

WHIRLPOOL SLOVAKIA spol. s r.o.

2020 ANNUAL REPORT



Hlavná 5039/1A, 058 01 Poprad



2020 Annual Report
WHIRLPOOL SLOVAKIA spol. s r.o.

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Introduction

Main scope of business

- * Manufacture of automatic washing machines
- * Manufacture of spare parts for automatic washing machines
- * Manufacture of machine tools for metalworking and woodworking
- * Metalworking and toolmaking
- * Manufacture of plastic products and parts
- * Technological development, R&D related to the scope of activity
- * Indicative testing, measurements, analyses and checks

Ultimate parent company

Whirlpool Corporation
Benton Harbor, Michigan
USA

Immediate parent company

WHIRLPOOL INTERNATIONAL MANUFACTURING S.a.r.l.
rue de Neudorf 560A
Luxembourg L-2220
Luxembourg

Company statutory body

WHIRLPOOL SLOVAKIA spol. s r.o., with its registered office in the city of Poprad at Hlavná 5039/1A, 05801 Poprad, is incorporated in the Commercial Register of the Prešov I District Court, Section: Sro., Insert No. 32649/P.

IČO: 35796570

DIČ: 2020257679

IČ DPH: SK2020257679

Ing. Michal Major, PhD.

Statutory representative and Plant Director

Ing. Jaroslav Grygar

Statutory representative and Senior HR Manager



Michal Major

Plant Director

Statutory representative

The management of WHIRLPOOL SLOVAKIA spol. s r.o. set goals and strategies for 2020 that fully complied with both the Whirlpool EMEA ELA 2015-2019 and Manufacturing 2020 strategies.

As in the previous year, our priority for the Poprad plant in 2020 was to proceed with integration and build a highly competitive business, leveraging the Company's full potential by strengthening the brand and expanding its presence in the world market. Subject to satisfactory financial results, this involved developing new business models, with continued investment in plant modernization and promotion of talent, to ensure future market sustainability focused on customer needs.

During the first half of 2020, the Company won several important awards, the most prestigious of which was our second Via Bona Slovakia award. This time we won in the "Great Employer" category, in recognition of our retraining and training center project, built directly on plant premises using our own resources.

This center is the first truly functional retraining and training center, not only in Slovakia, but also within the Whirlpool EMEA corporation. It serves as a tool which incorporates inclusion, education and gender equality, but most importantly, helps decrease long-term unemployment among people with limited education, helping them integrate into the manufacturing sector work processes, and rediscover working habits. The Whirlpool "MTS centrum" is suitable for any company active in the manufacturing sector. Whirlpool uses the center to recruit new employees and retrain the existing ones, in addition to reducing the average time for training new employees, preventing human error, lowering local unemployment and worker turnover and increasing the quality of its products. The benefits of the center clearly include a qualified workforce able to integrate immediately into manufacturing sector work processes, enhancing quality of our appliances and thereby increasing the profit and involvement of our employees.

The plant's next achievement was related to the business area, where the Company's values were recognized by the Ethics in Business award from the Slovak Chamber of Commerce and Industry. In the second half-year, the Company's front-loading washing machines received the award "Produkt

roka 2019" (Product of the Year 2019) in the Washing Machines category from Heureka.sk, one of the largest shopping portals. The quality of the products made in the Poprad plant has thus strengthened our position in the white goods market.

In the field of technology and innovation, Whirlpool Poprad won the prestigious Microsoft Awards 2019 title for our "Digital Twin" project in the Manufacturing, Sales and Commodity Distribution category.

Several internal and external audits were carried out in the plant in 2020. A successful security audit was held prior to the outbreak of the COVID-19 pandemic; however, the anticipated WCM Bronze Medal audit was postponed until 2021 in the interests of health and safety.

The Poprad plant began incorporating the WCM methodology into its manufacturing processes in June 2016. Less than a year later, in May 2017, the first WCM audit took place, placing Poprad Whirlpool as the first of the Whirlpool Corporation's facilities to rank among the world's leading manufacturing plants. Thanks to WCM principles and its continuous approach to improvement, the plant scored an impressive 18 points in its first audit, improving to achieve 32 points in the second audit in March 2018, 37 points in the third audit of November 2018 and 44 points in the fourth audit. The WCM Bronze Medal requires a minimum score of 50 points, which the plant almost achieved in the fifth audit conducted in November 2019 with a final score of 48 points. However, the WCM Bronze Medal audit for which the Company was preparing was interrupted by the coronavirus pandemic.

Consequently, 2020 became a year of measures and restrictions to preserve health and safety, as well as a year of fighting the COVID-19 pandemic.

During the first wave of the pandemic, the plant implemented not only requirements based on the decrees of the Slovak Chief Hygienist, but also followed government measures and Whirlpool EMEA rules. A plant pre-entry screening program was established, employee gatherings were suspended and antigen testing was provided for critical plant infrastructure personnel on plant premises in cooperation with one of the mobile testing sites. A strict disinfection program was introduced in the plant, germicidal emitters were installed and so-called R-O-R measures were implemented (obligatory face masks, maintaining 2m distance and regular hand disinfection). All meetings and negotiations became virtual and those employees with appropriate tasks were allowed to work from home with no limit on the number of days. With the onset of the second wave and increased number of positive cases in the country, the Company tightened its measures even further, testing employees on a more frequent basis on plant premises and actively seeking the contacts of all positively tested employees. From the onset of the pandemic until the end of 2020, these measures largely contributed to maintaining production almost without any shutdown and maintaining the threshold of positive cases among employees below 5%, which was also highlighted by members of the Economic Affairs Committee of the National Council of the SR during their visit. Ministers also praised the training center as being of particular benefit to both Whirlpool and employment generally in the region.

Every year, Whirlpool's Corporate Social Responsibility (CSR) Committee prepares events and activities not only for organizations and individuals that receive assistance through the programs, but also for employees of the Company who proudly endorse our strategy and values. During the COVID-19 pandemic, Whirlpool Poprad volunteers supported frontline organizations and social facilities for children and the elderly with Whirlpool products and protective equipment. In total, more than 2,000 protective shield holders and more than 6,000 shields were produced using 3D printing.

The members of the Committee and Company employees continued the project of separating PET bottle caps which this year benefited the Department of Pediatric Oncology, contributing not only to environmental protection, but also to mediated financial assistance. The plastic caps were recycled and the funds acquired exchanged for medical supplies.

The traditionally organized "Vianočný stromček želaní" (Christmas Tree of Wishes) event was this year conducted and disseminated electronically in accordance with all government regulations and Whirlpool EMEA measures. Thus, despite the prevailing measures, children from foster homes and vulnerable families received gifts and their small dreams turned into reality, notwithstanding the dramatic backdrop of the pandemic.

Ski training organized in 2020 for employees' children had record attendance of 70, while unfortunately, the summer camp did not take place due to the COVID-19 pandemic and associated restrictions.

The educational and CSR Summit award-winning project entitled "Chvilé, ktorými sa neplytvá" ("Moments that are Not Wasted") is part of Whirlpool activities for the 5th season. More than 170 schools, this time from all over Slovakia, joined this educational project intended for primary school grades one to four, which was also implemented in virtual form. The project objective was to teach pupils not to waste food or natural resources and how to separate waste correctly.

In addition to significant events which were a welcome disruption to the normal routine at the plant, regular, albeit limited, Company activities were ongoing throughout 2020 to achieve goals and meet strategies through talent support and development. Ongoing educational activities featured both traditional training sessions, which in 2020 were conducted mostly online, and those targeted at instilling in employees the basic principles and tools of WCM methodology. Thanks to trained staff, these were subsequently reflected in improved manufacturing standards and processes.

Other information

Research and development (R&D) costs

In 2020, the Company incurred R&D costs of €3,947 thousand, which it fully re invoiced to the parent company based on a contract on R&D activities concluded with the Whirlpool Corporation.

Profit distribution proposal

The Company's General Meeting will determine the distribution of pre-tax profit of €9,940 thousand generated during the period between 1 January 2020 and 31 December 2020. The statutory body's proposal to the General Meeting is to use the profit to pay part of accumulated losses from previous periods.

Significant events after the balance sheet date

No events occurred after 31 December 2020 that would require disclosure in the Annual Report.

Miscellaneous

The Company is not exposed to risks other than those described in the accompanying financial statements.

The Company does not have any organizational units outside the territory of the Slovak Republic.

Independent Auditor's Report

To the Owner and Statutory Representatives of WHIRLPOOL SLOVAKIA spol. s r.o.:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of WHIRLPOOL SLOVAKIA spol. s r.o. (the Company), which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by EU ("IFRS EU").

Basis for Qualified Opinion

As detailed in the notes to the financial statements, the Company was subject to tax inspection focused on the corporate income tax return for 2014. No provision was created in connection with this tax inspection as management of the Company believe that they will be successful in defending their position regarding the legitimacy of the transfer pricing mechanism applied in 2014 and other tax periods. All amounts of VAT claims which the tax authority has offset against the additional corporate income tax charged based on the tax inspection are reported as receivable due from the tax authority. Given the development and complexity of the case, however, the Company's management was not able to provide us with sufficient appropriate audit evidence about whether the aforementioned receivable from the tax authority is recoverable and whether any provision for the additional tax and related penalty was necessary to be recognized in the Company's financial statements. Consequently, we were unable to determine whether any adjustments were necessary to the value of receivable from the tax authority and the value of provisions reported in the financial statements.

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Statutory Audit No. 423/2015 Coll. and on amendments to the Act on Accounting No. 431/2002 Coll., as amended by later legislation ("the Act on Statutory Audit") related to ethics, including Auditor's Code of Ethics, that are relevant to our audit of the financial statements, and we have fulfilled other requirements of these provisions related to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give true and fair view in accordance with IFRS EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the presented information as well as whether the financial statements captures the underlying transactions and events in a manner that leads to their fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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.

Report on Other Legal and Regulatory Requirements

Report on Information Disclosed in the Annual Report

Management is responsible for the information disclosed in the annual report, prepared based on requirements of the Act on Accounting No. 431/2002 Coll., as amended by later legislation ("the Act on Accounting"). Our opinion on the financial statements expressed above does not apply to other information contained in the annual report.

In connection with audit of the financial statements it is our responsibility to understand the information disclosed in the annual report and to consider whether such information is not materially inconsistent with audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated.

We considered whether the Company's annual report contains information, disclosure of which is required by the Act on Accounting.

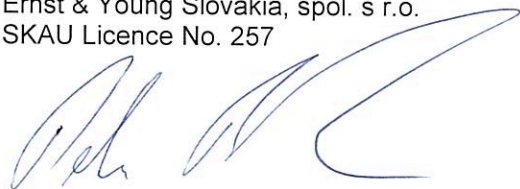
Based on procedures performed during the audit of financial statements, in our opinion:

- Information disclosed in the annual report prepared for 2020 is consistent with the financial statements for the relevant year,
- The annual report contains information based on the Act on Accounting.

Additionally, based on our understanding of the Company and its situation, obtained in the audit of the financial statements, we are required to disclose whether material misstatements were identified in the annual report, which we received prior to the date of issue of this auditor's report. In this regard, there are no further findings which we should disclose, except for those described in the Basis for Qualified Opinion paragraph of our Report on the Audit of the Financial Statements.

22 December 2021
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

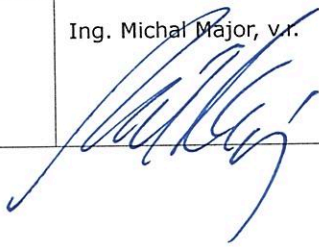

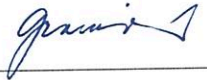


Ing. Peter Bobík, statutory auditor
UDVA Licence No. 1065

WHIRLPOOL SLOVAKIA spol. s r.o.

Individual financial statements prepared in accordance
with International Financial Reporting Standards

31 December 2020

Prepared on: 29.6.2021	Signature of the Company's statutory body:	Signature of the person responsible for the preparation of the financial statements:	Signature of the person responsible for bookkeeping:
Approved on:	Ing. Michal Major, v.r. 	Ing. Andrea Budáčová, v.r. 	Ing. Miroslava Graindová, v.r. 

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Individual statement of comprehensive income

	Note	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Revenues	4	253,058	260,038
Other operating income	5	5,237	3,799
Material costs and changes in inventories		(188,396)	(193,902)
Employee benefits expense	6	(25,571)	(25,270)
Transport costs		(12,305)	(11,862)
Fees for services within the Group	24	(7,546)	(8,515)
Depreciation and amortization	9,10	(7,545)	(8,000)
Other operating costs	7	(6,983)	(6,442)
Interest income		22	54
Interest expense		(31)	(47)
Profit before tax		9,940	9,853
Income tax	8	(858)	(1 225)
Profit for the period		9,082	8,628
Other comprehensive income:			
Net gain on cash flow hedges		489	590
Deferred tax effect		(103)	(93)
Other comprehensive income for the period		386	497
Total comprehensive income for the period		9,468	9,125

The accompanying notes on pages 5 – 33 are an integral part of these financial statements.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK FINANCIAL STATEMENTS

Individual statement of changes in equity

	Note	31.12.2020 EUR '000	31.12.2019 EUR '000
Assets			
Non-current assets			
Property, plant and equipment	9	48,010	51,585
Intangible assets	10	847	875
Investments in subsidiaries	11	8,385	8,385
Deferred tax asset	20	12,658	13,465
		<u>69,900</u>	<u>74,310</u>
Current assets			
Inventories	12	10,278	9,850
Trade receivables	13	38,140	43,300
Receivable from the tax office	21	7,940	4,576
Loans granted	24	26,709	3,958
Other current assets	14	8,198	6,557
Derivative financial instruments	19	345	121
Cash and cash equivalents	15	3,038	1,429
		<u>94,648</u>	<u>69,791</u>
Total assets		<u>164,548</u>	<u>144,101</u>
Equity and liabilities			
Equity			
Share capital	16	128,500	128,500
Revaluation of derivative financial instruments	19	273	(113)
Accumulated losses		<u>(100,486)</u>	<u>(109,568)</u>
Total equity		<u>28,287</u>	<u>18,819</u>
Non-current liabilities			
Provisions	18	2,206	2,037
Lease liabilities	23,25	28	367
Derivative financial instruments	19	-	28
		<u>2,234</u>	<u>2,432</u>
Current liabilities			
Trade and other payables	17	133,528	122,040
Income tax payable		25	48
Lease liabilities	23,25	339	396
Provisions	18	135	129
Derivative financial instruments	19	-	237
		<u>134,027</u>	<u>122,850</u>
Total liabilities		<u>136,261</u>	<u>125,282</u>
Total equity and liabilities		<u>164,548</u>	<u>144,101</u>

The accompanying notes on pages 5 - 33 are an integral part of these financial statements.

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Individual statement of changes in equity

	Share capital	Revaluation of derivative financial instruments	Accumulated losses	Total
	EUR '000	EUR '000	EUR '000	EUR '000
As at 1 January 2019	128,500	(610)	(118,195)	9,695
Total comprehensive income for the period	-	497	8,628	9,125
As at 1 January 2020	128,500	(113)	(109,568)	18,819
Total comprehensive income for the period	-	386	9,082	9,468
As at 31 December 2020	128,500	273	(100,486)	28,287

The accompanying notes on pages 5 - 33 are an integral part of these financial statements.

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Individual statement of cash flows

	Note	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Operating activities			
Profit for the year before tax		9,940	9,853
Adjusted by:			
Depreciation and amortization	9,10	7,545	8,000
Loss from sale of non-current assets	5	4	-
Interest income		(22)	(54)
Interest expense		31	47
Other non-cash items		176	998
Operating cash flows before changes in working capital		17,674	18,844
(Increase) decrease in inventories		(428)	(3,514)
(Increase) decrease in receivables and other current assets		(19,232)	(12,270)
Increase in payables		11,488	7,474
Income tax paid		(3,541)	(4,808)
Interest received		22	54
Interest paid		(31)	(47)
Net cash flows from operating activities		5,951	5,733
Investing activities			
Proceeds from sale of property, plant and equipment		42	-
Acquisition of property, plant and equipment		(3,989)	(3,969)
Net cash flows from investing activities		(3,947)	(3,969)
Financing activities			
Repayments of lease liabilities		(396)	(399)
Net cash flows from financing activities		(396)	(399)
Net increase in cash and cash equivalents		1,609	1,365
Cash and cash equivalents at the beginning of the year	15	1,429	64
Cash and cash equivalents at the end of the year	15	3,038	1,429
Balance of cash and bank at the end of the year		3,038	1,429

The accompanying notes on pages 5 - 33 are an integral part of these financial statements.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK FINANCIAL STATEMENTS

1. General information

WHIRLPOOL SLOVAKIA spol. s r. o. ("the Company"), registered in the Slovak Republic, was founded on 12 May 1992 as a joint-stock company. It was transformed into a limited liability company on 29 September 2000 and incorporated in the Commercial Register of the Slovak Republic (Commercial Register of the District Court, Prešov, Section Sro, Entry N° 32649/P). The Company's identification number (IČO) is 35796570; the Company's tax identification number (DIČ) is 2020257679.

The Company's registered office is at Hlavná 5039/1A, 058 01 Poprad, Slovak Republic.

The members of the Company's statutory bodies as of 31 December 2020 were as follows:

Ing. Michal Major (from 29 April 2015)

Jaroslav Grygar (from 11 October 2018)

The Company's principal activity is the manufacture and sales of automatic washing machines, performed in the production plant in Poprad, for the global needs of the Whirlpool Group.

WHIRLPOOL SLOVAKIA spol. s r.o. is a wholly owned subsidiary of Whirlpool International Manufacturing S.a.r.l. with its registered offices at rue de Neudorf 560A, Luxembourg L-2220, Luxembourg and its ultimate parent company is Whirlpool Corporation, 2000 North M-63, Benton Harbor, Michigan 49022, USA.

In 2020, the Company's average number of employees was 1,243 (2019: 1,226), of which 16 employees were members of senior management (2019: 16).

The Company does not have unlimited liability in any entity.

The Company's financial statements for the previous period were approved by the General Meeting of shareholders on 6 April 2021.

2. Significant accounting policies

2.1 Statement of compliance

These individual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'), and adopted by the European Union ('EU') and as per Act No. 431/2002 Coll. on Accounting.

2.2 Basis of financial statements preparation

The individual financial statements have been prepared on a historical cost basis, with the exception of derivative financial instruments, which have been measured at fair value. The basic accounting policies adopted are outlined below.

The individual financial statements have been prepared as ordinary financial statements on a going concern basis.

The information in these individual financial statements is given in thousands of EUR (EUR '000), unless indicated otherwise. Negative values are shown in parentheses.

The Company's accounting period corresponds to the calendar year.

2.3 Information on consolidation group

The Company is a parent company with a 99% shareholding in Whirlpool Slovakia Home Appliances spol. s r. o., with registered office at Galvaniho 17/C, 820 09 Bratislava.

For the accounting period from 1 January to 31 December 2020, the Company will prepare consolidated financial statements as per Act No. 431/2002 Coll. on Accounting in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). These consolidated financial statements will be available at the Company's registered office.

Consolidated financial statements for the whole Whirlpool Group are prepared by Whirlpool Corporation. These consolidated financial statements are available at the registered office of Whirlpool Corporation.

2.4 Significant accounting policies

Revenue recognition

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires revenue to be recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes.

Revenue from sale of products and spare parts

Revenue from sale of products and spare parts is recognized when the control over the products and spare parts sold have passed to the buyer.

Services

Revenue from research and development or other services is recognized after the particular service is rendered or delivered.

2.4 Significant accounting policies (continued)**Presentation currency**

The individual financial statements are presented in the currency of the primary economic environment in which the Company conducts its business activities, the Euro (EUR), being the Company's functional currency.

Foreign currency

Transactions denominated in a currency other than the functional currency (i.e. in foreign currency) are translated into the functional currency using the exchange rate valid as at the transaction date. Upon preparation of the financial statements, monetary amounts denominated in foreign currency are translated using the exchange rate valid at the balance sheet date. Non-monetary items valued at acquisition cost in foreign currency are not recalculated. Foreign exchange differences arising from the settlement and translation of monetary items are included in profit or loss for the period.

Investments in subsidiaries

Investments in subsidiaries are stated at carrying amount (i.e. at acquisition costs less accumulated impairment loss).

Leases

The determination whether an arrangement contains or is a lease depends on the substance of the arrangement at inception date. If fulfillment of the arrangement depends on the use of a specific asset or conveys the right to use the asset, it is deemed to contain a lease element and is recorded accordingly.

The Company recognizes the right-of-use assets and lease liabilities for most leases.

The Company measures the right-of-use asset at cost, less accumulated depreciation and any accumulated impairment losses. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined, otherwise the Company as lessee applies incremental borrowing rate. The lease liability is measured subsequently using the effective interest rate method.

The Company recognizes the lease payments associated with short-term leases and low-value assets as expense in the profit or loss. The Company presents right-of-use assets from leases in 'Property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

Employee benefits

The Company makes contributions to mandatory and supplementary pension savings schemes.

The Company makes contributions to the State health, social insurance and unemployment funds; the amount of these contributions is calculated on the basis of legal regulations and withheld from employees' gross wages. The costs of these contributions are posted to the profit or loss in the same period as the related payroll expenses.

For employees participating in the supplementary pension insurance scheme, the Company contributes an additional 1 – 3.5% of the total monthly tariff wage, depending on the number of years worked for the Company and the number of years remaining before the respective employee retires.

2.4 Significant accounting policies (continued)*Bonus schemes*

The liability arising from employee benefits in the form of bonus schemes is recognized within liabilities to employees in the Statement of Financial Position. Liabilities arising from bonus schemes are stated at the amount expected to apply when the liability falls due.

Working jubilee benefit

The Company also pays bonuses for working jubilees. The liability arising from this employee benefit is the present value of the working jubilee bonuses as of the balance sheet date, adjusted by actuarial gains or losses and costs of past service. The liability for working jubilees is calculated using the projected unit credit method. The present value of the obligation is determined by the estimated future cash outflows using interest rates of high-quality corporate bonds.

Actuarial gains and losses arising from empirical adjustments and changes in actuarial assumptions are recognized in profit and loss when incurred. Changes and adjustments to the working jubilee benefits scheme are recognized in profit and loss during the average remaining period of service of respective employees.

Taxes

The income tax charge consists of current and deferred taxes.

The quantification of the tax base and calculation of current tax is based on the profit / loss for the period as disclosed in the Statement of Comprehensive Income, adjusted for non-deductible items of revenues or expenses, as specified in the relevant tax regulations. The Company's current tax liability is calculated using the tax rates valid as at the balance sheet date.

Deferred income tax is calculated using the balance sheet liability method. Deferred income taxes reflect the net tax impacts of temporary differences between the carrying values of assets and liabilities for financial reporting purposes and the values used for income tax purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax loss carryforwards and unused tax credits, when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized.

The carrying value of deferred tax assets is re-assessed at the balance sheet date and reduced if it is no longer probable that there will be sufficient future taxable income against which the assets, or part thereof, can be utilized.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the years in which the relevant liabilities will be settled or the assets recovered. Deferred tax assets and liabilities are included in the profit or loss, except when they relate to items posted directly to equity. In this case, the related deferred tax is also posted to equity.

Deferred tax assets and liabilities are offset if there is a legal entitlement to settle tax assets and liabilities due, when they relate to income tax assessed by the same tax authority and when the Company intends to recognize its due tax assets and liabilities on a net basis.

2.4 Significant accounting policies (continued)***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less accumulated depreciation, depletion and accumulated impairment losses. Land is not depreciated. Acquisition cost consists of all expenses directly related to bringing the assets into operational condition for planned use.

Construction in progress represents plant and property under construction and is stated at acquisition cost. Construction in progress is not depreciated until the relevant asset is brought into operational condition and is put in use.

Special tools are depreciated on the basis of the number of units produced (if it is impossible to determine the number of units produced, they are depreciated on a straight-line basis over a period of 4 years).

The depreciation method for most equipment is also based on the number of units produced, except when production is decreased below a defined minimum level; then the straight-line basis is used.

The estimated useful economic lives are as follows:

Buildings and structures	40 years
Machines and equipment	5 – 15 years

Leased assets are depreciated on a straight-line basis over the estimated lease term or the useful life of the asset, depending on which one is shorter.

The useful economic lives and depreciation methods are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits to be derived from the items of property, plant and equipment.

Non-current tangible assets are de-recognized on disposal or when no future economic benefits are expected from further use of the assets. The related profit or loss from de-recognition of the assets, determined by comparing sale proceeds with the carrying value of the related assets, is posted to the profit or loss in the year when the assets are de-recognized.

Intangible assets**Software**

Software is stated at cost less accumulated amortization and impairment losses. Expenses which improve or extend the use of the software over the original specification are shown as technical enhancements and are added to the historic cost of the software. These costs are amortized over their estimated useful economic life (3-7 years).

Licenses

Licenses which were acquired with the software are stated at cost less accumulated amortization and impairment losses. License fees are written off on a straight-line basis over the period of the license contract (7 years). Other license fees are posted directly to the profit or loss.

Impairment of tangible and intangible assets

The Company reviews the carrying value of intangible assets and property, plant and equipment on each balance sheet date to identify any signs of impairment. If any indication of impairment is revealed, the Company prepares an estimate of the recoverable value of the asset to determine the extent of potential impairment losses. If the recoverable value of an individual asset cannot be determined, the Company determines the recoverable value of the cash-generating unit to which the relevant asset belongs.

2.4 Significant accounting policies (continued)

The recoverable value is the higher of fair value less costs to sell or value in use. The assessment of value in use is based on an estimate of future cash flows, discounted to their current value using a pre-tax discount rate that reflects the current market assessments of the time-value of money and the risks specific to the asset.

If the estimate of the recoverable value of the asset (or of the cash-generating unit) is lower than its carrying value, the assets (or cash-generating units) carrying value is reduced to reflect its recoverable value. Impairment losses are posted directly to the profit or loss.

If an impairment loss is subsequently reversed, the carrying value of the asset (or cash-generating unit) is increased to the adjusted estimate of its recoverable value; the increased carrying value, however, must not exceed the accounting value that would have been determined if no impairment loss had been recognized on the asset (cash-generating unit) in previous years. Reversals of impairment losses are posted to the profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price less all estimated costs of completion and marketing, selling and distribution costs.

The acquisition cost includes the purchase price plus other expenses incurred in bringing the inventories into their current condition and to their current storage location. The acquisition cost of finished goods and work-in-progress includes direct material, direct wages and related overhead costs based on the usual production capacity.

Inventory additions and disposals are recognized using standard prices that approximate to actual acquisition cost.

Financial instruments**Classification and measurements of financial instruments**

Financial assets and financial liabilities carried on the Statement of Financial Position include cash and cash equivalents, trade receivables and payables and other receivables and payables, loans and borrowings and derivative financial instruments. The accounting policies for recognition and measurement of these items are set out below. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual agreement.

Based on results of business model test and cash flow characteristics test, financial assets within the scope of IFRS 9 are classified as either financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, or financial assets at fair value through profit or loss.

Financial assets measured at amortized cost

Financial assets measured at amortized cost are those financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are initially recognized at fair value including directly attributable transaction costs. After initial measurement financial assets measured at amortized cost are subsequently carried at amortized cost using the effective interest rate method less any allowance for impairment.

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit/loss for the period when the assets are derecognized or impaired, as well as through the amortization process.

2.4 Significant accounting policies (continued)

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit/loss for the period when the assets are derecognized or impaired, as well as through the amortization process.

Financial assets measured at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those financial assets that is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are initially recognized at fair value.

Interest revenue, impairment gains and losses, and a portion of foreign exchange gains and losses, are recognized in profit and loss on the same basis as for Financial assets measured at amortized cost.

Changes in fair value are recognized initially in other comprehensive income. When debt instruments are derecognized or reclassified, changes in fair value previously recognized in other comprehensive income and accumulated in equity are reclassified to profit and loss on a basis that always results in an asset measured at fair value through other comprehensive income having the same effect on profit and loss as if it were measured at amortized cost.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets which are not classified in any of the two preceding categories or financial instruments designated upon initial recognition as at fair value through profit or loss.

When financial assets at fair value through profit or loss are recognized initially, they are measured at fair value. Changes in fair value are recognized in profit and loss as they arise.

Fair value

The Company considers three levels of hierarchy to nominate the fair value of financial instruments. First level: the fair value of financial instruments which are actively traded on organized financial markets is nominated based on quoted market prices. Second level: the fair value of financial instruments for which no quoted market price is available is nominated based on the actual market price of another instrument which is basically identical. Third level: fair value is determined based on discounted cash flows from the net assets underlying the financial instrument.

Derecognition of financial instruments

The derecognition of a financial asset takes place when the Company no longer controls the contractual rights that comprise the financial asset, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

2.4 Significant accounting policies (continued)Impairment of financial assets

The Company assesses at each end of the reporting period whether a financial asset or group of financial assets measured at amortized cost or at fair value through other comprehensive income is impaired.

As a general approach, impairment losses on a financial asset or group of financial assets are recognized for expected credit losses at an amount equal to:

- 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date), or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The loss allowance for financial instruments is measured at an amount equal to full lifetime expected losses if the credit risk of a financial instrument has increased significantly since initial recognition. When the credit risk of the financial instrument is low at the reporting date (in which case it can be assumed that credit risk on the financial instrument has not increased significantly since initial recognition) - 12-month expected credit losses can be applied for the measurement.

The Company applies the simplified approach to recognize full lifetime expected losses from origination for trade receivables and other financial receivables. For all other financial instruments, general approach is applied.

An entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Independently of the two approaches mentioned above, impairment losses recognized where there is an objective evidence on impairment due to a loss event and this loss event significantly impacts the estimated future cash flows of the financial asset or group of financial assets. These are required to be assessed on a case-by-case basis. The maximum amount of impairment accounted for by the Company is 100% of unsecured part of the financial asset. The amount of loss is recognized in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Trade receivables

Trade receivables are initially recognized at fair value (in accordance with the respective invoice); subsequently, their amount is adjusted for interest accruals using the effective interest rate method and decreased by bad debts allowance for impairment. A bad debts allowance for impairment is established for trade receivables when there is objective evidence that the Company will not be able to recover all the due amounts on the basis of the initial maturity terms. Indicators of impairment in receivables include substantial financial difficulties on the part of a debtor, the probability of a debtor being declared bankrupt, or a default in payments.

The carrying value of receivables is reduced indirectly using bad debts allowance and the resulting impairment loss is recognized in the profit or loss. The release of provisions is presented as a decrease in costs in the profit or loss.

2.4 Significant accounting policies (continued)Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks (non-term deposits) and other current highly liquid investments that are directly convertible to a known amount of cash and whose value is not subject to any material changes.

Loans and borrowings

Interest-bearing bank loans and borrowings are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Trade payables

Trade payables are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

Derivative financial instruments and recognition of hedges

In its business activities, the Company is mainly exposed to financial risks arising from changes in foreign exchange rates and market prices of certain raw materials. The Company uses derivative financial instruments (mainly commodity swaps and currency forwards) to hedge its future cash flow risks related to changes in exchange rates and price fluctuations.

The use of derivative financial instruments is subject to the rules of the ultimate parent company, Whirlpool Corporation, and takes place in cooperation with the parent company's Treasury Department. The Company does not use derivative financial instruments for speculative or commercial purposes.

Derivative financial instruments are initially recognized at fair value as at the date of concluding the relevant agreement, and subsequently revalued to fair value at each balance sheet date. Recognition of changes in the fair value of derivative financial instruments depends on the type of hedge and on whether the derivative financial instrument is designated as a hedge. The Company uses cash flow hedges.

The derivative financial instruments are designated as cash flow hedges and are used to mitigate the effects of future cash flow fluctuations. The effective portion of unrealized gains and losses of the derivative financial instrument designated as a hedge is posted direct to equity and reclassified into the profit or loss in the same period as that in which the hedged transaction occurs. The ineffective portion of unrealized gains and losses, if any, is posted to other operating income/expense in the profit or loss.

Changes in the fair value of the derivative financial instruments that are not designated or do not qualify for recognition as a hedge are recognized in profit or loss.

Hedges are de-recognized upon their expiry, sale, termination of agreement or realization, respectively, or when they no longer meet the criteria for hedge accounting. In this case, any cumulative profit or loss generated by the hedge recognized in equity is reclassified to the profit or loss.

Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable (i.e. more likely than not) 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. Provisions are stated on the basis of the management's best estimates of costs necessary to settle the obligation as at the balance sheet date. If the effect of the time-value of money is material, provisions are discounted using a current pre-tax rate.

2.5 Significant accounting estimates and assumptions

The preparation of financial statements in line with IFRS requires the management to use estimates and assumptions that affect the values of the assets and liabilities disclosed in the financial statements and notes thereto. Although the Company's management makes these estimates on the basis of their current best knowledge, the actual results may differ from these estimates. The most significant assumptions relate to the calculation of the fair value of derivative financial instruments, determination of the depreciation methods and the useful economic lives of non-current tangible assets, quantification of the collectability of receivables (calculation of bad debts allowance) and calculation of the provision for obsolete inventories.

Impact of COVID-19

The COVID-19 pandemic and the following economic crisis have created challenges and shifts in priorities of the whole society, including the Company. The COVID-19 has exposed the Company and its employees, customers and partners to significant health and safety risks; lockdown has caused operational problems and tested the flexibility of the Company. The pandemic has affected estimations of uncertainty during the period. These uncertainties have been taken into account in certain areas, such as impairment testing, recoverability of deferred tax assets and the calculation of employee benefits.

Deferred taxes

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the assets can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets at 31 December 2020 was EUR 12,658 thousand (31 December 2019: EUR 13,465 thousand).

Actuarial estimates in the calculation of employee benefits obligations

The costs of employee benefits are determined by actuarial calculations. These calculations include estimation of discount rates, future salary increases, mortality or fluctuation rates. Due to the long-term nature of employee benefit schemes, such estimates are subject to significant uncertainty. Provision for long-term employee benefits at 31 December 2020 amounted to EUR 2,341 thousand (31 December 2019: EUR 2,166 thousand).

3. Changes in accounting policies

The accounting policies adopted are consistent with those applied in the financial statements as of 31 December 2019.

During the accounting period, the Company applied the following new and revised IFRS standards and IFRIC interpretations:

- IFRS 3 Business Combinations – Amendment clarifying the definition of a business
- IFRS 7 Financial Instruments: Disclosures – Amendment related to IBOR reform
- IFRS 9 Financial Instruments: Classification and Measurement – Amendment related to IBOR reform
- IAS 1 Presentation of Financial Statements – Amendment on the definition of materiality
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendment on the definition of materiality
- IAS 39 Financial Instruments: Recognition and Measurement – Amendment related to IBOR reform
- Addendum on the addition of references to the conceptual framework in the IFRS standards

The adoption of new and amended IFRS standards and interpretations, did not have any impact on the Company's financial statements.

3. Changes in accounting policies (continued)

3.1 International Financial Reporting Standards that have been issued but are not yet effective

As of the date of approval of these individual financial statements, the following standards and interpretations have been issued but are not effective:

- IFRS 3 Business Combinations - Amendment updating references to the conceptual framework (effective for annual periods beginning on or after 1 January 2022; this amendment has not been endorsed by the EU yet)
- IFRS 4 Insurance Contracts - Amendment related to IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 4 Insurance Contracts - Amendment on postponement of IFRS 9 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 7 Financial Instruments: Disclosures - Amendment related to IBOR reform (effective for annual periods beginning on or after 1 January 2020)
- IFRS 9 Financial Instruments: Classification and Valuation - Amendment related to IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2022; this amendment has not yet been endorsed by the EU)
- IFRS 16 Leases - Amendment to the Lessee Exemption from the Assessment of whether a Rent Adjustment for COVID-19 is a Lease Modification (effective for annual period beginning on or after 1 June 2021)
- IFRS 16 Leases - Amendment related to IBOR reform - Phase 2 (effective for annual periods beginning on or after 1 January 2021)
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023; this standard has not yet been endorsed by the EU)
- IAS 1 Presentation of Financial Statements - Amendment related to classification of liabilities (effective for annual periods beginning on or after 1 January 2023; this amendment has not been endorsed by the EU yet)
- IAS 1 Presentation of Financial Statements - Amendment on disclosing accounting policies (effective for annual periods beginning on or after 1 January 2023; this amendment has not yet been endorsed by the EU)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendment related to the definition of accounting estimates (effective for annual periods beginning on or after 1 January 2023)
- IAS 16 Property, Plant and Equipment - Amendment related to proceeds from selling items produced while bringing an asset into location and condition necessary for it to be capable of operating in the manner intended by management (effective for annual periods beginning on or after 1 January 2022; this amendment has not yet been endorsed by the EU)
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendment related to costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous (effective for annual periods beginning on or after 1 January 2022; this amendment has not yet been endorsed by the EU)
- IAS 39 Financial Instruments: Recognition and Measurement - Amendment related to IBOR reform (effective for annual periods on or after 1 January 2021)
- Annual improvements 2018 - 2020 (effective for annual periods beginning on or after 1 January 2022; this amendment has not yet been endorsed by the EU)

The Company management expects that adoption of these standards, interpretations and amendments will not have any significant impact on the Company's individual financial statements.

Notes to the individual financial statements

4. Revenues

	Year ended 31.12.2020	Year ended 31.12.2019
	EUR '000	EUR '000
Revenues from sale of finished goods and services	251,757	258,630
Revenues from sale of components	1,301	1,408
	<u>253,058</u>	<u>260,038</u>

5. Other operating income

	Year ended 31.12.2020	Year ended 31.12.2019
	EUR '000	EUR '000
Income from re-invoicing of research and development costs	3,947	3,366
Received state subsidies	1,028	-
Gain on sale of materials and packaging	218	429
Loss from sale of non-current assets	(4)	-
Foreign exchange gains (losses), net	-	(59)
Other operating revenues	48	63
	<u>5,237</u>	<u>3,799</u>

6. Employee benefits expenses

	Year ended 31.12.2020	Year ended 31.12.2019
	EUR '000	EUR '000
Wages and salaries	(18,031)	(17,274)
Social and other insurance costs	(6,885)	(7,407)
Other employee costs	(655)	(589)
	<u>(25,571)</u>	<u>(25,270)</u>

Notes to the individual financial statements

7. Other operating costs

	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Energy consumption	(1,859)	(1,787)
Repair and maintenance	(1,673)	(1,716)
IT services, consulting and advisory	(1,287)	(998)
Rental expenses	(192)	(109)
Research and development costs (material)	(176)	(290)
Representation and travel expenses	(164)	(264)
Taxes and fees	(156)	(134)
Foreign exchange losses, net	(81)	-
Advertising	(19)	(33)
Impairment of receivables	6	(27)
Insurance costs	(46)	(104)
Other costs	(1,336)	(980)
	<u>(6,983)</u>	<u>(6,442)</u>
Audit and assurance service expenses:		
	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Statutory audit	(142)	(142)
Other services	(13)	(13)
Total costs	<u>(155)</u>	<u>(155)</u>

8. Income tax

	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Income tax payable	(154)	(166)
Deferred tax (Note 20)	(704)	(1,059)
Income tax	<u>(858)</u>	<u>(1,225)</u>

Income tax is calculated using a 21% tax rate (2019: 21%) on taxable income for the year.

Reconciliation of total taxes for the period with accounting loss:

	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Profit before tax:	<u>9,940</u>	<u>9,853</u>
Tax calculated using the local income tax rate of 21%	(2,087)	(2,069)
Tax effect of non-taxable costs	(114)	(193)
Utilization of tax losses carried forward in respect of which a deferred tax asset was not recognized in previous accounting periods	1,343	1,343
Impact of utilized deductible temporary differences in respect of which a deferred tax asset was not recognized in previous accounting periods	-	-
Impact of the recognition of part of the deferred tax asset from tax losses	-	-
Impact of unutilized deductible temporary differences in respect of which a deferred tax asset was recognized in previous accounting periods	-	-
Impact of not recognizing a deferred tax, which was recognized in previous accounting periods	-	(306)
Tax license	-	-
Income tax for the year	<u>(858)</u>	<u>(1,225)</u>

In addition to income tax recognized in profit or loss, deferred tax liability of EUR 103 thousand was recognized in other comprehensive income (2019: deferred tax liability: EUR 93 thousand, see Note 20).

9. Property, plant and equipment

	Land EUR '000	Buildings and structures EUR '000	Machines, vehicles and equipment EUR '000	Special tools EUR '000	Assets under construction EUR '000	Total EUR '000
Acquisition cost						
At 1 January 2019	1,604	50,894	96,901	54,068	2,688	206,155
Additions	-	-	-	-	3,704	3,704
Disposals	-	-	(887)	(1,619)	-	(2,506)
Transfers	-	276	1,848	1,386	(3,510)	-
At 1 January 2020	1,604	51,170	97,862	53,835	2,882	207,353
Additions	-	-	-	-	3,839	3,839
Disposals	-	-	(1,820)	(251)	-	(2,071)
Transfers	-	201	1,042	1,284	(2,527)	-
At 31 December 2020	1,604	51,371	97,084	54,868	4,194	209,119
Depreciation and impairment						
At 1 January 2019	-	25,135	79,492	45,841	-	150,468
Depreciation charge for the year	-	1,179	3,337	3,291	-	7,807
Disposals	-	-	(887)	(1,619)	-	(2,506)
At 1 January 2020	-	26,314	81,942	47,513	-	155,769
Depreciation charge for the year	-	1,189	3,037	3,095	-	7,321
Disposals	-	-	(1,816)	(163)	-	(1,979)
At 31 December 2020	-	27,503	83,163	50,445	-	161,111
Net book value						
At 31 December 2020	1,604	23,868	13,921	4,423	4,194	48,010
At 31 December 2019	1,604	24,856	15,921	6,322	2,882	51,585

Machines, vehicles and equipment include assets acquired through leasing at acquisition cost of EUR 1,162 thousand (31 December 2019: EUR 1,162 thousand). Depreciation of respective assets for 2020 was EUR 396 thousand (2019: EUR 399 thousand) and accumulated depreciation of these assets as at 31 December 2020 amounted to EUR 795 thousand (31 December 2019: EUR 399 thousand).

No lien has been established on land, buildings and equipment in favor of the creditor.

In 2020 and 2019, the company did not record an impairment to PPE.

Acquisition cost of fully depreciated property, plant and equipment, which are still in use, was as at 31 December 2020 in amount of EUR 102,680 thousand (31 December 2019: EUR 99,387 thousand).

Land, buildings and equipment are insured by Generali poisťovňa, a.s. The insurance covers specific types of risk, including damage to machinery and equipment, and amounts to EUR 237,863 thousand.

Notes to the individual financial statements

10. Intangible assets

	License fees EUR '000	Software EUR '000	Total EUR '000
Acquisition costs			
As at 1 January 2019	-	1,482	1,482
Additions	-	265	265
Disposals	-	(21)	(21)
As at 1 January 2020	-	1,726	1,726
Additions	-	196	196
Disposals	-	(4)	(4)
As at 31 December 2020	-	1,918	1,918
Amortization			
As at 1 January 2019	-	679	679
Amortization charge for the year	-	193	193
Disposals	-	(21)	(21)
As at 1 January 2020	-	851	851
Amortization charge for the year	-	224	224
Disposals	-	(4)	(4)
As at 31 December 2020	-	1,071	1,071
Net book value			
As at 31 December 2020	-	847	847
As at 31 December 2019	-	875	875

11. Investments in subsidiaries

Business name	Country of registration	Activity	Ownership interest 2020 %	Ownership interest 2019 %	Carrying value 2020 EUR '000	Carrying value 2019 EUR '000
Whirlpool Slovakia Home Appliances spol. s.r.o.	Slovakia	Distribution and sale	99.99	99.99	8,333	8,333
Other					52	52
Investments in subsidiaries total					8,385	8,385

11. Investments in subsidiaries (continued)

Overview of equity and profit (loss):

Business name	Equity 2020	Equity 2019	Profit/(loss) 2020	Profit/(loss) 2019
	EUR '000	EUR '000	EUR '000	EUR '000
Whirlpool Slovakia Home Appliances spol. s r. o.	8,862	8,738	124	(238)
Other	-	-	-	-
Total	8,862	8,738	124	(238)

Development of investments in subsidiaries

	Acquisition cost/ carrying value
	EUR '000
1 January 2019	8,385
Additions	-
Disposals	-
31 December 2019	8,385
Additions	-
Disposals	-
31 December 2020	8,385

12. Inventories

	Acquisition cost 31.12.2020 EUR '000	Acq. cost / Net realizable value if lower 31.12.2020 EUR '000	Acquisition cost 31.12.2019 EUR '000	Acq. cost / Net realizable value if lower 31.12.2019 EUR '000
Raw material	7,828	7,697	6,879	6,695
Work in progress	711	711	465	465
Finished goods	1,894	1,870	2,732	2,690
	10,433	10,278	10,076	9,850

No rights of lien have been pledged on the Company's inventories.

The Company's inventories are insured by Generali poisťovňa, a.s. The insurance covers specific types of risk, including damage to inventories, and amounts to EUR 3,113 thousand.

13. Trade receivables

	31.12.2020	31.12.2019
	EUR '000	EUR '000
Trade receivables from related parties (Note 24)	31,959	37,132
Trade receivables from third parties	6,539	6,533
Bad debt allowance	(358)	(365)
	<u>38,140</u>	<u>43,300</u>

In 2020, the Company did not write off any receivables (2019: EUR 316 thousand).

No rights of lien have been pledged on the Company's receivables.

Development of bad debts allowance:

	Year ended 31.12.2020	Year ended 31.12.2019
	EUR '000	EUR '000
Opening balance	365	654
Creation	18	52
Release of allowance	(25)	(25)
Use due to receivables write - off	-	(316)
Closing balance	<u>358</u>	<u>365</u>

14. Other current assets

	31.12.2020	31.12.2019
	EUR '000	EUR '000
VAT receivable	8,000	5,887
Advances provided	48	6
Other assets	150	664
	<u>8,198</u>	<u>6,557</u>

15. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as follows:

	31.12.2020	31.12.2019
	EUR '000	EUR '000
Cash	7	2
Bank accounts	3,031	1,427
	<u>3,038</u>	<u>1,429</u>

15. Cash and cash equivalents (continued)

Interest rates on current bank accounts range from 0% to 0.01% p.a.

16. Equity

The subscribed and paid-up share capital of the company is EUR 128,500 thousand.

17. Trade and other payables

	31.12.2020	31.12.2019
	EUR '000	EUR '000
Trade payables – third parties	115,052	105,706
Trade payables – related parties (Note 24)	5,154	1,449
Other liabilities to related parties (Note 24)	2,381	5,742
Uninvoiced deliveries	7,370	5,809
Liabilities to employees	3,443	3,334
Other liabilities	12	-
	<u>133,528</u>	<u>122,040</u>

Trade and other payables consist of unsettled amounts for purchases related to production and business activities as well as ongoing costs. Of the total value of trade and other payables due to third parties, EUR 430 thousand represents overdue liabilities (31 December 2019: EUR 431 thousand). Overdue trade payables – related parties are presented within note 24 – Related party transactions.

Liabilities to employees also include the social fund:

	Year ended 31.12.2020	Year ended 31.12.2019
	EUR '000	EUR '000
Opening balance	53	24
Creation	182	267
Use	<u>(163)</u>	<u>(238)</u>
Closing balance	<u>72</u>	<u>53</u>

18. Provisions

	Employee benefits	Total
	EUR '000	EUR '000
At 1 January 2020	2,166	2,166
Increase (decrease)	278	278
Use	<u>(103)</u>	<u>(103)</u>
At 31 December 2020	<u>2,341</u>	<u>2,341</u>

18. Provisions (continued)

	31.12.2020 EUR '000	31.12.2019 EUR '000
Of which:		
Current provisions	135	129
Non-current provisions	2,206	2,037
	<u>2,341</u>	<u>2,166</u>

Provision for employee benefits

The Company recognized a provision for employee benefits of EUR 2,341 thousand as of 31 December 2020 (31 December 2019: EUR 2,166 thousand) to cover the estimated liability related to future retirement benefits and working jubilee bonuses.

Under the provisions of the Labour Code and the Collective agreement the Company is obliged to pay its employees at the first termination of their employment after entitlement to pension (including early retirement pension) or disability pension at the request of the employees filed before termination of their employment or within 10 days afterwards a one-off severance payment, representing a multiple of their average monthly income up to 6 average monthly salaries, depending on the number of years worked. The minimum requirement provided in the Labour Code, requesting payment of one average monthly salary upon retirement of disability pension, is already included in these amounts. In addition to retirement provision, the Company creates a provision for working jubilees, depending on the number of years worked.

The provision was calculated using the actuarial method, based on financial and actuarial variables and assumptions that reflect official statistical data which are in line with the corporate business plan.

Development of the present value of the defined benefits program

	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Opening balance	2,166	1,123
Current service cost	160	151
Interest expense	20	18
Provision used during the period	(103)	(92)
Actuarial (gains) and losses resulting from practice	56	(25)
Actuarial (gains) and losses resulting from demographic assumptions	48	178
Actuarial (gains) and losses resulting from financial assumptions	(51)	176
Changes to the contribution plan	45	637
Closing balance	<u>2,341</u>	<u>2,166</u>

The main actuarial assumptions used:

	31.12.2020	31.12.2019
Discount rate	0.43-1.32%	0.91-2.03%
Inflation	2.0%	2.0%
Future salary increases	3.5% for 2021 3% from 2022	3.5% for 2020-21 3% from 2022
Fluctuation (retention in employment)	from 2.6% to 20% depending on the age	from 1.5% to 22% depending on the age

19. Derivative financial instruments

	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
	EUR '000	EUR '000	EUR '000	EUR '000
Commodity swaps	345	-	121	265
	345	-	121	265
Of which:				
Non-current	-	-	-	28
Current	345	-	121	237
	345	-	121	265

Commodity derivatives

The Company uses commodity derivatives to hedge significant future cash flows, namely the purchase of certain raw material, the price of which depends on the price of metals on international markets (mainly copper and aluminum).

The objective of these agreements is to manage price risks mainly in 2021.

Fair value of commodity derivatives as at 31 December 2020 is estimated to assets of EUR 345 thousand (31 December 2019: liability of EUR 144). It results from current forward rates for forwards with similar maturity and includes assets of EUR 345 thousand (31 December 2019: assets of EUR 121 and liabilities of EUR 265 thousand).

Revaluation of commodity derivatives is recognized in other comprehensive income as profit of EUR 489 thousand (31 December 2019: profit of EUR 590 thousand), adjusted for deferred tax liability of EUR 103 thousand (2019: deferred tax liability of EUR 93 thousand).

Notes to the individual financial statements

20. Deferred tax

The following table shows the Company's most important deferred tax liabilities and assets in the current and previous periods:

	Tax/ accounting depreciation difference EUR '000	Liabilities deductible upon payment EUR '000	Unutilized tax loss EUR '000	Derivative financial instruments EUR '000	Other EUR '000	Total EUR '000
As at 1 January 2019	13,099	894	-	134	489	14,616
Recognized in profit/(loss) (Note 8)	(1,016)	333	-	(11)	(365)	(1,059)
Recognized in other comprehensive income	-	-	-	(93)	-	(93)
As at 1 January 2020	12,083	1,227	-	30	124	13,464
Recognized in profit/(loss) (Note 8)	(479)	(209)	-	-	(15)	(703)
Recognized in other comprehensive income	-	-	-	(103)	-	(103)
As at 31 December 2020	11,604	1,018	-	(73)	109	12,658

The Company applied the prudence principle and due to the tax inspection carried out in 2019 (see Note 21) decided not to recognize deferred tax asset of EUR 850 thousand from tax losses carried forward that will expire in 2021. The Company assumes that it will generate sufficient taxable profit in the future which would enable utilization of all temporary deductible differences to which deferred tax asset was recognized.

21. Contingent liabilitiesContingent tax liabilities

The Company was subject to tax inspection focused on the corporate income tax return for the year 2014. Based on decision of the Tax office for selected tax payers from 26 March 2019 the Tax office did not accept expenses related to Residual Allocation Methodology ("RAM") of EUR 41,444 thousand, trademark license fees of EUR 2,663 thousand and technology license fees of EUR 3,839 thousand as tax-deductible expenses in the corporate income tax calculation, as a result of which the Company was instructed to pay additional income tax for 2014 of EUR 7,942 thousand (related interest charges represent EUR 1,767 thousand). The decision of the Tax office was upheld by the decision of the Financial Directorate of the Slovak Republic from 9 August 2019 and the Tax office started offsetting VAT receivables of the Company against the additional income tax charged based on the tax inspection. The Tax Office offset EUR 7,940 thousand as at 31 December 2020 (31 December 2019: EUR 4,576 thousand) in respect of which a receivable due from the Tax authorities was recognized by the Company in its Statement of Financial Position. The management of the Company filed a petition for judicial review of both decisions and has requested that the court revokes both these decisions.

The Company management remains confident that it will be able to justify the legitimacy of the transfer pricing mechanism applied in 2014 and other periods (of which RAM, trademark license fees and technology license fees were an integral part) and thus sustain the legitimacy of expenses related to RAM, trademark license fees and technology license fees as tax-deductible expenses.

22. Commitments

	31.12.2020 EUR '000	31.12.2019 EUR '000
Contractual commitments from acquisition of land, buildings and equipment	186	1,666

Contracted liabilities as of 31 December 2020 relate to purchase orders made in respect of acquisition of fixed assets, repair and other services, which were ordered in 2020 but only delivered in 2021.

23. Lease liabilities

The present value of minimum lease payments is as follows:

	EUR '000
Lease liabilities as at 1 January 2019	1,162
Lease additions	-
Lease payments	(399)
Lease liabilities as at 1 January 2020	763
Lease additions	-
Lease payments	(396)
Lease liabilities as at 31 December 2020	367

	31.12.2020 EUR '000	31.12.2019 EUR '000
Short-term lease liabilities	339	396
Long-term lease liabilities	28	367
Total lease liabilities	367	763

24. Related party transactions***Business transactions***

During the year the Company performed business transactions with a number of companies within the Whirlpool Corporation. These transactions and related balances as at 31 December are shown in the following tables:

	Year ended 31.12.2020 EUR '000	Year ended 31.12.2019 EUR '000
Sale of finished goods and spare parts	252,058	259,358
Other operating income	4,083	3,366
Purchase of finished goods, raw material and spare parts	881	408
	31.12.2020 EUR '000	31.12.2019 EUR '000
Trade receivables	31,959	37,132
Loans granted	26,709	3,958
Trade payables	5,154	1,449
Other liabilities	2,381	5,742
Loans received	-	-

Outstanding receivables are not secured and will be settled in cash or offset against liabilities. In 2020 and 2019 the Company did not recognize any bad debts allowance to receivables due from related parties.

On the basis of the Research and Development Activities contract with Whirlpool Corporation, the Company recognized other operating income of EUR 3,947 thousand (2019: EUR 3,366 thousand) for activities performed in the research and development of new products. The receivable in amount of EUR 1,299 thousand in respect of these activities, included in trade receivables, remained unsettled as at 31 December 2020 (31 December 2019: EUR 892 thousand).

Business transactions realized with the Company's subsidiary Whirlpool Slovakia Home Appliances spol. s r. o. were in 2020 represented by revenues of EUR 10,248 thousand from sale of finished goods and spare parts (2019: EUR 12,724 thousand), of which EUR 1,088 thousand remained unsettled as at 31 December 2020 (31 December 2019: EUR 1,122 thousand).

24. Related party transactions (continued)***Other related party transactions***

In addition to the above transactions, the Company pays to Whirlpool Europe s. r. l. Italy fees for administrative and financial services (so-called group service costs) for which a fee of EUR 3,173 thousand (2019: EUR 3,726 thousand) was recognized on the basis of a reasonable distribution of costs incurred by the relevant administrative and financial departments. The amount of EUR 809 thousand remained unsettled as at 31 December 2020 (31 December 2019: EUR 953 thousand).

In addition, under the Distribution Agreements between the Company and distributors within the Whirlpool Group, the distributors have the right to re-invoice the Company for actual costs incurred by them in respect of guarantees provided when selling the products. The value of these costs for 2020 is EUR 4,373 thousand (31 December 2019: EUR 4,789 thousand). Liabilities of EUR 1,572 thousand remained unsettled as at 31 December 2020 (31 December 2019: EUR 4,789 thousand).

As at 31 December 2020, the Company did not receive any loan from related parties (31 December 2019: EUR 0 thousand). Interest expense related to loan received from related parties amounted to EUR 28 thousand at interest rate IBOR + 0.18% (2019: EUR 42 thousand).

As at 31 December 2020, the Company provided a short-term loan to the Whirlpool Group amounting to EUR 26,709 thousand (31 December 2019: EUR 3,958 thousand). The loan is provided with the interest rate of 0.18%. Interest income related to loan granted to related parties amounted to EUR 67 thousand (2019: EUR 54 thousand).

Loans and borrowings provided to and received from related parties were not secured by any collateral.

Remuneration of members of Company`s statutory bodies

Cash and non-cash remuneration of members of the Company's statutory bodies for 2020 amounted to EUR 205 thousand (2019: EUR 195 thousand).

25. Financial risk factors and management

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk, which includes currency, commodity and interest rate risk.

Company management, in cooperation with the Treasury Department of Whirlpool Corporation, manages these risks by identifying and evaluating financial risks. The Company uses derivative financial instruments for the hedging of risks and minimizing their potential impact. Derivative financial instruments are used in accordance with the policy of Whirlpool Group. The Company does not trade with derivative financial instruments, nor does it use them for speculative purposes.

Credit risk

The credit risk of the Company is mainly related to trade receivables. Amounts presented in the Statement of Financial Position are reduced by bad debts allowance for uncollectible receivables. An impairment loss is recognized if a loss is revealed which indicates the lower recoverability of receivables based on prior experience.

Trade receivables from related parties within the Whirlpool Group represent 84% (2019: 86%) of total receivables. The Company does not consider the credit risk related to these receivables as significant. Outstanding receivables from related parties which are overdue as at the balance sheet date have a carrying value of EUR 6,931 thousand (31 December 2019: EUR 12,504 thousand); the Company did not create any allowance as the credit ratings have not changed and the respective amounts are still considered recoverable.

The Company did not create any allowance for receivables due from related parties as at 31 December 2020 and 31 December 2019.

Aging structure of overdue receivables from related parties without impairment:

	31.12.2020 EUR '000	31.12.2019 EUR '000
1 – 30 days	3,828	3,426
31 – 90 days	2,048	4,984
91 – 180 days	653	3,069
181 – 360 days	151	730
Over 360 days	251	295
Total	<u>6,931</u>	<u>12,504</u>

As regards trade receivables from third parties, the Company sells its products to various customers, none of whom (either individually or jointly) gives rise to a major risk of non-settlement in terms of volume or solvency. The Company has operating procedures in place to ensure that products are sold to customers with a good credit history and that an acceptable limit of credit exposure is not exceeded.

Bad debts allowances for receivables from third parties are created based on previous experience with non-settlement of receivables.

25. Financial risk factors and management (continued)*Aging structure of impaired receivables from third parties:*

	Nominal value 31.12.2020 EUR '000	Bad debts allowance 31.12.2020 EUR '000	Carrying value 31.12.2020 EUR '000
1 - 30 days	49	-	49
31 - 90 days	10	-	10
91 - 180 days	6	1	5
181 - 360 days	9	3	6
Over 360 days	354	354	-
Total	428	358	70

	Nominal value 31.12.2019 EUR '000	Bad debts allowance 31.12.2019 EUR '000	Carrying value 31.12.2019 EUR '000
1 - 30 days	131	-	131
31 - 90 days	-	-	-
91 - 180 days	1	-	1
181 - 360 days	27	19	8
Over 360 days	345	345	-
Total	504	364	140

Liquidity risk

It is the Company's policy to maintain sufficient cash and cash equivalents or to have access to an appropriate number of credit facilities for funding its activities to be able to mitigate liquidity risk in line with its financial strategy.

As at 31 December 2020, the Company had access to bank overdraft facilities of EUR 10,000 thousand. To meet its obligations, the Company anticipates using operating cash flows or funds from bank overdraft.

The following table shows the remaining contractual maturities as at the balance sheet date for the Company's non-derivative financial liabilities. The data represent contractual undiscounted cash flows based on the earliest settlement date and include both interest and principal cash flows (in the case of lease liabilities, they represent the minimum lease payments):

25. Financial risk factors and management (continued)

	Within 1 month EUR '000	1-3 months EUR '000	From 3 months to 1 year EUR '000	From 1 to 5 year EUR '000	Total EUR '000
2020					
Trade and other payables	14,545	18,500	100,483	-	133,528
Lease liabilities	29	57	253	28	367
	<u>14,574</u>	<u>18,557</u>	<u>100,736</u>	<u>28</u>	<u>133,895</u>
	Within 1 month EUR '000	1-3 months EUR '000	From 3 months to 1 year EUR '000	From 1 to 5 year EUR '000	Total EUR '000
2019					
Trade and other payables	13,322	16,723	91,995	-	122,040
Loans and borrowings	33	67	296	367	763
	<u>13,355</u>	<u>16,790</u>	<u>92,291</u>	<u>367</u>	<u>122,803</u>

Commodity risk

The Company is exposed to market risk arising from price fluctuations while purchasing certain commodities, the price of which derives from commodity market prices on international markets.

Whirlpool Group management has prepared procedures for managing commodity risk, applicable for all companies within the Whirlpool Group. Individual companies must hedge commodity risk. To manage commodity risk from future transactions, the companies within the Group use forward and swap agreements entered into by the Treasury Department of Whirlpool Corporation.

The Company's policy for risk management is to hedge 50% – 80% of projected cash flows (in particular, purchase of inventories price of which depends on commodities market price) over the subsequent 12 months. Commodity forward contracts as at the balance sheet date are disclosed in Note 19.

Currency risk

The Company carries out its activities in different countries and is exposed to exchange rate risks as a result of changes in foreign exchange rates, especially USD. Exchange rate risk arises from future business transactions and existing assets and liabilities denominated in foreign currencies.

Whirlpool Group management has prepared procedures for managing currency risk towards the functional currency, applicable for all companies within the Whirlpool Group. Individual companies are required to hedge the exchange rate risk. In order to manage exchange rate risk arising from future business transactions, reported assets and liabilities, the Group companies use forward contracts entered into by the Treasury Department of Whirlpool Corporation. Exchange rate risk arises if future business transactions, recognized assets or liabilities are denominated in a foreign currency, i. e. currency, which is not the functional currency of that company. The Group management currently considers currency risk as insignificant.

25. Financial risk factors and management (continued)**Interest rate risk**

As the Company currently has no significant interest-earning assets, profits and operating cash flows are not significantly affected by changes in market interest rates.

The Company is exposed to interest rate risk due to floating interest rate from short-term loans and borrowings as a result of which the Company is exposed to volatility of cash flows. Given the value of loans and borrowings drawn during the year however the interest rate risk is not considered to be material.

Fair values of financial instruments

Financial instruments in the Statement of Financial Position consist of trade receivables, other current assets, cash and cash equivalents, short-term loans and borrowings, trade payables and other payables. The estimated fair values of these instruments approximate to their respective carrying values.

Fair values of derivative financial instruments are measured based on current forward exchange rates for forwards with similar maturity.

Capital risk management

The Company's capital is managed at Whirlpool Group level. The main objective of Whirlpool Group in managing capital is to ensure the Company's ability to continue its operations and to maintain a reasonable capital structure while reducing costs. The Whirlpool Group manages and adjusts its capital structure in the light of changes in economic conditions. The Whirlpool Group therefore does not track capital using traditional debt ratios (which is the ratio of net debt to equity).

As at 31 December 2020 and 31 December 2019, the value of cash and cash equivalents exceeded the value of interest-bearing loans (lease liabilities).

26. Subsequent events

No events occurred subsequent to 31 December 2020 that would require an adjustment of, or disclosure in, these financial statements.

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