

Würth Finance Group

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS AS AT 30 JUNE 2022

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INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2022

1 Key figures of the Würth Finance Group

in TEUR	YTD 2022	YTD 2021
Key figures from the consolidated income statement		
Net interest income	11,363	6,098
Income from factoring activities	9,145	8,068
Income from commission and service fee activities	28,094	24,727
Income from trading activities and financial instruments	4,488	7,393
Other ordinary income	270	433
Expected credit loss (expenses) / recovery	-3,184	6,970
Total operating income	50,176	53,689
Total operating expenses	-18,343	-16,973
Profit before taxes	31,833	36,716
Operating income adjustments Inhouse Banking		
Hedge accounting effect management accounting	-704	302
Impairment for credit loss	3,184	-6,632
Total operating income (adjusted)	52,656	47,359
Profit before taxes (adjusted)	34,313	30,386

2 General information

The core activities of the Würth Finance Group (Würth Finance International B.V., Würth Invest AG and Würth Financial Services AG) comprise two business areas: financing and executing all kinds of financial transactions with domestic and foreign companies of the Würth Group and providing advisory and other services to private clients and SMEs relating to pension funds and insurance.

3 Alternative performance measures (APMs)

In presenting and discussing the Würth Finance Group's financial position, operating results and net profit, Management

uses certain alternative performance measures not defined under IFRS. These alternative performance measures (APMs) should not be viewed in isolation as alternatives to the equivalent IFRS measures, and should be used as supplementary information in conjunction with the most directly comparable IFRS measures. APMs do not have a standardised meaning under IFRS, and therefore may not be comparable to similar measures presented by other companies.

To provide a better overview of the development of the Inhouse Banking activities and their added value for the Würth Group, APM adjustments are made. They affect the operating income and net profit of the Inhouse Banking segment, as shown in the table below.

in TEUR	YTD 2022	YTD 2021
Hedge accounting effect management accounting	-704	302
Impairment for credit loss	3,184	-6,632

- Hedge accounting effect management accounting refers to the effect of the market valuation of interest rate derivatives to hedge interest rate risk where historically no hedge accounting was applied. As of the implementation of IFRS 9 Hedge Accounting, new hedge relations will be presented as such.
- Impairment for credit loss refers only to related party loss and therefore does not apply to the Würth Group. This position represents the expected credit loss (ECL) on loans and receivables as at the balance sheet date and in 2021 also the Würth Finance Group's impairment of the capital relinquishment. The ECL calculation is probability-weighted applying a combination of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The LGD is based on the global corporate average of 60% and the PD is based on the Bloomberg default risk of the Würth Group. The PD increased to 0.64% as at 30 June 2022 (31 December 2021: 0.44%), thus an additional ECL of EUR 3.2 million is recognized in the income statement.

Inhouse Banking alternative performance measures

YTD 2022

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	21,554	-1,146	-3,184	17,224
Net interest income	12,197	-1,146	0	11,051
Income from factoring activities	9,145	0	0	9,145
Other ordinary income	212	0	0	212
Expected credit loss (expenses) / recovery	0	0	-3,184	-3,184
Central Settlement	16,311	0	0	16,311
Income from trading activities and financial instruments	2,494	1,850	0	4,344
Trading	7,137	1,850	0	8,987
Securities investments	-4,643	0	0	-4,643
Total income	40,359	704	-3,184	37,879
Total expenses	-11,115	0	0	-11,115
Total Inhouse Banking	29,244	704	-3,184	26,764

YTD 2021

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	14,547	-217	6,970	21,300
Net interest income	6,058	-217	0	5,841
Income from factoring activities	8,068	0	0	8,068
Other ordinary income	421	0	0	421
Expected credit loss (expenses) / recovery	0	0	6,970	6,970
Central Settlement	13,723	0	0	13,723
Income from trading activities and financial instruments	8,161	-85	-338	7,738
Trading	6,646	-85	-338	6,223
Securities investments	1,515	0	0	1,515
Total income	36,431	-302	6,632	42,761
Total expenses	-10,413	0	0	-10,413
Total Inhouse Banking	26,018	-302	6,632	32,348

4 Business performance overview

The world is paying a heavy price for Russia's war in Ukraine. It is a humanitarian disaster. Coupled with China's zero-COVID policy, the war set the global economy on a course of slower growth and rising inflation – a situation not seen since the 1970s. GDP growth is now projected to slow sharply this year, to around 2.5% both in the Eurozone and the USA. This is well below the pace of recovery projected last December. Many of the hardest-hit countries are in Europe, which is highly exposed to the war through energy imports. The war also quashed hopes for a quick end to rising inflation from COVID-19 related supply bottlenecks seen during 2021 and early 2022. High food and energy prices and the continued worsening of supply-chain problems imply that consumer price inflation will peak later and at higher levels than previously foreseen. And it is forcing central banks to tighten monetary policy into a slowdown.

Despite the unstable economic situation, the Würth Group was able to carry the growth momentum from the 2021 financial year into the first half of 2022 and recorded an 18.4% year-on-year increase in sales to EUR 9.9 billion in the first six months. The operating result stands at EUR 720 million as at June 2022 – significantly up on the previous year (EUR 520 million). The reason for the positive development is a general productivity improvement, particularly at the large, established companies in Germany, Southern Europe and the USA. In view of the tight situation, the supply of materials to customers is the top priority. Stock levels were built up so that customers can rely on the Würth Group's ability to deliver.

The economic developments triggered a broad-based repricing of assets, as major stock indices suffered YTD losses of 15 to 25%. As at 30 June 2022, the yield to maturity on investment grade corporate bonds was around 200 basis points wider than at the end of 2021. In consequence, the Würth Finance Group recorded a negative result in the amount of EUR 4.6 million for the securities investments. In the Group's insurance brokerage business, the financial impact of the economic slowdown will only become effective with a time lag of six to twelve months. Overall, the Würth Finance Group reported total operating income (adjusted) of EUR 52.7 million, representing an increase of EUR 5.3 million (+11%) compared to the previous year.

Despite the turbulent times on the financial markets and after the redemption three months prior to maturity of the EUR 500 million Eurobond 2015–2022, on 23 May 2022 Würth Finance International B.V. successfully issued a bond with a volume of EUR 600 million, an annual interest rate of 2.125% and a term of 8.25 years.

Approximately two thirds of the Würth Finance Group's operating expenses are in Swiss franc. Compared to the previous year the average EUR equivalent value in the reporting period was 6% higher. This is the main cause of the increase in operating expenses by EUR 1.4 million to EUR 18.3 million. The Würth Finance Group reported an adjusted profit before taxes of EUR 34.3 million (previous year: EUR 30.4 million), the best value in the company's history.

5 Segment results

Inhouse Banking

(Würth Finance International B.V. / Würth Invest AG)

During the period under review, the Inhouse Banking segment generated revenue of EUR 40.4 million, EUR 3.9 million higher versus the previous year.

Operating income (adjusted) in EUR millions	YTD 2022	Change vs. YTD 2021
Group Financing	21.6	+7.0
Central Settlement	16.3	+2.6
Trading income	7.1	+0.5
Securities investments	-4.6	-6.2
Total	40.4	+3.9

Group Financing

As at 30 June 2022 the Würth Finance Group recorded total assets of EUR 3,847 million (EUR 3,458 million as at 31 December 2021).

Average net lendings to related parties increased significantly versus the first half of 2021, rising by approximately EUR 535 million to EUR 1,240 million. In contrast, average cash holdings dropped by approximately EUR 370 million to EUR 850 million. These are the main reasons for the substantial increase in net interest income, which doubled from EUR 6.1 million to EUR 12.2 million year-on-year.

The intra-Group factoring volume correlates closely with the purchasing behaviour within the Würth Group. Although the average margin decreased somewhat, factoring income rose by 13% year-on-year to EUR 9.1 million.

After having sold the final part of the capital provision agreement with Internationales Bankhaus Bodensee AG during 2021, other ordinary income as part of Group Financing is mainly attributable to e-payment services provided to other Würth Group companies. Strong demand for such services led to a 27% year-on-year increase in the payment volume processed via the WOPG platform and a significant increase of net service fee income to TEUR 112.

Central settlement of payments to suppliers

Payment volume to suppliers settled via the Payment Factory of the Würth Finance Group increased by 24% year-on-year to EUR 4,060 million in the first half of 2022, reflecting the Würth Group's sales growth and the increase in stock levels.

Income from central settlement and delcredere services of EUR 16.3 million was recorded for the first half of 2022, up 19% year-on-year.

Income from trading activities

There was uninterrupted demand from Würth Group companies for FX risk management expertise. The flow from higher trading volume formed the basis for successful management of such risk positions, resulting in a 7% increase in income from trading activities to EUR 7.1 million.

Securities investments

Würth Invest AG maintained its conservative investment strategy during the period under review and suffered valuation losses from the significant rise in investment grade bond yields in the first half of 2022. This increase hit the performance of its securities portfolio. As a result, Würth Invest AG posted a result of EUR -4.6 million (-6.3%) as at 30 June 2022. With an emphasis on fixed income investments, 85% of the negative performance is attributable to such positions. The price corrections on the major stock and real estate markets also contributed to the loss.

Higher interest rates allowed the asset managers to gradually increase the exposure to fixed-income markets. As at 30 June 2022 the market value of the securities portfolio stands at EUR 78.7 million, up EUR 10.2 million compared to 31 December 2021.

Operating expenses

In the year under review, the operating expenses of the In-house Banking division increased by 7% to EUR 11.1 million. Around 60% of this increase can be explained by the higher CHF exchange rate. In addition, there was a certain catch-up effect for operating expenses, following a stagnation over the past two years.

Overall, as the further improvement of the cost-income ratio proves, the Inhouse Banking division of the Würth Finance Group was able to fully offset the significant negative performance of the securities investments through strong growth in other income sources, which are based on the development of the Würth Group's core business.

External Financial Services

The external financial services division was able to keep its steady growth path by acquiring new clients and successfully implementing an innovative insurance solution for private clients which is directly linked to the purchase of goods and services in the internet. Würth Financial Services AG reported revenue of CHF 12.3 million for the first half of 2022, an increase of 2.8% year-on-year.

Over the past months, the digitisation of internal processes and the exchange of data with clients and insurance companies continued, leading to productivity gains. Personnel capacity was not increased. In the reporting period operating expenses were kept under control and amounted to CHF 7.3 million, 3.1% more than in 2021 (CHF 7.1 million).

The operating result of CHF 4.9 million represents a satisfying 2.7% year-on-year improvement.

6 Risk management and control

Taking risks has always been inherent in any entrepreneurial activity. As a globally active company, the Würth Group is constantly exposed to risks that can arise both as a result of its own actions or failure to act and as a result of external factors. The conscious and systematic ap-

proach to addressing opportunities and risks is inextricably linked to the Würth Group's entrepreneurial activities.

Management believes that risks which may significantly impact the company have not changed since 31 December 2021. Reference is made to the risk management and control section of the Würth Finance Group Annual Report 2021.

7 Outlook

The volatile situation makes it difficult to assess how the economy will develop. Supply bottlenecks will continue to cause problems for industry and the construction sector. The same applies to high raw material prices, inflation and interest rates.

Concerns over European gas supply take centre stage and require governments, businesses and consumers to seriously consider the implications of a potential full cut in Russian gas supply. This further accentuates the risks of a stagflationary environment taking root in Europe. The probability has increased that Europe could come under the ECB's downside scenario, which envisions a 2023 recession amid persistent inflationary pressures.

The outlook for the coming quarters is certainly anything but optimal due to more difficult underlying conditions. The Würth Group management is aware that the high growth rates will not continue in view of the cooling economy. Nevertheless, the Würth Group expects to achieve double-digit sales growth in 2022 – provided the global economic and political situation does not deteriorate drastically.

In the Würth Finance Group a similar moderation is expected. And after the strong performance in the first half of the year there is a fair chance that in the 2022 financial year, both revenues and (adjusted) profit before tax will reach the value of the previous year. Operating expenses are expected to increase moderately in the second half of 2022. Both the Inhouse Banking and Insurance Brokerage business will be hiring some additional staff to handle the increased business volume. Resuming travel will generate additional expenses.

As a reliable business partner to clients, the Management of the Würth Finance Group generally aims to ensure that service quality remains unaffected, even in difficult times. At the same time, protecting the health of employees and safeguarding jobs are also top priorities.

The results reported in accordance with IFRS will continue to be affected to a considerable degree by the trend in long-term interest rates and the development of credit risks. If interest rates remain stable, the valuation gains from hedging with derivative financial instruments as reported in the IFRS result of this Interim Report will be gradually reduced in the coming months. The reported profit of the Würth Finance Group will also be considerably impacted if the default probability of corporates with creditworthiness comparable to the Würth Group should return to elevated levels.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2022

Interim condensed consolidated income statement as at 30 June 2022

in TEUR	Notes	YTD 2022	YTD 2021
Operating income			
Interest income from financial instruments measured at amortised cost		30,308	20,119
Interest income from financial instruments measured at fair value through profit or loss		6,691	7,263
Interest expenses		-25,636	-21,284
Net interest income		11,363	6,098
Income from factoring activities		9,145	8,068
Income from commission and service fee activities		28,094	24,727
Income from trading activities and financial instruments		4,488	7,393
Other ordinary income from related parties	5	270	433
Expected credit loss (expenses) / recovery		-3,184	6,970
Total operating income		50,176	53,689
Operating expenses			
Personnel expenses		-11,086	-10,681
Other administrative expenses		-6,302	-5,389
Amortisation expenses		-955	-903
Total operating expenses		-18,343	-16,973
Profit before taxes		31,833	36,716
Income tax expense		-6,067	-6,611
Deferred taxes		478	-362
Net profit for the year		26,244	29,743

Interim condensed consolidated statement of comprehensive income as at 30 June 2022

in TEUR	YTD 2022	YTD 2021
Net of tax		
Profit for the year	26,244	29,743
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	82	21
Net gain / (loss) on cash flow hedges	2,568	2,108
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	-76	508
Deferred taxes on cash flow hedges	-481	0
Other comprehensive income for the year (OCI)	2,093	2,637
Total comprehensive income for the year, net of tax	28,337	32,380

Interim condensed consolidated balance sheet

as at 30 June 2022

in TEUR	Notes	30.06.2022	31.12.2021
ASSETS			
Non-current assets			
Intangible assets		1,404	1,477
Right-of-use assets		1,328	1,814
Property, plant and equipment		532	428
Loans to related companies	6	1,581,996	1,429,290
Positive fair values of derivative instruments		8,663	4,670
Deferred tax assets		2,789	2,062
Total non-current assets		1,596,712	1,439,741
Current assets			
Receivables from related companies	6	1,285,657	1,079,652
Positive fair values of derivative instruments		5,545	985
Other assets		5,147	3,623
Income tax receivables		53	0
Accrued income and prepaid expenses		6,762	6,828
Securities held for trading		78,711	68,479
Cash and cash equivalents		868,876	859,052
Total current assets		2,250,751	2,018,619
Total assets		3,847,463	3,458,360
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		331,130	303,345
Other comprehensive income from cash flow hedges		-6,860	-8,947
Foreign currency translation		28	-54
Net profit for the year		26,244	52,861
Total shareholders' equity		371,542	368,205
Non-current liabilities			
Bonds issued	4	1,828,356	1,250,060
Liabilities for pension plans		4,125	3,969
Lease liabilities		363	610
Negative fair values of derivative instruments		19,616	719
Deferred tax liabilities		316	320
Total non-current liabilities		1,852,776	1,255,678
Current liabilities			
Bonds issued	4	0	499,843
Commercial paper		280,000	0
Payables to related companies	6	1,297,129	1,283,002
Lease liabilities		1,039	1,220
Payables to banks		12,100	11,988
Income tax payables		3,534	7,020
Negative fair values of derivative instruments		784	8,347
Other liabilities	6, 7	22,109	15,565
Accrued expenses and deferred income		6,450	7,492
Total current liabilities		1,623,145	1,834,477
Total equity and liabilities		3,847,463	3,458,360

Interim condensed consolidated statement of changes in equity

as at 30 June 2022

The table below shows the changes in equity in 2021 and in the first half of 2022.

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2021	16,000	5,000	320,265	-14,466	-5	326,794
Net profit for the year (01.01.2021–30.06.2021)	0	0	29,743	0	0	29,743
Foreign currency translation	0	0	0	0	21	21
Cash flow hedge accounting	0	0	0	2,108	0	2,108
IAS 19	0	0	508	0	0	508
Deferred taxes on cash flow hedges	0	0	0	0	0	0
Total comprehensive income for the year	0	0	30,251	2,108	21	32,380
Dividend payments	0	0	-20,000	0	0	-20,000
At 30 June 2021	16,000	5,000	330,516	-12,358	16	339,174
At 1 July 2021	16,000	5,000	330,516	-12,358	16	339,174
Net profit for the year (01.07.2021–31.12.2021)	0	0	23,118	0	0	23,118
Foreign currency translation	0	0	0	0	-70	-70
Cash flow hedge accounting	0	0	0	1,349	0	1,349
IAS 19	0	0	2,572	0	0	2,572
Deferred taxes on cash flow hedges	0	0	0	2,062	0	2,062
Total comprehensive income for the year	0	0	25,690	3,411	-70	29,032
At 31 December 2021	16,000	5,000	356,206	-8,947	-54	368,205
At 1 January 2022	16,000	5,000	356,206	-8,947	-54	368,205
Net profit for the year (01.01.2022–30.06.2022)	0	0	26,244	0	0	26,244
Foreign currency translation	0	0	0	0	82	82
Cash flow hedge accounting	0	0	0	2,568	0	2,568
IAS 19	0	0	-76	0	0	-76
Deferred taxes on cash flow hedges	0	0	0	-481	0	-481
Total comprehensive income for the year	0	0	26,168	2,087	82	28,337
Dividend payments	0	0	-25,000	0	0	-25,000
At 30 June 2022	16,000	5,000	357,374	-6,860	28	371,542

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

In 2022 a dividend of TEUR 25,000 (EUR 781 per share) was paid for the 2021 financial year.

Interim condensed consolidated cash flow statement

as at 30 June 2022

in TEUR	YTD 2022	YTD 2021
Net profit for the year	26,244	29,743
Amortisation and impairments	233	198
Adjustment to provision for taxes	-3,486	-5,954
Deferred tax expense / (benefit)	-731	-83
Other expenses and revenues without cash flows	-9,718	-4,174
Foreign exchange gains and losses (long-term loans)	-37,289	8,526
Foreign exchange gains and losses (short-term loans)	-12,789	504
(Increase)/ decrease in operating assets		
Redemption of long-term loans to related companies	109,414	58,632
Lending of long-term loans to related companies	-227,489	-321,243
Receivables from related companies	-192,691	215,036
Positive fair values of derivative instruments	-8,553	4,680
Income tax receivables	-53	-10
Other assets, accrued income and prepaid expenses	-1,458	-11,649
Increase / (decrease) in operating liabilities		
Payables to related companies	14,127	100,237
Negative fair values of derivative instruments	11,334	-3,425
Other liabilities, accrued expenses and deferred income	5,502	-1,564
Net cash flows from operating activities	-327,403	69,454
Purchase of property, plant and equipment, and intangible assets	-264	-127
Disposal of property, plant and equipment, and intangible assets	0	20
Purchase of securities	-28,884	-11,060
Disposal of securities	14,733	11,872
Sales of other financial assets to related parties	0	676
Net cash flows from investing activities	-14,415	1,381
Proceeds of borrowings	596,448	0
Repayment of borrowings	-500,000	0
Commercial paper	280,000	0
Dividend payments	-25,000	-20,000
Net cash flows from financing activities	351,448	-20,000
Net foreign exchange difference	82	21
Net increase / (decrease) in cash and cash equivalents	9,712	50,856
Net cash and cash equivalents at the beginning of the year	847,064	1,120,654
Net cash and cash equivalents at the end of the reporting period	856,776	1,171,510
Net increase / (decrease) in cash and cash equivalents	9,712	50,856
Increase / (decrease) in taxes paid	-10,468	-13,132
Interest received	43,996	32,411
Interest paid	-20,236	-17,078

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

Notes to the interim condensed consolidated Financial Statements as at 30 June 2022

1 General information

Business activities

Würth Finance International B.V. (in these consolidated Financial Statements collectively designated with its subsidiaries as Würth Finance Group) was incorporated in 1987 and is domiciled in Amsterdam, 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 of 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 which are domestic and international subsidiaries of the larger Würth Group, as well as providing consulting and other services in the area of pension funds and insurance to both private persons and small and medium-sized enterprises.

Consolidated companies

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

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

Method of consolidation

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

2 Accounting principles

General

The unaudited interim condensed consolidated Financial Statements for the Würth Finance Group as at 30 June 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited Annual Report for 2021 was approved by Management on 25 April 2022, and can be obtained from Würth Finance International B.V. These interim Financial Statements as at 30 June 2022 were approved by the Management of Würth Finance International B.V., Amsterdam, and can be downloaded from the Würth Finance International B.V. website: wuerthfinance.net.

The unaudited interim condensed consolidated Financial Statements do not include all the statutory information and disclosures contained in the annual Financial Statements, and should therefore be read in conjunction with the 2021 audited consolidated Financial Statements of the Würth Finance Group.

The accounting principles applied to prepare the Interim Report are consistent with the principles used to prepare the audited annual Financial Statements for 2021.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim consolidated Financial Statements of the Group. The Group has not early-adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Foreign exchange translation

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

Conversion rates	30.06.2022	31.12.2021	30.06.2021
US dollar (USD)	1.045	1.137	1.187
Swiss franc (CHF)	1.000	1.036	1.096
British pound (GBP)	0.861	0.840	0.859
Canadian dollar (CAD)	1.349	1.436	1.469
Chinese renminbi (CNH)	7.009	7.232	7.666
Norwegian krone (NOK)	10.335	10.027	10.207
Danish krone (DKK)	7.436	7.438	7.436
Swiss franc (CHF) - average exchange rate	1.032	1.081	1.094

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

3 Segment reporting

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

Income statement by segment at 30 June 2022

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Securities Investments	Central Settlement	Central Services		Insurance Brokerage	Elimination	
Income									
Interest income	36,730	0	323	0	0	37,053	0	-54	36,999
Interest expenses	-25,679	0	-76	0	0	-25,755	-1	120	-25,636
Net interest income	11,051	0	247	0	0	11,298	-1	66	11,363
Income from factoring activities	9,145	0	0	0	0	9,145	0	0	9,145
Income from commission and service fee activities	0	0	0	16,311	0	16,311	11,783	0	28,094
Income from trading activities and financial instruments	0	8,987	-4,890	0	0	4,097	271	120	4,488
Other ordinary income	212	0	0	0	0	212	58	0	270
Expected credit loss (expenses)/recovery	-3,184	0	0	0	0	-3,184	0	0	-3,184
Total segment income	17,224	8,987	-4,643	16,311	0	37,879	12,111	186	50,176
Expenses									
Personnel expenses	-513	-280	0	-1,791	-2,626	-5,210	-5,876	0	-11,086
Other administrative expenses	0	0	0	0	-5,340	-5,340	-896	-66	-6,302
Amortisation	0	0	0	0	-565	-565	-390	0	-955
Segment expenses	-513	-280	0	-1,791	-8,531	-11,115	-7,162	-66	-18,343
Segment result	16,711	8,707	-4,643	14,520	-8,531	26,764	4,949	120	31,833
Income tax expenses	0	0	0	0	-5,969	-5,969	-98	0	-6,067
Deferred taxes	0	0	0	0	465	465	13	0	478
Net profit for the year	16,711	8,707	-4,643	14,520	-14,035	21,260	4,864	120	26,244

Income statement by segment at 30 June 2021

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Securities Investments	Central Settlement	Central Services		Insurance Brokerage	Elimination	
Income									
Interest income	26,094	0	325	0	0	26,419	0	963	27,382
Interest expenses	-20,253	0	-67	0	0	-20,320	-1	-963	-21,284
Net interest income	5,841	0	258	0	0	6,099	-1	0	6,098
Income from factoring activities	8,068	0	0	0	0	8,068	0	0	8,068
Income from commission and service fee activities	0	0	0	13,723	0	13,723	11,004	0	24,727
Income from trading activities and financial instruments	0	6,223	1,257	0	0	7,480	-66	-21	7,393
Other ordinary income	421	0	0	0	0	421	12	0	433
Expected credit loss (expenses)/recovery	6,970	0	0	0	0	6,970	0	0	6,970
Total segment income	21,300	6,223	1,515	13,723	0	42,761	10,949	-21	53,689
Expenses									
Personnel expenses	-518	-269	0	-1,630	-2,664	-5,081	-5,600	0	-10,681
Other administrative expenses	0	0	0	0	-4,773	-4,773	-616	0	-5,389
Amortisation	0	0	0	0	-559	-559	-344	0	-903
Segment expenses	-518	-269	0	-1,630	-7,996	-10,413	-6,560	0	-16,973
Segment result	20,782	5,954	1,515	12,093	-7,996	32,348	4,389	-21	36,716
Income tax expenses	0	0	0	0	-6,547	-6,547	-64	0	-6,611
Deferred taxes	0	0	0	0	-374	-374	12	0	-362
Net profit for the year	20,782	5,954	1,515	12,093	-14,917	25,427	4,337	-21	29,743

Balance sheet by segment at 30 June 2022

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Securities Investments	Central Settlement	Central Services		Insurance Brokerage	Elimination	
Balance sheet									
Segment assets	3,771,209	14,208	80,734	0	28,782	3,894,933	11,191	-58,661	3,847,463
Segment liabilities	3,450,946	19,884	50,963	0	373,140	3,894,933	11,191	-58,661	3,847,463
Additional segment information									
Capital expenditures	0	0	0	0	14	14	251	0	265

Balance sheet by segment at 31 December 2021

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Securities Investments	Central Settlement	Central Services		Insurance Brokerage	Elimination	
Balance sheet									
Segment assets	3,481,182	5,648	73,017	0	29,304	3,589,151	6,442	-137,233	3,458,360
Segment liabilities	3,176,871	8,091	59,914	0	344,275	3,589,151	6,442	-137,233	3,458,360
Additional segment information									
Capital expenditures	0	0	0	0	133	133	286	0	419

4 Bonds

On 21 February 2022, the company repaid a EUR 500 million bond with an annual 1.000% coupon by exercising the 3-month par call option in due time before 14 January 2022. The actual maturity of the EUR 500 million bond was 19 May 2022. The company issued a EUR 600 million bond under its EUR 3 billion euro medium-term note (EMTN) programme. The bond was issued on 23 May 2022 and has a term of 8.25 years with an annual coupon of 2.125%.

5 Other ordinary income from related parties

Other ordinary income for the first half of 2022 comprises TEUR 270 (H1 2021: TEUR 433) in income from the e-payment services provided to other Würth Group companies, as well as fees charged for other services rendered.

6 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 Würth Group companies, the "related parties" also include the members of the Group's Board of Directors and Management, their families and companies closely associated with them.

At 30 June 2022

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,581,996	0	1,581,996
Other financial assets to related parties	0	0	0
Receivables from related companies	1,285,657	7,128	1,278,529
Current accounts	411,041	0	411,041
Short-term loans	639,857	0	639,857
Factoring	234,759	7,128	227,631
Total receivables from related parties	2,867,653	7,128	2,860,525
Payables to related parties			
Payables to related companies	1,297,129	415,436	881,693
Current accounts	1,288,068	415,436	872,632
Fixed-term deposits	9,061	0	9,061
Other payables to related parties	2,039	0	2,039
Total payables to related parties	1,299,168	415,436	883,732

At 31 December 2021

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,429,290	0	1,429,290
Other financial assets to related parties	0	0	0
Receivables from related companies	1,079,652	7,712	1,071,940
Current accounts	353,586	0	353,586
Short-term loans	526,634	0	526,634
Factoring	199,432	7,712	191,720
Total receivables from related parties	2,508,942	7,712	2,501,230
Payables to related parties			
Payables to related companies	1,283,002	415,982	867,020
Current accounts	1,266,385	415,982	850,403
Fixed-term deposits	16,617	0	16,617
Other payables to related parties	5,578	0	5,578
Total payables to related parties	1,288,580	415,982	872,598

7 Other liabilities

in TEUR	30.06.2022	31.12.2021
Payables for deliveries and services	13,540	8,583
of which to third parties	11,501	3,005
of which to related parties	2,039	5,578
Compensation-related liabilities	3,345	4,626
Other liabilities	5,224	2,356
Total other liabilities	22,109	15,565

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

8 Commitments and contingencies

The Group has issued guarantees, letters of comfort and letters of credit. These represent commitments and contingencies in favour of third parties for associated company liabilities. The lending commitments, which had been guaranteed but not yet utilised, are disclosed at nominal value.

in TEUR	30.06.2022	31.12.2021
Guarantees, letters of comfort, letters of credit	216,909	212,126
Total contingent liabilities	216,909	212,126

in TEUR	30.06.2022	31.12.2021
Unutilised lending commitments	56,272	42,198
Total lending commitments	56,272	42,198

9 Significant transactions after the reporting date

At the time of publication, no transactions have been identified which would have a material impact on the unaudited interim condensed consolidated Financial Statements of the Würth Finance Group.

Responsibility Statement

In accordance with the EU Transparency Directive and the Dutch Financial Supervision Act (Wet op het Financieel Toezicht), the Management of the Würth Finance Group hereby confirms that, to the best of its knowledge, the interim condensed Financial Statements as at 30 June 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the

Björn van Odijk
Managing Director
Würth Finance International B.V.

Interim Management Report accurately presents the Group's development and performance during the period from 1 January to 30 June 2022 and the financial situation of the Group at the balance sheet date, as well as the risks and opportunities associated with its business.

's-Hertogenbosch and Rorschach, 31 August 2022

Roman Fust
Managing Director
Würth Finance International B.V.