	40,571	2,127
Discount rate		
Increase by 25 basis points	39,780	2,034
Decrease by 25 basis points	42,433	2,227
Rate of salary increase		
Increase by 50 basis points	41,219	2,127
Decrease by 50 basis points	40,099	2,127

Plan asset allocation by category:

	2020	2019
Equities	24.8%	28.2%
Bonds	44.8%	43.8%
Real estate	25.4%	25.7%
Other	5.0%	2.3%
Total of plan asset allocation	**100.0%**	**100.0%**

The plan assets of the pension funds consisted either of credit balances with an insurance company or a semi-autonomous pension scheme.

For financial year 2021, the Group anticipated contributions to defined benefit pension plans amounting to approximately TEUR 2,127.

in TEUR	2020	2019
Short-term employee benefits	2,124	2,168
Total compensation paid to key management personnel	**2,124**	**2,168**

Compensation of key management personnel of the Group
In 2020 and 2019, no other forms of compensation were paid to key management staff.

In 2020, fees of TEUR 240 were paid to members of the Board of Directors (2019: TEUR 240).

The key management comprised the Managing Directors of the Group companies (2020: 5 persons; 2019: 5 persons).

Remuneration for the Managing Directors of the Group companies totalled TEUR 2,124 in the year 2020 (2019: TEUR 2,168).

15 Income tax

The Group is subject to income tax in the Netherlands and in Switzerland. All taxes that were due or are payable in the future relating to the financial years up to and including 2020 are accrued as at 31 December 2020.

The relevant tax rate for the Netherlands was 25% (2019: 25%). Due to separate taxation of the head office in the Netherlands, the branch office in Switzerland and the subsidiaries in accordance with valid legislation in the corresponding countries, there was a difference between the effective tax rate and the relevant tax rate for the Netherlands.

The relevant tax rates in Switzerland were 8.5% (2019: 8.5%) on a federal level and a maximum of 8.8% (2019: 12%) on a cantonal level.

The withholding tax credits not utilized in the Netherlands amounted to TEUR 6,404 (2019: TEUR 6,035) and are available for carryforward indefinitely. For tax purposes the operating income and expenses were split based on their origin. The bonds issued by Würth Finance International B.V. were kept on the books in the Netherlands. Therefore, also the valuation effects of certain derivative instruments used to mitigate financial risks were allocated accordingly.

The reconciliation of income taxes is composed as follows:

in TEUR	2020	2019
Income before taxes	**42,412**	**52,792**
Tax expense using the assumed average tax rate (25%)	10,603	12,950
Effect on tax-free income / effect on non-taxable expenses	-551	-460
Difference between actual and assumed tax rates	-1,031	-588
Withholding tax payments	223	800
(De)recognition deferred taxes	-198	-68
Tax effects related to prior years	0	1
Net effective tax expenses	**9,046**	**12,635**

in TEUR	2020	2019
Deferred tax liabilities on intangible assets	301	331
Deferred tax liabilities on IBB capital relinquishment	99	267
Deferred tax liabilities	**400**	**598**

16 Transactions with related parties

As the operative treasury unit of the Würth Group, the Group is responsible for concentrating and optimising the worldwide flow of payments, managing the financial risks and handling the financing of the Würth Group companies.

In addition to all the companies belonging to the Würth Group, the "related parties" also included the members of the Board of Directors and Management of the Group, as well as their families and companies closely associated with them.

At 31 December 2020

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,163,513	0	1,163,513
Other financial assets to related parties	9,896	0	9,896
Loans to family foundation	0	0	0
Receivables from related companies	951,433	7,028	944,405
Current accounts	236,296	0	236,296
Short-term loans	566,067	0	566,067
Factoring	149,070	7,028	142,042
Total receivables from related parties	**2,124,842**	**7,028**	**2,117,814**
Payables to related parties			
Payables to related companies	1,220,451	327,379	893,072
Current accounts	1,198,535	327,379	871,156
Fixed-term deposit	21,916	0	21,916
Other payables to related parties	5,044	0	5,044
Total payables to related parties	**1,225,495**	**327,379**	**898,116**

At 31 December 2019

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,113,594	0	1,113,594
Other financial assets to related parties	20,568	0	20,568
Loans to family foundation	4,988	4,988	0
Receivables from related companies	1,130,334	43,760	1,086,575
Current accounts	275,307	27,276	248,031
Short-term loans	714,479	12,236	702,243
Factoring	140,549	4,248	136,301
Total receivables from related parties	**2,269,484**	**48,748**	**2,220,736**
Payables to related parties			
Payables to related companies	647,133	0	647,133
Current accounts	624,960	0	624,960
Fixed-term deposit	22,173	0	22,173
Other payables to related parties	4,798	0	4,798
Total payables to related parties	**651,931**	**0**	**651,931**

17 Commitments and contingencies

The Group has issued guarantees, letters of comfort and letters of credit. These represent commitments and contingencies in favour of third parties for associated company liabilities. The contingent liabilities included contractual commitments in connection with loans received by Würth Group of North America Inc. (private placement). The lending commitments, which had been guaranteed, but not yet utilised, are disclosed at nominal value.

in TEUR	2020	2019
Guarantees, letters of comfort, letters of credit	349,135	340,767
Total contingent liabilities	**349,135**	**340,767**

in TEUR	2020	2019
Unutilised lending commitments	20,481	32,248
Total unutilised lending commitments	**20,481**	**32,248**

18 Financial instruments and risk management

a) Financial risk management

Financial risks are inherent in the Group's business activities but are carefully measured, controlled and monitored by means of a systematic risk management process. To provide secure auditing and transparent information, a strict segregation was made between the functions of bodies that take risks and those that monitor risks. The financial risks were measured and monitored without restriction by the Group's risk controlling bodies. The control of financial risks was effected on the basis of internal directives defined in writing or with reference to strategic guidelines for action. Amendments to the internal directives were made by a defined process and must be approved by the Group's supervisory bodies.

In order to mitigate the financial risks and optimise income on the financial resources, the Group entered into derivative financial instrument transactions. The Group expected that any reduction in value of one such instrument will generally be compensated by a corresponding increase in the value of the underlying hedged transaction.

The financial risks were limited by determining the authorised instruments and by adhering to a limit system on a daily basis. Corresponding reporting by the bodies which control the risk for the attention of management was effected daily. The management of market risks (foreign currency, interest rate, security price), credit risks and liquidity risks is described below.

Foreign currency risk

Due to its operating activities the Group enters into foreign currency transactions for companies of the Würth Group worldwide and was therefore exposed to exchange rate fluctuations. The Group deems foreign currency risks to mean the loss risk on the reported assets and revenues arising from the change in the relationship between exchange rates of the exposure currency and the balance sheet currency, the euro.

For the control of foreign currency risks, individual limits were set for each currency or for each geographical region. To control the currency risks, spot transactions, forward transactions, currency swaps, cross-currency swaps and currency options were used. The positions were valued and monitored on a daily basis.

Sensitivity analysis for material foreign currency positions at 31 December

The following table discloses the sensitivity of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) triggered by a reasonably possible change in the exchange rate, with all other variables held constant. The table reflects the most important currencies for loans and deposits in terms of volumes for the Würth Finance Group.

	2020		2019	
Currency	Market scenario	Impact on profit (in TEUR)	Market scenario	Impact on profit (in TEUR)
CHF	10%	828,141	10%	1,164,088
	-10%	-828,141	-10%	-1,164,088
USD	10%	319,164	10%	437,685
	-10%	-319,164	-10%	-437,685
GBP	10%	55,698	10%	12,548
	-10%	-55,698	-10%	-12,548
CAD	10%	69,668	10%	142,839
	-10%	-69,668	-10%	-142,839
CNY	10%	130,877	10%	18,270
	-10%	-130,877	-10%	-18,270
DKK	10%	22,902	10%	23,375
	-10%	-22,902	-10%	-23,375
NOK	10%	105,998	10%	123,700
	-10%	-105,998	-10%	-123,700

Balance sheet by currency at 31 December 2020

in TEUR	Total	EUR	USD	CHF	DKK	Others
		Amounts in TEUR countervalue				
ASSETS						
Non-current assets						
Software	153	-190	0	343	0	0
Activated customer base	1,383	0	0	1,383	0	0
Right-of-use assets	1,687	1,192	0	495	0	0
Operating equipment and furnishings	317	-31	0	348	0	0
Loans to related companies	1,163,513	860,804	150,280	96,432	6,872	49,125
Participations in Group companies	0	0	0	0	0	0
Other financial assets to related parties	9,896	9,896	0	0	0	0
Total non-current assets	**1,176,949**	**871,671**	**150,280**	**99,001**	**6,872**	**49,125**
Current assets						
Receivables from related companies	951,433	646,390	67,569	38,293	37,170	162,011
Loans to family foundation	0	0	0	0	0	0
Positive fair values of derivative instruments	14,030	165,435	-120,090	-33,614	0	2,299
Other assets	3,940	2,723	1	1,209	0	7
Income tax receivables	0	0	0	0	0	0
Accrued income and prepaid expenses	6,612	3,279	23	367	6	2,937
Securities held for trading	68,937	48,810	4,037	13,343	0	2,747
Cash and cash equivalents	1,126,950	794,602	601	312,537	1,132	18,078
Total current assets	**2,171,902**	**1,661,239**	**-47,859**	**332,135**	**38,308**	**188,079**
Total assets	**3,348,851**	**2,532,910**	**102,420**	**431,136**	**45,180**	**237,205**
EQUITY AND LIABILITIES						
Shareholders' equity						
Issued capital	16,000	16,000	0	0	0	0
Additional paid-in capital	5,000	5,000	0	0	0	0
Retained earnings	286,899	286,899	0	0	0	0
Other comprehensive income	-14,466	-14,466	0	0	0	0
Foreign currency translation	-5	-5	0	0	0	0
Net profit for the year	33,366	33,366	0	0	0	0
Total shareholders' equity	**326,794**	**326,794**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	1,752,348	1,752,348	0	0	0	0
Liabilities for pension plans	6,816	0	0	6,816	0	0
Lease liabilities	662	209	0	453	0	0
Payables to banks	4,622	0	0	4,622	0	0
Deferred tax liabilities	400	99	0	301	0	0
Total non-current liabilities	**1,764,848**	**1,752,656**	**0**	**12,192**	**0**	**0**
Current liabilities						
Bonds issued	0	0	0	0	0	0
Commercial paper	0	0	0	0	0	0
Payables to related companies	1,220,451	859,287	63,186	158,474	10,473	129,031
Lease liabilities	1,052	994	0	58	0	0
Payables to banks	1,674	918	0	0	0	756
Income tax payables	5,954	5,272	0	682	0	0
Negative fair values of derivative instruments	8,766	5,529	2,911	326	0	0
Other liabilities	12,513	4,563	1,397	4,909	0	1,644
Accrued expenses and deferred income	6,799	6,714	67	18	0	0
Total current liabilities	**1,257,209**	**883,277**	**67,561**	**164,467**	**10,473**	**131,431**
Total equity and liabilities	**3,348,851**	**2,962,727**	**67,561**	**176,658**	**10,473**	**131,431**
Balance sheet position	**0**	**429,817**	**-34,859**	**-254,478**	**-34,707**	**-105,774**

Balance sheet by currency at 31 December 2019

in TEUR	Total	EUR	USD	CHF	DKK	Others
		Amounts in TEUR countervalue				
ASSETS						
Non-current assets						
Software	146	-175	0	320	0	0
Activated customer base	1,535	0	0	1,535	0	0
Right-of-use assets	1,716	1,087	0	629	0	0
Operating equipment and furnishings	456	74	0	382	0	0
Loans to related companies	1,113,594	827,578	149,742	89,583	5,493	41,198
Participations in Group companies	0	-1,619	0	1,619	0	0
Other financial assets to related parties	20,568	20,568	0	0	0	0
Total non-current assets	**1,138,015**	**847,514**	**149,742**	**94,069**	**5,493**	**41,198**
Current assets						
Receivables from related companies	1,130,334	774,731	84,740	27,535	39,781	203,547
Loans to family foundation	4,988	4,988	0	0	0	0
Positive fair values of derivative instruments	8,154	155,262	-123,913	-24,872	0	1,677
Other assets	3,874	2,299	0	1,575	0	0
Income tax receivables	0	0	0	0	0	0
Accrued income and prepaid expenses	8,009	4,749	179	688	5	2,389
Securities held for trading	62,759	43,695	4,758	10,857	0	3,449
Cash and cash equivalents	272,268	83,313	413	174,652	2,102	11,788
Total current assets	**1,490,386**	**1,069,037**	**-33,823**	**190,435**	**41,887**	**222,851**
Total assets	**2,628,401**	**1,916,550**	**115,919**	**284,503**	**47,380**	**264,048**
EQUITY AND LIABILITIES						
Shareholders' equity						
Issued capital	16,000	16,000	0	0	0	0
Additional paid-in capital	5,000	5,000	0	0	0	0
Retained earnings	275,160	275,160	0	0	0	0
Other comprehensive income	-8,859	-8,859	0	0	0	0
Foreign currency translation	-60	-60	0	0	0	0
Net profit for the year	40,157	40,157	0	0	0	0
Total shareholders' equity	**327,399**	**327,399**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	1,003,797	1,003,797	0	0	0	0
Liabilities for pension plans	6,232	93	0	6,139	0	0
Lease liabilities	629	261	0	368	0	0
Payables to banks	4,608	0	0	4,608	0	0
Deferred tax liabilities	598	267	0	331	0	0
Total non-current liabilities	**1,015,863**	**1,004,418**	**0**	**11,445**	**0**	**0**
Current liabilities						
Bonds issued	499,879	499,879	0	0	0	0
Commercial paper	100,000	100,000	0	0	0	0
Payables to related companies	647,133	493,429	37,310	11,902	7,063	97,428
Lease liabilities	1,100	895	0	205	0	0
Payables to banks	1,720	1,449	0	0	0	270
Income tax payables	6,868	6,868	0	0	0	0
Negative fair values of derivative instruments	3,657	3,339	209	55	0	54
Other liabilities	13,194	5,314	1,088	5,621	0	1,171
Accrued expenses and deferred income	11,589	11,575	6	8	0	0
Total current liabilities	**1,285,139**	**1,122,749**	**38,613**	**17,790**	**7,063**	**98,923**
Total equity and liabilities	**2,628,401**	**2,454,567**	**38,613**	**29,235**	**7,063**	**98,923**
Balance sheet position	**0**	**538,016**	**-77,306**	**-255,268**	**-40,317**	**-165,125**

Interest rate risk
The Group finances Würth Group companies all over the world and is consequently exposed to interest rate risks. The Group deems interest rate risk to mean the negative impact on the financial position and the earnings situation arising from changes in the interest rates in all currencies. Loans to Würth Group companies were partially refinanced by fixed-interest bonds with similar interest and maturity structures. The maximum willingness to take risks in the interest rate sector is defined by a sensitivity in relation to the equity capital. In the event of adverse changes in the interest rates on the individual currencies by 100 basis points, the maximum loss potential is related to equity. The Group keeps the impact of interest rate changes on the equity capital base or on the asset and income situation relatively low and is guided in the medium term by an equity sensitivity of maximum 5%. Furthermore, the Group enters into derivative financial instruments to optimise its interest rate exposure.

Sensitivity analysis of equity as at 31 December
The following table discloses the sensitivity of the Group's equity to a parallel shift of the interest rates, with all other variables held constant. Compared to last year the interest rate sensitivity has increased due to the new bond issue of EUR 750 million. The table reflects the most important currencies for loans and deposits in terms of volumes for the Würth Finance Group. Compared to the previous year volumes in currencies exposure has decreased in total.

Sensitivity of equity 2020

in TEUR			Duration									
Currency	Change in basis points		≤ 6 months		6 months to 1 year		1–5 years		> 5 years		Total	
EUR	100	–100	–1,603	1,636	–1,649	1,698	2,592	–2,783	35,502	–38,729	34,842	–38,177
USD	100	–100	–176	181	–65	67	2	–2	0	0	–238	245
CHF	100	–100	219	–223	–129	133	–778	816	–953	1,011	–1,641	1,736
DKK	100	–100	16	–17	23	–24	–63	67	0	0	–23	27
CNH	100	–100	6	–6	4	–5	0	0	0	0	10	–11
NOK	100	–100	87	–89	–9	9	–21	22	0	0	57	–58
CAD	100	–100	6	–6	13	–14	–99	103	0	0	–80	84
GBP	100	–100	–1	1	6	–6	–181	189	0	0	–176	184
Others	100	–100	–27	28	–43	45	–296	309	–176	187	–542	569

Sensitivity of equity 2019

in TEUR			Duration									
Currency	Change in basis points		≤ 6 months		6 months to 1 year		1–5 years		> 5 years		Total	
EUR	100	–100	1,083	–1,115	–1,626	1,682	–5,698	6,042	12,929	–13,935	6,688	–7,326
USD	100	–100	55	–57	–62	64	54	–57	–319	339	–272	289
CHF	100	–100	215	–221	–97	100	–625	655	–1,302	1,380	–1,808	1,915
DKK	100	–100	9	–9	17	–17	189	–196	0	0	214	–223
CNH	100	–100	39	–41	0	0	0	0	0	0	39	–41
NOK	100	–100	114	–119	–134	139	–30	31	0	0	–50	52
CAD	100	–100	5	–5	9	–9	–114	121	0	0	–101	107
GBP	100	–100	–5	5	–12	12	–17	18	0	0	–33	35
Others	100	–100	–35	36	–62	64	–214	223	76	–85	–235	239

Balance sheet by maturity at 31 December 2020

in TEUR	Total	Sight	Maturity < 1 year	1–5 years	> 5 years
ASSETS					
Non-current assets					
Software	153	153	0	0	0
Activated customer base	1,383	0	0	0	1,383
Right-of-use assets	1,687	0	0	1,687	0
Operating equipment and furnishings	317	317	0	0	0
Loans to related companies	1,163,513	0	0	816,631	346,882
Other financial assets to related parties	9,896	0	0	0	9,896
Total non-current assets	**1,176,949**	**470**	**0**	**818,318**	**358,161**
Current assets					
Receivables from related companies	951,433	385,366	566,067	0	0
Loans to family foundation	0	0	0	0	0
Positive fair values of derivative instruments	14,030	4,493	0	9,537	0
Other assets	3,940	3,940	0	0	0
Income tax receivables	0	0	0	0	0
Accrued income and prepaid expenses	6,612	6,612	0	0	0
Securities held for trading	68,937	68,937	0	0	0
Cash and cash equivalents	1,126,950	1,126,950	0	0	0
Total current assets	**2,171,902**	**1,596,298**	**566,067**	**9,537**	**0**
Total assets	**3,348,851**	**1,596,766**	**566,067**	**827,855**	**358,162**
EQUITY AND LIABILITIES					
Shareholders' equity					
Issued capital	16,000	16,000	0	0	0
Additional paid-in capital	5,000	5,000	0	0	0
Retained earnings	286,899	286,899	0	0	0
Other comprehensive income	-14,466	-14,466	0	0	0
Foreign currency translation	-5	-5	0	0	0
Net profit for the year	33,366	33,366	0	0	0
Total shareholders' equity	**326,794**	**326,794**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	1,752,348	0	0	1,005,943	746,405
Liabilities for pension plans	6,816	0	6,816	0	0
Lease liabilities	662	0	0	662	0
Payables to banks	4,622	0	4,622	0	0
Deferred tax liabilities	400	400	0	0	0
Total non-current liabilities	**1,764,848**	**400**	**11,438**	**1,006,605**	**746,405**
Current liabilities					
Bonds issued	0	0	0	0	0
Commercial paper	0	0	0	0	0
Payables to related companies	1,220,451	1,198,535	21,916	0	0
Lease liabilities	1,052	0	1,052	0	0
Payables to banks	1,674	1,674	0	0	0
Income tax payables	5,954	5,954	0	0	0
Negative fair values of derivative instruments	8,766	5,696	0	1,796	1,274
Other liabilities	12,513	8,157	4,356	0	0
Accrued expenses and deferred income	6,799	6,799	0	0	0
Total current liabilities	**1,257,209**	**1,226,815**	**27,324**	**1,796**	**1,274**
Total equity and liabilities	**3,348,851**	**1,554,010**	**38,762**	**1,008,399**	**747,679**
Balance sheet position	**0**	**42,757**	**527,305**	**–180,544**	**–389,518**

Balance sheet by maturity at 31 December 2019

in TEUR	Total	Sight	Maturity < 1 year	1–5 years	> 5 years
ASSETS					
Non-current assets					
Software	146	146	0	0	0
Activated customer base	1,535	0	0	0	1,535
Right-of-use assets	1,716	0	0	1,716	0
Operating equipment and furnishings	456	456	0	0	0
Loans to related companies	1,113,594	0	0	755,313	358,281
Other financial assets to related parties	20,568	0	0	0	20,568
Total non-current assets	**1,138,015**	**602**	**0**	**757,028**	**380,385**
Current assets					
Receivables from related companies	1,130,334	415,856	714,479	0	0
Loans to family foundation	4,988	0	4,988	0	0
Positive fair values of derivative instruments	8,154	-424	0	14	8,564
Other assets	3,874	3,874	0	0	0
Income tax receivables	0	0	0	0	0
Accrued income and prepaid expenses	8,009	8,009	0	0	0
Securities held for trading	62,759	62,759	0	0	0
Cash and cash equivalents	272,268	272,268	0	0	0
Total current assets	**1,490,386**	**762,341**	**719,467**	**14**	**8,564**
Total assets	**2,628,401**	**762,943**	**719,467**	**757,042**	**388,949**
EQUITY AND LIABILITIES					
Shareholders' equity					
Issued capital	16,000	16,000	0	0	0
Additional paid-in capital	5,000	5,000	0	0	0
Retained earnings	275,160	275,160	0	0	0
Other comprehensive income	-8,859	-8,859	0	0	0
Foreign currency translation	-60	-60	0	0	0
Net profit for the year	40,157	40,157	0	0	0
Total shareholders' equity	**327,399**	**327,399**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	1,003,797	0	0	499,001	504,797
Liabilities for pension plans	6,232	0	6,232	0	0
Lease liabilities	629	0	0	629	0
Payables to banks	4,608	0	4,608	0	0
Deferred tax liabilities	598	598	0	0	0
Total non-current liabilities	**1,015,863**	**598**	**10,840**	**499,629**	**504,797**
Current liabilities					
Bonds issued	499,879	0	499,879	0	0
Commercial paper	100,000	0	100,000	0	0
Payables to related companies	647,133	624,960	22,173	0	0
Lease liabilities	1,100	0	1,100	0	0
Payables to banks	1,720	1,720	0	0	0
Income tax payables	6,868	6,868	0	0	0
Negative fair values of derivative instruments	3,657	-6,889	0	340	10,206
Other liabilities	13,194	8,302	4,892	0	0
Accrued expenses and deferred income	11,589	11,589	0	0	0
Total current liabilities	**1,285,139**	**646,550**	**628,044**	**340**	**10,206**
Total equity and liabilities	**2,628,401**	**974,546**	**638,883**	**499,969**	**515,003**
Balance sheet position	**0**	**1,740,562**	**1,358,350**	**1,257,012**	**903,951**

Balance sheet by interest rate exposure at 31 December 2020

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
ASSETS				
Non-current assets				
Software	153	0	0	153
Activated customer base	1,383	0	0	1,383
Right-of-use assets	1,687	1,687	0	0
Operating equipment and furnishings	317	0	0	317
Loans to related companies	1,163,513	1,163,513	0	0
Other financial assets to related parties	9,896	0	0	9,896
Total non-current assets	**1,176,949**	**1,165,200**	**0**	**11,749**
Current assets				
Receivables from related companies	951,433	566,067	236,296	149,070
Loans to family foundation	0	0	0	0
Positive fair values of derivative instruments	14,030	0	0	14,030
Other assets	3,940	0	2,671	1,269
Income tax receivables	0	0	0	0
Accrued income and prepaid expenses	6,612	0	0	6,612
Securities held for trading	68,937	56,364	0	12,573
Cash and cash equivalents	1,126,950	0	1,126,950	0
Total current assets	**2,171,902**	**622,431**	**1,365,917**	**183,554**
Total assets	**3,348,851**	**1,787,631**	**1,365,917**	**195,303**
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued capital	16,000	0	0	16,000
Additional paid-in capital	5,000	0	0	5,000
Retained earnings	286,899	0	0	286,899
Other comprehensive income	-14,466	0	0	-14,466
Foreign currency translation	-5	0	0	-5
Net profit for the year	33,366	0	0	33,366
Total shareholders' equity	**326,794**	**0**	**0**	**326,794**
Non-current liabilities				
Bonds issued	1,752,348	1,752,348	0	0
Liabilities for pension plans	6,816	0	6,816	0
Lease liabilities	662	662	0	0
Payables to banks	4,622	0	4,622	0
Deferred tax liabilities	400	0	0	400
Total non-current liabilities	**1,764,848**	**1,753,010**	**11,438**	**400**
Current liabilities				
Bonds issued	0	0	0	0
Commercial paper	0	0	0	0
Payables to related companies	1,220,451	21,916	1,198,535	0
Lease liabilities	1,052	0	0	1,052
Payables to banks	1,674	0	1,674	0
Income tax payables	5,954	0	0	5,954
Negative fair values of derivative instruments	8,766	0	0	8,766
Other liabilities	12,513	0	0	12,513
Accrued expenses and deferred income	6,799	0	0	6,799
Total current liabilities	**1,257,209**	**21,916**	**1,200,209**	**35,084**
Total equity and liabilities	**3,348,851**	**1,774,925**	**1,211,648**	**362,278**
Balance sheet position	**0**	**12,707**	**154,270**	**–166,977**

Balance sheet by interest rate exposure at 31 December 2019

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
ASSETS				
Non-current assets				
Software	146	0	0	146
Activated customer base	1,535	0	0	1,535
Right-of-use assets	1,716	1,716	0	0
Operating equipment and furnishings	456	0	0	456
Loans to related companies	1,113,594	1,113,594	0	0
Other financial assets to related parties	20,568	0	0	20,568
Total non-current assets	**1,138,015**	**1,115,310**	**0**	**22,705**
Current assets				
Receivables from related companies	1,130,334	714,479	275,307	140,549
Loans to family foundation	4,988	4,988	0	0
Positive fair values of derivative instruments	8,154	0	0	8,154
Other assets	3,874	0	2,752	1,122
Income tax receivables	0	0	0	0
Accrued income and prepaid expenses	8,009	0	0	8,009
Securities held for trading	62,759	39,070	7,452	16,237
Cash and cash equivalents	272,268	0	272,268	0
Total current assets	**1,490,386**	**758,537**	**557,778**	**174,071**
Total assets	**2,628,401**	**1,873,847**	**557,778**	**196,776**
EQUITY AND LIABILITIES				
Shareholders' equity				
Issued capital	16,000	0	0	16,000
Additional paid-in capital	5,000	0	0	5,000
Retained earnings	275,160	0	0	275,160
Other comprehensive income	-8,859	0	0	-8,859
Foreign currency translation	-60	0	0	-60
Net profit for the year	40,157	0	0	40,157
Total shareholders' equity	**327,399**	**0**	**0**	**327,399**
Non-current liabilities				
Bonds issued	1,003,797	1,003,797	0	0
Liabilities for pension plans	6,232	0	6,232	0
Lease liabilities	629	629	0	0
Payables to banks	4,608	0	4,608	0
Deferred tax liabilities	598	0	0	598
Total non-current liabilities	**1,015,863**	**1,004,426**	**10,840**	**598**
Current liabilities				
Bonds issued	499,879	499,879	0	0
Commercial paper	100,000	100,000	0	0
Payables to related companies	647,133	22,173	624,960	0
Lease liabilities	1,100	0	0	1,100
Payables to banks	1,720	0	1,720	0
Income tax payables	6,868	0	0	6,868
Negative fair values of derivative instruments	3,657	0	0	3,657
Other liabilities	13,194	0	0	13,194
Accrued expenses and deferred income	11,589	0	0	11,589
Total current liabilities	**1,285,139**	**622,052**	**626,680**	**36,407**
Total equity and liabilities	**2,628,401**	**1,626,478**	**637,519**	**364,404**
Balance sheet position	**0**	**247,369**	**–79,742**	**–167,628**

Security price risk

Due to its investment activities, the Group is exposed to security price risks. The Group deems security price risks to mean the exposure to loss resulting from changes in the prices of listed securities.

Basically, a minimum rating of BBB– (Standard & Poor's) is required when selecting bonds. The trend of the rating is monitored on a daily basis. In the event of the bond being downgraded, it is immediately disposed of. However, the Group has a limit of EUR 10 million in market value for sub-investment-grade bonds. Furthermore, the Group uses derivative instruments to hedge security price risks.

The composition of the portfolio is monitored on a daily basis. The allocation is shown in the table below:

Asset allocation at 31 December 2020

in TEUR	Market value	Share
Equity / equity funds	6,615	9.6%
Investment-grade bonds / bond funds	56,364	81.8%
Sub-investment-grade bonds	3,644	5.3%
Hedge funds	1,119	1.6%
Commodities	1,196	1.7%
Total asset allocation	**68,938**	**100.0%**

Asset allocation at 31 December 2019

in TEUR	Market value	Share
Equity / equity funds	8,526	13.6%
Investment-grade bonds / bond funds	48,554	77.4%
Sub-investment-grade bonds	2,660	4.2%
Hedge funds	1,042	1.7%
Commodities	1,977	3.1%
Total asset allocation	**62,759**	**100.0%**

Credit risk

In order to minimise credit risks, transactions are only conducted with first-class external counterparties. For each rating level, binding counterparty limits are defined. Their absolute value is subject to regular critical reviews by the supervisory bodies and is adjusted if necessary. Würth Group counterparties are monitored by Würth Finance International B.V. together with the appropriate member of the Würth Group's Central Managing Board, and granted a credit limit. ISDA agreements are concluded with external counterparties with whom the Group carries out transactions within the framework of financial risk management.

The corresponding credit rating of the internal and external counterparties and the limitation on aggregated individual party risks are constantly monitored.

The counterparty risks relating to delcredere business were transferred in full to insurance companies.

The maximum credit risk corresponds to the value of all the financial assets, contingent liabilities and unused irrevocable credit commitments stated in the annual accounts. Any credit risks relating to loans to individual Würth Group companies with negative equity as at 31 December are covered by letters of comfort from the superordinate parent company.

in TEUR	2020	2019
Credit risks at 31 December		
Total Würth Group long-term	**1,172,598**	**1,116,220**
Total Würth Group short-term	**953,699**	**1,131,160**
Cash and cash equivalents	1,126,950	272,268
Other financial assets to related parties	9,896	20,568
Loans to family foundation	0	5,000
Positive fair values of derivative instruments	14,030	8,154
Other assets	2,671	2,752
Contingent liabilities	349,135	340,767
Lending commitments	20,481	32,248
Total credit risk exposure	**3,649,460**	**2,929,137**

There is only a difference between the gross and net credit risk exposure for derivative transactions, which can be netted, based on the ISDA agreements. In principle, cash and cash equivalents are invested at banks with a minimal rating of "BBB".

Credit losses are inherent costs of the Group's operations and their occurrence and amount may be irregular in nature. Possible credit risk losses are reported in the Financial Statements using the approach for determining impairments based on forward-looking expected credit losses (ECLs) introduced in IFRS 9. From a credit risk modelling perspective, the ECL parameters are the following three parameters: exposure at default (EAD), probability of default (PD) and loss given default (LGD). The exposure at default (EAD) reflects the financial assets as potential credit risk at the reporting date. It represents the outstanding cash flows, taking into account expected repayments, interest payments and provisions, discounted at the effective interest rate.

The probability of default (PD) represents the probability of a default over a certain period of time. The third component, the loss given default (LGD), represents an estimate of the loss at the time of a potential default during the life of a financial instrument.

The Group's impairment approach applied to long-term loan commitments and short-term receivables from related and external companies that are not measured at fair value through profit or loss. The methodology the Group applied to calculate an individual probability-weighted unbiased ECL is by using loss given default (LGD) amounting to 60% and probability of default (PD) based on the Global Corporate Average Cumulative Defaults Rates (Bloomberg).

The PD at year-end amounted to 1.2912% (2019: 0.3921%) which caused the impairment credit amount of EUR 7,886 over 2020, of which EUR 7,903 reflected the impact of the changed PD.

Expected credit loss

in TEUR	31.12.2020	31.12.2019
Loans to related companies	9,084	2,626
Short-term receivables from related companies	2,266	826
Loans to family foundation	0	12
Total expected credit loss	**11,350**	**3,464**

ECL movements (in TEUR)	Stage 1	Stage 2	Stage 3	Total
Balance as of 1 January 2020	3,464	0	0	3,464
Changes due to				
Net movements from new and derecognised transactions	–17	0	0	–17
Stage migration	–231	231	0	0
Remeasurements	7,903	0	0	7,903
Balance as of 31 December 2020	**11,119**	**231**	**0**	**11,350**

Liquidity risk

The Würth Group needs sufficient liquidity to fulfil its financial obligations. In compliance with the superordinate Würth Group policy, Würth Group companies are required to transfer their excess liquidity to Würth Finance International B.V. and, with the latter's support, to make it available to other Würth Group companies to bridge any potential shortages in liquidity.

The objective of liquidity management is to ensure that the Würth Group is able to meet its payment obligations.
The liquidity situation is monitored by the Cash Management department of Würth Finance International B.V.

The high international creditworthiness of the Würth Group (Standard & Poor's has awarded a Senior Unsecured "A" rating to Adolf Würth GmbH & Co. KG) allows the Group to raise liquid funds in the international capital markets on favourable conditions. Würth Finance International B.V. had established a committed credit line of EUR 400 million.

The syndicate providing the funds consisted of 14 banks. The credit line was granted until 15 July 2023 and is guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau. Additionally the Group had arranged credit lines with various banks to cover any potential liquidity requirements.

b) Derivative financial instruments

Positions at 31 December 2020

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	1,543,424	10,530	–7,239
Options	14,418	0	0
Total foreign currency instruments	**1,557,842**	**10,530**	**–7,239**
Interest rate instruments			
Interest rate swaps	667,923	9,695	–3,489
Cross–currency swaps	154,284	13,178	–2,636
Financial futures	19,833	0	0
Total interest rate instruments	**842,040**	**22,873**	**–6,125**
Reduction due to CSA	0	–19,373	4,598
Total derivative financial instruments	**2,399,882**	**14,030**	**–8,766**

Positions at 31 December 2019

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	1,208,377	3,527	–15,125
Options	0	0	0
Total foreign currency instruments	**1,208,377**	**3,527**	**–15,125**
Interest rate instruments			
Interest rate swaps	628,966	8,311	–11,377
Cross-currency swaps	150,848	875	–126
Financial futures	6,474	0	0
Total interest rate instruments	**786,288**	**9,186**	**–11,504**
Reduction due to CSA	0	–4,558	22,972
Total derivative financial instruments	**1,994,665**	**8,154**	**–3,657**

The total derivative financial instruments were presented gross per counterparty.

ISDA master agreements with a CSA are concluded with those counterparties with whom transactions are carried out within the framework of financial risk management. For this reason, the positive and negative fair values of the derivative financial instruments are recorded in the Financial Statements (balance sheet, income statement) in net terms, considering also the cash settlement based on the CSAs.

The foreign currency instruments were mainly used to hedge the currency positions in USD and CHF recorded in the balance sheet. The net positions of the fair values were as follows: EUR 0.5 million (2019: EUR 6.8 million) had a maturity date of less than 12 months and EUR 2.8 million (2019: EUR 4.8 million) mature in 1–5 years.

The interest rate instruments were mainly used to hedge currency and interest rate risks on non-congruent asset and liability positions in EUR, USD and CHF. The maximum maturity was 7 years.

Offsetting financial instruments

Positions at 31 December 2020

in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in balance sheet
FINANCIAL ASSETS			
Derivative financial instruments	33,403	–19,373	14,030
Total	**33,403**	**–19,373**	**14,030**
FINANCIAL LIABILITIES			
Derivative financial instruments	–13,365	4,598	–8,766
Total	**–13,365**	**4,598**	**–8,766**

Positions at 31 December 2019

in TEUR	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in balance sheet
FINANCIAL ASSETS			
Derivative financial instruments	12,712	–4,558	8,154
Total	**12,712**	**–4,558**	**8,154**
FINANCIAL LIABILITIES			
Derivative financial instruments	–26,629	22,972	–3,657
Total	**–26,629**	**22,972**	**–3,657**

Offsetting rights that do not meet some or all of the criteria for offsetting in the balance sheet are not disclosed since the effects are considered immaterial.

c) Fair value of financial instruments at 31 December

	Carrying amount		Fair value	
in TEUR	2020	2019	2020	2019
ASSETS				
Non-current assets				
Loans to related companies	1,163,513	1,113,594	1,259,881	1,196,364
Other financial assets to related parties	9,896	20,568	9,896	20,568
Total non-current assets	**1,173,410**	**1,134,162**	**1,269,777**	**1,216,931**
Current assets				
Receivables from related companies	951,433	1,130,334	956,898	1,136,150
Loans to family foundation	0	4,988	0	5,003
Positive fair values of derivative instruments	14,030	8,154	14,030	8,154
Securities held for trading	68,937	62,759	68,937	62,759
Cash and cash equivalents	1,126,950	272,268	1,128,285	272,702
Total current assets	**2,161,351**	**1,478,503**	**2,168,150**	**1,484,768**
EQUITY AND LIABILITIES				
Non-current liabilities				
Bonds issued	1,752,348	1,003,797	1,862,695	1,054,384
Payables to banks	4,623	4,608	4,698	4,740
Total non-current liabilities	**1,756,971**	**1,008,405**	**1,867,393**	**1,059,124**
Current liabilities				
Bonds issued	0	499,879	0	509,328
Commercial paper	0	100,000	0	99,977
Payables to related companies	1,220,451	647,133	1,220,886	647,244
Payables to banks	1,674	1,720	1,674	1,720
Negative fair values of derivative instruments	8,766	3,657	8,766	3,657
Total current liabilities	**1,230,891**	**1,252,389**	**1,231,326**	**1,261,926**

Upon initial recognition, the Group recognised derivative financial instruments at fair value and non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market at their amortised cost using the effective interest method.

Financial instruments classified as available for sale or held to maturity do not exist in the Group's portfolio at the time of reporting.

In order to calculate the fair value of non-derivative financial instruments that are not actively traded and quoted, the valuation technique of a discounted cash flow model is used (fair value hierarchy level 2). The discounted cash flow valuation technique calculates fair values by using estimated expected or contractual future cash flows and then discounts these cash flows with a discount rate that reflects the credit spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. The discount factors within the calculation are generated using industry standard yield curve modelling techniques.

Assets and liabilities measured at fair value at 31 December 2020

in TEUR	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Derivative financial instruments				
Interest rate swaps	0	9,695	0	9,695
Cross-currency swaps	0	13,177	0	13,177
Forward currency contracts	0	10,530	0	10,530
Reduction due to CSA	0	–19,373	0	–19,373
Financial instruments held for trading				
Securities	68,937	0	0	68,937
Financial instruments at amortised cost				
Receivables from related companies	0	2,216,779	0	2,216,779
Loans to family foundation	0	0	0	0
Cash and cash equivalents	1,128,285	0	0	1,128,285
Financial instruments not held for trading at fair value				
Other financial assets	0	9,896	0	9,896
LIABILITIES				
Derivative financial instruments				
Interest rate swaps	0	3,489	0	3,489
Cross-currency swaps	0	2,636	0	2,636
Foreign currency contracts	0	7,239	0	7,239
Reduction due to CSA	0	–4,598	0	–4,598
Other liabilities at amortised cost				
Bonds issued	0	1,862,695	0	1,862,695
Payables to related companies	0	1,220,886	0	1,220,886
Payables to banks	1,674	0	0	1,674

Fair value is the price at the reporting date that would be received for an asset sale or paid to transfer a liability in an orderly transaction between market participants in the market. All financial instruments measured at fair value are categorised into one of the three fair value hierarchy levels. The levels of the fair value hierarchy as defined below are an indication of the availability of market prices or price valuation inputs.

Level 1 financial instruments are those financial instruments whose fair value is based on quoted prices in active markets. This category comprises securities issued by public sector entities and corporates, cash and cash equivalents and payables to banks.

Level 2 financial instruments are those whose fair values must be derived using valuation techniques for which all significant inputs are based on observable market data. The fair value is calculated using a discounted cash flow analysis in which expected future cash flows are discounted. The fair value of financial instruments that are actively traded on organised financial markets is determined by reference to quoted market prices. For financial instruments where there is no active market, fair value is determined using valuation techniques such as price quotations from securities brokers or the Black-Scholes pricing model. These valuations are by their nature dependent on the assumptions on which they are based. This category comprises all derivative financial instruments, receivables from related companies, loans to family foundation, bonds issued and payables to related companies.

For all financial instruments categorised within level 2, a description of the valuation techniques and the inputs used in the valuation (e.g. interest rates, volatilities, market price of the underlying, price in a similar transaction, etc.) are transparently documented. If there is a change in valuation technique, the reason for it has to be disclosed.

Level 3 financial instruments are those whose fair value is based on a valuation method that uses at least one significant input parameter that cannot be observed directly or indirectly in the market. At the balance sheet date, the Group had no assets and liabilities measured at fair value level 3.

During the reporting period ending 31 December 2020, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

Assets and liabilities measured at fair value at 31 December 2019

in TEUR	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Derivative financial instruments				
Interest rate swaps	0	8,311	0	8,311
Cross-currency swaps	0	875	0	875
Forward currency contracts	0	3,527	0	3,527
Reduction due to CSA	0	–4,558	0	–4,558
Financial instruments held for trading				
Securities	62,759	0	0	62,759
Financial instruments at amortised cost				
Receivables from related companies	0	2,332,514	0	2,332,514
Loans to family foundation	0	5,003	0	5,003
Cash and cash equivalents	272,702	0	0	272,702
Financial instruments not held for trading at fair value				
Other financial assets	0	20,568	0	20,568
LIABILITIES				
Derivative financial instruments				
Interest rate swaps	0	11,377	0	11,377
Cross-currency swaps	0	126	0	126
Foreign currency contracts	0	15,125	0	15,125
Reduction due to CSA	0	–22,972	0	–22,972
Other liabilities at amortised cost				
Bonds issued	0	1,563,712	0	1,563,712
Payables to related companies	0	647,244	0	647,244
Payables to banks	1,720	0	0	1,720

Capital management
The primary objective of the Group's capital management is to ensure a strong credit rating towards external parties. The Group manages its capital structure and makes adjustments to it based on the equity ratio and the return on equity.

d) Hedge accounting

Cash flow hedges
The Group designates cash flow hedges as part of its strategy to mitigate its interest rate and foreign currency revaluation fluctuations within its established limits and to reduce the cash flow fluctuations arising from foreign exchange and interest rate risk for an instrument or a group of instruments.

The Group mainly uses interest rate swaps to hedge its cash flows associated with its highly probable forecasted transactions.

The table below sets out the results of the Group's hedging strategy, in particular the notional and carrying amount of the derivatives the Group uses as hedging instruments:

in TEUR	Transaction currency	Notional amount	Carrying amount 2020 Assets	Carrying amount 2020 Liabilities	Carrying amount 2019 Assets	Carrying amount 2019 Liabilities
Micro cash flow hedges						
Hedges to related parties	CHF	9,000	3	0	50	0
Hedges to related parties	CHF	12,000	0	234	0	300
Hedges to related parties	USD	20,000	843	0	0	56
Hedges to related parties	USD	37,500	2,184	0	1,566	0
Hedges to related parties	USD	15,000	1,748	0	0	0
Hedges to related parties	USD	7,000	856	0	0	0
Hedges to related parties	USD	15,000	1,642	0	0	0
Hedges to related parties	CHF	19,937	63	0	0	0
Forecasted – new bond issued 2018	EUR		0	336	0	412
Forecasted – new bond issued 2020	EUR		0	12,691	0	9,325

The following table shows the maturity and interest rate risk profile of the Group's hedging instruments used in its cash flow hedges. As the Group applied only micro hedges with one-to-one hedging ratios, the table below effectively shows the cash flow hedges.

in TEUR Carrying amount	<1 year	1–5 years	>5 years
At 31 December 2020			
Hedges to related parties CHF 9,000	3	0	0
Hedges to related parties CHF 12,000	0	234	0
Hedges to related parties USD 20,000	0	843	0
Hedges to related parties USD 37,500	0	0	63
Hedges to related parties USD 15,000	0	2,184	0
Hedges to related parties USD 7,000	0	1,748	0
Hedges to related parties USD 15,000	0	856	0
Hedges to related parties CHF 19,937	0	0	1,642

The hedged forecasted cash flows are expected to occur in May 2020 when the next Würth bond matures. Since the issuance of the bonds and the subsequent recognition of interest expense results in the forecasted transaction affecting profit and loss, the associated gains or losses recognised in other comprehensive income are reclassified into profit and loss.

For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in OCI within equity in the cash flow hedge reserve, while any ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the income statement. The terms of the current cross-currency swap contracts match the terms of the expected highly probable forecasted transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting under IFRS 9, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the income statement.

Fair value hedges

The Group designates fair value hedges as part of an overall interest rate risk management strategy that enables the Group to keep interest rate sensitivities within its defined limits and to reduce fair value fluctuations of fixed-rate financial assets as if they were floating rate instruments linked to the attributable benchmark rates.

The Group's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of the fixed-rate Würth bond maturing in 2025.

The table below sets out the result of the Group's hedging strategy, in particular the notional and carrying amount of the derivatives the Group uses as hedging instruments:

in TEUR	Transaction currency	Notional amount	Carrying amount 2020		Carrying amount 2019	
			Assets	Liabilities	Assets	Liabilities
Micro fair value hedges						
Würth bond 2025	EUR	150,000	8,122	0	6,762	0
Hedges to related parties	EUR	30,000	0	1,383	0	1,050

The following table shows the maturity and interest rate risk profile of the Group's hedging instruments used in its fair value hedges. As the Group applied only micro hedges with one-to-one hedging ratios, the table below effectively shows the outcome of the fair value hedges:

in TEUR Carrying amount	< 1 year	1–5 years	> 5 years
At 31 December 2020			
Würth bond 2025	0	8,122	0
Hedges to related parties EUR 30,000	0	1,383	0

For derivatives that are designated and qualified as fair value hedges, the carrying value of the underlying hedged items is adjusted to fair value for the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the consolidated income statement as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

The Group assesses hedge effectiveness by comparing fair value movements of the hedging instruments and the hedged items attributable to changes in these benchmark rates using the hypothetical derivative method.

In accordance with its hedging strategy, the Group matches the principal of the hedging instruments to the principal of the hedged items. The Group uses fixed-rate payer interest rate swaps to hedge its fixed-rate debt instruments and loans and fixed-rate receiver interest rate swaps to hedge its fixed-rate liabilities.

As of the end of 2020, hedge ineffectiveness resulting from credit valuation adjustment / debit valuation adjustment is marginal.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

19 Segment information

The Group provides segment reporting by business line. Segment reporting by geographic areas is not considered meaningful as the Group only provides services from the Netherlands and Switzerland.

Income statement by segment at 31 December 2020

	Inhouse Banking						External Financial Services		
in TEUR	Group Financing	Trading	Portfolio Manage-ment	Central Settlement	Central Services	Total Inhouse Banking	Pension Plans	Elimination	Total Würth Finance Group
Income									
Interest income	57,161	0	700	0	0	57,861	0	964	58,825
Interest expenses	-43,902	0	-167	0	0	-44,069	-3	-964	-45,036
Net interest income	**13,259**	**0**	**533**	**0**	**0**	**13,792**	**-3**	**0**	**13,789**
Income from factoring activities	16,275	0	0	0	0	16,275	0	0	16,275
Income from commission and service fee activities	0	0	0	24,926	0	24,926	12,742	0	37,668
Income from trading activities and financial instruments	0	10,914	1,538	0	0	12,452	-21	-55	12,376
Other ordinary income	1,701	0	0	0	0	1,701	8	0	1,709
Credit loss (expenses) / recovery	-7,886	0	0	0	0	-7,886	0	0	-7,886
Total segment income	**23,349**	**10,914**	**2,071**	**24,926**	**0**	**61,260**	**12,726**	**-55**	**73,931**
Expenses									
Personnel expenses	-969	-503	0	-3,049	-4,984	-9,505	-9,889	0	-19,394
Other administrative expenses	0	0	0	0	-8,863	-8,863	-1,495	0	-10,358
Amortisation	0	0	0	0	-1,045	-1,045	-722	0	-1,767
Other ordinary expenses	0	0	0	0	0	0	0	0	0
Segment expenses	**-969**	**-503**	**0**	**-3,049**	**-14,892**	**-19,413**	**-12,106**	**0**	**-31,519**
Segment result	**22,380**	**10,411**	**2,071**	**21,877**	**-14,892**	**41,847**	**620**	**-55**	**42,412**
Income tax expenses	0	0	0	0	-8,888	-8,888	-113	0	-9,001
Deferred taxes	0	0	0	0	-76	-76	31	0	-45
Net profit for the year	**22,380**	**10,411**	**2,071**	**21,877**	**-23,856**	**32,883**	**538**	**-55**	**33,366**

Income statement by segment at 31 December 2019

in TEUR	Inhouse Banking Group Financing	Trading	Portfolio Manage-ment	Central Settlement	Central Services	Total Inhouse Banking	External Financial Services Pension Plans	Elimination	Total Würth Finance Group
Income									
Interest income	60,102	0	603	0	0	60,705	0	208	60,913
Interest expenses	–46,292	0	–129	0	0	–46,420	–1	–208	–46,629
Net interest income	**13,810**	**0**	**474**	**0**	**0**	**14,284**	**0**	**0**	**14,284**
Income from factoring activities	16,419	0	0	0	0	16,419	0	0	16,419
Income from commission and service fee activities	0	0	0	25,220	0	25,220	10,677	0	35,897
Income from trading activities and financial instruments	0	10,530	3,972	0	0	14,501	84	128	14,713
Other ordinary income	2,866	0	0	0	0	2,866	4	0	2,870
Credit loss (expenses) / recovery	1,005	0	0	0	0	1,005	0	0	1,005
Total segment income	**34,100**	**10,530**	**4,446**	**25,220**	**0**	**74,296**	**10,765**	**128**	**85,189**
Expenses									
Personnel expenses	–1,104	–474	0	–3,265	–5,132	–9,974	–8,453	0	–18,426
Other administrative expenses	0	0	–0	0	–10,642	–10,642	–1,311	0	–11,953
Amortisation	0	0	0	0	–1,402	–1,402	–616	0	–2,018
Other ordinary expenses	0	0	0	0	0	0	0	0	0
Segment expenses	**–1,104**	**–474**	**–0**	**–3,265**	**–17,176**	**–22,018**	**–10,379**	**0**	**–32,397**
Segment result	**32,996**	**10,056**	**4,446**	**21,956**	**–17,176**	**52,279**	**385**	**128**	**52,792**
Income tax expenses	0	0	0	0	–11,264	–11,264	–85	0	–11,349
Deferred taxes	0	0	0	0	–1,261	–1,261	–24	0	–1,285
Net profit for the year	**32,996**	**10,056**	**4,446**	**21,956**	**–29,701**	**39,753**	**276**	**128**	**40,157**

Balance sheet by segment at 31 December 2020

in TEUR	Inhouse Banking Group Financing	Trading	Portfolio Manage-ment	Central Settlement	Central Services	External Financial Services Pension Plans	Elimination	Total
Balance sheet								
Segment assets	3,636,065	13,879	72,530	0	39,620	5,432	-418,675	3,348,851
Segment liabilities	3,368,249	8,766	60,160	0	324,919	5,432	-418,675	3,348,851
Additional segment information								
Capital expenditures	0	0	0	0	39	125	0	164

Balance sheet by segment at 31 December 2019

in TEUR	Inhouse Banking Group Financing	Trading	Portfolio Manage-ment	Central Settlement	Central Services	External Financial Services Pension Plans	Elimination	Total
Balance sheet								
Segment assets	2,583,417	8,154	66,039	0	50,389	6,977	–86,575	2,628,401
Segment liabilities	2,322,270	3,630	53,621	0	328,478	6,977	–86,575	2,628,401
Additional segment information								
Capital expenditures	0	0	0	0	156	1,760	0	1,916

Würth Finance International B.V.

FINANCIAL STATEMENTS 2020

Company income statement
for the year ended at 31 December

in TEUR	Notes	2020	2019
Net income		**52,658**	**53,103**
Other operating income	13	1,702	2,866
Total operating income		**54,360**	**55,969**
Wages and salaries		-8,732	-9,252
Social security charges		-773	-721
Amortisation of intangible and tangible fixed assets	20	-1,045	-1,402
Other operating expenses		-8,788	-10,569
Total operating expenses		**-19,338**	**-21,945**
		35,022	**34,024**
Financial income	23	57,161	60,093
Impairments of assets	18a	-7,886	1,005
Financial expenses	23	-44,555	-46,506
Profit before taxes		**39,742**	**48,616**
Income tax expense		-8,591	-11,789
Share in result from participating interests	21	2,215	3,330
Net profit for the year		**33,366**	**40,157**

Company balance sheet
for the year ended at 31 December

Before appropriation of profit

in TEUR	Notes	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Software	20	0	15
Property, plant and equipment			
Right-of-use, land and buildings	20	1,191	1,087
Operating equipment and furnishings	20	191	295
Financial assets			
Loans to related companies	4, 22	1,163,513	1,113,594
Participations in Group companies	21	30,359	28,336
Other financial assets to related parties	5, 22	9,896	20,568
Total non-current assets		**1,205,150**	**1,163,896**
Current assets			
Receivables from related companies	22	1,351,064	1,197,096
Loans to family foundation	22	0	4,988
Positive fair values of derivative instruments		13,879	8,154
Other assets	25	2,803	2,692
Accrued income and prepaid expenses		6,094	7,126
Cash		764,424	238,388
Total current assets		**2,138,264**	**1,458,445**
Total assets		**3,343,414**	**2,622,340**

in TEUR	Notes	2020	2019
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		272,428	266,242
Net profit for the year		33,366	40,157
Total shareholders' equity	28	**326,794**	**327,399**
Provisions			
Liabilities for pension plans	14	3,569	3,212
Deferred tax liabilities	24	99	267
Total provisions		**3,668**	**3,479**
Non-current liabilities			
Bonds issued	8	1,752,348	1,003,797
Lease liabilities		209	205
Payables to banks	29	4,623	4,608
Total non-current liabilities		**1,757,180**	**1,008,610**
Current liabilities			
Bonds issued	8	0	499,879
Commercial paper		0	100,000
Payables to related companies	22	1,222,310	648,042
Lease liabilities		993	895
Payables to banks		1,674	1,720
Income tax payables	15	5,305	6,701
Negative fair values of derivative instruments		8,766	3,630
Other liabilities	27	9,925	10,396
Accrued expenses and deferred income		6,799	11,589
Total current liabilities		**1,255,772**	**1,282,852**
Total equity and liabilities		**3,343,414**	**2,622,340**

Accounting policies used in preparing the company Financial Statements

for the year ended at 31 December

Basis of preparation

The company Financial Statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. In accordance with the provisions of Section 362-8 of Book 2 of the Dutch Civil Code the accounting policies used are the same as those used in the notes to the consolidated Financial Statements, prepared under IFRS as adopted by the European Union, unless stated otherwise below. The Financial Statements were prepared on 26 March 2021. Where the notes in the company Financial Statements were similar to the notes in the consolidated Financial Statements we refer to the notes in the consolidated Financial Statements.

Participations in related companies

Investments in subsidiaries are valued using the net asset value method, determined by applying the IFRS accounting policies as described in the consolidated Financial Statements. Under this method, subsidiaries are carried at the company's share in their net asset value plus its share in the results of the subsidiaries and its share of changes recognised directly in the equity of the subsidiaries as from the acquisition date, determined in accordance with the IFRS accounting policies disclosed in the consolidated Financial Statements, less its share in the dividend distributions from the subsidiaries. The company's share in the results of the subsidiaries is recognised in the profit and loss account. If and to the extent that the distribution of profits is subject to restrictions, these are included in a legal reserve.

If the value of the subsidiary under the net asset value method has become nil, this method is no longer applied, with the subsidiary being valued at nil as long as the net asset value remains negative. In connection with this, any long-term interests that, in substance, form part of the investor's net investment in the subsidiary are included. A provision is formed if and to the extent that the company stands surety for all or part of the debts of the subsidiary or if it has a constructive obligation to enable the subsidiary to repay its debts.

A subsequent share of the profit of the subsidiary is recognised only if and to the extent that the accumulated share of the previously unrecognised loss has been made good.

Information on the use of financial instruments and on related risks for the Group was provided in the notes to the consolidated Financial Statements.

The company Financial Statements were presented in EUR thousands unless otherwise stated.

Changes in accounting policies

For details of changes in accounting policies, please refer to the consolidated Financial Statements.

The company made use of the option to eliminate intercompany expected credit losses against the book value of loans and receivables to Group companies, instead of elimination against the investments in Group companies.

Equity interests

Parent company

Würth Finance International B.V., Amsterdam, is the parent company of the companies as listed below and includes the financial data of these companies in its consolidated Financial Statements, copies of which are available at cost from the head office of Würth Finance International B.V., Amsterdam.

Fully consolidated companies

- Würth Financial Services AG, Rorschach, Switzerland: wholly owned subsidiary (2019: 100%)

- Würth Invest AG, Chur, Switzerland: wholly owned subsidiary (2019: 100%)

The percentages stated represent the equity interests held.

20 Intangible assets, property, plant and equipment

Intangible assets, property, plant and equipment are composed as follows:

At 31 December 2020

in TEUR	Acquisition cost 2019	Additions (disposals) incl. asset retirement 2020	Acquisition cost 2020	Accum. amortisation 2019	Asset retirement 2020	Amortisation for the year 2020	Accum. amortisation 2020	Net book value 2020
Intangible assets								
Software	2,012	-541	1,471	-1,996	541	15	-1,471	0
Total intangible assets	**2,012**	**-541**	**1,471**	**-1,996**	**541**	**15**	**-1,471**	**0**
Property, plant and equipment								
Right-of-use, land and buildings	1,842	997	2,839	-755	0	894	-1,648	1,191
Vehicles	470	-54	416	-224	84	125	-266	150
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	540	-1	539	-524	3	11	-532	7
Total property, plant and equipment	**2,886**	**942**	**3,828**	**-1,503**	**87**	**1,030**	**-2,446**	**1,382**
Total	**4,898**	**401**	**5,299**	**-3,499**	**628**	**1,045**	**-3,917**	**1,382**

At 31 December 2019

in TEUR	Acquisition cost 2018	Additions (disposals) incl. asset retirement 2019	Acquisition cost 2019	Accum. amortisation 2018	Asset retirement 2019	Amortisation for the year 2019	Accum. amortisation 2019	Net book value 2019
Intangible assets								
Software	2,012	0	2,012	-1,519	0	-478	-1,996	15
Total intangible assets	**2,012**	**0**	**2,012**	**-1,519**	**0**	**-478**	**-1,996**	**15**
Property, plant and equipment								
Right-of-use, land and buildings	0	1,842	1,842	0	0	-755	-755	1,087
Vehicles	415	55	470	-213	101	-112	-224	245
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	536	4	540	-480	14	-58	-524	16
Total property, plant and equipment	**985**	**1,901**	**2,885**	**-694**	**115**	**-925**	**-1,503**	**1,382**
Total	**2,997**	**1,901**	**4,897**	**-2,212**	**115**	**-1,402**	**-3,499**	**1,398**

21 Participations in Group companies

in TEUR	
Net book value at 1 January 2019	**25,328**
OCI	-322
Share in profit / (loss) of participating interests	3,330
Net book value at 31 December 2019	**28,336**
Net book value at 1 January 2020	**28,336**
OCI	-192
Share in profit / (loss) of participating interests	2,215
Net book value at 31 December 2020	**30,359**

22 Transactions with related parties

Related party transactions were based on arm's length terms and conditions.

At 31 December 2020

in TEUR	Total	Parent companies	Subsidiaries	Associated companies
Receivables from related parties				
Loans to related companies	1,163,513	0	0	1,163,513
Other financial assets to related parties	9,896	0	0	9,896
Loans to family foundation	0	0	0	0
Receivables from related companies	1,351,064	7,028	399,640	944,396
Current accounts	236,832	0	545	236,287
Short-term loans	965,162	0	399,095	566,067
Factoring	149,070	7,028	0	142,042
Total receivables from related parties	**2,524,473**	**7,028**	**399,640**	**2,117,805**
Payables to related parties				
Payables to related parties	1,222,310	327,380	1,887	893,043
Current accounts	1,200,394	327,380	1,887	871,127
Fixed-term deposit	21,916	0	0	21,916
Other payables to related parties	5,044	0	0	5,044
Total payables to related parties	**1,227,354**	**327,380**	**1,887**	**898,087**

At 31 December 2019

in TEUR	Total	Parent companies	Subsidiaries	Associated companies
Receivables from related parties				
Loans to related companies	1,113,594	0	0	1,113,594
Other financial assets to related parties	20,568	0	0	20,568
Loans to family foundation	4,988	4,988	0	0
Receivables from related companies	1,197,096	43,760	66,780	1,086,556
Current accounts	276,222	27,276	934	248,012
Short-term loans	780,324	12,236	65,846	702,243
Factoring	140,549	4,248	0	136,301
Total receivables from related parties	**2,336,246**	**48,748**	**66,780**	**2,220,718**
Payables to related parties				
Payables to related parties	648,042	0	1,029	647,133
Current accounts	625,869	0	1,029	624,960
Fixed-term deposit	22,173	0	0	22,173
Other payables to related parties	4,798	0	0	4,798
Total payables to related parties	**652,840**	**0**	**1,029**	**651,931**

23 Interest income and expenses

At 31 December 2020

in TEUR	Total	Parent	Subsidiaries	Associated	Third parties
Interest income					
Interest income from financing activities at amortised cost	34,217	84	0	34,107	26
Interest income from financing leasing activities at amortised cost	2,709	0	0	2,709	0
Interest income from liquid assets at amortised cost	5,874	20	–1,008	6,594	268
Interest income from current accounts	5,541	20	–1,008	6,594	–65
Interest income from bank accounts, time deposits and money market funds	333	0	0	0	333
Interest income from financial instruments at fair value through profit and loss	14,361	0	0	6,553	7,808
Interest income from interest rate and cross-currency swaps	13,699	0	0	6,399	7,300
Other interest income from financial instruments	662	0	0	154	508
Total interest income	**57,161**	**104**	**–1,008**	**49,963**	**8,102**
Interest expenses					
Interest expenses for current accounts and time deposits	514	1	0	513	0
Interest expenses for bonds issued	22,858	2,065	19	0	20,774
Interest expenses from financial instruments	20,178	179	0	6,477	13,522
Valuation gains / (losses) from interest rate and cross-currency swaps (unrealised)	1,191	0	0	–432	1,623
Interest expenses from interest rate and cross-currency swaps	14,323	0	0	5,887	8,436
Other interest expenses from financial instruments	4,664	179	0	1,022	3,463
Other interest expenses (third parties)	1,005	0	0	7	998
Total interest expenses	**44,555**	**2,245**	**19**	**6,997**	**35,294**

At 31 December 2019

in TEUR	Total	Parent	Subsidiaries	Associated	Third parties
Interest income					
Interest income from financing activities at amortised cost	36,532	616	0	35,818	97
Interest income from financing leasing activities at amortised cost	2,555	0	0	2,537	18
Interest income from liquid assets at amortised cost	8,934	37	–221	8,750	368
Interest income from current accounts	8,565	37	–221	8,750	0
Interest income from bank accounts, time deposits and money market funds	368	0	0	0	368
Interest income from financial instruments at fair value through profit and loss	12,077	0	0	4,212	7,865
Interest income from interest rate and cross-currency swaps	11,605	0	0	3,740	7,865
Other interest income from financial instruments	473	0	0	473	0
Total interest income	**60,098**	**653**	**–221**	**51,317**	**8,349**
Interest expenses					
Interest expenses for current accounts and time deposits	1,661	25	0	1,636	0
Interest expenses for bonds issued	22,543	1,875	0	0	20,668
Interest expenses from financial instruments	21,980	492	0	5,012	16,476
Valuation gains / (losses) from interest rate and cross-currency swaps (unrealised)	1,851	0	0	–49	1,900
Interest expenses from interest rate and cross-currency swaps	12,176	0	0	3,356	8,820
Other interest expenses from financial instruments	7,954	492	0	1,705	5,756
Other interest expenses (third parties)	327	0	0	0	327
Total interest expenses	**46,511**	**2,392**	**0**	**6,648**	**37,471**

24 Income tax expense

in TEUR	2020	2019
Deferred tax liabilities on IBB capital relinquishment	99	267
Deferred tax liabilities	**99**	**267**

For other details see the consolidated statement note 15 Income tax.

25 Other assets

in TEUR	2020	2019
Receivables from third parties	1,519	1,541
Other assets	1,284	1,150
Total other assets	**2,803**	**2,692**

26 Bonds issued

For details see the consolidated statement note 8 Bonds issued.

27 Other liabilities

in TEUR	2020	2019
Payables for deliveries and services	6,183	5,525
of which to third parties	1,139	727
of which to related parties	5,044	4,798
Compensation-related liabilities	2,513	2,725
Other liabilities	1,229	2,146
Total other liabilities	**9,925**	**10,396**

Other accrued expenses and deferred income primarily comprise accruals for services received but not invoiced during the financial year.

28 Equity

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2019	16,000	5,000	301,027	-1,252	-49	320,726
Net profit for the year	0	0	40,157	0	0	40,157
Other comprehensive income	0	0	0	0	-11	-11
IAS 19	0	0	-868	0	0	-868
Cash flow hedge accounting	0	0	0	-7,607	0	-7,607
Total comprehensive income for the year	**0**	**0**	**39,290**	**-7,607**	**-11**	**31,673**
Dividend payments	0	0	-25,000	0	0	-25,000
At 31 December 2019	**16,000**	**5,000**	**315,317**	**-8,859**	**-60**	**327,399**
At 1 January 2020	16,000	5,000	315,317	-8,859	-60	327,399
Net profit for the year	0	0	33,366	0	0	33,366
Other comprehensive income	0	0	0	0	55	55
IAS 19	0	0	-418	0	0	-418
Cash flow hedge accounting	0	0	0	-5,608	0	-5,608
Total comprehensive income for the year	**0**	**0**	**32,948**	**-5,608**	**55**	**27,395**
Dividend payments	0	0	-28,000	0	0	-28,000
At 31 December 2020	**16,000**	**5,000**	**320,265**	**-14,466**	**-5**	**326,794**

The Board of Directors proposed to allocate the net income of TEUR 33,366 to retained earnings.

29 Payables to banks

The payable to banks refers to a payable in the amount of TCHF 5,000 (2019: TCHF 5,000). The movement for the year therefore consists of the exchange difference arising from this CHF payable.

Arrangements and commitments not shown in the Financial Statements
for the year ended at 31 December

Personnel expenses
The average number of staff (in FTEs) employed by the company in 2020 was 64 (2019: 66).

The key management comprised the Managing Directors of the company.

Remuneration for the Managing Directors of the company totalled TEUR 782 in the year 2020 (2019: TEUR 813).

In 2020 and 2019, no other forms of compensation (post-employment benefits or other long-term benefits, termination benefits, share-based payments) were paid to key management.

In financial year 2020, fees of TEUR 240 were paid to members of the Board of Directors (2019: TEUR 240).

Audit fees
The cost of the Group for the external auditor, the audit organisation and the entire network to which the audit organisation belongs charged for the financial year are set out below.

in TEUR	2020	2019
Ernst & Young		
Audit of the Financial Statements	193	202
Other audit engagements	111	96
Total	**304**	**299**

The fees stated above for the audit of the Financial Statements are based on the total fees for the audit of the 2020 financial statements, regardless of whether the procedures were already performed in 2020.

Other information
for the year ended at 31 December

Articles of Association provisions governing profit appropriation
The company's Articles of Association provide for the net profit for the year to be fundamentally put at the disposal of the shareholders.

Other branches
The company has the following branch:

Würth Finance International B.V.
Rorschach Branch
Churerstrasse 10
9400 Rorschach
Switzerland

Amsterdam and Rorschach, 26 March 2021

B. van Odijk Managing Director	R. Fust Managing Director

Independent auditor's report

To: the shareholder and the board of directors of
Würth Finance International B.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion
We have audited the financial statements 2020 of Würth Finance International B.V., based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Würth Finance International B.V. as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Würth Finance International B.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
- The consolidated balance sheet as at 31 December 2020
- The following statements for 2020: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and the consolidated cash flow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:
- The company balance sheet as at 31 December 2020
- The company income statement for 2020
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Würth Finance International B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of the business

The core activities of Würth Finance International B.V. and its subsidiaries include providing financing to and carrying out a wide range of financial activities with companies, both at home and abroad, belonging to the entire Würth Group, as well as providing consulting and other services in the area of pension fund and insurance to both private persons and small and medium-sized enterprises. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to 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.

Materiality

Materiality	EUR 5 million (2019: EUR 7.5 million).
Benchmark applied	0.3% of total amount of bonds issued
Explanation	The main activity of Würth Finance International B.V. is to operate as a financing company of the Würth Group, raising funds from third party lenders through bonds issuance, loans and other facilities and in turn lending the funds raised to companies belonging to the Würth Group. Considering these financing activities, and based on our professional judgment, the total amount of bonds issued is the most appropriate benchmark for the stakeholders of the Company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of €250,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Würth Finance International B.V. is at the head of a group of entities. The financial information of this group is included in the financial statements of Würth Finance International B.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We have performed full scope audit procedures at Würth Finance International B.V. For the remaining components, Würth Financial Services AG and Würth Invest AG, we performed, amongst other, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within these components.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Teaming and use of specialists

We ensured that the audit team has the appropriate skills and competences which are needed for the audit of a listed client in the financial industry.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.
Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, management and the board of directors. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets. In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in 'Assumptions and estimates' in note 2 to the financial statements.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with management, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.
We consider 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 a company to cease to continue as a going concern.

General audit procedures
Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the board of directors. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matter did not change.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Estimation uncertainty with respect to valuation of long-term loans to related companies and receivables from related companies

Risk	Our audit approach	Key observations
At 31 December 2020 the loans to related companies amount to EUR 1.164 million and receivables from related companies amount to EUR 951 million. Per 31 December 2020 the allowance for expected credit losses amounts to EUR 11,4 million. Impairment losses represent the Company's best estimate of expected credit losses (ECL) on these loans and receivables at balance sheet date. The ECL calculation is probability-weighted using a combination of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The LGD applied is 60% and the PD is based on the Global Corporate Average Cumulative Defaults Rates. As the loans to related companies and receivables from related companies are material to the Company's balance sheet and given the related estimation uncertainty on impairment losses, we consider this a key audit matter. The accounting principles and IFRS 9 disclosure on impairment calculation and transactions with related parties, including the expected credit losses, are disclosed in note 2 Accounting principles, note 16 Transactions with related parties and note 18 Financial instruments and risk management.	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to the recognition of expected credit losses according to IFRS9 "Financial Instruments". We have obtained an understanding of the process for recognizing expected credit losses and performed substantive procedures thereof. For the year-end expected credit losses we have evaluated the appropriateness of the LGD benchmark used and verified the PD used with the Global Corporate Average Cumulative Defaults Rates from Bloomberg. Furthermore, we have assessed the recoverability of loans to and receivables from related parties, especially for those companies with a negative equity above a threshold of EUR 100,000 as per the balance sheet date. We concluded that there have not been a significant increases in credit risk since initial recognition. We have obtained comfort letters from group parent companies that guarantee the outstanding amounts in the situation the related party defaults. We assessed the creditworthiness of those group parent companies that issued the comfort letters. Finally, we evaluated the related disclosures in compliance with EU-IFRS requirements.	Based on our procedures performed we consider the allowance for expected credit losses on loans to related companies and receivables from related companies to be reasonable. The disclosures on loans to related companies and receivables from related companies, including the expected credit losses, and the disclosures on related party transactions, are considered appropriate and meet the requirements under EU-IFRS.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management report, consisting of the report of the management and risk management and control;
- The report of the board of directors;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- Other information, comprising Key Events in 2020; The Würth Finance Group at a glance;
  Key Figures of the Würth Finance Group; Inhouse Banking Division;
  External Financial Services Division; Legal structure of the Würth Group; Executive Bodies of the Würth Group;
  Information for Investors and Excerpt from the financial statements 2020

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement
We were engaged by the board of directors as auditor of Würth Finance International B.V., as of the audit for the year 2002 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the board of directors for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company’s ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the Audit Committee of Würth Group in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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, not communicating the matter is in the public interest.

Amsterdam, 26 March 2021

Ernst & Young Accountants LLP

Signed by K. Tang