

Würth Finance Group

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

CONTENTS

03	Interim Management Report as at 30 June 2023
09	Unaudited Interim Condensed Consolidated Financial Statements as at 30 June 2023
10	Interim Condensed Consolidated Income Statement
10	Interim Condensed Consolidated Statement of Comprehensive Income
11	Interim Condensed Consolidated Balance Sheet
12	Interim Condensed Consolidated Statement of Changes in Equity
13	Interim Condensed Consolidated Cash Flow Statement
14	Notes to the Interim Condensed Consolidated Financial Statements
22	Responsibility Statement

INTERIM MANAGEMENT REPORT AS AT 30 JUNE 2023

1 Key figures of the Würth Finance Group

in TEUR	YTD 2023	YTD 2022
Key figures from the consolidated income statement		
Net interest income	22,472	11,363
Income from factoring activities	7,120	9,145
Income from commission and service fee activities	30,507	28,094
Income from trading activities and financial instruments	10,614	4,488
Other ordinary income	313	270
Expected credit loss (expenses) / recovery	2,971	-3,184
Total operating income	73,997	50,176
Total operating expenses	-19,852	-18,343
Profit before taxes	54,145	31,833
Operating income adjustments Inhouse Banking		
Hedge accounting effect management accounting	-440	-704
Impairment for credit loss	-2,971	3,184
Total operating income (adjusted)	70,586	52,656
Profit before taxes (adjusted)	50,734	34,313

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 result and net profit, Manage-

ment 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.

The Würth Finance Group makes APM adjustments to provide a better overview of the development of the Inhouse Banking activities and their added value for the Würth Group. These adjustments affect the operating income and net profit of the Inhouse Banking segment, as shown in the table below.

in TEUR	YTD 2023	YTD 2022
Hedge accounting effect management accounting	-440	-704
Impairment for credit loss	-2,971	3,184

- 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. 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 decreased to 0.51% as at 30 June 2023 (31 December 2022: 0.79%), thus a reduction in ECL of EUR 3.0 million is recognised in the income statement.

Inhouse Banking alternative performance measures

YTD 2023

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	28,079	933	2,971	31,983
Net interest income	20,737	933	0	21,670
Income from factoring activities	7,120	0	0	7,120
Other ordinary income	222	0	0	222
Expected credit loss (expenses) / recovery	0	0	2,971	2,971
Central Settlement	17,160	0	0	17,160
Income from trading activities and financial instruments	11,710	-493	0	11,217
Trading	9,850	-493	0	9,357
Securities investments	1,860	0	0	1,860
Total income	56,949	440	2,971	60,360
Total expenses	-11,632	0	0	-11,632
Total Inhouse Banking	45,317	440	2,971	48,728

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

4 Business performance overview

With an estimated +1% and +1.5% in the European Union and in the USA, the annualised growth rates in the first six months of 2023 were higher than IMF and OECD experts had forecast at the beginning of the year. But the sharp interest rate hikes of the past 12 months are increasingly having a dampening effect on demand.

In this environment the Würth Group remained on course for growth, albeit at a much slower pace than in the previous two years. The reported sales of EUR 10,500 million correspond to an increase of 5.9% compared to the same period last year. After almost three years of the COVID-19 pandemic and related supply chain problems, the supply situation is improving for the Würth Group.

After six months, the operating result of the Würth Group stands at EUR 680 million – slightly down on the same period of the previous year (EUR 720 million). The reasons for this development are higher personnel expenses, increased costs for mobility and maintenance, and the continuing pressure on prices.

The development of the Würth Group's core business left its mark on the Inhouse Banking segment of the Würth Finance Group: Triggered by the reduction in security stocks in the warehouses, payment volumes grew only gradually year-on-year, as expected. Income from net lendings to Group companies and from cash holdings increased significantly, mainly due to higher interest rates. In contrast, interest expenses could be kept relatively stable thanks to bond-based fixed-rate funding. This led to a substantial increase in net interest income from EUR 12.2 million to EUR 20.7 million.

The performance of the investment markets was also a positive surprise. Despite the economic downturn, stock indices rose by around 10% on a widespread basis. And after long-term interest rates moved sideways, bonds also generated a positive return.

The Group's Insurance Brokerage business remained on its growth path in the first six months, increasing revenues by 8.8%. Overall, the Würth Finance Group reported total operating income (adjusted) of EUR 70.6 million, representing an increase of EUR 17.9 million (+34.1%) compared to the previous year.

Operating expenses were kept under control. Over 80% are in Swiss franc. The average EUR equivalent value in the reporting period was 4.5% higher compared to the previous year. This is the main cause of the increase in operating expenses by EUR 1.5 million to EUR 19.9 million. In addition, the workforce was enlarged: The average number of employees increased by 5 FTEs to 121 FTEs compared to the previous year.

The Würth Finance Group reported an adjusted profit before taxes of EUR 50.7 million (previous year: EUR 34.3 million), the highest 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 adjusted operating income of EUR 56.9 million, EUR 16.6 million higher versus the previous year.

Operating income (adjusted) in EUR millions	YTD 2023	Change vs. YTD 2022
Group Financing	28.0	+6.5
Central Settlement	17.2	+0.9
Trading income	9.8	+2.7
Securities investments	1.9	+6.5
Total	56.9	+16.6

Group Financing

The Würth Finance Group had total assets of EUR 3,961 million as at 30 June 2023 (EUR 3,847 million as at 31 December 2022).

One major area of activity of the Würth Finance Group is focused on ensuring the constant availability of liquidity for the Würth Group by the issuance of bonds on the capital markets. The average duration of such financing is structurally longer than on the on-lending of funds to the Group companies – or the deposit of cash. This is beneficial in times of rising interest rates and is the major reason for the substantial improvement in net interest income to EUR 20.7 million (previous year: EUR 12.2 million). In addition, average net lendings to related parties increased versus the first half of 2022, rising by approximately EUR 300 million to EUR 1,510 million.

The intra-Group factoring volume correlates closely with the purchasing behaviour within the Würth Group and increased by 4.4% on the previous year to EUR 1,200 million as at June 2023. Due to a material reduction in factoring fees, factoring income decreased year-on-year by EUR 2.0 million to EUR 7.1 million.

Central settlement of payments to suppliers

The payment volume to suppliers settled via the Payment Factory of the Würth Finance Group increased by 7.9% year-on-year to EUR 4,400 million in the first half of 2023, reflecting the Würth Group's sales growth.

Income from central settlement and delcredere services of EUR 17.2 million was recorded for the first half of 2023, up 5.2% 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. The reported income from trading activities of EUR 9.8 million also includes a valuation gain on FX hedging activities for a forecasted underlying transaction by the Würth Group, which is expected to take place by the end of financial year 2023.

Securities investments

The conservative investment strategy was maintained and – after yields reached an attractive level – the gradual increase of the bond positions continued. This paid off: Representing 85% of the securities portfolio, the investment grade bonds' YTD performance of +1.5% contributed approximately two third to the positive half-year result of EUR 1.9 million made with securities investments. As mentioned before, stock markets also performed surprisingly well and contributed significantly to the good performance.

The market value of the securities portfolio stood at EUR 105.1 million as at 30 June 2023, up EUR 9.6 million versus 31 December 2022.

External Financial Services

Würth Financial Services AG was able to keep its steady growth path, increasing revenue by 8.8% to CHF 13.4 million for the first half of 2023.

Over the past months, the digitisation of internal processes and the exchange of data with clients and insurance companies continued, leading to productivity gains.

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 approach 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 2022. Reference is made to the risk management and control section of the Würth Finance Group Annual Report 2022.

7 Outlook

The global economy remains in a precarious state amid the protracted effects of the overlapping negative shocks of the pandemic, Russia's invasion of Ukraine, and the sharp tightening of monetary policy to contain high inflation.

Global growth is projected to slow significantly in the second half of this year, with weakness continuing in 2024. Lower energy prices are helping to bring down headline inflation and ease strains on household budgets, and the earlier-than-expected reopening of China has provided some temporary tail wind to global activity. However, core inflation is proving persistent and the impact of higher interest rates is increasingly being felt across the economy. Restoring price stability and strengthening financial supervision will rightly remain the top political priority for central banks in Europe and the USA.

The cooling of the economy is expected to have a dampening effect on the Würth Group's sales performance and weigh on the profit margin in the coming quarters. The impact on the Würth Finance Group is expected to be limited: After the strong performance in the first half of the year, there is a fair chance that both revenues and (adjusted) profit before tax in financial year 2023 will reach the value of the previous year. But the positive effect of higher interest rates will disappear over time. Accordingly, the current earnings level is not sustainable and cannot be defended in the long term. The business strategy, personnel capacity and organisational setup are geared to this.

For the Würth Finance Group, intense competition on the insurance and financial services market means margins are constantly under pressure and continuous operational efficiency improvements are required. Investments are continuously being made in the further development and digitalisation of the business model in the Inhouse Banking and External Financial Services divisions – while keeping in mind the scope and quality of client services. Protecting assets – against cyber attacks, for example – and fulfilling regulatory requirements are important prerequisites for financial and insurance service providers to conduct their business successfully over the long term.

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. 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 2023

Interim condensed consolidated income statement as at 30 June 2023

in TEUR	Notes	YTD 2023	YTD 2022
Operating income			
Interest income from financial instruments measured at amortised cost		55,229	30,308
Interest income from financial instruments measured at fair value through profit or loss		11,560	6,691
Interest expenses		-44,317	-25,636
Net interest income		22,472	11,363
Income from other operating activities			
Income from factoring activities		7,120	9,145
Income from commission and service fee activities		30,507	28,094
Income from trading activities and financial instruments		10,614	4,488
Other ordinary income from related parties	4	313	270
Expected credit loss (expenses) / recovery		2,971	-3,184
Total operating income		73,997	50,176
Operating expenses			
Personnel expenses		-12,378	-11,086
Other administrative expenses		-6,469	-6,302
Amortisation expenses		-1,005	-955
Total operating expenses		-19,852	-18,343
Profit before taxes		54,145	31,833
Income tax expense		-8,190	-6,067
Deferred taxes		-1,319	478
Net profit for the year		44,636	26,244

Interim condensed consolidated statement of comprehensive income as at 30 June 2023

in TEUR	YTD 2023	YTD 2022
Net of tax		
Profit for the year	44,636	26,244
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	-8	82
Net gain / (loss) on cash flow hedges	1,037	2,568
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	471	-76
Deferred taxes on cash flow hedges	-221	-481
Other comprehensive income for the year (OCI)	1,279	2,093
Total comprehensive income for the year, net of tax	45,915	28,337

Interim condensed consolidated balance sheet

as at 30 June 2023

in TEUR	Notes	30.06.2023	31.12.2022
ASSETS			
Non-current assets			
Intangible assets		1,378	1,441
Right-of-use assets		1,221	1,749
Property, plant and equipment		345	431
Loans to related companies	5	1,655,453	1,554,992
Positive fair values of derivative instruments		10,061	14,894
Deferred tax assets		2,163	2,507
Total non-current assets		1,670,621	1,576,014
Current assets			
Receivables from related companies	5	1,231,359	1,348,390
Positive fair values of derivative instruments		16,630	6,634
Other assets		6,259	2,949
Income tax receivables		52	52
Accrued income and prepaid expenses		13,862	12,248
Securities held for trading		105,084	95,473
Cash and cash equivalents		916,974	804,952
Total current assets		2,290,220	2,270,698
Total assets		3,960,841	3,846,712
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		362,974	333,099
Other comprehensive income from cash flow hedges		-6,511	-7,327
Foreign currency translation		30	38
Net profit for the year		44,636	54,404
Total shareholders' equity		422,129	401,214
Non-current liabilities			
Bonds issued		2,117,033	2,109,593
Liabilities for pension plans		1,650	2,160
Lease liabilities		391	480
Negative fair values of derivative instruments		12,813	12,442
Deferred tax liabilities		337	342
Total non-current liabilities		2,132,224	2,125,017
Current liabilities			
Commercial paper		0	75,000
Payables to related companies	5	1,349,166	1,194,662
Lease liabilities		863	1,287
Payables to banks		1,023	6,589
Income tax payables		8,945	9,310
Negative fair values of derivative instruments		14,530	7,565
Other liabilities	5, 6	11,265	15,612
Accrued expenses and deferred income		20,696	10,456
Total current liabilities		1,406,488	1,320,481
Total equity and liabilities		3,960,841	3,846,712

Interim condensed consolidated statement of changes in equity

as at 30 June 2023

The table below shows the changes in equity in 2022 and in the first half of 2023.

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2022	16,000	5,000	356,206	-8,947	-54	368,205
Net profit for the year (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
Remeasurement gain / (loss) on defined benefit plans	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
At 1 July 2022	16,000	5,000	357,374	-6,860	28	371,542
Net profit for the year (01.07.2022-31.12.2022)	0	0	28,160	0	0	28,160
Foreign currency translation	0	0	0	0	10	10
Cash flow hedge accounting	0	0	0	-537	0	-537
Remeasurement gain / (loss) on defined benefit plans	0	0	1,969	0	0	1,969
Deferred taxes on cash flow hedges	0	0	0	70	0	70
Total comprehensive income for the year	0	0	30,129	-467	10	29,672
At 31 December 2022	16,000	5,000	387,503	-7,327	38	401,214
At 1 January 2023	16,000	5,000	387,503	-7,327	38	401,214
Net profit for the year (01.01.2023-30.06.2023)	0	0	44,636	0	0	44,636
Foreign currency translation	0	0	0	0	-8	-8
Cash flow hedge accounting	0	0	0	1,037	0	1,037
Remeasurement gain / (loss) on defined benefit plans	0	0	471	0	0	471
Deferred taxes on cash flow hedges	0	0	0	-221	0	-221
Total comprehensive income for the year	0	0	45,107	816	-8	45,915
Dividend payments	0	0	-25,000	0	0	-25,000
At 30 June 2023	16,000	5,000	407,610	-6,511	30	422,129

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

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

Interim condensed consolidated cash flow statement

as at 30 June 2023

in TEUR	YTD 2023	YTD 2022
Net profit for the year	44,636	26,244
Amortisation and impairments	252	233
Adjustment to provision for taxes	-365	-3,486
Deferred tax expense / (benefit)	340	-731
Other expenses and revenues without cash flows	3,740	-9,718
Foreign exchange gains and losses (long-term loans)	6,039	-37,289
Foreign exchange gains and losses (short-term loans)	-515	-12,789
(Increase)/ decrease in operating assets		
Redemption of long-term loans to related companies	32,305	109,414
Lending of long-term loans to related companies	-303,903	-227,489
Receivables from related companies	285,862	-192,691
Positive fair values of derivative instruments	-5,163	-8,553
Income tax receivables	0	-53
Other assets, accrued income and prepaid expenses	-4,926	-1,458
Increase / (decrease) in operating liabilities		
Payables to related companies	154,504	14,127
Negative fair values of derivative instruments	7,336	11,334
Other liabilities, accrued expenses and deferred income	5,893	5,502
Net cash flows from operating activities	226,035	-327,403
Purchase of property, plant and equipment, and intangible assets	-103	-264
Purchase of securities	-28,224	-28,884
Disposal of securities	19,889	14,733
Net cash flows from investing activities	-8,439	-14,415
Proceeds of borrowings	0	596,448
Repayment of borrowings	0	-500,000
Commercial paper	-75,000	280,000
Dividend payments	-25,000	-25,000
Net cash flows from financing activities	-100,000	351,448
Net foreign exchange difference	-8	82
Net increase / (decrease) in cash and cash equivalents	117,588	9,712
Net cash and cash equivalents at the beginning of the year	798,363	847,064
Net cash and cash equivalents at the end of the reporting period	915,951	856,776
Net increase / (decrease) in cash and cash equivalents	117,588	9,712
Increase / (decrease) in taxes paid	-9,886	-10,468
Interest received	69,125	43,996
Interest paid	-28,506	-20,236

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 2023

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 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited Annual Report for 2022 was approved by Management on 19 April 2023, and can be obtained from Würth Finance International B.V. These interim Financial Statements as at 30 June 2023 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 2022 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 2022.

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the 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. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of the entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

This standard is not applicable to the Group.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated Financial Statements.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments had no impact on the Group's interim condensed consolidated Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated Financial Statements.

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	30.06.2023	31.12.2022	30.06.2022
US dollar (USD)	1.091	1.068	1.045
Swiss franc (CHF)	0.976	0.987	1.000
British pound (GBP)	0.858	0.888	0.861
Canadian dollar (CAD)	1.444	1.446	1.349
Chinese renminbi (CNH)	7.937	7.386	7.009
Norwegian krone (NOK)	11.689	10.516	10.335
Danish krone (DKK)	7.446	7.436	7.436
Swiss franc (CHF) – average exchange rate	0.986	1.005	1.032

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 2023

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	66,022	0	841	0	0	66,863	1	-75	66,789
Interest expenses	-44,352	0	-38	0	0	-44,390	-2	75	-44,317
Net interest income	21,670	0	803	0	0	22,473	-1	0	22,472
Income from factoring activities	7,120	0	0	0	0	7,120	0	0	7,120
Income from commission and service fee activities	0	0	0	17,160	0	17,160	13,347	0	30,507
Income from trading activities and financial instruments	0	9,357	1,057	0	0	10,414	192	8	10,614
Other ordinary income	222	0	0	0	0	222	91	0	313
Expected credit loss (expenses)/recovery	2,971	0	0	0	0	2,971	0	0	2,971
Total segment income	31,983	9,357	1,860	17,160	0	60,360	13,629	8	73,997
Expenses									
Personnel expenses	-379	-298	0	-1,941	-3,054	-5,672	-6,706	0	-12,378
Other administrative expenses	0	0	0	0	-5,384	-5,384	-1,085	0	-6,469
Amortisation	0	0	0	0	-576	-576	-429	0	-1,005
Segment expenses	-379	-298	0	-1,941	-9,014	-11,632	-8,220	0	-19,852
Segment result	31,604	9,059	1,860	15,219	-9,014	48,728	5,409	8	54,145
Income tax expenses	0	0	0	0	-8,087	-8,087	-103	0	-8,190
Deferred taxes	0	0	0	0	-1,327	-1,327	8	0	-1,319
Net profit for the year	31,604	9,059	1,860	15,219	-18,428	39,314	5,314	8	44,636

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

Balance sheet by segment at 30 June 2023

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	3,842,956	26,580	106,834	0	35,134	4,011,504	13,072	-63,735	3,960,841
Segment liabilities	3,549,986	27,298	18,472	0	415,748	4,011,504	13,072	-63,735	3,960,841
Additional segment information									
Capital expenditures	8	0	0	0	0	8	95	0	103

Balance sheet by segment at 31 December 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	3,745,611	21,519	96,271	0	34,281	3,897,682	7,110	-58,080	3,846,712
Segment liabilities	3,486,041	20,566	14,759	0	376,316	3,897,682	7,110	-58,080	3,846,712
Additional segment information									
Capital expenditures	0	0	0	0	92	92	313	0	405

4 Other ordinary income from related parties

Other ordinary income for the first half of 2023 comprises TEUR 313 (H1 2022: TEUR 270) in income from the e-payment services provided to other Würth Group companies, as well as fees charged for other services rendered.

5 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 2023

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,655,453	0	1,655,453
Receivables from related companies	1,231,359	8,795	1,222,564
Current accounts	478,092	754	477,338
Short-term loans	517,419	0	517,419
Factoring	235,848	8,041	227,807
Total receivables from related parties	2,886,812	8,795	2,878,017
Payables to related parties			
Payables to related companies	1,349,166	474,428	874,738
Current accounts	839,361	194,428	644,933
Fixed-term deposits	509,805	280,000	229,805
Other payables to related parties	2,585	0	2,585
Total payables to related parties	1,351,751	474,428	877,323

At 31 December 2022

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

6 Other liabilities

in TEUR	30.06.2023	31.12.2022
Payables for deliveries and services	3,525	8,800
of which to third parties	940	658
of which to related parties	2,585	8,142
Compensation-related liabilities	4,033	4,646
Other liabilities	3,707	2,166
Total other liabilities	11,265	15,612

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

7 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. As at 30 June 2023, the contingent liabilities included contractual guarantees in connection with a planned acquisition by the Würth Group. This acquisition is expected to take place by the end of financial year 2023. The lending commitments, which had been guaranteed but not yet utilised, are disclosed at nominal value.

in TEUR	30.06.2023	31.12.2022
Guarantees, letters of comfort, letters of credit	466,483	227,371
Total contingent liabilities	466,483	227,371

in TEUR	30.06.2023	31.12.2022
Unutilised lending commitments	18,491	67,684
Total lending commitments	18,491	67,684

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 2023 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the

Interim Management Report accurately presents the Group's development and performance during the period from 1 January to 30 June 2023 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 2023

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Würth Finance International B.V.

Roman Fust
Managing Director
Würth Finance International B.V.

Philip Guzinski
Managing Director
Würth Finance International B.V.