

Würth Finance Group

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30 JUNE 2020

CONTENTS

03	Interim management report as at 30 June 2020
07	Unaudited interim condensed consolidated financial statements as at 30 June 2020
08	Interim condensed consolidated income statement
08	Interim condensed consolidated statement of other comprehensive income
09	Interim condensed consolidated balance sheet
10	Interim condensed consolidated statement of changes in equity
11	Interim condensed consolidated cash flow statement
12	Notes to the interim condensed consolidated financial statements
19	Responsibility statement

INTERIM MANAGEMENT REPORT

AS AT 30 JUNE 2020

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

In presenting and discussing the Würth Finance Group's financial position, operating results and net profit, management uses certain alternative performance measures not defined by 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. Alternative performance measures do not have standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

To afford a better overview of the development of the In-house Banking activities and their added value for the Würth Group, APM adjustments are made that impact the operating income and net profit of the segment Inhouse Banking. In specific these are as follows:

in TEUR	YTD 2019	YTD 2020
Hedge accounting effect management accounting	-2,188	-1,829
Impairment for credit loss	683	-10,579
Total operating income (adjusted)	47,711	44,081
Profit before taxes (adjusted)	31,342	27,167

- **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. These represent the Würth Finance Group's best estimate of expected credit loss (ECL) on the loans and receivables at balance sheet date. The ECL calculation is probability-weighted using a combination of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The LGD 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 1.51% as per 30.06.2020 (31.12.2019: 0.39%); therefore an additional impairment for credit losses of EUR 10.6 million is recognized in the income statement.

Alternative Performance Measures (APM)

YTD 2020

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Operating income				
Group financing	16,770	-1,827	-10,546	4,397
Credit loss (expenses)/ recovery	0	0	-10,546	-10,546
Income from factoring activities	7,842	0	0	7,842
Interest income	7,632	-1,827	0	5,805
Other ordinary income	1,296	0	0	1,296
Other	729	0	0	729
Income from participations	566	0	0	566
Central settlement	11,498	0	0	11,498
Income from trading activities and financial instruments	5,009	-2	-33	4,974
Securities investments	-254	0	0	-254
Trading	5,263	-2	-33	5,228
Total operating income	33,277	-1,829	-10,579	20,869
Total expenses	-10,245	0	0	-10,245
Profit before taxes	23,032	-1,829	-10,579	10,624
	Segment Inhouse Banking	Segment External Financial Services	Eliminations	Total Würth Finance Group
Segment profit before taxes	10,624	4,208	-70	14,762

YTD 2019

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Operating income				
Group financing	18,692	-2,246	1,336	17,782
Credit loss (expenses)/ recovery	0	0	1,336	1,336
Income from factoring activities	8,351	0	0	8,351
Interest income	8,351	-2,246	0	6,105
Other ordinary income	1,990	0	0	1,990
Other	637	0	0	637
Income from participations	1,353	0	0	1,353
Central settlement	12,864	0	0	12,864
Income from trading activities and financial instruments	7,810	58	-653	7,215
Securities investments	3,002	0	0	3,002
Trading	4,808	58	0	4,866
Impact of adoption of IFRS 9 classification and measurement	0	0	-653	-653
Total operating income	39,366	-2,188	683	37,861
Total expenses	-11,483	0	0	-11,483
Profit before taxes	27,883	-2,188	683	26,378
	Segment Inhouse Banking	Segment External Financial Services	Eliminations	Total Würth Finance Group
Segment profit before taxes	26,378	3,396	63	29,837

1. Business performance overview

The global recession caused by the Covid-19 pandemic strongly impacted the results of the Würth Group. Sales dropped 21% in April 2020 versus the previous year on a comparable basis, but underwent a remarkable recovery in May and June already (-5.5% and -1.1%). Income related to the Würth Group's payment volumes (income from central settlement and factoring services) dropped by approx. 10% or EUR 2 million in the reporting period. The spread of the Covid-19 pandemic triggered a broad-based repricing of assets, as after a certain rebound, major stock indices were showing YTD losses ranging between 5% and 15%. As of 30 June 2020, credit spreads on investment grade corporate bonds still stand at a level approximately 50 basis points wider than at the end of 2019. In consequence, the Würth Finance Group's income from securities investments fell by more than EUR 3 million compared to the previous year. In the Group's insurance brokerage business, the financial impact of the economic recession was limited, and 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 44.1 million, representing a decrease of EUR 3.7 million compared to the previous year.

Despite of the turbulent times on the financial markets, on 21 May 2020 Würth Finance International B.V. successfully refinanced the expiring EUR 500 million Eurobond by issuing a bond with a volume of EUR 750 million, an annual interest rate of 0.75% and a term of 7.5 years.

Approximately 2/3 of the Würth Finance Group's operating expenses are in Swiss franc. Compared to the previous year the average EUR countervalue in the reporting period was 6% higher. This is the main cause of the increase in the operating expenses by EUR 0.5 million to EUR 16.9 million. During the worst phase and the lockdown in the Würth Finance Group's home countries, workload was temporarily reduced. For this reason and to avoid redundancies, the governmental instrument of short-time work was used selectively in the second quarter of 2020.

The Würth Finance Group reported a profit before taxes of EUR 27.2 million (previous year EUR 31.3 million).

2. Segment discussion

2.1 Inhouse Banking

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

During the period under review, the segment Inhouse Banking generated revenue totalling EUR 33.3 million, lower by EUR 6.1 million compared to the previous year.

Operating income (adjusted) in millions of EUR	YTD 2020	Change vs. 1H19
Group financing	15.5	-1.2
Central settlement	11.5	-1.4
Income from IBB participation	1.2	-0.8
Trading income	5.3	+0.5
Securities investments	-0.3	-3.3

Group financing

As at 30 June 2020 total assets of the Würth Finance Group amounted to EUR 3,102 million (EUR 2,630 million as at 31 December 2019). Net lendings to Group companies declined by EUR 200 million to EUR 1.400 million and external funding from Eurobonds increased by EUR 250 million, both leading to an increase of cash holdings of close to EUR 400 million. As a result, earnings from Group Financing (excluding ordinary income) dropped by 9% year-on-year to a total of EUR 15.5 million.

Central settlement

Income from central settlement and delcredere services reached EUR 11.5 million in the first half of 2020, a decrease of around 5% as compared to the same period in 2019. This negative development is attributable to a corresponding reduction in Würth Group purchasing volume.

Income from IBB participation

The revenue from the silent participation in IBB, totalling EUR 0.6 million for the 2019 financial year, was recognised at the time the resolution on the distribution of profit was passed at the annual shareholders' meeting in the spring of 2020. Further revenue amounting to EUR 0.6 million was generated under the capital provision agreement with IBB.

Income from trading activities and financial instruments

There was uninterrupted demand from Würth Group companies for FX risk management expertise. The flow from relatively stable trading volume formed the basis for a successful management of such risk positions, resulting in a further increase of the income from trading activities by 10% to EUR 5.3 million.

Securities investments

Würth Invest AG maintained its conservative investment strategy with an emphasis on fixed income investments. A widening of credit spreads has led to valuation losses in the bond portfolio. The correction on the stock markets led to a challenging and volatile investment environment, resulting in negative performance for the securities portfolio in the amount of EUR 0.3 million.

2.2 External Financial Services

The financial result of the External Financial Services segment was affected by the acquisition of Chur-based Optima Versicherungsbroker AG in October 2019. As of 1 January 2020 the company merged into Würth Financial Services AG; a portfolio of 850 private and 250 corporate customers was taken over and six employees could be welcomed into the Würth family. In the meantime, the integration process has been largely completed.

Würth Financial Services AG reported revenue of CHF 11.6 million in the first half of 2020, reflecting organic growth of 5.5% and a contribution of CHF 1.0 million from the Optima business. On the other hand operating expenses increased by CHF 0.9 million to CHF 7.0 million year-on-year. 70% of the change can be attributed to the Optima acquisition. The financial relief from the short-time working schedules temporarily introduced for the period April to June 2020 amounted to CHF 0.3 million.

The operating result of CHF 4.5 million represents a strong improvement of 18% year-on-year, which is a very satisfying outcome.

3. Risk management and control

Taking risks has always been inherent to entrepreneurial activity. As a globally active enterprise, the Würth Group is constantly exposed to risks in connection with the company's own actions and omissions and with external factors. It's deliberate and systematic approach to addressing opportunities and risks is a key part of how the Würth Group's conducts its entrepreneurial activities.

Management believes that risks which may significantly impact the company have not changed since 31 December 2019. Reference is made to the risk management and control section of the Würth Finance Group annual report 2019.

4. Outlook

Fears that the Covid-19 pandemic will cause a severe economic slump have been confirmed. Current forecasts assume that it will take several years for the global economy to return to where it was at the end of 2019. Some sectors and companies are so harshly affected by falling demand that they will be unable to survive this protracted phase, or only by implementing tough restructuring measures. Accordingly, unemployment must be expected to rise in the coming months. Overall, the pace of recovery will remain slow.

So far the setback for the Würth Group has been less than had been expected three months ago, as recovery came earlier and stronger. It is still possible for the same sales level to be achieved in 2020 as in 2019 as long as a second wide-spread lockdown can be avoided. At the same time, the Würth Group will adjust capacities as necessary to reflect lower demand in its affected areas, and will act carefully and selectively when investing in growth.

The same strategy also applies to the Würth Finance Group. As a reliable business partner to customers, our aim is to ensure that the quality of services remains unaffected, especially in difficult times. And at the same time, protecting the health of employees and safeguarding jobs comes first.

In the second half of the year, the Würth Finance Group continues to expect slightly lower income than in the previous year and a stable cost structure. Accordingly, a decline in the operating result of over 10% is to be expected.

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 IFRS result of the Würth Finance Group will be hit gradually by valuation losses from hedging with derivative financial instruments. And if the default probability of corporates with a creditworthiness comparable to the Würth Group remains at elevated levels, this could have a considerable effect on the reported profit of the Würth Finance Group.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Interim condensed consolidated income statement

as at 30 June 2020

in TEUR	Notes	YTD 2020	YTD 2019
Operating income			
Interest income from financial instruments measured at amortised cost		22,694	24,769
Interest income from financial instruments measured at fair value through profit or loss		6,885	5,535
Interest expenses		-23,538	-24,007
Net interest income		6,041	6,297
Income from factoring activities		7,842	8,351
Income from commission and service fee activities		22,367	21,040
Income from trading activities and financial instruments		4,674	7,190
Other ordinary income from related parties	5	1,296	1,992
Credit loss (expenses) / recovery		-10,546	1,336
Total operating income		31,673	46,206
Operating expenses			
Personnel expenses		-10,229	-9,431
Other administrative expenses		-5,788	-5,855
Amortisation expenses		-894	-1,018
Other ordinary expenses		0	-65
Total operating expenses		-16,912	-16,369
Profit before taxes		14,762	29,837
Income tax expense		-594	-5,294
Deferred taxes		-645	-1,255
Net profit for the year		13,523	23,288

Interim condensed consolidated statement of other comprehensive income

as at 30 June 2020

in TEUR, net of tax	YTD 2020	YTD 2019
Profit for the year	13,523	23,288
Total items that will be reclassified to the income statement		
Exchange differences on translation of foreign operations	32	54
Net gain / (loss) on cash flow hedges	-6,683	-8,522
Total items that will not be reclassified to the income statement		
Remeasurement gain / (loss) on defined benefit plans	-60	-1,253
Other comprehensive income for the year (OCI)	-6,712	-9,721
Total comprehensive income for the year, net of tax	6,811	13,567

Interim condensed consolidated balance sheet

as at 30 June 2020

in TEUR	Notes	30.06.2020	31.12.2019
ASSETS			
Non-current assets			
Software		165	146
Activated customer base		1,484	1,535
Right-of-use assets		1,304	1,716
Operating equipment and furnishings		354	456
Loans to related companies	6	1,223,145	1,113,594
Other financial assets to related parties	6	20,535	20,568
Deferred tax assets		2,688	2,658
Total non-current assets		1,249,676	1,140,673
Current assets			
Receivables from related companies	6	1,100,012	1,130,334
Loans to family foundation	6	4,955	4,988
Positive fair values of derivative instruments		9,689	8,154
Other assets		4,530	2,752
Income tax receivables		0	0
Accrued income and prepaid expenses		5,168	8,009
Securities held for trading		67,260	62,759
Cash and cash equivalents		660,944	272,268
Total current assets		1,852,558	1,489,264
Total assets		3,102,234	2,629,937
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		287,257	275,160
Other comprehensive income		-15,542	-8,859
Foreign currency translation		-28	-60
Net profit for the year		13,523	40,157
Total shareholders' equity		306,210	327,399
Non-current liabilities			
Bonds issued	4	1,746,635	1,003,797
Liabilities for pension plans		6,356	6,232
Lease liabilities		545	629
Payables to banks		4,693	4,608
Deferred tax liabilities		582	598
Total non-current liabilities		1,758,811	1,015,863
Current liabilities			
Bonds issued	4	0	499,879
Commercial paper		70,000	100,000
Payables to related companies	6	930,220	647,133
Lease liabilities		781	1,100
Payables to banks		5,692	1,720
Income tax payables		8,723	8,404
Negative fair values of derivative instruments		6,346	3,657
Other liabilities	6, 7	13,705	13,194
Accrued expenses and deferred income		1,747	11,589
Total current liabilities		1,037,212	1,286,675
Total equity and liabilities		3,102,234	2,629,937

Interim condensed consolidated statement of changes in equity

as at 30 June 2020

The table below shows the changes in equity in 2019 and in the first half of 2020.

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
At 1 January 2019	16,000	5,000	301,027	-1,252	-49	320,726
Net profit for the year (01.01.2019-30.06.2019)	0	0	23,288	0	0	23,288
Other comprehensive income	0	0	0	0	54	54
IAS 19	0	0	-1,253	0	0	-1,253
Cash flow hedge accounting	0	0	0	-8,522	0	-8,522
Total comprehensive income for the year	0	0	22,035	-8,522	54	13,567
Dividends paid	0	0	-25,000	0	0	-25,000
At 30 June 2019	16,000	5,000	298,062	-9,775	5	309,293
At 1 July 2019	16,000	5,000	298,062	-9,775	5	309,293
Net profit for the year (01.07.2019-31.12.2019)	0	0	16,869	0	0	16,869
Other comprehensive income	0	0	0	0	-65	-65
IAS 19	0	0	385	0	0	385
Cash flow hedge accounting	0	0	0	917	0	917
Total comprehensive income for the year	0	0	17,254	917	-65	18,106
At 31 December 2019	16,000	5,000	315,317	-8,858	-60	327,399
At 1 January 2020	16,000	5,000	315,317	-8,858	-60	327,399
Net profit for the year (01.01.2020-30.06.2020)	0	0	13,523	0	0	13,523
Other comprehensive income	0	0	0	0	32	32
IAS 19	0	0	-60	0	0	-60
Cash flow hedge accounting	0	0	0	-6,683	32	-6,683
Total comprehensive income for the year	0	0	13,463	-6,683	32	6,811
Dividends paid	0	0	-28,000	0	0	-28,000
At 30 June 2020	16,000	5,000	300,780	-15,542	-28	306,210

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 2020 a dividend of TEUR 28,000 (EUR 875 per share) was paid for the 2019 financial year.

Interim condensed consolidated cash flow statement

as at 30 June 2020

in TEUR	YTD 2020	YTD 2019
Net profit for the year	13,523	23,288
Amortisation and impairments	230	402
Adjustment to provision for taxes	319	487
Deferred tax expense / (benefit)	-46	156
Other expenses and revenues without cash flows	2,631	-6,584
Foreign exchange gains and losses (long-term loans)	359	-2,720
Foreign exchange gains and losses (short-term loans)	8,671	1,866
(Increase) decrease in operating assets		
Redemption of long-term loans to related companies	31,875	30,255
Lending of long-term loans to related companies	-247,628	-209,213
Receivables from related companies	120,959	107,893
Positive fair values of derivative instruments	-1,536	-2,513
Income tax receivables	0	-2,949
Other assets, accrued income, and prepaid expenses	1,063	2,107
Increase (decrease) in operating liabilities		
Payables to related companies	283,087	8,056
Negative fair values of derivative instruments	2,689	-578
Other liabilities, accrued expenses and deferred income	-9,331	-7,362
Net cash flows from operating activities	206,866	-57,409
Purchase of property, plant and equipment, and intangible assets	-65	-165
Disposal of property, plant and equipment, and intangible assets	3	0
Purchase of securities	-23,912	-23,381
Disposal of securities	13,578	41,738
Sales of other financial assets to related parties	65	0
Net cash flows from investing activities	-10,331	18,192
Proceeds of borrowings	746,086	0
Repayment of borrowings	-500,000	0
Commercial paper	-30,000	80,000
Dividend payments	-28,000	-25,000
Net cash flows from financing activities	188,086	55,000
Net foreign exchange difference	-2	52
Net increase (decrease) in cash and cash equivalents	384,619	15,835
Net cash and cash equivalents at the beginning of the year	-265,940	249,991
Net cash and cash equivalents as at 30 June 2020	-650,559	265,826
Net increase (decrease) in cash and cash equivalents	384,619	15,835
Increase (decrease) in taxes paid	-436	-8,878
Interest received	35,619	36,068
Interest paid	-25,963	-27,234

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 2020

1. General information

1.1 Business activities

Würth Finance International B.V. (referred to in these consolidated financial statements together 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 pertaining to Würth Finance International B.V., Amsterdam, are held by Reinhold Würth Holding GmbH, Künzelsau, Germany, which is ultimately owned by family trusts.

The core activities of the Group include providing financing to and carrying out a wide range of financial activities with companies 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.

1.2 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.

1.3 Business combination

On 23 October 2019, Würth Financial Services AG ("Würth Financial Services") acquired 100% of the issued share capital of Optima Versicherungsbroker AG ("Optima") in Chur, which acts as an insurance broker providing services for companies and private clients in German-speaking Switzerland and the Principality of Liechtenstein. The acquisition has been finalized in the first half year 2020.

1.4 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

2.1 General

The unaudited interim condensed consolidated financial statements for the Würth Finance Group as at 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited annual report for 2019 was approved by the Management on 22 April 2020 and can be obtained from Würth Finance International B.V. These interim financial statements as at 30 June 2020 were approved by the Management of Würth Finance International B.V., Amsterdam and can be downloaded from the Würth Finance International B.V. website: www.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 2019 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 2019.

2.2 New and amended standards and interpretations

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in 2020 which however do not have an impact on the 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 effects of the changes as a result of adoption of these new accounting standards are described below.

2.3 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	30.06.2020	31.12.2019	30.06.2019
US Dollar (USD)	1.120	1.123	1.137
Swiss Franc (CHF)	1.065	1.085	1.110
British Pound (GBP)	0.913	0.851	0.896
Canadian Dollar (CAD)	1.532	1.460	1.489
Chinese Renminbi (CNH)	7.923	7.820	7.818
Norwegian Krone (NOK)	10.903	9.865	9.690
Danish Krone (DKK)	7.453	7.471	7.463
Swiss Franc (CHF) - average exchange rate	1.064	1.113	1.130

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

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 2020

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Portfolio Manage- ment	Central Settlement	Central Services		Pension Plans	Elimination	
Income									
Interest income	29,046	0	327	0	0	29,373	0	232	29,605
Interest expenses	-23,240	0	-90	0	0	-23,331	-1	-232	-23,564
Net interest income	5,805	0	237	0	0	6,042	-1	0	6,041
Income from factoring activities	7,842	0	0	0	0	7,842	0	0	7,842
Income from commission and service fee activities	0	0	0	11,498	0	11,498	10,869	0	22,367
Income from trading activities and financial instruments	0	5,228	-491	0	0	4,737	6	-70	4,674
Other ordinary income	1,296	0	0	0	0	1,296	0	0	1,296
Credit loss (expenses)/ recovery	-10,546	0	0	0	0	-10,546	0	0	-10,546
Total segment income	4,397	5,228	-254	11,498	0	20,869	10,874	-70	31,673
Expenses									
Personnel expenses	-428	-262	0	-1,518	-2,547	-4,756	-5,474	0	-10,229
Other administrative expenses	0	0	0	0	-4,966	-4,966	-822	0	-5,788
Amortisation	0	0	0	0	-524	-524	-371	0	-894
Other ordinary expenses	0	0	0	0	0	0	0	0	0
Segment expenses	-428	-262	0	-1,518	-8,037	-10,245	-6,666	0	-16,912
Segment result	3,969	4,966	-254	9,981	-8,037	10,624	4,208	-70	14,762
Income tax expense	0	0	0	0	-508	-508	-85	0	-594
Deferred taxes	0	0	0	0	-659	-659	14	0	-645
Net profit for the year	3,969	4,966	-254	9,981	-9,204	9,457	4,136	-70	13,523

Income statement by segment at 30 June 2019

in TEUR	Inhouse Banking					Total Inhouse Banking	External Financial Services		Total Würth Finance Group
	Group Financing	Trading	Portfolio Manage- ment	Central Settlement	Central Services		Pension Plans	Elimination	
Income									
Interest income	29,915	0	328	0	0	30,243	0	61	30,304
Interest expenses	-23,810	0	-136	0	0	-23,946	0	-61	-24,007
Net interest income	6,105	0	192	0	0	6,297	0	0	6,297
Income from factoring activities	8,351	0	0	0	0	8,351	0	0	8,351
Income from commission and service fee activities	0	0	0	12,864	0	12,684	8,785	-609	21,040
Income from trading activities and financial instruments	0	4,213	2,810	0	0	7,023	104	63	7,190
Other ordinary income	1,990	0	0	0	0	1,990	2	0	1,992
Credit loss (expenses)/recovery	1,336	0	0	0	0	1,336	0	0	1,336
Total segment income	17,782	4,213	3,002	12,864	0	37,681	8,891	-546	46,206
Expenses									
Personnel expenses	-703	-236	0	0	-3,866	-4,805	-4,626	0	-9,431
Other administrative expenses	0	0	0	0	-5,898	-5,898	-566	609	-5,855
Amortisation	0	0	0	0	-715	-715	-303	0	-1,018
Other ordinary expenses	0	0	0	0	-65	-65	0	0	-65
Segment expenses	-703	-236	0	0	-10,544	-11,483	-5,495	609	-16,369
Segment result	17,079	3,977	3,002	12,864	-10,544	26,378	3,396	63	29,837
Income tax expenses	0	0	0	0	-5,254	-5,254	-40	0	-5,294
Deferred taxes	0	0	0	0	-1,259	-1,259	4	0	-1,255
Net profit for the year	17,079	3,977	3,002	12,864	-17,057	19,865	3,360	63	23,288

Balance sheet by segment at 30 June 2020

in TEUR	Inhouse Banking					External Financial Services		Total
	Group Financing	Trading	Portfolio Management	Central Settlement	Central Services	Pension Plans	Elimination	
Balance sheet								
Segment assets	3,234,209	9,689	68,318	0	46,779	9,417	-266,179	3,102,234
Segment liabilities	2,977,166	6,180	55,933	0	319,716	9,417	-266,179	3,102,234
Additional segment information								
Capital expenditures	0	0	0	2	0	63	0	65

Balance sheet by segment at 31 December 2019

in TEUR	Inhouse Banking					External Financial Services		Total
	Group Financing	Trading	Portfolio Management	Central Settlement	Central Services	Pension Plans	Elimination	
Balance sheet								
Segment assets	2,584,953	8,154	66,039	0	50,389	6,977	-86,575	2,629,937
Segment liabilities	2,323,806	3,630	53,621	0	328,478	6,977	-86,575	2,629,937
Additional segment information								
Capital expenditures	0	0	0	0	156	1,760	0	1,916

4. Bonds

On 21 May 2020, the company repaid a EUR 500 million bond with an annual 1.75% coupon. The company issued a EUR 750 million bond under its EUR 3 billion EMTN programme. The bond was issued on 21 May 2020 and has a term of 7.5 years and an annual coupon of 0.75%.

5. Other ordinary income from related parties

Other ordinary income for the first half of 2020 comprises TEUR 1,207 in income from the funding relationship with IBB as well as fees charged to other Würth Group companies for services rendered (1H19: TEUR 1,992).

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 the companies belonging to the Würth Group, 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 2020

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,223,145	0	1,223,145
Other financial assets to related parties	20,535	0	20,535
Loans to family foundation	4,955	4,955	0
Receivables from related companies	1,100,012	4,946	1,095,066
Current accounts	279,900	0	279,900
Short-term loans	646,926	996	645,930
Factoring	173,186	3,950	169,236
Total receivables from related parties	2,348,647	9,901	2,338,747
Payables to related parties			
Payables to related companies	930,220	176,360	753,860
Current accounts	907,041	176,360	730,681
Fixed-term deposits	23,179	0	23,179
Other payables to related parties	4,975	0	4,975
Total payables to related parties	935,195	176,360	758,835

At 31 December 2019

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,113,594	0	1,113,594
Other financial assets to related parties	20,568	0	20,568
Loans to family foundation	4,988	4,988	0
Receivables from related companies	1,130,334	43,760	1,086,575
Current accounts	275,307	27,276	248,031
Short-term loans	714,479	12,236	702,243
Factoring	140,549	4,248	136,301
Total receivables from related parties	2,269,484	48,748	2,220,736
Payables to related parties			
Payables to related companies	647,133	0	647,133
Current accounts	624,960	0	624,960
Fixed-term deposits	22,173	0	22,173
Other payables to related parties	4,798	0	4,798
Total payables to related parties	651,931	0	651,931

7. Other liabilities

in TEUR	30.06.2020	31.12.2019
Payables for deliveries and services	5,890	5,525
of which to third parties	899	727
of which to related parties	4,991	4,798
Compensation-related liabilities	3,525	4,892
Other liabilities	4,289	2,778
Total other liabilities	13,705	13,194

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 contingent liabilities included contractual commitments in connection with loans received by Würth Group of North America Inc. (private placement). The lending commitments, which had been guaranteed but not yet utilised, are disclosed at nominal value.

in TEUR	30.06.2020	31.12.2019
Guarantees, letters of comfort, letters of credit	348,388	340,767
Total contingent liabilities	348,388	340,767

in TEUR	30.06.2020	31.12.2019
Unutilised lending commitments	50,003	32,248
Total lending commitments	50,003	32,248

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 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the

Roman Fust
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 2020 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 2020

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