

UNAUDITED
HALF YEAR
FINANCIAL REPORT
1st half 2020

Evonik Finance B.V.
Amsterdam

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DIRECTORS' REPORT

1st Half Year Report 2020 of Board of Directors

We herewith report you on the exercise of our mandate over the 1st half year, ending by 30 June 2020 and present you the semi-annual accounts of Evonik Finance B.V. The financial report for the 1st half year 2020 has not been audited by an independent external auditor.

Evonik Finance B.V. domiciled in Amsterdam, the Netherlands is a 100% subsidiary company of Evonik Industries AG (also referred to herein as 'Evonik'), based in Germany with operations throughout the world.

Evonik is one of the world's leading specialty chemicals companies. Our strengths include the balanced spectrum of our business activities, end-markets, and regions. Around 80 percent of sales come from market-leading positions, which we are systematically expanding. Our strong competitive position is based on close collaboration with customers, high innovative capability, and integrated technology platforms. Market-oriented research and development is a key driver of profitable growth. This is based on our strong innovation culture, which is rooted in our innovation management and management development.

Major Events

Effective July 1, 2020, Evonik introduced a new corporate structure. The new chemicals divisions—Specialty Additives, Nutrition & Care, Smart Materials, and Performance Materials—are more balanced in terms of size and profitability. Moreover, clearer alignment to the technology platforms allows more selective management. At the same time, Evonik has streamlined the legal entity structures and optimized the administrative functions.

The coronavirus pandemic spread around the world in the first half of 2020. Evonik took the necessary precautions to protect its employees at an early stage in order to prevent the virus from spreading within the company while continuing to operate as best possible. Evonik Finance B.V.'s business performance in the first six months was not affected by the effects of the coronavirus pandemic.

Financial information

Key Figures Evonik Finance B.V.		
Overview		
in €	30/06/2020	2019
Operating result	-109.927	-543.634
Financial result	1.409.145	1.855.942
Profit/loss of financial year	991.413	-1.280.375
As at	30/06/2020	31/12/2019
Financial fixed assets	1.000.325.219	1.493.453.325
Current assets	1.140.455.773	655.656.359
Equity	242.164.072	244.480.892
Non-current liabilities	1.242.007.429	1.892.444.599
Current liabilities	656.301.686	12.184.193

Evonik Finance B.V. was founded on 15 December 2010 with an authorized share capital of €250.000 (paid in €50.000).

The main objects of the company are:

- (a) to grant loans to foreign subsidiaries and joint ventures;
- (b) to issue bonds and take up loans;
- (c) to grant finance to group companies and guarantees to external parties securing group obligations.

On November 11, 2016 an audit committee for Evonik Finance B.V. has been implemented. The audit committee has three members and the members have specialist knowledge and experience in the application of accounting standards, finance and internal control system. The Company complies with the applicable Dutch requirements for the composition of the audit committee.

Income Statement Evonik Finance B.V.

Overview

in €	30/06/2020	30/06/2019
Operating expenses	-109.927	-377.346
Operating result	-109.927	-337.346
Interest and similar income	16.698.036	58.164.858
Interest and similar expense	-15.288.891	-56.489.992
Result before tax	1.299.218	1.297.520
Income tax expense/income	-307.805	-373.002
Result after tax	991.413	924.518

Business Outlook

In 2nd half year of 2020, Evonik Finance B.V. will focus on its activities with regards to the granting of loans to foreign subsidiaries and joint ventures. Refer to note 4.6 COVID-19 and note 8.8 Events after balance sheet date relating to the COVID-19 outbreak.

Evonik has a debt issuance program to place bonds with a total volume of up to €5 billion. By 30 June 2020 five bonds with a total nominal value of €3,15 billion have been issued under this program.

Bonds issued under the debt issuance program

	Nominal value in € million	Rating (S&P / Moody's)	Maturity	Coupon in percent	Issue price in percent
Evonik Industries AG					
Fixed-interest bond 2015/2023	750	BBB+ / Baa1	Jan. 23, 2023	1,000	99,337
Fixed-interest bond 2020/2025	500	BBB+ / Baa1	Sept. 18, 2025	0,625	99,559
Evonik Finance B.V.					
Fixed-interest bond 2016/2021	650	BBB+ / Baa1	March 8, 2021	0,000	99,771
Fixed-interest bond 2016/2024	750	BBB+ / Baa1	Sept. 7, 2024	0,375	99,490
Fixed-interest bond 2016/2028	500	BBB+ / Baa1	Sept. 7, 2028	0,750	98,830

To finance the acquisition of the Air Products specialty additives business, Evonik Finance B.V. successfully issued bonds with a nominal value of €1,9 billion and an average coupon of 0,35 percent p.a. on the debt market in September 2016. In total Evonik Finance B.V. issued three fixed tranches:

1. €650 million with a tenor of 4,5 years and a coupon of 0%
2. €750 million with a tenor of 8 years and a coupon of 0,375%
3. €500 million with a tenor of 12 years and a coupon of 0,750%

The bonds were issued at discount. The repayment of the bonds to the investors is guaranteed by Evonik Industries AG.

Opportunity and risk report

The risk categories and principal individual opportunities and risks relating to financial and asset position, and the structure of Evonik Finance B.V.'s risk management system were described in detail in the directors' report for 2019.

The financial-economic risk management of Evonik Finance B.V. is based on Treasury-Management-Systems implemented throughout the Evonik Group, as well as strict guidelines and principles.

COVID-19

As explained in note 4.6 COVID-19 and note 8.8 Events after balance sheet date, the COVID-19 outbreak and resulting measures taken by various governments to contain the virus have had a minimal impact on our business in 2020 up to now. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. The scale and duration of this pandemic remain uncertain. The main risks and uncertainties for Evonik Finance B.V. that result from the current uncertain situation regarding COVID-19 are:

- Financial assets: We have up to now no reason to believe that the borrowers are not able to repay the loans on the maturity date of the loans.
- Financing: We do not expect any COVID-19 related risk to the financing of Evonik Finance B.V. as the company has a comfortable cash position.

Although as described above, the uncertainties associated with the COVID-19 outbreak are high it is currently not reasonably possible to estimate the future impact on Evonik Finance B.V.

Management statement

We hereby declare, to the best of our knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole. The management report includes a fair review of the development and performance of the business and the position of Evonik Finance B.V. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The executive board comprises one woman and one man. In compliance with statutory requirements, it therefore meets the minimum of 30 percent women and 30 percent men.

Amsterdam, August 4, 2020

Laila Aoulad Si Kaddour
Director

Alexander van der Weiden
Director

FINANCIAL STATEMENTS

Company financial statements

1 Balance sheet as at June 30, 2020 (after appropriation of result)

Assets

	Note	30/06/2020 €	31/12/2019 €
Non-current assets			
Financial fixed assets			
Loans to group companies	7.1	998.413.935	1.458.140.984
Deferred tax asset	7.2	1.911.284	808.540
Derivatives	7.3	-	34.503.801
		1.000.325.219	1.493.453.325
Current assets			
Loans to group companies	7.4	492.332.381	21.000.000
Tax receivables	7.5	7.420	11.837
Other receivables	7.6	7.567	2.267
Derivatives	7.3	26.595.269	-
Receivables from group companies	7.7	609.745.862	628.544.245
Interest receivable	7.8	11.767.274	6.098.010
		1.140.455.773	655.656.359
TOTAL ASSETS		2.140.780.992	2.149.109.684

Liabilities		30/06/2020	31/12/2019
	Note	€	€
Equity			
Issue share capital	7.9	50.000	50.000
Share premium		232.190.000	232.190.000
Revaluation Hedge Reserve		-5.438.517	-2.130.284
Retained earnings		15.362.589	14.371.176
		242.164.072	244.480.892
Provisions			
Corporate income tax	7.10	307.805	-
		307.805	-
Non-current liabilities			
Bonds	7.11	1.242.007.429	1.892.444.599
		1.242.007.429	1.892.444.599
Current liabilities			
Bonds	7.11	650.937.694	-
Loans from group companies	7.12	-	10.000.000
Creditors	7.13	20.754	18.175
Interest payable to group companies	7.14	-	86.100
Interest payable on bonds	7.15	5.343.238	2.079.918
		656.301.686	12.184.193
TOTAL LIABILITIES		2.140.780.992	2.149.109.684

2 Income statement for the 1st half year 2020

	Notes	30/06/2020 €	30/06/2019 €
Income			
Interest and similar income	8.1	16.698.036	58.164.858
Expenses			
Interest and similar expenses	8.1	<u>-15.288.891</u>	<u>-56.489.992</u>
Financial result		1.409.145	1.674.866
General and administrative expenses			
Personnel expenses	8.2	-6.792	-6.660
Other operating expenses	8.2	<u>-103.135</u>	<u>-370.686</u>
Operating result		-109.927	-377.346
Income before income taxes		1.299.218	1.297.520
Income taxes	8.4	<u>-307.805</u>	<u>-373.002</u>
Income after taxes		<u>991.413</u>	<u>924.518</u>

3 Cash flow statement for the 1st half year 2020

	Notes	30/06/2020	2019 €
Operating result		-109.927	-543.634
Change in other working capital			
- Accounts payable		2.578	-5.711.861
- Receivables		18.797.500	-623.959.474
		18.800.078	-629.671.335
Received interest		11.028.766	52.011.823
Paid interest		-12.109.465	-40.954.201
Taxes paid		-	-607.932
Cash flow from operating activities	4.8	17.609.452	-619.765.279
Cash flow from investing activities	4.8	-	-
Change in loans from Evonik Industries	7.3 7.12	-2.091.468	-81.273.799
Change in loans to other companies	7.1 7.4	-11.605.331	705.843.198
Change in bonds	7.11	500.524	2.358.470
Cash flow from financing activities	4.8	-13.196.275	626.927.869
Effect of exchange rate differences		-4.413.177	-7.162.590
Changes in cash & cash equivalents		-	-
Cash & cash equivalents as of January 1		-	-
Cash & Cash equivalents as of June 30		-	-

4 General information

4.1 Operations

Evonik Finance B.V. is a 100% subsidiary of Evonik Industries AG. As such its primary goals are to cover for the structural financing needs from Evonik group companies and joint ventures, by providing loans and guarantees. Borrowing and bond issuance are normally undertaken by Evonik Industries AG or its financing subsidiary Evonik Finance B.V., whose liabilities are fully guaranteed by Evonik Industries AG. To reduce external borrowing, surplus liquidity at Group companies is placed in a cash pool at Group level to cover financing requirements in other Group companies through intragroup loans. Evonik has a flexible range of corporate financing instruments to meet liquidity requirements for day-to-day business, investments, and the repayment of financial debt.

Evonik has a solid investment grade rating. It still has a rating of Baa1 from Moody's and BBB+ from Standard & Poor's. The outlook for the S&P rating is stable. In April 2020, Moody's reduced its outlook for the Baa1 rating from stable to negative. This combined with the Evonik Industries AG unlimited and unconditional guarantee should be considered the basis for Evonik Finance B.V.'s activities on the international debt capital markets.

4.2 Group structure

Evonik Finance B.V. is a member of the Evonik group. The ultimate parent company of this group is Evonik Industries AG located in Essen (Germany). The financial statements of Evonik Finance B.V. are included in the consolidated financial statements of Evonik Industries AG located in Essen (Germany).

4.3 Foundation

Evonik Finance B.V. was founded on December 15, 2010 with an authorized share capital of €250.000 (paid in €50.000) and is located at the following address: Hettenheuvelweg 37/39, 1101 BM Amsterdam, the Netherlands. Evonik Finance B.V is registered at the chamber of commerce under number 51480433.

4.4 Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. The shareholder of the company is Evonik Industries AG located in Essen (Germany). All companies in which Evonik Industries AG ultimately has a majority interest are considered to be a related party.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

4.5 Going Concern

Evonik Finance B.V. generated a profit of €991.413 for the period from January 1 to June 30, 2020, which, resulted in net equity of €242.164.072 (December 31, 2019: €244.480.892). The earnings of the company will be determined by income items associated with the on-lending of raised funds, and profitability will be based on the margins obtained from the on-lending in excess of the interest to be paid on the notes and the service charges. Based on that, Evonik Finance B.V. will achieve a reasonable profit under these

circumstances. Evonik Finance B.V. is supported by the unconditional and unlimited guarantee of Evonik Industries AG.

Finally, we believe that based on the current insights related to COVID-19, no material uncertainty related to going concern exists and therefore the accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

4.6 COVID-19

The COVID-19 outbreak and the resulting measures taken by various governments to contain the virus have impacted the business of Evonik. Evonik has identified the risks, has taken measures to monitor and prevent the effects of the COVID-19 virus such as safety and health measures for our people (like social distancing and working from home). At this time (beginning of August 2020), the impact on our business and results has been small. We will continue to follow the various national institutes policies and advice. In parallel we will do our utmost to continue our operations in the best and safest way possible. The main risks and uncertainties for Evonik Finance B.V. that result from the current uncertain situation regarding COVID-19 are:

- Financial assets: We have up to now no reason to believe that the borrowers are not able to repay the loans on the maturity date of the loans.
- Financing: We do not expect any COVID-19 related risk to the financing of Evonik Finance B.V. as the company has a comfortable cash position.

Whilst uncertain, we do not believe, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

4.7 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

4.8 Notes to the cash flow statement 30 June 2020

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, and income taxes are included in cash from operating activities. Issued loans and received loans to and from group companies, changes in bond values, proceeds from capital increases and movements in the other comprehensive income are included in cash from financing activities. Transactions not resulting in inflow or outflow of cash, are not recognized in the cash flow statement.

5 Accounting policies for the balance sheet

The accounting policies applied for the balance sheet in this condensed half year report are the same as those applied in the Financial Report as of December 31, 2019.

6 Accounting policies for the income statement

The accounting policies applied for the income statement in this condensed half year report are the same as those applied in the Financial Report as of December 31, 2019.

7 Notes to the balance sheet as at June 30, 2020

NON-CURRENT ASSETS

7.1 Loans to group companies

	30/06/2020	31/12/2019
	€	€
Loans to Evonik Operations GmbH	998.413.935	998.286.970
Loan to Evonik Corporation	-	459.854.014
	998.413.935	1.458.140.984

The loans to group companies consist at 30 June 2020 of the following loan:

- Two Credit Facility Agreements with Evonik Operations GmbH for the facility amount of 1.000.000.000 EUR in total. The availability period started on 1 October 2016. The Final maturity date is 7 September 2024 for 500.000.000 EUR and 7 September 2028 for another 500.000.000 EUR. Interest has and will be paid at 7 September each year. The average interest rate in the 1st half of 2020 was 1,15%. On 30 June 2020 the loans amounted to €998.413.935, including the disagio.

The below movement schedule shows the changes in the loans during the 1st half year 2020:

	€
Balance as at 1 January 2020	1.458.140.984
Disagio loan Evonik Operations GmbH	126.966
Reclassification to short term loan	- 459.854.015
Balance as at 30 June 2020	998.413.935

7.2 Deferred tax asset

On 30 June 2020 a deferred tax asset was created. The deferred tax assets mainly relate to a deferred tax asset of €1.812.839 was created for the amount in the revaluation hedge reserve.

The deferred tax asset can be specified as follows:

	OCI	Rating agency fees	Total
	€	€	€
Balance as at 1 January 2020	710.095	98.445	808.540
Change in deferred tax asset	1.102.744	-	1.102.744
Balance as at 30 June 2020	1.812.839	98.445	1.911.284

7.3 Derivatives

On 30 June 2020 Evonik Finance B.V. had 1 cross currency swaps and 1 interest rate swap. The cross-currency swap is designated in a cash flow hedge. The interest rate swap is designated in a fair value hedge. For the cross-currency swap and interest rate swap hedge accounting is applied.

Cross-currency swaps

The notional amounts and fair value of the cross-currency swap is shown in the analysis below.

Non-current asset

Derivative	Start date	Maturity date	Notional value	Dirty market value 30.06.2020	Dirty market value 31.12.2019
Cross-currency swap	03.01.2017	06.05.2021	USD 516.600.000	EUR -	EUR 32.556.342

Current assets

Derivatives	Start date	Maturity date	Notional value	Dirty market value 30.06.2020	Dirty market value 31.12.2019
Cross-currency swap	03.01.2017	06.05.2021	USD 516.600.000	EUR 25.128.092	EUR -

For the cross-currency swap mentioned in the table above hedge accounting is applied. The cross-currency swap is designated in a cash flow hedge.

The cross-currency swap is contracted with Evonik Industries AG to hedge the foreign currency risk on the intercompany loans which are not covered by back to back financing. The notional amounts correspond to the volume of exposure hedged with the cash flow hedge. The dirty market value consists of the clean market value and the net interests on the derivatives. The total change in the clean market value of the cross-currency swaps amounts to EUR 5.889.343. Both the change in the clean market value of the cross-currency swap and the revaluations of the loan underlying these financial instruments are recorded in the revaluation hedge reserve. The change in clean market value are shown in the table below.

Assets

Derivatives	Start date	Maturity date	Notional value	Clean market value 30.06.2020	Clean market value 31.12.2019	Change in clean market value
Cross-currency swap	03.01.2017	06.05.2021	USD 516.600.000	EUR 26.955.832	EUR 32.845.175	EUR -5.889.343
Total				EUR 26.955.832	EUR 32.845.175	EUR -5.889.343

Total assets and liabilities	EUR	26.955.832	EUR	32.845.175	-5.889.343
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Fair value hedge

The fair value hedge was entered into and contracted with Evonik Industries AG. The impact of this measurement in June 2020 is a decrease in the fair value of the zero-coupon bond with approx. €0,5 million in comparison with 2019.

Non-current assets

Derivative	Start date	Maturity date	Notional value	MtM value 30.06.2020	MtM value 31.12.2019
Fair value hedge	10.01.2017	08.03.2021	EUR 650.000.000	EUR -	EUR 1.947.459

Current assets

Derivative	Start date	Maturity date	Notional value	MtM value 30.06.2020	MtM value 31.12.2019
Fair value hedge	10.01.2017	08.03.2021	EUR 650.000.000	EUR 1.467.177	EUR -

For the above-mentioned financial instruments hedge accounting is applied. The fair value movement on these derivatives is recognized in the income statement.

CURRENT ASSETS

All receivables mentioned below fall due in less than one year. Due to the short-term nature the fair value approximates the carrying value.

7.4 Loans to group companies

	30/06/2020	31/12/2019
	€	€
Loan to Evonik Neolyse	21.000.000	21.000.000
Loan to Evonik Corporation	461.332.381	-
Loan to Veramaris V.O.F.	10.000.000	-
	<u>492.332.381</u>	<u>21.000.000</u>

*The loans underlying the credit facility agreement have a maturity of 1 year. On the maturity date of the loan it is decided whether the loan will be prolonged for another year. These loans were previously presented as long term.

The short-term loans to group companies consist at 30 June 2020 of the following loans:

1. A Credit Facility Agreement with Neolyse Ibbenbüren GmbH for the facility amount of 26.250.000 EUR. The availability period started on 10 November 2015. The final maturity date is 31 December 2027. Interest is paid in various periods. The average interest rate in the 1st half of 2020 was 1,15%. On 30 June 2020 €21.000.000 has been drawn as a loan.
2. A Credit Facility Agreement with Evonik Corporation for the facility amount for two loans of each 516.600.000 USD. The availability period started on 20 December 2016 and both loans have been fully drawn on 3 January 2017. The first has been repaid on May 2019 and the final maturity date for the second loan is on 6 May 2021. Interests for this loan will be paid semiannually on 6 May and 6 November. The average interest rate in the 1st half of 2020 was 3,20%. This loan is fully covered by a cross currency swap. On 30 June 2020 the EUR equivalent of this loan €461.332.381
3. A Credit Facility Agreement with Veramaris V.O.F. for the facility amount of 14.167.000 EUR. The availability period started on 1 March 2018. The final maturity date is 31 December 2023. Interest is paid in various periods. The average interest rate in the 1st half of 2020 was 0,8%. On 30 June 2020 €10.000.000 has been drawn as a loan.

The below movement schedule shows the changes in the loans to group companies during the 1st half of 2020:

	€
Balance as at 1 January 2020	21.000.000
Granted loan - Veramaris V.O.F.	10.000.000
Currency translation effect	1.478.366
Reclassification to short term loan	<u>459.854.015</u>
Balance as at 30 June 2020	492.332.381

7.5 Tax receivables

	30/06/2020	31/12/2019
	€	€
VAT	7.420	11.837
	<u>7.420</u>	<u>11.837</u>

All receivables mentioned above fall due in less than one year.

7.6 Other receivables

	30/06/2020	31/12/2019
	€	€
Prepaid expenses	7.567	2.267
	<u>7.567</u>	<u>2.267</u>

All receivables mentioned above fall due in less than one year.

	30/06/2020	31/12/2019
	€	€
Cashpool	609.227.509	628.025.892
Other receivables from group companies	518.353	518.353
	<u>609.745.862</u>	<u>628.544.245</u>

7.7 Receivables from group companies

The receivable from group companies reflects the cashpool position towards Evonik Industries AG. The average interest rate on the cashpool is 0% (2019: 0%)

The company holds accounts with the UniCredit, HSBC bank and the JP Morgan bank. These accounts have a zero balance (due to the cash pooling with Evonik Industries AG) at the balance sheet date.

7.8 Interest receivable

	30/06/2020	31/12/2019
	€	€
Accrued Interest Neolyse Ibbenbüren GmbH	106.982	160.521
Accrued interest Evonik Operations GmbH	9.347.104	3.648.438
Accrued interest Evonik Corporation	2.296.410	2.289.051
Accrued interest Veramaris VOF	16.778	-
	<u>11.767.274</u>	<u>6.098.010</u>

All receivables mentioned above fall due in less than one year.

EQUITY AND LIABILITIES

7.9 Equity

	Issued share capital	Share premium	Revaluation Hedge Reserve	Retained earnings	Total
	€	€	€	€	€
At January 1, 2019	50.000	232.190.000	830.008	15.651.551	248.721.559
Changes					
Revaluation Hedge Reserve	-	-	-3.947.056	-	-3.947.056
Deferred taxes on OCI	-	-	986.764	-	986.764
Result at December 31, 2019	-	-	-	-1.280.375	-1.280.375
At December 31, 2019	50.000	232.190.000	-2.130.284	14.371.176	244.480.892

	Issued share capital	Share premium	Revaluation Hedge Reserve	Retained earnings	Total
	€	€	€	€	€
At January 1, 2020	50.000	232.190.000	-2.130.284	14.371.176	244.480.892
Changes					
Revaluation Hedge Reserve	-	-	-4.410.977	-	-4.410.977
Deferred taxes on OCI	-	-	1.102.744	-	1.102.744
Result at June 30, 2020	-	-	-	991.413	991.413
At June 30, 2020	50.000	232.190.000	-5.438.517	15.362.589	242.164.072

Share capital

At the balance sheet date, the authorized share capital of Evonik Finance B.V. amounts to €250.000, divided into 2.500 ordinary shares of € 100 each. Of these, 500 ordinary shares have been issued and fully paid. All shares are held by Evonik Industries AG.

Revaluation hedge reserve

The revaluation hedge reserve is a legal reserve according to Dutch law and can therefore not be distributed as dividend to the shareholder. Hedge accounting was applied on the outstanding financial instruments (cash flow hedge) between Evonik Industries AG and Evonik Finance B.V.

The balance in the revaluation hedge reserve can be broken down as follows:

Revaluation Hedge Reserve	Clean market value change	Currency translation effects loans	Total	Deferred taxes	Total
At January 1, 2020	€ 32.845.175	€ -35.685.554	€ -2.840.380	€ 710.095	€ -2.130.284
Changes	€ -5.889.343	€ 1.478.366	€ -4.410.977	€ 1.102.744	€ -3.308.233
At June 30, 2020	€ 26.955.832	€ -34.207.188	€ -7.251.357	€ 1.812.839	€ -5.438.517

Additionally, a deferred tax asset of 1.812.839 was created for the amount in the revaluation hedge reserve.

7.10 Corporate income tax

On 30 June 2020 a corporate income tax provision of €307.805 was created.

7.11 Bonds

On September 7, 2016 Evonik Finance B.V. issued bonds with a nominal value of €1,9 billion. In total Evonik Finance B.V. issued three fixed tranches:

1. €650 million with a tenor of 4.5 years and a coupon of 0%. Issued price: 99,771%
2. €750 million with a tenor of 8 years and a coupon of 0,375%. Issued price: 99,490%
3. €500 million with a tenor of 12 years and a coupon of 0,750%. Issued price 98,830%

The bonds were issued at discount. The repayment of the bonds to the investors is guaranteed by Evonik Industries AG. As of January 2017, the zero-coupon bond is subsequently stated at fair value. For the zero coupon bond a fair value hedge was closed and contracted with Evonik Industries AG. The impact of the change in the fair value hedge as at 30 June 2020 is a decrease in fair value of the zero-coupon bond with approx. €0,5 million. Hedge accounting is applied for the fair value hedge.

	Nominal value in € million	Rating (S&P/Moody)	Issue price in percent	Fair value price in € 30.06.2020	Maturity	Coupon in percent	Interest payment date	Interest	Book value in € 30.06.2020
Fixed interest bond 2016/2021	650.000.000	BBB+/Baa1	99,771	648.557.000	08.03.2021	0,000	-	-	650.937.694
Fixed interest bond 2016/2024	750.000.000	BBB+/Baa1	99,490	752.287.500	07.09.2024	0,375	07.09.2019	2.289.959	747.031.105
Fixed interest bond 2016/2028	500.000.000	BBB+/Baa1	98,830	502.700.000	07.09.2028	0,750	07.09.2019	3.053.279	494.976.324
Total	1.900.000.000			1.903.544.500				5.343.238	1.892.945.123

The total fair value of the bonds approximates €1.903.544.500 on 30 June 2020.

The movement schedule for the bonds is as follows:

	€
Balance as at 1 January 2020	1.892.444.599
Disagio	962.949
Fair value hedge	-462.425
Balance as at 30 June 2020	1.892.945.123

CURRENT LIABILITIES

All liabilities mentioned below fall due in less than one year. Due to the short-term nature the fair value approximates the carrying value.

7.12 Loans from group companies

	30/06/2020	31/12/2019
	€	€
Loan from Evonik Industries AG (Neolyse)	-	10.000.000
	-	10.000.000

*The loans underlying the credit facility agreement have a maturity of 1 year. On the maturity date of the loan it is decided whether the loan will be prolonged for another year. These loans were previously presented as long term.

The movement schedule for the loans from group companies is as follows:

	€
Balance as at 1 January 2020	10.000.000
Repayment loan - EVI-Neolyse	-10.000.000
Balance as at 30 June 2020	-

7.13 Creditors

	30/06/2020	31/12/2019
	€	€
Creditors - external	20.754	18.175
	20.754	18.175

The creditors mentioned above fall due in less than one year.

7.14 Interest payable to group companies

	30/06/2020	31/12/2019
	€	€
Interest Loan Evonik Industries AG (Neolyse)	-	86.100
	-	86.100

7.15 Interest payable on bonds

	30/06/2020	31/12/2019
	€	€
Interest on bonds	5.343.238	2.079.918
	5.343.238	2.079.918

The interest on bonds can be broken down as follows:

	Nominal value in € million	Rating (S&P/Moody)	Issue price in percent	Maturity	Coupon in percent	interest payment date	Interest
Fixed interest bond 2016/2021	650.000.000	BBB+/Baa	99,771	08.03.2021	0,000	-	-
Fixed interest bond 2016/2024	750.000.000	BBB+/Baa	99,490	07.09.2024	0,375	07.09.2019	2.289.959
Fixed interest bond 2016/2028	500.000.000	BBB+/Baa	98,830	07.09.2028	0,750	07.09.2019	3.053.279
Total	1.900.000.000						5.343.238

7.16 Contingent liabilities

As per 30 June 2020 there are two outstanding guarantees that should be considered as a contingent liability totaling € 2,9 million (2019: €2,9 million). The first guarantee of €1,3 million was granted to the German European School Singapore (GESS) to secure the facility agreement between GESS and Deutsche Bank AG. The second guarantee of maximum €1,7 million was granted to Raiffeisenbank Leoben-Bruck eGen in March 2020 securing 49% of the loan obligations under certain credit agreements granted by the beneficiary towards Litecon GmbH which is a 49% joint venture of the Evonik group.

8 Notes to the income statement for the 1st half year 2020

8.1 Financial income and expense

Financial income	30/06/2020	30/06/2019
	€	€
Interest loan Cyplus Idesa S.A.P.I. de C.V.	-	1.498.381
Interest loan Evonik Specialty Chemicals (Shanghai)	-	2.747.957
Interest loan Evonik Degussa China Co., Ltd.	-	1.660.408
Interest loan Evonik Operations GmbH	5.825.631	5.818.347
Interest loan Neolyse Ibbenbüren GmbH	122.092	136.598
Interest loan Evonik Corporation	7.740.717	11.521.133
Interest loan Veramaris VOF	16.778	-
Interest financial derivatives	2.992.797	2.793.520
Interest on cash pool	15	941
Exchange rate gain	6	-
Gain valuation derivatives	-	31.987.573
	16.698.036	58.164.858

Financial expenses	30/06/2020	30/06/2019
	€	€
Interest loan Cyplus Idesa S.A.P.I. de C.V.	-	407.799
Interest loan Evonik Industries AG (Shanghai)	-	1.327.503
Interest loan Evonik Industries AG (Neolyse)	5.250	99.678
Interest bonds	4.226.269	4.198.577
Interest financial derivatives	8.220.999	14.166.330
Interest cash pool	-	484
Guarantee fees	2.834.167	2.834.167
Bank charges	2.206	2.227
Exchange rate loss	-	33.453.227
	15.288.891	56.489.992

8.2 General and administrative expenses

General and administrative expenses	30/06/2020	30/06/2019
	€	€
Office expenses	9.550	9.270
Financial services	37.000	35.876
Financial audit fees	16.500	16.500
Management fees	19.700	19.218
Management assistant fees	4.100	3.998
Other services	15.155	15.066
Other taxes	-	268.586
IT and Communication expenses	65	172
Travel expenses	1.065	2.000
Salaries and wages	6.792	6.660
	109.927	377.346

The other services can be broken down as follows:

Other services	30/06/2020	30/06/2019
	€	€
Fee Luxembourg stock exchange	500	500
Fee CSSF	3.000	3.000
Fee EQS	1.700	1.700
Fee HR services	1.955	1.866
Fee audit committee	8.000	8.000
	15.155	15.066

8.3 Audit fees

The following audit fees were expensed in the income statement in the reporting period:

30/06/2020	PwC Accountants	Total
	€	€
Audit of the financial statements	12.500	12.500
Other audit services	4.000	4.000
Other non-audit services	-	-
	16.500	16.500
30/06/2019	PwC Accountants	Total
	€	€
Audit of the financial statements	12.500	12.500
Other audit services	4.000	4.000
Other non-audit services	-	-
	16.500	16.500

The fees listed above relate to the procedures applied to Evonik Finance B.V. only by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties - Wta') as well as by Dutch and foreign-based accounting

firms, including their tax services and advisory groups. These fees relate to the audit of the 2020 financial statements, regardless of whether the work was performed during the financial year.

8.4 *Income taxes*

The negative income tax result of €307.805 can be broken down as follows:

	30/06/2020	30/06/2019
	€	€
Income deferred taxes	-	192.719
Corporate income tax	-307.805	-
Withholding taxes	-	-565.721
Income tax	-307.805	-373.002

*Applicable tax rate: 16,5% over the taxable income until: € 200.000
 *Applicable tax rate: 25,0% over all further income above: € 200.000

	30/06/2020	30/06/2019
	€	€
Tax calculation		
Income before taxes	1.299.218	1.297.520
Theoretical taxes to be paid	-307.805	-312.380
Income tax expense (withholding taxes)	-	-565.721
Income deferred taxes	-	192.719
Expense deferred taxes		
Commercial tax rate	24%	29%

8.5 *Related parties*

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. The ultimate shareholder of the company is Evonik Industries AG, Essen (Germany). All companies in which Evonik Industries AG ultimately has a majority interest are considered to be a related party. Significant transactions in the 1st half year 2020 with related parties of Evonik Finance B.V. are disclosed in the notes 7.1, 7.3, 7.4, 7.6, 7.7, 7.8, 7.11, 7.13, 7.14, 7.15, 7.16 and 8.1.

Evonik International Holding B.V. provides management services to Evonik Finance B.V. in the 1st half year 2020, the cost of these management services amounted to €19.700 (2019: €19.218).

8.6 *Average number of employees*

Until 30 June 2020, 0 employees were employed on a full-time basis (2019: 0). In the 1st half year 2020 there was 1 employee employed for 0,1 FTE (2019: 0,1 FTE). Of these employees, 0 were employed outside the Netherlands (2019: 0). The average number of employees of proportionally consolidated companies was 0 in 2020 (2019: 0).

8.7 Director's remuneration

	30/06/2020	30/06/2019
	€	€
Current directors	6.792	6.660
	<u>6.792</u>	<u>6.660</u>

The total directors' remuneration is partly paid by Evonik Finance B.V. as salary and partly expenses by Evonik International Holding B.V. through the management fee as disclosed in note 8.5 Related parties.

8.8 Events after balance sheet date

No significant event has taken place after ending of the financial year, which would have substantial impact on these annual accounts, as per 30 June 2020.

COVID-19:

The outbreak of the COVID-19 pandemic, started in December 2019 in China, developed rapidly this year with a significant number of infections and casualties globally. Measures taken by various governments to contain the virus have affected economic activity. The impact of COVID-19 is considered as a non-adjusting event. We have taken measures to monitor and prevent the effects of the COVID-19 virus, such as health and safety measures for our employees (like social distancing and working from home). At this point in time (beginning of August 2020) the impact on our business and result is minor. We will continue to follow the various national institutes policies and advices. In parallel we will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our employees.

We also refer to the comments in the note on COVID-19 (page 13).

Amsterdam, August 4, 2020

Laila Aoulad Si Kaddour
Director

Alexander van der Weiden
Director

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