

Würth Finance Group

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2021

CONTENTS

03	Interim Management Report as at 30 June 2021
09	Unaudited Interim Condensed Consolidated Financial Statements as at 30 June 2021
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
21	Responsibility Statement

INTERIM MANAGEMENT REPORT
AS AT 30 JUNE 2021

1 Key figures of the Würth Finance Group

in TEUR	YTD 2021	YTD 2020
Key figures from the consolidated income statement		
Net interest income	6,098	6,041
Income from factoring activities	8,068	7,842
Income from commission and service fee activities	24,727	22,367
Income from trading activities and financial instruments	7,393	4,674
Other ordinary income from related parties	433	1,296
Expected credit loss (expenses) / recovery	6,970	-10,546
Total operating income	53,689	31,673
Total operating expenses	-16,973	-16,912
Profit before taxes	36,716	14,762
Operating income adjustments Inhouse Banking		
Hedge accounting effect management accounting	-302	-1,829
Impairment for credit loss	6,632	-10,579
Total operating income (adjusted)	47,359	44,081
Profit before taxes (adjusted)	30,386	27,167

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 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 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 segment Inhouse Banking, as shown in the table below.

in TEUR	YTD 2021	YTD 2020
Hedge accounting effect management accounting	-302	-1,829
Impairment for credit loss	6,632	-10,579

- 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 Würth Finance Group's impairment of the capital relinquishment of EUR 0.3 million and 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 30.06.2021 (31.12.2020: 1.29%); thus a reduction in ECL of EUR 7.0 million is recognised in the income statement.

Inhouse Banking Alternative Performance Measures

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
Other	421	0	0	421
Income from participations	0	0	0	0
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

YTD 2020

in TEUR	APM Inhouse Banking	Hedge accounting effect management accounting	Impairment for credit loss	Segment Inhouse Banking
Income distribution				
Group Financing	16,770	-1,827	-10,546	4,397
Net interest income	7,632	-1,827	0	5,805
Income from factoring activities	7,842	0	0	7,842
Other ordinary income	1,296	0	0	1,296
Other	729	0	0	729
Income from participations	566	0	0	566
Expected credit loss (expenses) / recovery	0	0	-10,546	-10,546
Central Settlement	11,498	0	0	11,498
Income from trading activities and financial instruments	5,009	-2	-33	4,974
Trading	5,263	-2	-33	5,228
Securities investments	-254	0	0	-254
Total income	33,277	-1,829	-10,579	20,869
Total expenses	-10,245	0	0	-10,245
Total Inhouse Banking	23,032	-1,829	-10,579	10,624

4 Business performance overview

Prospects for the world economy have brightened. According to the latest updates, global economic growth is now expected to be around 6% this year – a sharp upward revision from the December 2020 projection. The vaccine rollout in many advanced economies has been driving the recovery, as has the massive fiscal stimulus by the United States and to a lesser extent the European Union. Countries that have been quick to vaccinate their population against COVID-19 and are able to control infections through effective public health strategies are seeing their economies recover more quickly. Supported by the ultra-expansionary monetary policies of central banks, which are not expected to change in the near term, equity and real estate markets remained at elevated levels, forming a solid basis for a rebound in consumer and business confidence.

In general, consumers have been spending less on services and more on goods since the pandemic began. The pick-up in merchandise trade has benefited countries and corporations involved in supply chains and the construction industry, as reflected in the remarkable 21% sales growth recorded by the Würth Group across nearly all business units, exceeding the expectations of Group Management. The operating profit of EUR 520 million recorded by the Würth Group is well above the previous year's figure, due in part to pandemic-related cost savings (e.g. travel, conference and trade show costs).

The expectations of Würth Finance Group Management were exceeded for the first six months of 2021 in respect of the economic recovery in Europe, growth of the Würth Group's core business and financial market performance. Adjusted operating income for the Insurance Brokerage business and the Inhouse Banking segment thus rose by EUR 3.3 million to EUR 47.4 million for the first half of 2021, an increase of 7% versus the first half of 2020.

Personnel capacity was not increased and costs were kept under control. Operating expenses thus remained stable at EUR 17.0 million (previous year: EUR 16.9 million), leading to an adjusted profit before tax of EUR 30.4 million, the second 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 36.4 million, EUR 3.1 million higher versus the previous year.

Operating income (adjusted) in millions of EUR	YTD 2021	Change vs. YTD 2020
Group Financing	14.5	-2.2
Central Settlement	13.7	+2.2
Trading income	6.7	+1.4
Securities investments	1.5	+1.8
TOTAL	36.4	+3.1

Group Financing

As at 30 June 2021 the Würth Finance Group recorded total assets of EUR 3,447 million (EUR 3,349 million as at 31 December 2020). Net lendings to related parties declined by EUR 58 million to EUR 841 million, leading to a corresponding increase in cash holdings to EUR 1,177 million.

Average net lendings to related parties fell substantially versus the first half of 2020, declining by approx. EUR 650 million with a corresponding increase in cash holdings. This led to a narrowing of the interest margin and a 13% year-on-year decline in earnings from Group Financing to EUR 14.5 million. Strong growth in intra-Group factoring volume fully compensated for lower factoring fees, avoiding a larger decline.

Group Financing income includes the reduced income from participations of EUR 0.3 million – reflecting the partial sale of the capital provision agreement with Internationales Bankhaus Bodensee AG to another company in the Würth Group – and income from e-payment services provided to other Würth Group companies.

Central settlement of payments to suppliers

Payment volume to suppliers settled via the Payment Factory of the Würth Finance Group increased by more than 20% year-on-year to EUR 3,265 million in the first half of 2021, in line with increasing Würth Group sales. Income from Central Settlement and delcredere services of EUR 13.7 million was recorded for the first half of 2021, 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 26% increase in income from trading activities to EUR 6.7 million.

Securities investments

Würth Invest AG maintained its conservative investment strategy with an emphasis on fixed income investments for its EUR 70 million securities portfolio. This stance has paid off and remains relevant in view of the emerging potential of an extended phase of higher inflation and interest rates.

Short durations in the bond portfolio helped avoid losses but was not the main contributor to the overall result of EUR 1.5 million recorded for the first six months of 2021, representing an annualised return of 4.2%. 80% of the performance came from a limited exposure to equity and real estate markets (5–15% of the portfolio), which performed very well in the reporting period.

External Financial Services

Last year's economic recession in Switzerland was milder than expected, as GDP decline was limited to 3%. Insurance premium volume with Würth Financial Services AG clients thus did not decline as much as expected (due to reduced business activity and payrolls). This decline was more than made up for by new customer acquisition. Würth Financial Services AG reported revenue of CHF 11.9 million for the first half of 2021, reflecting net organic growth of 2.6%.

Operating expenses were kept stable at CHF 7.1 million (2020: CHF 7.0 million), as personnel capacity was not increased and operating costs were kept under control.

The operating result of CHF 4.8 million represents a satisfying 6.7% year-on-year improvement.

6 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. 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 2020. Reference is made to the risk management and control section of the Würth Finance Group Annual Report 2020.

7 Outlook

No major slowdown is expected for the leading economies over the next few quarters in view of the fiscal and monetary stimulus measures in place and the global progress made on vaccination.

Global trade with a stable, pre-pandemic equilibrium of supply and demand has not yet returned to all industries. Demand for semi-finished and finished goods has been ramping up, resulting in production and supply bottlenecks, pushing up manufacturing and procurement costs. As an example of how supply chain problems are aggravating the situation, see the COVID-19 outbreak at the Chinese port of Yantian, which is extending already substantial delivery delays.

Some economic research institutes are warning of potential setbacks caused by the Delta variant of the COVID-19 virus.

Under these circumstances the Würth Group is expecting that growth rates will moderate in the second half of the year. Sales for the full fiscal year 2021 are forecast at EUR 16 billion, up 11% versus 2020.

In the Inhouse Banking segment of the Würth Finance Group a similar moderation is expected in transaction volume for payment settlement, factoring and currency hedging services, affecting earnings accordingly.

The growth outlook for the Insurance Brokerage business is somewhat limited. The customer acquisition pipeline has clearly deteriorated over the last few months due to work-at-home requirements and pandemic-related restrictions on travel and face-to-face meetings.

Operating expenses are expected to increase moderately in the second half of 2021. 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.

After the strong performance in the first half of the year there is a fair chance that in fiscal year 2021 both revenues and (adjusted) profit before tax will reach the value of the previous year. Prerequisite for this positive outlook is no collapse in the real economy and the financial markets.

As a reliable business partner to customers, the general aim of the Management of the Würth Group is 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 Würth Finance Group's IFRS result will be gradually affected by valuation losses from hedging with derivative financial instruments. 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 2021

Interim condensed consolidated income statement

as at 30 June 2021

in TEUR	Notes	YTD 2021	YTD 2020
Operating income			
Interest income from financial instruments measured at amortised cost		20,119	22,694
Interest income from financial instruments measured at fair value through profit or loss		7,263	6,885
Interest expenses		-21,284	-23,538
Net interest income		6,098	6,041
Income from other activities			
Income from factoring activities		8,068	7,842
Income from commission and service fee activities		24,727	22,367
Income from trading activities and financial instruments		7,393	4,674
Other ordinary income from related parties	4	433	1,296
Expected credit loss (expenses) / recovery		6,970	-10,546
Total operating income		53,689	31,673
Operating expenses			
Personnel expenses		-10,681	-10,229
Other administrative expenses		-5,389	-5,788
Amortisation expenses		-903	-894
Total operating expenses		-16,973	-16,912
Profit before taxes		36,716	14,762
Income tax expense		-6,611	-594
Deferred taxes		-362	-645
Net profit for the year		29,743	13,523

Interim condensed consolidated statement of comprehensive income

as at 30 June 2021

in TEUR	Notes	YTD 2021	YTD 2020
Net of tax		29,743	13,523
Profit for the year		29,743	13,523
Total items that will be reclassified to the income statement			
Exchange differences on translation of foreign operations		21	32
Net gain / (loss) on cash flow hedges		2,108	-6,683
Total items that will not be reclassified to the income statement			
Remeasurement gain / (loss) on defined benefit plans		508	-60
Other comprehensive income for the year (OCI)		2,637	-6,712
Total comprehensive income for the year, net of tax		32,380	6,811

Interim condensed consolidated balance sheet

as at 30 June 2021

in TEUR	Notes	30.06.2021	31.12.2020
ASSETS			
Non-current assets			
Intangible assets		1,415	1,536
Right-of-use assets		1,470	1,687
Property, plant and equipment		346	317
Loans to related companies	5	1,130,075	1,163,513
Other financial assets to related parties	5	9,558	9,896
Total non-current assets		1,142,864	1,176,949
Current assets			
Receivables from related companies	5	1,027,528	951,433
Positive fair values of derivative instruments		9,350	14,030
Other assets		17,120	3,940
Income tax receivables		10	0
Accrued income and prepaid expenses		5,080	6,612
Securities held for trading		68,849	68,937
Cash and cash equivalents		1,176,561	1,126,950
Total current assets		2,304,498	2,171,902
Total assets		3,447,362	3,348,851
EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital		16,000	16,000
Additional paid-in capital		5,000	5,000
Retained earnings		300,773	286,899
Other comprehensive income		-12,358	-14,466
Foreign currency translation		16	-5
Net profit for the year		29,743	33,366
Total shareholders' equity		339,174	326,794
Non-current liabilities			
Bonds issued		1,251,593	1,752,348
Liabilities for pension plans		6,328	6,816
Lease liabilities		559	662
Payables to banks		0	4,622
Deferred tax liabilities		317	400
Total non-current liabilities		1,258,797	1,764,848
Current liabilities			
Bonds issued		499,631	0
Payables to related companies	5	1,320,688	1,220,451
Lease liabilities		933	1,052
Payables to banks		5,051	1,674
Income tax payables		0	5,954
Negative fair values of derivative instruments		5,341	8,766
Other liabilities	5, 6	13,225	12,513
Accrued expenses and deferred income		4,522	6,799
Total current liabilities		1,849,391	1,257,209
Total equity and liabilities		3,447,362	3,348,851

Interim condensed consolidated statement of changes in equity

as at 30 June 2021

The table below shows the changes in equity in 2020 and in the first half of 2021.

in TEUR	Issued capital	Additional paid-in capital	Retained earnings	Cash flow hedge reserve	Foreign currency translation	Total
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	0	-6,683
Total comprehensive income for the year	0	0	13,463	-6,683	32	6,811
Dividend payments	0	0	-28,000	0	0	-28,000
At 30 June 2020	16,000	5,000	300,780	-15,542	-28	306,210
At 1 July 2020	16,000	5,000	300,780	-15,542	-28	306,210
Net profit for the year (01.07.2020-31.12.2020)	0	0	19,843	0	0	19,843
Other comprehensive income	0	0	0	0	23	23
IAS 19	0	0	-358	0	0	-358
Cash flow hedge accounting	0	0	0	1,076	0	1,076
Total comprehensive income for the year	0	0	19,485	1,076	23	20,584
At 31 December 2020	16,000	5,000	320,265	-14,466	-5	326,794
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
Other comprehensive income	0	0	0	0	21	21
IAS 19	0	0	508	0	0	508
Cash flow hedge accounting	0	0	0	2,108	0	2,108
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

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 2021 a dividend of TEUR 20,000 (EUR 625 per share) was paid for the 2020 financial year.

Interim condensed consolidated cash flow statement

as at 30 June 2021

in TEUR	YTD 2021	YTD 2020
Net profit for the year	29,743	13,523
Amortisation and impairments	198	230
Adjustment to provision for taxes	-5,954	319
Deferred tax expense / (benefit)	-83	-46
Other expenses and revenues without cash flows	-4,174	2,631
Foreign exchange gains and losses (long-term loans)	8,526	359
Foreign exchange gains and losses (short-term loans)	504	8,671
(Increase)/ decrease in operating assets		
Redemption of long-term loans to related companies	58,632	31,875
Lending of long-term loans to related companies	-321,243	-247,628
Receivables from related companies	215,036	120,959
Positive fair values of derivative instruments	4,680	-1,536
Income tax receivables	-10	0
Other assets, accrued income and prepaid expenses	-11,649	1,063
Increase / (decrease) in operating liabilities		
Payables to related companies	100,237	283,087
Negative fair values of derivative instruments	-3,425	2,689
Other liabilities, accrued expenses and deferred income	-1,564	-9,331
Net cash flows from operating activities	69,454	206,866
Purchase of property, plant and equipment and intangible assets	-127	-65
Disposal of property, plant and equipment and intangible assets	20	3
Purchase of securities	-11,060	-23,912
Disposal of securities	11,872	13,578
Sales of other financial assets to related parties	676	65
Net cash flows from investing activities	1,381	-10,331
Proceeds of borrowings	0	746,086
Repayment of borrowings	0	-500,000
Commercial paper	0	-30,000
Dividend payments	-20,000	-28,000
Net cash flows from financing activities	-20,000	188,086
Net foreign exchange difference	21	-2
Net increase / (decrease) in cash and cash equivalents	50,856	384,619
Net cash and cash equivalents at the beginning of the year	1,120,654	265,940
Net cash and cash equivalents as at 30 June 2021	1,171,510	650,559
Net increase / (decrease) in cash and cash equivalents	50,856	384,619
Increase / (decrease) in taxes paid	-13,132	-436
Interest received	32,411	35,619
Interest paid	-17,078	-25,963

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 2021

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 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The Group's audited Annual Report for 2020 was approved by Management on 26 March 2021, and can be obtained from Würth Finance International B.V. These interim Financial Statements as at 30 June 2021 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 2020 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 2020.

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 2021 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.

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	30.06.2021	31.12.2020	30.06.2020
US dollar (USD)	1.187	1.224	1.120
Swiss franc (CHF)	1.096	1.082	1.065
British pound (GBP)	0.859	0.895	0.913
Canadian dollar (CAD)	1.469	1.558	1.532
Chinese renminbi (CNH)	7.666	7.950	7.923
Norwegian krone (NOK)	10.207	10.484	10.903
Danish krone (DKK)	7.436	7.444	7.453
Swiss franc (CHF) - average exchange rate	1.094	1.070	1.064

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 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 2021

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	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

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
Expected 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
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 expenses	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

Balance sheet by segment at 30 June 2021

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	
Balance sheet									
Segment assets	3,509,237	9,344	72,089	0	45,760	3,636,430	10,296	-199,364	3,447,362
Segment liabilities	3,244,240	5,269	59,719	0	327,202	3,636,430	10,296	-199,364	3,447,362
Additional segment information									
Capital expenditures	0	0	0	0	119	119	8	0	127

Balance sheet by segment at 31 December 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	
Balance sheet									
Segment assets	3,636,065	13,879	72,530	0	39,620	3,762,094	5,432	-418,675	3,348,851
Segment liabilities	3,368,249	8,766	60,160	0	324,919	3,762,094	5,432	-418,675	3,348,851
Additional segment information									
Capital expenditures	0	0	0	0	39	39	125	0	164

4 Other ordinary income from related parties

Other ordinary income for the first half of 2021 comprises TEUR 310 (H1 2020: TEUR 1,207) in income from the funding relationship with IBB as well as fees charged to other Würth Group companies for 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 2021

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,130,075	0	1,130,075
Other financial assets to related parties	9,558	0	9,558
Receivables from related companies	1,027,528	5,600	1,021,928
Current accounts	273,762	0	273,762
Short-term loans	547,970	0	547,970
Factoring	205,796	5,600	200,196
Total receivables from related parties	2,167,161	5,600	2,161,561
Payables to related parties			
Payables to related companies	1,320,688	371,935	948,753
Current accounts	1,310,951	371,935	939,016
Fixed-term deposits	9,737	0	9,737
Other payables to related parties	5,399	0	5,399
Total payables to related parties	1,326,087	371,935	954,152

At 31 December 2020

in TEUR	Total	Parent companies	Associated companies
Receivables from related parties			
Loans to related companies	1,163,513	0	1,163,513
Other financial assets to related parties	9,896	0	9,896
Receivables from related companies	951,433	7,028	944,405
Current accounts	236,296	0	236,296
Short-term loans	566,067	0	566,067
Factoring	149,070	7,028	142,042
Total receivables from related parties	2,124,842	7,028	2,117,814
Payables to related parties			
Payables to related companies	1,220,451	327,379	893,072
Current accounts	1,198,535	327,379	871,156
Fixed-term deposits	21,916	0	21,916
Other payables to related parties	5,044	0	5,044
Total payables to related parties	1,225,495	327,379	898,116

6 Other liabilities

in TEUR	30.06.2021	31.12.2020
Payables for deliveries and services	5,399	6,179
of which to third parties	0	1,135
of which to related parties	5,399	5,044
Compensation-related liabilities	3,462	4,356
Other liabilities	4,364	1,978
Total other liabilities	13,225	12,513

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. 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	30.06.2021	31.12.2020
Guarantees, letters of comfort, letters of credit	363,941	349,135
Total contingent liabilities	363,941	349,135

in TEUR	30.06.2021	31.12.2020
Unutilised lending commitments	68,953	20,481
Total lending commitments	68,953	20,481

8 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 2021 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 2021 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 2021

Roman Fust
Managing Director
Würth Finance International B.V.