

STEICO SE

Half-Year Report 2021

The green share

6M 2021

Revenues up by around 30%. EBIT lifts 2.5-fold year-on-year.

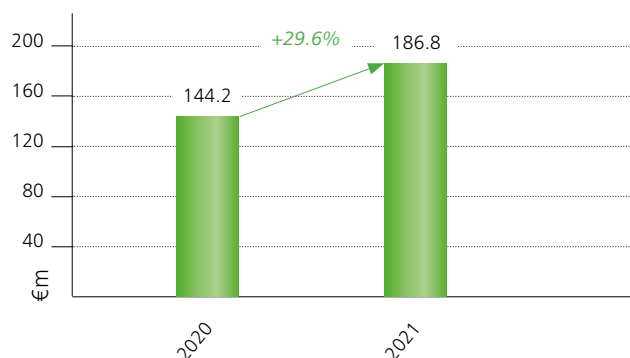


Natural building products for **healthier living**

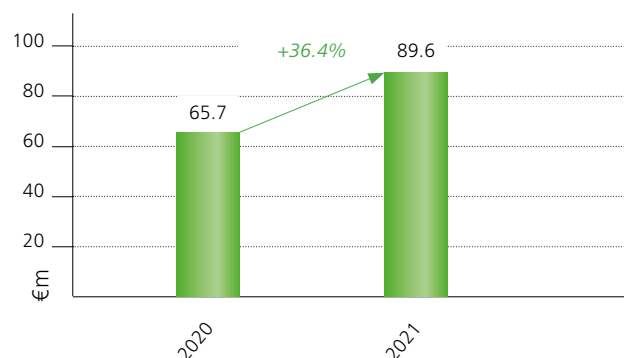
Overview

H1 2021: Revenues up by around 30%. EBIT lifts 2.5-fold year-on-year.

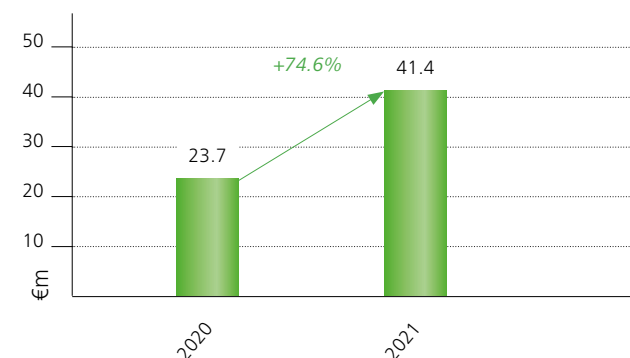
H1 2021 Revenue growth in € millions



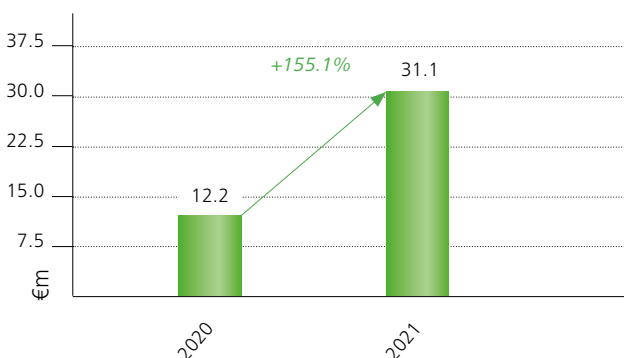
H1 2021 Gross Earnings growth in € millions



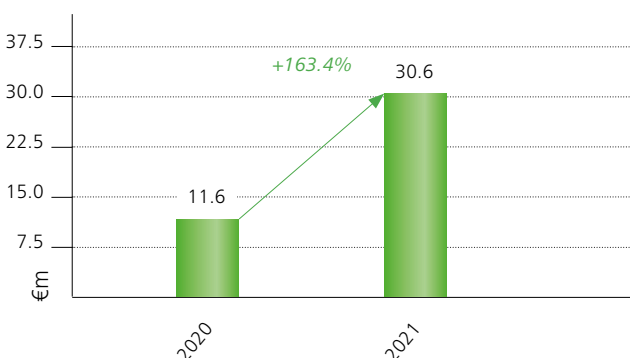
H1 2021 EBITDA growth in € millions



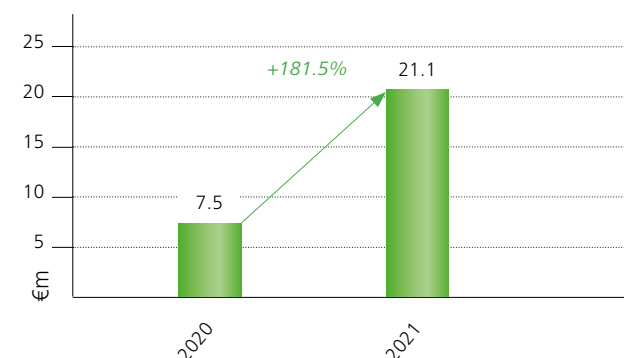
H1 2021 EBIT growth in € millions



H1 2021 EBT growth in € millions



H1 2021 Profit for the Period growth in € millions



Additional KPIs

	H1 2021	FY 2020	H1 2020
1. Total operating revenue in € millions	€ 185.5 million	€ 306.9 million	€ 142.3 million
2. EBITDA margin as a percentage of total operating revenue	22.3%	18.6%	16.6%
3. EBIT margin as a percentage of total operating revenue	16.8%	10.9%	8.6%
4. Equity ratio (as of 31 Dec.)	53.2%	53.0%	50.0%

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

Climate protection, CO₂-saving construction and energy efficiency are defining social issues. Given this background, demand for STEICO's ecological insulation materials and construction products has increased once again. As a result, new records were set for both revenues and earnings in the first half of the year.

Revenues were up 29.6% year-on-year at € 186.8 million. EBIT improved by 155.1% to € 31.1 million and net income for the period in the first six months lifted by 181.5% to € 21.1 million. Profitability also grew substantially with an EBIT ratio of 16.8%. However, in a comparison with the previous year, it should be noted that the second quarter of 2020 was weaker due to the effects of the COVID-19 pandemic.

Due to the friendly market environment, growth is expected to continue in the second half of 2021 – although growth rates are likely to be somewhat lower due to the already very strong first half of the previous year.

Management is therefore raising its expectations for the current fiscal year. Unless there are additional negative effects from developments in the pandemic, the Board of Directors believes that in 2021 revenues will lift by around 20% with an EBIT ratio between 14.0% and 17.0% (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.

Laminated veneer lumber and I-joists form the structural components of the system. Insulation materials 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. Sealing products for the building shell round off the overall system.

The STEICO Group offers its customers a unique range of products up to the prefabrication of complete building components for wood element construction.

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.

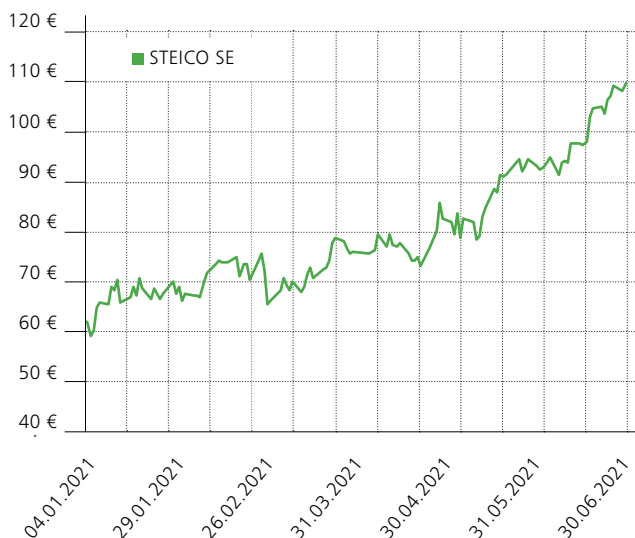
Growth of STEICO's shares

A. SHARE PRICE GROWTH IN 2021

STEICO's shares started the year with a price of € 62.50 on 4 January (XETRA closing price). The following day, the lowest point of the period under review was marked at € 59.20.

In the following months, an almost uninterrupted increase in value was recorded before the share exited trading at an all-time high of € 110.00 on 30 June. This corresponds to an increase in value of 76.8% in the first six months.

STEICO's shares: Share price growth in H1 2021



B. INVESTOR RELATIONS

As was the case in previous years, STEICO SE engaged in open and direct communication with the capital markets in the first six months of 2021, and was also in close contact with its shareholders. Due to ongoing contact restrictions as a result of the Corona pandemic, exchanges only took place online. In 2021, 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 2021

7/8 January 2021	STEICO presented the company to institutional investors at the 24th Oddo Forum, held by ODDO BHF (online conference)
21 January 2021	STEICO presented the company to institutional investors (virtual roadshow with M.M. Warburg)
1 February 2021	Publication of provisional figures for 2020 (after stock-market closing)
17 March 2021	STEICO presented the company at the Berenberg DACH+Nordic Conference 2021 (online conference)
24/25 March 2021	STEICO presented the company at Metzler MicroCap Days (online conference)
27 April 2021	Publication of 2020 annual report together with the Q1 2021 report (after stock-market closing)
19 May 2021	STEICO presented the company to institutional investors at the Commerzbank Corporate Conference 2021, USA (online conference)
20 May 2021	STEICO presented the company to institutional investors at the CIC Market Solutions Forum (online conference)
10/11 June 2021	STEICO presented the company to institutional investors at the Warburg Highlights Conference (online conference)
24 June 2021	STEICO SE's 2021 Ordinary General Meeting
19 July 2021	Publication of the 2021 semi-annual report
1 September 2021	STEICO will present the company to institutional investors at the Commerzbank Corporate Conference (online conference)
20/22 September 2021	STEICO will present the company to institutional investors at the Baader Investment Conference (online conference)
21 September 2021	STEICO will present the company at the Berenberg Goldman Sachs Tenth German Corporate Conference (online conference)
October 2021	Publication of the Q3 report 2021
14 October 2021	STEICO will present the company at Munich Stock Exchange's "Specialist Conference for Technology" (DE)

Group management report for STEICO SE as of 30 June 2021

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 seal 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 wood 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 the first six months of 2021 the bulk of revenues (69.2%) 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 method. 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.

Cavity insulation

Cavity 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 (belt material).

Construction products: I-joists

I-joists are supporting components which are optically very similar to traditional double-T-joists. They comprise two "belts" (square timber posts made of laminated veneer lumber) which are connected using a fibreboard. Some of the bridge material is purchased (OSB: Oriented Strand Board), but the majority is produced in-house (Natural Fibre 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 efficiency.

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.

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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 low 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 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 web. 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 has 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 preformed 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.

Other key customer groups include:

- Craftsmen and wood construction companies which process the group's products.
- Architects and planners, who take decisions to use STEICO's products when planning buildings.
- Private and institutional builders who use STEICO's products in their buildings.

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. 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 the first six months 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 moulding 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 expanding the integrated construction system.

B. ECONOMIC REPORT

I. OVERALL ECONOMIC AND INDUSTRY-SPECIFIC UNDERLYING CONDITIONS

1. ECONOMIC TREND

The European construction industry quickly recovered from the slump caused by the COVID-19 crisis. Current figures from the European statistics authority Eurostat show a production level in the construction sector for April that largely corresponds to the pre-crisis level.¹ Market research network Euroconstruct also expects the recovery to continue, forecasting that the European construction industry will grow by 3.8% in 2021 after slumping by 5.1% in 2020.²

Construction activity in Germany, the most important market for the STEICO Group, boomed in the first half of 2021. The indicators for the STEICO segments in particular enjoyed positive growth. Latest figures from DESTATIS, the German Federal Statistical Office for April 2021 show new orders in the construction sector up 7.0% on the same month last year and up 9.8% on March 2021.³ Building permission for residential accommodation was up by 13.8% from January to April 2021.⁴ Sales figures are available for March 2021. The relevant sub-segment "roofing and carpentry" is reporting a 7.1% increase in sales compared to the same month of the previous year⁵ and thus takes the top position in the construction sector.

The trend towards timber construction/prefabricated construction continued. Bundesverband Deutscher Fertigbau e.V. (German Prefabricated Construction Association) reports a prefabricated construction rate of 22.4% for 2020 as a whole, with an expected increase to around 23% in 2021.⁶

2. COMPETITION

With regard to wood-fibre insulation materials, the most important competitors in the first six months of 2021 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).

¹ Source: Eurostat, Euroindikatoren 72/2021, 17 June 2021

² Source: Euroconstruct, press release dated 10 June 2021

³ Source: DESTATIS, press release 298 dated 25 June 2021

⁴ Source: DESTATIS, press release 281 dated 15 June 2021

⁵ Source: DESTATIS, press release 271 dated 10 June 2021

⁶ Source: Bundesverband Deutscher Fertigbau e.V., 20 June 2021

Group management report for STEICO SE as of 30 June 2021

STEICO SE's management believes that in the first half 2021 its key competitors for I-joists were Metsä (Finland), Masonite (Sweden), as well as James Jones (United Kingdom).

The most important competitors for laminated veneer lumber in the first six months of 2021 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 the first half of 2021. The company's management also does not expect any major changes in the second half of 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 THE FIRST SIX MONTHS OF 2021

There were no key events in the first half of the year.

2. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

Development of purchase prices

A number of auxiliary and operating materials became significantly more expensive in the first half of the year. Energy costs were partially stabilized by the switch from coal to biomass. In contrast, electricity costs in Poland have continued to rise from a high level.

The purchase prices of wood increased only moderately in the first half of the year. Media reports on sharp increases in timber prices refer primarily to structural timber that has already been sawn. Industrial wood, such as is required for the production of wood fibre insulation materials, has also become more expensive, but is less affected by the price increases.

A further increase in cost dynamics is expected for the second half of the year. The procurement situation is particularly tense for auxiliary and operating materials, and renewed cost increases are also to be expected for wood. STEICO is attempting to compensate for the increased costs by raising prices.

Production of wood fibre insulating materials

Demand for wood fibre insulation materials remains high. The capital expenditure program to create new production capacity is largely on schedule and on budget – despite challenges due to poor availability of building materials of all kinds.

At the Czarna Woda site, a further plant for stable wood fibre insulation materials using the wet process is being built. It is planned to go live in the fourth quarter of 2021.

At the Casteljaloux site, a plant for stable wood fibre insulation materials using the dry process is being built. It is planned to go live in the fourth quarter of 2021.

Preparatory work is underway at the new Gromadka site for the construction of the new insulation materials plant. It is planned to go live at the start of 2023.

As a result of projects already completed, production volumes have already been significantly increased compared with the previous year. Ongoing conversions of existing plants should ensure that additional volumes are available before the end of the year.

Production of laminated veneer lumber (LVL)

The production of laminated veneer lumber is stable and both plants being run at full capacity.

Production of I-joists

The increase in the price of classic structural timber makes I-joists more attractive as an alternative product. As a result, the production of I-joists could be significantly expanded.

Production of prefabricated timber components

Production of prefabricated components continues to record positive growth. As the contribution to sales is still low, these activities are currently still reported under the collective item "Miscellaneous".

STEICO's Element Production is based on a high degree of automation, which is associated with increases in speed and precision. The offering is geared to timber construction and prefabricated house companies, which can thus achieve advantages in terms of personnel deployment, economic efficiency and construction speed. The STEICO Group will not operate as a house construction company itself.

3. COURSE OF BUSINESS⁷

H1 2021 Revenues by markets

Globally, markets recovered from the distortion caused by the COVID-19 pandemic in the first half of 2021. In the construction sector, timber construction in particular benefits due to its climate-friendly construction methods and high energy efficiency.

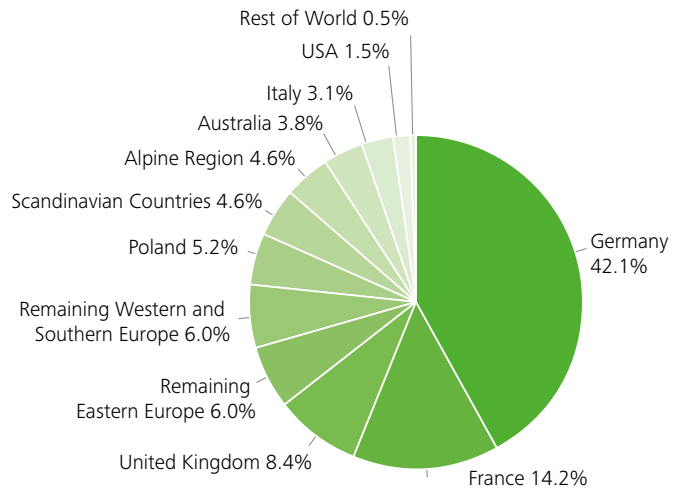
On the core market of Germany, revenues increased once again to € 78.6 million (previous year € 56.7 million). This corresponds to an increase of 38.6% and a 42.1% share of total revenues. Sales are being driven across all product segments, with I-joists showing strong growth rates alongside wood-fiber insulation products. STEICO products are used in both renovation and new construction projects, with renovation applications slightly dominating.

France also recorded strong growth of 32.9% to € 26.6 million (previous year: € 20.0 million). This corresponds to 14.2% of total revenues. In France, construction activity is primarily driven by refurbishment.

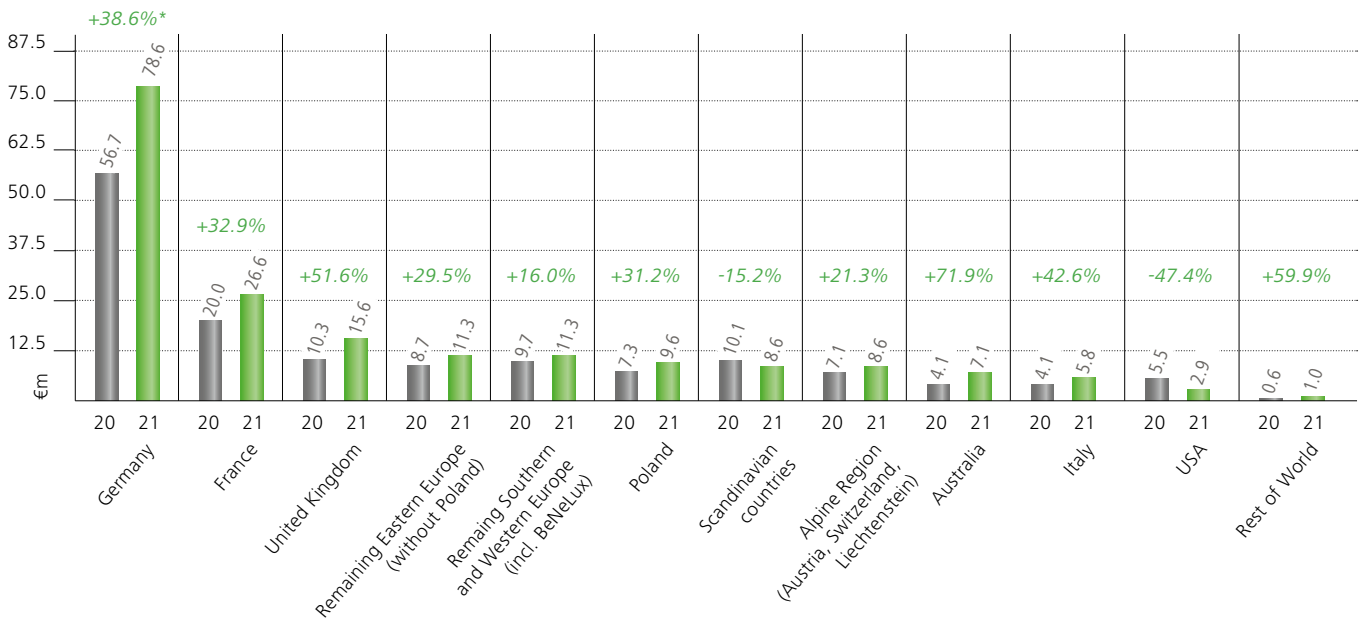
The United Kingdom is still the most important market for I-joists. After a significant slump in the previous year, sales recovered in the first half of 2021. Revenues in the first six months were up 51.6% year-on-year to € 15.6 million

(previous year: € 10.3 million) This corresponds to 8.4% of total revenues. Management is expecting that the total sales for the year will tie up to the level of sales in fiscal year 2019 (around € 33 million).

All of other markets also recorded positive growth. Only the Scandinavian countries and the USA form an exception. Both markets are supplied with specific product ranges, the distribution of which has been scaled back in favour of supplying the European core markets.



H1 2021: Development Sales by Markets in € million



* Rate of change from 2020 to 2021

⁷ 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.

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4. GROWTH IN THE PRODUCT SEGMENTS⁸

The distribution of ecological insulation materials as well as air-injected insulation for building insulation and flooring is benefiting from the excellent economic situation in the construction industry, the trend towards timber construction, the state subsidy programmes for energy-efficient construction and the increased ecological awareness. In the first half of the year, this segment contributed € 129.2 million or around 69.2% of total revenues (previous year € 94.6 million). This equals to an increase of 36.7%.

Sales of I-joists also recorded very pleasing growth. As an alternative product for solid structural timber, I-joists were able to benefit from the sharp rise in timber prices. In addition to the traditional core markets of Great Britain and Australia, I-joists are also increasingly gaining market share in the continental European markets. In the first half of 2021, revenues totaled € 22.6 million (previous year € 14.6 million). This corresponds to 12.1% of revenues and an increase of 54.6%. In a year-on-year comparison, it should be noted that the main markets of the United Kingdom and Australia fell sharply in the previous year due to the COVID-19 pandemic.

The sale of laminated veneer lumber contributed around 10.1% to total revenues in 2020 (€ 18.9 million; previous year: € 18.0 million). This corresponds to an increase of 4.9%. The existing plants are being run at full capacity.

The specialty products segment declined in the first half

of the year with sales of € 6.9 million (previous year € 9.7 million) and contributed 3.7% to total sales. These are mainly export articles, the sale of which was scaled back in favour of supplying the European core markets.

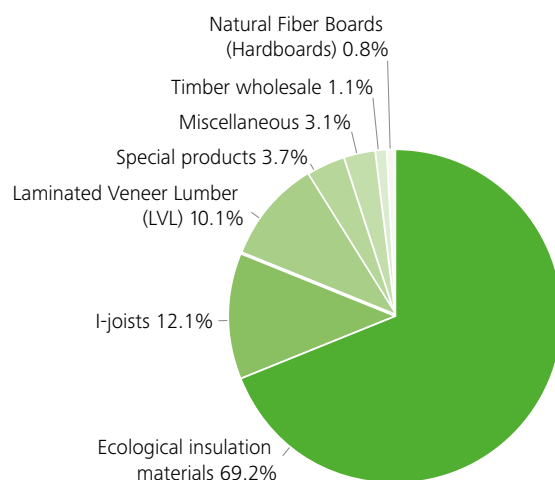
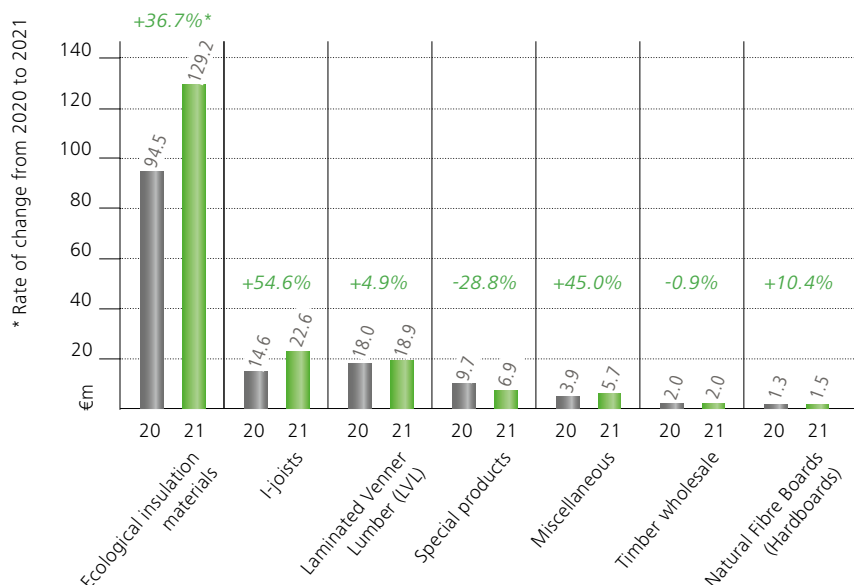
In the "Miscellaneous" segment - including services and element production - revenues of € 5.7 million were recorded in the first half of the year (previous year: € 3.9 million). This equals to 3.1% of revenues and an increase of around 45.0%.

The Timber Wholesale segment generated stable sales of € 2.0 million (previous year: € 2.0 million).

External sales of Natural Fiber Boards (hardboards) for the first half-year were € 1.5 million, up 10.4% compared to the previous year (€ 1.3 million). Hardboard is predominantly used as a component of I-joists. External sales are no longer of strategic importance and business is only conducted if the contribution to margins is positive.

⁸ 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.

H1 2021: Development Sales by Product Groups in € million



III. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

1. RESULTS OF OPERATIONS

As a production and marketing company for wood-fibre insulation materials the STEICO Group has been able to once again increase its revenues year-on-year. Revenues in the first six months increased by 29.6% from € 144.2 million to € 186.8 million. Total operating revenue in the first half of 2021 was 30.4% higher at € 185.5 million (previous year: € 142.3 million) .

The cost of materials ratio (in terms of total operating revenue) fell in H1 2021 to 53.6% (previous year: 55.6%). This is due, among other things, to the price increases as well as synergy effects resulting from the high capacity utilization.

The personnel expenses ratio in the first six months was 16.3% (previous year: 17.8%) and has thus fallen slightly – due to the strong revenue growth.

Other operating expenses amounted to € 17.9 million (previous year: € 16.7 million) and grew by 7.6% – a disproportionate increase compared to total operating revenue. This is due in particular to lower professional and travel expenses as well as exchange rate differences and incidental costs for payments.

The financial result in H1 2021 was negative at € 0.6 million (previous year: € -0.6 million) and is mostly governed by the interest expenses due to financing the ongoing investment activities as part of the current syndicated credit agreement.

Total earnings (consolidated profits) amounted to € 21.1 million in 2021 (previous year: € 7.5 million). This corresponds to an increase of 181.5%.

Second quarter 2021 – viewed in isolation

Revenues of € 96.2 million were recorded in the second quarter (previous year: € 69.7 million) This corresponds to an increase of 37.9%. Total operating revenues amounted to € 97.2 million (previous year: € 69.8 million)

Gross profits amounted to € 46.8 million (previous year: € 31.9 million).

EBITDA in the second quarter increased by 93.3% to € 22.4 million (previous year: € 11.6 million). EBIT lifted by 180.7% to € 17.3 million (previous year: € 6.2 million). The EBITDA margin is 23.0% (previous year: 16.6%), the EBIT margin is 17.8% (previous year: 8.9%).

In a comparison with the previous year, it should be noted that the second quarter of 2020 in particular was weaker due to the impact of the first wave of the COVID-19 pandemic.

2. FINANCIAL POSITION AND NET ASSETS

Consolidated total assets increased substantially as of 30 June 2021 to around € 398.2 million compared to 30 June 2020 (€ 365.3 million). Property, plant and equipment has increased to € 270.8 million (previous year: € 251.3 million), which is mostly due to the ongoing capital expenditure to expand production capacity.

Inventories totalled € 37.8 million on 30 June 2021 (previous year: € 39.7 million). While the items raw materials, consumables and supplies as well as work in progress increased significantly, the value of the item finished goods and merchandise fell substantially. Both are due to the high demand and the expansion of production.

Receivables and other assets increased and totaled € 55.3 million (previous year: € 47.8 million), reflecting the high order book at the end of the year.

On 30 June 2021 the item cash in hand and bank balances amounted to € 29.3 million (previous year: € 21.3 million). The increase is partly a result of strong operating cash flows.

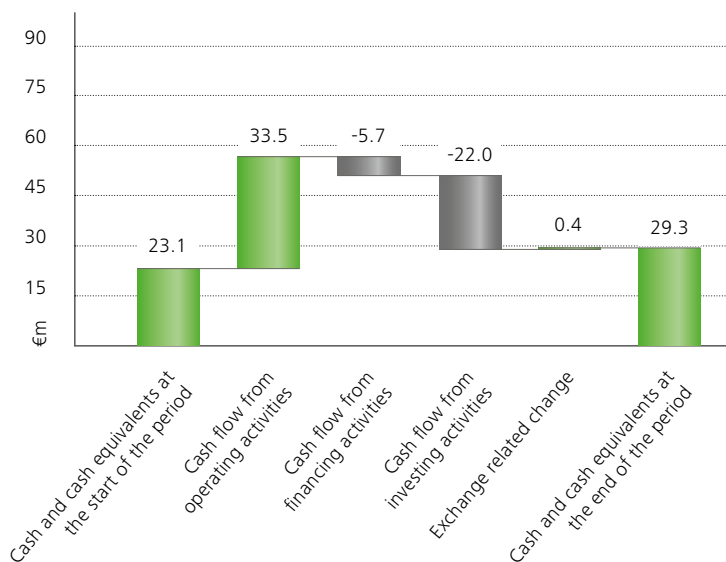
The equity and liabilities side is characterised by liabilities to banks to € 116.8 million (previous year: € 126.1 million). Loans were repaid as a result of the strong cash flow from operating activities.

On 30 June 2021 equity amounted to € 233.3 million (previous year: € 201.0 million). This corresponds to an equity ratio of around 53.2% (31 December 2020: 53.0%).

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3. LIQUIDITY

H1 2021: Cash flows in € millions



Cash flow from operating activities

In H1 2021, the STEICO Group recorded a cash flow from operating activities of € 33.5 million (2020 as a whole: € 42.9 million). As a result of the high demand and strong growth, a significantly higher cash flow from operating activities was recorded compared to previous years.

Cash flow from investing activities

The cash flow from investing activities totaled € -22.0 million in the first six months of 2021 (2020 as a whole: € -44.4 million) and is mostly due to payments made for investments in property, plant and equipment, in particular for projects to increase capacity.

Cash flow from financing activities

The cash flow from financing activities is negative at € 5.7 million (previous year: € +4.4 million). The change is mainly due to the repayment of financial loans and the dividend payment.

As of 30 June 2021 the STEICO Group's cash and cash equivalents totaled € 29.3 million (31 December 2020: € 23.1 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.

Summary of the economic position

In summary, from the managing directors' perspective, STEICO SE 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. Investments in the development of further production capacities should also lay the foundation for sustained future growth. To this end, STEICO is continuously considering various options – from creating additional capacity at existing sites to setting up new sites in the domestic market and abroad.

IV. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

1. 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 places great value on 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 for the first time in the 2020 reporting period as a core component.

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 construction system, based on wood. The STEICO Group therefore strives to continue and expand relevant environmental certifications.

C. OPPORTUNITY AND RISK REPORT, FORECAST

The comments in the opportunity and risk report and in the forecast are, by their very nature, associated with a certain degree of forecasting uncertainty. Please refer to STEICO's 2020 Annual Report for a detailed presentation of risks and opportunities.

I. FORECAST

Due to the friendly market environment, growth is expected to continue in the second half of 2021 – although growth rates are likely to be somewhat lower due to the already very strong first half of the previous year.

Management is therefore raising its expectations for the current fiscal year. Unless there are additional negative effects from developments in the pandemic, the Board of Directors believes that in 2021 revenues will lift by around 20% with an EBIT ratio between 14.0% and 17.0% (in terms of total operating revenue).

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Consolidated income statement 1 January - 30 June 2021

	H1 2021	H1 2020
	€	€
1. Revenues	186,787,957.74	144,163,570.43
2. Increase in finished goods and work in progress	-1,258,512.23	-1,941,333.65
3. Other own work capitalised	8,593.45	75,125.19
	185,538,038.96	142,297,361.97
4. Other operating income	3,427,367.74	2,559,599.78
	188,965,406.70	144,856,961.75
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and for purchased goods	-99,117,940.85	-78,988,477.30
b) Cost of purchased services	-255,864.66	-171,117.18
6. Gross profits	89,591,601.19	65,697,367.27
7. Personnel expenses		
a) Wages and salaries	-24,925,082.26	-20,415,662.93
b) Social security and expenses for retirement benefits	-5,356,287.48	-4,918,184.37
8. Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-10,222,482.80	-11,485,329.75
9. Other operating expenses	-17,938,765.00	-16,667,785.00
10. EBIT	31,148,983.65	12,210,405.21
11. Other interest and similar income	272,251.69	251,445.24
12. Interest and similar expenses	-847,641.34	-853,736.48
13. Financial result	-575,389.65	-602,291.24
14. Earnings before taxes	30,573,594.00	11,608,113.97
15. Income taxes	-8,028,938.63	-2,843,100.04
16. Earnings after taxes	22,544,655.37	8,765,013.94
17. Other taxes	-1,462,371.08	-1,275,277.63
18. Consolidated net income	21,082,284.29	7,489,736.30
19. Profit carried forward from previous year	86,170,576.06	67,425,018.21
20. Consolidated profits	107,252,860.35	74,914,754.51

STEICO Consolidated Balance Sheet as of 30 June 2021

ASSETS

	30.06.2021	31.12.2020
	€	€
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Self-generated industrial property rights and similar rights and assets	364,580.59	0.00
2. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	347,669.37	908,582.39
3. Advance payments made	124,112.20	85,072.50
	836,362.16	993,654.89
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	83,282,099.12	82,855,524.17
2. Technical plant and machinery	121,143,287.17	125,661,746.98
3. Other assets, operating and office equipment	1,943,154.55	2,100,348.15
4. Advances made and assets under construction	64,433,515.05	45,940,008.24
	270,802,055.89	256,557,627.54
III. Financial assets		
1. Interests in affiliated companies	1,975.62	1,958.47
2. Loans to affiliated companies	13,716.51	13,597.37
3. Other loans	10,750.00	8,000.00
	26,442.13	23,555.84
	271,664,860.18	257,574,838.27
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	21,648,354.00	19,976,968.08
2. Work in progress	2,957,391.15	1,974,698.60
3. Finished goods and merchandise	12,270,482.56	16,321,540.42
4. Advance payments made	902,446.52	979,974.34
	37,778,674.23	39,253,181.44
II. Receivables and other assets		
1. Trade receivables	36,230,295.89	25,715,665.87
2. Receivables from affiliated companies	3,524.99	1,810.48
3. Other assets	19,094,628.75	15,485,407.52
	55,328,449.63	41,202,883.87
III. Securities		
Other securities	571,626.16	221,861.43
IV. Cash in hand and bank balances		
	29,321,567.44	23,088,258.59
	123,000,317.46	103,766,185.33
C. PREPAID EXPENSES	3,181,583.96	1,563,567.31
D. DEFERRED TAX ASSETS	356,541.25	444,188.11
	398,203,302.85	363,348,779.02

EQUITY AND LIABILITIES

	30.06.2021	31.12.2020
	€	€
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	-21,509,201.89	-23,946,507.27
V. Consolidated profits	107,252,860.35	90,395,615.86
	<u>211,789,047.06</u>	<u>192,494,497.08</u>
B. PROVISIONS		
1. Provisions for pensions and similar obligations	3,135,348.47	2,912,987.22
2. Provisions for taxes	4,014,298.37	272,794.24
3. Other provisions	18,080,324.04	12,007,297.63
	<u>25,229,970.88</u>	<u>15,193,079.09</u>
C. LIABILITIES		
1. Liabilities to banks	116,764,277.00	117,433,921.00
2. Advance payments received on account of orders	130,921.78	288,120.82
3. Trade payables	23,414,042.21	22,925,590.95
4. Liabilities to affiliated companies	3,017,125.00	5,018,750.00
5. Other liabilities	16,782,681.51	8,903,614.42
	<u>160,109,047.50</u>	<u>154,569,997.19</u>
D. DEFERRED INCOME		
	<u>119,411.83</u>	<u>130,833.54</u>
E. DEFERRED TAX LIABILITIES		
	<u>955,825.58</u>	<u>960,372.12</u>
	<u>398,203,302.85</u>	<u>363,348,779.02</u>

STEICO Consolidated cash flow statement H1 2021

	01.01.-30.06.2021	01.01.-31.12.2020
	€	€
I. CASH FLOW FROM OPERATING ACTIVITIES		
1. Earnings for the period (consolidated net income/loss)	21,082,284.29	22,970,597.65
2. +/- Amortization/depreciation of non-current assets	10,222,482.80	23,437,260.37
3. +/- Increase/decrease in provisions	6,239,519.66	2,601,711.10
4. +/- Other non-cash expense/income	-8,593.45	-109,866.07
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-14,618,839.93	-1,519,030.68
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	6,197,272.60	-2,090,705.33
7. +/- Gains/losses from the disposal of non-current assets	3,322.60	-230,006.33
8. +/- Interest expense/income	575,389.65	1,182,816.49
9. +/- Income tax expense/income	8,028,938.63	6,967,060.42
10. +/- Income tax payments	-4,204,334.18	-10,304,188.28
11. = Cash flow from operating activities	33,517,442.67	42,905,649.34
II. CASH FLOW FROM INVESTING ACTIVITIES		
1. - Payments made for investments in intangible non-current assets	-175,526.46	-2,019,956.54
2. + Proceeds received from disposals of items of property, plant and equipment	76,220.15	4,115,365.60
3. - Payments made for investments in property, plant and equipment	-22,152,631.48	-47,244,083.35
4. + Proceeds received from disposals of financial assets	0.00	167,228.47
5. - Payments made for investments in financial assets	-2,750.00	0.00
6. + Interest received	272,251.69	540,468.77
7. = Cash flow from investing activities	-21,982,436.10	-44,440,977.05
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. + Proceeds received from taking out (financial) loans	5,667,910.00	22,335,514.00
2. - Payments made from redeeming (financial) loans	-6,337,554.00	-12,675,108.00
3. - Interest paid	-791,773.34	-1,760,577.49
4. - Dividends paid to shareholders of the parent company	-4,225,039.50	-3,520,866.25
5. = Cash flow from financing activities	-5,686,456.84	4,378,962.26
IV. CASH AND CASH EQUIVALENTS		
1. Net change in cash and cash equivalents	5,848,549.73	2,843,634.55
2. +/- Exchange-rate related change in cash and cash equivalents	384,759.12	-1,877,261.16
3. + Cash and cash equivalents - start of period	23,088,258.59	22,121,885.20
4. = Cash and cash equivalents - end of period	29,321,567.44	23,088,258.59

Notes to the consolidated financial statements as of 30 June 2021

I. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. LEGAL FOUNDATIONS

The regulations set out in Sections 294 ff. of the Handelsgesetzbuch (HGB - German Commercial Code) apply for the consolidated financial statements. The consolidated financial statements are prepared based on legal requirements.

2. 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:

Intangible assets are capitalised at cost and subject to scheduled amortisation over their expected useful lives. 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 in line with the standard useful lives in the industry.

Buildings are depreciated using the straight-line method, with both the straight-line and declining balance methods being used for machines. Office equipment and IT hardware is written down using both the straight-line and declining balance methods.

Low-value items of property, plant and equipment have been written off immediately through profit and loss since 1 January 2011.

As a rule, financial assets are carried at cost or, in the event of permanent impairment, at their lower fair value on the balance sheet date.

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.

Inventories are measured at cost. 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 tax assets result from temporary differences between tax losses carried forwards and consolidation. The tax relief resulting at an individual company level has been capitalised according to the option offered in Section 274 in connection with Section 306 of the HGB.

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.

Notes to the consolidated financial statements as of 30 June 2021

Deferred tax liabilities result from temporary differences to the carrying amounts in the tax base for the companies included.

3. CURRENCY TRANSLATION

Receivables and liabilities denominated in foreign currencies are translated using 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 the historical rate.

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 30 June 2021:	4.52010
Average rate in 2021:	4.54483

The exchange rates for GBP/€ are:

Closing rate on 30 June 2021:	0.85805
Average rate in 2021:	0.86554

4. 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

5. DIRECTORS

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

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

Mr. Thorsten Leicht, Landshut Managing Director for Production, Processes, and Quality- and Sustainability Management

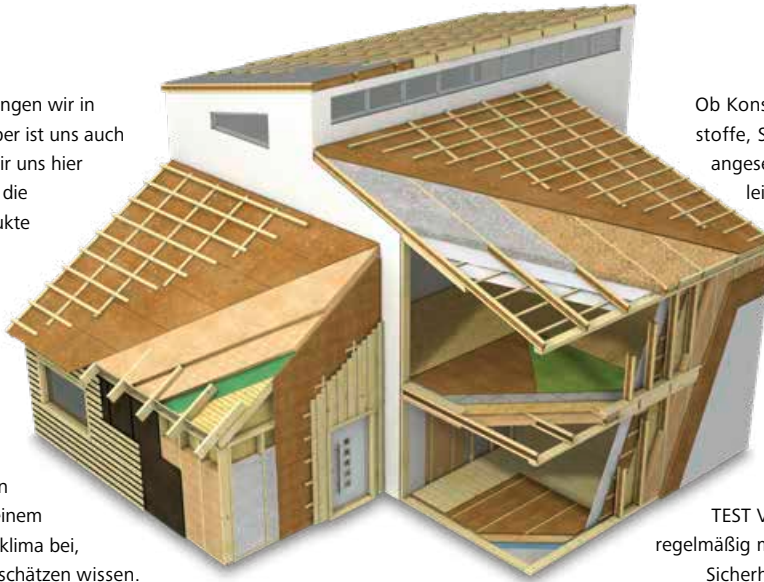
Mr. Uwe Lange, Berga, Managing Director for Investments and Equipment Technology

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

80% unseres Lebens verbringen wir in geschlossenen Räumen. Aber ist uns auch immer bewusst, mit was wir uns hier umgeben? STEICO hat sich die Aufgabe gestellt, Bauprodukte zu entwickeln, die die Bedürfnisse von Mensch und Natur in Einklang bringen. So bestehen unsere Produkte aus nachwachsenden Rohstoffen ohne bedenkliche Zusätze. Sie helfen, den Energieverbrauch zu senken und tragen wesentlich zu einem dauerhaft gesunden Wohnklima bei, das nicht nur Allergiker zu schätzen wissen.



Ob Konstruktionsmaterialien oder Dämmstoffe, STEICO Produkte tragen eine Reihe angesehener Qualitätssiegel. So gewährleisten die FSC®- (Forest Stewardship Council®) und PEFC®-Zertifikate eine verantwortungsvolle Nutzung des Rohstoffs Holz. Das anerkannte Prüfsiegel des IBR® (Institut für Baubiologie Rosenheim) bestätigt STEICO Holzfaser-Dämmstoffen, dass sie baubiologisch unbedenklich sind. Auch bei unabhängigen Untersuchungen wie denen des ÖKO-TEST Verlags schneiden STEICO Produkte regelmäßig mit „sehr gut“ ab. So bietet STEICO Sicherheit und Qualität für Generationen.

Das natürliche Dämm- und Konstruktionssystem für Sanierung und Neubau – Dach, Decke, Wand und Boden.

	Nachwachsende Rohstoffe ohne schädliche Zusätze		Hervorragender Kälteschutz im Winter		Exzellenter sommerlicher Hitzeschutz		Spart Energie und steigert den Gebäudewert
	Regensichernd und diffusions-offen		Guter Brandschutz		Erhebliche Verbesserung des Schallschutzes		Umweltfreundlich und recycelbar
	Leichte und angenehme Verarbeitung		Wohngesundheit		Strenge Qualitätskontrolle		Aufeinander abgestimmtes Dämm- und Konstruktionssystem



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

DAS NATURBAUSYSTEM