

WÜRTH FINANCE GROUP / WÜRTH FINANCE INTERNATIONAL B.V.

FINANCIAL STATEMENTS 2016

CONTENTS

FINANCIAL STATEMENTS 2016 WÜRTH FINANCE GROUP

- 04** CONSOLIDATED BALANCE SHEET
- 05** CONSOLIDATED INCOME STATEMENT
- 05** CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 06** CONSOLIDATED CASH FLOW STATEMENT
- 07** CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 08** NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS 2016 WÜRTH FINANCE INTERNATIONAL B.V.

- 43** COMPANY BALANCE SHEET
- 44** COMPANY INCOME STATEMENT
- 45** ACCOUNTING POLICIES USED IN PREPARING
THE COMPANY FINANCIAL STATEMENTS
- 46** NOTES TO THE COMPANY BALANCE SHEET
- 48** ARRANGEMENTS AND COMMITMENTS NOT
SHOWN IN THE BALANCE
- 49** OTHER INFORMATION
- 50** INDEPENDENT AUDITOR'S REPORT

WÜRTH FINANCE GROUP

FINANCIAL STATEMENTS 2016

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER BEFORE APPROPRIATION OF PROFITS

ASSETS

| in TEUR | Notes | 2016 | 2015 |
|--|--------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | | | |
| Software | 3 | 891 | 795 |
| Property, plant and equipment | | | |
| Operating equipment and furnishings | 3 | 357 | 408 |
| Financial assets | | | |
| Long-term loans to associated companies | 4, 16 | 973,135 | 1,014,673 |
| Other financial assets | 5, 16 | 54,500 | 64,500 |
| Deferred tax assets | 15 | 2,496 | 2,143 |
| Total non-current assets | | 1,031,379 | 1,082,519 |
| Current assets | | | |
| Receivables from associated companies | 16 | 737,409 | 605,636 |
| Loans to family trusts | 16 | 18,000 | 58,000 |
| Positive fair values of derivative instruments | 19b | 4,649 | 11,624 |
| Other receivables | 6 | 2,835 | 2,688 |
| Income tax receivables | | 4,299 | 4,580 |
| Accrued income and prepaid expenses | | 5,507 | 4,676 |
| Securities held for trading | 7, 19a | 74,742 | 69,823 |
| Cash and cash equivalents | | 577,859 | 431,617 |
| Total current assets | | 1,425,300 | 1,188,644 |
| Total assets | | 2,456,679 | 2,271,163 |

EQUITY AND LIABILITIES

| | | | |
|--|-------|------------------|------------------|
| Shareholders' equity | | | |
| Capital subscribed and paid in | | 16,000 | 16,000 |
| Retained earnings | | 259,697 | 251,595 |
| Foreign exchange difference | | -7 | -98 |
| Net profit for the year | | 26,378 | 28,455 |
| Total shareholders' equity | | 302,068 | 295,952 |
| Non-current liabilities | | | |
| Bonds issued | 8 | 1,494,248 | 1,492,884 |
| Payables to associated companies | 16 | 0 | 2,488 |
| Liabilities for pension plans | 14 | 4,518 | 4,817 |
| Payables to banks | | 4,650 | 4,617 |
| Deferred tax liabilities | 15 | 0 | 1 |
| Total non-current liabilities | | 1,503,416 | 1,504,807 |
| Current liabilities | | | |
| Payables to associated companies | 16 | 601,295 | 430,436 |
| Payables to banks | | 8,720 | 7,291 |
| Provisions for taxes | 15 | 2,396 | 2,449 |
| Negative fair values of derivative instruments | 19b | 6,774 | 94 |
| Other liabilities | 9, 16 | 12,184 | 10,384 |
| Accrued expenses and deferred income | 16 | 19,826 | 19,750 |
| Total current liabilities | | 651,195 | 470,404 |
| Total equity and liabilities | | 2,456,679 | 2,271,163 |

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

| in TEUR | Notes | 2016 | 2015 |
|--|-------|----------------|----------------|
| Operating income | | | |
| Interest income | 10 | 72,932 | 64,858 |
| Interest expenses | 10 | -68,411 | -62,247 |
| Net interest income | | 4,521 | 2,611 |
| Income from other activities | | | |
| Income from factoring activities | | 12,899 | 14,115 |
| Income from commission and service fee activities | 11 | 29,880 | 28,596 |
| Income from trading activities and financial instruments | 12 | 8,837 | 7,038 |
| Other ordinary income | 13 | 4,858 | 4,896 |
| Total operating income | | 60,995 | 57,256 |
| Operating expenses | | | |
| Personnel costs | 14 | -17,032 | -15,557 |
| Other administrative expenses | | -11,679 | -11,714 |
| Depreciation and amortisation | | -462 | -252 |
| Other ordinary expenses | | 10 | 0 |
| Total operating expenses | | -29,183 | -27,523 |
| Profit before taxes | | 31,812 | 29,733 |
| Corporate taxes | 15 | -4,836 | -570 |
| Deferred taxes | 15 | -598 | -708 |
| Net profit for the year | | 26,378 | 28,455 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

| in TEUR, net of tax | 2016 | 2015 |
|--|---------------|---------------|
| Profit for the year | 26,378 | 28,455 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods | | |
| Foreign exchange difference | 91 | -161 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods | | |
| IAS 19 obligation | 249 | -1,923 |
| Other | 187 | 0 |
| Other comprehensive income for the year (OCI) | 527 | -2,084 |
| Total comprehensive income for the year | 26,905 | 26,371 |

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

| in TEUR | 2016 | 2015 |
|---|----------------|-----------------|
| Net profit for the year | 26,378 | 28,455 |
| Depreciation and amortisation | 462 | 252 |
| Adjustment to provision for taxes | -53 | 370 |
| Decrease (increase) in deferred tax assets | -353 | -328 |
| Increase (decrease) in deferred tax liabilities | -1 | -14 |
| Other expenses and revenues without cash flows | -6,812 | 12,920 |
| (Increase) decrease in operating assets | | |
| Receivables from associated companies | -91,773 | 138,234 |
| Positive fair values of derivative instruments | 6,975 | 419 |
| Income tax receivables | 281 | 1,544 |
| Other receivables and accrued income and prepaid expenses | -978 | -686 |
| Increase (decrease) in operating liabilities | | |
| Payables to associated companies | 168,371 | -280,007 |
| Negative fair values of derivative instruments | 6,680 | -4,822 |
| Other liabilities and accrued expenses and deferred income | 1,876 | 13,193 |
| Net cash flows from operating activities | 111,053 | -90,470 |
| Purchase of property, plant and equipment and intangible assets | -521 | -1,000 |
| Disposal of property, plant and equipment and intangible assets | 16 | 32 |
| Purchase of securities | -24,460 | -164,683 |
| Disposal of securities | 21,396 | 167,587 |
| Redemption of long-term loans to associated companies | 275,501 | 154,504 |
| Lending of long-term loans to associated companies | -227,667 | -374,960 |
| Sales of other financial assets | 10,000 | 10,000 |
| Net cash flows from investing activities | 54,265 | -208,520 |
| Repayment of bonds issued | 0 | -180,208 |
| Issue of bonds | 0 | 497,066 |
| Dividends paid | -20,505 | -16,262 |
| Net cash flows from financing activities | -20,505 | 300,596 |
| Foreign exchange difference | -33 | -75 |
| Net increase (decrease) in cash and cash equivalents | 144,780 | 1,531 |
| Net cash and cash equivalents at the beginning of the year | 419,709 | 418,178 |
| Net cash and cash equivalents at the end of the year | 564,489 | 419,709 |
| Net increase (decrease) in cash and cash equivalents | 144,780 | 1,531 |
| Taxes paid | 5,394 | 1,110 |
| Interest received | 10,951 | 17,214 |
| Interest paid | -73,025 | -49,330 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

| in TEUR | Capital | Retained earnings | Currency adjustment | Total |
|--|---------------|-------------------|---------------------|----------------|
| At 1 January 2015 | 16,000 | 269,780 | 63 | 285,843 |
| Net profit for the year | | 28,455 | | 28,455 |
| Other comprehensive income | | -1,923 | -161 | -2,084 |
| Total comprehensive income for the year | | 26,532 | -161 | 26,371 |
| Dividends paid | | -16,262 | 0 | -16,262 |
| At 31 December 2015 | 16,000 | 280,050 | -98 | 295,952 |
| At 1 January 2016 | 16,000 | 280,050 | -98 | 295,952 |
| Net profit for the year | | 26,378 | | 26,378 |
| Other comprehensive income | | 436 | 91 | 527 |
| Total comprehensive income for the year | | 26,814 | 91 | 26,905 |
| Dividends paid | | -20,789 | | -20,789 |
| At 31 December 2016 | 16,000 | 286,075 | -7 | 302,068 |

Würth Finance International B.V. has authorised share capital of EUR 80,000,000 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 16,000,000.

In 2016, a dividend of TEUR 20,789 (EUR 650 per share) was paid for financial year 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Business Activity

Würth Finance International B.V. (in these consolidated financial statements together with its subsidiaries referred to as 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 family trusts.

The core activities of the Group include providing financing to and carrying out a wide range of financial activities with companies, both at home and abroad, belonging to the entire Würth Group, as well as providing consulting and other services in the spheres 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 06 April 2017 and can be obtained from Würth Finance International B.V., Amsterdam, or downloaded from its website (www.wuerthfinance.net).

Fully Consolidated Companies

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

The scope of consolidation of the Group at 31 December 2016 is composed as follows:

| Company | Core activities | Share capital | Quota |
|---|---|---------------|-------|
| Würth Finance International B.V., Amsterdam | Treasury activities for the Würth Group | TEUR 16,000 | 100% |
| Würth Invest AG, Chur | Asset management | TCHF 23,000 | 100% |
| Würth Financial Services AG, Rorschach | Financial and pension plan consulting/ insurance brokerage for corporate and private clients | TCHF 1,500 | 100% |

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 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-Group balances and transactions as well as income and expenses resulting from intra-Group transactions are fully eliminated.

2. Accounting Principles

General

The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union. The main accounting principles are described in this section in order to show how their application influences the stated results and information for the Company.

The consolidated financial statements are presented in EUR thousands unless otherwise stated.

New and Amended Standards and Interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not adopted any other standard, interpretation or amendment early that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual Improvements 2012-2014 Cycle
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

Changes in Accounting Policies and Disclosures

As of 2015 the Group companies are valued at net present value in conformity with Part 9 of Book 2 of the Dutch Civil Code. Since changes in accounting policies are applied retrospectively, an adjustment is required in shareholders' reserves at the start of the comparative reporting period to restate the opening equity to the amount that would have been arrived at if the new accounting policy had always been applied.

Standards Issued but not Yet Effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued IFRS 9 Financial Instruments, the standard that will replace IAS 39 for annual periods on or after 1 January 2018.

From a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated as FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach.

The Würth Finance Group is currently assessing the impact of the requirements of IFRS 9 on its financial statements.

Assumptions and Estimates

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

Recognition of Business Transactions

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

Accrual of Earnings and Expenses

Interest income and interest expenses are accrued as earned and recognised as income or expenses respectively. Dividends are recognised as from the date when payment is received. Premiums and discounts arising from the issuance of bonds are amortised over their residual term using the effective interest rate method. Factoring fees are charged when the receivable is assigned to the Group. Collection and del credere 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 consolidated financial statements are presented in EUR, which is the Group's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate applicable on the date of the transaction. 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 | 2016 | 2015 |
|---|-------|-------|
| US dollar (USD) | 1.055 | 1.091 |
| Swiss franc (CHF) | 1.075 | 1.083 |
| British pound (GBP) | 0.859 | 0.737 |
| Canadian dollar (CAD) | 1.422 | 1.516 |
| Chinese renminbi (CNH) | 7.357 | 7.170 |
| Norwegian krone (NOK) | 9.088 | 9.603 |
| Danish krone (DKK) | 7.435 | 7.462 |
| Swiss franc (CHF) – average exchange rate | 1.090 | 1.068 |

Within the framework of the consolidation, all assets and liabilities of the subsidiaries – with the exception of shareholders' equity – are translated into the presentation currency of the Group at the rate of exchange applicable at the balance sheet date. The individual positions on their income statements are translated into the Group's presentation currency at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity (foreign exchange difference). Only when a subsidiary is disposed of are translation differences recognised in the income statement as part of the sale revenue for that particular foreign operation.

Goodwill and fair value adjustments arising from the acquisition of foreign companies are treated as assets and liabilities of these foreign companies and are translated at the rate of exchange applicable at the balance sheet date.

Financial Instruments

Financial instruments are deemed to be all assets and liabilities, as well as off-balance-sheet positions which fundamentally have a monetary character.

Cash and Cash Equivalents

Cash and cash equivalents comprise sight and time deposits at European banks. Cash and cash equivalents have a maximum maturity of six months and are valued at amortised cost.

Securities

Within the scope of its management and performance measurement activities relating to a documented risk management and investment strategy, the Würth Group applies the fair value option according to IAS 39 for its securities: unrealised and realised profit and loss are reported in the income statement under "Income from trading activities and financial instruments" (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.

Loans and Receivables

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.

Derivative Instruments

Derivative instruments are recognised at fair value and reported in the balance sheet under "Positive fair values of derivative instruments" or "Negative fair values of derivative instruments". The fair value is calculated by reference to quoted market values or recognised valuation models (discounted cash flow method or the Black-Scholes option pricing model).

In addition to its ISDA agreements Würth Finance International B.V. signed Credit Support Annex (CSA) agreements which lead to a frequent cash settlement of positive and negative fair values with its counterparties once a defined threshold is reached. The fair values recognised in the balance sheet reflect the net fair value of the instruments after the cash settlement.

The Group does not use the accounting principles relating to hedge accounting in accordance with IAS 39. As a result, realised and unrealised gains and losses are always recognised as income.

Bonds Issued

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. Bonds are stated at amortised cost using the effective interest rate method. The amortisation of bond-issuing costs (discount) is recognised in the income statement over the duration of the term using the effective interest method.

Property, Plant and Equipment

Property, plant and equipment comprise office furniture, interior installations, vehicles, EDP systems 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, less accumulated depreciation. Depreciation 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 depreciation is calculated on works of art.

The depreciation periods and amortisation methods are reviewed at least at each financial year-end.

Intangible Assets

Intangible assets fundamentally comprise software. 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. The amortisation period and amortisation method are reviewed at least at each financial year-end.

Intangible assets are carried at cost less any accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets:

| | |
|--------------|---------|
| EDP software | 5 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 "Depreciation and amortisation".

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

As a lessee, the Group has entered into a number of operating lease agreements, which mainly concern the rental of office premises, furniture and office equipment. The relevant expense is reported on an accrual basis as operating expenses.

Impairment of Assets

The value of property, plant and equipment, financial assets and other fixed assets (including goodwill and intangible 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 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 provisions for taxes 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 carry-forwards eligible for offset are recognised only if it seems likely that in future sufficient taxable profits will be available against which those loss carry-forwards 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 must be booked directly under other comprehensive income. 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 Associated 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: *Group Financing, Trading, Services, Portfolio Management, Pension Plans & Insurance and Central Services*. 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, Liechtenstein 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 del credere and collection services for suppliers of goods, are summarised under *Services*. Some of the Group's excess funds are allocated to a securities portfolio which is managed through Würth Invest AG. The results of these asset management activities are disclosed in the segment *Portfolio Management*. The *Pension Plans & Insurance* segment comprises the services provided by Würth Financial Services AG.

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

3. Intangible Assets / Property, Plant and Equipment

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

At 31 December 2016

| in TEUR | Acquisition cost 2015 | Additions (disposals) incl. asset retirement 2016 | Acquisition cost 2016 | Accum. depreciation 2015 | Asset retirement 2016 | Depreciation for the year 2016 | Accum. depreciation 2016 | Currency translation difference 2016 | Net book value 2016 |
|--|-----------------------|---|-----------------------|--------------------------|-----------------------|--------------------------------|--------------------------|--------------------------------------|---------------------|
| Intangible assets | | | | | | | | | |
| Software | 1,777 | 345 | 2,122 | -963 | 0 | -248 | -1,211 | -20 | 891 |
| Total intangible assets | 1,777 | 345 | 2,122 | -963 | 0 | -248 | -1,211 | -20 | 891 |
| Property, plant and equipment | | | | | | | | | |
| Vehicles | 738 | 4 | 742 | -462 | 159 | -176 | -479 | 29 | 292 |
| Art objects | 34 | 0 | 34 | 0 | 0 | 0 | 0 | 0 | 34 |
| Office equipment / installations | 3,454 | 3 | 3,457 | -3,388 | 0 | -38 | -3,426 | 0 | 31 |
| Total property, plant and equipment | 4,226 | 7 | 4,233 | -3,850 | 159 | -214 | -3,905 | 29 | 357 |
| Total | 6,003 | 352 | 6,355 | -4,813 | 159 | -462 | 5,116 | 9 | 1,248 |

At 31 December 2015

| in TEUR | Acquisition cost 2014 | Additions (disposals) incl. asset retirement 2015 | Acquisition cost 2015 | Accum. depreciation 2014 | Asset retirement 2015 | Depreciation for the year 2015 | Accum. depreciation 2015 | Currency translation difference 2015 | Net book value 2015 |
|--|-----------------------|---|-----------------------|--------------------------|-----------------------|--------------------------------|--------------------------|--------------------------------------|---------------------|
| Intangible assets | | | | | | | | | |
| Software | 1,062 | 715 | 1,777 | -961 | 0 | -2 | -963 | -19 | 795 |
| Total intangible assets | 1,062 | 715 | 1,777 | -961 | 0 | -2 | -963 | -19 | 795 |
| Property, plant and equipment | | | | | | | | | |
| Vehicles | 677 | 61 | 738 | -451 | 156 | -167 | -462 | 33 | 309 |
| Art objects | 34 | 0 | 34 | 0 | 0 | 0 | 0 | 0 | 34 |
| Office equipment / installations | 3,767 | -313 | 3,454 | -3,725 | 420 | -83 | -3,388 | -1 | 65 |
| Total property, plant and equipment | 4,478 | -252 | 4,226 | -4,176 | 576 | -250 | -3,850 | 32 | 408 |
| Total | 5,540 | 463 | 6,003 | -5,137 | 576 | -252 | -4,813 | 13 | 1,203 |

4. Long-Term Loans to Associated Companies

| in TEUR | 2016 | 2015 |
|---|----------------|------------------|
| Balance at 1 January | 1,014,673 | 784,813 |
| New loans granted, increase in existing loans, repayments | 164,863 | 374,960 |
| Currency and other adjustments | 6,296 | 9,404 |
| Term reclassification | -212,697 | -154,504 |
| Balance at 31 December | 973,135 | 1,014,673 |

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

| | 2016 | 2015 |
|-----|-------|-------|
| EUR | 2.53% | 2.77% |
| CHF | 1.28% | 1.63% |
| NOK | 2.99% | 4.70% |
| DKK | 3.19% | 3.09% |

5. Other Financial Assets

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

| in TEUR | 2016 | 2015 |
|-------------------------------|---------------|---------------|
| Silent participation | 35,000 | 45,000 |
| Capital relinquishment | 19,500 | 19,500 |
| Balance at 31 December | 54,500 | 64,500 |

These funds are not guaranteed.

6. Other Receivables

| in TEUR | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| Receivables from third parties | 2,660 | 2,582 |
| Other receivables | 175 | 106 |
| Total other receivables | 2,835 | 2,688 |

7. Securities

| in TEUR | Market value 2016 | Acquisition cost 2016 | Market value 2015 | Acquisition cost 2015 |
|------------------|----------------------|--------------------------|----------------------|--------------------------|
| Equities | 3,484 | 2,965 | 2,931 | 2,608 |
| Bonds | 53,166 | 52,145 | 48,790 | 48,077 |
| Commodities | 677 | 701 | 254 | 319 |
| Investment funds | 17,415 | 13,888 | 17,848 | 15,114 |
| Total | 74,742 | 69,699 | 69,823 | 66,118 |

Securities are recognised at market values.

8. Bonds Issued

In 2016, no new bonds were issued.

On 3 August 2015, the company repaid a CHF 225 million bond with a 3.875% coupon. In 2015, the company issued under its new EUR 3 billion EMTN programme a bond of EUR 500 million. The bond term runs from 19 May 2015 to 19 May 2022 and the coupon is 1%.

Overview of Bonds Issued at 31 December 2016

| Maturity | Notional amount (in TEUR) | Premium / discount (in TEUR) | Own bonds (in TEUR) | Total at 31.12.2016 (in TEUR) | Coupon |
|--|------------------------------|---------------------------------|------------------------|----------------------------------|--------|
| Long-term | | | | | |
| 25.05.2018 | 500,000 | -955 | 0 | 499,045 | 3.750% |
| 21.05.2020 | 500,000 | -1,019 | 0 | 498,981 | 1.750% |
| 19.05.2022 | 500,000 | -2,261 | -1,517 | 496,222 | 1.000% |
| Total book value long-term bond liabilities | | | | 1,494,248 | |
| Total book value bonds issued | | | | 1,494,248 | |

| Maturity | Notional (excluding own bonds) (in TEUR) | Market value (in TEUR) | Coupon |
|--|--|---------------------------|--------|
| 25.05.2018 | 500,000 | 525,300 | 3.750% |
| 21.05.2020 | 500,000 | 529,500 | 1.750% |
| 19.05.2022 | 498,500 | 515,299 | 1.000% |
| Total market value at 31 December | | 1,570,099 | |

Overview of Bonds Issued at 31 December 2015

| Maturity | Notional amount (in TEUR) | Premium/discount (in TEUR) | Own bonds (in TEUR) | Total at 31.12.2015 (in TEUR) | Coupon |
|--|------------------------------|-------------------------------|------------------------|----------------------------------|--------|
| Long-term | | | | | |
| 25.05.2018 | 500,000 | -1,639 | 0 | 498,361 | 3.750% |
| 21.05.2020 | 500,000 | -1,319 | 0 | 498,681 | 1.750% |
| 19.05.2022 | 500,000 | -2,671 | -1,487 | 495,842 | 1.000% |
| Total book value long-term bond liabilities | | | | 1,492,884 | |
| Total book value bonds issued | | | | 1,492,884 | |

| Maturity | Notional (excluding own bonds) (in TEUR) | Market value (in TEUR) | Coupon |
|--|--|---------------------------|--------|
| 25.05.2018 | 500,000 | 552,470 | 3.750% |
| 21.05.2020 | 500,000 | 532,225 | 1.750% |
| 19.05.2022 | 498,513 | 505,467 | 1.000% |
| Total market value at 31 December | | 1,590,162 | |

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. The EUR 500 million bond maturing on 25 May 2018, the bond of EUR 500 million

maturing on 21 May 2020 as well as the bond of EUR 500 million maturing on 19 May 2022 are guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau.

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

9. Other Liabilities

| in TEUR | 2016 | 2015 |
|---------------------------------------|---------------|---------------|
| Payables for deliveries and services: | 4,726 | 4,884 |
| Of which to third parties | 1,520 | 3,198 |
| Of which to associated parties | 3,206 | 1,686 |
| Compensation-related liabilities | 3,889 | 2,269 |
| Other liabilities | 3,569 | 3,231 |
| Total other liabilities | 12,184 | 10,384 |

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

10. Interest Income and Expenses

| in TEUR | 2016 | 2015 |
|--|---------------|---------------|
| Interest income | | |
| Interest income from financing activities (Würth Group) | 35,769 | 33,090 |
| Interest income from financing leasing activities (Würth Group) | 4,220 | 4,729 |
| Interest income from liquid assets | 4,952 | 5,671 |
| Interest income from current accounts (Würth Group) | 4,565 | 4,863 |
| Interest income from bank accounts, time deposits and money market funds (non-Group) | 387 | 808 |
| Interest income from financial instruments (non-Group) | 27,991 | 21,368 |
| Valuation income from interest rate and cross-currency swaps (realised) | 13,013 | 4,935 |
| Interest income from interest rate and cross-currency swaps | 13,473 | 15,293 |
| Other interest income from financial instruments | 1,541 | 1,140 |
| Total interest income | 72,932 | 64,858 |

| in TEUR | 2016 | 2015 |
|---|---------------|---------------|
| Interest expenses | | |
| Interest expenses for current accounts and time deposits (Würth Group) | 591 | 637 |
| Interest expenses for bonds issued (non-Group) | 36,884 | 38,270 |
| Interest expenses from financial instruments (non-Group) | 30,514 | 23,039 |
| Valuation expenses from interest rate and cross-currency swaps (realised) | 12,489 | 459 |
| Valuation income from interest rate and cross-currency swaps (unrealised) | 1,269 | 9,477 |
| Interest expenses from interest rate and cross-currency swaps | 13,637 | 11,224 |
| Other interest expenses from financial instruments | 3,119 | 1,879 |
| Other interest expenses (non-Group) | 422 | 301 |
| Total interest expenses | 68,411 | 62,247 |

11. Income from Commission and Service Fee Activities

| in TEUR | 2016 | 2015 |
|--|---------------|---------------|
| Acquisition commissions, brokerage fees | 9,814 | 9,510 |
| Discount income | 51 | 38 |
| Collection and del credere agreements | 20,015 | 19,048 |
| Total income from commission and service fee activities | 29,880 | 28,596 |

12. Income from Trading Activities and Financial Instruments

| in TEUR | 2016 | 2015 |
|---|--------------|--------------|
| Income from securities transactions | 401 | -1,323 |
| Income from foreign exchange transactions | 8,436 | 8,361 |
| Total income from trading activities and financial instruments | 8,837 | 7,038 |

13. Other Ordinary Income

Other ordinary income comprises TEUR 4,858 (2015: TEUR 4,896) of income out of the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered.

14. Personnel Costs

At 31 December 2016, the Group had 118 members of staff (2015: 113).

Personnel costs were as follows:

| in TEUR | 2016 | 2015 |
|------------------------------|---------------|---------------|
| Wages and salaries | 13,947 | 12,618 |
| Pension costs | 942 | 1,009 |
| Social security costs | 1,328 | 1,308 |
| Other employee costs | 815 | 622 |
| Total personnel costs | 17,032 | 15,557 |

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

In Switzerland the individual Group companies participate in a semi-autonomous pension scheme in which several Swiss Würth entities participate. In this plan actuarial risks (longevity, disability and death) are vested in an insurance company. The investment risks remain with the pension scheme, which is responsible for the asset management. The pension scheme is an addition to the statutory social security insurance.

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

In another scheme for authorised representatives and managing directors, the annual employee contributions amount to 50% of the total sum.

As per 2016, the pension plan in the Netherlands changed into a defined contribution plan (2015: defined benefit plan). The salary over which pension is built up is maximised at TEUR 89 (2015: TEUR 38). The premium is fully paid by the employer.

Due to the factual risks carried by the companies and in particular the legislative basis in the Netherlands and Switzerland, these plans are deemed to be defined benefit plans. All liabilities and assets are actuarially revalued every year by independent experts.

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

| in TEUR | 2016 | 2015 |
|---|---------------|-----------------------------|
| Pension costs | | |
| Current service costs | 830 | 953 |
| Net interest expense / (income) | 36 | 25 |
| Exchange difference | 76 | 31 |
| Pension costs recognised in income statement | 942 | 1,009 |
| Revaluation of defined benefit plan | | |
| Actuarial (gains) / losses due to changes in assumptions | -448 | 780 |
| Actuarial (gains) / losses due to changes based on experience | 305 | -1,297 |
| Return on plan assets (less interest income) | -106 | 2,440 |
| Revaluation recognised in OCI | -249 | 1,923 |
| Liabilities for pension plan | | |
| Benefit obligation at 31 December | 25,780 | 22,353 |
| Fair value of plan assets at 31 December | -21,262 | -17,536 |
| Net liabilities at 31 December | 4,518 | 4,817 |
| Changes in the benefit obligations | | |
| Benefit obligation at 1 January | 22,353 | 21,379 |
| Interest expense | 194 | 281 |
| Current service costs | 830 | 953 |
| Contribution by plan participants | 783 | 713 |
| Actuarial (gains) / losses due to changes in assumptions | -448 | 780 |
| Actuarial (gains) / losses due to changes based on experience | 305 | -1,297 |
| Benefits paid | 1,561 | -2,802 |
| Exchange differences | 202 | 2,346 |
| Benefit obligation at 31 December | 25,780 | 22,353 |
| Changes in the plan assets | | |
| Fair value of plan assets at 1 January | 17,536 | 18,659 |
| Interest income | 158 | 256 |
| Return on plan assets (less interest income) | 129 | -2,253 |
| Contributions by plan participants | 783 | 713 |
| Contributions by employer | 925 | 883 |
| Benefits paid | 1,561 | -2,787 |
| Exchange differences | 170 | 2,065 |
| Fair value of plan assets at 31 December | 21,262 | 17,536 |
| Assumptions | | |
| Discount rate (EUR/CHF) | 0.70% | 2.2% / 0.83% |
| Expected return on plan assets (EUR/CHF) | 0.70% | 2.2% / 1.25% |
| Future salary increases up to age 54 P/A | 0.50% | 0% - 1.3% |
| from age 55 P/A | 0% | 0% |
| Future pension increases | 0% | 0% |
| Probability of termination of service | | BVG 2015 / Generation Table |

Sensitivity of benefit obligation

| Defined changes in assumptions | Scenario | Defined benefit obligation in TEUR | Gross service cost in TEUR |
|--------------------------------|----------|------------------------------------|----------------------------|
| Assumption at 31.12.2016 | | 25,780 | 1,701 |
| Discount rate | +0.25% | 25,217 | 1,644 |
| Discount rate | -0.25% | 26,827 | 1,761 |
| Expected salary increase | +0.50% | 26,413 | 1,701 |
| Expected salary increase | -0.50% | 25,573 | 1,701 |

Breakdown of fair value of plan assets by asset category:

| | 2016 | 2015 |
|--------------|---------------|---------------|
| Equities | 28.6% | 29.3% |
| Bonds | 44.4% | 42.0% |
| Real estate | 24.0% | 24.3% |
| Other | 3.0% | 4.4% |
| Total | 100.0% | 100.0% |

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

For financial year 2017, the Group anticipates contributions to defined benefit pension plans amounting to approximately TEUR 910.

| in TEUR | 2016 | 2015 |
|--|--------------|--------------|
| Compensation of key management personnel of the Group | | |
| Short-term employee benefits | 3,069 | 2,980 |
| Total compensation paid to key management personnel | 3,069 | 2,980 |

In 2016 and 2015, no other forms of compensation (post-employment benefits or other long-term benefits, termination benefits, share-based payments) were paid to key management staff.

The Management comprises the members of the Board of Management of all the Group companies (2016: 7 persons; 2015: 7 persons).

In financial year 2016, fees of TEUR 240 were paid to members of the Board of Directors (2015: TEUR 240).

Remuneration for the members of the management of the various Group companies totalled TEUR 3,069 in the year 2016 (2015: TEUR 2,980).

15. Corporate Taxes

The Group is subject to corporate taxes 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 2016 are accrued as at 31 December 2016.

The relevant tax rate for the Netherlands is 25% (2015: 25%). Due to separate taxation of the head office in the Netherlands, the branch office in Switzerland and the subsidiaries in accordance with the valid guidelines in the corresponding countries, there is a difference between the effective tax rate and the relevant tax rate for the Netherlands.

The tax rates in Switzerland are 8.5% (2015: 8.5%) on a federal level and maximum 17.8% (2015: 17.8%) on a cantonal level applicable for the Group. In Switzerland the branch

office of Würth Finance International B.V. has established tax rulings. As a consequence there is a difference between the taxable profit and the net profit for the year as shown in the income statement and allocated to the branch office. The subsidiaries do not have a special tax status. In Switzerland taxes are treated as a taxable expense.

For tax purposes the operating income and expenses are split based on their origin. The bonds issued by Würth Finance International B.V. are kept in the books in the Netherlands. Therefore also the valuation effects of certain derivative instruments used to mitigate financial risks are allocated accordingly. This leads to a high volatility of the taxable result in the Netherlands. No hedge accounting is applied for tax purposes.

The reconciliation of income taxes is composed as follows:

| in TEUR | 2016 | 2015 |
|---|---------------|---------------|
| Income before taxes | 31,812 | 29,733 |
| Tax expense using the assumed average tax rate (25%) | 7,953 | 7,433 |
| Effects on tax-free income / effect on non-taxable expenses | -2,834 | -3,545 |
| Difference between actual and assumed tax rates | -659 | -753 |
| Withholding tax paid | 1,662 | 751 |
| Recognition deferred taxes | -353 | -342 |
| Tax effects related to prior periods | -285 | -2,266 |
| Other effects (True-up 2015) | -50 | 0 |
| Net effective tax expenses | 5,434 | 1,278 |

The difference from the current tax rate is due to differences between taxation in the Netherlands, Switzerland and Liechtenstein.

| in TEUR | 2016 | 2015 |
|---|--------------|--------------|
| Deferred tax assets from loss carry-forwards | 140 | 214 |
| Deferred tax assets from foreign withholding tax credit | 2,356 | 1,929 |
| Net deferred tax assets | 2,496 | 2,143 |
| Deferred tax liabilities on intangible assets | 0 | 1 |
| Deferred tax liabilities | 0 | 1 |
| Net deferred tax assets / liabilities | 2,496 | 2,143 |

The Group has tax losses relating to the years 2008–2014 that are available for a maximum period of seven years for offset against future taxable profits. These tax losses can only be recognised in the country and subsidiaries in which the losses occurred. They may not be used to offset taxable profits elsewhere in the Group.

Based on the applicable tax law in the Netherlands Würth Finance International B.V. has a deferred tax asset related to

foreign withholding tax. This asset can be offset against future taxable profits taking into account restrictions which mean that only a part of this nominal is accrued for.

Included in the balance sheet is a net amount of TEUR 1,903 classified as a tax asset (2015: TEUR 2,131) which reflects the current tax asset.

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 include the members of the Board of Directors and Management of the Group, as well as their families and companies closely associated with them.

| in TEUR | 2016 | 2015 |
|--|------------------|------------------|
| Receivables from associated parties | | |
| Long-term loans to associated companies | 973,135 | 1,014,673 |
| Other financial assets | 54,500 | 64,500 |
| Loans to family trusts | 18,000 | 58,000 |
| Receivables from associated companies | 737,409 | 605,636 |
| Total receivables from associated parties | 1,783,044 | 1,742,809 |
| Payables to associated parties | | |
| Payables to associated companies | 601,295 | 430,436 |
| Long-term payables to associated parties ¹⁾ | 0 | 2,488 |
| Other payables to associated parties | 3,206 | 1,686 |
| Total payables to associated parties | 604,501 | 434,610 |

¹⁾ Atypical silent partnership of Reinhold Würth Holding GmbH (“atypische stille Gesellschaft” according to §230 et. seq. German Commercial Code (HGB))

The following tables show the five most significant individual positions with related parties as well as their share of the total amounts:

| in TEUR | 2016 | Share |
|--|---------|-------|
| Receivables from associated parties | | |
| Würth Group of North America Inc. | 150,361 | 8.4% |
| Würth S.r.l. | 138,471 | 7.8% |
| Würth Leasing AG | 95,414 | 5.4% |
| Würth Industrie Service GmbH & Co. KG | 95,118 | 5.3% |
| Würth Leasing GmbH & Co. KG | 71,493 | 4.0% |

| | 2015 | Share |
|---------------------------------------|---------|-------|
| Adolf Würth GmbH & Co. KG | 141,468 | 8.1% |
| Würth Group of North America Inc. | 127,534 | 7.3% |
| Würth S.r.l. | 117,128 | 6.7% |
| Würth Leasing AG | 80,224 | 4.6% |
| Würth Industrie Service GmbH & Co. KG | 80,037 | 4.6% |

| in TEUR | 2016 | Share |
|---|--------|-------|
| Payables to associated parties | | |
| Würth Norge AS | 46,157 | 7.6% |
| Würth Reinsurance Company, S.A. | 44,213 | 7.3% |
| Würth Oy | 38,975 | 6.4% |
| Würth France SA | 27,185 | 4.5% |
| Wuerth International Trading (Shanghai) Co., Ltd. | 16,575 | 2.7% |

| | 2015 | Share |
|---|--------|-------|
| Würth Reinsurance Company, S.A. | 42,217 | 9.7% |
| Würth France SA | 41,663 | 9.6% |
| Würth Norge AS | 37,091 | 8.5% |
| Würth Oy | 30,015 | 6.9% |
| Wuerth International Trading (Shanghai) Co., Ltd. | 17,931 | 4.1% |

Transactions with related parties conform to the usual market terms and conditions. Regarding interest income and expenses we refer to the disclosures in note 10.

Loans to family trusts of the Würth Group shareholders encompass the following loans:

| in TEUR | 2016 | Maturity | Interest rate |
|---------------------------|--------|------------|---------------|
| Markus Würth Family Trust | 8,000 | 30.06.2017 | 0.80% |
| Markus Würth Family Trust | 10,000 | 30.06.2017 | 0.80% |

| in TEUR | 2015 | Maturity | Interest rate |
|----------------------------|--------|------------|---------------|
| Markus Würth Family Trust | 8,000 | 30.04.2016 | 0.65% |
| Markus Würth Family Trust | 10,000 | 31.01.2016 | 1.00% |
| Markus Würth Family Trust | 10,000 | 31.01.2016 | 1.00% |
| Marion Würth Family Trust | 10,000 | 31.01.2016 | 1.00% |
| Bettina Würth Family Trust | 10,000 | 31.01.2016 | 1.00% |
| Carmen Würth Family Trust | 10,000 | 31.01.2016 | 1.00% |

These loans are unsecured.

17. Commitments and Contingencies

Würth Finance International B.V. has issued guarantees, letters of comfort and letters of credit. They represent commitments and contingencies in favour of third parties for associated company liabilities. The contingent liabilities include contractual commitments in connection with loans received by Würth Group of North America Inc. (private placement).

The lending commitments, which have been unconditionally and irrevocably guaranteed, but not yet utilised, are disclosed at the nominal value.

| in TEUR | 2016 | 2015 |
|--|----------------|----------------|
| Guarantees, letters of comfort, letters of credit | 286,279 | 289,611 |
| Total contingent liabilities | 286,279 | 289,611 |
| in TEUR | 2016 | 2015 |
| Not yet utilised, irrevocably guaranteed lending commitments | 14,776 | 47,893 |
| Total irrevocable lending commitments | 14,776 | 47,893 |

18. Operating Lease Commitments

| in TEUR | 2016 | 2015 |
|--|-------|-------|
| Due within one year | 1,702 | 1,356 |
| Due after one year but not more than six years | 1,603 | 1,801 |

19. 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 is made between the functions of bodies that take risks and those that monitor risks. The financial risks are measured and monitored without restriction by the Group's risk controlling bodies. The control of financial risks is effected on the basis of internal directives defined in writing or with reference to strategic guidelines for action. Amendments to the internal directives are 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 enters into derivative financial instrument transactions. The Group expects 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 are 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 is 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 is 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 EUR.

For the control of foreign currency risks, individual limits are 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 are used. The positions are valued and monitored on a daily basis.

Sensitivity Analysis for Material Foreign Currency Positions at 31 December

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

| Currency | 2016 | | 2015 | |
|----------|-----------------|----------------------------|-----------------|----------------------------|
| | Market scenario | Impact on profit (in TEUR) | Market scenario | Impact on profit (in TEUR) |
| CHF | 10% | 1,090 | 10% | 951 |
| | -10% | -1,090 | -10% | -753 |
| USD | 10% | 215 | 10% | 260 |
| | -10% | -215 | -10% | -260 |
| GBP | 10% | 84 | 10% | 94 |
| | -10% | -84 | -10% | -94 |
| CAD | 10% | 118 | 10% | 114 |
| | -10% | -118 | -10% | -114 |
| CNY | 10% | 1 | 10% | 2 |
| | -10% | -1 | -10% | -2 |
| DKK | 10% | 35 | 10% | 65 |
| | -10% | -35 | -10% | -65 |
| NOK | 10% | 158 | 10% | 186 |
| | -10% | -158 | -10% | -186 |

Balance Sheet by Currency at 31 December 2016

ASSETS

| in TEUR | Total | Amounts in TEUR countervalue | | | | |
|--|------------------|------------------------------|----------------|----------------|---------------|----------------|
| | | EUR | USD | CHF | DKK | Other |
| Non-current assets | | | | | | |
| Intangible assets | | | | | | |
| Software | 891 | 699 | 0 | 192 | 0 | 0 |
| Property, plant and equipment | | | | | | |
| Operating equipment and furnishings | 357 | -44 | 0 | 401 | 0 | 0 |
| Financial assets | | | | | | |
| Loans to associated companies | 973,135 | 687,419 | 155,059 | 75,314 | 7,853 | 47,490 |
| Other financial assets | 54,500 | 54,500 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 2,496 | 2,356 | 0 | 140 | 0 | 0 |
| Total non-current assets | 1,031,379 | 744,930 | 155,059 | 76,047 | 7,853 | 47,490 |
| Current assets | | | | | | |
| Receivables from associated companies | 737,409 | 489,621 | 20,481 | 23,577 | 41,083 | 162,647 |
| Loans to family trusts | 18,000 | 18,000 | 0 | 0 | 0 | 0 |
| Positive fair values of derivative instruments | 4,649 | 4,649 | 0 | 0 | 0 | 0 |
| Other receivables | 2,835 | 1,147 | 0 | 1,688 | 0 | 0 |
| Income tax receivables | 4,299 | 4,299 | 0 | 0 | 0 | 0 |
| Accrued income and prepaid expenses | 5,507 | 5,139 | -601 | 199 | 6 | 764 |
| Securities held for trading | 74,742 | 64,089 | 6,689 | 2,360 | 0 | 1,604 |
| Cash and cash equivalents | 577,859 | 293,030 | 879 | 251,945 | 11,059 | 20,946 |
| Total current assets | 1,425,300 | 879,974 | 27,448 | 279,769 | 52,148 | 185,961 |
| Total assets | 2,456,679 | 1,624,904 | 182,507 | 355,816 | 60,001 | 233,451 |

EQUITY AND LIABILITIES

| | | | | | | |
|--|------------------|------------------|----------------|----------------|---------------|----------------|
| Shareholders' equity | | | | | | |
| Capital subscribed and paid in | 16,000 | 16,000 | 0 | 0 | 0 | 0 |
| Retained earnings | 259,697 | 259,697 | 0 | 0 | 0 | 0 |
| Foreign exchange difference | -7 | -7 | 0 | 0 | 0 | 0 |
| Net profit for the year | 26,378 | 26,378 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 302,068 | 302,068 | 0 | 0 | 0 | 0 |
| Non-current liabilities | | | | | | |
| Bonds issued | 1,494,248 | 1,494,248 | 0 | 0 | 0 | 0 |
| Payables to associated companies | 0 | 0 | 0 | 0 | 0 | 0 |
| Liabilities for pension plans | 4,518 | -107 | 0 | 4,625 | 0 | 0 |
| Payables to banks | 4,650 | 0 | 0 | 4,650 | 0 | 0 |
| Total non-current liabilities | 1,503,416 | 1,494,141 | 0 | 9,275 | 0 | 0 |
| Current liabilities | | | | | | |
| Payables to associated companies | 601,295 | 400,870 | 27,699 | 68,216 | 11,568 | 92,942 |
| Payables to banks | 8,720 | 418 | 0 | 0 | 0 | 8,302 |
| Provisions for taxes | 2,396 | 1,974 | 0 | 422 | 0 | 0 |
| Negative fair values of derivative instruments | 6,774 | 6,106 | 270 | 8 | 0 | 390 |
| Other liabilities | 12,184 | 5,285 | 1,590 | 4,321 | 0 | 988 |
| Accrued expenses and deferred income | 19,826 | 19,826 | 0 | 0 | 0 | 0 |
| Total current liabilities | 651,195 | 434,479 | 29,559 | 72,967 | 11,568 | 102,622 |
| Total equity and liabilities | 2,456,679 | 2,230,688 | 29,559 | 82,242 | 11,568 | 102,622 |
| Balance sheet position | | -605,784 | 152,948 | 273,574 | 48,433 | 130,829 |

Balance Sheet by Currency at 31 December 2015

ASSETS

| in TEUR | Total | Amounts in TEUR countervalue | | | | |
|--|------------------|------------------------------|----------------|----------------|---------------|----------------|
| | | EUR | USD | CHF | DKK | Other |
| Non-current assets | | | | | | |
| Intangible assets | | | | | | |
| Software | 795 | 634 | 0 | 161 | 0 | 0 |
| Property, plant and equipment | | | | | | |
| Operating equipment and furnishings | 408 | 89 | 0 | 319 | 0 | 0 |
| Financial assets | | | | | | |
| Loans to associated companies | 1,014,673 | 737,890 | 127,716 | 74,097 | 9,200 | 65,770 |
| Other financial assets | 64,500 | 64,500 | 0 | 0 | 0 | 0 |
| Deferred tax assets | 2,143 | 1,929 | 0 | 214 | 0 | 0 |
| Total non-current assets | 1,082,519 | 805,042 | 127,716 | 74,791 | 9,200 | 65,770 |
| Current assets | | | | | | |
| Receivables from associated companies | 605,636 | 387,342 | 18,777 | 15,343 | 50,676 | 133,498 |
| Loans to family trusts | 58,000 | 58,000 | 0 | 0 | 0 | 0 |
| Positive fair values of derivative instruments | 11,624 | -2,436 | 80 | 13,628 | 0 | 352 |
| Other receivables | 2,688 | 465 | 0 | 2,223 | 0 | 0 |
| Income tax receivables | 4,580 | 2,840 | 0 | 1,740 | 0 | 0 |
| Accrued income and prepaid expenses | 4,676 | 3,443 | 0 | 541 | 0 | 692 |
| Securities held for trading | 69,823 | 60,779 | 5,797 | 1,688 | 0 | 1,559 |
| Cash and cash equivalents | 431,617 | 243,517 | 360 | 179,542 | 27 | 8,171 |
| Total current assets | 1,188,644 | 753,950 | 25,014 | 214,705 | 50,703 | 144,272 |
| Total assets | 2,271,163 | 1,558,992 | 152,730 | 289,496 | 59,903 | 210,042 |

EQUITY AND LIABILITIES

| | | | | | | |
|--|------------------|------------------|----------------|----------------|---------------|----------------|
| Shareholders' equity | | | | | | |
| Capital subscribed and paid in | 16,000 | 16,000 | 0 | 0 | 0 | 0 |
| Retained earnings | 251,595 | 251,595 | 0 | 0 | 0 | 0 |
| Foreign exchange difference | -98 | -98 | 0 | 0 | 0 | 0 |
| Net profit for the year | 28,455 | 28,455 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 295,952 | 295,952 | 0 | 0 | 0 | 0 |
| Non-current liabilities | | | | | | |
| Bonds issued | 1,492,884 | 1,492,884 | 0 | 0 | 0 | 0 |
| Payables to associated companies | 2,488 | 2,488 | 0 | 0 | 0 | 0 |
| Liabilities for pension plans | 4,817 | -13 | 0 | 4,830 | 0 | 0 |
| Payables to banks | 4,617 | 0 | 0 | 4,617 | 0 | 0 |
| Deferred tax liabilities | 1 | 0 | 0 | 1 | 0 | 0 |
| Total non-current liabilities | 1,504,807 | 1,495,359 | 0 | 9,448 | 0 | 0 |
| Current liabilities | | | | | | |
| Payables to associated companies | 430,436 | 229,757 | 33,170 | 76,102 | 11,601 | 79,806 |
| Payables to banks | 7,291 | 7,241 | 0 | 0 | 0 | 50 |
| Provisions for taxes | 2,449 | 2,232 | 0 | 217 | 0 | 0 |
| Negative fair values of derivative instruments | 94 | -17,532 | 4,165 | 13,108 | 0 | 353 |
| Other liabilities | 10,384 | 3,701 | 1,813 | 3,899 | 6 | 965 |
| Accrued expenses and deferred income | 19,750 | 19,750 | 0 | 0 | 0 | 0 |
| Total current liabilities | 470,404 | 245,149 | 39,148 | 93,326 | 11,607 | 81,174 |
| Total equity and liabilities | 2,271,163 | 2,036,460 | 39,148 | 102,774 | 11,607 | 81,174 |
| Balance sheet position | | -477,468 | 113,582 | 186,722 | 48,296 | 128,868 |

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 are partially refinanced by fixed-interest bonds with similar interest and maturity structures. The maximum willingness to take risks in the interest rate sector is defined by a sensitivity in relation to the equity capital. In the event of adverse changes in the interest rates on the individual currencies by 100 basis points, the maximum loss potential is related to equity. The Group keeps the impact of interest rate changes on the equity capital base or on the asset and income situation relatively low

and is guided in the medium term by an equity sensitivity of 4%. 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. The sensitivity has only an immaterial impact in relation to the Group's equity. 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 other than the EUR and CHF have increased. However, interest rate risks have been kept minimal.

Sensitivity of Equity 2016

| in TEUR | | Duration | | | | | | | | | | |
|----------|------------------------|------------|-------|--------------------|-------|-----------|--------|-----------|---------|--------|---------|--|
| Currency | Change in basis points | ≤ 6 months | | 6 months to 1 year | | 1-5 years | | > 5 years | | Total | | |
| EUR | 100 -100 | -1,567 | 1,602 | -2,003 | 2,069 | 7,790 | -8,132 | 18,207 | -19,464 | 22,427 | -23,925 | |
| USD | 100 -100 | 92 | -94 | -38 | 39 | -1,342 | 1,409 | 913 | -965 | -375 | 389 | |
| CHF | 100 -100 | 358 | -365 | 130 | -134 | -821 | 850 | -14 | 15 | -347 | 366 | |
| DKK | 100 -100 | 11 | -12 | 6 | -6 | 9 | -10 | -227 | 240 | -201 | 212 | |
| CNH | 100 -100 | 1 | -1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | -1 | |
| NOK | 100 -100 | 77 | -79 | -23 | 23 | -9 | 10 | 0 | 0 | 45 | -46 | |
| CAD | 100 -100 | 11 | -12 | 2 | -2 | -138 | 145 | 0 | 0 | -125 | 131 | |
| GBP | 100 -100 | 2 | -2 | -29 | 30 | -25 | 27 | 0 | 0 | -52 | 55 | |
| Others | 100 -100 | 32 | -33 | -43 | 44 | -23 | 25 | 0 | 0 | -34 | 36 | |

Sensitivity of Equity 2015

| in TEUR | | Duration | | | | | | | | | | |
|----------|------------------------|------------|------|--------------------|-----|-----------|--------|-----------|---------|--------|---------|--|
| Currency | Change in basis points | ≤ 6 months | | 6 months to 1 year | | 1-5 years | | > 5 years | | Total | | |
| EUR | 100 -100 | -1,148 | -101 | -1,672 | -93 | 13,389 | -4,081 | 21,564 | -12,666 | 32,133 | -16,941 | |
| USD | 100 -100 | 86 | -57 | -32 | 28 | -1,189 | 1,252 | 591 | -634 | -544 | 589 | |
| CHF | 100 -100 | 161 | 80 | 55 | 39 | -792 | -414 | -386 | -129 | -962 | -424 | |
| DKK | 100 -100 | 1 | 3 | 0 | 0 | -87 | 34 | -72 | 37 | -158 | 74 | |
| CNH | 100 -100 | -3 | 4 | -2 | 2 | 1 | -1 | 0 | 0 | -4 | 5 | |
| NOK | 100 -100 | 94 | -97 | -51 | 51 | -59 | 57 | 0 | 0 | -16 | 11 | |
| CAD | 100 -100 | 15 | -14 | 15 | -12 | -366 | 371 | 0 | 0 | -336 | 345 | |
| GBP | 100 -100 | -1 | 3 | -31 | 25 | -80 | 84 | 0 | 0 | -112 | 112 | |
| Others | 100 -100 | -29 | 5 | -73 | 60 | -102 | 75 | 0 | 0 | -204 | 140 | |

Balance Sheet by Maturity at 31 December 2016

ASSETS

| in TEUR | Total | Sight | Maturity | | |
|--|------------------|------------------|---------------|----------------|----------------|
| | | | < 1 year | 1–5 years | > 5 years |
| Non-current assets | | | | | |
| Intangible assets | | | | | |
| Software | 891 | 891 | 0 | 0 | 0 |
| Property, plant and equipment | | | | | |
| Operating equipment and furnishings | 357 | 357 | 0 | 0 | 0 |
| Financial assets | | | | | |
| Loans to associated companies | 973,135 | 0 | 0 | 782,908 | 190,227 |
| Other financial assets | 54,500 | 0 | 0 | 0 | 54,500 |
| Deferred tax assets | 2,496 | 2,496 | 0 | 0 | 0 |
| Total non-current assets | 1,031,379 | 3,744 | 0 | 782,908 | 244,727 |
| Current assets | | | | | |
| Receivables from associated companies | 737,409 | 737,409 | 0 | 0 | 0 |
| Loans to family trusts | 18,000 | 0 | 18,000 | 0 | 0 |
| Positive fair values of derivative instruments | 4,649 | 4,649 | 0 | 0 | 0 |
| Other receivables | 2,835 | 2,835 | 0 | 0 | 0 |
| Income tax receivables | 4,299 | 4,299 | 0 | 0 | 0 |
| Accrued income and prepaid expenses | 5,507 | 5,507 | 0 | 0 | 0 |
| Securities held for trading | 74,742 | 74,742 | 0 | 0 | 0 |
| Cash and cash equivalents | 577,859 | 577,859 | 0 | 0 | 0 |
| Total current assets | 1,425,300 | 1,407,300 | 18,000 | 0 | 0 |
| Total assets | 2,456,679 | 1,411,044 | 18,000 | 782,908 | 244,727 |

EQUITY AND LIABILITIES

| | | | | | |
|--|------------------|----------------|----------------|------------------|-----------------|
| Shareholders' equity | | | | | |
| Capital subscribed and paid in | 16,000 | 16,000 | 0 | 0 | 0 |
| Retained earnings | 259,697 | 259,697 | 0 | 0 | 0 |
| Foreign exchange difference | -7 | -7 | 0 | 0 | 0 |
| Net profit for the year | 26,378 | 26,378 | 0 | 0 | 0 |
| Total shareholders' equity | 302,068 | 302,068 | 0 | 0 | 0 |
| Non-current liabilities | | | | | |
| Bonds issued | 1,494,248 | 0 | 0 | 998,026 | 496,222 |
| Liabilities for pension plans | 4,518 | 0 | 4,518 | 0 | 0 |
| Payables to banks | 4,650 | 0 | 0 | 4,650 | 0 |
| Total non-current liabilities | 1,503,416 | 0 | 4,518 | 1,002,676 | 496,222 |
| Current liabilities | | | | | |
| Payables to associated companies | 601,295 | 548,147 | 53,148 | 0 | 0 |
| Payables to banks | 8,720 | 8,720 | 0 | 0 | 0 |
| Provisions for taxes | 2,396 | 2,396 | 0 | 0 | 0 |
| Negative fair values of derivative instruments | 6,774 | 6,774 | 0 | 0 | 0 |
| Other liabilities | 12,184 | 7,458 | 4,726 | 0 | 0 |
| Accrued expenses and deferred income | 19,826 | 19,826 | 0 | 0 | 0 |
| Total current liabilities | 651,195 | 593,321 | 57,874 | 0 | 0 |
| Total equity and liabilities | 2,456,679 | 895,389 | 62,392 | 1,002,676 | 496,222 |
| Balance sheet position | | 515,655 | -44,392 | -219,768 | -251,495 |

Balance Sheet by Maturity at 31 December 2015

ASSETS

| in TEUR | Total | Sight | Maturity | | |
|--|------------------|------------------|---------------|----------------|----------------|
| | | | < 1 year | 1-5 years | > 5 years |
| Non-current assets | | | | | |
| Intangible assets | | | | | |
| Software | 795 | 795 | 0 | 0 | 0 |
| Property, plant and equipment | | | | | |
| Operating equipment and furnishings | 408 | 408 | 0 | 0 | 0 |
| Financial assets | | | | | |
| Loans to associated companies | 1,014,673 | 0 | 0 | 870,782 | 143,891 |
| Other financial assets | 64,500 | 0 | 0 | 0 | 64,500 |
| Deferred tax assets | 2,143 | 2,143 | 0 | 0 | 0 |
| Total non-current assets | 1,082,519 | 3,346 | 0 | 870,782 | 208,391 |
| Current assets | | | | | |
| Receivables from associated companies | 605,636 | 605,636 | 0 | 0 | 0 |
| Loans to family trusts | 58,000 | 0 | 58,000 | 0 | 0 |
| Positive fair values of derivative instruments | 11,624 | 11,624 | 0 | 0 | 0 |
| Other receivables | 2,688 | 2,688 | 0 | 0 | 0 |
| Income tax receivables | 4,580 | 4,580 | 0 | 0 | 0 |
| Accrued income and prepaid expenses | 4,676 | 4,676 | 0 | 0 | 0 |
| Securities held for trading | 69,823 | 69,823 | 0 | 0 | 0 |
| Cash and cash equivalents | 431,617 | 431,617 | 0 | 0 | 0 |
| Total current assets | 1,188,644 | 1,130,644 | 58,000 | 0 | 0 |
| Total assets | 2,271,163 | 1,133,990 | 58,000 | 870,782 | 208,391 |

EQUITY AND LIABILITIES

| | | | | | |
|--|------------------|----------------|-----------------|------------------|-----------------|
| Shareholders' equity | | | | | |
| Capital subscribed and paid in | 16,000 | 16,000 | 0 | 0 | 0 |
| Retained earnings | 251,595 | 251,595 | 0 | 0 | 0 |
| Foreign exchange difference | -98 | -98 | 0 | 0 | 0 |
| Net profit for the year | 28,455 | 28,455 | 0 | 0 | 0 |
| Total shareholders' equity | 295,952 | 295,952 | 0 | 0 | 0 |
| Non-current liabilities | | | | | |
| Bonds issued | 1,492,884 | 0 | 0 | 997,042 | 495,842 |
| Payables to associated companies | 2,488 | 0 | 0 | 162 | 2,326 |
| Liabilities for pension plans | 4,817 | 0 | 2,097 | 2,720 | 0 |
| Payables to banks | 4,617 | 0 | 0 | 4,617 | 0 |
| Deferred tax liabilities | 1 | -14 | 0 | 15 | 0 |
| Total non-current liabilities | 1,504,807 | -14 | 2,097 | 1,004,556 | 498,168 |
| Current liabilities | | | | | |
| Payables to associated companies | 430,436 | 83,332 | 347,104 | 0 | 0 |
| Payables to banks | 7,291 | 7,291 | 0 | 0 | 0 |
| Provisions for taxes | 2,449 | 2,449 | 0 | 0 | 0 |
| Negative fair values of derivative instruments | 94 | 94 | 0 | 0 | 0 |
| Other liabilities | 10,384 | 5,500 | 4,884 | 0 | 0 |
| Accrued expenses and deferred income | 19,750 | 19,750 | 0 | 0 | 0 |
| Total current liabilities | 470,404 | 118,416 | 351,988 | 0 | 0 |
| Total equity and liabilities | 2,271,163 | 414,354 | 354,085 | 1,004,556 | 498,168 |
| Balance sheet position | | 719,636 | -296,085 | -133,774 | -289,777 |

Balance Sheet by Interest Rate Exposure at 31 December 2016

ASSETS

| in TEUR | Total | Fixed interest rate | Variable interest rate | Non-interest bearing |
|--|------------------|---------------------|------------------------|----------------------|
| Non-current assets | | | | |
| Intangible assets | | | | |
| Software | 891 | 0 | 0 | 891 |
| Property, plant and equipment | | | | |
| Operating equipment and furnishings | 357 | 0 | 0 | 357 |
| Financial assets | | | | |
| Loans to associated companies | 973,135 | 973,135 | 0 | 0 |
| Other financial assets | 54,500 | 0 | 0 | 54,500 |
| Deferred tax assets | 2,496 | 0 | 0 | 2,496 |
| Total non-current assets | 1,031,379 | 973,135 | 0 | 58,244 |
| Current assets | | | | |
| Receivables from associated companies | 737,409 | 453,612 | 171,859 | 111,938 |
| Loans to family trusts | 18,000 | 18,000 | 0 | 0 |
| Positive fair values of derivative instruments | 4,649 | 0 | 0 | 4,649 |
| Other receivables | 2,835 | 0 | 2,835 | 0 |
| Income tax receivables | 4,299 | 0 | 0 | 4,299 |
| Accrued income and prepaid expenses | 5,507 | 0 | 0 | 5,507 |
| Securities held for trading | 74,742 | 42,070 | 12,667 | 20,005 |
| Cash and cash equivalents | 577,859 | 0 | 577,859 | 0 |
| Total current assets | 1,425,300 | 513,682 | 765,220 | 146,398 |
| Total assets | 2,456,679 | 1,486,817 | 765,220 | 204,642 |

EQUITY AND LIABILITIES

| | | | | |
|--|------------------|------------------|----------------|-----------------|
| Shareholders' equity | | | | |
| Capital subscribed and paid in | 16,000 | 0 | 0 | 16,000 |
| Retained earnings | 259,697 | 0 | 0 | 259,697 |
| Foreign exchange difference | -7 | 0 | 0 | -7 |
| Net profit for the year | 26,378 | 0 | 0 | 26,378 |
| Total shareholders' equity | 302,068 | 0 | 0 | 302,068 |
| Non-current liabilities | | | | |
| Bonds issued | 1,494,248 | 1,494,248 | 0 | 0 |
| Liabilities for pension plans | 4,518 | 0 | 4,518 | 0 |
| Payables to banks | 4,650 | 4,650 | 0 | 0 |
| Total non-current liabilities | 1,503,416 | 1,498,898 | 4,518 | 0 |
| Current liabilities | | | | |
| Payables to associated companies | 601,295 | 53,148 | 548,147 | 0 |
| Payables to banks | 8,720 | 0 | 8,720 | 0 |
| Provisions for taxes | 2,396 | 0 | 0 | 2,396 |
| Negative fair values of derivative instruments | 6,774 | 0 | 0 | 6,774 |
| Other liabilities | 12,184 | 0 | 0 | 12,184 |
| Accrued expenses and deferred income | 19,826 | 0 | 0 | 19,826 |
| Total current liabilities | 651,195 | 53,148 | 556,867 | 41,180 |
| Total equity and liabilities | 2,456,679 | 1,552,046 | 561,385 | 343,248 |
| Balance sheet position | | -65,229 | 203,835 | -138,606 |

Balance Sheet by Interest Rate Exposure at 31 December 2015

ASSETS

| in TEUR | Total | Fixed interest rate | Variable interest rate | Non-interest bearing |
|--|------------------|---------------------|------------------------|----------------------|
| Non-current assets | | | | |
| Intangible assets | | | | |
| Software | 795 | 0 | 0 | 795 |
| Property, plant and equipment | | | | |
| Operating equipment and furnishings | 408 | 0 | 0 | 408 |
| Financial assets | | | | |
| Loans to associated companies | 1,014,673 | 1,014,673 | 0 | 0 |
| Other financial assets | 64,500 | 0 | 0 | 64,500 |
| Deferred tax assets | 2,143 | 0 | 0 | 2,143 |
| Total non-current assets | 1,082,519 | 1,014,673 | 0 | 67,846 |
| Current assets | | | | |
| Receivables from associated companies | 605,636 | 347,078 | 160,860 | 97,698 |
| Loans to family trusts | 58,000 | 58,000 | 0 | 0 |
| Positive fair values of derivative instruments | 11,624 | 0 | 7,780 | 3,844 |
| Other receivables | 2,688 | 0 | 0 | 2,688 |
| Income tax receivables | 4,580 | 0 | 0 | 4,580 |
| Accrued income and prepaid expenses | 4,676 | 0 | 0 | 4,676 |
| Securities held for trading | 69,823 | 34,162 | 14,629 | 21,032 |
| Cash and cash equivalents | 431,617 | 0 | 431,617 | 0 |
| Total current assets | 1,188,644 | 439,240 | 614,886 | 134,518 |
| Total assets | 2,271,163 | 1,453,913 | 614,886 | 202,364 |

EQUITY AND LIABILITIES

| | | | | |
|--|------------------|------------------|----------------|-----------------|
| Shareholders' equity | | | | |
| Capital subscribed and paid in | 16,000 | 0 | 0 | 16,000 |
| Retained earnings | 251,595 | 0 | 0 | 251,595 |
| Foreign exchange difference | -98 | 0 | 0 | -98 |
| Net profit for the year | 28,455 | 0 | 0 | 28,455 |
| Total shareholders' equity | 295,952 | 0 | 0 | 295,952 |
| Non-current liabilities | | | | |
| Bonds issued | 1,492,884 | 1,492,884 | 0 | 0 |
| Payables to associated companies | 2,488 | 162 | 0 | 2,326 |
| Liabilities for pension plans | 4,817 | 0 | 4,817 | 0 |
| Payables to banks | 4,617 | 4,617 | 0 | 0 |
| Deferred tax liabilities | 1 | 0 | 0 | 1 |
| Total non-current liabilities | 1,504,807 | 1,497,663 | 4,817 | 2,327 |
| Current liabilities | | | | |
| Payables to associated companies | 430,436 | 15,246 | 415,190 | 0 |
| Payables to banks | 7,291 | 0 | 7,291 | 0 |
| Provisions for taxes | 2,449 | 0 | 0 | 2,449 |
| Negative fair values of derivative instruments | 94 | 0 | -3,066 | 3,160 |
| Other liabilities | 10,384 | 0 | 0 | 10,384 |
| Accrued expenses and deferred income | 19,750 | 0 | 0 | 19,750 |
| Total current liabilities | 470,404 | 15,246 | 419,415 | 35,743 |
| Total equity and liabilities | 2,271,163 | 1,512,909 | 424,232 | 334,022 |
| Balance sheet position | | -58,996 | 190,654 | -131,658 |

Security Price Risk

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

Basically, a minimum rating of BBB- (Standard & Poor's) is required when selecting bonds. The trend of the rating is moni-

tored on a daily basis. In the event of the bond being downgraded, it is immediately disposed of. However, the Group has a limit of 5% of the total portfolio which can be invested in 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 as at 31 December 2016

| in TEUR | Market value | Share |
|-------------------------------------|---------------|-------------|
| Equity / Equity funds | 13,313 | 17.8% |
| Investment grade bonds / Bond funds | 58,167 | 77.8% |
| Sub-investment-grade bonds | 1,662 | 2.2% |
| Hedge funds | 923 | 1.2% |
| Commodities | 677 | 0.9% |
| Total | 74,742 | 100% |

Asset Allocation as at 31 December 2015

| in TEUR | Market value | Share |
|-------------------------------------|---------------|-------------|
| Equity / Equity funds | 12,383 | 17.7% |
| Investment grade bonds / Bond funds | 55,638 | 79.7% |
| Sub-investment-grade bonds | 1,548 | 2.2% |
| Commodities | 254 | 0.4% |
| Total | 69,823 | 100% |

Credit Risk

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

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

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

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

| in TEUR | Gross credit risks 2016 | Gross credit risks 2015 |
|--|----------------------------|----------------------------|
| Credit risks as at 31 December | | |
| Total Würth Group long-term | 973,135 | 1,014,673 |
| Total Würth Group short-term | 737,409 | 605,636 |
| Cash and cash equivalents | 577,859 | 431,617 |
| Other financial assets | 54,500 | 64,500 |
| Loans to family trusts | 18,000 | 58,000 |
| Positive fair values of derivative instruments | 4,649 | 17,725 |
| Securities designated at fair value | 74,742 | 69,823 |
| Other receivables | 2,835 | 2,688 |
| Contingent liabilities | 286,279 | 289,611 |
| Irrevocable lending commitments | 14,776 | 47,893 |
| Total gross credit risk | 2,744,184 | 2,602,166 |

There is only a difference between the gross and net credit risk 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". Within the credit risk category no overdue or impaired positions are included. Therefore no value adjustments were accounted for or are required.

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. has established a committed credit line of EUR 200 million. The syndicate providing the funds consists of ten banks. The credit line is granted until 15 July 2021 and is guaranteed by Adolf Würth GmbH & Co. KG, Künzelsau. Additionally the Group has arranged credit lines with various banks to cover any potential liquidity requirements.

b) Derivative Financial Instruments

Positions at 31 December 2016

| in TEUR | Contract value or notional value | Positive fair value | Negative fair value |
|---|----------------------------------|---------------------|---------------------|
| Foreign currency instruments | | | |
| Forward currency contracts | 963,795 | 3,329 | -6,085 |
| Total foreign exchange instruments | 963,795 | 3,329 | -6,085 |
| Interest rate instruments | | | |
| Interest rate swaps | 362,137 | 6,209 | -1,355 |
| Cross-currency swaps | 162,914 | 1,486 | -8,541 |
| Financial futures | 27,154 | 23 | - |
| Total interest rate instruments | 552,205 | 7,718 | -9,896 |
| Reduction due to CSA | | -6,398 | 9,207 |
| Netting effect ISDA agreements | | - | - |
| Total derivative financial instruments | 1,516,000 | 4,649 | -6,774 |

Positions at 31 December 2015

| in TEUR | Contract value or notional value | Positive fair value | Negative fair value |
|---|----------------------------------|---------------------|---------------------|
| Foreign currency instruments | | | |
| Forward currency contracts | 793,888 | 5,169 | -4,582 |
| Currency options (OTC) | 2,727 | 59 | 0 |
| Total foreign exchange instruments | 796,615 | 5,228 | -4,582 |
| Interest rate instruments | | | |
| Interest rate swaps | 561,443 | 24,138 | -16,035 |
| Cross-currency swaps | 275,297 | 2,396 | -6,075 |
| Financial futures | - | 37 | - |
| Total interest rate instruments | 836,740 | 26,571 | -22,110 |
| Reduction due to CSA | | -14,074 | 20,497 |
| Netting effect ISDA agreements | | -6,101 | 6,101 |
| Total derivative financial instruments | 1,633,355 | 11,624 | -94 |

The total derivative financial instruments are 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 are mainly used to hedge the currency positions in USD, CHF and DKK recorded in the balance sheet. The net positions of the fair values are as follows: EUR -3.0 million (2015: EUR -0.3 million) have a maturity date of less than 12 months and EUR 0.2 million (2015: EUR 0.9 million) mature in 1-5 years.

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

Offsetting Financial Instruments

| in TEUR | Financial assets 2016 | | |
|----------------------------------|---|---|---|
| | Gross carrying amounts (before offsetting) | Gross amounts offset in accordance with the offsetting criteria | Net amount presented in statement of financial position |
| Derivative financial instruments | 11,047 | -6,398 | 4,649 |
| Total | 11,047 | -6,398 | 4,649 |

| in TEUR | Financial assets 2015 | | |
|----------------------------------|---|---|---|
| | Gross carrying amounts (before offsetting) | Gross amounts offset in accordance with the offsetting criteria | Net amount presented in statement of financial position |
| Derivative financial instruments | 31,799 | -20,175 | 11,624 |
| Total | 31,799 | -20,175 | 11,624 |

| in TEUR | Financial liabilities 2016 | | |
|----------------------------------|---|---|---|
| | Gross carrying amounts (before offsetting) | Gross amounts offset in accordance with the offsetting criteria | Net amount presented in statement of financial position |
| Derivative financial instruments | -15,981 | 9,207 | -6,774 |
| Total | -15,981 | 9,207 | -6,774 |

| in TEUR | Financial liabilities 2015 | | |
|----------------------------------|---|---|---|
| | Gross carrying amounts (before offsetting) | Gross amounts offset in accordance with the offsetting criteria | Net amount presented in statement of financial position |
| Derivative financial instruments | -26,692 | 26,598 | -94 |
| Total | -26,692 | 26,598 | -94 |

Offsetting rights that do not meet some or all of the criteria for offsetting in the statement of financial position are not disclosed since the effects are considered to be immaterial and because the work involved is not justified by the significance of the expected information content.

c) Fair Value of Financial Instruments at 31 December

ASSETS

| in TEUR | Carrying amount | | Fair value | |
|--|------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Non-current assets | | | | |
| Financial assets | | | | |
| Loans to associated companies | 973,135 | 1,014,673 | 1,033,932 | 1,091,170 |
| Other financial assets | 54,500 | 64,500 | 56,283 | 73,603 |
| Total non-current assets | 1,027,635 | 1,079,173 | 1,090,215 | 1,164,773 |
| Current assets | | | | |
| Receivables from associated companies | 737,409 | 605,636 | 742,335 | 610,976 |
| Loans to family trusts | 18,000 | 58,000 | 18,092 | 58,073 |
| Positive fair values of derivative instruments | 4,649 | 11,624 | 4,649 | 11,624 |
| Securities held for trading | 74,742 | 69,823 | 74,742 | 69,823 |
| Cash and cash equivalents | 577,859 | 431,617 | 578,301 | 432,032 |
| Total current assets | 1,412,659 | 1,176,700 | 1,418,119 | 1,182,528 |

EQUITY AND LIABILITIES

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Non-current liabilities | | | | |
| Bonds issued | 1,494,248 | 1,492,884 | 1,570,099 | 1,590,162 |
| Payables to banks | 4,650 | 4,617 | 4,751 | 4,807 |
| Payables to associated companies | 0 | 2,488 | 0 | 5,073 |
| Total non-current liabilities | 1,498,898 | 1,499,989 | 1,574,850 | 1,600,042 |
| Current liabilities | | | | |
| Payables to associated companies | 601,295 | 430,436 | 601,434 | 430,407 |
| Payables to banks | 8,720 | 7,291 | 8,720 | 7,291 |
| Negative fair values of derivative instruments | 6,774 | 94 | 6,774 | 94 |
| Total current liabilities | 616,789 | 437,821 | 616,928 | 437,792 |

A majority of the financial instruments were generated by the Group itself and are valued at amortised cost. The "fair value through profit & loss" category as laid down in IAS 39 is solely applied to securities and derivative financial instruments. On the other hand, the categories "held to maturity" and "available for sale" are not applied by the Group.

The fair value of long-term receivables and liabilities is calculated using the DCF method.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets and Liabilities Measured at Fair Value at 31 December 2016

ASSETS

| in TEUR | Level 1 | Level 2 | Level 3 | Total fair value |
|--|----------------|------------------|----------|------------------|
| Derivative financial instruments | | | | |
| Interest rate swaps | 0 | 6,209 | 0 | 6,209 |
| Cross-currency swaps | 0 | 1,486 | 0 | 1,486 |
| Financial futures | 0 | 23 | 0 | 23 |
| Currency options (OTC) | 0 | 0 | 0 | 0 |
| Forward currency contracts | 0 | 3,329 | 0 | 3,329 |
| Reduction due to CSA | 0 | -6,398 | 0 | -6,398 |
| Total derivative financial instruments | 0 | 4,649 | 0 | 4,649 |
| Financial instruments held for trading | | | | |
| Securities | 74,742 | 0 | 0 | 74,742 |
| Total financial instruments held for trading | 74,742 | 0 | 0 | 74,742 |
| Financial instruments at amortised cost | | | | |
| Receivables from associated companies | 0 | 1,776,267 | 0 | 1,776,267 |
| Loans to family trusts | 0 | 18,092 | 0 | 18,092 |
| Cash and cash equivalents | 578,301 | 0 | 0 | 578,301 |
| Other financial assets | 0 | 56,283 | 0 | 56,283 |
| Total financial instruments at amortised cost | 578,301 | 1,850,642 | 0 | 2,428,943 |

LIABILITIES

| | | | | |
|--|---------------|------------------|----------|------------------|
| Derivative financial instruments | | | | |
| Interest rate swaps | 0 | 1,355 | 0 | 1,355 |
| Cross-currency swaps | 0 | 8,541 | 0 | 8,541 |
| Forward currency contracts | 0 | 6,085 | 0 | 6,085 |
| Reduction due to CSA | 0 | -9,207 | 0 | -9,207 |
| Total derivative financial instruments | 0 | 6,774 | 0 | 6,774 |
| Other liabilities at amortised cost | | | | |
| Bonds issued | 0 | 1,570,099 | 0 | 1,570,099 |
| Payables to associated companies | 0 | 601,434 | 0 | 601,434 |
| Payables to banks (long-term) | 4,751 | 0 | 0 | 4,751 |
| Payables to banks | 8,720 | 0 | 0 | 8,720 |
| Total other liabilities at amortised cost | 13,471 | 2,171,533 | 0 | 2,185,004 |

Assets and Liabilities Measured at Fair Value at 31 December 2015

ASSETS

| in TEUR | Level 1 | Level 2 | Level 3 | Total fair value |
|--|----------------|------------------|----------|------------------|
| Derivative financial instruments | | | | |
| Interest rate swaps | 0 | 24,138 | 0 | 24,138 |
| Cross-currency swaps | 0 | 2,396 | 0 | 2,396 |
| Financial futures | 0 | 37 | 0 | 37 |
| Currency options (OTC) | 0 | 59 | 0 | 59 |
| Forward currency contracts | 0 | 5,169 | 0 | 5,169 |
| Reduction due to CSA | 0 | -14,074 | 0 | -14,074 |
| Netting effect ISDA agreements | 0 | -6,101 | 0 | -6,101 |
| Total derivative financial instruments | 0 | 11,624 | 0 | 11,624 |
| Financial instruments held for trading | | | | |
| Securities | 69,823 | 0 | 0 | 69,823 |
| Total financial instruments held for trading | 69,823 | 0 | 0 | 69,823 |
| Financial instruments at amortised cost | | | | |
| Receivables from associated companies | 0 | 1,702,146 | 0 | 1,702,146 |
| Loans to family trusts | 0 | 58,073 | 0 | 58,073 |
| Cash and cash equivalents | 432,032 | 0 | 0 | 432,032 |
| Other financial assets | 0 | 73,603 | 0 | 73,603 |
| Total financial instruments at amortised cost | 432,032 | 1,833,822 | 0 | 2,265,854 |

LIABILITIES

| | | | | |
|--|---------------|------------------|----------|------------------|
| Derivative financial instruments | | | | |
| Interest rate swaps | 0 | 16,035 | 0 | 16,035 |
| Cross-currency swaps | 0 | 6,075 | 0 | 6,075 |
| Swaptions | 0 | 0 | 0 | 0 |
| Forward currency contracts | 0 | 4,582 | 0 | 4,582 |
| Reduction due to CSA | 0 | -20,497 | 0 | -20,497 |
| Netting effect ISDA agreements | 0 | -6,101 | 0 | -6,101 |
| Total derivative financial instruments | 0 | 94 | 0 | 94 |
| Other liabilities at amortised cost | | | | |
| Bonds issued | 0 | 1,590,162 | 0 | 1,590,162 |
| Payables to associated companies | 0 | 435,480 | 0 | 435,480 |
| Payables to banks (long-term) | 4,807 | 0 | 0 | 4,807 |
| Payables to banks | 7,291 | 0 | 0 | 7,291 |
| Total other liabilities at amortised cost | 12,098 | 2,025,642 | 0 | 2,037,740 |

For all financial instruments categorised within levels 2 and 3, 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.) is prepared. If there is a change in valuation technique, the reason for it has to be disclosed.

The fair value of securities that are actively traded on 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 the Black-Scholes pricing model. These valuations are by their nature dependent on the assumptions on which they are based.

During the reporting period ending 31 December 2016, 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.

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.

20. 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.

Balance Sheet by Segment at 31 December 2016

| in TEUR | Group Financing | Trading | Portfolio Manage- ment | Services | Pension Plans/ Insurance | Central Services | Elimination | Total |
|---------------------------------------|--------------------|---------|------------------------------|----------|--------------------------------|---------------------|-------------|-----------|
| Balance sheet | | | | | | | | |
| Segment assets | 2,465,338 | 11,024 | 109,200 | 0 | 2,729 | 76,050 | -207,663 | 2,456,679 |
| Segment liabilities | 2,275,978 | 15,975 | 77,126 | 0 | 2,729 | 292,533 | -207,663 | 2,456,679 |
| Number of employees | 9 | 3 | 0 | 27 | 57 | 22 | 0 | 118 |
| Additional segment information | | | | | | | | |
| Investments | 0 | 0 | 0 | 0 | 173 | 348 | 0 | 521 |

Balance Sheet by Segment at 31 December 2015

| in TEUR | Group Financing | Trading | Portfolio Manage- ment | Services | Pension Plans/ Insurance | Central Services | Elimination | Total |
|---------------------------------------|--------------------|---------|------------------------------|----------|--------------------------------|---------------------|-------------|-----------|
| Balance sheet | | | | | | | | |
| Segment assets | 2,215,462 | 19,000 | 104,385 | 0 | 2,910 | 86,921 | -157,514 | 2,271,163 |
| Segment liabilities | 2,055,498 | 17,848 | 66,250 | 0 | 2,910 | 286,172 | -157,514 | 2,271,163 |
| Number of employees | 13 | 3 | 0 | 25 | 53 | 19 | 0 | 113 |
| Additional segment information | | | | | | | | |
| Investments | 0 | 0 | 0 | 0 | 55 | 970 | 0 | 1,025 |

Income Statement by Segment at 31 December 2016

| in TEUR | Group Financing | Trading | Portfolio Manage- ment | Services | Pension Plans/ Insurance | Central Services | Elimination | Total |
|--|--------------------|--------------|------------------------------|---------------|--------------------------------|---------------------|-------------|----------------|
| Income Würth Finance Group | | | | | | | | |
| Interest income | 335 | 0 | 15 | 0 | 0 | 0 | -350 | 0 |
| Interest expenses | -15 | 0 | -317 | 0 | -18 | 0 | 350 | 0 |
| Net interest income | 320 | 0 | -302 | 0 | -18 | 0 | 0 | 0 |
| Income from commission and service fee activities | 0 | 0 | 0 | 390 | 0 | 0 | -390 | 0 |
| Income from trading activities and financial instruments | 0 | 91 | 45 | 0 | 0 | 0 | -136 | 0 |
| Segment income Würth Finance Group | 320 | 91 | -257 | 390 | -18 | 0 | -526 | 0 |
| Income third parties | | | | | | | | |
| Interest income | 71,784 | 0 | 1,148 | 0 | 0 | 0 | 0 | 72,932 |
| Interest expense | -67,751 | 0 | -642 | 0 | -18 | 0 | 0 | -68,411 |
| Net interest income | 4,033 | 0 | 506 | 0 | -18 | 0 | 0 | 4,521 |
| Income from factoring activities | 12,899 | 0 | 0 | 0 | 0 | 0 | 0 | 12,899 |
| Income from commission and service fee activities | 0 | 0 | 0 | 20,199 | 9,681 | 0 | 0 | 29,880 |
| Income from trading activities and financial instruments | 0 | 7,617 | 1,107 | 0 | 113 | 0 | 0 | 8,837 |
| Other ordinary income | 4,810 | 0 | 0 | 0 | 48 | 0 | 0 | 4,858 |
| Total segment income third parties | 21,742 | 7,617 | 1,613 | 20,199 | 9,824 | 0 | 0 | 60,995 |
| Total segment income | 22,062 | 7,708 | 1,356 | 20,589 | 9,806 | 0 | -526 | 60,995 |
| Expenses | | | | | | | | |
| Personnel cost | -1,335 | -808 | 0 | -2,672 | -7,673 | -4,544 | 0 | -17,032 |
| Other administrative expenses | 0 | 0 | -22 | 0 | -1,693 | -10,354 | 390 | -11,679 |
| Depreciation and amortisation | 0 | 0 | 0 | 0 | -84 | -378 | 0 | -462 |
| Segment expenses | -1,335 | -808 | -22 | -2,672 | -9,450 | -15,286 | 390 | -29,183 |
| Segment result | 20,727 | 6,900 | 1,334 | 17,917 | 356 | -15,286 | -136 | 31,812 |
| Taxes | 0 | 0 | -274 | 0 | -74 | -5,086 | 0 | -5,434 |
| Net profit for the year, continued operations | | | | | | | | 26,378 |
| Net profit for the year | | | | | | | | 26,378 |

Income Statement by Segment at 31 December 2015

| in TEUR | Group Financing | Trading | Portfolio Manage- ment | Services | Pension Plans/ Insurance | Central Services | Elimination | Total |
|---|--------------------|--------------|------------------------------|---------------|--------------------------------|---------------------|-------------|----------------|
| Income Würth Finance Group | | | | | | | | |
| Interest income | 229 | 0 | 181 | 0 | 0 | 0 | -410 | 0 |
| Interest expenses | -181 | 0 | -205 | 0 | -24 | 0 | 410 | 0 |
| Net interest income | 48 | 0 | -24 | 0 | -24 | 0 | 0 | 0 |
| Income from commission and service fee activities | 0 | 0 | 0 | 157 | 0 | 0 | -157 | 0 |
| Segment income Würth Finance Group | 48 | 0 | -24 | 157 | -24 | 0 | -157 | 0 |
| Income third parties | | | | | | | | |
| Interest income | 63,395 | 0 | 1,464 | 0 | 0 | 0 | 0 | 64,858 |
| Interest expense | -61,497 | 0 | -741 | 0 | -9 | 0 | 0 | -62,247 |
| Net interest income | 1,898 | 0 | 723 | 0 | -9 | 0 | 0 | 2,611 |
| Income from factoring activities | 14,115 | 0 | 0 | 0 | 0 | 0 | 0 | 14,115 |
| Income from commission and service fee activities | 0 | 0 | 0 | 19,251 | 9,345 | 0 | 0 | 28,596 |
| Income from trading activities and financial instruments | 0 | 7,423 | -342 | 0 | -43 | 0 | 0 | 7,038 |
| Other ordinary income | 4,842 | 0 | 0 | 0 | 54 | 0 | 0 | 4,895 |
| Total segment income third parties | 20,855 | 7,423 | 381 | 19,251 | 9,347 | 0 | 0 | 57,256 |
| Total segment income | 20,903 | 7,423 | 357 | 19,408 | 9,323 | 0 | -157 | 57,256 |
| Expenses | | | | | | | | |
| Personnel cost | -1,609 | -927 | 0 | -2,284 | -7,427 | -3,310 | 0 | -15,557 |
| Other administrative expenses | 0 | 0 | -294 | 0 | -1,431 | -10,145 | 157 | -11,714 |
| Depreciation and amortisation | 0 | 0 | 0 | 0 | -107 | -145 | 0 | -252 |
| Segment expenses | -1,609 | -927 | -294 | -2,284 | -8,965 | -13,600 | 157 | -27,522 |
| Segment result | 19,292 | 6,496 | 63 | 17,124 | 358 | -13,600 | 0 | 29,733 |
| Taxes | 0 | 0 | -126 | 0 | -45 | -1,108 | 0 | -1,278 |
| Net profit for the year, continued operations | | | | | | | | 28,455 |
| Net profit for the year | | | | | | | | 28,455 |

WÜRTH FINANCE INTERNATIONAL B.V.

FINANCIAL STATEMENTS 2016

BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2016

before appropriation of profit

ASSETS

| in TEUR | Notes | 2016 | 2015 |
|--|-------|------------------|------------------|
| Non-current assets | | | |
| Intangible assets | | | |
| Software | 1 | 887 | 775 |
| Property, plant and equipment | | | |
| Operating equipment and furnishings | 1 | 175 | 322 |
| Financial assets | | | |
| Loans to associated companies | | 973,135 | 1,014,673 |
| Participations in Group companies | 2 | 26,966 | 25,615 |
| Other financial assets | | 54,500 | 64,500 |
| Deferred tax assets | 3 | 2,311 | 1,929 |
| Total non-current assets | | 1,057,974 | 1,107,814 |
| Current assets | | | |
| Receivables from associated companies | | 926,966 | 744,811 |
| Loans to family trusts | | 18,000 | 58,000 |
| Positive fair values of derivative instruments | | 4,627 | 11,468 |
| Other receivables | 4 | 1,573 | 1,572 |
| Income tax receivables | 3 | 4,299 | 4,580 |
| Accrued income and prepaid expenses | | 4,794 | 3,600 |
| Cash and cash equivalents | | 437,479 | 339,157 |
| Total current assets | | 1,397,738 | 1,163,188 |
| Total assets | | 2,455,712 | 2,271,002 |

EQUITY AND LIABILITIES

| | | | |
|--|---|------------------|------------------|
| Shareholders' equity | | | |
| Capital subscribed and paid in | | 16,000 | 16,000 |
| Retained earnings | | 259,690 | 251,497 |
| Net profit for the year | 7 | 26,378 | 28,455 |
| Total shareholders' equity | | 302,068 | 295,952 |
| Non-current liabilities | | | |
| Bonds issued | 5 | 1,495,765 | 1,494,371 |
| Payables to associated companies | | 0 | 2,488 |
| Liabilities for pension plans | | 3,073 | 3,567 |
| Payables to banks | | 4,650 | 4,617 |
| Total non-current liabilities | | 1,503,488 | 1,505,043 |
| Current liabilities | | | |
| Payables to associated companies | | 602,227 | 431,437 |
| Payables to banks | | 8,720 | 7,291 |
| Provisions for taxes | 3 | 2,086 | 2,344 |
| Negative fair values of derivative instruments | | 6,768 | 94 |
| Other liabilities | 6 | 10,520 | 9,081 |
| Accrued expenses and deferred income | | 19,835 | 19,760 |
| Total current liabilities | | 650,156 | 470,007 |
| Total equity and liabilities | | 2,455,712 | 2,271,002 |

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

| in TEUR | 2016 | 2015 |
|--|----------------|----------------|
| Operating income | | |
| Interest income | 71,882 | 63,790 |
| Interest expenses | -68,164 | -62,287 |
| Net interest income | 3,718 | 1,503 |
| Income from factoring activities | 12,899 | 14,115 |
| Income from commission and service fee activities | 20,589 | 19,408 |
| Income from trading activities and financial instruments | 7,708 | 7,423 |
| Other ordinary income | 4,810 | 4,843 |
| Total operating income | 49,724 | 47,292 |
| Operating expenses | | |
| Personnel costs | -9,360 | -7,681 |
| Other administrative expenses | -9,874 | -10,144 |
| Depreciation and amortisation | -378 | -145 |
| Total operating expenses | -19,612 | -17,970 |
| Profit before taxes | 30,112 | 29,322 |
| Corporate taxes | -3,898 | -439 |
| Deferred taxes | -1,188 | -668 |
| Net profit after tax | 25,027 | 28,215 |
| Attributable to subsidiaries | 1,351 | 240 |
| Net profit for the year | 26,378 | 28,455 |

ACCOUNTING POLICIES USED IN PREPARING THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 06 April 2017.

Participations in Group Companies

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

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

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

Information on the use of financial instruments and on related risks for the Group is provided in the notes to the consolidated financial statements.

The company financial statements are presented in EUR thousands unless otherwise stated.

Changes in Accounting Policies

For details of changes in accounting policies, please refer to the consolidated financial statements.

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 (2015: 100%)
- Würth Invest AG, Chur, Switzerland: wholly owned subsidiary (2015: 100%)

The percentages stated represent the equity interests held.

NOTES TO THE BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2016

1. Intangible Assets, Property, Plant and Equipment

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

At 31 December 2016

| in TEUR | Acquisition cost 2015 | Additions (disposals) incl. asset retirement 2016 | Acquisition cost 2016 | Accum. depreciation 2015 | Asset retirement 2016 | Depreciation for the year 2016 | Accum. depreciation 2016 | Net book value 2016 |
|--|-----------------------|---|-----------------------|--------------------------|-----------------------|--------------------------------|--------------------------|---------------------|
| Intangible assets | | | | | | | | |
| Software | 1,365 | 345 | 1,710 | -590 | 0 | -233 | -823 | 887 |
| Total intangible assets | 1,365 | 345 | 1,710 | -590 | 0 | -233 | -823 | 887 |
| Property, plant and equipment | | | | | | | | |
| Vehicles | 470 | -39 | 431 | -220 | 34 | -121 | -307 | 124 |
| Art objects | 33 | 0 | 33 | 0 | 0 | | 0 | 33 |
| Office equipment / installations | 2,012 | 3 | 2,015 | -1,973 | 0 | -24 | -1,997 | 18 |
| Total property, plant and equipment | 2,515 | -36 | 2,479 | -2,193 | 34 | -145 | 2,304 | 175 |
| Total | 3,880 | 309 | 4,189 | -2,783 | 34 | -378 | 3,127 | 1,062 |

At 31 December 2015

| in TEUR | Acquisition cost 2014 | Additions (disposals) incl. asset retirement 2015 | Acquisition cost 2015 | Accum. depreciation 2014 | Asset retirement 2015 | Depreciation for the year 2015 | Accum. depreciation 2015 | Net book value 2015 |
|--|-----------------------|---|-----------------------|--------------------------|-----------------------|--------------------------------|--------------------------|---------------------|
| Intangible assets | | | | | | | | |
| Software | 651 | 714 | 1,365 | -590 | 0 | 0 | -590 | 775 |
| Total intangible assets | 651 | 714 | 1,365 | -590 | 0 | 0 | -590 | 775 |
| Property, plant and equipment | | | | | | | | |
| Vehicles | 355 | 115 | 470 | -190 | 93 | -123 | -220 | 250 |
| Art objects | 33 | 0 | 33 | 0 | 0 | 0 | 0 | 33 |
| Office equipment / installations | 2,384 | -373 | 2,012 | -2,371 | 420 | -22 | -1,973 | 39 |
| Total property, plant and equipment | 2,772 | -258 | 2,515 | -2,561 | 513 | -145 | -2,193 | 322 |
| Total | 3,423 | 456 | 3,880 | -3,151 | 513 | -145 | -2,783 | 1,097 |

2. Participations in Group Companies

| | |
|---|---------------|
| in TEUR | |
| Net book value at 1 January 2015 | 25,375 |
| Share in profit/(loss) of participating interests | 240 |
| Net book value at 31 December 2015 | 25,615 |
| <hr/> | |
| Net book value at 1 January 2016 | 25,615 |
| Share in profit/(loss) of participating interests | 1'351 |
| Net book value at 31 December 2016 | 26,966 |

3. Corporate Taxes

| in TEUR | 2016 | 2015 |
|---|--------------|--------------|
| Deferred tax assets from foreign withholding tax credit | 2,311 | 1,929 |
| Total | 2,311 | 1,929 |

Included in the balance sheet is a net amount of TEUR 2,213 classified as a tax asset (2015: TEUR 2,236) which reflects the current tax asset.

For other details see the consolidated statement note 15 Corporate Taxes.

4. Other Receivables

| in TEUR | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| Receivables from third parties | 604 | 477 |
| Other receivables | 969 | 1,095 |
| Total other receivables | 1,573 | 1,572 |

5. Bonds Issued

As per 2016 and 2015, there are no own bonds held by the company.

The total market value at 31 December 2016 amounted to TEUR 1,570,099 (2015: TEUR 1,591,670). As per 2016, the notional value of the bond maturing on 19 May 2022 (coupon 1.000%) was TEUR 500,000 (2015: TEUR 500,000) with a market value of TEUR 516,850 (2015: TEUR 506,975).

For other details see the consolidated statement note 8 Bonds Issued.

6. Other Liabilities

| in TEUR | 2016 | 2015 |
|---------------------------------------|---------------|--------------|
| Payables for deliveries and services: | 4,798 | 3,723 |
| Of which to third parties | 1,632 | 3,314 |
| Of which to associated parties | 3,166 | 409 |
| Compensation-related liabilities | 2,149 | 2,070 |
| Other current liabilities | 3,573 | 3,288 |
| Total other receivables | 10,520 | 9,081 |

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

7. Equity

The Board of Directors proposes to allocate the net income of EUR 26,378,220 to retained earnings.

For other details see the consolidated statement of changes in equity.

ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE FOR THE YEAR ENDED 31 DECEMBER 2016

Personnel Costs

The average number of staff (in FTEs) employed by the company in 2016 was 62 (2015: 60)

Compensation for the members of Management amounted to TEUR 1,597 (2015: TEUR 1,450).

In 2016 and 2015, no other forms of compensation (post-employment benefits or other long-term benefits, termination benefits, share-based payments) were paid to key management staff.

In financial year 2016, fees of TEUR 240 were paid to members of the Board of Directors (2015: TEUR 240).

Audit Fees

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

| in TEUR | 2016 | 2015 |
|-----------------------------------|------------|------------|
| Ernst & Young | | |
| Audit of the financial statements | 226 | 220 |
| Other audit engagements | 23 | 9 |
| Other non-audit services | 0 | 39 |
| Total | 249 | 268 |

OTHER INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2016

Articles of Association Provisions Governing Profit Appropriation

The company's Articles of Incorporation 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 30
9400 Rorschach
Switzerland

Amsterdam and Rorschach, 06 April 2017

B. van Odijk
Managing Director

R. Fust
Managing Director

INDEPENDENT AUDITOR'S REPORT

TO: THE SHAREHOLDERS AND SUPERVISORY BOARD OF
WÜRTH FINANCE INTERNATIONAL B.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of Würth Finance International B.V., based in Amsterdam. The financial statements include the consolidated financial statements and the 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 2016 and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Würth Finance International B.V. as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2016
- The following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income, cash flows and changes in equity
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The balance sheet as at 31 December 2016
- The income statement for 2016
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of Würth Finance International B.V. in accordance with the 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.

Materiality

| | |
|-------------------|--|
| Materiality | EUR 1.5 million |
| Benchmark applied | 5% of profit before taxes |
| Explanation | Based on our professional judgment and taken into account the users of the financial statements. |

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

We report to the supervisory board misstatements in excess of EUR 75 thousand, which are identified during the audit, 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 of Würth Finance International B.V.

Our group audit focused on all group entities. We have performed full audit procedures on the following group companies:

- Würth Finance International B.V.;
- Würth Financial Services AG;
- Würth Invest AG.

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.

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 matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our audit response |
|---|--|
| Transactions with related parties (intercompany balances) in notes 4 and 16 | |
| The systematic reconciliation of receivables and payables from Würth Group companies is a crucial part of the company's internal control system and financial statement closing process. An overview of the intercompany receivables and payables is outlined in notes 4 and 16 of the financial statements. | The intercompany reconciliation is an automated process performed by a consolidation application run centrally at the Würth Group level. For the testing of design and operating effectiveness of this application control we placed reliance on the auditor of the parent company. As part of our substantive audit procedures we investigated if there were any non-reconciling balances as at 31 December 2016 and inquired about the reason and solution for these balances. |
| Credit risk of the Würth Group companies in note 19 | |
| We consider the valuation of the long-term loans (EUR 973,1 million) and receivables (EUR 737,4 million) to associated companies, as disclosed in note 19 of the financial statements as a key audit matter. This is due to the significant number of transactions with the Würth Group companies and due to the size of the long-term loans and receivables and given that an impairment may have a material effect on the income statement. | To address the credit risk of the Würth Group companies we obtained comfort letters from the group parent(s) for 26 companies with increased credit risk. An increased credit risk is defined for those companies which have a negative equity as per the balance sheet and for those companies who owe an amount higher than EUR 100,000 to Würth Finance International B.V. |
| Long-term loans and receivables are initially recognized at fair value and subsequently measured at amortized cost less value adjustments using the effective interest rate method. | |
| The management did not identify any impairment triggers regarding the long-term loans and receivables to associated companies. | |
| Income from commission and service fee activities in note 11 | |
| The income from commission and service fee activities of EUR 29,9 million is a significant part of the income for the year and mainly relates to the payment of goods purchased by Würth Group companies, together with the delcredere and collection services for the Würth Group companies. Because of its significance in relating to the total operating income we addressed this as a key audit matter. | Würth Finance International B.V. has collection contracts with the Würth Group companies and the Company is responsible for the collection of the account receivables and receives a fee for these activities. The Company bears the delcredere risk on these receivables. |
| | The recalculation of the commission and service fee activities is an automated process. We tested the design and operating effectiveness IT-controls of this application. Furthermore the Company has a process in place for the quarterly reconciliation of the commission and services fees with the bank statements. |
| | For the material (sub)contracts we performed detailed audit procedures on the transactions and reconciled them with the contracts and invoices. |

Report on other information included in the annual report

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

- The management's board report, comprising the Report of the Management Würth Finance Group; Inhouse Banking; External Financial Services; and Report on Risks and Opportunities.
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Other information, comprising Key Events in 2016; The Würth Finance Group at a Glance; Key Figures of the Würth Finance Group; Report of the Board of Directors, Legal Structure; Executive Bodies; and Information for Investors.

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

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

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

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board 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 year.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

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

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

The supervisory board 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 assignment 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 have detected all material errors and fraud.

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. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- 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 management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- 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

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 communicate with the supervisory board 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.

We provide the supervisory board 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 supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Maastricht, 06 April 2017

Ernst & Young Accountants LLP
/s/ N.A.J. Silverentand

