Würth Finance Group / Würth Finance International B.V.

FINANCIAL STATEMENTS 2023

CONTENTS

Statement

This version of the annual financial reporting of the Würth Finance Group for the year ended 31 December 2023 is not presented in the ESEF format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF annual financial reporting is available at: www.unternehmensregister.de

Würth Finance Group

FINANCIAL STATEMENTS 2023

Consolidated income statement
for the year ended at 31 December

in TEUR	Notes	2023	2022
Operating income			
Interest income from financial instruments measured at amortised cost	10	125,621	72,136
Interest income from financial instruments measured at fair value through profit or loss	10	22,768	16,290
Interest expenses	10	–97,545	–58,850
Net interest income		**50,844**	**29,576**
Income from factoring activities		13,573	17,733
Income from commission and service fee activities	11	49,564	48,348
Income from trading activities and financial instruments	12	20,376	11,289
Other ordinary income from related parties	13	592	653
Expected credit loss (expenses) / recovery	18a	4,273	–4,615
Total operating income		**139,222**	**102,984**
Operating expenses			
Personnel expenses	14	–23,735	–21,991
Other administrative expenses		–15,268	–12,682
Amortisation expenses		–2,018	–1,968
Other ordinary expenses		0	–15
Total operating expenses		**–41,021**	**–36,656**
Profit before taxes		**98,201**	**66,328**
Income tax expense	15	–18,966	–12,673
Deferred taxes	15	–166	749
Net profit for the year		**79,069**	**54,404**

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

in TEUR Net of tax	2023	2022
Profit for the year	**79,069**	**54,404**
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	141	92
Net gain / (loss) on cash flow hedges	2,304	2,031
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	–3,439	1,893
Deferred taxes on cash flow hedges	–386	–411
Other comprehensive income for the year (OCI)	**–1,380**	**3,605**
Total comprehensive income for the year, net of tax	**77,689**	**58,009**

Consolidated balance sheet

at 31 December before appropriation of profits

in TEUR	Notes	2023	2022
ASSETS			
Non-current assets			
Intangible assets	3	1,435	1,441
Right-of-use assets	3	1,621	1,749
Property, plant and equipment	3	271	431
Loans to related companies	4, 16	1,389,770	1,554,992
Positive fair values of derivative instruments	18b, 18c	10,193	14,894
Deferred tax assets	15	1,781	2,507
Total non-current assets		**1,405,071**	**1,576,014**
Current assets			
Receivables from related companies	16	1,297,954	1,348,390
Positive fair values of derivative instruments	18b, 18c	9,785	6,634
Other assets	5	5,724	2,949
Income tax receivables	15	55	52
Accrued income and prepaid expenses		12,088	12,248
Securities at amortised cost	7	112,949	0
Securities at fair value through profit or loss	6, 18a	114,782	95,473
Cash and cash equivalents		1,191,590	804,952
Total current assets		**2,744,927**	**2,270,698**
Total assets		**4,149,998**	**3,846,712**

EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		359,064	333,099
Other comprehensive income from cash flow hedges		-5,409	-7,327
Foreign currency translation		179	38
Net profit for the year		79,069	54,404
Total shareholders' equity		**453,903**	**401,214**
Non-current liabilities			
Bonds issued	8	2,149,847	2,109,593
Liabilities for pension plans	14	5,292	2,160
Lease liabilities		341	480
Negative fair values of derivative instruments	18b, 18c	12,896	12,442
Deferred tax liabilities	15	397	342
Total non-current liabilities		**2,168,773**	**2,125,017**
Current liabilities			
Commercial paper		0	75,000
Payables to related companies	16	1,474,770	1,194,662
Lease liabilities		1,304	1,287
Payables to banks		5,731	6,589
Income tax payables		12,422	9,310
Negative fair values of derivative instruments	18b, 18c	13,280	7,565
Other liabilities	9, 16	10,435	15,612
Accrued expenses and deferred income		9,380	10,456
Total current liabilities		**1,527,322**	**1,320,481**
Total equity and liabilities		**4,149,998**	**3,846,712**

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 2022	16,000	5,000	356,206	-8,947	-54	368,205
Net profit for the year	0	0	54,404	0	0	54,404
Foreign currency translation	0	0	0	0	92	92
Cash flow hedge accounting	0	0	0	2,031	0	2,031
Remeasurement gain / (loss) on defined benefit plans	0	0	1,893	0	0	1,893
Deferred taxes on cash flow hedges	0	0	0	-411	0	-411
Total comprehensive income for the year	**0**	**0**	**56,297**	**1,620**	**92**	**58,009**
Dividend payments	0	0	-25,000	0	0	-25,000
At 31 December 2022	**16,000**	**5,000**	**387,503**	**-7,327**	**38**	**401,214**
At 1 January 2023	16,000	5,000	387,503	-7,327	38	401,214
Net profit for the year	0	0	79,069	0	0	79,069
Foreign currency translation	0	0	0	0	141	141
Cash flow hedge accounting	0	0	0	2,304	0	2,304
Remeasurement gain / (loss) on defined benefit plans	0	0	-3,439	0	0	-3,439
Deferred taxes on cash flow hedges	0	0	0	-386	0	-386
Total comprehensive income for the year	**0**	**0**	**75,630**	**1,918**	**141**	**77,689**
Dividend payments	0	0	-25,000	0	0	-25,000
At 31 December 2023	**16,000**	**5,000**	**438,133**	**-5,409**	**179**	**453,903**

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 2023, a dividend of TEUR 25,000 (EUR 781 per share) was paid for financial year 2022.

Consolidated cash flow statement
for the year ended at 31 December

in TEUR	2023	2022
Net profit for the year	**79,069**	**54,404**
Amortisation and impairments	501	508
Adjustment to provision for taxes	3,112	2,290
Deferred tax expense / (benefit)	781	–423
Other expenses and revenues without cash flows	27,319	–33,619
Foreign exchange gains and losses (long-term loans)	3,132	–25,165
Foreign exchange gains and losses (short-term loans)	2,287	1,331
(Increase) / decrease in operating assets		
Redemption of long-term loans to related companies	69,167	60,744
Lending of long-term loans to related companies	–303,882	–496,979
Receivables from related companies	449,753	62,945
Positive fair values of derivative instruments	1,549	–15,873
Income tax receivables	–3	–52
Other assets, accrued income and prepaid expenses	–2,615	–4,746
Increase / (decrease) in operating liabilities		
Payables to related companies	280,108	–88,340
Negative fair values of derivative instruments	6,169	10,941
Other liabilities, accrued expenses and deferred income	–6,253	3,011
Net cash flows from operating activities	**610,194**	**–469,023**
Purchase of property, plant and equipment, and intangible assets	–335	–405
Purchase of securities	–154,587	–60,139
Disposal of securities	32,224	28,180
Net cash flows from investing activities	**–122,698**	**–32,364**
Proceeds of borrowings	0	902,649
Repayment of borrowings	0	–500,000
Commercial paper	–75,000	75,000
Dividend payments	–25,000	–25,000
Net cash flows from financing activities	**–100,000**	**452,649**
Net foreign exchange difference	0	36
Net increase / (decrease) in cash and cash equivalents	**387,496**	**–48,702**
Net cash and cash equivalents at the beginning of the year	**798,363**	**847,065**
Net cash and cash equivalents at the end of the year	**1,185,859**	**798,363**
Net increase / (decrease) in cash and cash equivalents	**387,496**	**–48,702**
Increase / (decrease) in taxes paid	**–15,742**	**–10,031**
Interest received	**154,701**	**101,167**
Interest paid	**–88,707**	**–49,464**

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 and the goal 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 24 April 2024 and can be obtained from Würth Finance International B.V., Amsterdam, or downloaded from the Würth Finance International B.V. website: 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.

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.

The scope of consolidation of the Group as at 31 December 2023 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%

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 0,000), except when otherwise indicated.

The Group has prepared its consolidated financial statements on the basis that it will continue to operate as a going concern.

New and amended standards and interpretations
Several amendments and interpretations apply for the first time in 2023, 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.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:
- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:
- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The Group has applied the mandatory temporary exception for the recognition and disclosure of information on deferred tax assets and liabilities arising from Pillar Two income taxes.
In addition, the Group reviewed its corporate structure with regard to the introduction of the Pillar Two Model Rules in various jurisdictions. Based on a preliminary assessment formed on the 2022 CbCR data, the Group does not expect significant Pillar Two income taxes to arise in the jurisdictions it operates.

Standards issued but not yet effective
The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. The Group is currently assessing the impact of the amendments.

Assumptions and estimates

The IFRS include guidelines requiring the Group to make assumptions and estimates when preparing its consolidated Financial Statements. These assumptions and estimates 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 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. Derivatives, however, are recognised on the trade 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 using the effective interest rate (EIR) method 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 method. Factoring fees are recognised 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	2023	2022
US dollar (USD)	1.105	1.068
Swiss franc (CHF)	0.930	0.987
British pound (GBP)	0.867	0.888
Canadian dollar (CAD)	1.457	1.446
Chinese renminbi (CNH)	7.866	7.386
Norwegian krone (NOK)	11.218	10.516
Danish krone (DKK)	7.455	7.436
Swiss franc (CHF) – average exchange rate	0.972	1.005

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 costs 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 and non-financial instruments and their classification

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 at fair value through profit or loss
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.

Securities at amortised cost
Securities at amortised cost are initially recognised at their actual cost, which corresponds to the fair value at the time of the purchase of the security. After initial recognition, subsequently measurement is at amortised cost using the EIR method. Securities at amortised cost are held to collect contractual cash flows that are solely payments of principal and interest.

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 loans are granted to related companies and the payments consist solely of interest and the principal.

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". Financial assets and financial liabilities are offset according to the ISDA netting agreements based on the conditions set therein and thus the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 rate method. The amortisation of bond-issuing cost (discount) is recognised in the income statement over the duration of the term using the effective interest rate 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 of 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 judgement 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 balance sheet 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 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, Securities Investments, 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 Central Settlement. 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 Securities Investments. The Pension Plans & Insurance segment comprises the services provided by Würth Financial Services AG to third parties, which include financial and pension plan consulting and insurance brokerage for corporate and private clients.

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 / right-of-use assets / property, plant and equipment

Intangible assets / right-of-use assets / property, plant and equipment comprise the following items:

At 31 December 2023

in TEUR	Acquisition cost 2022	Additions (disposals) incl. asset retirement 2023	Acquisition cost 2023	Accum. amortisation 2022	Asset retirement 2023	Amortisation for the year 2023	Accum. amortisation 2023	Net book value 2023
Intangible assets								
Software	2,579	308	2,887	-2,311	-65	-139	-2,515	372
Activated customer base	16,738	1,040	17,778	-15,565	-976	-174	-16,715	1,063
Total intangible assets	**19,317**	**1,348**	**20,665**	**-17,876**	**-1,041**	**-313**	**-19,230**	**1,435**
Right-of-use assets								
Right-of-use land and buildings	6,283	1,463	7,746	-4,589	-77	-1,500	-6,166	1,580
Right-of-use vehicles	65	4	69	-10	-1	-17	-28	41
Total right-of-use assets	**6,348**	**1,467**	**7,815**	**-4,599**	**-78**	**-1,517**	**-6,194**	**1,621**
Property, plant and equipment								
Vehicles	631	12	643	-400	-9	-95	-504	139
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	3,201	126	3,327	-3,035	-101	-93	-3,229	98
Total property, plant and equipment	**3,866**	**138**	**4,004**	**-3,435**	**-110**	**-188**	**-3,733**	**271**
Total	**29,531**	**2,953**	**32,484**	**-25,910**	**-1,229**	**-2,018**	**-29,157**	**3,327**

At 31 December 2022

in TEUR	Acquisition cost 2021	Additions (disposals) incl. asset retirement 2022	Acquisition cost 2022	Accum. amortisation 2021	Asset retirement 2022	Amortisation for the year 2022	Accum. amortisation 2022	Net book value 2022
Intangible assets								
Software	2,360	219	2,579	-2,165	-40	-106	-2,311	268
Activated customer base	15,956	782	16,738	-14,674	-722	-169	-15,565	1,173
Total intangible assets	**18,316**	**1,001**	**19,317**	**-16,839**	**-762**	**-275**	**-17,876**	**1,441**
Right-of-use assets								
Right-of-use land and buildings	4,975	1,308	6,283	-3,161	22	-1,450	-4,589	1,694
Right-of-use vehicles	0	65	65	0	0	-10	-10	55
Total right-of-use assets	**4,975**	**1,373**	**6,348**	**-3,161**	**22**	**-1,460**	**-4,599**	**1,749**
Property, plant and equipment								
Vehicles	655	-24	631	-399	107	-108	-400	231
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	2,932	269	3,201	-2,794	-116	-125	-3,035	166
Total property, plant and equipment	**3,621**	**245**	**3,866**	**-3,193**	**-9**	**-233**	**-3,435**	**431**
Total	**26,912**	**2,619**	**29,531**	**-23,193**	**-749**	**-1,968**	**-25,910**	**3,621**

in TEUR	Right-of-use assets
As at 1 January 2023	1,749
Accretion of interest	0
Additions	1,467
Amortisation expense	–1,595
As at 31 December 2023	**1,621**

in TEUR	Lease liabilities
As at 1 January 2023	1,767
Accretion of interest	–31
Payments	–91
As at 31 December 2023	**1,645**

in TEUR	Lease liabilities
Amortisation expense of right-of-use assets	–1,595
Interest expense on lease liabilities	–31
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	**–1,626**

4 Loans to related parties

in TEUR	2023	2022
Balance at 1 January	1,558,944	1,437,145
New loans granted, increase in existing loans	303,882	496,979
Repayments	–69,167	–60,744
Currency and other adjustments	773	21,217
Term reclassification	–400,710	–331,750
Expected credit loss	–3,952	–7,855
Total loans to related parties	**1,389,770**	**1,554,992**

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:

	2023	2022
EUR	2.56%	1.94%
CHF	1.40%	1.01%
USD	3.96%	3.62%
DKK	1.42%	0.99%

5 Other assets

in TEUR	2023	2022
Receivables from third parties	5,567	2,773
Other assets	157	176
Total other assets	**5,724**	**2,949**

6 Securities at fair value through profit or loss

in TEUR	Market value 2023	Acquisition cost 2023	Market value 2022	Acquisition cost 2022
Equity / equity funds	11,314	9,807	9,065	10,070
Investment-grade bonds / bond funds	99,429	95,393	81,673	85,371
Sub-investment-grade bonds	1,990	1,901	2,759	3,131
Commodities	2,049	1,892	1,976	1,864
Total securities	**114,782**	**108,993**	**95,473**	**100,436**

7 Securities at amortised cost

The securities at amortised cost refers to investments in private placements issued by Swiss cities and cantons.

8 Bonds issued

In 2023, no new bonds were issued.

Overview of bonds issued at 31 December 2023

in TEUR Maturity	Notional amount	Notional amount TEUR	Premium / discount	Own bonds	Total	Coupon
Long term						
26.05.2025	TEUR 500,000	500,000	-5,502	0	494,498	1.000%
16.11.2026	TCHF 300,000	306,639	17,123	0	323,762	2.100%
22.11.2027	TEUR 750,000	750,000	-2,032	0	747,968	0.750%
23.08.2030	TEUR 600,000	600,000	-16,380	0	583,620	2.125%
Total book value long-term bond liabilities					**2,149,848**	
Total book value bonds issued					**2,149,848**	

in TEUR Maturity	Notional (excluding own bonds)	Market value	Coupon
26.05.2025	500,000	484,820	1.000%
16.11.2026	306,639	328,153	2.100%
22.11.2027	750,000	693,870	0.750%
23.08.2030	600,000	566,214	2.125%
Total market value at 31 December		**2,073,057**	

Overview of bonds issued at 31 December 2022

in TEUR Maturity	Notional amount	Notional amount TEUR	Premium / discount	Own bonds	Total	Coupon
Long term						
26.05.2025	TEUR 500,000	500,000	–9,711	0	490,289	1.000%
16.11.2026	TCHF 300,000	306,639	–4,107	0	302,532	2.100%
22.11.2027	TEUR 750,000	750,000	–2,554	0	747,446	0.750%
23.08.2030	TEUR 600,000	600,000	–30,674	0	569,326	2.125%
Total book value long-term bond liabilities					**2,109,593**	
Total book value bonds issued					**2,109,593**	

in TEUR Maturity	Notional (excluding own bonds)	Market value	Coupon
26.05.2025	500,000	476,785	1.000%
16.11.2026	306,639	304,038	2.100%
22.11.2027	750,000	661,425	0.750%
23.08.2030	600,000	540,162	2.125%
Total market value at 31 December		**1,982,410**	

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	2023	2022
Payables for deliveries and services	2,673	8,800
of which to third parties	1,826	658
of which to related parties	847	8,142
Compensation-related liabilities	5,002	4,646
Other liabilities	2,760	2,166
Total other liabilities	**10,435**	**15,612**

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

10 Interest income and expenses

At 31 December 2023

in TEUR	Total	Parent companies	Associated companies	Third parties
Interest income				
Interest income from financing activities at amortised cost	68,675	0	68,660	15
Interest income from financing leasing activities at amortised cost	3,118	0	3,118	0
Interest income from liquid assets at amortised cost	53,828	5	29,118	24,705
Interest income from current accounts	29,123	5	29,118	0
Interest income from bank accounts, time deposits and money market funds	24,705	0	0	24,705
Interest income from financial instruments at fair value through profit or loss	22,768	0	5,485	17,283
Interest income from interest rate and cross-currency swaps	20,524	0	4,613	15,911
Other interest income from financial instruments	2,244	0	872	1,372
Total interest income	**148,389**	**5**	**106,381**	**42,003**
Interest expenses				
Interest expenses for current accounts and time deposits	34,647	12,187	22,434	26
Interest expenses for bonds issued	38,108	2,769	0	35,339
Interest expenses from financial instruments	23,992	404	5,687	17,901
Valuation (gains) / losses from interest rate and cross-currency swaps (unrealised)	0	0	0	0
Interest expenses from interest rate and cross-currency swaps	22,002	0	4,560	17,442
Other interest expenses from financial instruments	1,990	404	1,127	459
Other interest expenses (third parties)	798	0	3	795
Total interest expenses	**97,545**	**15,360**	**28,124**	**54,061**

At 31 December 2022

in TEUR	Total	Parent companies	Associated companies	Third parties
Interest income				
Interest income from financing activities at amortised cost	51,273	0	51,248	25
Interest income from financing leasing activities at amortised cost	2,299	0	2,299	0
Interest income from liquid assets at amortised cost	18,564	47	16,173	2,344
Interest income from current accounts	16,220	47	16,173	0
Interest income from bank accounts, time deposits and money market funds	2,344	0	0	2,344
Interest income from financial instruments at fair value through profit or loss	16,290	0	5,011	11,279
Interest income from interest rate and cross-currency swaps	14,725	0	4,106	10,619
Other interest income from financial instruments	1,565	0	905	660
Total interest income	**88,426**	**47**	**74,731**	**13,648**
Interest expenses				
Interest expenses for current accounts and time deposits	3,434	190	3,172	72
Interest expenses for bonds issued	24,367	2,149	0	22,218
Interest expenses from financial instruments	28,814	131	9,553	19,130
Valuation (gains) / losses from interest rate and cross-currency swaps (unrealised)	997	0	3,696	-2,699
Interest expenses from interest rate and cross-currency swaps	18,371	0	4,201	14,170
Other interest expenses from financial instruments	9,446	131	1,656	7,659
Other interest expenses (third parties)	2,235	0	7	2,228
Total interest expenses	**58,850**	**2,470**	**12,732**	**43,648**

11 Income from commission and service fee activities

in TEUR	2023	2022
Acquisition commissions, brokerage fees	15,860	14,340
Collection and delcredere agreements	33,704	34,008
Total income from commission and service fee activities	**49,564**	**48,348**

12 Income from trading activities and financial instruments

in TEUR	2023	2022
Income from securities transactions	8,315	-5,463
Income from foreign exchange transactions	12,061	16,752
Total income from trading activities and financial instruments	**20,376**	**11,289**

13 Other ordinary income from related parties

Other ordinary income comprised TEUR 592 (2022: TEUR 653) in income from the e-payment services provided to other Würth Group companies, as well as fees charged for other services rendered.

14 Personnel expenses

At 31 December personnel expenses were as follows:

in TEUR	2023	2022
Wages and salaries	20,341	18,439
Pension cost	898	1,174
Social security cost	1,678	1,533
Other employee cost	818	845
Total personnel expenses	**23,735**	**21,991**

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 112 (2022: TEUR 100).
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	2023	2022
Pension cost		
Current service cost	904	1,167
Net interest expense / (income)	35	11
Foreign currency translation	–41	–4
Pension cost recognised in income statement	**898**	**1,174**
Revaluation of defined benefit plan		
Actuarial (gains) / losses due to changes in demographic assumptions	3,324	–8,042
Actuarial (gains) / losses due to changes based on experience	1,619	3,990
Return on plan assets (less interest income)	–1,739	2,089
Foreign currency translation	235	70
Revaluation recognised in OCI	**3,439**	**–1,893**
Liabilities for pension plan		
Defined benefit obligation at 31 December	52,364	42,106
Fair value of plan assets at 31 December	–47,072	–39,946
Net liabilities at 31 December	**5,292**	**2,160**
Changes in the benefit obligations		
Benefit obligation at 1 January	42,106	43,190
Interest expense	947	133
Current service cost	904	1,167
Plan participant contributions	1,153	1,067
Actuarial (gains) / losses due to changes in demographic assumptions	3,324	–8,042
Actuarial (gains) / losses due to changes based on experience	1,619	3,990
Benefit payments	–637	–1,461
Foreign currency translation	2,948	2,062
Benefit obligation at 31 December	**52,364**	**42,106**
Changes in the plan assets		
Fair value of plan assets at 1 January	39,946	39,221
Interest income	912	122
Return on plan assets (less interest income)	1,739	–2,089
Plan participant contributions	1,153	1,067
Employer contributions	1,285	1,188
Benefit payments	–637	–1,461
Foreign currency translation	2,674	1,898
Fair value of plan assets at 31 December	**47,072**	**39,946**
Assumptions		
Discount rate	1.50%	2.20%
Expected return on plan assets	2.20%	0.30%
Future salary increases up to age 54 P / A	1.50%	1.00%
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 31.12.2023	52,364	2,578
Discount rate		
Increase by 25 basis points	53,520	2,484
Decrease by 25 basis points	57,218	2,678
Rate of salary increase		
Increase by 50 basis points	55,870	2,578
Decrease by 50 basis points	54,778	2,578

Plan asset allocation by category:

	2023	2022
Equities	23.1%	22.0%
Bonds	40.1%	40.0%
Real estate	26.7%	28.5%
Other	10.1%	9.5%
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 2024, the Group anticipated contributions to defined benefit pension plans amounting to approximately TEUR 2,578.

Compensation of key management personnel of the Group
In 2023, fees of TEUR 350 were paid to members of the Board of Directors (2022: TEUR 320).

The key management comprised the Managing Directors of the Group companies (2023: 6 persons; 2022: 5 persons).

Remuneration for the Managing Directors of the Group companies totalled TEUR 3,229 in the year 2023 (2022: TEUR 2,500).

In 2023 and 2022, no other forms of compensation were paid to key management staff.

in TEUR	2023	2022
Short-term employee benefits	3,229	2,500
Total compensation paid to key management personnel	**3,229**	**2,500**

15 Income tax

Tax positions are, inherently to operating internationally and across borders, in certain cases uncertain. Accruals and/or provisions were made where deemed necessary. The Würth Finance Group is exposed to tax risks which amongst others could result in double taxation. The source of these risks could originate from local tax rules and regulations as well as international and EU regulatory frameworks. These include transfer pricing risks on internal cross-border deliveries of services, tax risks related to acquisitions and divestments, tax risks related to permanent establishments, tax risks relating to tax losses, interest and tax credits carried forward and potential changes in tax law that could result in higher tax expenses and payments.

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 2023 are accrued as at 31 December 2023.

The relevant tax rate for the Netherlands was 25.8% (2022: 25.8%). 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% (2022: 8.5%) on a federal level and 8.2% (2022: 8.3%) on a cantonal level.

The withholding tax credits not utilised in the Netherlands amounted to TEUR 6,262 (2022: TEUR 6,501) and are available for carryforward indefinitely.

The reconciliation of income taxes is composed as follows:

in TEUR	2023	2022
Income before taxes	**98,201**	**66,328**
Tax expense using the assumed average tax rate (25.8%)	25,336	17,113
Difference between actual and assumed tax rates	-6,917	-5,572
Withholding tax payments	160	99
(De)recognition deferred taxes	-165	749
Tax effects related to prior years	717	-465
Net effective tax expenses	**19,131**	**11,924**

in TEUR	2023	2022
Deferred tax assets on cash flow hedges	1,265	1,651
Deferred tax assets from loss carry-forwards	516	856
Deferred tax assets	**1,781**	**2,507**

in TEUR	2023	2022
Deferred tax liabilities on intangible assets	397	342
Deferred tax liabilities	**397**	**342**

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

At 31 December 2023

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,389,770	0	1,389,770
Receivables from related companies	1,297,954	11,457	1,286,497
Current accounts	478,638	0	478,638
Short-term loans	610,300	0	610,300
Factoring	209,016	11,457	197,559
Total receivables from related parties	**2,687,724**	**11,457**	**2,676,267**
Payables to related parties			
Payables to related companies	1,474,770	598,164	876,606
Current accounts	829,508	198,164	631,344
Fixed-term deposits	645,262	400,000	245,262
Other payables to related parties	847	0	847
Total payables to related parties	**1,475,617**	**598,164**	**877,453**

At 31 December 2022

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,554,992	0	1,554,992
Receivables from related companies	1,348,390	8,420	1,339,970
Current accounts	577,512	0	577,512
Short-term loans	578,502	0	578,502
Factoring	192,376	8,420	183,956
Total receivables from related parties	**2,903,382**	**8,420**	**2,894,962**
Payables to related parties			
Payables to related companies	1,194,662	405,254	789,408
Current accounts	1,005,775	405,254	600,521
Fixed-term deposits	188,887	0	188,887
Other payables to related parties	8,142	0	8,142
Total payables to related parties	**1,202,804**	**405,254**	**797,550**

The receivables from related companies (short-term loans) above include an amount of TEUR 894 (2022: TEUR 1,264) related to the expected credit loss (ECL). Reference is made to Note 18.

17 Commitments and contingencies

The Group has issued guarantees, letters of comfort and letters of credit. These respresent commitments and contingencies in favour of third parties for associated company liabilities. As at 31 December 2023, the contingent liabilities included contractual guarantees in connection with a planned acquisition by the Würth Group. The lending commitments, which had been guaranteed, but not yet utilised, are disclosed at nominal value.

in TEUR	2023	2022
Guarantees, letters of comfort, letters of credit	458,972	227,371
Total contingent liabilities	**458,972**	**227,371**

in TEUR	2023	2022
Unutilised lending commitments	3,785	67,684
Total unutilised lending commitments	**3,785**	**67,684**

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 for the Würth Finance Group.

	2023		2022	
Currency	Market scenario	Impact on profit (in TEUR)	Market scenario	Impact on profit (in TEUR)
CHF	10% – 10%	1,837 –1,837	10% – 10%	1,705 –1,705
USD	10% – 10%	2,451 –2,451	10% – 10%	1,568 –1,568
GBP	10% – 10%	1 –1	10% – 10%	17 –17
CAD	10% – 10%	62 –62	10% – 10%	113 –113
CNY	10% – 10%	4 –4	10% – 10%	45 –45
DKK	10% – 10%	61 –61	10% – 10%	25 –25
NOK	10% – 10%	80 –80	10% – 10%	105 –105

Balance sheet by currency at 31 December 2023

in TEUR	Total	EUR	USD	CHF	DKK	Others
		Amounts in TEUR countervalue				
ASSETS						
Non-current assets						
Intangible assets	1,435	-190	0	1,625	0	0
Right-of-use assets	1,621	1,361	0	260	0	0
Property, plant and equipment	271	-134	0	405	0	0
Loans to related companies	1,389,770	849,804	379,870	131,269	3,178	25,649
Positive fair values of derivative instruments	10,193	162,284	-153,865	1,597	5	172
Deferred tax assets	1,781	1,265	0	516	0	0
Total non-current assets	**1,405,071**	**1,014,390**	**226,005**	**135,672**	**3,183**	**25,821**
Current assets						
Receivables from related companies	1,297,954	878,115	94,435	56,605	50,662	218,137
Positive fair values of derivative instruments	9,785	12,676	-9,444	1,959	40	4,554
Other assets	5,724	4,291	0	1,432	0	1
Income tax receivables	55	0	0	55	0	0
Accrued income and prepaid expenses	12,088	9,321	-618	2,129	5	1,251
Securities at amortised cost	112,949	0	0	112,949	0	0
Securities at fair value through profit or loss	114,782	81,515	4,536	26,936	0	1,795
Cash and cash equivalents	1,191,590	631,599	1,068	543,849	2	15,072
Total current assets	**2,744,927**	**1,617,517**	**89,977**	**745,914**	**50,709**	**240,810**
Total assets	**4,149,998**	**2,631,907**	**315,982**	**881,586**	**53,892**	**266,631**
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	359,064	359,064	0	0	0	0
Other comprehensive income from cash flow hedges	-5,409	-5,409	0	0	0	0
Foreign currency translation	179	179	0	0	0	0
Net profit for the year	79,069	79,069	0	0	0	0
Total shareholders' equity	**453,903**	**453,903**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	2,149,847	2,149,847	0	0	0	0
Liabilities for pension plans	5,292	0	0	5,292	0	0
Lease liabilities	341	240	0	101	0	0
Negative fair values of derivative instruments	12,896	61,856	-36,472	-12,194	0	-294
Deferred tax liabilities	397	0	0	397	0	0
Total non-current liabilities	**2,168,773**	**2,211,943**	**-36,472**	**-6,404**	**0**	**-294**
Current liabilities						
Commercial paper	0	0	0	0	0	0
Payables to related companies	1,474,770	1,224,990	103,252	23,973	4,134	118,421
Lease liabilities	1,304	1,139	0	165	0	0
Payables to banks	5,731	84	4,777	0	173	697
Income tax payables	12,422	2,121	0	10,301	0	0
Negative fair values of derivative instruments	13,280	55,083	-20,593	-15,187	-6	-6,017
Other liabilities	10,435	1,603	1,149	6,692	2	989
Accrued expenses and deferred income	9,380	8,422	102	856	0	0
Total current liabilities	**1,527,322**	**1,293,442**	**88,687**	**26,800**	**4,303**	**114,090**
Total equity and liabilities	**4,149,998**	**3,959,288**	**52,215**	**20,396**	**4,303**	**113,796**
Balance sheet position	**0**	**-1,327,381**	**263,767**	**861,190**	**49,589**	**152,835**

Balance sheet by currency at 31 December 2022

in TEUR	Total	EUR	Amounts in TEUR countervalue USD	CHF	DKK	Others
ASSETS						
Non-current assets						
Intangible assets	1,441	-190	0	1,631	0	0
Right-of-use assets	1,749	1,289	0	460	0	0
Property, plant and equipment	431	-72	0	503	0	0
Loans to related companies	1,554,992	1,000,603	383,102	116,224	3,718	51,345
Positive fair values of derivative instruments	14,894	9,646	5,083	165	0	0
Deferred tax assets	2,507	2,507	0	0	0	0
Total non-current assets	**1,576,014**	**1,013,783**	**388,185**	**118,983**	**3,718**	**51,345**
Current assets						
Receivables from related companies	1,348,390	866,876	143,251	58,599	49,701	229,963
Positive fair values of derivative instruments	6,634	4,529	1,586	32	95	392
Other assets	2,949	1,606	0	1,336	0	7
Income tax receivables	52	52	0	0	0	0
Accrued income and prepaid expenses	12,248	9,869	-624	695	4	2,304
Securities at amortised cost	0	0	0	0	0	0
Securities at fair value through profit or loss	95,473	65,092	4,012	24,474	0	1,894
Cash and cash equivalents	804,952	369,800	726	418,871	1,466	14,089
Total current assets	**2,270,698**	**1,317,824**	**148,951**	**504,007**	**51,266**	**248,649**
Total assets	**3,846,712**	**2,331,607**	**537,136**	**622,990**	**54,984**	**299,994**
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	333,099	333,099	0	0	0	0
Other comprehensive income from cash flow hedges	-7,327	-7,327	0	0	0	0
Foreign currency translation	38	38	0	0	0	0
Net profit for the year	54,404	54,404	0	0	0	0
Total shareholders' equity	**401,214**	**401,214**	**0**	**0**	**0**	**0**
Non-current liabilities						
Bonds issued	2,109,593	2,109,593	0	0	0	0
Liabilities for pension plans	2,160	0	0	2,160	0	0
Lease liabilities	480	229	0	251	0	0
Negative fair values of derivative instruments	12,442	-227,938	227,774	12,606	0	0
Deferred tax liabilities	342	0	0	342	0	0
Total non-current liabilities	**2,125,017**	**1,881,884**	**227,774**	**15,359**	**0**	**0**
Current liabilities						
Commercial paper	75,000	75,000	0	0	0	0
Payables to related companies	1,194,662	988,408	73,908	21,878	642	109,826
Lease liabilities	1,287	1,069	0	218	0	0
Payables to banks	6,589	2,823	130	3	0	3,633
Income tax payables	9,310	-1,678	0	10,988	0	0
Negative fair values of derivative instruments	7,565	-9,860	11,510	4,351	0	1,564
Other liabilities	15,612	7,449	1,268	5,810	0	1,085
Accrued expenses and deferred income	10,456	9,554	92	810	0	0
Total current liabilities	**1,320,481**	**1,072,765**	**86,908**	**44,058**	**642**	**116,108**
Total equity and liabilities	**3,846,712**	**3,355,863**	**314,682**	**59,417**	**642**	**116,108**
Balance sheet position	**0**	**-1,024,256**	**222,454**	**563,573**	**54,342**	**183,886**

Balance sheet by maturity at 31 December 2023

in TEUR	Total	Sight	Maturity < 1 year	1–5 years	> 5 years
ASSETS					
Non-current assets					
Intangible assets	1,435	372	0	0	1,063
Right-of-use assets	1,621	0	0	1,621	0
Property, plant and equipment	271	271	0	0	0
Loans to related companies	1,389,770	0	0	1,220,901	168,869
Positive fair values of derivative instruments	10,193	0	0	10,193	0
Deferred tax assets	1,781	1,781	0	0	0
Total non-current assets	**1,405,071**	**2,424**	**0**	**1,232,715**	**169,932**
Current assets					
Receivables from related companies	1,297,954	687,654	610,300	0	0
Positive fair values of derivative instruments	9,785	–19	9,804	0	0
Other assets	5,724	5,724	0	0	0
Income tax receivables	55	55	0	0	0
Accrued income and prepaid expenses	12,088	12,088	0	0	0
Securities at amortised cost	112,949	0	112,949	0	0
Securities at fair value through profit or loss	114,782	114,782	0	0	0
Cash and cash equivalents	1,191,590	1,191,590	0	0	0
Total current assets	**2,744,927**	**2,011,874**	**733,053**	**0**	**0**
Total assets	**4,149,998**	**2,014,298**	**733,053**	**1,232,715**	**169,932**
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	359,064	359,064	0	0	0
Other comprehensive income from cash flow hedges	–5,409	–5,409	0	0	0
Foreign currency translation	179	179	0	0	0
Net profit for the year	79,069	79,069	0	0	0
Total shareholders' equity	**453,903**	**453,903**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	2,149,847	0	0	1,566,227	583,620
Liabilities for pension plans	5,292	0	0	5,292	0
Lease liabilities	341	0	0	341	0
Negative fair values of derivative instruments	12,896	0	0	6,131	6,765
Deferred tax liabilities	397	397	0	0	0
Total non-current liabilities	**2,168,773**	**397**	**0**	**1,577,991**	**590,385**
Current liabilities					
Commercial paper	0	0	0	0	0
Payables to related companies	1,474,770	829,508	645,262	0	0
Lease liabilities	1,304	0	1,304	0	0
Payables to banks	5,731	5,731	0	0	0
Income tax payables	12,422	12,422	0	0	0
Negative fair values of derivative instruments	13,280	–328	13,555	53	0
Other liabilities	10,435	5,433	5,002	0	0
Accrued expenses and deferred income	9,380	9,380	0	0	0
Total current liabilities	**1,527,322**	**862,146**	**665,123**	**53**	**0**
Total equity and liabilities	**4,149,998**	**1,316,446**	**665,123**	**1,578,044**	**590,385**
Balance sheet position	**0**	**697,852**	**67,930**	**–345,329**	**–420,453**

Balance sheet by maturity at 31 December 2022

in TEUR	Total	Sight	Maturity < 1 year	1–5 years	> 5 years
ASSETS					
Non-current assets					
Intangible assets	1,441	269	0	0	1,172
Right-of-use assets	1,749	0	0	1,749	0
Property, plant and equipment	431	431	0	0	0
Loans to related companies	1,554,992	0	0	1,215,727	339,265
Positive fair values of derivative instruments	14,894	0	0	8,882	6,012
Deferred tax assets	2,507	2,507	0	0	0
Total non-current assets	**1,576,014**	**3,207**	**0**	**1,226,358**	**346,449**
Current assets					
Receivables from related companies	1,348,390	769,888	578,502	0	0
Positive fair values of derivative instruments	6,634	6,402	232	0	0
Other assets	2,949	2,949	0	0	0
Income tax receivables	52	52	0	0	0
Accrued income and prepaid expenses	12,248	12,248	0	0	0
Securities at amortised cost	0	0	0	0	0
Securities at fair value through profit or loss	95,473	95,473	0	0	0
Cash and cash equivalents	804,952	804,952	0	0	0
Total current assets	**2,270,698**	**1,691,964**	**578,734**	**0**	**0**
Total assets	**3,846,712**	**1,695,171**	**578,734**	**1,226,358**	**346,449**
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	333,099	333,099	0	0	0
Other comprehensive income from cash flow hedges	–7,327	–7,327	0	0	0
Foreign currency translation	38	38	0	0	0
Net profit for the year	54,404	54,404	0	0	0
Total shareholders' equity	**401,214**	**401,214**	**0**	**0**	**0**
Non-current liabilities					
Bonds issued	2,109,593	0	0	792,821	1,316,772
Liabilities for pension plans	2,160	0	2,160	0	0
Lease liabilities	480	0	0	480	0
Negative fair values of derivative instruments	12,442	0	0	4,634	7,808
Deferred tax liabilities	342	342	0	0	0
Total non-current liabilities	**2,125,017**	**342**	**2,160**	**797,935**	**1,324,580**
Current liabilities					
Commercial paper	75,000	0	75,000	0	0
Payables to related companies	1,194,662	1,005,775	188,887	0	0
Lease liabilities	1,287	0	1,287	0	0
Payables to banks	6,589	6,589	0	0	0
Income tax payables	9,310	9,310	0	0	0
Negative fair values of derivative instruments	7,565	7,359	206	0	0
Other liabilities	15,612	10,966	4,646	0	0
Accrued expenses and deferred income	10,456	10,456	0	0	0
Total current liabilities	**1,320,481**	**1,050,455**	**270,026**	**0**	**0**
Total equity and liabilities	**3,846,712**	**1,452,011**	**272,186**	**797,935**	**1,324,580**
Balance sheet position	**0**	**243,160**	**306,548**	**428,423**	**–978,131**

Balance sheet by interest rate exposure at 31 December 2023

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
ASSETS				
Non-current assets				
Intangible assets	1,435	0	0	1,435
Right-of-use assets	1,621	1,621	0	0
Property, plant and equipment	271	0	0	271
Loans to related companies	1,389,770	1,389,770	0	0
Positive fair values of derivative instruments	10,193	0	0	10,193
Deferred tax assets	1,781	0	0	1,781
Total non-current assets	**1,405,071**	**1,391,391**	**0**	**13,680**
Current assets				
Receivables from related companies	1,297,954	610,300	478,638	209,016
Positive fair values of derivative instruments	9,785	0	0	9,785
Other assets	5,724	0	5,724	0
Income tax receivables	55	0	0	55
Accrued income and prepaid expenses	12,088	0	0	12,088
Securities at amortised cost	112,949	112,949	0	0
Securities at fair value through profit or loss	114,782	92,847	8,572	13,363
Cash and cash equivalents	1,191,590	0	1,191,590	0
Total current assets	**2,744,927**	**816,096**	**1,684,524**	**244,307**
Total assets	**4,149,998**	**2,207,487**	**1,684,524**	**257,987**
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	359,064	0	0	359,064
Other comprehensive income from cash flow hedges	–5,409	0	0	–5,409
Foreign currency translation	179	0	0	179
Net profit for the year	79,069	0	0	79,069
Total shareholders' equity	**453,903**	**0**	**0**	**453,903**
Non-current liabilities				
Bonds issued	2,149,847	2,149,847	0	0
Liabilities for pension plans	5,292	0	5,292	0
Lease liabilities	341	341	0	0
Negative fair values of derivative instruments	12,896	0	0	12,896
Deferred tax liabilities	397	0	0	397
Total non-current liabilities	**2,168,773**	**2,150,188**	**5,292**	**13,293**
Current liabilities				
Commercial paper	0	0	0	0
Payables to related companies	1,474,770	645,262	829,508	0
Lease liabilities	1,304	0	0	1,304
Payables to banks	5,731	0	5,731	0
Income tax payables	12,422	0	0	12,422
Negative fair values of derivative instruments	13,280	0	0	13,280
Other liabilities	10,435	0	0	10,435
Accrued expenses and deferred income	9,380	0	0	9,380
Total current liabilities	**1,527,322**	**645,262**	**835,239**	**46,821**
Total equity and liabilities	**4,149,998**	**2,795,450**	**840,531**	**514,017**
Balance sheet position	**0**	**–587,963**	**843,993**	**–256,030**

Balance sheet by interest rate exposure at 31 December 2022

in TEUR	Total	Fixed interest rate	Variable interest rate	Non-interest bearing
ASSETS				
Non-current assets				
Intangible assets	1,441	0	0	1,441
Right-of-use assets	1,749	0	0	1,749
Property, plant and equipment	431	0	0	431
Loans to related companies	1,554,992	1,554,992	0	0
Positive fair values of derivative instruments	14,894	0	0	14,894
Deferred tax assets	2,507	0	0	2,507
Total non-current assets	**1,576,014**	**1,554,992**	**0**	**21,022**
Current assets				
Receivables from related companies	1,348,390	578,502	577,512	192,376
Positive fair values of derivative instruments	6,634	0	0	6,634
Other assets	2,949	0	2,949	0
Income tax receivables	52	0	0	52
Accrued income and prepaid expenses	12,248	0	0	12,248
Securities at amortised cost	0	0	0	0
Securities at fair value through profit or loss	95,473	77,348	7,084	11,041
Cash and cash equivalents	804,952	0	804,952	0
Total current assets	**2,270,698**	**665,850**	**1,392,497**	**222,351**
Total assets	**3,846,712**	**2,210,842**	**1,392,497**	**243,373**
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	333,099	0	0	333,099
Other comprehensive income from cash flow hedges	-7,327	0	0	-7,327
Foreign currency translation	38	0	0	38
Net profit for the year	54,404	0	0	54,404
Total shareholders' equity	**401,214**	**0**	**0**	**401,214**
Non-current liabilities				
Bonds issued	2,109,593	2,109,593	0	0
Liabilities for pension plans	2,160	0	2,160	0
Lease liabilities	480	480	0	0
Negative fair values of derivative instruments	12,442	0	0	12,442
Deferred tax liabilities	342	0	0	342
Total non-current liabilities	**2,125,017**	**2,110,073**	**2,160**	**12,784**
Current liabilities				
Commercial paper	75,000	75,000	0	0
Payables to related companies	1,194,662	188,887	1,005,775	0
Lease liabilities	1,287	0	0	1,287
Payables to banks	6,589	0	6,589	0
Income tax payables	9,310	0	0	9,310
Negative fair values of derivative instruments	7,565	0	0	7,565
Other liabilities	15,612	0	0	15,612
Accrued expenses and deferred income	10,456	0	0	10,456
Total current liabilities	**1,320,481**	**263,887**	**1,012,364**	**44,230**
Total equity and liabilities	**3,846,712**	**2,373,960**	**1,014,524**	**458,228**
Balance sheet position	**0**	**-163,118**	**377,973**	**-214,855**

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 the target value of 5% for the equity sensitivity. 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 decreased due to the lower residual term of the outstanding bonds. 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 other than the euro have decreased in total. However, interest rate risks have been kept minimal.

Sensitivity of equity 2023

in TEUR			Duration									
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		Total	
EUR	100	–100	–724	766	–1,945	2,029	9,466	–9,996	15,507	–16,622	22,304	–23,823
USD	100	–100	43	–46	–195	204	59	–60	–2,046	2,156	–2,139	2,254
CHF	100	–100	–540	560	–66	68	4,593	–4,767	–1,072	1,328	2,915	–2,811
DKK	100	–100	6	–7	0	0	27	–27	0	0	33	–34
CNH	100	–100	6	–7	10	–10	0	0	0	0	16	–17
NOK	100	–100	1	–2	–12	13	0	0	0	0	–11	11
CAD	100	–100	0	0	1	–1	0	0	0	0	1	–1
GBP	100	–100	–6	7	–25	26	0	0	0	0	–31	33
Others	100	–100	–4	5	–47	49	–145	150	0	0	–196	204

Sensitivity of equity 2022

in TEUR			Duration									
Currency	Change in basis points		≤6 months		6 months to 1 year		1–5 years		>5 years		Total	
EUR	100	–100	–1,272	1,322	–1,686	1,746	14,446	–15,525	13,594	–14,824	25,082	–27,281
USD	100	–100	66	–70	95	–99	–1,662	1,743	–3,055	3,241	–4,556	4,815
CHF	100	–100	–144	148	57	–59	6,032	–6,353	–968	1,035	4,977	–5,229
DKK	100	–100	11	–11	–44	46	–6	6	–14	14	–53	55
CNH	100	–100	15	–16	3	–3	0	0	0	0	18	–19
NOK	100	–100	54	–57	–10	11	0	0	0	0	44	–46
CAD	100	–100	–14	15	51	–53	–23	24	0	0	14	–14
GBP	100	–100	–3	4	1	–1	–26	26	0	0	–28	29
Others	100	–100	43	–46	–53	56	–177	182	0	0	–187	192

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 at fair value through profit or loss.

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 maximum EUR 15 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 2023

in TEUR	Market value	Share
Equity / equity funds	11,314	9.9%
Investment-grade bonds / bond funds	99,429	86.6%
Sub-investment-grade bonds	1,990	1.7%
Commodities	2,049	1.8%
Total asset allocation	**114,782**	**100.0%**

Asset allocation at 31 December 2022

in TEUR	Market value	Share
Equity / equity funds	9,065	9.5%
Investment-grade bonds / bond funds	81,673	85.5%
Sub-investment-grade bonds	2,759	2.9%
Commodities	1,976	2.1%
Total asset allocation	**95,473**	**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 Management 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. Credit risks relating to loans to individual Würth Group companies with negative equity as at 31 December are covered up to an amount of 1.5 times the negative EBITDA of the subsidiary by letters of comfort from the superordinate parent company.

in TEUR	2023	2022
Credit risks at 31 December		
Total Würth Group long-term	**1,393,722**	**1,562,847**
Total Würth Group short-term	**1,298,848**	**1,349,654**
Cash and cash equivalents	1,191,590	804,952
Securities at amortised cost	112,949	0
Positive fair values of derivative instruments	19,978	21,528
Other assets	5,724	2,949
Contingent liabilities	458,972	227,371
Lending commitments	3,785	67,684
Total credit risk exposure	**4,485,568**	**4,036,985**

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 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 PD represents the probability of a default over a certain period of time. The third component, the 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 LGD amounting to 60% and PD based on the Global Corporate Average Cumulative Default Rates (Bloomberg). In accordance with IFRS 9, a three-stage model is used to calculate the ECL, which takes into account the change in credit quality since initial recognition using different impairment models. A shift from Stage 1 to Stage 2 reflects a significant increase in credit risk. A shift from Stage 2 to Stage 3 is made if there are objective indications of impairment as of the balance sheet date.

Expected credit loss

in TEUR	31.12.2023	31.12.2022
Loans to related companies	3,952	7,855
Short-term receivables from related companies	894	1,264
Total expected credit loss	**4,846**	**9,119**

ECL movements (in TEUR)	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January 2023	8,444	675	0	9,119
Changes due to				
Net movements from new and derecognised transactions	–474	–122	0	–596
Stage migration	–5	11	0	6
Remeasurements	–3,439	–244	0	–3,683
Balance as at 31 December 2023	**4,526**	**320**	**0**	**4,846**

Legend

Net movements from new and derecognised transactions	Effects resulting from the change in volume; calculated using the current closing balance of the assets multiplied by the PD of the previous year
Stage migration	Shifts between the stages due to reassessment of the credit risk
Remeasurements	Residual amount represents the influence of the changed PD

The PD at year-end amounted to 0.4477% (2022: 0.7884%) which caused the reduced impairment credit amount of TEUR 4,273 over 2023. The reduction is mainly driven by the impact of the changed PD of TEUR 3,683.

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 500 million.
The syndicate providing the funds consisted of 13 banks.
The credit line was granted until 16 September 2028 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 2023

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	2,180,701	11,321	–29,892
Options	56,658	2,795	–108
Total foreign currency instruments	**2,237,359**	**14,116**	**–30,000**
Interest rate instruments			
Interest rate swaps	687,034	8,555	–19,951
Cross-currency swaps	245,348	7,252	–2,191
Financial futures	2,182	0	0
Total interest rate instruments	**934,564**	**15,807**	**–22,142**
Reduction due to CSA	0	–9,945	25,966
Total derivative financial instruments	**3,171,923**	**19,978**	**–26,176**

Positions at 31 December 2022

in TEUR	Contract value or notional value	Positive fair value	Negative fair value
Foreign currency instruments			
Forward currency contracts	1,481,218	6,811	–12,743
Options	17,016	0	0
Total foreign currency instruments	**1,498,234**	**6,811**	**–12,743**
Interest rate instruments			
Interest rate swaps	811,139	13,100	–40,702
Cross-currency swaps	268,212	6,662	–5,125
Financial futures	8,863	0	–48
Total interest rate instruments	**1,088,214**	**19,762**	**–45,875**
Reduction due to CSA	0	–5,045	38,611
Total derivative financial instruments	**2,586,448**	**21,528**	**–20,007**

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 –15.1 million (2022: EUR –1.5 million) had a maturity date of less than 12 months and EUR –3.4 million (2022: EUR –4.4 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 8¼ years.

Offsetting financial instruments

Positions at 31 December 2023

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	29,923	–9,945	19,978
Total	**29,923**	**–9,945**	**19,978**
FINANCIAL LIABILITIES			
Derivative financial instruments	–52,142	25,966	–26,176
Total	**–52,142**	**25,966**	**–26,176**

Positions at 31 December 2022

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	26,573	–5,045	21,528
Total	**26,573**	**–5,045**	**21,528**
FINANCIAL LIABILITIES			
Derivative financial instruments	–58,618	38,611	–20,007
Total	**–58,618**	**38,611**	**–20,007**

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

in TEUR	Carrying amount 2023	Carrying amount 2022	Fair value 2023	Fair value 2022
ASSETS				
Non-current assets				
Loans to related companies	1,389,770	1,554,992	1,401,428	1,525,713
Positive fair values of derivative instruments	10,193	14,894	10,193	14,894
Total non-current assets	**1,399,963**	**1,569,886**	**1,411,621**	**1,540,607**
Current assets				
Receivables from related companies	1,297,954	1,348,390	1,297,885	1,348,388
Positive fair values of derivative instruments	9,785	6,634	9,785	6,634
Securities at amortised cost	112,949	0	113,214	0
Securities at fair value through profit or loss	114,782	95,473	114,782	95,473
Cash and cash equivalents	1,191,590	804,952	1,195,095	804,987
Total current assets	**2,727,060**	**2,255,449**	**2,730,761**	**2,255,482**
LIABILITIES				
Non-current liabilities				
Bonds issued	2,149,847	2,109,593	2,094,836	1,972,029
Negative fair values of derivative instruments	12,896	12,442	12,896	12,442
Total non-current liabilities	**2,162,743**	**2,122,035**	**2,107,731**	**1,984,471**
Current liabilities				
Commercial paper	0	75,000	0	75,233
Payables to related companies	1,474,770	1,194,662	1,471,927	1,192,790
Payables to banks	5,731	6,589	5,731	6,589
Negative fair values of derivative instruments	13,280	7,565	13,280	7,565
Total current liabilities	**1,493,781**	**1,283,816**	**1,490,938**	**1,282,177**

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 rate method.

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 2023

in TEUR	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Derivative financial instruments				
Interest rate swaps	0	8,555	0	8,555
Cross-currency swaps	0	7,252	0	7,252
Financial futures	0	0	0	0
Options	0	2,795	0	2,795
Forward currency contracts	0	11,321	0	11,321
Reduction due to CSA	0	–9,945	0	–9,945
Financial instruments at fair value through profit or loss				
Securities at fair value through profit or loss	114,782	0	0	114,782
Financial instruments at amortised cost				
Loans to related companies	0	1,401,428	0	1,401,428
Receivables from related companies	1,297,885	0	0	1,297,885
Securities at amortised cost	0	112,949	0	112,949
Cash and cash equivalents	1,195,095	0	0	1,195,095
LIABILITIES				
Derivative financial instruments				
Interest rate swaps	0	19,951	0	19,951
Cross-currency swaps	0	2,191	0	2,191
Financial futures	0	0	0	0
Options	0	108	0	108
Foreign currency contracts	0	29,892	0	29,892
Reduction due to CSA	0	–25,966	0	–25,966
Other liabilities at amortised cost				
Bonds issued	0	2,094,836	0	2,094,836
Commercial paper	0	0	0	0
Payables to related companies	0	1,471,927	0	1,471,927
Payables to banks	5,731	0	0	5,731

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, discounted cash flows 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 2023, 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 2022

in TEUR	Level 1	Level 2	Level 3	Total fair value
ASSETS				
Derivative financial instruments				
Interest rate swaps	0	13,100	0	13,100
Cross-currency swaps	0	6,662	0	6,662
Financial futures	0	0	0	0
Options	0	0	0	0
Forward currency contracts	0	6,811	0	6,811
Reduction due to CSA	0	–5,045	0	–5,045
Financial instruments at fair value through profit or loss				
Securities at fair value through profit or loss	95,473	0	0	95,473
Financial instruments at amortised cost				
Loans to related companies	0	1,525,713	0	1,525,713
Receivables from related companies	1,348,388	0	0	1,348,388
Securities at amortised cost	0	0	0	0
Cash and cash equivalents	804,987	0	0	804,987
LIABILITIES				
Derivative financial instruments				
Interest rate swaps	0	40,702	0	40,702
Cross-currency swaps	0	5,125	0	5,125
Financial futures	0	48	0	48
Options	0	0	0	0
Foreign currency contracts	0	12,743	0	12,743
Reduction due to CSA	0	–38,611	0	–38,611
Other liabilities at amortised cost				
Bonds issued	0	1,972,029	0	1,972,029
Commercial paper	0	75,233	0	75,233
Payables to related companies	0	1,192,790	0	1,192,790
Payables to banks	6,589	0	0	6,589

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 and cross-currency swaps to hedge its cash flows associated with its foreign currency loans to related parties.

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 2023 Assets	Carrying amount 2023 Liabilities	Carrying amount 2022 Assets	Carrying amount 2022 Liabilities
Micro cash flow hedges						
Hedges to related parties	CHF	12,000	0	0	0	162
Hedges to related parties	USD	20,000	0	401	0	1,017
Hedges to related parties	USD	37,500	0	173	0	1,863
Hedges to related parties	USD	15,000	330	0	67	0
Hedges to related parties	USD	7,000	201	0	21	0
Hedges to related parties	USD	15,000	300	0	0	150
Hedges to related parties	CHF	19,937	0	1,617	0	1,365
Forecasted – new bond issued 2018[1]	EUR		0	108	0	184
Forecasted – new bond issued 2020[2]	EUR		0	6,732	0	8,718
Forecasted – new bond issued 2022[3]	EUR		474	0	546	0

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 2023			
Hedges to related parties USD 20,000	401	0	0
Hedges to related parties USD 37,500	0	173	0
Hedges to related parties USD 15,000	330	0	0
Hedges to related parties USD 7,000	0	201	0
Hedges to related parties USD 15,000	0	300	0
Hedges to related parties CHF 19,937	0	1,617	0

Since the issuance of the bonds and the subsequent recognition of interest expense result 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.

[1] This micro cash flow hedge is related to the bond issued in May 2018. The loss resulting from the termination of the hedging instruments will be amortised to the income statement from OCI (cash flow hedge reserve) starting May 2019 over the actual swap term.
[2] This micro cash flow hedge is related to the bond issued in May 2020. The loss resulting from the termination of the hedging instruments will be amortised to the income statement from OCI (cash flow hedge reserve) starting May 2020 over the actual swap term.
[3] This micro cash flow hedge is related to the bond issued in May 2022. The profit resulting from the termination of the hedging instruments will be amortised to the income statement from OCI (cash flow hedge reserve) starting May 2022 over the actual swap term.

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 bonds as well as the loans to related parties in EUR, and cross-currency swaps that are used to protect against changes in the fair value of the fixed-rate foreign currency loans.

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:

			Carrying amount 2023		Carrying amount 2022	
in TEUR	Transaction currency	Notional amount	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges						
Würth bond 2025	EUR	150,000	0	4,992	0	8,836
Würth bond 2026	CHF	100,000	1,528	0	0	682
Würth bond 2030	EUR	250,000	0	13,291	0	27,121
Hedges to related parties	EUR	30,000	1,099	0	1,982	0
Hedges to related parties	EUR	10,000	1,021	0	1,574	0
Hedges to related parties	USD	130,000	5,030	0	5,182	0
Hedges to related parties	EUR	40,000	3,362	0	5,340	0
Hedges to related parties	USD	10,000	569	0	568	0
Hedges to related parties	USD	25,000	822	0	824	0

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 2023			
Würth bond 2025 EUR 150,000	0	4,992	0
Würth bond 2026 CHF 100,000	0	1,528	0
Würth bond 2030 EUR 250,000	0	0	13,291
Hedges to related parties EUR 30,000	0	1,099	0
Hedges to related parties EUR 10,000	0	1,021	0
Hedges to related parties USD 130,000	0	5,030	0
Hedges to related parties EUR 40,000	0	3,362	0
Hedges to related parties USD 10,000	0	569	0
Hedges to related parties USD 25,000	0	822	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.

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 at the end of 2023, 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 is 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 2023

in TEUR	Inhouse Banking Group Financing	Trading	Securities Investments	Central Settlement	Central Services	Total Inhouse Banking	External Financial Services Insurance Brokerage	Elimination	Total Würth Finance Group
Income									
Interest income	146,608	0	1,930	0	0	148,538	16	-165	148,389
Interest expenses	-97,566	0	-141	0	0	-97,707	-3	165	-97,545
Net interest income	**49,042**	**0**	**1,789**	**0**	**0**	**50,831**	**13**	**0**	**50,844**
Income from factoring activities	13,573	0	0	0	0	13,573	0	0	13,573
Income from commission and service fee activities	0	0	0	33,736	0	33,736	15,828	0	49,564
Income from trading activities and financial instruments	0	15,178	4,898	0	0	20,076	440	-140	20,376
Other ordinary income	410	0	0	0	0	410	182	0	592
Expected credit loss (expenses) / recovery	4,273	0	0	0	0	4,273	0	0	4,273
Total segment income	**67,298**	**15,178**	**6,687**	**33,736**	**0**	**122,899**	**16,463**	**-140**	**139,222**
Expenses									
Personnel expenses	0	0	0	0	-11,590	-11,590	-12,145	0	-23,735
Other administrative expenses	0	0	0	0	-13,131	-13,131	-2,137	0	-15,268
Amortisation	0	0	0	0	-1,144	-1,144	-874	0	-2,018
Other ordinary expenses	0	0	0	0	0	0	0	0	0
Segment expenses	**0**	**0**	**0**	**0**	**-25,865**	**-25,865**	**-15,156**	**0**	**-41,021**
Segment result	**67,298**	**15,178**	**6,687**	**33,736**	**-25,865**	**97,034**	**1,307**	**-140**	**98,201**
Income tax expenses	0	0	0	0	-18,847	-18,847	-119	0	-18,966
Deferred taxes	0	0	0	0	-131	-131	-35	0	-166
Net profit for the year	**67,298**	**15,178**	**6,687**	**33,736**	**-44,843**	**78,056**	**1,153**	**-140**	**79,069**

Income statement by segment at 31 December 2022

in TEUR	Inhouse Banking Group Financing	Trading	Securities Investments	Central Settlement	Central Services	Total Inhouse Banking	External Financial Services Insurance Brokerage	Elimination	Total Würth Finance Group
Income									
Interest income	87,677	0	869	0	0	88,546	0	–120	88,426
Interest expenses	–58,814	0	–155	0	0	–58,969	–1	120	–58,850
Net interest income	**28,863**	**0**	**714**	**0**	**0**	**29,577**	**–1**	**0**	**29,576**
Income from factoring activities	17,733	0	0	0	0	17,733	0	0	17,733
Income from commission and service fee activities	0	0	0	34,029	0	34,029	14,319	0	48,348
Income from trading activities and financial instruments	0	17,250	–6,239	0	0	11,011	370	-92	11,289
Other ordinary income	553	0	0	0	0	553	100	0	653
Expected credit loss (expenses) / recovery	–4,615	0	0	0	0	–4,615	0	0	–4,615
Total segment income	**42,534**	**17,250**	**–5,525**	**34,029**	**0**	**88,288**	**14,788**	**–92**	**102,984**
Expenses									
Personnel expenses	0	0	0	0	–10,857	–10, 857	–11,134	0	–21,991
Other administrative expenses	0	0	0	0	–10,769	–10,769	–1,913	0	–12,682
Amortisation	0	0	0	0	–1,132	–1,132	–836	0	–1,968
Other ordinary expenses	0	0	0	0	0	0	–15	0	–15
Segment expenses	**0**	**0**	**0**	**0**	**–22,758**	**–22,758**	**–13,898**	**0**	**–36,656**
Segment result	**42,534**	**17,250**	**–5,525**	**34,029**	**–22,758**	**65,530**	**890**	**–92**	**66,328**
Income tax expenses	0	0	0	0	–12,538	–12,538	–135	0	–12,673
Deferred taxes	0	0	0	0	756	756	–7	0	749
Net profit for the year	**42,534**	**17,250**	**–5,525**	**34,029**	**–34,540**	**53,748**	**748**	**–92**	**54,404**

Balance sheet by segment at 31 December 2023

in TEUR	Inhouse Banking: Group Financing	Trading	Securities Investments	Central Settlement	Central Services	Total Inhouse Banking	External Financial Services: Insurance Brokerage	Elimination	Total Würth Finance Group
Balance sheet									
Segment assets	4,032,222	19,928	115,349	0	35,789	4,203,288	8,750	-62,040	4,149,998
Segment liabilities	3,746,599	25,518	22,637	0	408,534	4,203,288	8,750	-62,040	4,149,998
Additional segment information									
Capital expenditures	8	0	0	0	0	8	327	0	335

Balance sheet by segment at 31 December 2022

in TEUR	Inhouse Banking: Group Financing	Trading	Securities Investments	Central Settlement	Central Services	Total Inhouse Banking	External Financial Services: Insurance Brokerage	Elimination	Total Würth Finance Group
Balance sheet									
Segment assets	3,745,611	21,519	96,271	0	34,281	3,897,682	7,110	–58,080	3,846,712
Segment liabilities	3,486,041	20,566	14,759	0	376,316	3,897,682	7,110	–58,080	3,846,712
Additional segment information									
Capital expenditures	0	0	0	0	92	92	313	0	405

Würth Finance International B.V.

FINANCIAL STATEMENTS 2023

Company income statement
for the year ended at 31 December

in TEUR	Notes	2023	2022
Net income	20	**65,432**	**68,766**
Other operating income	13	410	553
Total operating income		**65,842**	**69,319**
Wages and salaries	31	-10,653	-10,050
Social security charges		-937	-807
Amortisation of intangible and tangible fixed assets	21	-1,144	-1,132
Other operating expenses	32	-13,035	-10,715
Total operating expenses		**-25,769**	**-22,704**
		40,073	**46,615**
Financial income	24	147,576	87,949
Impairments of assets	18a	4,273	-4,615
Financial expenses	24	-97,473	-58,698
Profit before taxes		**94,449**	**71,251**
Income tax expense		-18,634	-12,636
Share in result from participating interests	22	3,254	-4,211
Net profit for the year		**79,069**	**54,404**

Company balance sheet
for the year ended at 31 December

Before appropriation of profit

in TEUR	Notes	2023	2022
ASSETS			
Non-current assets			
Intangible assets			
Software	21	0	0
Right-of-use assets			
Right-of-use land and buildings	21	1,361	1,289
Property, plant and equipment			
Operating equipment and furnishings	21	87	149
Financial assets			
Participations in Group companies	22	32,017	30,674
Loans to related companies	4, 23	1,389,770	1,554,992
Positive fair values of derivative instruments	18b, 18c	10,193	14,894
Deferred tax assets	25	1,265	1,651
Total non-current assets		**1,434,693**	**1,603,649**
Current assets			
Receivables from related companies	23	1,337,668	1,385,924
Positive fair values of derivative instruments	18b, 18c	9,785	6,625
Other assets	26	4,458	1,781
Accrued income and prepaid expenses		11,340	11,598
Securities at amortised cost	7	112,949	0
Securities at fair value through profit or loss	6, 18a	44,865	31,055
Cash		1,191,521	804,747
Total current assets		**2,712,586**	**2,241,730**
Total assets		**4,147,279**	**3,845,379**

in TEUR	Notes	2023	2022
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		353,834	325,810
Net profit for the year		79,069	54,404
Total shareholders' equity	29	**453,903**	**401,214**
Provisions			
Liabilities for pension plans	14	2,487	1,154
Total provisions		**2,487**	**1,154**
Non-current liabilities			
Bonds issued	27	2,149,847	2,109,593
Lease liabilities		240	229
Negative fair values of derivative instruments	18b, 18c	12,896	12,442
Total non-current liabilities		**2,162,983**	**2,122,264**
Current liabilities			
Commercial paper		0	75,000
Payables to related companies	23	1,479,753	1,197,954
Lease liabilities		1,139	1,068
Payables to banks	30	5,731	6,589
Income tax payables	15	12,237	9,135
Negative fair values of derivative instruments	18b, 18c	12,693	7,565
Other liabilities	28	6,973	12,980
Accrued expenses and deferred income		9,380	10,456
Total current liabilities		**1,527,906**	**1,320,747**
Total equity and liabilities		**4,147,279**	**3,845,379**

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 24 April 2024. 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 income statement. Since no the distribution of profits is not subject to restrictions, no legal reserve is included.

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 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 accounting principles.

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 (2022: 100%)

- Würth Invest AG, Chur, Switzerland: wholly owned subsidiary (2022: 100%)

The percentages stated represent the equity interests held.

20 Net income

The net income consist out of income from factoring activities amounting to TEUR 13,573 (2022: TEUR 17,733), commission and service fee activities amounting to TEUR 34,406 (2022: TEUR 34,129) and trading activities amounting to TEUR 17,453 (2022: TEUR 16,904).

21 Intangible assets / right-of-use assets / property, plant and equipment

Intangible assets / right-of-use assets / property, plant and equipment are composed as follows:

At 31 December 2023

in TEUR	Acquisition cost 2022	Additions (disposals) incl. asset retirement 2023	Acquisition cost 2023	Accum. amortisation 2022	Asset retirement 2023	Amortisation for the year 2023	Accum. amortisation 2023	Net book value 2023
Intangible assets								
Software	1,470	0	1,470	-1,470	0	0	-1,470	0
Total intangible assets	**1,470**	**0**	**1,470**	**-1,470**	**0**	**0**	**-1,470**	**0**
Right-of-use assets								
Right-of-use land and buildings	4,941	1,146	6,087	-3,652	0	-1,074	-4,726	1,361
Total right-of-use assets	**4,941**	**1,146**	**6,087**	**-3,652**	**0**	**-1,074**	**-4,726**	**1,361**
Property, plant and equipment								
Vehicles	442	0	442	-345	0	-50	-395	47
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	590	-53	537	-572	61	-20	-531	6
Total property, plant and equipment	**1,066**	**-53**	**1,013**	**-917**	**61**	**-70**	**-926**	**87**
Total	**7,477**	**1,093**	**8,570**	**-6,039**	**61**	**-1,144**	**-7,122**	**1,448**

At 31 December 2022

in TEUR	Acquisition cost 2021	Additions (disposals) incl. asset retirement 2022	Acquisition cost 2022	Accum. amortisation 2021	Asset retirement 2022	Amortisation for the year 2022	Accum. amortisation 2022	Net book value 2022
Intangible assets								
Software	1,470	0	1,470	-1,470	0	0	-1,470	0
Total intangible assets	**1,470**	**0**	**1,470**	**-1,470**	**0**	**0**	**-1,470**	**0**
Right-of-use assets								
Right-of-use land and buildings	3,855	1,086	4,941	-2,635	0	-1,017	-3,652	1,289
Total right-of-use assets	**3,855**	**1,086**	**4,941**	**-2,635**	**0**	**-1,017**	**-3,652**	**1,289**
Property, plant and equipment								
Vehicles	412	30	442	-329	48	-64	-345	97
Art objects	34	0	34	0	0	0	0	34
Office equipment / installations	577	13	590	-521	0	-51	-572	18
Total property, plant and equipment	**1,023**	**43**	**1,066**	**-850**	**48**	**-115**	**-917**	**149**
Total	**6,348**	**1,129**	**7,477**	**-4,955**	**48**	**-1,132**	**-6,039**	**1,438**

22 Participations in Group companies

in TEUR	
Net book value at 1 January 2022	**33,842**
OCI	1,043
Share in profit / (loss) of participating interests	–4,211
Net book value at 31 December 2022	**30,674**
Net book value at 1 January 2023	**30,674**
OCI	–1,911
Share in profit / (loss) of participating interests	3,254
Net book value at 31 December 2023	**32,017**

23 Transactions with related parties

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

At 31 December 2023

in TEUR	Total	Parent companies	Subsidiaries	Associated companies
Receivables from related parties				
Loans to related companies	1,389,770	0	0	1,389,770
Receivables from related companies	1,337,668	11,457	39,900	1,286,311
Current accounts	479,121	0	669	478,452
Short-term loans	649,531	0	39,231	610,300
Factoring	209,016	11,457	0	197,559
Total receivables from related parties	**2,727,438**	**11,457**	**39,900**	**2,676,081**
Payables to related parties				
Payables to related companies	1,479,753	598,164	4,992	876,597
Current accounts	832,339	198,164	2,841	631,334
Fixed-term deposits	647,414	400,000	2,151	245,263
Other payables to related parties	847	0	0	847
Total payables to related parties	**1,480,600**	**598,164**	**4,992**	**877,444**

At 31 December 2022

in TEUR	Total	Parent companies	Subsidiaries	Associated companies
Receivables from related parties				
Loans to related companies	1,554,992	0	0	1,554,992
Receivables from related companies	1,385,924	8,420	37,633	1,339,871
Current accounts	577,513	0	100	577,413
Short-term loans	616,035	0	37,533	578,502
Factoring	192,376	8,420	0	183,956
Total receivables from related parties	**2,940,916**	**8,420**	**37,633**	**2,894,863**
Payables to related parties				
Payables to related companies	1,197,954	405,254	3,301	789,399
Current accounts	1,009,067	405,254	3,301	600,512
Fixed-term deposits	188,887	0	0	188,887
Other payables to related parties	8,142	0	0	8,142
Total payables to related parties	**1,206,096**	**405,254**	**3,301**	**797,541**

24 Interest income and expenses

At 31 December 2023

in TEUR	Total	Parent	Subsidiaries	Associated	Third parties
Interest income					
Interest income from financing activities at amortised cost	68,690	0	0	68,660	30
Interest income from financing leasing activities at amortised cost	3,118	0	0	3,118	0
Interest income from liquid assets at amortised cost	53,951	5	149	29,104	24,693
Interest income from current accounts	29,258	5	149	29,104	0
Interest income from bank accounts, time deposits and money market funds	24,693	0	0	0	24,693
Interest income from financial instruments at fair value through profit or loss	21,817	0	0	4,613	17,204
Interest income from interest rate and cross-currency swaps	20,524	0	0	4,613	15,911
Other interest income from financial instruments	1,293	0	0	0	1,293
Total interest income	**147,576**	**5**	**149**	**105,495**	**41,927**
Interest expenses					
Interest expenses for current accounts and time deposits	34,663	12,187	16	22,434	26
Interest expenses for bonds issued	38,108	2,769	0	0	35,339
Interest expenses from financial instruments	23,988	404	0	5,683	17,901
Valuation (gains) / losses from interest rate and cross-currency swaps (unrealised)	0	0	0	0	0
Interest expenses from interest rate and cross-currency swaps	21,998	0	0	4,556	17,442
Other interest expenses from financial instruments	1,990	404	0	1,127	459
Other interest expenses (third parties)	714	0	0	3	711
Total interest expenses	**97,473**	**15,360**	**16**	**28,120**	**53,977**

At 31 December 2022

in TEUR	Total	Parent	Subsidiaries	Associated	Third parties
Interest income					
Interest income from financing activities at amortised cost	51,273	0	0	51,248	25
Interest income from financing leasing activities at amortised cost	2,299	0	0	2,299	0
Interest income from liquid assets at amortised cost	18,684	47	120	16,173	2,344
Interest income from current accounts	16,340	47	120	16,173	0
Interest income from bank accounts, time deposits and money market funds	2,344	0	0	0	2,344
Interest income from financial instruments at fair value through profit or loss	15,693	0	0	5,011	10,682
Interest income from interest rate and cross-currency swaps	14,725	0	0	4,106	10,619
Other interest income from financial instruments	968	0	0	905	63
Total interest income	**87,949**	**47**	**120**	**74,731**	**13,051**
Interest expenses					
Interest expenses for current accounts and time deposits	3,434	190	0	3,172	72
Interest expenses for bonds issued	24,367	2,149	0	0	22,218
Interest expenses from financial instruments	28,814	131	0	9,553	19,130
Valuation (gains) / losses from interest rate and cross-currency swaps (unrealised)	997	0	0	3,696	–2,699
Interest expenses from interest rate and cross-currency swaps	18,371	0	0	4,201	14,170
Other interest expenses from financial instruments	9,446	131	0	1,656	7,659
Other interest expenses (third parties)	2,083	0	0	7	2,076
Total interest expenses	**58,698**	**2,470**	**0**	**12,732**	**43,496**

25 Income tax expense

in TEUR	2023	2022
Deferred tax assets on cash flow hedges	1,265	1,651
Deferred tax assets	**1,265**	**1,651**

For other details see the consolidated Financial Statements, Note 15 Income tax.

26 Other assets

in TEUR	2023	2022
Receivables from third parties	4,301	1,605
Other assets	157	176
Total other assets	**4,458**	**1,781**

27 Bonds issued

For details see the consolidated Financial Statements, Note 8 Bonds issued.

28 Other liabilities

in TEUR	2023	2022
Payables for deliveries and services	2,629	8,793
of which to third parties	1,782	651
of which to related parties	847	8,142
Compensation-related liabilities	3,222	3,137
Other liabilities	1,122	1,050
Total other liabilities	**6,973**	**12,980**

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

29 Equity

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2022	16,000	5,000	356,206	–8,947	–54	368,205
Net profit for the year	0	0	54,404	0	0	54,404
Foreign currency translation	0	0	0	0	92	92
Cash flow hedge accounting	0	0	0	2,031	0	2,031
Remeasurement gain / (loss) on defined benefit plans	0	0	1,893	0	0	1,893
Deferred taxes on cash flow hedges	0	0	0	–411	0	–411
Total comprehensive income for the year	**0**	**0**	**56,297**	**1,620**	**92**	**58,009**
Dividend payments	0	0	–25,000	0	0	–25,000
At 31 December 2022	**16,000**	**5,000**	**387,503**	**–7,327**	**38**	**401,214**
At 1 January 2023	16,000	5,000	387,503	–7,327	38	401,214
Net profit for the year	0	0	79,069	0	0	79,069
Foreign currency translation	0	0	0	0	141	141
Cash flow hedge accounting	0	0	0	2,304	0	2,304
Remeasurement gain / (loss) on defined benefit plans	0	0	–3,439	0	0	–3,439
Deferred taxes on cash flow hedges	0	0	0	–386	0	–386
Total comprehensive income for the year	**0**	**0**	**75,630**	**1,918**	**141**	**77,689**
Dividend payments	0	0	–25,000	0	0	–25,000
At 31 December 2023	**16,000**	**5,000**	**438,133**	**–5,409**	**179**	**453,903**

The Board of Directors proposed to allocate the net income of TEUR 79,069 to retained earnings.

30 Payables to banks

The payables to banks refers to current account debt.

31 Personnel expenses

The average number of staff (in FTEs) employed by the company in 2023 was 67 (2022: 64), of whom 51 were working outside the Netherlands (2022: 49).

The key management comprised the Managing Directors of the company.

Remuneration for the Managing Directors of the company totalled TEUR 1,579 in the year 2023 (2022: TEUR 1,089).

In 2023 and 2022, 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 2023, fees of TEUR 350 were paid to members of the Board of Directors (2022: TEUR 320).

For more details see the consolidated Financial Statements, Note 14 Personnel expenses.

32 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 is set out below.

in TEUR	2023	2022
Ernst & Young		
Audit of the Financial Statements	280	270
Other audit engagements	52	110
Total	**332**	**380**

The fees stated above for the audit of the Financial Statements are based on the total fees for the audit of the 2023 Financial Statements, regardless of whether the procedures were already performed in 2023.

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, 24 April 2024

B. van Odijk[1]	R. Fust	P. Guzinski
Managing Director	Managing Director	Managing Director

[1] The original set of this annual report has not been signed by B. van Odijk due to illness, as of the signing date 24 April 2024.

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Würth Finance International B.V. based in Amsterdam, the Netherlands. 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 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) 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 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the balance sheet as at 31 December 2023
- the following statements for 2023: the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement
- the notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- the company balance sheet as at 31 December 2023
- the company income statement for 2023
- 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. (the company) 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business
The core activities of Würth Finance International B.V. and its subsidiaries (the group) include providing financing to and carrying out a wide range of financial activities with companies belonging to the Würth Group, as well as providing consulting and other services in the area of pensions and insurance to both private persons and small and medium-sized enterprises. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud 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.

Materiality

Materiality	EUR 10.7 Million (2022: EUR 10.5 Million)
Benchmark applied	0.5% of total amount of bonds issued as at 31 December 2023
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total amount of the issued bonds is the most appropriate benchmark to reflect the primary operations of the company. We determined materiality consistent with prior financial year.

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 EUR 0.5 Million, 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 consolidated financial statements.

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 other group entities, 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 consolidated financial statements.

Teaming and use of specialists
We ensured that the audit team, both in the Netherlands and Switzerland, included the appropriate skills and competences which are needed for the audit of a listed finance company. We have made use of specialists in the area of income tax.

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 we 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. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements in the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the managing directors' process for responding to the risks of fraud and monitoring the system of internal control and how the board of directors exercises oversight, as well as the outcomes.
We refer to Section "Risk management and control" of the annual report for the managing directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Code of Compliance of the Würth Group and the SpeakUp reporting system. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in "Assumptions and estimates" in Note 2 to the consolidated financial statements, including the expected credit losses.
Furthermore, we have used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions and transactions with related parties. We also evaluated whether transactions with related parties were accounted for at-arm's length and in accordance with transfer pricing documentation.

We did not identify a risk of fraud in revenue recognition, other than the forementioned risks related to management override of controls.

We considered available information and made enquiries of relevant managing directors, internal audit, legal, compliance, the group auditor of Würth Group and the board of directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 of Würth Group, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities, enquired with the group auditor of Würth Group 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.

Our audit response related to going concern
As disclosed in section "General" in Note 2 to the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations to the financial position of Würth Group in cooperation with the group auditor. 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

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, the nature of our key audit matter did not change.

Estimation uncertainty with respect to valuation of loans to related companies and receivables from related companies		
Risk	Our audit approach	Key observations
At 31 December 2023 the loans to related companies amount to EUR 1,390 million, the receivables from related companies amount to EUR 1,298 million and the allowance for expected credit losses amounts to EUR 4,8 million. The allowance for expected credit losses represent the company's best estimate of expected credit losses (ECL) on these loans and receivables at balance sheet date. The company records an allowance for ECL for all loans. In accordance with IFRS 9, a three-stage model is used to calculate the ECL, which takes into account the change in credit quality since initial recognition using different impairment models. A shift from Stage 1 to Stage 2 reflects a significant increase in credit risk. The ECL allowance is based on the credit losses expected to arise over the life of the asset, 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. 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%, based on input from Moody's and Bloomberg. The PD is based on the PD of Würth Group as stated in the Global Corporate Average Cumulative Defaults Rates from Bloomberg as at 31 December 2023, and pro rata calculated based on the remaining term of the loans. Furthermore, loans to related companies have been granted a credit limit and are constantly monitored, as disclosed in note 18 Financial instruments and risk management. The loans to related companies and receivables from related companies are material to the company's balance sheet and we considered the related estimation uncertainty on expected credit losses. As such, 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 4 Loans to related parties and note 18 Financial instruments and risk management.	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to recognition of expected credit losses in accordance with of IFRS 9 "Financial Instruments". We evaluated whether the accounting policies and methods applied for making estimates have been applied consistently. We also evaluated the design of internal controls of the processes underlying the estimation process insofar relevant to our audit of the financial statements. We have performed the following substantive procedures with respect to the correct calculation of the allowance for expected credit losses: • Confirming our understanding of the company's data, assumptions and method used to determine the expected credit losses on the loans to related companies and receivables from related companies. • We verified that management measured the allowance for expected credit losses, taking into consideration the external credit rating of Würth Group and events subsequent to 31 December 2023. • Recalculation of the expected credit losses and challenging the key assumptions in the model, i.e. the probability of default and loss given default rates. 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. We have performed the following substantive procedures with respect to the correct staging to stage 1, stage 2 (significant increase in credit risk) or stage 3 (objective indications of impairment): • Evaluation of the financial ability and determining that the related companies have met their financial obligations towards to Würth Finance International B.V. through the year by inspecting the net indebtedness and equity levels as well as repayments of related party companies. • We have inspected letters of comfort from superordinate parent companies that guarantee the outstanding amounts in the situation the related party defaults. • Evaluation of the creditworthiness of those superordinate parent companies that issued the letters of comfort. Evaluation of the accuracy and completeness of the related disclosures in accordance with the relevant paragraphs and application guidance of IFRS 7: "Financial instruments: disclosures"	Based on procedures performed, we did not identify evidence of material misstatement in the valuation of loans to related companies and receivables from related companies.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 for the management report and the other 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.

The managing directors are 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 other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

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.

European Single Electronic Reporting Format (ESEF)
Würth Finance International B.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Würth Finance International B.V., complies in all material respects with the RTS on ESEF.

The managing directors are responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the managing directors combine the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:
- obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the managing directors and the board of directors for the financial statements
The managing directors are responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the managing directors are responsible for such internal control as the managing directors determine 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, the managing directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the managing directors should prepare the financial statements using the going concern basis of accounting unless the managing directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. The managing directors 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 Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managing directors
- 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

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, 24 April 2024

Ernst & Young Accountants LLP

Signed by P. Sira