

STEICO SE
2020 Annual Report

The green share

2020

Profitable growth despite COVID-19 challenges

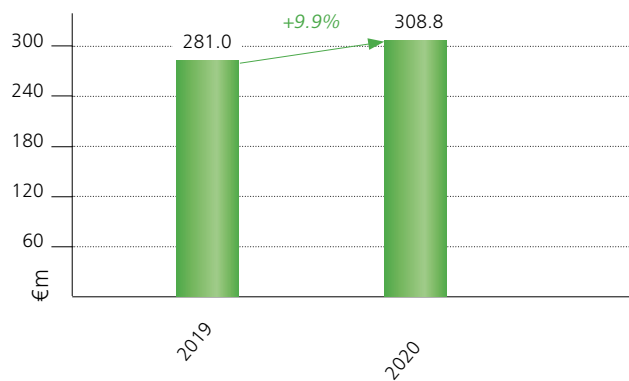


Natural building products for **healthier living**

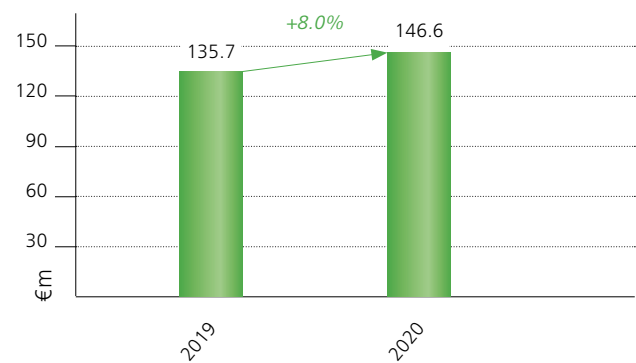
Overview

Profitable growth despite COVID-19 challenges

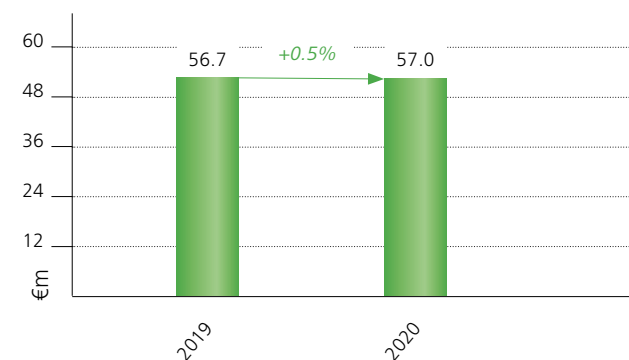
Revenue growth in € millions



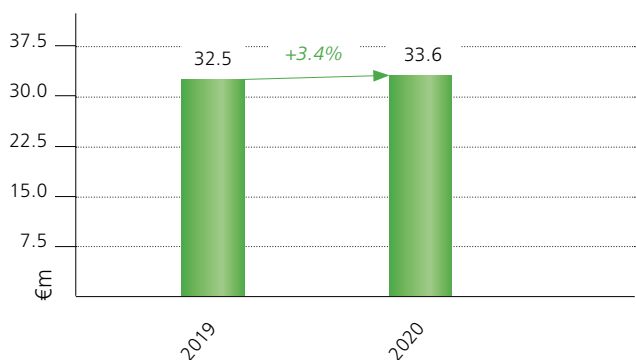
Gross Earnings growth in € millions



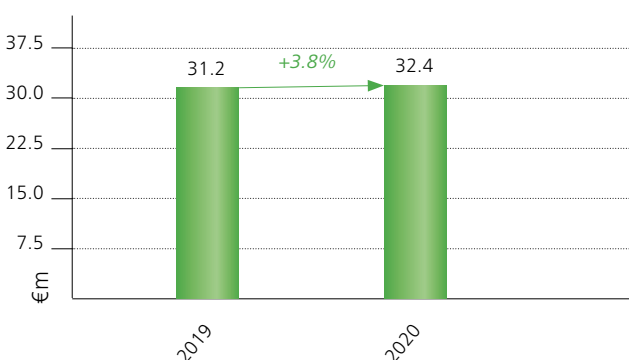
EBITDA growth in € millions



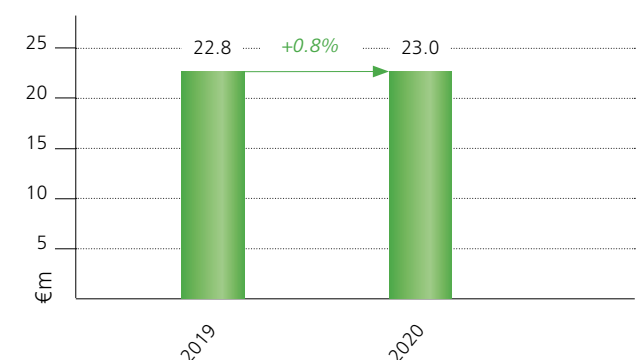
EBIT growth in € millions



EBT growth in € millions



Profit for the Period growth in € millions



ADDITIONAL KPIS

	2020	2019
1. Total operating revenue in € millions	€ 306.9 million	€ 287.8 million
2. EBITDA margin as a percentage of total operating revenue	18.6%	19.7%
3. EBIT margin as a percentage of total operating revenue	10.9%	11.3%
4. Equity ratio (as of 31 Dec.)	53.0%	53.7%

Percentage increases and margins calculated based on non-rounded figures.

The first half of 2020 was dominated by the COVID-19 pandemic and the associated restrictions. The second half of the year, on the other hand, was characterized by a dynamic increase in demand, especially for wood-fibre insulation materials.

The German core market recorded continuous growth throughout the year. Most other markets, including the second-largest market France, recorded significant catch-up effects in the second half of the year and closed the year as a whole with higher revenues.

In total, we recorded revenue growth of 9.9% to € 308.8 million. Earnings also increased slightly despite the demanding challenges posed by the pandemic. EBITDA totalled € 57.0 million, up 0.5% year on year. EBIT was up 3.4% year-on-year at € 33.6 million. At € 23.0 million, net income lifted by 0.8% compared to the previous year.

STEICO is also enjoying dynamic growth in demand in the first few months of 2021. The STEICO Group's constant increases to its capacity reserves mean that the Group is excellently positioned to continue its growth. Unless there are additional negative effects from developments in the pandemic, the Board of Directors believes that in 2021 revenues will lift by more than 15% with an EBIT ratio of between 13.0% and 15.0% (in terms of total operating revenue).

Company profile

The STEICO Group develops, produces and markets ecological construction products made of renewable raw materials. STEICO is the European market leader in the wood-fibre insulation materials segment.

STEICO is positioned as a system provider for ecological residential construction and is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and construction components supplement each other. These include flexible and stable wood fiber insulation panels, composite thermal insulation systems, insulation panels with a reinforcing effect, as well as cavity wall insulation made of wood fibers and cellulose.

The construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO group also produces fiberboard and operates in the wood trade.

The Munich-based company's products are used in new construction and when renovating roofs, walls, ceilings, floors and facades. STEICO's products allow the construction of future-proof, healthy buildings with a particularly high quality of living and a healthy atmosphere. STEICO's products offer reliable protection against cold, heat and also noise, and they permanently improve the building's energy efficiency.

Disclaimer

This document is a translated version of the German original document. The translation has been prepared with utmost care. However, only the German original document is binding.

Introduction

Dear business partners,
dear shareholders,



Udo Schramek

CEO

2020 presented STEICO with more than just one challenge. Spring was marked by the COVID-19 pandemic and the associated restrictions. The company and all its employees had to adapt to the new situation in a very short time. Fortunately, work in the production plants was able to continue largely unaffected. We only had to close the French plant for a few days.

From the summer onwards, however, STEICO was faced with a dynamic increase in demand. In the core market of Germany, where construction activity was hardly affected by the COVID-19 restrictions, demand rose steadily throughout the year. Other key markets, such as France, recorded significant catch-up effects in the second half of the year. As a result, we were able to gradually revise our more cautious outlook from the spring and we finally closed 2020 with a 9.9% increase in sales. STEICO's shares also followed this positive trend and more than doubled in value over the year as a whole, even more than tripling when measured against their lowest price.

STEICO continues to benefit from the dynamic demand. In the first quarter of 2021, sales increased by more than 20% compared to the previous year. The climate debate, a political environment that supports timber construction and numerous subsidy programmes for energy-efficient building make insulating and building with wood more attractive than ever.

Our major challenge now is to expand our production capacity as quickly as possible in order to continue to be a reliable partner for our customers and builders. All in all, STEICO is currently running the largest investment program in the company's history. We are not only investing at the existing sites, but are also building a completely new plant for wood fibre insulation materials in Gromadka, Poland. As a result, we have already been able to significantly increase capacities compared to 2020 and will bring further production volumes to market in the course of 2021.

My thanks go to all STEICO employees, who are particularly challenged under the current conditions and give their best every day. Special thanks also go to our customers and partners who continue to remain loyal to us in this turbulent market phase. The entire STEICO team is fully committed to continuing to fulfil your wishes and requirements in the best possible manner.

Yours sincerely,

A handwritten signature in green ink, consisting of a large, stylized initial 'U' followed by a long horizontal stroke that ends in a small loop.

Udo Schramek

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Report by the Board of Directors

Dear business partners,
dear shareholders,

The first half of 2020 was dominated by the COVID-19 pandemic and the associated restrictions. Fortunately, work in the production plants was able to continue largely unaffected. We only had to close the French plant for a few days.

The second half of the year, on the other hand, was characterized by a dynamic increase in demand, especially for wood-fibre insulation materials. In total, our revenues lifted by 9.9% for the year as a whole, and earnings also increased slightly.

In order to continue to meet the dynamic growth in demand, STEICO launched the largest investment program in the company's history in 2020. We are not only investing at the existing sites, but are also building a completely new plant for wood fibre insulation materials in Gromadka, Poland.

2020 brought major challenges. The Supervisory Board would therefore like to extend its special thanks to the entire STEICO team. Thank you for your daily commitment.

1. MANAGEMENT AND MONITORING BY THE SUPERVISORY BOARD

In 2020 the Supervisory Board fully performed all of its tasks and obligations required by the law and the articles of association. It defined the fundamental principles of the company's activities and monitored their implementation by the managing directors. The Supervisory Board was included directly in all decisions which were of fundamental importance for the company. To the extent that approval by the Supervisory Board was required for decisions or activities by the company's management according to the law, the articles of association or the by-laws, the corresponding resolutions were only passed after these issues had been discussed in detail with the managing directors.

The managing directors reported regularly, in good time and in detail to the Supervisory Board according to Section 40 (6) of the SEAG in connection with Section 90 of the AktG on the course of business and the general position of the company and the group including the net assets, financial position and results of operations. In addition, in-depth discussions were held in particular concerning business policy and the company's strategic further development. The Supervisory Board was also informed about the risk position and risk management.

The managing directors regularly submitted an in-depth

report on the course of business, including the growth of revenues, earnings and liquidity, and also on the position of the company and the group companies. The reports were available for each member of the Supervisory Board and were discussed in joint meetings. Differences in the course of business were discussed in detail. The Supervisory Board discussed in detail all business transactions of importance to the company on the basis of the reports of the managing directors and contributed its own ideas. The managing directors provided additional information at the Supervisory Board's request. The Supervisory Board was also consulted on special transactions which were of major importance for the company. In addition, the Chairman of the Supervisory Board was in regular contact with the managing directors and received regular reports on the company's growth and he reported to the Supervisory Board on the information obtained.

2. KEY AREAS OF DISCUSSION IN THE SUPERVISORY BOARD

In fiscal year 2020 the Supervisory Board held five face-to-face meetings and in three cases it passed a resolution outside of a meeting. The attendance rate for meetings of the Supervisory Board was 100%. The managing directors participated in the meetings of the Supervisory Board to the extent not otherwise determined by the Chairman of the Supervisory Board.

In the first meeting of the financial year on 3 March 2020, the Supervisory Board dealt in particular with a revision of the rules of procedure of the Managing Directors with regard to a more stringent regulation on the subject of conflicts of interest as well as a reallocation of responsibilities due to the appointment of Mr Tobias Schindler as Managing Director Sales as of 1 April 2020.

In its meeting on 24 April 2020 the Supervisory Board dealt, in particular, with STEICO SE's annual financial statements, the dependent companies report and the consolidated financial statements as of 31 December 2019 as well as the respective management reports. This meeting also dealt with the report of the Supervisory Board for fiscal year 2019. In addition the proposed resolutions for the company's ordinary general meeting on 25 June 2020 were passed. In this context, the Supervisory Board instructed the Board of Directors to organise a virtual general meeting, if necessary, in view of the specific requirements of the COVID-19 crisis.

Specifically, at meeting on 25 June 2020, additional expenditure anticipated over budget for the roof element production facility were discussed and approved. In addition, the construction of a plant for the production of wood fibre insulation boards using the dry process at the Casteljaloux site was discussed and decided.

At its meeting on 22 September 2020, the Supervisory Board dealt in particular with the status of current investments in Casteljaloux and in Czarna Woda. It also decided to participate in an auction of a plot of land for a possible new production site in Gromadka, Poland.

The last meeting on 15 December 2020 dealt with issues including an in-depth discussion of the risk management report by the managing directors, which forms part of the early warning system set up according to Section 22 (3) of the SEAG. In so doing, the Supervisory Board confirmed that risks which could endanger the company's continued existence can be recognised at an early stage, however that there were no such risks.

The subject of a resolution adopted outside of attendance meetings was the purchase and reconstruction of a wet-process wood fibre insulation board plant at the Czarna Woda site on 25 May 2020.

3. AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the managing report as well as the consolidated financial statements and group management report as of 31 December 2020 were prepared by the managing directors according to the regulations of the Handelsgesetzbuch (HGB - German Commercial Code). The firm of auditors Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, audited the annual financial statements and management report of the company as well as the consolidated financial statements and group management report, discussed this in the audit reports and issued both the annual financial statements as well as the consolidated financial statements with an unqualified auditor's opinion. Performance of the audit and the audit reports correspond to the statutory requirements in Sections 317, 321 of the HGB. The company's annual financial statements and management report and the group's consolidated financial statements and group management report as well as the proposal by the managing directors for the use of the profits and the auditors reports by the

auditors were passed on to the Supervisory Board in good time. The auditors participated in the meeting to discuss the financial statements and responded extensively to questions and reported in detail on the course and results of the audit of the annual financial statements and consolidated financial statements.

The Supervisory Board reviewed the annual financial statements, the consolidated financial statements and the associated management reports. As there were no objections, the board concurred with the results of the audit by the auditors and approved the annual financial statements and consolidated financial statements. The annual financial statements were thus adopted. The Supervisory Board also approved the management reports.

The Supervisory Board reviewed the proposal for the appropriation of profits while considering the company's financial position and the expectations of shareholders and the capital market, and discussed this with the managing directors. It then concurred with the managing directors' proposals for the appropriation of profits.

4. STAFF CHANGES

Tobias Schindler was appointed Managing Director for the Sales division as of 1 April 2020.

5. AFFILIATED COMPANIES REPORT

The managing directors prepared the report on affiliated companies (dependent parties report) for fiscal year 2020. Accordingly, the company received reasonable compensation in each case for the transactions presented with affiliated companies.

The dependent parties report was audited by the auditor and issued with the following unqualified auditor's opinion:

"After our proper audit and assessment we confirm that

1. The facts in the report are correct and
2. The company's payments for the transactions listed in the report were not unreasonably high."

Both the dependent parties report and also the audit report were received by the Supervisory Board in good time. As a result of its own review the Supervisory Board concurred with the auditor's opinion and approved the dependent parties report.

Feldkirchen, 27 April 2021



Udo Schramek
Chairman of STEICO SE's Supervisory Board

Growth of STEICO's shares

A. SHARE PRICE GROWTH IN 2020

STEICO's shares started the year with a price of € 28.50 on 2 January (Xetra closing price) and recorded constant growth in the weeks that followed. However, after an interim high of €36.20 on February 20, STEICO shares came under pressure as the COVID-19 pandemic spread, reaching their low for the year of €18.25 on 18 March 2021.

As part of the economic stabilization, STEICO's share price subsequently recorded steady gains, reaching its high for the year of € 62.80 on 28 December. This corresponds to an increase in value of 220% since the start of the year, or 344% compared to the lowest price.

STEICO's shares closed at a price of € 59.40 in Xetra trading on 30 December. This corresponds to a share price increase of 208% over the year as a whole.

STEICO's shares: development 2020



B. INVESTOR RELATIONS

As was the case in previous years, STEICO SE engaged in open and direct communication with the capital markets in 2020, and was also in close contact with its shareholders. In 2020, in addition to the transparency policies for the Basic Board and m:access, STEICO SE fulfilled its publication requirements, for example with end-to-end communication in German and English and the regular publication of quarterly reports. In addition, up-to-date press releases and financial reports are also always published on the Web site www.STEICO.com/ir. Information on key events is disseminated via a well-known institution to comply with publicity obligations.

C. CAPITAL MARKET DIARY 2020

9/10 January 2020	STEICO presented the company to institutional investors at the 23rd Oddo Forum, held by ODDO BHF in Lyon (France)
Early February	Publication of provisional figures for 2019
4 February 2020	STEICO presented the company to institutional investors at the HSBC ESG Conference (Frankfurt am Main)
13 February 2020	STEICO presented the company to institutional investors at the Montega Fokus Investment Day (Munich)
18 March 2020	Planned presentation at Metzler MicroCap Days (event cancelled due to COVID-19 restrictions)
19/20 March 2020	Planned presentation at the Market Solutions Forum by ESN (event cancelled due to COVID-19 restrictions)
28 April 2020	Publication of the 2019 Annual Report and the report on the first quarter of 2020
6 May 2020	Planned 1st STEICO analyst conference at Commerzbank (Frankfurt / Main) (event cancelled due to COVID-19 restrictions)
7 May 2020	Planned presentation in Brussels and surroundings (roadshow with Metzler) (event cancelled due to COVID-19 restrictions)
16 June 2020	STEICO presented the company to institutional investors (virtual roadshow with Metzler)
25 June 2020	2020 Ordinary general meeting of STEICO SE
16 July 2020	Publication of STEICO's 2020 semi-annual report
03 September 2020	STEICO presented the company to institutional investors at the Commerzbank Corporate Conference (virtual conference)
10 September 2020	STEICO presented the company to institutional investors (virtual roadshow with Warburg)
23 September 2020	STEICO presented the company to institutional investors at the "Berenberg and Goldman Sachs Ninth German CorporateConference" (virtual conference)
14 October 2020	Publication of the report on the third quarter
10 November 2020	STEICO presented the company to institutional investors at the CIC Market Solutions Forum by ESN (virtual conference)

A. FOUNDATIONS

I. STEICO SE'S BUSINESS MODEL

1. OVERVIEW

The STEICO Group develops, produces and markets ecological construction products made of renewable raw materials. According to its own estimates, STEICO is the global market leader in terms of sales revenues in the wood fiber insulation materials segment compared with its relevant competitors.

STEICO is positioned as a system provider for ecological residential construction and, compared to the relevant competitors, it is the only manufacturer in the industry to offer an integrated wooden construction system in which insulation material and wooden construction components supplement each other. These include flexible wood fiber insulation materials, stable wood fiber insulation boards, wood fiber insulation boards for facade insulation ("ETICS"), air injected insulation made of wood-fibre and cellulose as well as system products to insulate building shells. Construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO Group also produces Natural Fibre Boards and operates in the timber wholesale trade. The product range in the United Kingdom also include products for ceiling and floor construction.

The STEICO Group's production equipment can also be used to produce a wide variety of specialty products such as door panels, pin-boards, etc. which are sold to various industrial customers.

2. THE STEICO GROUP'S PRODUCTS AND SERVICES

The STEICO Group is a system provider for natural construction products for insulation and construction. The core range comprises "natural wood-fibre insulation materials". In 2020 the bulk of revenues (66.3%) was recorded with environmentally friendly wood-fibre insulation materials and cavity insulation for building and floor insulation.

The STEICO Group's current range of products and services comprises:

Wood-fibre insulation materials

STEICO insulation materials are made of fresh soft wood. They are used in new buildings and renovation work, protecting against the cold, heat and noise.

Wood-fibre insulation materials are produced by the subsidiaries using various methods - both the wet and

the dry process. Both methods break down wood into individual fibres using steam and mechanical treatment. The fundamental difference between the two methods is that wet fibres are processed (formed to make boards) in the wet method, and in the dry method the fibres are dried before forming the boards. The dry method can be used to produce fibres for cavity insulation, flexible (compressible) mats or stable insulation boards.

Air injected insulation

Air injected insulation is made of loose insulation fibres or insulation flakes which are blown into construction cavities at high pressure, where they then compress. The STEICO Group produces and sells cavity insulation material made of wood fibres and also cellulose flakes.

Construction products: LVL, Laminated Veneer Lumber

Laminated veneer lumber is a high-performance wood material and comprises several layers of wood laminate glued together. It is characterised by its particularly high rigidity and ability to bear loads, while simultaneously offering high dimensional stability. Laminated veneer lumber is used both in the construction industry and also in industrial applications (for example to produce doors and furniture). It is also a key component for I-joists (flange material).

Construction products: I-joists

I-joists are supporting components which are optically very similar to traditional double-T-joists. They comprise two "flanges" (square timber posts made of laminated veneer lumber) which are connected using a fibreboard. Some of the web material is purchased (OSB: Oriented Strand Board), but the majority is produced in-house (Natural Fiber Boards). STEICO's I-joists offer an alternative to standard construction products such as construction lumber or laminated timber in terms of both their price and energy consumption.

Special products

The special products segment bundles all of the products that the group produces itself which are not directly allocable to the construction sector. These include, for example, fibreboards for pinboards or door fills, as well as other products for industrial applications.

Timber wholesale

The STEICO Group operates in wood product wholesale in Germany. These products stem from the company's former orientation and these operations are being continued with a lower number of employees. The company generates revenues with wood products which are mostly imported from south-eastern European countries and Poland. Clients are the timber wholesale trade and furniture industry in Germany. The range of merchandise spans sawn timber through to semi-finished products for furniture making (e.g. products cut to customer specifications).

STEICO UK Ltd. runs wholesale operations in the United Kingdom with wood and wooden composite boards to supplement its sales of I-joists. It has become standard practice on the UK market for construction companies to offer end-to-end ceiling systems - including planning, the supporting structure (I-joists) and wooden composite boards to construct the floor - all from a single source.

Natural fibre boards

The production of natural fibre boards is similar to the production of wood-fibre insulation materials made using the wet method. The difference is that wet fibres are pressed to form stable boards using particularly high pressure. Natural fibre boards are used in the furniture industry. Natural fibre boards are used in the furniture industry where they are used, for example, to form the backs of cupboards or the bottoms of drawers. In addition, they are used as standard construction boards on many markets, for example for roof boards. Within the STEICO Group, natural fibre boards are a key component in the production of I-joists, where they form the so-called bar. Sales to external customers is no longer of any strategic importance due to the low margins.

Miscellaneous

Various activities are bundled in the Miscellaneous segment, including in particular services, element production and, for example, the trade in ETICS accessories.

Element production

In 2020, STEICO SE entered the market with its "Element Production" division. This involves refining individual STEICO products (construction materials and insulating materials) to form complete components such as roof, wall and ceiling elements according to customer specifications. These elements allow work on the construction site to progress particularly rapidly.

Automation and prefabrication of end-to-end components are ongoing trends in the construction industry.

Prefabrication / element production has been practised by STEICO SE's customers for a long time, but is often labour-intensive manual work. STEICO's prefabrication is based on a high degree of automation, which is associated with increases in speed and precision. The offering is geared to construction companies (timber construction as well as hybrid construction and redevelopment companies), which can thus achieve advantages in terms of personnel deployment, economic efficiency and construction speed. STEICO SE will not operate as a house construction company itself.

Services

STEICO offers a range of supplementary services, such as its "STEICO Academy" seminars. These seminars train craftsmen, architects, trade representatives and also people building their own home in how to use the STEICO construction system. In addition STEICO has its own department for technical advice for craftsmen, planners and builders. As a rule services are performed free of charge.

3. PROCUREMENT

The fresh timber required to produce wood fibre products is mostly procured in Poland from the Polish State Forest. In France timber is procured on the free timber market. The timber is sourced from sustainably managed forests from the region surrounding the production facilities.

4. SALES AND CUSTOMERS

The STEICO Group's customers are mostly broken down into the customer groups of wood and construction materials traders, wood construction companies (such as pre-fabricated home construction companies) and DIY stores (in some cases via distributors) as well as industrial customers (e.g. manufacturers of laminated/parquet flooring, furniture manufacturers, construction material manufacturers). The STEICO Group aims to ensure a broad customer base in order to avoid dependencies on individual customers. 3.8% of revenues were generated with the largest customer in 2020 (previous year: 4.9%). 22.0% of revenues were generated with the ten largest customers (previous year: 22.7%). The company's management believes that it is thus not especially dependent on a single individual customer.

The STEICO Group sells its products worldwide, and focuses on European markets. Germany was the largest sales market in 2020 accounting for 39.4% of revenues, followed by France (13.3% of revenues) and the UK and Ireland (8.4% of revenues). The largest non-European sales market is Australia (3.9% of revenues).

II. CONTROL SYSTEM AND SHAREHOLDER SYSTEM

STEICO SE is responsible for sales management, marketing, investments, product development, finance and financial control in its position as the group's holding company. As a central Group company, STEICO SE is thus integrated into an intensive reporting system that supports the early recognition of possible undesirable developments.

A detailed control system with reporting as well as strategy and planning processes that are uniform within the company is used to monitor and control the opportunities and risks of the operating business.

A differentiated internal reporting system is in place to monitor economic developments and risks. The sales strategy is adapted to new developments.

61.1% of shares are held by the CEO/managing director Mr. Udo Schramek, and the remaining 38.9% are in free float.

III. RESEARCH AND DEVELOPMENT

R&D activities in fiscal year 2020 focused on optimising product characteristics for wood fibre insulation boards as well as developing new products as part of the product range, in particular:

- Supporting research work in parallel to operating the Group's own production line for laminated veneer lumber
- Research activities to develop binding agents and alternative adhesives for timber materials
- Further development of cellulose cavity insulation
- Developing and optimising wet method wood fibre insulation materials
- Developing and optimising dry method wood fibre insulation materials
- Research to optimise the fire and mouldering performance for STEICO's insulation materials
- Research to optimise the heat conduction properties for STEICO's insulation materials
- Research to optimise the emission behaviour for wood fibre insulation materials and wooden materials
- Development and pre-production of full wall, roof and ceiling elements produced using the STEICO construction system

- Development of foamable insulating materials based on wood and renewable raw materials

Future R&D work will continue to focus on building the integrated construction system.

In 2020, 3 employees worked on research and development projects at STEICO SE, of which one was a full-time employee and two others were assigned to projects on a temporary basis. These employees were supported by 5 employees at the manufacturing subsidiaries, one of whom is assigned full-time to R&D and 4 others provided temporary project support.

B. ECONOMIC REPORT

I. OVERALL ECONOMIC AND INDUSTRY-SPECIFIC UNDERLYING CONDITIONS

1. ECONOMIC TREND

The COVID-19 pandemic led to a significant decline not only in European economic output in 2020. According to an initial estimate by the European statistics authority Eurostat, GDP fell by 6.8% in the eurozone and by 6.4% in the EU.¹

With regard to the European construction industry, experts from the market research institute Euroconstruct calculated construction activity to fall by a total of 7.8% in 2020. However, the effects varied substantially from country to country. In the UK, for example, a downturn of almost one fifth is expected. Other large economies such as France were also badly affected.

By contrast, Germany, STEICO SE's most important market, continued to enjoy positive growth, as construction activities were able to continue largely unhindered. Current figures from DESTATIS, the German Federal Statistical Office for 2020 confirm Euroconstruct's assessment. Compared to the previous year, revenues in the main construction sector increased by 4.9%. The sub-segment for roofing and carpentry, which is particularly relevant for the STEICO Group, even recorded sales growth of 9.6%.²

¹ Source: Eurostat, press release 17/2021, 2 February 2021

² Source: Destatis, press release 112, 10 March 2021

The trend towards timber construction/prefabricated construction continued. Bundesverband Deutscher Fertigbau e.V. (German Prefabricated Construction Association) reports a prefabricated construction rate of 22.2% for 2020 as a whole, with increasing momentum observed in the second half of the year. As of November 2020, the prefabricated construction rate was 23.8%.³

2. COMPETITION

With regard to wood-fibre insulation materials, the most important competitors in 2020 in the opinion of the company's management were Gutex (Germany), Soprema with its Pavatex brand (France), bestwood Schneider (Germany), Hunton (Norway) and Fibris (Poland).

The consolidation on the market for wood-fiber insulation materials continued in 2020 and led to less pressure from competition despite the COVID-19 pandemic. A strong increase in demand, especially in the second half of the year, has again enabled STEICO to compensate for increased input costs by implementing a moderate price increase across the entire range as of 1 October 2020.

STEICO SE's management believes that in 2020 its key competitors for I-joists are Metsä (Finland), Masonite (Sweden), as well as James Jones (United Kingdom).

The most important competitors for laminated veneer lumber in 2020 were Metsä (Finland), Stora Enso (Finland), Pollmeier (Germany), as well as MLT/Taleon Terra (Russia).

As a result the competitive landscape did not change significantly in 2020. The company's management also does not expect any major changes in 2021 either, such as the market entry of further relevant competitors, which means that the intensity of competition should remain constant in principle. Announced capacity expansions by Soprema at the Golbey site (France) and by Gutex (new site south of Freiburg) are not expected to lead to changes in the competitive situation until 2022 and 2023 at the earliest, according to management estimates.

II. COURSE OF BUSINESS

1. KEY EVENTS IN 2020

Impact of the COVID-19 crisis

On March 19, 2020, STEICO issued a notice stating that due to the COVID-19-related public restrictions, production at the Casteljaloux (France) plant has to be temporarily suspended. Production was restarted at the beginning of April 2020. The Polish production plants were able to produce non-stop in 2020.

On 24 April 2020, STEICO announced that it would probably not be possible to achieve the originally planned growth due to the expected impact of the pandemic. However, after the environment developed much more positively than feared over the further course of the year, STEICO slightly increased its earnings expectations for the full year again on 16 July 2020. The company announced a further increase in its earnings forecast on 14 October 2020. On 11 January 2021, STEICO issued a notice stating that the anticipated revenues for 2020 are also likely to be above the original expectations and substantiated the estimates for revenues and earnings on 1 February 2021 with the announcement of preliminary consolidated business figures.

Overall, the STEICO Group's growth was significantly less affected by the COVID-19 pandemic than feared in spring 2020. Construction activity continued almost without restrictions on markets such as Germany, Austria and Switzerland, so that these countries even recorded strong growth. Other key markets, such as France, recorded significant catch-up effects in the second half of the year. Overall, the positive development more than compensated for the downturn on individual markets such as the UK.

Acquisition of a plot of land for the creation of a further production site in Poland

On 9 November 2020, STEICO issued a notice with information on the acquisition of a 16.5 ha plot of land in Gromadka, Poland, located about 70 km east of Görlitz. The Group plans to build a further production facility for wood fiber insulating materials at this location. According to the current state of planning, a production plant for flexible wood fibre insulation mats and a production plant for stable wood fibre insulation materials from the dry process are to be built there. Production is scheduled to start at the end of 2022.

³ Source: Bundesverband Deutscher Fertigbau e.V., 21 January 2021

Group management report for STEICO SE as of 31 December 2020

2. COURSE OF BUSINESS⁴

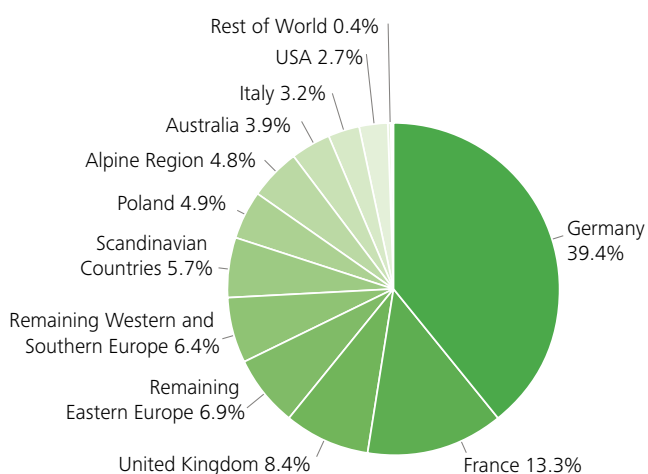
The impact of the COVID-19 pandemic affected STEICO Group's sales markets to very different degrees in 2020. Strict and prolonged restrictions on public life have led to sometimes significant downturns in revenues on a number of markets. Revenues in the UK and Ireland, STEICO SE's third-largest market, fell by 20.4% to € 26.1 million (previous year: € 32.8 million). Revenues in Australia fell by 13.8% to € 11.9 million (previous year: € 13.8 million) and revenues in Italy were down by 10.9% to € 9.8 million (previous year: € 11.0 million). In the collective item Rest of the World, a downturn of 17.6% was recorded at € 1.4 million (previous year € 1.7 million).

On the other hand, construction activity in a number of markets continued almost unaffected by the COVID-19 pandemic - or recovered in the second half of 2020 from the restrictions of the spring. On the largest sales market, Germany, revenues increased by 24.2% to € 121.7 million (previous year € 98.0 million). In France, the second-largest sales market, revenues lifted by 5.1% to € 41.1 million (previous year: € 39.1 million). All other sales markets also recorded positive growth.

Overall, the pleasing growth on the core markets more than compensated for the downturn on the weaker markets, with the result that STEICO SE recorded revenues of € 308.7 million, an increase of 9.9% (previous year: € 281.0 million).

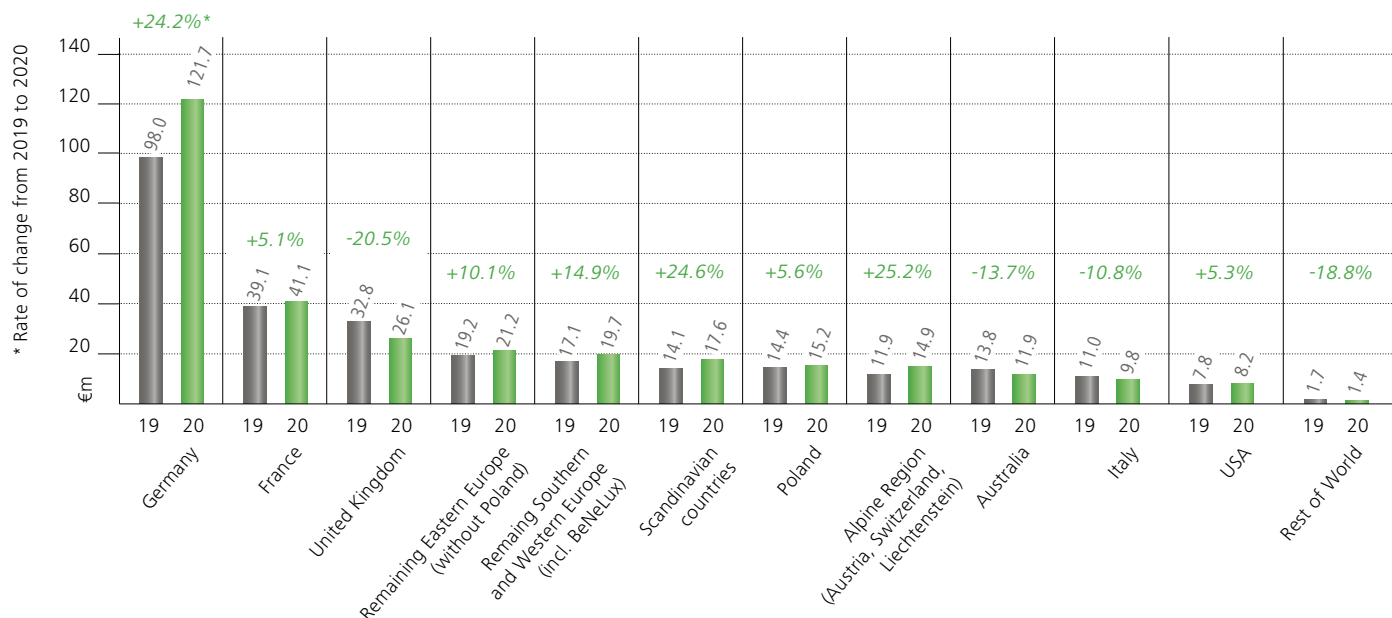
In 2020 the STEICO Group recorded around 60.6% of its revenues outside its home market of Germany (previous year: 65.1%).

2020 Sales by Markets



⁴ All information on the distribution of revenues by market and the rates of change compared with the previous year were determined on the basis of non-rounded figures.

2020: Development Sales by Markets in € million



3. GROWTH IN THE PRODUCT SEGMENTS⁵

The sale of environmentally friendly insulation materials as well as cavity insulation and flooring constitutes STEICO's core business and contributed around 66.3% of the Group's total revenues in 2020 at € 204.6 million (previous year: € 176.0 million). This corresponds to an increase of 16.3%.

The sale of laminated veneer lumber contributed around 12.3% to total revenues in 2020 (€ 37.9 million; previous year: € 31.9 million). This corresponds to an increase of 18.9%.

Sales of I-joists fell in 2020 with revenues of € 34.9 million (previous year: € 43.2 million). This corresponds to 11.3% of revenues and a decrease of 19.2%. This downturn is largely attributable to the pandemic-related negative development on the UK and Irish markets as well as Australia, which are the main markets for sales of I-joists.

The special products segment is declining and in 2020 this contributed around 5.3% to total revenues (€ 16.3 million; previous year: € 15.4 million). This corresponds to an increase of 5.8%.

In the "Miscellaneous" segment - including services and element production - revenues of € 8.5 million were recorded in 2020 (previous year: € 6.5 million) This corresponds to 2.8% of revenues and an increase of around 31%.

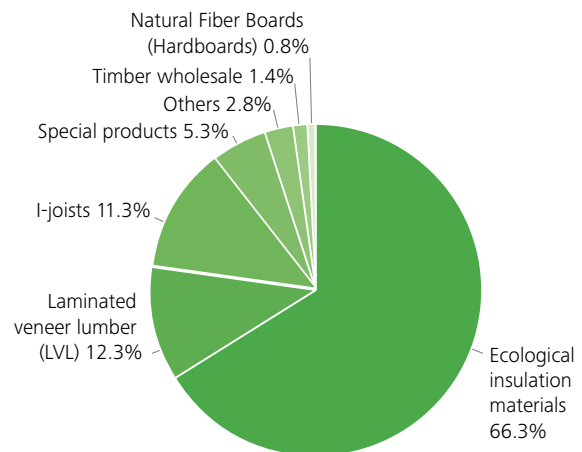
Sales in the timber wholesale segment fell in 2020. Timber

⁵ All information on the distribution of revenues by product segment and the rates of change compared with the previous year were determined on the basis of non-rounded figures.

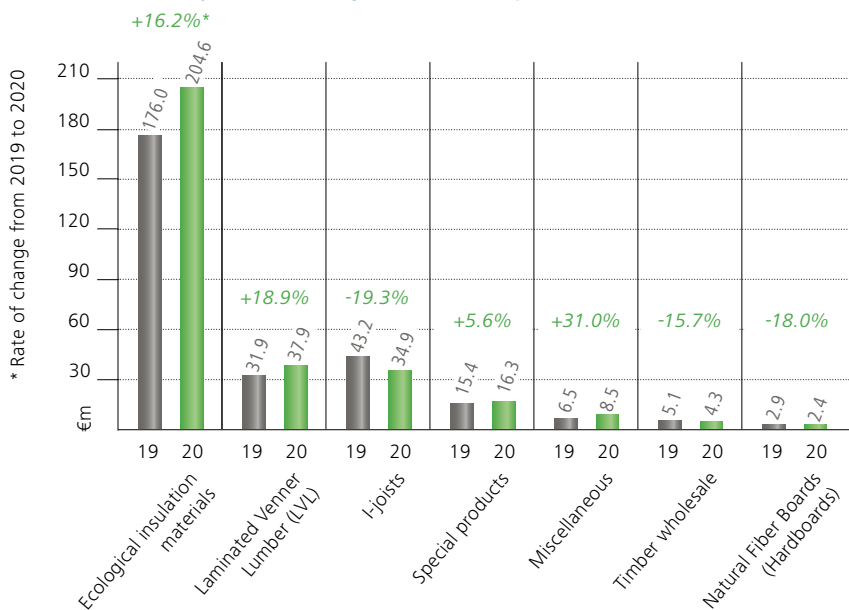
wholesale contributed to 1.4% of total revenues (€ 4.3 million; previous year: € 5.1 million). This corresponds to a decrease of 15.7%. The timber wholesale segment stems from the company's history and is operated without strategic importance and with little personnel expenditure.

External sales of hardboard in 2020 will be lower than in the previous year. Sales in this segment contributed around 0.8% to total revenues (€ 2.4 million; previous year: € 2.9 million). This corresponds to a decrease of 17.4%. Hardboard is predominantly used as a component of web joists. External sales are no longer of strategic importance and business is only conducted if the contribution to margins is positive.

2020 Sales by Product Groups



2020: Development Sales by Product Groups in € million



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4. PRODUCTION

Due to changes in the allocation of individual products, there have been some minor changes in the previous year's figures.

Wood-fibre insulation materials

On 31 December 2020 the STEICO Group had a total of seven state-of-the-art production lines for the production of stable wood-fibre insulation materials using the wet process. The output quantity was 172,921t (previous year: 168,115t). This corresponds to an increase of 2.9%. Four of the lines are installed in Czarnków and three lines are installed in Czarna Woda. Another line is currently being built at the Czarna Woda site.

Two further lines produce insulation material using the dry process. In 2020 a total of 86,947t of these products were produced (previous year: 70,909t). This corresponds to an increase of 22.6%. These lines are installed in the Czarnków facility. Another line is currently being built at the Casteljaloux site.

As of 31 December 2020 four lines produced flexible wood-fibre insulation boards as well as cavity insulation made of wood fibres in the dry process. Three of these lines are installed in the Czarnków facility, one is located in Casteljaloux. An additional line at the Casteljaloux site was commissioned in February 2021. Two lines produce cellulose cavity insulation at the facility in Czarnków. In 2020 a total of 83,632t of this cavity insulation material was produced (previous year: 73,327t). This corresponds to an increase of 14.1%.

In total, in 2020 352,160t of wood-fibre and cellulose insulation material was produced (previous year: 319,427t). This corresponds to an increase of 10.3% and proves the continuing trend to environmentally-friendly insulation materials.

Natural fibre boards

Two production lines in Czarna Woda continue to produce fibreboards. These lines primarily cover the requirements for fibreboards as a component of I-joists. In 2020, 23.511t were produced (previous year: 28,686t). This corresponds to a decrease of 18.0%.

I-joists

I-joists are produced in a production line in the Czarnków facility. Around 9,366trm (thousand running meters) were produced in 2020 (previous year around 12,115trm). This corresponds to a downturn of 22.7%, which is due in particular to the weakness on the central markets in the United Kingdom and Australia due to COVID-19.

Laminated veneer lumber

Laminated veneer lumber is produced on two lines in the Czarna Woda facility. In 2020 a total of 130,562 cbm of this lumber material was produced (previous year: 134,070 cbm). This corresponds to a decrease of 2.7%.

Growth in production quantities for the STEICO Group

	2020	2019
Insulation materials (total) [t]	352,160	319,427
Wood-fibre products and insulation boards (wet method) [t]	172,921	168,115
Stable wood-fibre insulation boards (wet method) [t]	86,947	70,909
Wood fibres and flexible wood-fibre insulation boards (dry method) and cellulose air injected insulation [t]	83,632	73,327
Miscellaneous (t)	8,660	7,076
Fibreboards [t]	23,511	28,686
I-joists (trm)	9,366	12,115
Laminated veneer lumber [cbm]	130,562	134,070

III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. KEY PERFORMANCE INDICATORS

The following overview presents selected key performance indicators and their changes in a tabular form. With regard to the presentation of key financial indicators, please refer to Section IV

In € thousand	2020	2019
Revenues	308,771	280,966
Gross profits	146,607	135,775
Personnel expenses	53,797	50,062
EBIT	33,582	32,925
Financial result	-1,183	-1,255
Earnings before taxes	32,399	31,232
Consolidated net income	22,970	22,787
Net change in cash and cash equivalents	2,844	2,766
Net gearing	1.71	1.58
Gearing	0.51	0.47
Consolidated total assets	363,352	354,569

2.

3. RESULTS OF OPERATIONS

As a production and distribution company for wood-fibre insulation materials the STEICO Group has been able to once again increase its revenues year-on-year. Revenues in the past fiscal year increased by 9.9% from € 281.0 million in 2019 to € 308.8 million. Total operating revenue was 6.6% higher than in the previous year (€ 287.8 million) at € 306.9 million.

The cost of materials ratio (in terms of total operating revenue) fell in 2020 to 54.0% (previous year: 55.1%). This is due, among other things, to the price increase in 2020 and an advantageous PLN/EUR exchange rate hedge. In fiscal year 2020 there was average hedging for the majority of goods purchased in PLN that was higher than the exchange rate in calculations of PLN 4.30/€.

The personnel expenses ratio in 2020 was 17.5% (previous year: 17.4%) and is thus slightly higher than the previous year's level. This is due to the strategic staff increases for further growth and also the higher wage and salary costs, for example in Poland.

Other operating expenses

In € thousand	2020	2019
Write-downs of receivables	80	14
Building costs, rent, cleaning	1,457	1,332
Insurance, contributions, fees	3,756	3,521
Repairs and maintenance	5,999	5,298
Vehicle costs	3,126	3,489
Sales costs, advertising and travel expenses	3,228	3,577
Commission expenses	251	285
Operating costs	2,639	2,422
Administrative costs, IT	2,456	2,111
Telecommunication	397	241
Legal and consulting costs, court costs	1,056	776
Costs of preparing the annual financial statements	165	189
Currency translation and incidental costs for payments	5,581	2,542
Miscellaneous other operating expenses	5,271	3,174
Total	35,790	28,972

Other operating expenses amounted to € 35.8 million (previous year: € 28.97 million) and developed disproportionately to the development in total operating revenue with an increase of 23.5%, which is attributable in particular to the increase in exchange rate differences and incidental costs for payments as well as miscellaneous other operating expenses.

Exchange rates also impacted earnings as follows: Currency

translation differences totalled around € 3,698 thousand under other operating income. This is offset by expenses from currency translation under other operating expenses of around € 5,247 thousand.

The financial result in 2020 was negative at € -1.2 million (previous year: € -1.3 million) and is mostly governed by the interest expenses due to financing the ongoing investment activities as part of the current syndicated credit agreement.

Last year's results are substantially higher than the original expectations. Both EBITDA and EBIT recorded above-average growth.

EBITDA was up 0.6% from € 56.7 million in the previous year to € 57.0 million. EBIT was 3.4% higher than in the previous year (€ 32.5 million) at € 33.6 million. The improvement in earnings is mostly due to the excellent operating output as well as the continued high capacity uptake for the production lines, the price increase which has been implemented as well as the advantageous exchange rate hedging.

Total earnings (consolidated profits) amounted to € 23.0 million in 2017 (previous year: € 22.8 million). This corresponds to an increase of 0.8%.

4. FINANCIAL POSITION AND NET ASSETS

Consolidated total assets increased substantially as of 31 December 2020 to around € 363.4 million compared to 31 December 2019 (€ 354.6 million). Property, plant and equipment has increased to € 256.6 million (previous year: € 249.4 million), which is mostly due to the ongoing investments in expanding capacity, increasing production efficiency, and completing setting up a biomass boiler.

The inventories item has decreased significantly. Inventories totalled € 39.3 million on 31 December 2020 (previous year: € 45.2 million). In particular, the sub-item finished goods and merchandise fell significantly compared to the previous year to € 16.3 million (€ 21.5 million). This is due, in particular, to the continued high demand for STEICO's products, which also did not weaken towards the end of the year.

Receivables and other assets increased and totaled € 41.2 million (previous year: € 34.3 million), reflecting the high order book at the end of the year.

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On 31 December 2020 the item cash in hand and bank balances amounted to € 23.1 million (31 December 2019: € 22.1 million).

On 31 December 2020 equity amounted to € 192.5 million (31 December 2019: € 190.3 million). This corresponds to an equity ratio of around 53.0% (previous year: 53.7%).

On the balance sheet date the group companies had free credit lines available of more than € 95.0 million at standard market conditions. In addition, a credit limit for currency forwards and derivatives was granted in order to be able to perform the hedging transactions required for operating business.

In connection with this syndicated loan agreement, certain financial covenants have been agreed upon, the failure of which generally entitles the lenders to terminate the loan without notice.

5. LIQUIDITY

Cash flow from operating activities

During the past fiscal year, the STEICO Group recorded a cash flow from operating activities of € 42.9 million (previous year: € 43.4 million). In addition to a reduction in inventories, trade receivables as well as other assets not allocated to investing or financing activities, as well as a reduction in trade payables and other liabilities not allocated to investing or financing activities, the change is due to the increase in income tax payments.

Cash flow from investing activities

The cash flow from investing activities in 2020 totaled € -44.4 million (previous year: € -49.5 million) and is mostly due to payments made for investments in property, plant and equipment. The investments for setting up a new biomass boiler and the installation of a production line for flexible insulating mats account for the largest block of capital expenditure in 2020.

Cash flow from financing activities

The cash flow from financing activities is positive at € 4.4 million (previous year: € 8.9 million). The change is mainly due to higher utilisation of financial loans to finance investments in financial assets.

As of 31 December 2020 the STEICO Group's cash and cash equivalents totaled € 23.1 million (previous year: € 22.1 million), which are deposited in overnight money, fixed accounts and current accounts. The group pursues a risk-minimising investment approach which ensures that liquidity is guaranteed until it is used for further investments.

The planned total investment volume in 2021 is approx. € 80 million. The existing cash and cash equivalents and the net proceeds from the cash flow from operating activities as well as bank loans are used to finance this capital expenditure.

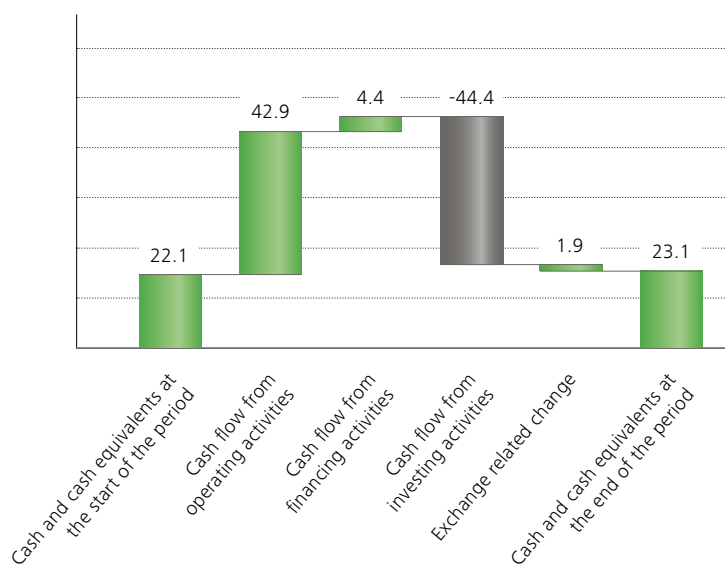
Summary of the economic position

In 2020 the STEICO Group's revenue growth was 9.9% and thus significantly higher than the original expectations of more than 5%. The original expectation was for a slowdown in growth as a result of the COVID-19 pandemic.

That makes it all the more pleasing that demand began to develop dynamically from the second quarter onwards. In addition to strong core markets such as Germany and catch-up effects in other important markets such as France, management believes that the top-level trend towards natural building products/ timber construction and increased climate awareness in particular contributed to growth. Both ecological insulation materials and construction products recorded substantial growth.

In terms EBIT, growth of between 7.5% and 8.5% was originally forecast for 2020 (EBIT to total operating revenues). These expectations were clearly exceeded with an actual EBIT ratio of 9.9%. This effect is also due to the smaller than feared impact of the COVID-19 pandemic.

2020: Cash flows in € millions



In summary, from the managing directors' perspective, STEICO Group is very well positioned for future growth, in particular as a result of its product range structure, its large, integrated production sites and the intensification of sales. Both the income statement and also the balance sheet show a healthy group with continued strong growth potential.

IV. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

1. THE STEICO GROUP'S FINANCIAL INDICATORS AT A GLANCE:

Revenues, total operating revenue and EBIT are used as indicators for the internal control of the group.⁶

In € thousand	2020	2019	Δ	%
Revenues	308,771	280,996	27,775	9.9%
Total operating revenue	306,861	287,792	19,070	6.6%
EBIT	33,582	32,487	1,095	3.4%
Debt-equity ratio ⁷	1.71	1.58	0.13	8%
Gearing	0.51	0.47	0.04	9%

Please refer to the explanations of the financial performance indicators I to III in section III "Net assets, financial position and results of operations" of this management report. Financial performance indicators IV and V increased by approximately 9% compared to the previous year due to the Group's continued investment activity.

2. NON-FINANCIAL PERFORMANCE INDICATORS

The following non-financial performance indicators are collected and evaluated, but are not used for detailed corporate management purposes.

Environmental protection

As a sales company with an extensive product range of environmentally friendly products, the STEICO Group attaches great importance to having a low environmental impact and saving natural resources. The wood from which STEICO's products are made originates from sustainably managed forests, which are mostly certified according to the well-

known organisations FSC® (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification Schemes). Continuous certification in accordance with the FSC standards has already been agreed until 2025.

The IBR® seal means that STEICO's insulation materials have a recognised seal of quality for environmentally friendly, safe and functional construction products. In addition, STEICO SE holds an environmental product declaration (EPD) for all of its key products, which offers additional proof of its dedication to sustainability.

An environmental management system according to ISO 14001:2015 has been put in place at the Polish production plants.

Products from STEICO's range are tested regularly by the well-known consumer magazine ÖKO-TEST and have always received the grade of "very good" in the past.

The STEICO Group has also published an annual sustainability report since 2018, which is based on the internationally recognized GRI (Global Reporting Initiative) reporting standard since 2019.

Protecting the environment is one of the key basic pillars of STEICO's corporate philosophy. The STEICO Group uses its activities and awards to show that growth and sustainability can go hand in hand and thus reinforces its position as a provider of an environmentally friendly wooden construction system. The STEICO Group therefore strives to continue and expand relevant environmental certifications.

⁶ Reference is made to the analysis of the development in sections II.2 "Course of business", II.3 "Development of the product segments" and III. "Net assets, financial position and results of operations"

⁷ Debt-equity ratio corresponds to net debt [liabilities to banks plus liabilities to affiliated companies, insofar as these exceed an amount of TEUR 2,000, less cash and cash equivalents] divided by EBITDA (EBIT plus depreciation and amortisation)

C. OPPORTUNITY AND RISK REPORT, FORECAST

The following comments in the opportunity and risk report and in the forecast are, by their very nature, associated with a certain degree of forecasting uncertainty.

I. FUNDAMENTALS OF THE RISK MANAGEMENT SYSTEM

Entrepreneurial activities are always associated with risks. As a result, consciously entering into risks is a necessary pre-requisite for the company's overall success. This means that the STEICO Group has a risk management system which recognises risks at an early stage, allowing countermeasures to be put in place in good time. Risks from production and procurement are primarily to be found with the subsidiaries STEICO Spółka z o.o. (Poland), STEICO Joist Spółka z o.o. (Poland) and STEICO Casteljaloux S.A.S. (France), however these can have a direct impact on STEICO SE: Risks are monitored and controlled primarily at the subsidiaries. Changes or critical developments are reported to STEICO SE's management. The risk management system is constantly tested to make sure that this is up to date and adjusted if required in order to meet the requirements for a listed company and the requirements of the German Public Limited Companies Act.

II. RISKS OF FUTURE GROWTH

1. DEPENDENCY ON THE ECONOMY AND THE GROWTH OF THE CONSTRUCTION AND CONSTRUCTION MATERIALS INDUSTRY.

As a company in the construction materials industry the STEICO Group depends on factors including overall economic development and also the growth of the European construction industry. The STEICO Group operates on a niche market which has proved to be robust in the past with regard to economic fluctuations - however an ongoing recession on key markets or a longer-term downturn in construction activities could depress the STEICO Group's revenues and earnings. The impact of this risk is considered to be high.

In general, the management sees positive conditions for the development of the construction industry. According to STEICO SE's Board of Directors, the trend towards timber construction is continuing. In addition, there is a demand for housing in many markets and an increase in

government subsidies for energy-efficient construction can be observed. There is also a significant backlog of orders in the construction sector. The probability of a risk arising from a downturn in the industry is therefore considered to be low.

2. RISKS DUE TO RESTRICTIONS ON PUBLIC LIFE

Unforeseen events, such as the outbreak of epidemics, serious political upheavals, disruptions to key infrastructure networks such as electricity and communications can lead to massive restrictions on public life at short notice. This may involve restrictions on the movement of people and goods as well as restrictions on business and production activities. This is also accompanied by an economic risk.

In the first months of 2020, the spread of the new corona virus has led to significant restrictions in public life worldwide. The STEICO Group has reacted to the risk of a further spread of COVID-19 by drawing up an emergency plan, which includes, among other things, measures to maintain the ability of key employees and departments to work as far as possible even if the crisis intensifies. Similarly, contingency plans have also been drawn up at the manufacturing subsidiaries.

Construction activity continued despite the restrictions in many places. The transport of goods within Europe was also only impacted for a short period of time, with the result that the STEICO Group was able to record pleasing growth in 2020 as a whole. Assuming that the continued development of the pandemic does not lead to a major increase in restrictions, and the current restrictions can be gradually reduced over the course of the year 2021, the risk is considered to be high, but it does not pose a threat to STEICO's business model.

3. PRODUCTION RISKS

As a production and distribution company, the STEICO Group depends on the reliable operation of the installed production equipment and taking new production lines into operation smoothly at the manufacturing subsidiaries. Risks that could impact production include, in particular, force majeure as a result of fire or flooding, technical failure or the failure to obtain or withdrawal of licenses from the authorities to operate the equipment. Environmental pollution from emissions or disruptions to operations and thus the resulting downtime for equipment cannot be ruled out

The STEICO Group combats these risks with regular maintenance, precautionary construction and organisational activities and it has also concluded corresponding insurance policies. In addition it is in close contact with the licensing

authorities. For 2021, the investment plan provides for further investments, which are intended to increase production reliability. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

4. LOCATION RISKS

In 2020 the STEICO Group had manufacturing activities at three locations and thus used various location advantages. Depending on its position, the choice of a location can also be associated with risks, for example exchange rate fluctuations or regionally higher prices for raw materials and energy. As the STEICO Group produces light, high-volume insulation material, the proximity of its production facilities and sales markets is a key strategic success factor. Setting up new locations - by developing locations or making acquisitions - to ensure future growth can, however, also be associated with risks, for example with financing risks, personnel risks, production or organisational risks.

The management continuously evaluates the situation of the existing locations, makes investments to compensate for any disadvantages that may arise and examines the development of further locations. No material deterioration in the existing location advantages is predicted for 2021. The impact of the risk is considered to be minor

5. RISKS FROM COMPETITION WITH OTHER MANUFACTURERS AND RISKS FROM INVESTMENTS BY OTHER MANUFACTURERS

The STEICO Group operates in a dynamic market environment and constantly competes with other European manufacturers. Extensive new investments by competitors to build up additional capacity could lead to price reductions over the medium term, which in turn would have a medium-scale negative impact on STEICO SE's returns. However, STEICO has been able to establish substantial barriers to market entry in order to protect and expand its position on the market. These include, for example, an efficient sales organisation with access to the key sales markets and market entry barriers for its manufacturing subsidiaries such as production and development expertise, the most extensive product range in the industry, as well as a modern fleet of equipment which the Board of Directors believes offers the largest production capacity in the industry.

Currently, the management is aware of two major investment projects at competitors which, according to its own estimates, are not expected to be completed in 2021. At the same time, STEICO is investing in expanding

its production capacities and, according to management estimates, will achieve faster and greater capacity increases than its competitors. Management does not expect its direct competitors to significantly increase capacity in 2021. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

6. EXCHANGE RATE RISKS

There are exchange rate risks as the STEICO Group mostly produced its goods in 2020 in Poland and thus in the Zloty currency zone. As its products are sold internationally and thus invoiced in euros as well as in other currencies, for example sterling and US dollars, exchange rate fluctuations could thus have a negative impact on the STEICO Group. The STEICO Group observes and evaluates exchange rate fluctuations as part of its risk management system and performs exchange rate hedging on a regular basis with the aim of creating the most stable basis for calculations possible for the STEICO Group.

STEICO SE observes and evaluates exchange rate fluctuations as part of its risk management system and performs exchange rate hedging on a regular basis with the aim of creating the most stable basis for calculations possible for STEICO SE. The Polish zloty in particular is hedged to a high degree.

In 2020 the exchange rate of the PLN/EUR currency pair fluctuated in the upper single-digit percentage range and thus to a greater extent than in previous years due to the COVID-19 pandemic. Management is assuming lower fluctuation margins for 2021, which means that the probability of a currency risk occurring remains low.

7. DEPENDENCIES/RISKS FROM EXCHANGE RATE HEDGING

Steico SE uses derivative financial instruments to hedge currency risks. These include structured currency forwards in PLN, sterling and US dollars with, interest rate swaps with an exchange rate option and six interest rate swaps for the three-month and six-month EURIBOR and a fixed interest rate. In the case of structured forward exchange contracts (so-called "TARF"), the long call or short put side (from the company's point of view), the nominal amount (leverage) and the term are determined by the fulfilment of various contract criteria on the individual fixing dates.⁸

In the view of the Managing Directors, structured forward exchange transactions offer more favourable exchange rate hedging compared with traditional currency hedging financial instruments. At the same time, these can result in income and liquidity risks for STEICO SE in line with the complex structure of the contracts' content resulting from high uptake quantities.

Based on historical market analysis of the development of the Polish zloty exchange rate, the Managing Directors consider the probability of occurrence of the risks described above to be low. Due to the higher maximum purchase volume compared to previous years, the impact of the risk in the event of occurrence is estimated to be higher. For this reason, the risks from hedging transactions are currently classified as medium overall.

8. RISKS DUE TO PRODUCT LIABILITY

Quality is a key factor for customers when purchasing the products offered by STEICO SE. A downturn in revenues or additional expenses can therefore arise due to quality deficiencies.

However, the risks are minimised by forward-looking production planning, a functioning logistics system, intensive quality management (ISO 9001:2015 certification of STEICO Spółka z o.o.), an environmental management system in accordance with ISO 14001:2015 and intensive monitoring of market developments. In addition there is insurance in the event of product liability for all of the companies in the STEICO Group. The effects are therefore to be regarded as being minor.

The capital expenditure plan also includes implementing additional measures in 2021 to keep the STEICO product

range attractive for customers, e.g. obtaining additional building inspectorate approvals, product tests, etc. In the management's opinion, no major change in the risk is expected compared to the previous year, meaning that the probability of this risk occurring remains low.

9. RISKS OF DEPENDENCIES ON KEY CUSTOMERS

The risk of customer dependencies is limited by the large number of customers and their balanced share of total revenues. For example, at the moment no single customer accounts for more than 3.8% of the STEICO Group's total revenues. The STEICO Group recorded 22.0% of its revenues with its ten largest customers.

In 2020, there was a slight reduction in the concentration of the sales volume on large customers. These revenue percentages mean that the sales volume is highly diversified, and this means that there is also no dependency on a single customer in this regard. The loss of a top customer thus constitutes a risk with little impact.

The management does not expect any fundamental change in the concentration of revenues from individual customers in 2021. At the same time, the development of new customer groups and further market penetration will be actively promoted in order to counteract excessive concentration. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

10. RISKS FROM SUPPLIER DEPENDENCIES

In addition to the products it produces itself, STEICO Group sells a range of merchandise, for example products for sealing the building shell. It is not possible to change suppliers quickly for all of the products. As a result, difficulties encountered by the manufacturer in making deliveries could impact the company's success.

STEICO SE constantly observes business relationships with its partners and if required it reviews alternatives, for example procuring replacements or producing the items in house. This aims to ensure that the loss of individual suppliers does not have any long-term negative impact.

The probability of this risk occurring is regarded as being low, and also the impact of the risk.

In the management's opinion, no significant change in risk is expected in 2021 compared with the previous year, which means that the probability of occurrence remains low.

⁸ We refer to the presentation in section "V. Other disclosures No. 1. Derivative financial instruments and valuation units" of the notes to the financial statements of Steico SE

11. RISKS FROM LOST RECEIVABLES

Defaults on receivables constitute an additional operating risk which could restrict the company's liquidity. However, outstanding receivables are mostly hedged under a credit sale insurance policy, which minimises the probability of occurrence for this risk and the impact is to be regarded as being low. There were no notable receivables defaults in 2020. In the management's opinion, no significant change in risk is expected in 2021 compared with the previous year, which means that the probability of occurrence remains low.

12. RISKS FROM FINANCING REQUIREMENTS

In order to realise the growth planned by management, financing is also required in addition to the profits recorded and the cash and cash equivalents available. The receipt of this financing is subject to various risks, such as creditworthiness and the capital markets risk. As a rule, investment projects are only released when financing has been secured. Delays in the procurement of suitable financing for investment projects in future could lead to delays in or the discontinuation of planned investment projects. The effects would weigh on sales and returns to a medium extent.

STEICO SE concluded a new syndicated loan agreement of about € 211 million with a bank consortium in 2019, thus securing its borrowing requirements over the medium term. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

However, in connection with this syndicated loan agreement, certain financial covenants have been agreed upon, the failure of which generally entitles the lenders to terminate the loan without notice. STEICO SE monitors the covenants on an ongoing basis as part of its risk management to ensure that they are observed and complied with. Due to the excellent net assets, financial position and results of operations, management assumes that it will be able to comply with the covenants and therefore sees only a low risk.

13. DEPENDENCY ON PERSONS IN KEY POSITIONS

In order to reach its entrepreneurial targets, it is of key importance for the STEICO Group to acquire and retain qualified staff. This relates to both executive positions and also, in particular, qualified staff in the respective departments. The STEICO Group pursues a human resources strategy in which employees' qualifications, experience and contacts are also transferred to other employees. The loss of individual employees, including those in executive positions, therefore represents a risk with only minor effects. Management believes that the STEICO Group's employee fluctuation rate is low.

The STEICO Group constantly intensifies its contacts with various institutions, e.g. training institutions, to recruit qualified personnel and is constantly working on programs to improve employee satisfaction. In the management's opinion, no significant change in risk is expected in 2021 compared with the previous year, which means that the probability of occurrence remains low.

14. RISKS FROM THE ORGANISATIONAL AND WORK-FLOW STRUCTURE

As part of the constant expansion of its business and its internationalisation the STEICO Group believes that it is exposed to increasing complexity. This relates to both administration and also its organisational structures. In order to also ensure smooth business processes in future, responsibilities and work-flows are reviewed regularly and, if necessary, staff structures are realigned. This is coupled with increased administration requirements as part of the listing on the Frankfurt and Munich stock exchanges. This is associated with reporting and publication requirements. Failure to uphold these could result in, for example, penalisation under stock market law. In order to combat this risk, the STEICO Group has put the requisite organisational processes in place and created clear responsibilities. The probability of this risk occurring is regarded as being low, and also the impact of the risk.

In the management's opinion, no significant change in risk is expected in 2021 compared with the previous year, which means that the probability of occurrence remains low.

15. RISKS FROM LITIGATION

Potential litigation could also constitute a risk for the operating result. However, there were no ongoing cases in 2020 which could have a negative impact on the course of the STEICO Group's business or which could have a future negative impact. The probability of this risk occurring is regarded as being low, and also the impact of the risk.

In the management's opinion, no significant change in risk is expected in 2021 compared with the previous year, which means that the probability of occurrence remains low.

III. OPPORTUNITIES FROM FUTURE GROWTH

Based on the broad product range and the ongoing product developments the STEICO Group is planning to further expand its revenues and market shares in the coming years. STEICO expects to be able to implement price increases on the market as a result of the lower competitive pressure. In so doing, in the opinion of the company's management, it can benefit from the following central development opportunities:

1. OPPORTUNITIES DUE TO GROWING DEMAND FOR NATURAL INSULATION MATERIALS

As the global market leader for environmentally friendly insulation materials made of wood fibres the STEICO Group is benefiting to a particularly great extent from the continued increase in demand for environmentally friendly insulation materials. The wide ranging physical advantages for construction such as protection from summer heat, vapour permeability and protection from damage from damp are being focused on by builders. In addition, throughout Europe, requirements for energy efficiency in buildings are constantly being heightened. The company's management believes that there is particular market potential in the increasing energy-related renovation of existing buildings. In addition, there is also government support for energy-efficient construction and redevelopment. Economies such as Germany and France have launched corresponding support programmes. At European level, too, comprehensive support programmes for greater energy efficiency in the building sector are being prepared with the Green Deal and the renovation wave. Management assumes that this will stimulate sales for years to come. The impact on revenues and returns due to rising demand can therefore be regarded as particularly high.

The Board of Directors assumes that the market share of

natural insulating materials has increased continuously in recent years. This trend is expected to continue in 2021, not least because of the ongoing climate debate. This makes it highly likely that demand will continue to grow.

2. OPPORTUNITIES DUE TO GROWING DEMAND FOR CONSTRUCTIVE BUILDING PRODUCTS

The Board of Directors expects an increase in timber construction activity throughout Europe. For Germany, for example, the regular publications of the Bundesverband Deutscher Fertigtbau e.V. (Federal Association of German Prefabricated Construction) show a continuous increase in the timber construction quota. STEICO SE already generated 27.0% of its revenues in 2019 from the sale of construction products. The impact on revenues and returns due to rising demand can therefore be regarded as particularly high.

STEICO SE also operates on the market for constructive building elements by selling I-joists and laminated veneer lumber. These products are used as replacements for structural timber and glued laminated timber and are an economic alternative - for both timber frame construction and also in concrete structures, for example for ceiling constructions or for facade renovation. As a result of their product characteristics (including reducing thermal bridges, dimensional stability, low own weight and excellent static properties) STEICO's construction products are used in walls, roofs, ceilings and floors. At the same time, they are designed to be used with STEICO's insulation products, which means that we can offer customers an optimised construction and insulation system - almost the entire building shell from a single source.

STEICO has a unique position in the industry with its own construction system comprising construction materials and insulation materials, and it develops new sales markets and at the same time it reduces its dependency on individual segments. There are additional advantages for customers, such as the possibility to optimise freight thanks to mixed loads of insulation and construction materials.

STEICO construction products have continuously recorded positive growth in recent years. Although there was a decline in business for I-joists in 2020, management believes that this is mainly due to temporary effects of the COVID-19 pandemic. Management believes that growth is very likely to continue in future due to the positive product characteristics

3. OPPORTUNITIES DUE TO EXTENSIVE VERTICAL INTEGRATION

The STEICO Group sells merchandise as a supplement to the goods it produces itself on several markets. At present these products are air sealant films and components for composite thermal insulation systems. STEICO checks these goods constantly for their revenue and earnings growth as well as their importance in the STEICO construction system. Wherever it appears to be pertinent over the long term, STEICO invests in its own production, as is the case, for example, for laminated veneer lumber, in order to reduce dependencies and improve margins. Depending on the respective product area, the positive effects on revenues and returns range from low to high.

At the same time, the STEICO Group is also making targeted investments to increase its vertical integration within its existing production range. In the "Element Production" division, for example, STEICO products are refined into complete building components (entire wall, roof or ceiling elements), which is associated with a significant increase in vertical integration.

In 2020 the company entered the market with its new offering for element production. Despite delays during the market launch phase due to the pandemic, the order book recorded encouraging growth in the second half of the year. Management expects further market penetration in 2021. However, the effects on revenues and returns are likely to be minor.

4. OPPORTUNITIES DUE TO THE INTRODUCTION OF NEW PRODUCTS.

As an innovative, high-growth company STEICO constantly further develops its product range. In addition to further developing its integrated construction and insulation system the focus is also on specialty and industrial products which can be produced using STEICO's production equipment. In the opinion of the company's management, this opens up further areas of application, allowing the product range to be supplemented by additional, high-margin products. Depending on the respective product area, the positive effects on revenues and returns range from low to high.

In 2021, management plans to continue on its innovation course, which means that the probability of a further increase in revenues from innovations is high. The effects would weigh on sales and returns to a medium extent.

5. OPPORTUNITIES FROM FURTHER INTERNATIONALISATION

In addition to expanding the product range, internationalisation also offers opportunities for increasing revenues. Although the German domestic market was the fastest-growing single market in 2020, overall the international share of sales has increased in recent years. In 2020 the STEICO Group recorded around 60.6% of its revenues outside its home market of Germany. The positive effects of further internationalisation are considered to be high.

The management intends to further accelerate internationalisation in 2021, so that the probability of further sales increases is high. The effects would weigh on sales and returns to a medium extent.

6. OPPORTUNITIES FROM PROCESS OPTIMISATION AND INCREASES TO EFFICIENCY

The STEICO Group constantly reviews its processes for procurement, administration and sales and optimises these to generate further improvements in efficiency as well as to gain synergy effects. In the same way, optimisation at the manufacturing subsidiaries and foreign sales companies is being driven forward. For example, STEICO constantly invests in automating production and in digitalisation, process optimisation and making its administrative structures even leaner, with the aim of establishing STEICO as the industry-wide cost leader. The impact on revenues and returns due to rising demand can therefore be regarded as particularly high.

The investment plan provides for further measures to optimize processes and increase efficiency in 2021, so that the probability of further sales increases is high. The effects would weigh on sales and returns to a medium extent.

Summary of the risk and opportunity situation

The assessment of the overall risk and opportunity situation is the result of the consolidated consideration of all of the company's significant risks and opportunities. The STEICO Group's overall risk and opportunity situation remains largely unchanged year-on-year. The STEICO SE has set up a risk management system to control the described and unforeseeable risks.

The managing directors of the STEICO SE do not believe that the continued existence of the company and the group is at risk. As in the previous year, the current risks are considered to be manageable, but - similar to the opportunities - if they materialise, they may affect the underlying key performance indicators, which could consequently deviate from the

forecast. The Group's financial position is stable; the liquidity requirement is currently covered by existing liquidity and available credit lines.

Feldkirchen, 27 April 2021

Udo Schramek Uwe Klaus Lange Thorsten Leicht

Dr. David Meyer Milorad Rusmir Tobias Schindler

IV. FORECAST

According to the Euroconstruct press release of 24 November 2020, construction activity in Germany, the company's most important market, is expected to grow by 4.1% in 2021. On this basis, and taking into account a positive development in demand for STEICO products in the past fiscal year, the management is very positive about the year 2021. Increased ecological awareness as well as national and European programmes that combine climate protection with economic promotion should lead to an increase in demand for ecological insulation materials and a further strengthening of the timber construction market.

The STEICO Group's constant increases to its capacity reserves mean that the Group is excellently positioned to continue its growth. Unless there are additional negative effects from developments in the pandemic, the Board of Directors believes that in 2021 revenues will lift by more than 10% with an EBIT ratio of between 11,0% and 12,0% (in terms of total operating revenue).

Based on the positive results of the first quarter of 2021, this planning has been adjusted. The Board of Directors now expects a growth in turnover and total operating revenue above 15% and an EBIT ratio between 13.0% and 15.0% (compared to total operating revenue), which corresponds to an EBIT increase of more than 19%.

In terms of the debt-equity ratio, a slight increase is expected by the Board of Directors in 2021 due to planned capital expenditure, while gearing is not expected to change from 2020. The Management Committee therefore continues to expect full compliance with the covenants in the syndicated loan agreement.

In terms of currencies, the operational forecast for 2021 is for goods to be purchased in the Polish facilities with an average PLN/€ exchange rate of 4.45 to 4.50. Currency hedges ensure that the requisite quantities of PLN can be acquired at an average exchange rate that is higher than this exchange rate, even if the Zloty increases in value, which is not currently to be expected.

STEICO Group consolidated income statement

1 January – 31 December 2020

	2020	2019
	€	€
1. Revenues	308,771,398.08	280,996,110.78
2. Increase in finished goods and work in progress	-2,019,351.38	6,666,106.42
3. Other own work capitalised	109,866.07	129,394.58
	306,861,912.77	287,791,611.78
4. Other operating income		
- of which from currency translation: € 3,698 thousand (previous year: € 3,277 thousand)	5,486,462.76	6,598,687.57
	312,348,375.53	294,390,299.35
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and for purchased goods	-165,329,579.66	-157,945,741.48
b) Cost of purchased services	-411,590.01	-699,944.46
6. Gross profits	146,607,205.86	135,744,613.41
7. Personnel expenses		
a) Wages and salaries	-43,643,162.17	-40,591,528.33
b) Social security and expenses for retirement benefits		
- of which for retirement benefits: € 613 thousand (previous year: € 572 thousand)	-10,153,892.72	-9,470,239.26
8. Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-23,437,260.37	-24,223,735.44
9. Other operating expenses		
- of which from currency translation: € 5,247 thousand (previous year: € 2,157 thousand)	-35,790,490.88	-28,972,192.20
10. EBIT	33,582,399.72	32,486,918.18
11. Other interest and similar income	540,468.77	654,565.24
12. Amortization of financial assets and current securities	0.00	-14,653.86
13. Interest and similar expenses		
- of which to affiliated companies € 30 thousand (previous year: € 10 thousand)	-1,723,285.26	-1,895,103.95
14. Financial result	-1,182,816.49	-1,255,192.57
15. Earnings before taxes	32,399,583.23	31,231,725.61
16. Income taxes	-6,967,060.42	-6,118,284.98
17. Earnings after taxes	25,432,522.81	25,113,440.63
18. Other taxes	-2,461,925.16	-2,326,399.76
19. Consolidated net income	22,970,597.65	22,787,040.87
20. Profit carried forward from previous year	67,425,018.21	48,158,843.59
21. Consolidated profits	90,395,615.86	70,945,884.46

STEICO Consolidated Balance Sheet as of 31 December 2020

ASSETS

	31.12.2020	31.12.2019
	€	€
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	908,582.39	1,441,740.89
2. Advance payments made	85,072.50	0.00
	993,654.89	1,441,740.89
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	82,855,524.17	65,129,210.20
2. Technical plant and machinery	125,661,746.98	113,388,000.34
3. Other assets, operating and office equipment	2,100,348.15	2,539,257.88
4. Advances made and assets under construction	45,940,008.24	68,382,298.97
	256,557,627.54	249,438,767.39
III. Financial assets		
1. Interests in affiliated companies	1,630.73	2,097.82
2. Loans to affiliated companies	13,925.11	14,564.93
3. Other loans	8,000.00	175,228.47
	23,555.84	191,891.22
	257,574,838.27	251,072,399.50
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	19,976,968.08	21,634,287.64
2. Work in progress	1,974,698.60	2,012,512.28
3. Finished goods and merchandise	16,321,540.42	21,494,743.48
4. Advance payments made	979,974.34	77,724.83
	39,253,181.44	45,219,268.23
II. Receivables and other assets		
1. Trade receivables	25,715,665.87	21,540,194.44
2. Receivables from affiliated companies	1,810.48	2,104.35
3. Other assets	15,485,407.52	12,784,740.36
	41,202,883.87	34,327,039.15
III. Securities		
Other securities	221,861.43	71,150.37
IV. Cash in hand and bank balances		
	23,088,258.59	22,121,885.20
	103,766,185.33	101,739,342.95
C. PREPAID EXPENSES	1,563,567.31	1,105,005.62
D. DEFERRED TAX ASSETS	444,188.11	652,829.00
	363,348,779.02	354,569,577.07

EQUITY AND LIABILITIES

	31.12.2020	31.12.2019
	€	€
A. EQUITY		
I. Subscribed capital	14,083,465.00	14,083,465.00
II. Additional paid-in capital	104,911,923.60	104,911,923.60
III. Retained earnings Other retained earnings	7,050,000.00	7,050,000.00
IV. Difference in equity from currency translation	-23,946,507.38	-6,687,627.14
V. Consolidated profits	90,395,615.86	70,945,884.46
	192,494,497.08	190,303,645.92
B. PROVISIONS		
1. Provisions for pensions and similar obligations	2,912,987.22	2,575,956.80
2. Provisions for taxes	272,794.24	3,708,819.67
3. Other provisions	12,007,297.63	9,779,909.18
	15,193,079.09	16,064,685.65
C. LIABILITIES		
1. Liabilities to banks	117,433,921.00	107,773,515.00
2. Advance payments received on account of orders	288,120.82	155,781.16
3. Trade payables	22,925,590.95	24,575,016.59
Liabilities to affiliated companies	5,018,750.00	6,030,000.00
5. Other liabilities - of which from taxes: € 3,121 thousand (previous year: € 2,896 thousand) - of which for social security: € 3,031 thousand (previous year: € 2,919 thousand)	8,903,614.42	8,556,790.05
	154,569,997.19	147,091,102.80
D. DEFERRED INCOME	130,833.54	40,027.26
E. DEFERRED TAX LIABILITIES	960,372.12	1,070,115.44
	363,348,779.02	354,569,577.07

STEICO Consolidated cash flow statement for fiscal year 2020

	2020	2019
	€	€
I. CASH FLOW FROM OPERATING ACTIVITIES		
1. Earnings for the period (consolidated net income/loss)	22,970,597.65	22,787,040.87
2. +/- Amortization/depreciation of non-current assets	23,437,260.37	24,223,735.44
3. +/- Increase/decrease in provisions	2,601,711.10	-261,326.74
4. +/- Other non-cash expense/income	-109,866.07	-129,394.58
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-1,519,030.68	-10,257,315.19
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	-2,090,705.33	5,230,133.88
7. +/- Gains/losses from the disposal of non-current assets	-230,006.33	-48,905.46
8. +/- Interest expense/income	1,182,816.49	1,057,809.23
9. +/- Income tax expense/income	6,967,060.42	6,118,284.98
10. +/- Income tax payments	-10,304,188.28	-5,358,499.50
11. = Cash flow from operating activities	42,905,649.34	43,361,562.93
II. CASH FLOW FROM INVESTING ACTIVITIES		
1. - Payments made for investments in intangible non-current assets	-2,019,956.54	-3,478,144.25
2. + Proceeds received from disposals of items of property, plant and equipment	4,115,365.60	147,919.73
3. - Payments made for investments in property, plant and equipment	-47,244,083.35	-46,814,788.64
4. + Proceeds received from disposals of financial assets	167,228.47	36,471.53
5. - Payments made for investments in financial assets	0.00	-4,884.62
6. + Interest received	540,468.77	654,565.24
7. = Cash flow from investing activities	-44,440,977.05	-49,458,861.01
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. Proceeds received from taking out (financial) loans	22,335,514.00	27,105,387.00
2. + Payments made from redeeming (financial) loans	-12,675,108.00	-12,903,680.00
3. - Interest paid	-1,760,577.49	-1,817,871.44
4. - Dividends paid to shareholders of the parent company	-3,520,866.26	-3,520,866.25
5. = Cash flow from financing activities	4,378,962.25	8,862,969.31
IV. CASH AND CASH EQUIVALENTS		
1. Net change in cash and cash equivalents	2,843,634.54	2,765,671.23
2. +/- Exchange-rate related change in cash and cash equivalents	-1,877,261.15	592,344.10
3. + Cash and cash equivalents - start of period	22,121,885.20	18,763,869.87
4. = Cash and cash equivalents - end of period	23,088,258.59	22,121,885.20

STEICO consolidated statement of changes in equity for fiscal year 2020

	Subscribed capital	Reserves		Difference in equity from currency translation	Consolidated profits	Consolidated equity
		Additional paid-in capital	Other retained earnings			
	€	€	€	€	€	€
On 1 January 2019	14,083,465.00	104,911,923.60	7,050,000.00	-9,615,513.60	51,679,709.84	168,109,584.84
Dividends paid					-3,520,866.25	-3,520,866.25
Capital increase						
Currency translation				2,927,886.46		2,927,886.46
Consolidated net income					22,787,040.87	22,787,040.87
On 31 December 2019	14,083,465.00	104,911,923.60	7,050,000.00	-6,687,627.14	70,945,884.46	190,303,645.92
On 1 January 2020	14,083,465.00	104,911,923.60	7,050,000.00	-6,687,627.14	70,945,884.46	190,303,645.92
Dividends paid					-3,520,866.25	-3,520,866.25
Currency translation				-17,258,880.24		-17,258,880.24
Consolidated net income					22,970,597.65	22,970,597.65
On 31 December 2020	14,083,465.00	104,911,923.60	7,050,000.00	-23,946,507.38	90,395,615.86	192,494,497.08

STEICO Notes to the consolidated financial statements as of 31 December 2020

I. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. LEGAL FOUNDATIONS

STEICO SE is registered in the commercial register at Munich Local Court with number HRB 195871. The company's registered office is Otto-Lilienthal-Ring 30, 85622 Feldkirchen.

The Company's shares have been traded on the over-the-counter market of the Munich Stock Exchange in the M:access market segment since 25 June 2007; the Company is not considered to be "listed" or "capital market-oriented" within the meaning of the German Commercial Code (HGB) or the German Stock Corporation Act (AktG).

2. GROUP STRUCTURE AND GROUP OF CONSOLIDATED COMPANIES

STEICO SE is obliged to prepare consolidated financial statements. With regards to consolidation STEICO SE follows the provisions of Sections 290 ff of the HGB. The balance date for the consolidated financial statements is the balance date for the annual financial statements for the parent company (Section 299 (1) of the HGB). The annual financial statements for the companies included in the consolidated financial statements were also prepared as of the 31 December 2020 (Section 299 (2) of the HGB). The consolidated financial statements were prepared using the annual financial statements for the companies included in consolidation. Seven (previous year: seven) subsidiaries are fully consolidated in the consolidated financial statements. Seven (previous year: seven) affiliated companies were not included in consolidation.

3. CONSOLIDATED ACCOUNTING AND VALUATION METHODS

The Group applies the principles of the German Commercial Code for its accounting and valuation methods. According to Section 308 (1) of the HGB, the assets and liabilities included on the consolidated balance sheet are subject to a uniform valuation in line with the valuation methods which apply for the parent company's annual financial statements.

The consolidated balance sheet and consolidated income statement are classified according to Sections 266, 275 (2) of the HGB in connection with Section 298 of the HGB.

The following individual accounting and valuation methods were applied:

Internally generated intangible assets are capitalised at cost

and subject to scheduled amortisation over their expected useful lives. The option to recognise internally generated intangible fixed assets in accordance with section 248 (2) sentence 1 HGB is not exercised. Patents, concessions, licenses and software are written down over 2-5 years, rights of usufruct are written down over 20 years.

Property, plant and equipment is valued at cost according to Section 253 of the HGB in connection with Section 255 of the HGB, less scheduled depreciation. Movable fixed assets are depreciated over their useful lives of 3-19 years and buildings and outdoor facilities over 19 and 33 years, respectively.

Depreciation is mainly calculated on a straight-line basis. Some of the assets are depreciated using the declining balance method. Low-value items of property, plant and equipment with acquisition costs of up to € 800 are written off immediately without affecting the statement of changes in non-current assets.

As a rule, financial assets are carried at cost or, in the event of anticipated permanent impairment, at their lower fair value on the balance sheet date in line with Section 253 (3) Sentence 5 of the HGB.

If the reasons for maintaining a lower carrying amount no longer apply, these are written up according to Section 253 (5) sentence 1 of the HGB.

Raw materials, consumables and supplies and merchandise included in inventories were carried at cost using the average cost method in accordance with Section 256 Sentence 2 HGB in conjunction with Section 240 (4).

Finished goods and work in progress are valued at production cost in accordance with Section 255 (2) of the HGB. Production costs include direct material costs, direct labour costs and special direct production costs as well as appropriate portions of material overheads, production overheads and the consumption of fixed assets to the extent that this is caused by production. General administration costs are included to an appropriate extent. Borrowing costs are not included in the cost of production

Items with impaired marketability are written down to their lower fair value.

As a rule, receivables and other assets are carried at face value.

In order to cover the risk of default, individual and lump-sum write-downs are formed for receivables to the extent required. When forming individual write-downs, the company

takes into account the fact that some receivables are covered by commercial credit insurance.

Securities under current assets are carried at acquisition cost or at their lower fair value.

Cash in hand and bank balances are carried at face value.

Expenses prior to the balance sheet date that relate to expenses for a limited period after the balance sheet date are carried as prepaid expenses. The accounting option offered in Section 250 (3) Sentence 1 of the HGB to form a discount has been used. The item is reversed using the straight-line method in line with time.

Deferred taxes on differences between the carrying amounts in the individual financial statements of the consolidated companies, taking into account consolidation adjustments where necessary, and the tax valuations of assets, liabilities and prepaid expenses and deferred income were formed taking into account loss carryforwards that can be taken into account and are expected to be reduced in the future, if a tax burden can be assumed overall in future financial years. Any excess of deferred tax assets over deferred tax liabilities is capitalised using the option provided by Section 274 of the HGB. In the case of German companies (Steico SE), deferred taxes were calculated on the basis of the corporation tax rate of 15% and the trade tax rate of 11.55%. For foreign subsidiaries, the tax rate applicable in the respective country, which ranges from 15% to 33%, was used.

Provisions for pensions are calculated on the balance sheet date in line with Section 253 (2) of the HGB using the projected unit credit method based on an average market interest rate and an assumed residual period of 15 years. This is announced by Deutsche Bundesbank in line with the corresponding legal provisions. On the balance sheet date this liability was netted with the re-insurance in line with Section 246 (2) Sentence 2 of the HGB. The netted assets are valued at fair value according to Section 253 (1) Sentence 4 of the HGB.

Provisions for taxes and all other provisions are formed for all recognizable risks and uncertain liabilities in the amount required for fulfillment according to prudent commercial judgement. The amount required for fulfillment is calculated taking future price and cost increases into account.

Provisions with a remaining term of more than one year are discounted over their remaining term in line with the average market interest rate for the past seven fiscal years (Section 253 (2) Sentence 1 of the HGB).

Liabilities are included at their repayment amounts.

Revenue is recognized when the risk of loss or damage has been transferred in the case of deliveries. In the case of service contracts, revenue is recognized at the time the service is rendered. Expenses are recognised in the income statement on an accrual basis.

4. CURRENCY TRANSLATION

Receivables and liabilities denominated in foreign currencies are translated using an exchange rate close to the actual date (prior-day rate) or the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currencies with a residual period of less than one year are subsequently valued on the balance sheet date using the average spot exchange rate on the balance sheet date.

Foreign statements prepared in foreign currencies for the Group's subsidiaries in Poland and England are translated using the "modified balance sheet date method" set out in Section 308a of the HGB.

- With the exception of equity, items on the balance sheet are translated using the rate on the balance sheet date;
- Items in the income statement are translated using the average exchange rate for the fiscal year;
- Equity is translated using historical exchange rates.

The parent company's functional currency is the group's currency (euros).

Differences in the consolidation of liabilities resulting from exchange rates are taken directly to equity under Currency translation differences.

The exchange rates for PLN/€ are:

Closing rate on 31 December 2020:	4.55970
Average rate in 2019:	4.46801

The exchange rates for GBP/€ are:

Closing rate on 31 December 2020:	0.89903
Average rate in 2019:	0.88935

5. CAPITAL CONSOLIDATION (SECTIONS 301, 309 OF THE HGB)

The capital of STEICO Sp. z o.o., SW Solar Czarna Woda Sp. z o.o., STEICO CEE Sp. z o.o., STEICO France SAS and STEICO UK Ltd. was consolidated according to Section 301 (1) No. 1 of the HGB according to the so-called book-value method. The capital of STEICO Casteljaloux SAS and STEICO JOIST Sp. z o.o was consolidated according to Section 310 (1) sentence 2 of the HGB according to the so-called revaluation method.

STEICO Notes to the consolidated financial statements as of 31 December 2020

6. CONSOLIDATION OF INTERCOMPANY BALANCES (SECTION 303 OF THE HGB)

For the consolidation of intercompany balances the receivables and liabilities between the group companies were netted. Any exchange rate differences occurring during the consolidation of debt were taken directly to equity.

7. TREATMENT OF INTERCOMPANY PROFITS (SECTION 304 OF THE HGB)

Intercompany profits from deliveries and services which are not realised from a Group perspective are eliminated in the consolidated financial statements.

8. CONSOLIDATION OF INCOME AND EXPENSE

As part of the consolidation of income and expense all of the intra-group revenues from deliveries effected and services provided and other performance relationships are eliminated.

II. INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. NON-CURRENT ASSETS

The changes in non-current assets in fiscal year 2020 can be seen in the statement of changes in non-current assets below (Section 284 (3) of the HGB).

Statement of changes in non-current assets

	As of 1 January 2020	Acquisition and historical cost	Disposals	Reclassifications	Exchange rate	As of 31
	€	2020	2020	2020	diff. 2020	December 2020
	€	€	€	€	€	€
I. INTANGIBLE ASSETS						
1. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	12,869,173.80	1,934,884.04	3,636.97	7,500.00	-531,135.13	14,276,785.74
2. Advance payments made	0.00	85,072.50	0.00	0.00	0.00	85,072.50
Total intangible assets	12,869,173.80	2,019,956.54	3,636.97	7,500.00	-531,135.13	14,361,858.24
II. PROPERTY, PLANT AND EQUIPMENT						
1. Land, land rights and buildings including buildings on third-party land	89,251,846.57	1,762,737.62	105,201.72	23,092,374.22	-5,204,067.09	108,797,689.60
2. Technical plant and machinery	228,407,088.16	0.00	543,709.20	36,647,483.11	-14,676,292.64	249,834,569.43
3. Other assets, operating and office equipment	7,158,327.32	444,812.92	311,987.85	182,905.79	-327,841.88	7,146,216.30
4. Advances made and assets under construction	68,382,298.97	45,146,398.88	3,615,852.31	-59,930,263.12	-4,042,574.18	45,940,008.24
Total property, plant and equipment	393,199,561.02	47,353,949.42	4,576,751.08	-7,500.00	-24,250,775.79	411,718,483.57
III. FINANCIAL ASSETS						
1. 1. Investments in affiliated companies	538,763.54	0.00	0.00	0.00	-35,144.22	503,619.32
2. Loans to affiliated companies	38,073.20	0.00	0.00	0.00	-2,201.47	35,871.73
3. Other loans	175,228.47	0.00	167,228.47	0.00	0.00	8,000.00
Total financial assets	752,065.21	0.00	167,228.47	0.00	-37,345.69	547,491.05
Total non-current assets	406,820,800.03	49,373,905.96	4,747,616.52	0.00	-24,819,256.61	426,627,832.86

As of 1 January 2020	Accumulated amortization/depreciation				As of 31 December 2020	Carrying amounts	
	Additions 2020	Disposals 2020	Exchange rate diff. 2020	As of 31 December 2020		Carrying amount 31 December 2020	Carrying amount 31 December 2019
€	€	€	€	€	€	€	
11,427,432.91	2,443,643.13	3,636.97	-499,235.72	13,368,203.35	908,582.39	1,441,740.89	
0.00	0.00	0.00	0.00	0.00	85,072.50	0.00	
11,427,432.91	2,443,643.13	3,636.97	-499,235.72	13,368,203.35	993,654.89	1,441,740.89	
24,122,636.37	3,382,082.64	82,407.60	-1,480,145.98	25,942,165.43	82,855,524.17	65,129,210.20	
115,019,087.82	16,706,281.01	342,621.35	-7,209,925.03	124,172,822.45	125,661,746.98	113,388,000.34	
4,619,069.44	905,253.59	266,362.86	-212,092.02	5,045,868.15	2,100,348.15	2,539,257.88	
0.00	0.00	0.00	0.00	0.00	45,940,008.24	68,382,298.97	
143,760,793.63	20,993,617.24	691,391.81	-8,902,163.03	155,160,856.03	256,557,627.54	249,438,767.39	
536,665.72	0.00	0.00	-34,677.13	501,988.59	1,630.73	2,097.82	
23,508.27	0.00	0.00	-1,561.65	21,946.62	13,925.11	14,564.93	
0.00	0.00	0.00	0.00	0.00	8,000.00	175,228.47	
560,173.99	0.00	0.00	-36,238.78	523,935.21	23,555.84	191,891.22	
155,748,400.53	23,437,260.37	695,028.78	-9,437,637.53	169,052,994.59	257,574,838.27	251,072,399.50	

STEICO Notes to the consolidated financial statements as of 31 December 2020

2. FINANCIAL ASSETS

The disclosure of interests in affiliated companies as well as loans to affiliated companies relates to several affiliated wind farm companies in Poland.

3. CURRENT ASSETS

Inventories

The standard industry reservation of ownership applies to the stocks of raw materials, consumables and supplies and merchandise.

Receivables and other assets

All receivables and other assets have a residual term of less than one year, as was also the case last year.

Other assets in the amount of € 15,485 thousand (previous year: € 12,785 thousand) includes VAT receivables in the amount of € 14,487 thousand (previous year: € 10,885 thousand), receivables from tax refunds in the amount of € 470 thousand (previous year: € 958 thousand), receivables from employees in the amount of € 306 thousand (previous year: € 342 thousand) and other assets in the amount of € 222 thousand (previous year: € 600 thousand).

4. PREPAID EXPENSES

Prepaid expenses include a difference according to Section 250 (3) of the HGB in the amount of € 514 thousand (previous year: € 731 thousand).

5. DEFERRED TAXES

On the balance sheet, deferred tax assets of € 444 thousand (previous year: € 653 thousand) were disclosed. In addition, there were deferred tax liabilities of € 960 thousand (previous year: € 1,070 thousand). These resulted from losses carried forwards and temporary differences to the tax base for the consolidated individual companies and are reflected in the following items on the balance sheet:

Balance sheet items in €	Deferred tax assets	Deferred tax liabilities
Land	0	605
Buildings	0	283
Technical plant and machinery	21	0
Inventories	54	0
Trade receivables	13	0
Provisions for pensions	66	36
Other provisions	161	0
Other liabilities	27	0
Trade payables	8	36

Balance sheet items in €	Deferred tax assets	Deferred tax liabilities
Tax loss carried forward	94	0
Total	444	960

6. EQUITY

STEICO SE's share capital on 31 December 2020 totaled € 14,083,465. It comprises 14,083,465 no-par value bearer shares, each with an interest of € 1 in the share capital.

The Annual General Meeting held on 21 June 2018 resolved to cancel Authorised Capital 2015/I in the amount of €5,121 thousand and to create new Authorised Capital 2018/I in the amount of €7,042 thousand.

The managing directors are authorised, with the approval of the Supervisory Board, to increase the share capital of STEICO SE through to 20 June 2023 by a total of up to € 7,042 thousand via one or several issues of no-par value bearer shares with a theoretical interest of € 1.00 in the share capital against cash and/or non-cash contributions.

Authorised capital 2018/I totaled an unchanged € 7,042 thousand on 31 December 2020.

Information on the majority shareholder according to Section 160 (1) No. 8 of the AktG.

In 2006 STEICO SE received the following notice from Schramek GmbH, Feldkirchen:

"According to Section 20 (1) and (4) of the AktG, we herewith inform you that we hold a direct majority interest in your company."

Difference in equity from currency translation

The difference in equity from currency translation in the amount of € -23,924 thousand (previous year: € -6,687 thousand) mostly comprises the currency translation effects from the subsequent consolidation of the Polish subsidiaries and the UK subsidiary from the currency translation for the 2020 financial statements according to the modified closing price method as well as netting differences from the consolidation of intercompany balances.

7. PROVISIONS

Provisions for pensions

The projected unit credit method was used to identify the actuarial amount to be carried as a liability. The interest rate, based on the corresponding average market interest rates for the past ten years, amounted to 2.3%. A salary trend of 2.0% or 2.5% was used for the subsidiaries. In addition,

standard mortality tables in the respective countries were used.

Provisions for taxes

Provisions for taxes were formed in the amount of the anticipated tax payments and relate to income taxes for 2020.

Other provisions

Other provisions in the amount of € 12,007 thousand (previous year: € 9,780 thousand) includes a provision for anniversary payments in the amount of € 320 thousand (previous year: € 306 thousand), provisions for bonus payments to customers in the amount of € 5,478 thousand (previous year: € 4,602 thousand), provisions for vacation entitlements in the amount of € 1.217 thousand (previous year: € 1.061 thousand), provisions for outstanding invoices in the amount of € 1.383 thousand (previous year: € 773 thousand) and the provision for preparation of the financial statements in the amount of € 94 thousand (previous year: € 90 thousand).

0.9 million and a long-term liability in the amount of € 2.9 million are collateralised via a land charge for UniCredit Bank AG entered in the land register.

Trade payables are not collateralised, with the exception of reservations of ownership standard in the industry.

8. LIABILITIES

In € thousand (previous year)	Total Thereof with a remaining term			
	31.12.2020	of up to 1 year	from 1 - 5 years	of more of more
Liabilities to banks	117,434	14,214	100,362	2,857
(Previous year)	(107,773)	(7,339)	(98,948)	(1,486)
Advance payments received from orders	288	288	0	0
(Previous year)	(156)	(156)	(0)	(0)
Trade payables	22,925	22,925	0	0
(Previous year)	(24,575)	(24,575)	(0)	(0)
Liabilities to affiliated companies	5,019	5,019	(0)	(0)
(Previous year)	(6,030)	(6,030)	0	0
Other liabilities	8,904	8,781	123	0
(Previous year)	(8,557)	(8,347)	(210)	(0)
Total	154,570	51,227	100,486	2,857
(Previous year)	(147,091)	(46,447)	(99,158)	(1,486)

The other short and medium term liabilities to banks in the amount of € 108.1 million are uncollateralised as part of the syndicated credit agreement amended in September 2016 and newly drawn up in October 2019 as well as bilateral loan, with both STEICO SE as well as the Polish production companies STEICO Sp. z.o.o. and STEICO JOIST Sp. z.o.o. as well as the French production company STEICO Casteljaloux SAS being included as borrowers and guarantors. Other medium-term liabilities to banks in the amount of € 5 million relate to an unsecured bilateral loan. A current liability in the amount of € 0.4 million, a medium-term liability of €

STEICO Notes to the consolidated financial statements as of 31 December 2020

III. INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

The total cost (nature of expense) method was applied in the preparation of the income statement.

1. REVENUES

Revenues are broken down as follows:

Revenues by geographic markets according to Section 314 (1) No. 3 of the HGB (in € thousand)

In € thousand	2020
Germany	121,714
Other EU countries	148,335
Rest of world	38,722
Total	308,771

Revenues by areas of activity according to Section 314 (1) No. 3 of the HGB (in € thousand)

In € thousand	2020
Wood-fibre insulation materials	205,580
Construction products (I-joists)	34,867
Special products	16,253
Timber wholesale	4,270
Fibreboards	2,403
Construction products (laminated veneer lumber)	37,886
Miscellaneous	8,512
Total	308,771

2. OTHER OWN WORK CAPITALISED

Other own work capitalised in 2020 amounted to € 110 thousand (previous year: € 129 thousand) This disclosure mostly relates to intercompany performance in connection with the creation of machinery and equipment

3. OTHER OPERATING INCOME

In € thousand	2020
Exchange rate gains	3,698
Income from the sale of CO ₂ emission rights	0
Income from insurance refunds	79
Offsetting non-cash payments	365
Income from the reversal of provisions	457
Income from the sale of property, plant and equipment	84
Other operating income	803
Total	5,486

4. OTHER OPERATING EXPENSES

In € thousand	2020
Write-downs of receivables	80
Building costs, rent, cleaning	1,457
Insurance, contributions, fees	3,757
Repairs and maintenance	5,999
Vehicle costs	3,126
Sales costs, advertising and travel expenses	3,228
Commission expenses	251
Operating costs	2,639
Administrative costs, IT	2,456
Telecommunication	397
Legal and consulting costs, court costs	1,056
Costs of preparing the annual financial statements	165
Exchange rate differences and costs of payment transactions	5,581
Miscellaneous other operating expenses	5,598
Total	35,790

Other operating expenses include non-period expense which is of minor importance.

5. INTEREST RESULT

Interest expenses include expenses from discounting provisions in the amount of € 39 thousand (previous year € 183 thousand).

6. TAXES

Income taxes total € 6,967 thousand (previous year: € 6,118 thousand). This includes effective tax expenses of € 6,868 thousand (previous year: € 5,854 thousand), deferred tax liabilities of € 209 thousand (previous year: € 535 thousand) and deferred tax assets of € 110 thousand (previous year: € 271 thousand). Other taxes in the amount of € 2,462 thousand (previous year: € 2,326 thousand) mostly relate to property taxes in Poland and non-income related taxes in France.

IV. INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how cash in the group has changed during the course of the reporting year due to net cash inflows and outflows.

Other non-cash expense/income relates to own work capitalised.

Cash and cash equivalents can be found directly in the balance sheet item "cash in hand and bank balances" and exclusively comprises cash in hand and bank balances. There are no restrictions on disposal. There were no non-cash investments or financing or business transactions.

V. OTHER DISCLOSURES

1. AUDITOR'S FEE

Information on the total fee charged by the auditor for the consolidated financial statements for fiscal year 2020 according to Section 314 (1) No. 9 of the HGB:

- a. auditing services: € 90.0 thousand
- b. other services: € 59.6 thousand

2. OTHER FINANCIAL OBLIGATIONS

Other key financial obligations include:

In € thousand	2021 ff.
Obligation from usufructuary rights (overall obligation of remaining term)	1,741
Obligations from rental agreements	355
Obligations from leasing	970
Obligations from contractually ordered capital expenditure	16,776
Total	19,842

Liabilities denominated in foreign currencies were translated using the average rate of exchange on the balance sheet date (PLN/€ 4.55970 GBP/€ 0.89903).

There are leasehold and usufructuary rights at STEICO Sp. z o.o for land with a term through to 2089. In the above list the respective overall obligations at the end of the term are shown based on the current conditions. The conditions may change over time.

The contractually ordered capital expenditure relates to property, plant and equipment (new construction and expansion of production capacity).

3. DERIVATIVE FINANCIAL INSTRUMENTS AND VALUATION UNITS

As part of its ordinary business activities the Group is exposed to relevant exchange rate and interest risks. These mainly relate to future financial liabilities from the purchase of goods from the Polish subsidiaries STEICO Sp. z o.o. and STEICO JOIST Sp. z o.o. as well as future financial receivables from the sale of goods in GBP and USD. In addition, there are risks from variable interest loans.

The financial instruments used for hedging include structured currency forwards in PLN, sterling and US dollars with, interest rate swaps with an exchange rate option and six interest rate swaps for the three-month and six-month EURIBOR and a fixed interest rate. In the case of structured forward exchange contracts (so-called "TARF"), the long call or short put side (from the company's point of view), the nominal amount (leverage) and the term are determined by the fulfilment of various contract criteria on the individual fixing dates.

As at the balance sheet date, there were such structured forward exchange transactions in PLN, GBP and USD with a nominal volume of up to PLN 8,502 million, up to GBP 9.8 million and up to USD 10 million respectively (closing rates: €/PLN 4.5597, €/GBP 0.89903, €/USD 1.2271). Of the existing 127 transactions, 116 transactions have a negative present value of € 36.84 million. The remaining 11 transactions have a positive present value of € 483 thousand. In addition, there were six interest rate swaps on the three-month and six-month EURIBOR or a fixed interest rate for an amount of one times € 15 million, one times € 14 million, one times € 12.5 million, two times € 10 million and one times € 3.33 million. These each have a negative present value of € 390 thousand. The present values correspond to the market values determined indicatively by the various counterparty banks on the basis of internal valuation models, which were communicated to the company in the context of valuation reports as of the balance sheet date.

The option was used to verify certain economic hedge relationships by forming valuation units.

In so doing, micro-valuation units are formed in particular between (structured) currency forwards and future purchases of goods in PLN (highly probable transactions).

On the balance sheet date 111 (structured) currency forwards with a negative present value of € 36.77 million and a nominal volume of up to PLN 7.448 million and up to GBP 9.8 million were included in the valuation units. The highly probable transactions are future financial liabilities from the future purchase of goods for the Polish subsidiaries STEICO

STEICO Notes to the consolidated financial statements as of 31 December 2020

Sp. z o.o and STEICO JOIST Sp. z o.o., which will take place between 1/21 and 10/23 and which will compensate for each other with regard to exchange rate effects with hedge transactions with congruent terms and volumes. In addition, these relate to future sales of goods in GBP between 1/20 and 12/21 and which will compensate for each other with regard to exchange rate effects with hedge transactions with congruent terms and volumes.

As a result of the business model, the business forecast and the business volumes performed in the past these sales and purchases of goods are to be regarded as being highly probable to secure.

In addition, micro-valuation units are formed between four structured interest rate swaps (negative fair value: € 463 thousand) and liabilities to hedge the risk of changes to the interest rate (EURIBOR) for three bullet investment loans. These relate to quarterly interest payments through to 3 September 2021, 7 October 2021, 1 October 2026 and 4 November 2026 for a base amount of two times € 10 million, one times € 12.5 million and one time € 15 million.

These are shown on the balance sheet using the freeze method. Effectiveness is determined based on a critical term match. The income and expenses from hedging transactions in valuation units are netted and reported under cost of materials upon realization.

The 16 structured forward exchange transactions not included in valuation units, two interest rate swaps and the interest rate swap with a currency option (nominal: PLN 290 million) have positive fair values totalling € 483 thousand and negative fair values of € 75 thousand and are shown in the financial statements on a pro-rata basis.

4. AMOUNTS TO BE ASSIGNED TO A DIFFERENT FISCAL YEAR

According to Section 285 No. 32 of the HGB, income in the amount of € 457 thousand from the reversal of provisions and in the amount of € 84 thousand from the disposal of property, plant and equipment is to be allocated to a different fiscal year.

5. PROPOSAL FOR THE APPROPRIATION OF EARNINGS.

The managing directors propose that the net profits for the past year in the amount of € 35,351,092.40 be used to disburse a dividend of € 0.25 per dividend-entitled share. This corresponds to an amount of € 3,520,866.25, and the remaining amount of € 31,830,226.15 be carried forward to new account.

6. SUPERVISORY BOARD

STEICO's Supervisory Board comprises 4 members.

Mr. Udo Schramek, Munich, Chairman, Managing Director and Chairman of the Supervisory Board

Prof. Heinrich Köster, Stephanskirchen, President of Rosenheim University

Ms Katarzyna Schramek, Munich, attorney

Dr. Jürgen Klass, Munich, attorney

According to the company's articles of association, in 2020 a total of € 90 thousand was paid to the members of the Supervisory Board.

7. DIRECTORS

Mr. Udo Schramek, Munich, Chairman and Managing Director of STEICO SE

Managing director for Auditing, Marketing, Legal & HR, Research & Development, Technology, Quality Assurance, IT and Purchasing

Mr. Thorsten Leicht, Managing Director for Production, Quality and Sustainability Management (since 1 January 2020)

Mr. Uwe Lange, Berga, Managing Director for Investments and Equipment Technology

Dr. David Meyer, Munich, Managing Director for Finance, Accounting & Controlling

Mr. Milorad Rusmir, Kirchheim, Managing Director for Timber Wholesale

Mr. Tobias Schindler, Sistrans (Austria), Managing Director for Sales (since 1 April 2020).

The directors received remuneration of € 5,214 thousand for their activities in 2020.

8. EMPLOYEES

The Group had an average of 1,907 employees in fiscal year 2020.

These are broken down as follows:

Division	Number of employees
Production	1,269
Sales	118
Administration	470
Assistants, temporary staff	52

Division	Number of employees
Total	1,907

9. PARENT COMPANY AND GROUP COMPANIES INCLUDING LIST OF EQUITY INTERESTS

Name and registered office of parent company:

STEICO SE
Otto-Lilienthal-Ring 30
85622 Feldkirchen

The following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Amount of participating interest
STEICO Sp. z o.o.	Czarnków, Poland	100%
SW Solar Czarna Woda Sp. z o.o.	Czarnków, Poland	100%
STEICO CEE Sp. z o.o.	Czarnków, Poland	100%
STEICO JOIST Sp.z o.o.	Czarnków, Poland	100%
STEICO UK Ltd.	Caddington, United Kingdom	100%
STEICO France SAS	Brumath, France	100%
STEICO Casteljalous SAS	Casteljalous, France	100%

In addition, there are the following affiliated companies:

Company	Registered office	Interest	Equity	2020 Result
STEICO Windpark Sp. z o.o.	Czarnków, Poland	61%	€ 652 thousand	€ -1 thousand
SW Szydłowo Sp. z o.o.	Czarnków, Poland	100%	€ -5 thousand	€ -1 thousand
SW Huta I Sp. z o.o.	Czarnków, Poland	100%	€ -3 thousand	€ -1 thousand
SW Huta II Sp. z o.o.	Czarnków, Poland	100%	€ -2 thousand	€ -1 thousand
SW Lubasz I Sp. z o.o.	Czarnków, Poland	100%	€ 0 thousand	€ -1 thousand
SW Lubasz II Sp. z o.o.	Czarnków, Poland	100%	€ -2 thousand	€ -1 thousand
STEICO-ENERGIA Sp. z o.o.	Czarnków, Poland	100%	€ -5 thousand	€ -1 thousand

Feldkirchen, 27 April 2021

Udo Schramek Uwe Klaus Lange Thorsten Leicht

Dr. David Meyer Milorad Rusmir Tobias Schindler

Independent auditor's opinion

INDEPENDENT AUDITOR'S OPINION

To STEICO SE, Feldkirchen

Audit opinions

We have audited the consolidated financial statements of STEICO SE, Feldkirchen, and its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2020, and the notes to the consolidated financial statements, including a description of the accounting policies used. In addition, we have also audited the group management report for STEICO SE, Feldkirchen, for the fiscal year from 1 January to 31 December 2020.

According to our assessment based on the findings gained in the audit

- these accompanying consolidated financial statements comply in all material respects with German commercial law and provide a true and fair view of the net assets and financial position of the Group as of 31 December 2020 and of its results of operations for the fiscal year from 1 January to 31 December 2020 in accordance with German principles of proper accounting and
- the group management report accurately presents the Group's position as a whole. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322 (3) Sentence 1 of the HGB we declare that our audit did not lead to any objections concerning the proper nature of the consolidated financial statements and the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). According to these rules and principles our responsibility is further described in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" in our audit opinion. We are independent of the Group companies in accordance with German commercial law and professional regulations and

have fulfilled our other German professional obligations in accordance with these requirements. We are of the opinion that the audit evidence we have obtained provides a sufficient and reasonable basis for our audit opinions on the consolidated financial statements and the group management report.

Other information

The managing directors are responsible for the other information. The other information comprises

- report by the Board of Directors
- all other parts of the annual report,
- but not the consolidated financial statements, the content of the audited group management report and our audit opinion thereon.

The Board of Directors is responsible for the Board Report. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information and, accordingly, we do not express an opinion or any other form of audit conclusion thereon.

In connection with our audit of the consolidated financial statements, we are responsible for reading the other information and assessing whether the other information

- has material discrepancies with the consolidated financial statements, the audited information in the group management report or with the knowledge acquired during the audit, or
- appear to be presented incorrectly in some other way.

Responsibility of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements, which comply in all material respects with German commercial law and also for the consolidated financial statements providing a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. In addition, the executive directors are responsible for internal controls, which they have determined as being necessary in line with the German principles of proper accounting in order to allow the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuing operation of the entity, if relevant. In addition, they are responsible for accounting for continuing operations on the basis of the same accounting policy, except to the extent that this is contrary to fact or law.

In addition, the executive directors are responsible for preparing the group management report, which, on the whole, must accurately represent the group's situation, and which also is in line with the consolidated financial statements in all material respects, corresponds to German legal requirements and accurately presents the opportunities and risks of future growth. Furthermore, the executive directors are responsible for the preventative activities and measures (systems) that they have deemed necessary to permit the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient and suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for preparation of the consolidated financial statements and the group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

We aim to obtain sufficient certainty as to whether the consolidated financial statements as a whole is free from material - whether intentional or not - material misstatements, and whether the group management report, on the whole, accurately represents the group's situation, and is also in line with the consolidated financial statements and the findings obtained during the audit in all material respects, corresponds to German legal requirements and accurately presents the opportunities and risks of future growth, and also to issue an auditor's opinion which includes our audit opinions on the consolidated financial statements and group management report.

Sufficient certainty is a high degree of certainty, but does not guarantee that the audit, conducted in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) always uncovers any material misstatements. Misstatements can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they will individually or

collectively influence the economic decisions of users made on the basis of these consolidated financial statements and the group management report.

During the audit, we exercise our best judgment and maintain a critical attitude. In addition

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the consolidated financial statements and the group management report, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements will not be detected is greater for violations than for inaccuracies, as violations may involve fraudulent collusion, falsification, intentional incompleteness, misrepresentation, or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting policies adopted by the executive directors and the reasonableness of the estimates and related disclosures presented by the executive directors.
- we draw conclusions as to the appropriateness of the accounting policies adopted by the executive directors for the continuing operations of the company and, on the basis of the audit evidence obtained, whether there is significant uncertainty about events or circumstances that could give rise to material doubts about the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to point out, in our auditor's opinion, the respective information in the consolidated financial statements and the group management report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Group no longer being able to continue its business activities.
- we assess the overall presentation, the structure and content of the consolidated financial statements including the notes as well as whether the consolidated financial statements present a true and fair view of the underlying business transactions and events so that the consolidated

Independent auditor's opinion

financial statements present a true and fair view of the financial position, net assets and results of operations for the group while observing the German Principles of proper accounting.

- we obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the Group to express an opinion on the consolidated financial statements and the group management report. We are responsible for the direction, monitoring and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we assess the consistency of the group management report with the consolidated financial statements, its legal pronouncements and the presentation of the group's situation that it offers.
- we perform audit procedures on the forward-looking statements in the group management report as presented by the executive directors. On the basis of sufficient and suitable audit evidence, we particularly verify the significant assumptions on which the forward-looking statements of the executive directors are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit and significant findings of the audit, including any deficiencies in the internal control system that we identify during our audit.

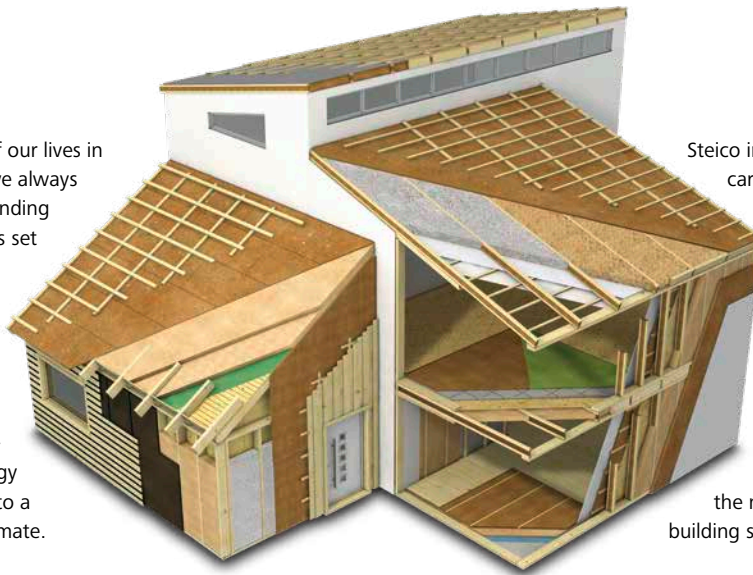
Munich, 27 April 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Thomas Reitmayr)
Auditor

(Philipp Kaschdan)
Auditor

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Steico insulation and construction materials, carry a number of distinguished 'seals of approval' which is a sign of high quality, healthy and functional building products. The raw materials used in Steico products are certified by FSC® (Forest Stewardship Council®) and PEFC® (Programme for the Endorsement of Forest Certification®), ensuring a traceable and fully sustainable usage of the raw materials. STEICO, the number 1 choice for your sustainable building solutions.

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Excellent cold protection in winter



Excellent summer heat protection



Energy Saving and increased property worth



Weather tight and breathable



Excellent Fire Protection



Excellent sound protection



Environmentally friendly and recyclable



Light and easy to handle



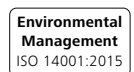
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STEICO SE • Otto-Lilienthal-Ring 30 • 85622 Feldkirchen (GER)
Tel.: +49-89-99 15 51-0 • Fax: +49-89-99 15 51-700
Internet: www.steico.com • E-mail: info@steico.com