

# STEICO SE

## Half-Year Report 2022

The green share

# 6M 2022

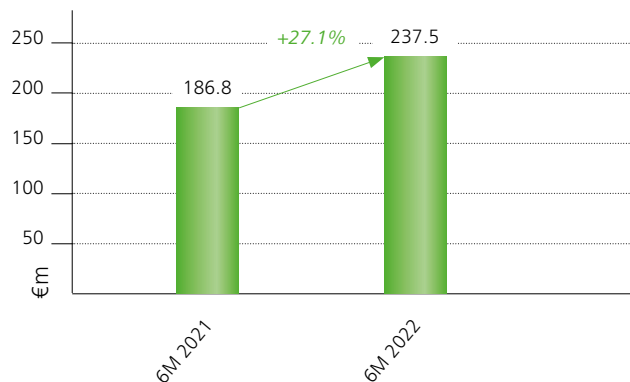
Strong first half despite economic uncertainties



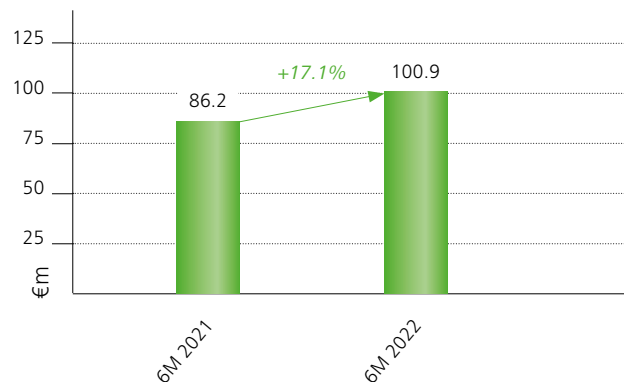
Natural building products for healthier living

## Strong first half despite economic uncertainties

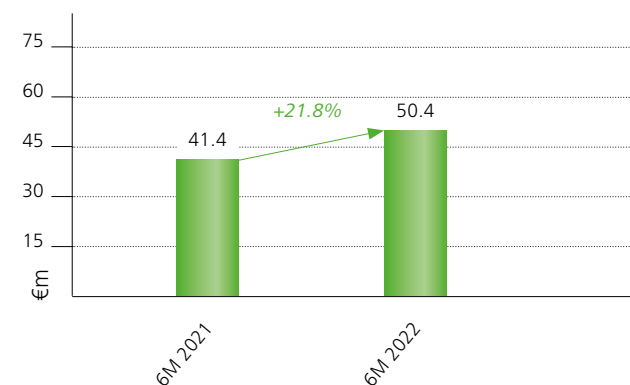
6M 2022 Revenue growth in € millions



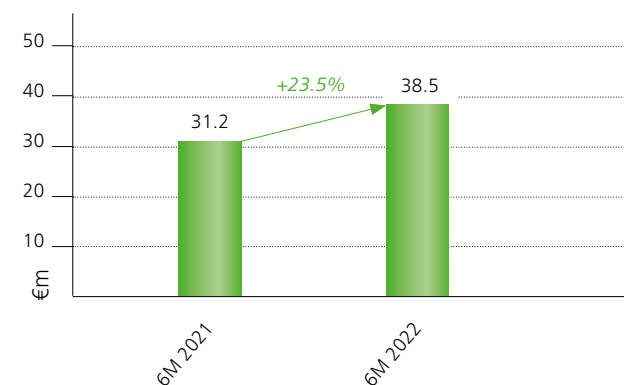
6M 2022 Gross Earnings growth in € millions



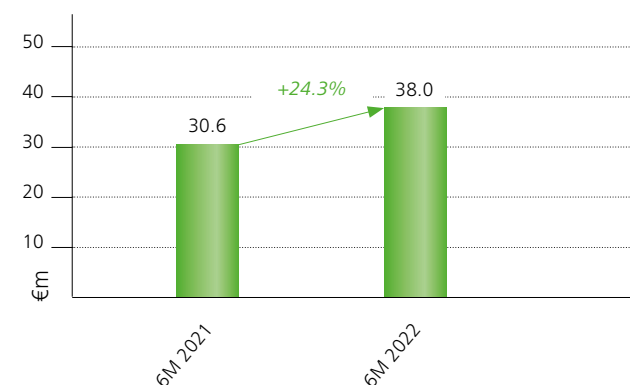
6M 2022 EBITDA growth in € millions



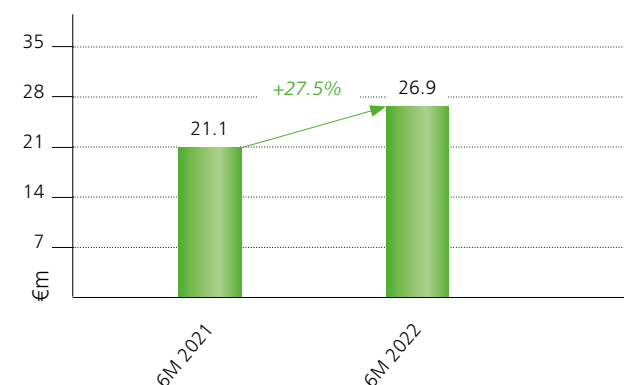
6M 2022 EBIT growth in € millions



6M 2022 EBT growth in € millions



6M 2022 Profit for the Period growth in € millions



### ADDITIONAL KPIS

	6M 2022	2021	6M 2021
1. Total operating revenue in € millions	€ 242.5 million	€ 395.6 million	€ 185.6 million
2. EBITDA margin as a percentage of total operating revenue	20.8%	23.1%	22.3%
3. EBIT margin as a percentage of total operating revenue	15.9%	17.1%	16.8%
4. Equity ratio (as of June 30 or Dec. 31)	50.0%	54.5%	53.2%

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

Revenues improved by 27.1% to € 237.5 million in the first six months of 2022, allowing STEICO to continue its growth. Despite the more demanding environment, earnings and margins were at a pleasing level. EBITDA improved by 21.8% to € 50.4 million and EBIT lifted by 23.5% to € 38.5 million. The EBITDA margin in the first six months is 23.0%, the EBIT margin is 15.9%.

Inflation, supply chain difficulties and increasing interest rates are currently slowing economic expectations in the construction sector. In spite of this, however, STEICO's management is continuing to take a positive view of the year as a whole. As a result of the strong trend to natural construction materials, the company expects that timber construction will remain strong in a more difficult market environment. In addition, as a result of the increasing costs of energy and increasing state subsidies, a substantial increase in renovation activities is also expected. Finally, the existing order backlog should have a stabilising impact on the construction industry - and in particular on timber construction.

The Management therefore confirms the outlook 2022, believing that revenues will lift by more than 20% with an EBIT ratio of between 13% and 15% (in terms of total operating revenue).

### Company profile

STEICO develops, produces and markets ecological construction products made of renewable raw materials and is the global market leader for wood fibre insulation materials.

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 innovative wooden construction components and ecological insulation material supplement each other.

Laminated veneer lumber and I-joists form the structural components of the system. The insulation materials include flexible and stable wood fibre insulation panels, facade insulation materials, as well as cavity wall insulation made of wood fibres and cellulose.

Sealing products for the building shell complete the overall system.

The STEICO Group offers its customers a unique range of products through to the prefabrication of complete components for timber 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 2022

STEICO's shares started the year with a price of € 105.80 on 4 January (Xetra closing price), which was also the high for the first half.

As a result of the turbulence on the stock markets in the first six months of the year, STEICO's shares were not able to escape the trend and had to record lower prices.

The low for the first six months was recorded on 23 June with a price of € 63.50. STEICO's shares closed at a price of € 67.50 in Xetra trading on 30 June. This corresponds to a fall in the share price of 36.20% in the first six months.

STEICO's shares: Share price growth in 6M 2021



### B. INVESTOR RELATIONS

As was the case in previous years, STEICO SE engaged in open and direct communication with the capital markets in 2022, and was also in close contact with its shareholders. In 2022, 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](http://www.STEICO.com/ir). Information on key events is disseminated via a well-known institution to comply with publicity obligations.

### C. CAPITAL MARKET DIARY 2022

10/11 January 2022	STEICO presented the company at the ODDO BHF Forum (virtual conference)
9 February 2022	Publication of provisional figures for 2021 as well as the outlook for 2022
6/7 April 2022	STEICO presented the company at Metzler MicroCap Days (hybrid conference)
2 May 2022	Publication of the 2021 annual report and the Q1 report 2022 (after stock-market closing)
3 May 2022	Earnings call for institutional investors
4 May 2022	STEICO presented the company at the Munich Capital Market Conference 2022 (hybrid conference)
18 May 2022	STEICO presented the company at the Morgan Stanley Conference Enablers of a Sustainable Built Environment (virtual conference)
23 June 2022	STEICO Annual general meeting 2022 (virtual annual general meeting)
24 June 2022	STEICO presented the company at the Warburg Highlights Conference (Hamburg)
28 June 2022	Virtual roadshow with Berenberg
19 July 2022	Publication of the 2022 semi-annual report
7 September 2022	STEICO presents the company at the Commerzbank/ODDO BHF Corporate Conference (Frankfurt/Main)
20 September 2022	STEICO presents the company at the Berenberg/Goldman Sachs Corporate Conference (Munich)
21 September 2022	STEICO presents the company at the Baader Investment Conference (Munich/ hybrid conference)
Mid-October	Publication of the Q3 report 2022
13 October 2022	STEICO presents the company at m:access "Specialist Conference for Technology" (virtual conference)
7 December 2022	STEICO presents the company at the CIC Market Solutions Forum (Paris)

# Group management report for the first half of 2022

STEICO SE, Feldkirchen

## A. FOUNDATIONS

### I. STEICO SE'S BUSINESS MODEL

#### 1. OVERVIEW

STEICO 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 ("WDVS"), cavity 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 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 2022 the bulk of revenues (66.4%) 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 timber. 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 timber 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 (belt 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 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 consumption.

### Special products

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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

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The STEICO Group operates in timber 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 timber 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 timber 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

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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

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

### Building element production

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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

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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. In the first half of the year, the ten largest customers accounted for 22.4% of revenues, and no single customer accounted for more than 4.8% of revenues. The company's management believes that it is not especially dependent on a single individual customer.

The STEICO Group sells its products worldwide, and focuses on European markets.

## Group management report for the first half of 2022

STEICO SE, Feldkirchen

### II. CONTROL SYSTEM AND SHAREHOLDER SYSTEM

Within the STEICO Group, 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 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% is in free float.

### III. RESEARCH AND DEVELOPMENT

R&D activities in the first half of 2022 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
- Development of moulded parts based on mouldable wood-fibre mats

Future R&D work will continue to focus on building the integrated construction system - a combination of supporting timber products and environmentally friendly insulation materials, thus making it environmentally friendly construction projects simpler to execute and more efficient.

## B. ECONOMIC REPORT

### I. OVERALL ECONOMIC AND INDUSTRY-SPECIFIC UNDERLYING CONDITIONS

#### 1. ECONOMIC TREND

The economic turbulence from higher interest rates, inflation as well as the energy crisis resulting from the war between Russia and Ukraine is impacting the global economic outlook.

However, the European construction industry has proved to be very resistant up to now. Current figures from Eurostat on production in the construction sector are available through to April 2022. Seasonally-adjusted production figures fell in the EU in April 2022 by 1.2% compared to March 2022, however production in the construction sector increased by 3.0% in the EU in April 2022 compared to the same month of the previous year.<sup>1</sup>

The market research network Euroconstruct is also forecasting further growth in the construction industry in the coming years. Experts are expecting average annual growth of 2% to 3% in the 19 Euroconstruct countries for the forecast period 2022-2024. However, that the anticipated growth will not be higher is a result of the continued insecurity concerning further economic developments.<sup>2</sup>

Construction activity in Germany, the most important market for the STEICO Group, is currently mixed. According to figures currently available, the number of building permits for residential accommodation granted fell by 1.5% from January to April 2022 compared to the same period of the previous year. In the new construction segment, single family homes fell by -22% was offset by an increase of 11.6% for multi-family homes.<sup>3</sup>

<sup>1</sup> Source: Eurostat; Press release 71/2022 dated 20 June 2022

<sup>2</sup> Source: Euroconstruct, press release dated 10 June 2022

<sup>3</sup> Source: Destatis, press release 249 dated 17 June 2022



The government subsidy programs are having a positive impact on the construction sector. The German Federal Ministry for the Economy and Climate Protection (BMWK) and the German Federal Ministry for Accommodation, Town Planning and Construction (BWSB) presented an immediate aid program with climate protection activities for the construction sector on 13 July 2022.<sup>4</sup> In its immediate aid program for 2022, the Federal Government has made more than five billion euros available as subsidies for energy-related renovation projects for buildings and the installation of energy-efficient heating systems.<sup>5</sup>

The subject of timber construction is increasingly moving into the focus of many government programs. The German state of Bavaria is just one example. Timber construction in this state is being subsidized with €500 per ton of stored CO<sub>2</sub>.<sup>6</sup>

## 2. COMPETITION

With regard to wood-fibre insulation materials, the most important competitors in the first half of 2022 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).

STEICO SE's management believes that in the first half 2022 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 half of 2022 were Metsä (Finland), Stora Enso (Finland) and Pollmeier (Germany).

As a result the competitive landscape did not change significantly in the first half of 2022. The company's management also does not expect any major changes in 2022 as a whole 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), the Ziegler Group (planned new market entry near Grafenwöhr, Germany) and Schillinger AG (planned new market entry near Lucerne, Switzerland) are not expected to lead to changes in the competitive situation until 2023 at the earliest, according to management estimates.

<sup>5</sup> Joint press release by BMWK and BWSB dated 13 July 2022

<sup>5</sup> BI Baumagazin, 14 July 2022

<sup>6</sup> Publication by BayMBI 2022 no. 334 dated 1 June 2022

## II. COURSE OF BUSINESS

### 1. KEY EVENTS IN THE FIRST SIX MONTHS OF 2022

#### Change in the Executive Board as of 30 June 2023

On 10 March 2022, STEICO issued a notice that Mr. Uwe Klaus Lange, Managing Director for investment projects and plant engineering will resign from his office in the middle of the coming year, as of 30 June 2023. On 26 April 2022, STEICO issued a notice that Mr. Robert Fränkel would be joining the company as a managing director as of 1 July 2023 as Mr. Lange's successor.

### 2. UNDERLYING CONDITIONS FOR PRODUCTION AND SALES

#### Growth in purchase prices

The markets continue to be characterised by high input costs, in particular for energy. However, the rate of price increases has now relaxed a little. Corresponding price increases in the first half of the year mean that it was possible to compensate for the bulk of the cost increases.

#### Production of wood fibre insulating materials

The first six months continued to be characterised by strong demand for STEICO's products. As a result of the capacity increases put in place it has already been possible to normalise availability - with the exception of stable insulation boards produced using the dry method.

At the end of June the new production line for stable wood-fibre insulation boards produced using the dry method was able to start production at the Casteljaloux site.

During the third quarter of 2022 the new production line for stable wood-fibre insulation boards produced using the wet method is expected to start production at the Czarna Woda site.

The first halls have been built at the new production site in Gromadka, even though construction progress has been slowed slightly by the general disruptions in the supply chain. However, the Executive Board believes that the new plant will start production in 2023.

#### Production of laminated veneer lumber (LVL)

The production of laminated veneer lumber is stable and both plants being run at full capacity. A growing proportion of production is used internally as a component for I-joists.



# Group management report for the first half of 2022

STEICO SE, Feldkirchen

## Production of I-joists:

Despite the recent price downturns, the price for traditional structural timber is still at a high level. I-joists are benefiting from this as they are an alternative product. As a result, the production of I-joists has once again been expanded.

## 3. COURSE OF BUSINESS<sup>7</sup>

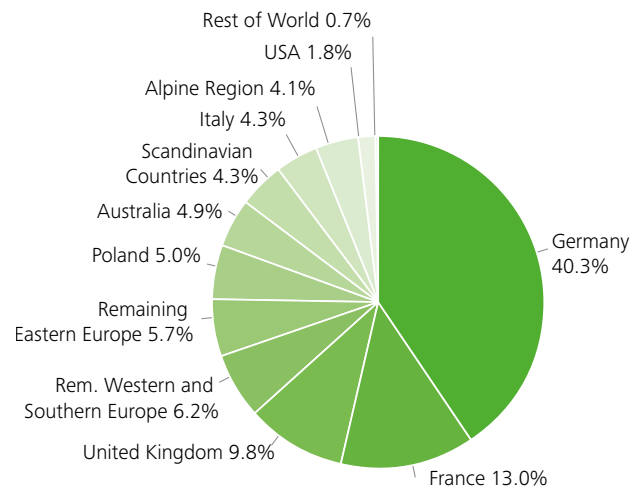
In Germany, revenues increased by 21.8% to € 95.7 million (previous year: € 78.6 million). In France, revenues grew by 16.6% to € 30.9 million (previous year: € 26.5 million). Revenues in the UK and Ireland lifted by 49.0% to € 23.3 million (previous year: € 15.6 million).

The markets with particularly high growth rates included the United Kingdom and Australia, Italy and the USA. These markets recorded a trend to recovery in the first six months after the COVID-19 induced slump. Revenues also increased on all of the other sales markets. The increases in revenues are due to the continued positive growth in demand and the price adjustments successfully put in place.

On the whole, the STEICO Group enjoyed a very pleasing first six months. Total revenues increased by 27.1% to € 237.5 million. (Previous year: € 186.8 million).

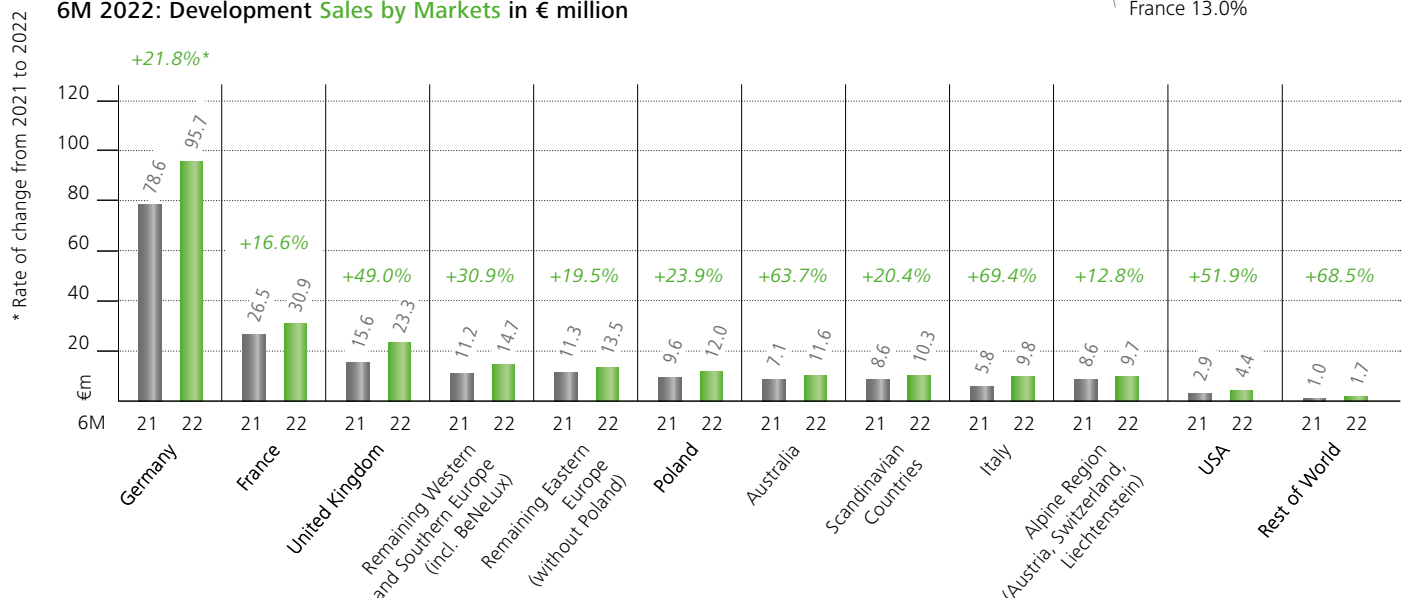
In the first six months of 2022 the STEICO Group recorded around 59.7% of its revenues outside its home market of Germany.

6M 2022 Sales by Markets



<sup>7</sup> 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.

6M 2022: Development Sales by Markets in € million



### 4. GROWTH IN THE PRODUCT SEGMENTS<sup>8</sup>

The sale of environmentally friendly insulation materials as well as cavity insulation and flooring constitutes STEICO's core business and contributed around 66.4% of the Group's total revenues in the first half of 2022 at € 157.8 million (previous year: € 129.2 million). This corresponds to an increase of 22.1%. In the opinion of the company's management, the high demand shows the continuing strong value attached to environmentally friendly construction products as well as the favourable regulatory environment.

Sales of I-joists enjoyed very positive growth in the first six months of 2022 with revenues of € 35.1 million (previous year: € 22.6 million). This corresponds to 14.8% of revenues and an increase of around 55.6%. The company's management believes that this increase is partially due to the continued strong increase in prices for traditional construction timber, which has thus allowed I-joists to become more competitive as a product.

The sale of laminated veneer lumber contributed around 9.7% to total revenues in the first six months of 2022 (€ 23.0 million; previous year: € 22.9 million). This corresponds to an increase of 21.5%. This increase is due to an optimisation of the product range coupled with price increases.

In the "Others" segment - including services and element production - revenues of € 9.1 million were recorded in the first half of 2022 (previous year: € 5.1 million) This

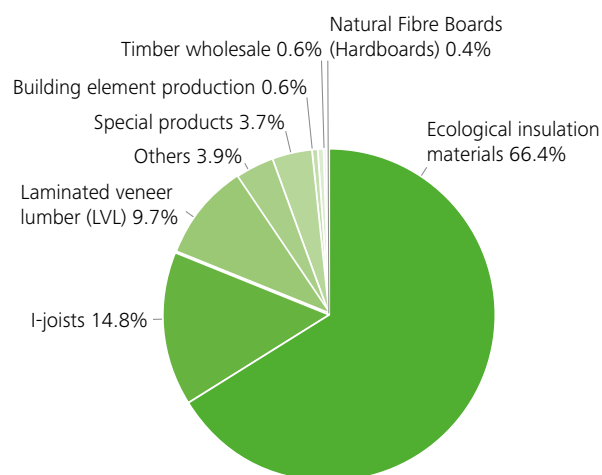
<sup>8</sup> All information on the distribution of revenues by product segment and the rates of change compared with the previous year were determined on the basis of non-rounded figures.

corresponds to 3.9% of revenues and an increase of around 80.3%.

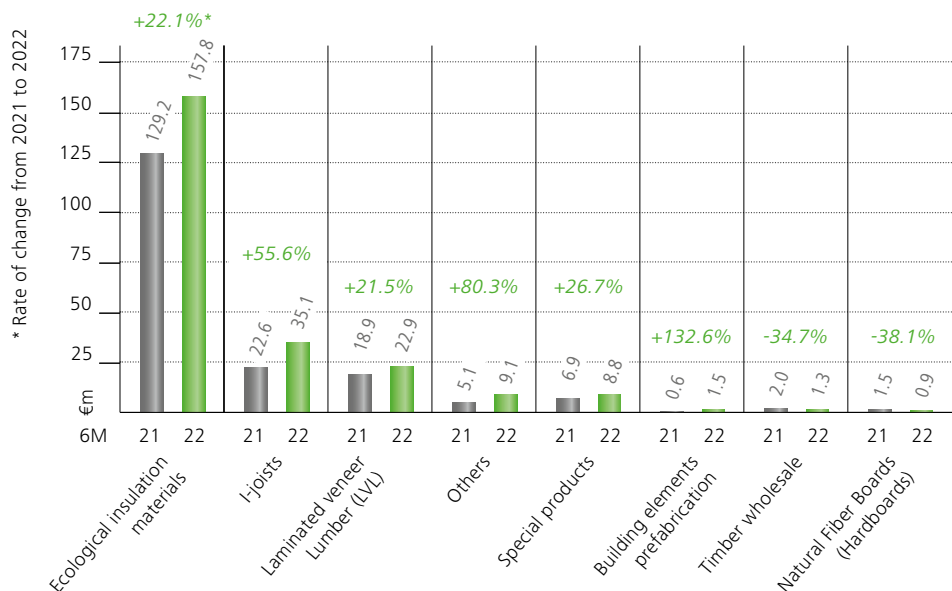
The "Element production" segment, which was previously included in the "Others" segment, is now disclosed separately. Revenues in the first six months of 2022 increased by 0.6% from € 1.5 million (previous year: € 0.6 million). This corresponds to 0.6% of revenues and an increase of around 132.6%.

The special products segment contributed around 3.7% to total revenues (€ 8.8 million; previous year: € 6.9 million). This corresponds to an increase of 26.7%.

### 6M 2022 Sales by Product Segments



### 6M 2022: Development Sales by Product Groups in € million



## Group management report for the first half of 2022

STEICO SE, Feldkirchen

Revenues in the timber wholesale segment fell in the first six months of 2022 to € 1.3 million (previous year: € 2.0 million). This corresponds to a decrease of 34.7%. This accounts for 0.6% of sales. The timber wholesale segment stems from the company's history and is operated without strategic importance and with little personnel expenditure.

External revenues with fibreboards fell in the first half of 2022. Sales in this segment contributed around 0.4% to total revenues (€ 0.9 million; previous year: € 1.5 million). This corresponds to a decrease of 38.1%. Hardboard is predominantly used as a component of web joists. Sales with third parties are not strategic.

### 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 27.1% from € 186.8 million to € 237.5 million compared to the same period of the previous year. Total operating revenue was 30.7% higher than in the previous year (€ 185.6 million) at € 242.5 million.

The cost of materials increased in the first six months to € 141.7 million (previous year: € 99.4 million). The cost of materials ratio thus increased to 58.4%<sup>9</sup> (previous year: 53.6%). This is mostly due to the higher input prices.

The personnel costs increased in the first six months to € 33.4 million (previous year: € 30.3 million). The personnel expenses ratio was 13.8% (previous year: 16.3%) and is thus 2.5 percentage points lower. This is due to factors including higher sales prices.

Other operating expenses in the first six months amounted to € 22.1 million (previous year: € 17.9 million) and developed slightly disproportionately to the increase in total operating revenue (up by 23.0%)

#### 2. FINANCIAL POSITION AND NET ASSETS

Consolidated total assets increased substantially as of 30 June 2022 to around € 501.0 million compared to 31 December 2020 (€ 430.5 million). Property, plant and equipment has increased to € 320.8 million (31 December 2021: € 302.9 million), which is due to factors including the ongoing

investments in expanding capacity and increasing production efficiency.

The inventories item also grew. Inventories totalled € 51.3 million on 30 June 2022 (31 December 2021: € 44.3 million). This item has thus grown in line with the company's growth.

Trade accounts receivable increased substantially and on 30 June 2022 this item totalled € 76.3 million (31 December 2021: € 45.3 million). This increase is due to the price increases put in place and the seasonal high volume of orders and tax refund claims from sales tax.

On 30 June 2022 the item cash in hand and bank balances amounted to € 36.8 million (31 December 2021: € 32.8 million), which is due to factors including the positive cash flow recorded.

On the equity and liabilities side, equity increased to € 250.4 million (31 December 2021: € 234.6 million). This increase is due to the higher total assets. The equity ratio is 50.0% (31 December 2021: 54.5%).

Liabilities to banks increased to € 137.7 million (31 December 2021: € 121.2 million), which is due to funds being drawn down from the syndicated loan. Key capital expenditure projects in H1 2022 included setting up new production lines for wood-fibre insulation materials as well as establishing a new production location in Gromadka (Poland).

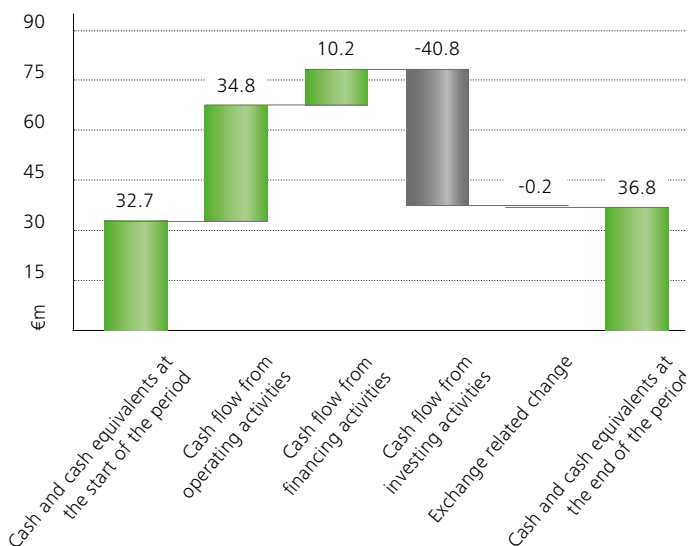
On the balance sheet date the group companies on 30 June 2022 had free credit lines available of € 70.0 million at standard market conditions. In addition, a credit limit for currency forwards and derivatives was granted in order to be able to perform the hedging transactions required for operating business.

In addition, provisions increased to € 40.2 million as of 30 June 2022 (31 December 2021: € 28.9 million). This is due to the increase in provisions for taxes which resulted from the positive earnings growth. Other provisions also increased. This increase is mostly due to the increased provisions for customer bonuses which increased in line with revenue growth.

<sup>9</sup> Cost of materials to total operating revenue.

### 3. LIQUIDITY

#### 6M 2022: Cash Flows in € millions



#### Cash flow from operating activities

In H1 2022, the STEICO Group recorded a cash flow from operating activities of € 34.8 million (2021 as a whole: € 85.8 million).

#### Cash flow from investing activities

The cash flow from investing activities totaled € -40.8 million in the first half of 2022 (2021 as a whole: € -74.3 million) and is mostly due to payments made for investments in property, plant and equipment. The investments for the new production lines for wood-fibre insulation materials and establishing the new production location in Gromadka (Poland) account for the largest block of capital expenditure.

#### Cash flow from financing activities

The cash flow from financing activities is positive in the first six months of 2022 at € 10.2 million (2021 as a whole: € -2.0 million). The change is mainly due to the use of financial loans.

As of 30 June 2022 the STEICO Group's cash and cash equivalents totaled € 36.8 million (1 January 2022: € 32.7 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 H1 2022 the STEICO Group's revenue growth was 27.1% and thus significantly higher than the original expectations of more than 20% for the year as a whole. In the opinion of the company's management, this growth is due to a combination of various effects: these include clients for whom buildings are being constructed becoming more environmentally aware, the fact that wood-fibre insulation materials are particularly climate friendly as they lock in CO<sub>2</sub>, the trend to timber construction as well as the friendly regulatory environment resulting from strict energy efficiency requirements for buildings and attractive subsidisation programs for energy-efficient construction and redevelopment.

With an EBIT margin of 15.9% (in terms of total operating revenue), earnings were also slightly higher than the forecast bandwidth of 13-15% for the year as a whole. This increase in EBIT is mostly due to the price increases put in place as well as the continued higher demand for STEICO's products.

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.

In total the STEICO Group has a future-oriented business model and solid finances, and in the view of the company's management it will continue its on-track growth over the long term.

### 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 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. As a result, the presence of recognised certifications for our raw materials and our own production methods constitute a major non-financial indicator for the group.

## Group management report for the first half of 2022

### STEICO SE, Feldkirchen

The wood from which STEICO's products are made originates from sustainably managed forests, which are 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 Group holds an environmental product declaration (EPD) for all of its key products, which offers additional proof of its dedication to sustainability.

STEICO is a member of DGNB (Deutsche Gesellschaft für nachhaltiges Bauen - German society for sustainable construction) and thus supports the development of sustainable construction solutions.

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, and which was most recently published in 2021 in line with the GRI core standard. The next edition is scheduled to be published at the end of August 2022.

Protecting the environment is one of the key basic pillars of STEICO's corporate philosophy. 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.

## 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 2021 Annual Report for a detailed presentation of risks and opportunities.

### I. FORECAST

Inflation, supply chain difficulties and increasing interest rates are currently slowing economic expectations in the construction sector. In spite of this, however, STEICO's management is continuing to take a positive view of the year as a whole. As a result of the strong trend to natural construction materials, the company expects that timber construction will remain strong in a more difficult market environment. In addition, as a result of the increasing costs of energy and increasing state subsidies, a substantial increase in renovation activities is also expected. Finally, the existing order backlog should have a stabilising impact on the construction industry - and in particular on timber construction.

The Management therefore confirms the outlook 2022, believing that revenues will lift by more than 20% with an EBIT ratio of between 13% and 15% (in terms of total operating revenue).

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## Consolidated income statement for the first half of 2022

### Consolidated financial statements for STEICO SE, Feldkirchen

	1. 6M 2022	1. 6M 2021
	€	€
1. Revenues	237,472,760.96	186,787,957.74
2. Increase in finished goods and work in progress	4,381,701.82	-1,186,945.72
3. Other own work capitalised	666,688.61	8,593.45
	<b>242,521,151.39</b>	<b>185,609,605.47</b>
4. Other operating income	5,068,281.50	3,427,367.74
	<b>247,589,432.89</b>	<b>189,036,973.21</b>
5. Cost of materials		
a) Cost of raw materials, consumables and supplies and for purchased goods	-141,592,987.02	-99,189,507.35
b) Cost of purchased services	-72,272.46	-255,864.66
<b>6. Gross profits</b>	<b>105,924,173.41</b>	<b>89,591,601.20</b>
7. Personnel expenses		
a) Wages and salaries	-27,595,327.22	-24,925,082.28
b) Social security and expenses for retirement benefits	-5,858,435.17	-5,356,287.45
8. Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-11,950,635.15	-10,222,482.77
9. Other operating expenses	-22,060,727.10	-17,938,764.94
<b>10. EBIT</b>	<b>38,459,048.77</b>	<b>31,148,983.76</b>
11. Other interest and similar income	234,923.77	272,251.69
12. Interest and similar expenses	-697,199.73	-847,641.34
<b>13. Financial result</b>	<b>-462,275.96</b>	<b>-575,389.65</b>
<b>14. Earnings before taxes (EBT)</b>	<b>37,996,772.81</b>	<b>30,573,594.11</b>
15. Income taxes	-9,681,478.10	-8,028,938.63
<b>16. Earnings after taxes</b>	<b>28,315,294.71</b>	<b>22,544,655.48</b>
17. Other taxes	-1,431,621.40	-1,462,371.08
<b>18. Consolidated net income</b>	<b>26,883,673.31</b>	<b>21,082,284.40</b>
19. Profit carried forward from previous year	128,699,550.25	86,170,576.06
<b>20. Consolidated profits</b>	<b>155,583,223.56</b>	<b>107,252,860.46</b>



# STEICO Consolidated Balance Sheet as of 30 June 2022

## Consolidated financial statements for STEICO SE, Feldkirchen

### ASSETS

	30.06.2022	31.12.2021
	€	€
<b>A. NON-CURRENT ASSETS</b>		
<b>I. Intangible assets</b>		
1. Acquired concessions, industrial property rights and similar rights and assets	10,527,760.04	4,000,656.22
2. Advance payments made	8,000.00	8,000.00
	<b>10,535,760.04</b>	<b>4,008,656.22</b>
<b>II. Property, plant and equipment</b>		
1. Land, land rights and buildings including buildings on third-party land	95,400,431.65	86,454,680.03
2. Technical plant and machinery	146,184,045.03	129,050,118.86
3. Other assets, operating and office equipment	1,852,124.72	1,828,415.31
4. Advances made and assets under construction	77,384,574.56	85,564,064.16
	<b>320,821,175.96</b>	<b>302,897,278.36</b>
<b>III. Financial assets</b>		
1. Interests in affiliated companies	1,903.88	1,942.60
2. Loans to affiliated companies	17,482.52	17,838.11
3. Other loans	10,000.00	10,750.00
	<b>29,386.40</b>	<b>30,530.71</b>
	<b>331,386,322.40</b>	<b>306,936,465.29</b>
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
1. Raw materials, consumables and supplies	29,984,825.19	25,150,293.05
2. Work in progress	2,507,284.90	1,992,215.51
3. Finished goods and merchandise	17,990,231.03	16,321,292.86
4. Advance payments made	649,009.74	875,751.85
	<b>51,131,350.86</b>	<b>44,339,553.27</b>
<b>II. Receivables and other assets</b>		
1. Trade receivables	46,842,327.17	31,525,743.58
2. Receivables from affiliated companies	1,364.16	835.12
3. Other assets	29,450,005.31	13,815,381.10
	<b>76,293,696.64</b>	<b>45,341,959.80</b>
<b>III. Securities</b>		
Other securities	520,532.61	265,551.91
<b>IV. Cash in hand and bank balances</b>		
	<b>36,795,236.34</b>	<b>32,728,591.08</b>
	<b>164,740,816.45</b>	<b>122,675,656.06</b>
<b>C. DEFERRED INCOME</b>	<b>4,634,513.73</b>	<b>591,512.63</b>
<b>D. DEFERRED TAX ASSETS</b>	<b>254,653.32</b>	<b>294,324.14</b>
	<b>501,016,305.90</b>	<b>430,497,958.12</b>

# STEICO Consolidated Balance Sheet as of 30 June 2022

Consolidated financial statements for STEICO SE, Feldkirchen

## EQUITY AND LIABILITIES

	30.06.2022	31.12.2021
	€	€
<b>A. EQUITY</b>		
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	-31,266,744.47	-25,782,745.71
V. Consolidated profits	155,583,223.56	134,332,936.25
	<b>250,361,867.69</b>	<b>234,595,579.14</b>
<b>B. PROVISIONS</b>		
1. Provisions for pensions and similar obligations	3,542,351.71	3,377,578.16
2. Provisions for taxes	14,609,148.52	8,019,404.03
3. Other provisions	22,012,458.31	17,470,898.48
	<b>40,163,958.54</b>	<b>28,867,880.67</b>
<b>C. LIABILITIES</b>		
1. Liabilities to banks	137,733,378.98	121,219,964.96
2. Advance payments received on account of orders	256,161.12	847,342.99
3. Trade payables	35,449,973.37	26,241,075.67
4. Liabilities to affiliated companies	3,007,499.99	3,007,500.00
5. Other liabilities	23,088,450.86	11,383,972.29
	<b>199,535,464.32</b>	<b>162,699,855.91</b>
<b>D. DEFERRED INCOME</b>	<b>10,046,092.42</b>	<b>3,419,781.77</b>
<b>E. DEFERRED TAX LIABILITIES</b>	<b>908,922.93</b>	<b>914,860.63</b>
	<b>501,016,305.90</b>	<b>430,497,958.12</b>

# STEICO Consolidated cash flow statement for H1 2022

## Consolidated financial statements for STEICO SE, Feldkirchen

	1 January - 30	1 January - 31
	€	€
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. Earnings for the period (consolidated net income/loss)	26,883,673.31	48,162,359.89
2. +/- Amortization/depreciation of non-current assets	11,950,635.15	23,698,542.61
3. +/- Increase/decrease in provisions	4,646,245.40	6,010,651.31
4. +/- Other non-cash expense/income	-666,688.61	-321,178.69
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-44,386,731.99	-8,297,083.56
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	29,293,720.80	7,632,762.99
7. +/- Gains/losses from the disposal of non-current assets	-51,331.15	89,110.71
8. +/- Interest expense/income	462,275.96	932,902.15
9. +/- Income tax expense/income	9,681,478.10	15,775,296.10
10. +/- Income tax payments	-3,058,000.49	-7,924,333.83
<b>11. = Cash flow from operating activities</b>	<b>34,755,276.48</b>	<b>85,759,029.68</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
1. - Payments made for investments in intangible non-current assets	-7,891,166.29	-6,607,623.05
2. + Proceeds received from disposals of items of property, plant and equipment	252,112.29	358,366.41
3. - Payments made for investments in property, plant and equipment	-33,348,457.49	-68,576,472.23
4. + Proceeds received from disposals of financial assets	750.00	0.00
5. - Payments made for investments in financial assets	0.00	-7,124.43
6. + Interest received	234,923.77	518,018.33
<b>7. = Cash flow from investing activities</b>	<b>-40,751,837.72</b>	<b>-74,314,834.97</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
1. + Proceeds received from taking out (financial) loans	17,058,100.02	13,000,373.96
2. - Payments made from redeeming (financial) loans	-544,686.00	-9,214,330.00
3. - Interest paid	-637,111.75	-1,533,380.00
4. - Dividends paid to shareholders of the parent company	-5,633,386.00	-4,225,039.50
<b>5. = Cash flow from financing activities</b>	<b>10,242,916.27</b>	<b>-1,972,375.54</b>
<b>IV. CASH AND CASH EQUIVALENTS</b>		
1. Net change in cash and cash equivalents	4,246,355.03	9,471,819.17
2. +/- Exchange-rate related change in cash and cash equivalents	-179,709.77	168,513.32
3. + Cash and cash equivalents - start of period	32,728,591.08	23,088,258.59
<b>4. = Cash and cash equivalents - end of period</b>	<b>36,795,236.34</b>	<b>32,728,591.08</b>

# Notes to the financial statements for fiscal year 2021

## Consolidated financial statements for STEICO SE, Feldkirchen

### 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:

Internally generated 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 lump-sum residual period of 15 years. This is announced by Deutsche Bundesbank in line with the corresponding legal provisions.

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.

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

### 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 2022:	4.6904
Average rate in 2022:	4.64578

The exchange rates for GBP/€ are:

Closing rate on 30 June 2022:	0.8582
Average rate in 2022:	0.84361

### 3. BOARD OF DIRECTORS

STEICO's Board of Directors comprises 4 members.

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

Prof. Heinrich Köster, Stephanskirchen, President of Rosenheim University

Ms Katarzyna Schramek, Munich, attorney

Dr. Jürgen Klass, Munich, attorney

### 4. 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, Legal & HR and IT

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

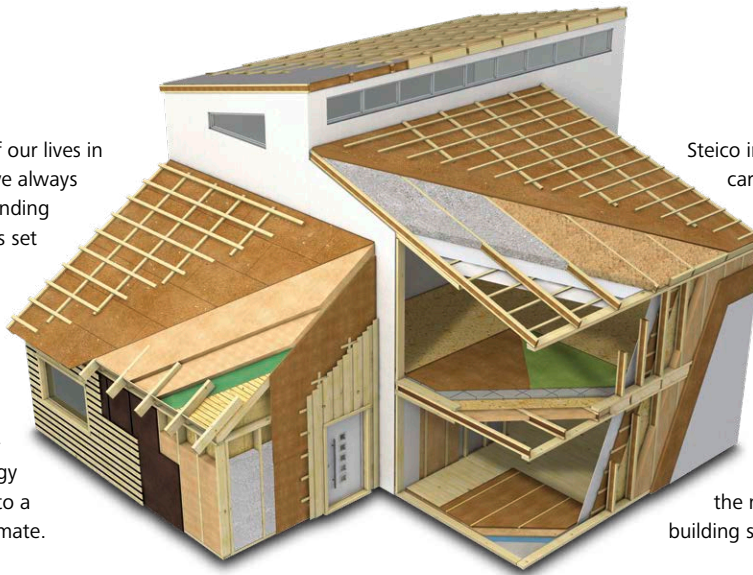
Mr. Uwe Lange, Berga, Managing Director for investment projects and plant engineering

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.

We spend approx. 80% of our lives in enclosed rooms. But are we always aware what we are surrounding ourselves with? STEICO has set itself the target of developing building products which consider the needs of both man and nature. Our products are therefore produced using sustainable natural materials. They help reduce energy use and add considerably to a natural healthy internal climate.



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.

## Natural Insulation and Construction Systems for New Builds and Renovations – Roof, Ceiling, Wall and Floor



Renewable raw materials without harmful additives



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



Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



**STEICO**  
engineered by nature

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