

STEICO SE

2022 annual report

The green share

2022

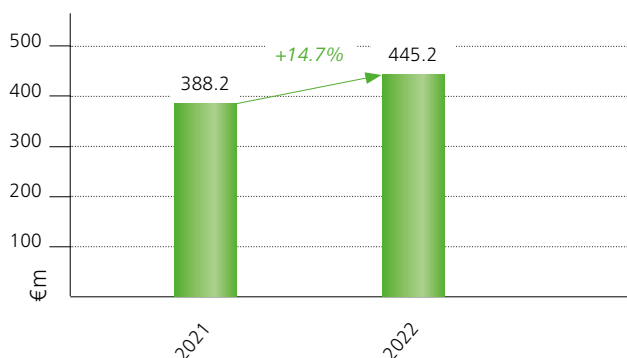
Returning to normal in a more demanding environment

Natural building products for **healthier living**

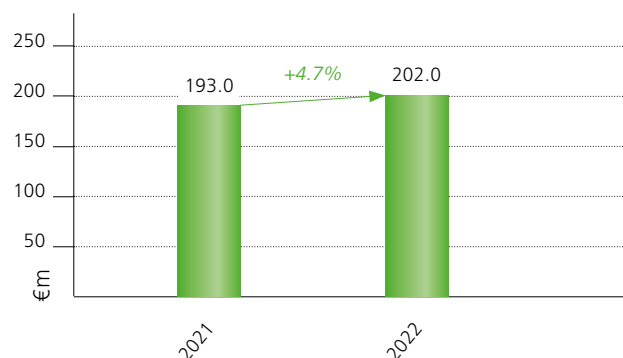


Returning to normal in a more demanding environment

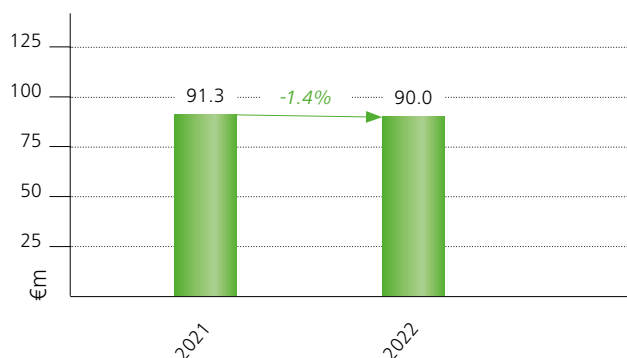
2022 Revenue growth in € millions



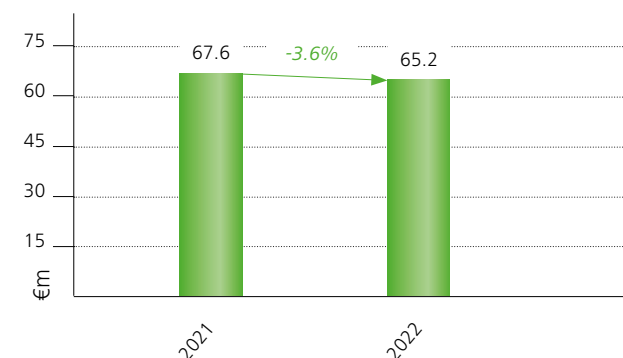
2022 Gross Earnings growth in € millions



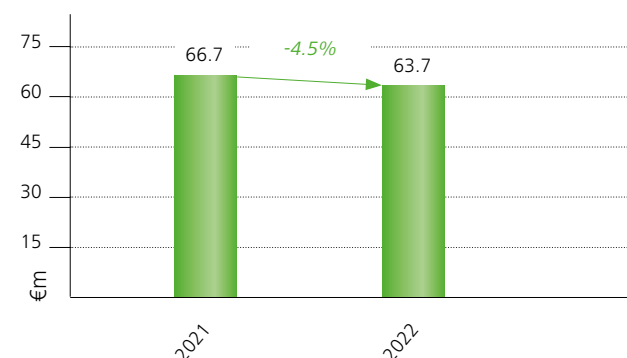
2022 EBITDA growth in € millions



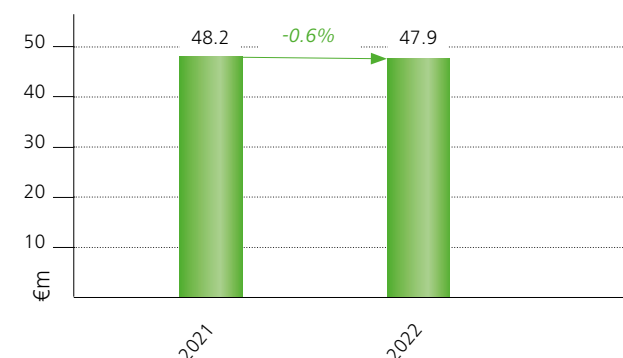
2022 EBIT growth in € millions



2022 EBT growth in € millions



2022 Profit for the Period growth in € millions



ADDITIONAL KPIS

	2022	2021
1. Total operating revenue in € millions	€ 467.4 million	€ 395.6 million
2. EBITDA margin as a percentage of total operating revenue	19.3%	23.1%
3. EBIT margin as a percentage of total operating revenue	13.9%	17.1%
4. Equity ratio (as of 31 December)	53.5%	54.5%

Percentage changes and margins are calculated using non-rounded figures.

The STEICO Group is operating in a market environment that is getting to normal after booming demand for around two years. Increasing interest rates and higher inflation made their first impact on the construction sector in 2022. At the same time, the availability of wood-fibre insulation materials improved significantly thanks to newly created production capacity. As a result, demand returned to normal. Traders and processing companies built up above-average levels of stocks during the boom, however these stock levels successively were scaled back to normal from the second half of 2022. Requirements for additional deliveries were lower as a result.

STEICO was still able to lift its revenues by 14.7% to € 445.2 million. EBITDA was down by 1.4% to € 90.0 million and EBIT fell by 3.6% to € 65.2 million. Net income was down by 0.6% to € 47.9 million year-on-year.

For 2023 as a whole Management believes that there will be continued strong demand as a result of the continued high order backlog at STEICO's manufacturing companies. Increasing renovation activities will also provide a positive impetus.

If the continued economic developments do not result in any negative effects, the Executive Board is forecasting revenue at the previous year's level of around € 445 million and an EBIT ratio of between 10% and 15% (to total operating revenue).

Company profile

STEICO develops, produces and markets ecological construction products made of renewable raw materials. STEICO 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.



Udo Schramek

Chairman of the Executive Board

Dear business partners,

The 2022 building report from the Deutsche Energie Agentur (dena) once again addresses the high CO₂ emissions in buildings. The building sector is the largest responsible sector for CO₂ emissions in Germany, accounting for approx. 40% of total annual CO₂ emissions. As a result, cutting emissions in this sector plays a key role for climate protection.

As a consequence, increasing energy efficiency in building operations is the most important lever for cutting greenhouse gas emissions in the building sector – an argument which STEICO has always upheld. A well insulated and thus energy-efficient building shell is key to reducing energy requirements for heating and cooling. The best type of energy is the energy you don't need at all. Even when using sustainable heating technologies such as heat pumps, property owners benefit from higher efficiency, lower costs over the long term and increased property value if their property is well insulated.

STEICO's ecological wood-fibre insulation products can support this trend in two ways. In addition to cutting energy requirements, the wood used in our products also stores CO₂ to a great extent. This wood contains around 2.5 times as much CO₂ as is set free during production.

The key for success in the heating debate is in renovation. More than 80% of buildings in Germany were built before the third heat protection directive was introduced in 1995. Two thirds of these buildings require energy-related renovation work.

STEICO is excellently positioned for these challenges: We can reduce the use of grey energy thanks to our sustainable insulation materials and supporting components. As a result, we help to improve the CO₂ equilibrium. Our products use timber, a natural resource, highly efficiently and spare this material at the same time. As a company, we are able to supply a high-volume market and in terms of price our products are also competitive compared to mineral-based construction products.

Our pre-fabricated construction elements allow the creation of value to be moved towards increased industrial production. This also allows craftsmen to also increase their productivity and to work more efficiently.

That is why we are facing the current economic challenges with confidence. We are convinced that it will be possible to more than compensate for the current period of weakness in new construction over the medium term thanks to the huge potential in the renovation sector. We are already setting the course for this, for example by creating additional capacity in our new plant in Gromadka (Poland).

We aim to record revenues of €750 million in 2026 – a project which we can only accomplish with a dedicated team. That is why we want to thank all of STEICO's employees for their day-to-day commitment.

Yours sincerely,

Udo Schramek

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Dear business partners,
dear shareholders,

2022 was characterised by a more demanding economic environment. Increasing interest rates and higher inflation made their first impact on the construction sector. In addition, the STEICO Group is operating in a market environment that is getting to normal after booming demand for around two years. Wood-fibre insulation materials are now again enjoying short-term availability, which is why dealers and processing facilities are bringing their stocks back down to normal levels. In spite of this, STEICO recorded further growth and practically stable earnings in this environment.

The fact that STEICO was able to record positive growth despite all of these challenges is due to all of STEICO's employees. The Board of Directors thus issues a special vote of thanks to the STEICO team for their high level of dedication during the past year.

1. MANAGEMENT AND MONITORING BY THE BOARD OF DIRECTORS

In 2022 the Board of Directors fully performed all of the tasks and obligations required by the law and the articles of association. It defined the fundamental principles of the company's activities and monitored their implementation by the managing directors. The Board of Directors was included directly in all decisions which were of fundamental importance for the company. To the extent that approval by the Board of Directors was required for decisions or activities by the company's management according to the law, the articles of association or the by-laws, the corresponding resolutions were only passed after these issues had been discussed in detail with the managing directors.

The managing directors reported regularly, in good time and in detail to the Supervisory Board according to Section 40 (7) of the SEAG in connection with Section 90 of the AktG on the course of business and the general position of the company and the group including the net assets, financial position and results of operations. In addition, in-depth discussions were held in particular concerning business policy and the company's strategic further development. The Board of Directors was also informed about the risk position and risk management.

The managing directors regularly submitted an in-depth report to the Board of Directors detailing the course of business, including the growth of revenues, earnings and liquidity, and also on the position of the company and the

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

2. KEY AREAS OF DISCUSSION IN THE BOARD OF DIRECTORS

In fiscal year 2022 the Board of Directors held six face-to-face meetings and in one case it passed a resolution outside of a meeting. The attendance rate for meetings of the Board of Directors was 100%. The managing directors participated in the meetings of the Board of Directors to the extent not otherwise determined by the Chairman of the Board of Directors.

In the first meeting for the fiscal year, on 9 March 2022, the Board of Directors ongoing investment projects, in particular at the site in Gromadka, Poland.

In the second meeting on 22 March 2022, it resolved to hold the General Meeting as a virtual event in view of the COVID-19 pandemic.

In its meeting on 26 April 2022 the Board of Directors dealt, in particular, with STEICO SE's annual financial statements, the dependent companies report and the consolidated financial statements as of 31 December 2021 as well as the respective management reports. This meeting also dealt with the report of the Board of Directors for fiscal year 2021. In addition the proposed resolutions for the company's ordinary general meeting on 23 June 2022 were passed. What is more, as part of this meeting the Board resolved to initially hire Mr. Roger Fränkel as Deputy Head of Investments and Plant Technology, and then to appoint him as managing director for Investments and Plant Technology as of 1 July 2023.

In its meeting on 23 June 2022 the Board of Directors discussed, in particular the status of the ongoing investments in Casteljalous and Gromadka. In addition, it discussed the

Report by the Board of Directors

cost increases connected with the new enterprise resource planning system ("ERP Redesign").

In its meeting on 22 September 2022 the Board of Directors obtained information on the status of investments at the Polish and French plants.

The last meeting of the year on 9 December 2022 dealt with issues including an in-depth discussion of the risk management report by the managing directors, which forms part of the early warning system set up according to Section 22 (3) of the SEAG. In so doing, the Board of Directors made sure that developments which could endanger the company's continued existence can be recognised at an early stage. However there were no such developments. The Board of Directors also resolved to increase the terms of office for the managing directors Thorsten Leicht and Tobias Schindler to 31 December 2027 and 31 March 2028 respectively.

The resolution passed out with the face-to-face meetings on 12 August 2022 was to engage Avanade Deutschland GmbH to redesign the ERP system in line with the upstream analysis and the findings by the managing directors.

3. AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements and the managing report as well as the consolidated financial statements and group management report as of 31 December 2022 were prepared by the managing directors according to the regulations of the Handelsgesetzbuch (HGB - German Commercial Code). The firm of auditors (Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich) audited the annual financial statements and management report of the company as well as the consolidated financial statements and group management report, discussed this in the audit reports and issued both the annual financial statements as well as the consolidated financial statements with an unqualified auditor's opinion. Performance of the audit and the audit reports correspond to the statutory requirements in Sections 317, 321 of the HGB. The company's annual financial statements and management report and the group's consolidated financial statements and group management report as well as the proposal by the managing directors for the use of the profits and the auditors reports by the auditors were passed on to the Board of Directors in good time. The auditors participated in the meeting to discuss the financial statements and responded extensively to questions

and reported in detail on the course and results of the audit of the annual financial statements and consolidated financial statements.

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

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

4. AFFILIATED COMPANIES REPORT

The managing directors prepared the report on affiliated companies (dependent parties report) for fiscal year 2022. Accordingly, the company received reasonable compensation in each case for the transactions presented with affiliated companies.


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

"After our proper audit and assessment we confirm that

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

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

Feldkirchen, 12 May 2023



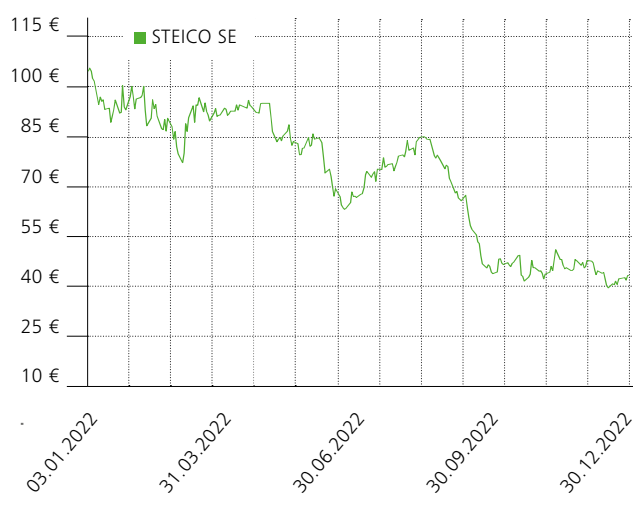
Udo Schramek
Chairman of STEICO SE's Board of Directors

Growth of STEICO's shares

A. SHARE PRICE GROWTH IN 2022

STEICO's shares started the year with a price of € 105.80 on 3 January (Xetra closing price). Growth was uneven during the following months. The share price hit an interim low of € 63.50 on 23 June, and then recovered to €85.80 through to 15 August. After this date, STEICO's share price fell constantly through to the end of September, and at the end of the year this was between € 40 and € 50. The lowest price for the year was € 39.40 on 16 December. STEICO's shares closed at a price of € 43.15 in Xetra trading on 30 December 2022. This corresponds to a drop of 59.2% over the year as a whole.

STEICO's shares: Share price growth 2022



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. Information on key events is disseminated via a well-known institution to comply with publicity obligations.

C. CAPITAL MARKETS DIARY 2022

10/11 January 2022	STEICO presented the company at the ODDO BHF Forum (virtual conference)
9 February 2022	Publication of initial 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 Q1 2022 report
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's 2022 General Meeting (virtual general meeting)
24 June 2022	STEICO presented the company at the Warburg Highlights Conference (GER, Hamburg)
28 June 2022	Virtual roadshow with Berenberg
19 July 2022	Publication of H2 2022 report
7 September 2022	STEICO presented the company at the Commerzbank / Oddo BHF Corporate Conference (GER, Frankfurt / Main)
20 September 2022	STEICO presented the company at the Berenberg / Goldman Sachs Corporate Conference (GER, Munich)
21 September 2022	STEICO presented the company at the Baader Investment Conference (GER, Munich, hybrid conference)
13 October 2022	STEICO presented the company at the m:access specialist conference for technology (virtual conference)
18 October 2022	Publication of Q3 2022 report
7 December 2022	STEICO presented the company at the CIC Market Solutions Forum (FR, Paris)

Group management report for fiscal year 2022

STEICO SE, Feldkirchen

A. FUNDAMENTALS

I. STEICO SE'S BUSINESS MODEL

1. OVERVIEW

The STEICO Group develops, produces and markets ecological construction products made of renewable raw materials. STEICO is, in its own opinion, the global market leader compared to the relevant competitors in terms of revenues 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 wooden construction components and insulation material supplement each other. These include flexible wood-fibre insulation materials, stable insulation boards, wood-fibre insulation boards for facade insulation (ETICS external thermal insulation compound system), air injected insulation made of wood fibre and cellulose as well as system-based products for insulating the building shell. The construction elements comprise I-joists and laminated veneer lumber. In addition, the STEICO Group also produces natural fibre boards (hardboards) and is involved in timber wholesale. In the UK the group's product range also includes products for ceiling and floor construction.

The STEICO Group's production facilities also enable a wide variety of specialty products to be produced, such as door panels, pinboards, etc. which can be sold to a wide variety of industries.

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 product range comprises "natural wood-fibre insulation materials". In 2022 the bulk of revenues (64.8%) were generated with ecological wood-fibre insulation materials and cavity insulation for insulating buildings and floors.

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

Wood-fibre insulation materials

STEICO's insulation materials are made of fresh softwood. These are used for new construction and renovation, where they protect against cold, heat and noise.

Wood-fibre insulation materials are produced at the manufacturing subsidiaries using various methods - including the wet and dry method. In both methods, wood is broken down into individual fibres using steam and mechanical treatment. The fundamental difference between the two methods is that in the wet method the wet fibres are processed (formed into boards) whereas in the dry method the fibres are dried to form boards. In the dry method, depending on the technology used, the fibres can be used for cavity insulation, flexible (compressible) mats or rigid insulation boards.

Air-injected insulation

Air-injected insulation comprises loose insulation fibres or flakes which are blown into the building's cavities under high pressure, where they then compress. The STEICO Group produces and sells air-injected insulation made of wood fibres and cellulose flakes.

Construction products: LVL (Laminated Veneer Lumber)

Laminated veneer lumber is a high-performance timber material comprising several layers of lumber veneer which are glued together. It is characterised by its particularly great rigidity and ability to bear loads while still offering dimensional stability. Laminated veneer lumber is used in construction as well as for industrial applications (for example in making doors and furniture). It forms a key component of I-joists (flange material).

Construction products: I-joists

I-joists are supporting components which are optically very similar to traditional double-T-joists. They comprise two "belts" (square timber posts made of laminated veneer lumber) which are connected using a fibreboard (the web). 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 consumption.

Special products

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

Timber wholesale

The STEICO Group operates in timber 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 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 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 (hardboards)

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 importance due to the low margins.

Others

The Others segment bundles various peripheral activities, such as ETICS accessories, vapour barriers and other accessories such as tools for processing insulation material.

Prefabricated building element production

In element construction, individual STEICO products (construction products and insulating materials) are refitted to form complete building 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 the pre-production of end-to-end construction components are continuing 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 timber construction and prefabricated house 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. These services are usually provided free of charge.

3. PROCUREMENT

The fresh wood required to produce wood fibre products is mostly procured in Poland from the Polish State Forest. In France wood is procured on the free wood 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, pre-fabricated home construction companies, 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. 5.3% of group revenues were generated with the largest customer in 2022 (previous year: 4.2%). 22.7% of group revenues are generated with the ten largest customers in 2022 (previous year: 21.8%). The company's management believes that it is thus not especially dependent on a single individual customer.

The STEICO Group sells its products world-wide, focusing on European markets. Germany was the largest sales market

Group management report for fiscal year 2022

STEICO SE, Feldkirchen

in 2022, accounting for 39.3% of revenues (previous year: 40.5%), followed by France (12.5%, previous year: 13.9%) and the United Kingdom and Ireland with a 10.0% share of revenues (previous year: 8.9%). Australia is the largest non-European sales market accounting for 5.4% of revenues (previous year: 4.3%).

II. CONTROL SYSTEM AND SHAREHOLDER STRUCTURE

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 the central group company, STEICO SE is thus integrated into an intensive reporting system that supports the early recognition of possible undesirable developments.

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

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

61.1% of shares can be allocated to the CEO / managing director Mr. Udo Schramek, and the remaining 38.9% are in free float.

III. RESEARCH AND DEVELOPMENT

R&D activities in fiscal year 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
- Further development of cellulose air-injected insulation and combined air-injected-insulation
- Developing and optimising the production of wet and dry method wood fibre insulation materials
- Research to optimise the heat conduction properties for STEICO's insulation materials
- Research to optimise the emission behaviour for wood fibre insulation and wooden materials

- Development and pre-production of full wall, roof and ceiling elements produced using the STEICO construction system
- Development of foaming insulation materials based on wood and sustainable raw materials
- Development of moulded pieces based on reformable wood-fibre mats
- Development of cyclical, fully recyclable insulation materials based on wood fibres
- Further development of the STEICO composite thermal insulation systems

Future R&D work will continue to focus on building the integrated construction system, a combination of wooden frame products and ecological insulation materials, this should simplify the realization of ecological construction projects and should make them more efficient.

In 2022, three STEICO SE employees worked on research and development projects. One of these employees was a full-time employee, two were temporarily assigned to projects. These employees were supported by five employees at the manufacturing subsidiaries, of which one is allocated to R&D as a full-time employee, and four other employees provided temporary project support.

B. ECONOMIC REPORT

I. OVERALL ECONOMIC AND INDUSTRY-SPECIFIC UNDERLYING CONDITIONS

1. ECONOMIC TREND

In 2022 the overall economic situation in Germany and in the EU was characterised by the consequences of the war in Ukraine, the rising prices for energy and for consumers, as well as the continuing effects of the COVID-19 pandemic, even though these diminished over the course of the year. The supply bottlenecks which arose due to a restrictive “zero-COVID” policy in China are worthy of particular mention. The high level of inflation and the resulting increase in interest rates dampened consumer spending and production. The risk of a serious disruption to the gas supply and high energy prices have further depressed the economy, as consumer confidence in particular has fallen over the course of the year.¹

In spite of these difficult conditions, the German economy fared well on the whole in 2022. The price-adjusted GDP in Germany in 2022 increased by 1.9% compared to the previous year due to the calendar.² The European economy also enjoyed comparatively robust growth. On the whole, in 2022 GDP grew by 3.5% both in the Eurozone and also in the EU, compared to 5.3% and 5.4% respectively in 2021.³

Over the course of 2022 the rising level of prices and interest rates had an increasingly negative impact on the construction industry in Germany, the most important market for STEICO SE. While the construction industry recorded record-breaking order intake of more than € 10 billion in March 2022, order intake fell substantially thereafter. In total, order intake in the construction industry was down 9.6% year-on-year (real, calendar-adjusted).⁴

The total number of planning permissions granted for one and two-family homes fell by 16.4% to 91,975.⁵ Timber pre-construction fared better in terms of planning permission granted in 2022 than the overall market for one and two-family homes. Pre-construction accounted for 23.5%, a new record-breaking figure, compared to 23.1% in the previous year. Planning permission for 21,646 new one and two-family homes using pre-construction was granted from

January to December 2022. This corresponds to a downturn of 14.9% compared to 2021.

The European construction industry enjoyed more stable growth in comparison. Production in the construction industry in 2022 increased in the Eurozone by 2.3%, and by 2.6% in the EU.

2. COMPETITION

With regard to wood-fibre insulation materials, in 2022 the most important competitors in the opinion of the company's management were Gutex (Germany), Soprema with its Pavatex brand (France), bestwood Schneider (Germany), Hunton (Norway) and Fibris (Poland). The Ziegler Group was a new company to enter the wood-fibre insulation material market (new location close to Grafenwöhr, Germany). The Ziegler Group finished its investment in equipment in 2022, STEICO's management believes that this company will enter the market in the first quarter of 2023.

Soprema has announced expansions to its capacity in Golbey (France) and Gutex has announced the same for its new location south of Freiburg, Germany. The company's management believes that these will lead to changes in competition at the earliest in the second half of 2023. Schillinger AG (new location close to Luzern, Switzerland) had announced that it will enter the market. This market entry appears to have been set back to 2024 due to a change in location.

STEICO SE's management believes that the most important competitors for I-joists in 2022 were Metsä (Finland), Masonite (Sweden) and James Jones (United Kingdom).

The most important competitors for laminated veneer lumber in 2022 were, in the opinion of the company's management, Metsä (Finland), Stora Enso (Finland), Pollmeier (Germany). As a result of sanctions for Russian companies, the company MLT/Taleon Terra (Russia) is no longer being regarded as a relevant competitor on this market for the time being.

1 Source: GfK, press release, 28 September 2022

2 Source: Destatis, press release 24 February 2023

3 Source: Eurostat Euroindicators 29/2023, 8 March 2023

4 Source: Destatis, press release 072, 24 February 2023

5 Source: Bundesverband Deutscher Fertigbau e.V., 10 March 2023

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STEICO SE, Feldkirchen

II. COURSE OF BUSINESS

1. KEY EVENTS IN 2022

Announcement of a change in the Board of Directors in 2023

On 10 March 2022, STEICO SE announced that Mr. Uwe Lange, Managing Director for Investments Projects and Plant Engineering, would resign from his post on 30 June 2023 due to his age. On 26 April 2022, STEICO SE announced that Mr. Roger Fränkel would take over this position from 1 July 2023.

2. COURSE OF BUSINESS⁶

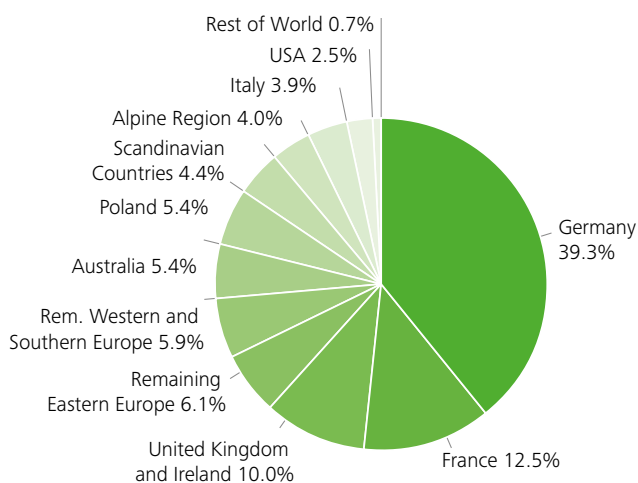
The first few months of 2022 were characterised by the end of the COVID-19 pandemic and the start of the war between Russia and Ukraine. Inflation and the general level of interest rates increased as a result. The STEICO Group was affected in particular by inflation for timber, energy and aggregates. STEICO SE implemented two price increases in March and May to compensate for the higher input costs.

The second half of the year was characterised by the sales markets returning to normal. During the boom year of 2021, it was only possible to supply many timber products and wood-fibre insulation materials with longer lead times. This led to many traders and processing companies building up

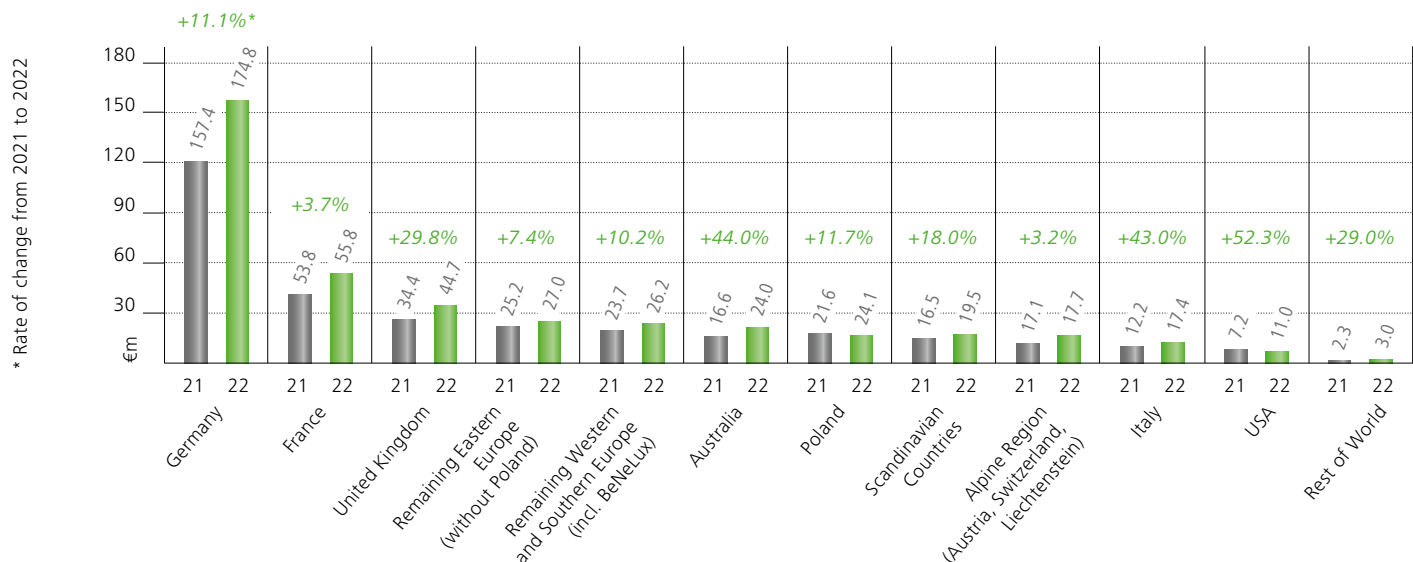
a disproportionately high level of inventories. This aimed to ensure a secure supply even if deliveries became scarce. When the supply of wood-fibre insulation materials relaxed during the course of the third and fourth quarter of 2022, traders moved back to their short-term ordering behaviour and inventory levels were gradually reduced. Requirements for additional deliveries were lower as a result.

In Germany, the company's largest sales market, it was possible to lift revenues (after sales deductions) by 11.1% to € 174.8 million (previous year: € 157.4 million) due to the continued robust demand and the price increases put in place. This corresponds to 39.3% of revenues.

2022 Revenues by markets



2022: Development Revenues by Markets in € million



* Rate of change from 2021 to 2022

The company recorded revenues of € 55.8 million in France (previous year: € 53.8 million). This corresponds to 12.5% of revenues and growth of 3.7%.

In the UK and Ireland, revenues lifted by 29.8% to € 44.7 million (previous year: € 34.4 million). This corresponds to 10.0% of revenues. The company's management believes that the strong sales growth is partly due to catch-up effects after the COVID-19 pandemic.

The markets in the USA and Australia are characterised by particularly high growth. Revenues of € 11.0 million were recorded in the USA (previous year: € 7.2 million). This corresponds to an increase of 52.3% and 2.5% of revenues. Revenues of € 24.0 million were recorded in Australia (previous year: € 16.6 million). This corresponds to an increase of 44.0% and 5.4% of revenues. Sales activities were further intensified on both markets in 2022, after being downscaled in 2021 to improve supply on the European core markets.

Revenue increases were also recorded on all of the other sales markets, which is due to the continued positive growth in demand as well as the price adjustments put in place. In the alpine region (AT, CH, LI) revenues lifted by 3.2% to € 17.7 million (previous year: € 17.1 million). In Italy revenues lifted by 43.0% to € 17.4 million (previous year: € 12.2 million). In the rest of Western and Souther Europe, revenues lifted by 10.2% to € 26.2 million (previous year: € 23.7 million). The rest of Eastern Europe (without Poland) grew by 7.4% to € 27.0 million (previous year: € 25.2 million), with RoW increasing by 29.0% to € 3.0 million.

In total, the STEICO Group recorded a highly successful fiscal year. Total revenues were up by 14.8% to € 445.2 million (previous year: € 388.2 million).

In 2022, the STEICO Group recorded around 60.7% of its revenues outside its German home market (previous year: around 59.5%).

3. GROWTH OF PRODUCT SEGMENTS⁷

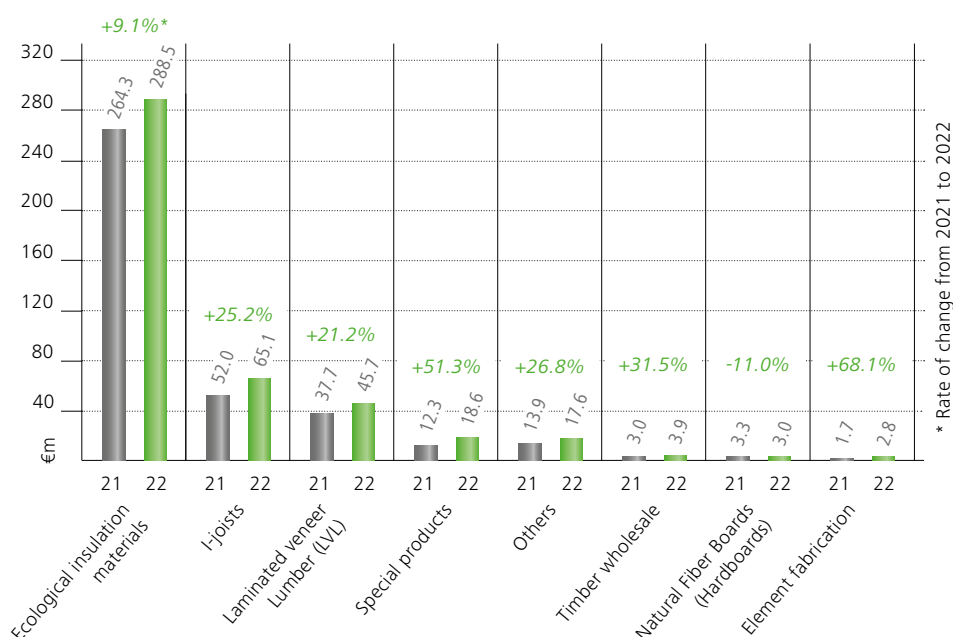
The sale of wood-fibre insulation materials and air-injected insulation for building insulation and flooring is STEICO Group's core business and accounted for 64.8% of total revenues in 2022 (€ 288.5 million, previous year: € 264.3 million). This corresponds to an increase of 9.1%. The company's management believes that this high demand shows the increasing value being attached to ecological construction products as well as the friendly regulatory environment.

Sales of I-joists enjoyed positive growth in 2022 with revenues of € 65.1 million (previous year: € 52.0 million). This corresponds to 14.6% of revenues and growth of 25.2%. The company's management believes that this growth is partly due to the increasing value being attached to I-joists, which are characterised by their light weight, stable dimensions and the fact that they contribute to increasing energy efficiency in buildings.

In 2022 sales of laminated veneer lumber amounted to € 45.7 million (previous year: € 37.7 million) or around 10.3% of total revenues. This corresponds to an increase of 21.2%. This increase is primarily due to price increases. Both lines for laminated veneer lumber were run constantly at full capacity in 2022 due to the high demand.

⁷ All information on revenue breakdown by product segment and the year-on-year change rates are calculated based on non-rounded figures.

2022: Development Revenues by Product Groups in € million



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In the "Miscellaneous" segment (including services) revenues in 2022 amounted to € 18.6 million (previous year: € 12.3 million). This corresponds to 4.2% of revenues and an increase of 51.3%.

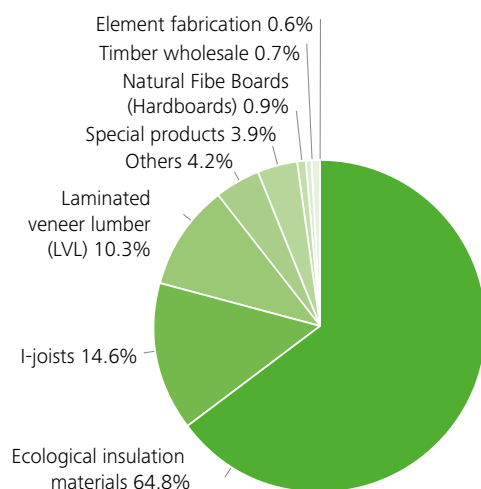
In 2022 sales of specialty products amounted to € 17.6 million (previous year: € 13.9 million) or around 3.9% of total revenues. This corresponds to an increase of 26.8%. Sales activities were once again intensified in 2022 after supplies to export markets were scaled back in the previous year in order to favour key European accounts.

Sales of natural fibre boards to third parties increased substantially in 2022. This product group accounted for € 4.0 million or around 0.9% of total revenues (previous year: € 3.0 million). This corresponds to an increase of 31.5%.

Sales in the timber wholesale segment fell. In 2022 timber wholesale revenues amounted to € 3.0 million (previous year: € 3.5 million) or around 0.6% of total revenues. This corresponds to a downturn of 11.0%. The timber wholesale segment has its roots in STEICO SE's history and is run without having any strategic importance and with a low level of personnel input.

In the Element Production segment revenues in 2022 amounted to € 2.8 million (previous year: € 1.7 million). This corresponds to 0.6% of revenues and an increase of 68.1%.

2022 Revenues by product segments



4. PRODUCTION

As a result in changes in the allocation of individual products, in some cases there are slight changes in the year-on-year figures.

Wood-fibre insulation materials

As of 31 December 2022 the STEICO Group had a total of seven state-of-the-art production lines, located in Poland, to manufacture stable wood-fibre insulation materials using the wet method. 151,175t were produced (previous year: 187,618t). This corresponds to a downturn of 19.4%. Four of these lines are at the Czarnków site and three are at the Czarna Woda site. A further line at the Czarna Woda site was under construction.

Stable insulation materials are produced using the dry method on three production lines. A total of 101,919t of these products were produced in 2022 (previous year: 105,664t). This corresponds to a downturn of 3.5%. These lines are installed at the Czarnków site. A new line is currently being installed at the Gromadka site.

As of 31 December 2022 five lines produced flexible wood fibre insulation mats using the dry method and also cavity insulation made of wood fibres. Three of these lines are installed at the Czarnków site, two are in Casteljalous. Two additional lines produce cavity insulation made of cellulose at the site in Czarnków. A total of 87,794t of these products were produced in 2022 (previous year: 87,373t). This corresponds to an increase of 0.5%.

In total, in 2022 340,888t of wood-fibre and cellulose insulation materials were produced (previous year: 390,830). This corresponds to a decrease of 12.4%.

Natural fibre boards (hardboards)

Two production lines at the Czarna Woda site continue to produce natural fibre boards. These lines primarily cover the needs for natural fibre boards as a component of I-joists. In 2022 31,7845 were produced (previous year: 23,423t), which corresponds to an increase of 35.7%.

I-joists

I-joists are produced at a production line at the Czarnków site. In 2022 12,506 trm (thousand running meter) were produced (previous year: 12,409 trm). This corresponds to an increase of 0.8%.

Laminated veneer lumber

Laminated veneer lumber is produced on two lines at the Czarna Woda site. A total of 144,430cbm of this product

was produced in 2022 (previous year: 139,549cbm). This corresponds to an increase of 3.5%.

Growth in production quantities at the STEICO Group

	2022	2021
Insulation materials (total) (t)	340,888	390,830
Wood-fibre products and insulation boards using the wet method (t)	151,175	187,618
Stable wood-fibre insulation boards using the dry method (t)	101,919	105,664
Wood-fibre and flexible wood-fibre insulation boards using the dry method and also cellulose cavity insulation (t)	87,794	87,373
Other (t)	10,207	10,175
Fibreboards (t)	31,784	23,423
I-joists (trm)	12,506	12,409
Laminated veneer lumber (cbm)	144,430	139,549

III. FINANCIAL POSITION, NET ASSETS AND RESULT OF OPERATIONS

1. KEY PERFORMANCE INDICATORS

The following overview shows select KPIs and how they have changed. For the most important key financial indicators please refer to section IV.

In € thousand	2022	2021
Revenues	445,155	388,179
Gross profits	202,029	192,970
Personnel expenses	64,784	62,880
Earnings before interest and taxes (EBIT)	65,198	67,608
Financial result	-1,535	-942
Earnings before taxes (EBT)	63,663	66,666
Consolidated net income	47,860	48,163
Net change in cash and cash equivalents	-8,353	9,472
Net debt/EBITDA ratio	1.32	0.98
Gearing	0.44	0.38
Consolidated total assets	509,070	430,498

2. RESULTS OF OPERATIONS

As a production and sales company for wood-fibre insulation materials, the STEICO Group was once again able to increase its revenues year-on-year. Compared to 2021 revenues increased by 14.7% from € 388.2 million to € 445.2 million. Total operating revenue in 2022 amounted to € 467.4 million and was thus higher than the previous year's figure of € 395.6 million.

The cost of materials increased by € 71.4 million to € 283.1 million (previous year: € 211.7 million) as a result of higher goods purchased. The cost of materials ratio has thus increased to 60.6%⁸ (previous year: 53.5%). This is mostly due to higher input costs as well as negative effects from exchange rate hedging (EUR/PLN) in the amount of € 11.8 million. However, these negative effects were offset by savings when purchasing products in PLN. In fiscal year 2022 there was average hedging of the majority of purchases in PLN which was significantly higher than the calculated exchange rate of 4.56 PLN/EUR, however in some cases this was lower than the average annual exchange rate of approx. 4.69 PLN/EUR (ECB daily rates).

In 2022 personnel expenses increased by € 2.0 million to € 64.8 million (previous year: € 62.9 million). This increase is due to the higher number of employees and also the increase in bonus payments. The personnel expenses ratio in 2022 totalled 13.9%⁹ (previous year 15.9%) and has thus fallen by 2.0%-points. Among other factors, this is due to the lower than average increase in employee numbers compared to the company's growth.

Other operating expenses

In € thousand	2022	2021
Write-downs of receivables	49	52
Building costs, rent, cleaning	1,700	1,631
Insurance, contributions, fees	4,794	4,126
Repairs and maintenance	8,212	6,759
Vehicle costs	4,691	3,835
Sales costs, advertising and travel expenses	4,188	2,888
Commission expenses	403	261
Operating costs	3,296	2,954
Administrative costs, IT	3,464	2,903
Telecommunication	150	216
Legal and consulting costs, court costs	1,244	961
Costs of preparing the annual financial statements	288	200
Exchange rate differences and incidental costs of money transactions	7,513	4,817
Others	7,208	7,179
Total	47,200	38,784

Other operating expenses totalled € 47.2 million (previous year: € 38.8 million) and have increased disproportionately compared to total operating revenue (increase of 21.7%).

Currency exchange rates also impacted the earnings position:

⁸ Cost of materials to total operating revenue

⁹ Personnel expenses to total operating revenue

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Income from exchange rate differences within other operating income amounts to € 5,910 thousand (previous year: € 3,743 thousand). This is offset by expenses from exchange rate differences in other operating expenses of € 7,513 thousand (previous year: € 4,817 thousand).

The financial result was negative in 2022 at € -1.5 million (previous year: € -0.9 million) and is mostly determined by the interest expenses resulting from the financing of ongoing investment activities as part of the existing syndicated credit agreement.

EBITDA was down by € 1.3 million or 1.4% to € 90.0 million (previous year: € 91.3 million). EBIT fell by € 2.4 million or 3.6% to € 65.2 million (previous year: € 67.6 million). The deterioration in earnings on the whole is mostly due to the increase in the cost of materials and other operating expenses. EBIT is in line with the original expectations.

Earnings (consolidated net income) total € 47.9 million and are only slightly (€ -0.3 million or -0.6%) lower than the previous year's figure (€ 48.2 million).

3. FINANCIAL POSITION AND NET ASSETS

Consolidated total assets increased substantially by around € 509.1 million as of 31 December 2022 compared to the previous year (€ 430.5 million). Property, plant and equipment increased to € 360.5 million (previous year: 302.9 million), which is due to factors including the continuing investments in increasing capacity and production efficiency.

Inventories have grown significantly. As of 31 December 2022 inventories were up to € 68.3 million (previous year: € 44.3 million). This is due to the increase in warehouse stocks at the end of the year.

Receivables and other assets increased by € 2.6 million to € 47.9 million (previous year: € 45.3 million). This lower than average increase compared to revenues shows the more sluggish ordering behaviour at the end of the year.

On 31 December 2022 the item cash in hand and bank balances amounted to € 24.2 million (previous year: € 32.8 million), which is due to factors including the use of cash in hand for investments in equipment.

On the equity and liabilities side, equity increased by € 35.7 million to € 272.1 million (previous year: € 234.6 million). This increase is due to the higher net profits. In the opinion of the managing directors, this corresponds to a solid equity ratio of 53.5% (previous year: 54.5%).

Liabilities to banks increased to € 142.4 million (previous year: € 121.2 million) which is due to liquidity being drawn

down from the syndicated credit agreement. Key capital expenditure projects in 2022 included setting up new production lines for wood-fibre insulation materials as well as establishing a new production site in Gromadka (Poland).

On the balance sheet date the group companies had credit lines of € 65 million available at standard market conditions. In addition, a credit limit for currency exchange transactions and derivatives was granted, in order to be able to perform the hedging transactions required for operating business.

In connection with the syndicated credit agreement mentioned above, certain financial covenants have been agreed. If these are not upheld the lenders can, as a rule, terminate the agreement without notice.

In addition, provisions increased by € 6.6 million as of 31 December 2022. This is due to the increase in provisions for taxes of € 5.5 million and the increase in provisions for customer bonuses.

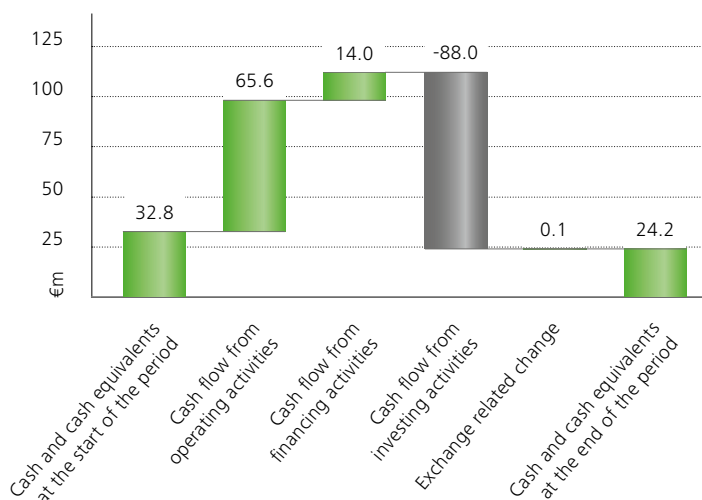
Liabilities to banks increased to € 142.4 million (previous year € 121.2 million), which is due to the call of liquid funds from the syndicated loan. Major investment projects in 2022 included the construction of new production facilities for wood fibre insulation materials and the establishment of a new production site in Gromadka, Poland.

As of the balance sheet date, the Group companies had access to free credit lines of € 65 million at standard market conditions. In addition, a credit line was granted for forward exchange transactions and derivatives in order to be able to carry out necessary hedging transactions for the operational business.

In connection with the above-mentioned syndicated loan agreement, certain financial covenants have been agreed upon, the failure of which generally entitles the lenders to terminate the loan without notice. All of these covenants were complied with in the 2022 financial year.

4. LIQUIDITY

2022: Cash flows in € millions



Cash flow from operating activities

During the past fiscal year, the STEICO Group recorded positive cash flow from operating activities of € 65.6 million (previous year: € 85.8 million). This downturn is mostly governed by an increase in inventories, trade accounts receivable and other assets not allocated to investment or financing activities.

Cash flow from investing activities

The cash flow from investing activities totalled € -88.0 million in 2022 (previous year: € -75.3 million) and is mostly governed by payments for investments in property, plant and equipment. The investments in new production lines for wood-fibre insulation materials and setting up the new production site in Gromadka (Poland) constitute the largest investment blocks.

Cash flow from financing activities

The cash flow from financing activities is positive at € 14.0 million (previous year: € -2.0 million). This change is mostly due to drawing down funds from the syndicated credit agreement.

As of 31 December 2022 the STEICO Group's cash and cash equivalents totalled € 24.2 million (previous year: € 32.8 million) which is held in overnight money, fixed-term deposit and current account balances. The Group pursues an investment strategy to minimise risks, aiming to secure liquidity for use for further investments or operating business.

The planned total volume of capital expenditure in 2023 is approx. € 88.8 million, and around € 59 million of this total is fixed. The existing cash and cash equivalents and the net proceeds from the cash flow from operating activities as well as bank loans are used to finance this capital expenditure

Summary of the economic position

In 2022 the STEICO Group's revenue growth was 14.7% and thus lower than the original expectations stated in the 2021 management report of revenue growth in excess of 20%. The original forecast was based on slightly higher paced growth. All of the markets grew, however the second half of the year was characterised by slower paced growth. In the opinion of the company's management, this is due in particular to the improved availability of STEICO's products, which caused many traders and processing companies to start to successively reduce their high warehouse stocks.

With regard to EBIT, the original forecast for 2022 was between 13% and 15% (EBIT to total operating revenue), in EUR 60 to 70 million. These expectations were met with an EBIT ratio of 13.95% / EBIT of € 65.2 million. This is mostly due to the price increases put in place in 2022.

In summary, in the opinion of the company's management, the STEICO Group is in an excellent position for future growth as a result of its product range, its large, well-integrated production locations and more intense sales activities. Both the income statement and balance sheet show a healthy company with continued major growth potential.

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

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IV. FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

1. THE STEICO GROUPS FINANCIAL PERFORMANCE INDICATORS AT A GLANCE:

In particular revenues, total operating revenue and EBIT (earnings before interest and taxes) are used as indicators for the internal control of the group.¹⁰

In € thousand	2022	2021	Δ	[%]
Revenues	445,154	388,179	56,975	14.7%
Total operating revenue	467,442	395,588	71,854	18.2%
EBIT	65,198	67,608	-2,410	-3.6%
Net debt/equity ratio ¹¹	1.32	0.98	0.34	34.7%
Gearing	0.44	0.38	0.06	15.8%

2. NON-FINANCIAL PERFORMANCE INDICATORS

The following non-financial performance indicators are collected and evaluated, but are not used to control the company or group in detail.

Environmental issues

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

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 wood fibre insulation materials which offers additional proof of its dedication to sustainability.

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

In addition an environmental management system according to ISO 14001:2015 has been introduced 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.

In addition, the STEICO Group has published an annual sustainability report since 2018, and since 2019 this has been based on the internationally recognised reporting standard GRI (Global Reporting Initiative). In 2022 it was published in line with the GRI Core Standard.

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 timber construction system. STEICO thus aims to continue its relevant environmental certification and to expand on this.

¹⁰ Please refer to the growth analysis in Sections II.2 "Course of business", II.3 "Growth of product segments" and III "Financial position, net assets and result of operations".

¹¹ The net debt/equity ratio corresponds to net debt (liabilities to banks plus liabilities to associated companies, to the extent that this exceeds an amount of € 2,000 thousand, less cash and cash equivalents) divided by EBITDA. Gearing equals equity divided by the above net debt.

C. OPPORTUNITY AND RISK REPORT, FORECAST

I. FUNDAMENTALS OF THE RISK MANAGEMENT SYSTEM

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

II. RISKS OF FUTURE GROWTH

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

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

As a rule, the company's management believes that the framework conditions for growth in the construction sector are positive. In the opinion of the management the trend towards timber construction¹² will continue, furthermore there is a need of living space in many markets and more and more funding programmes are supporting this form of resource- saving construction. There is also a significant backlog of orders in the construction sector. The probability of a risk arising from a downturn in the industry is therefore considered to be low.

2. RISKS FROM RESTRICTIONS OF PUBLIC LIFE

Unforeseen events like the outbreak of epidemics, serious political distortions, faults of important infrastructure networks like electricity or communications could rapidly lead to massive restrictions of public life. That might go hand in hand with restrictions on movements of people and goods or on business and production activities. This is combined with an economic risk.

After the end of the COVID-19 pandemic in 2022 the risk is regarded as being low on the whole and it does not pose a risk for STEICO's business model.

3. PRODUCTION RISKS

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

The STEICO Group combats these risks with regular maintenance, precautionary construction and organisational activities and it has also concluded corresponding insurance policies. In addition it is in close contact with the licensing authorities. For 2023, the capital expenditure plan provides for further investments, which are intended to increase production reliability. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

¹² See Holzbau Deutschland: Management Report 2022

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4. LOCATION RISKS

In 2022 the STEICO Group had manufacturing activities at three locations and thus used various location advantages. Depending on its position, the choice of a location can also be associated with risks, for example exchange rate fluctuations or regionally higher prices for raw materials and energy. As the STEICO Group produces light, high-volume insulation material, the proximity of its production facilities and sales markets is a key strategic success factor. Setting up new locations - by developing locations or making acquisitions - to ensure future growth can, however, also be associated with risks, for example with financing risks, personnel risks, production or organisational risks.

The management continuously evaluates the situation of the existing locations, makes investments to compensate for any disadvantages that may arise and examines the development of further locations. No material deterioration in the existing location advantages is predicted for 2023. The impact of this risk is considered to be low.

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

The STEICO Group operates in a dynamic market environment and constantly competes with other European manufacturers. Extensive new investments by competitors to build up additional capacity or new competitors entering the market could lead to price reductions over the medium term, which in turn would have medium-scale negative impact on STEICO Group's returns.

However, STEICO has been able to establish substantial barriers to market entry in order to protect and expand its position on the market. These include, for example, an efficient sales organisation with access to the key sales markets and market entry barriers for its manufacturing subsidiaries such as production and development expertise, the most extensive product range in the industry, as well as a modern fleet of equipment which the managing directors believe offers the largest production capacity in the industry.

Currently, the management is aware of two major investment projects at competitors which, according to its own estimates, are not expected to be completed before the end of 2023. One new competitor has announced that it plans to enter the market. A further new competitor started to produce wood-fibre insulation materials at the end of 2022. At the same time, STEICO is investing in expanding its production capacities. As a result, management believes that competition will intensify in 2023. Management believes that

the impact of this risk should be considered as medium, as was also the case in the past.

6. RISKS DUE TO QUALITY SHORTFALLS

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

However the risks are kept to a minimum thanks to forward-looking production planning, a well-functioning logistics system, in-depth quality management (ISO 9001:2015 certification of STEICO Spółka z o.o.) an environmental management system according to ISO 14001:2015 and in-depth observation of market growth. In addition there is insurance in the event of product liability for all of the companies in the STEICO Group. The effects are therefore to be regarded as being minor.

The capital expenditure plan also includes further activities being implemented in 2023, in order to keep STEICO's product range attractive for customers - for example obtaining additional certification for construction supervision, product tests, etc. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

7. RISKS FROM DEPENDENCIES ON KEY CUSTOMERS

The risk of customer dependencies is limited by the large number of customers and their balanced share of total revenues. For example, no single customer accounts for more than 5.3% of the STEICO Group's total revenues. The STEICO Group recorded 22.7% of its revenues with its ten largest customers.

In 2022, there was a slight increase in the concentration of the sales volume on large customers. These revenue percentages mean that the sales volume is highly diversified, and this means that there is also no major dependency on a single customer in this regard. The loss of a top customer thus constitutes a risk with unchanged little impact.

The management does not expect any fundamental change in the concentration of revenues from individual customers in 2023. At the same time, the development of new customer groups and further market penetration will be actively promoted in order to counteract excessive concentration. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

8. RISKS FROM DEPENDENCIES ON SUPPLIERS

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

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

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

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

9. RISKS FROM LOST RECEIVABLES

Defaults on receivables constitute an additional operating risk which could restrict the group's liquidity. However, outstanding receivables are mostly hedged under a credit sale insurance policy, which minimises the probability of occurrence for this risk and the impact is to be regarded as being low. There were no notable receivables defaults in 2022. In the management's opinion, no significant change in risk is expected in 2023 compared with the previous year, which means that the probability of occurrence remains low.

10. EXCHANGE RATE RISKS

There are exchange rate risks as the STEICO Group mostly produced its goods in 2022 in Poland and thus in the Zloty (PLN) currency zone. As its products are sold internationally and thus invoiced in € (EUR) as well as in other currencies, for example sterling and US dollars, exchange rate fluctuations could thus have a negative impact on the STEICO Group. The STEICO Group observes and evaluates exchange rate fluctuations as part of its risk management system and performs exchange rate hedging on a regular basis with the aim of creating the most stable basis for calculations possible for the STEICO Group. STEICO observes and evaluates exchange rate fluctuations as part of its risk management system and performs exchange rate hedging on a regular basis with the aim of creating the most stable basis for calculations possible for the STEICO Group. The Polish zloty in particular is hedged to a high degree.

In 2022 the PLN/EUR exchange rate fluctuated to a greater

extent than in previous years due to the war in Ukraine. However, based on the stable data from the Polish economy¹³, management believes that the volatility in exchange rates will diminish over the medium term.

11. RISKS FROM INTEREST AND EXCHANGE RATE HEDGES

Steico Group uses derivative financial instruments to hedge currency risks. These include structured currency forwards in PLN, sterling and US dollars with, interest rate swaps with an exchange rate option and six interest rate swaps for the three-month and six-month EURIBOR and a fixed interest rate. In the case of structured forward exchange contracts (so-called "TARF"), the long call or short put side (from the company's point of view), the nominal amount (with leverage) and the term are determined by the fulfilment of various contract criteria on the individual fixing dates.¹⁴

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

In 2022 the war in Ukraine led to temporary periods of strong pressure to devalue the Polish Zloty. As a result there were losses from long-term exchange rate hedging in the amount of around € 11.8 million.

Based on historical market analysis of the development of the Polish zloty exchange rate, the managing directors consider the probability of occurrence of the risks described above to be low. Due to the higher maximum purchase volume compared to previous years, the impact of the risk in the event of occurrence is estimated to be higher. However, this is offset by significantly higher quantities demanded, which result from strong growth and also the strong capital expenditure in Poland. For this reason, the risks from hedging transactions are currently classified as medium overall.

12. RISKS DUE TO THE USE OF FINANCIAL INSTRUMENTS

As a rule, management uses derivative financial instruments in order to minimise exchange rate and interest rate risks. In addition, risks from using original financial instruments should be avoided.

The financial instruments which were in place on the balance

¹³ Source: <https://ec.europa.eu/eurostat/cache/countryfacts/>

¹⁴ Please refer to Section V, Point 1. "Derivative financial instruments and valuation units" in the notes

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sheet date mostly include, on the assets side, financial assets (interests in associated companies and loans to associated companies), receivables and other assets as well as cash and cash equivalents. The managing directors constantly monitor the risks from financial investments as part of the monthly reporting by the subsidiaries.

The risk of default for receivables and other assets is mostly taken into account using credit sale insurance, the dunning system and an analysis of the age structure and corresponding write-downs.

The financial instruments in place on the balance sheet date mostly include, on the equity and liabilities side, the short and long-term liabilities to banks. Interest rate swaps are used in order to limit the risks from changes to the interest rate for long-term liabilities.¹⁵

In the management's opinion, the probability of occurrence for the risks detailed above remains low in 2022.

13. RISKS FROM FINANCING REQUIREMENTS

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

STEICO SE concluded a new syndicated loan agreement for around EUR 210 million with a bank consortium in 2019, thus securing its borrowing requirements over the medium term. In the management's opinion, no significant change in risk is expected compared with the previous year, which means that the probability of occurrence remains low.

However, in connection with the syndicated loan agreement mentioned above, certain financial covenants have been agreed. If these are not upheld the lenders can, as a rule, terminate the agreement without notice. STEICO Group monitors the covenants on an ongoing basis as part of its risk management to ensure that they are observed and complied with. Due to the excellent net assets, financial position and results of operations, management assumes that it will be able to comply with the covenants and therefore sees only a low risk.

¹⁵ Please refer to the comments in Section D.II.11 "Risks from interest and exchange rate hedges".

14. DEPENDENCIES ON PERSONS IN KEY POSITIONS

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

The STEICO Group constantly intensifies its contacts with various institutions, e.g. training institutions, to recruit qualified personnel and is constantly working on programs to improve employee satisfaction. In the management's opinion, no significant change in risk is expected in 2023 compared with the previous year, which means that the probability of occurrence remains low.

15. RISKS FROM THE ORGANISATIONAL AND WORKFLOW STRUCTURE

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

In the management's opinion, no significant change in risk is expected in 2023 compared with the previous year, which means that the probability of occurrence remains low.

16. RISKS FROM LITIGATION

Potential litigation could also constitute a risk for the operating result. However, there were no ongoing cases in 2023 which could have a negative impact on the course of the STEICO Group's business or which could have a future negative impact. The probability of this risk occurring is

regarded as being low, and also the possible impact of the risk.

In the management's opinion, no significant change in risk is expected in 2023 compared with the previous year, which means that the probability of occurrence remains low.

17. RISKS FROM ACTS OF WAR AND THE IMPOSITION OF SANCTIONS

Acts of war can have a massive impact on access to sales markets or their economic power. In addition, the imposition of economic sanctions could make existing or future business relationships more difficult or impossible. What is more, production lines or the necessary infrastructure could be damaged or destroyed as a result of armed conflict. Acts of war also bring the danger of economic risks as well as price increases for or the non-availability of capital equipment.

If it is not possible to insure deliveries of goods in crisis-hit regions, and to the extent that deliveries are legally possible, STEICO makes deliveries exclusively against advance payment to minimise the risk of default. All of the STEICO Group's sites are located in NATO-Group countries, thus significantly reducing the risk of closure requirements or damage as a result of armed conflict.

In addition, as a result of the war between Russia and Ukraine, there is also the risk of further substantial increases to the costs of energy, namely if the embargo of Russian oil and gas deliveries, already discussed in the EU, should be put in place. This risk is already being countered on the procurement side via the high percentage of self-produced energy and also the longer-term supply agreements with local energy providers. On the sales side, higher energy prices could impact the construction economy on the key sales markets for the company and the group.

The potential impact of the risk, in particular the war between Russia and Ukraine, is currently regarded as being medium. The STEICO Group has a low level of sales on both markets via its Polish sales company; however there is no particular dependency in economic terms. In addition, to date, only a small amount of semi-finished products have been procured from these countries. The accompanying effects, such as higher energy prices, potentially higher prices for timber or negative effects on the economy, could, however, impact the STEICO Group's success.

In total, in the opinion of the company's management, STEICO will not be able to fully escape the impact of the war between Russia and Ukraine in 2023.

18. IT RISKS/CYBER RISKS

The reliability and security of the information technology used at STEICO is becoming increasingly important. At the same time, there is a global increase in cyber threats for information security. This is a generally known fact. This applies increasingly to the use of IT systems to support business processes as well as for supporting internal and external communication.

Despite all of the technical precautions, disruptions to these systems could lead to risks with regard to the confidentiality, availability and reliability of data required to operate the company, in particular in production, sales and administration. This could have a negative impact on our business processes and, as a result, on our net assets, financial position and results of operations. The risk of this type of attack and its potential impact on business is regarded as being higher on the whole.

On 1 March 2023, STEICO SE announced that the STEICO Group had been the victim of a cyber attack. As a result of the safety activities put in place prior to the attack, and also as a result of the countermeasures put in place in cooperation with cyber experts, it was possible to limit the impact on business operations. At present we cannot rule out that this attack could lead to fines or possible claims for compensation in view of the applicable data protection acts. As a result of the activities put in place, management believes that the cyber attacks will not impact the STEICO Group's economic growth.

III. OPPORTUNITIES OF FUTURE GROWTH

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

1. OPPORTUNITIES DUE TO GROWING DEMAND FOR NATURAL INSULATION MATERIALS

As the global market leader for environmentally friendly insulation materials made of wood fibres the STEICO Group is benefiting to a particularly great extent from the continued increase in demand for environmentally friendly insulation materials. The wide ranging physical advantages for construction such as protection from summer heat,

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vapour permeability and protection from damage from damp are being focused on by builders. In addition, throughout Europe, requirements for energy efficiency in buildings are constantly being heightened. The company's management believes that there is particular market potential in the increasing energy-related renovation of existing buildings. In addition, there is also government support for energy-efficient construction and renovation. Economies such as Germany and France have launched corresponding support programmes. At European level, too, comprehensive support programmes for greater energy efficiency in the building sector are being prepared with the Green Deal and the renovation wave. Management assumes that this will stimulate sales for years to come. The impact on revenues and returns due to rising demand can therefore be regarded as particularly high.

The managing directors assume that the market share of natural insulating materials has increased continuously in recent years.¹⁶ This trend is expected to continue in 2023, not least because of the ongoing climate debate. This makes it highly likely that demand will continue to grow.

2. OPPORTUNITIES DUE TO GROWING DEMAND FOR CONSTRUCTIVE BUILDING PRODUCTS

The Board of Directors expects an increase in timber construction activity throughout Europe.¹⁷ For Germany, for example, the regular publications of the Bundesverband Deutscher Fertigbau e.V. (Federal Association of German Prefabricated Construction) show a continuous increase in the timber construction quota.

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

STEICO has a unique position in the industry with its own

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

Demand for STEICO's construction materials remained mostly constant in 2022. Sales of I-joists are at the same level as in the previous year. The production lines for laminated veneer lumber were running at full capacity. For the future, the company's management believes that demand for STEICO construction products will continue to increase over the medium term.

3. OPPORTUNITIES DUE TO EXTENSIVE VERTICAL INTEGRATION

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

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

Sales of pre-fabricated elements enjoyed positive growth in 2022. Management expects further market penetration in 2023. However, the effects on revenues and returns are likely to still be minor.

4. OPPORTUNITIES DUE TO THE LAUNCH OF NEW PRODUCTS

As an innovative, high-growth company STEICO constantly further develops its product range. In addition to further developing its integrated construction and insulation system the focus is also on specialty and industrial products which can be produced using STEICO's production equipment. In the opinion of the company's management, this opens up

¹⁶ See Holzbau Deutschland: Management Report 2022

¹⁷ See Holzbau Deutschland: Management Report 2022

further areas of application, allowing the product range to be supplemented by additional, high-margin products. Depending on the respective product area, the positive effects on revenues and returns range from low to high.

In 2023, management plans to continue on its innovation course, which means that the probability of a further increase in revenues from innovations is high. The effects would weigh on sales and returns to a medium extent.

5. OPPORTUNITIES FROM FURTHER INTERNATIONALISATION

In addition to expanding the product range, internationalisation also offers opportunities for increasing revenues. In fiscal year 2022, the STEICO Group recorded around 60.7% of its revenues outside its home market of Germany. The positive effects of further internationalisation are considered to be high.

The management intends to further accelerate internationalisation in 2023, so that the probability of further sales increases is high. The positive effects would weigh on sales and returns to a medium extent.

6. OPPORTUNITIES FROM PROCESS OPTIMISATION AND INCREASES TO EFFICIENCY

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

The capital expenditure plan provides for further measures to optimize processes and increase efficiency in 2023. As a result, the effects would weigh on sales and returns to a medium extent.

Summary of the risk and opportunity situation

The assessment of the overall risk and opportunity situation is the result of the consolidated consideration of all of the group's significant risks and opportunities. The STEICO Group's overall risk and opportunity situation remains largely unchanged year-on-year, however the COVID-19-related risks are already significantly lower. The STEICO Group has set

up a risk management system to control the described and unforeseeable risks.

The managing directors of the STEICO SE do not believe that the continued existence of the company is at risk. As in the previous year, the current risks are considered to be manageable, but - similar to the opportunities - if they materialise, they may affect the underlying financial key performance indicators, which could consequently deviate from the forecast. The Group's financial position is stable; the liquidity requirement is currently covered by existing liquidity and available credit lines.

IV. FORECAST

According to the Euroconstruct press release of 21 November 2022, construction activity is expected to stagnate in the group's most important sales markets in 2023. Experts from the market research network have cut their previous forecast of 2.0% to 0.2% compared to the previous year. This is also in line with the spring economic forecast 2023 by the ifo Institute dated 15 March 2023 for Germany as the largest single market. At the same time, however, timber construction is particularly robust. According to the Bundesverband Deutscher Fertigbau e.V., timber pre-construction fared better in terms of planning permission granted than the overall market for one and two-family homes.

On this basis, and considering the positive growth in demand for STEICO's products during the past year and also based on an internal bottom-up analysis of sales expectations from the company's internal and field sales, management is taking a positive view of 2023 on the whole. Increased ecological awareness as well as national and European programmes that combine climate protection with economic promotion will lead to increased demand for ecological insulation materials and further reinforcement of the timber construction sector. Management continues to assume that the price rises for key input factors such as wood and energy have already peaked, or that these will peak in 2023. What is more, management believes that there will be a continued high order backlog at the companies which process STEICO's products and that higher energy prices will lead to increased sales potential for renovation work.

In the opinion of management, this assessment is not contradicted by the weaker development in the first quarter of 2023, which was already known at the time the consolidated financial statements were adopted.

The Management believes that traders for STEICO's products were very reserved in the first quarter, which is due to the

improved availability of wood-fibre insulation products. The Executive Board assumes that many traders have further reduced their stock levels and are only actually ordering goods when these are needed. Management believes that additional factors which had a negative impact on the first quarter include poor weather in many locations as well as the impact of the cyber attacks on the STEICO Group at the start of March 2023. However, the company's management believes that demand will increase significantly as construction activity picks up again in line with the seasons, in particular in the second half of the year.

The Executive Board is forecasting revenue for 2023 at the previous year's level of around € 445 million and an EBIT ratio of between 10% and 15% (to total operating revenue). This corresponds to EBIT of between € 46 million and € 70 million.

On the currency side, the operational planning for goods purchasing in the Polish plants in fiscal 2023 assumes an average PLN/EUR exchange rate of approx. 4.60-4.80 PLN/EUR.

Feldkirchen, 12 May 2023

The Managing Directors

Udo Schramek Uwe Klaus Lange Thorsten Leicht

Dr. David Meyer Tobias Schindler

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Consolidated income statement for fiscal year 2022

Consolidated financial statements STEICO SE, Feldkirchen

	2022	2021
	€	€
1. Revenues	445,154,963.89	388,178,597.02
2. Increase in finished goods and work in progress	21,506,539.86	7,088,353.43
3. Other own work capitalised	781,167.37	321,178.69
	467,442,671.12	395,588,129.14
4. Other operating income		
- thereof from currency translation: € 5,190 thousand (previous year: € 3,743 thousand)	17,681,246.42	9,092,317.34
	485,123,917.54	404,680,446.48
5. Cost of materials		
a) Cost of raw materials and supplies and for purchased goods	-282,317,864.37	-211,114,828.20
b) Cost of purchased services	-777,144.04	-595,459.97
6. Gross profits	202,028,909.13	192,970,158.31
7. Personnel expenses		
a) Wages and salaries	-52,944,528.34	-51,917,936.66
b) Social security and expenses for retirement benefits		
- of which for retirement benefits: € 1,104 thousand (previous year: € 541 thousand)	-11,839,343.01	-10,962,190.56
8. Amortisation of intangible fixed assets and depreciation of tangible fixed assets	-24,846,538.19	-23,698,542.61
9. Other operating expenses		
- thereof from currency translation: € 47,101 thousand (previous year: € 4.335 thousand)	-47,200,371.54	-38,783,820.16
10. EBIT	65,198,128.05	67,607,668.32
11. Other interest and similar income	466,952.24	518,018.33
12. Amortisation of financial assets and current securities	0.00	-8,748.87
13. Interest and similar expenses	-2,001,988.10	-1,450,920.48
14. Financial result	-1,535,035.86	-941,651.02
15. Earnings before taxes (EBT)	63,663,092.19	66,666,017.30
16. Income taxes	-12,913,479.00	-15,775,296.10
17. Earnings after taxes	50,749,613.19	50,890,721.20
18. Other taxes	-2,889,452.92	-2,728,361.41
19. Consolidated net income	47,860,160.27	48,162,359.79
20. Profit carried forward from previous year	128,699,550.25	86,170,576.46
21. Consolidated profits	176,559,710.52	134,332,936.25

Consolidated balance sheet as of 31 December 2022

Consolidated financial statements STEICO SE, Feldkirchen

ASSETS

	31 December 2022	31 December 2021
	€	€
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	4,819,776.02	4,000,656.22
2. Advance payments made	1,376,362.84	8,000.00
	6,196,138.86	4,008,656.22
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	105,915,941.04	86,454,680.03
2. Technical plant and machinery	155,050,734.23	129,050,118.86
3. Other assets, operating and office equipment	2,275,419.41	1,828,415.31
4. Advances made and assets under construction	97,300,198.25	85,564,064.16
	360,542,292.93	302,897,278.36
III. Financial assets		
1. Investments in affiliated companies	0.00	1,942.60
2. Loans to affiliated companies	17,518.37	17,838.11
3. Other loans	10,000.00	10,750.00
	27,518.37	30,530.71
	366,765,950.16	306,936,465.29
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials, consumables and supplies	32,843,681.12	25,150,293.05
2. Work in progress	3,335,038.78	1,992,215.51
3. Finished goods and merchandise	31,806,809.80	16,321,292.86
4. Advance payments made	316,207.61	875,751.85
	68,301,737.31	44,339,553.27
II. Receivables and other assets		
1. Trade receivables	30,740,613.84	31,525,743.58
2. Receivables from affiliated companies	3,007.25	835.12
3. Other assets	17,173,021.97	13,815,381.10
	47,916,643.06	45,341,959.80
III. Securities		
Other securities	131,323.74	265,551.91
IV. Cash in hand and bank balances	24,232,390.68	32,728,591.08
	140,582,094.79	122,675,656.06
C. PREPAID EXPENSES	729,439.54	591,512.63
D. DEFERRED TAX ASSETS	992,687.84	294,324.14
	509,070,172.33	430,497,958.12

Consolidated balance sheet as of 31 December 2022

Consolidated financial statements STEICO SE, Feldkirchen

EQUITY AND LIABILITIES

	31 December 2022	31 December 2021
	€	€
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	-30,442,788.83	-25,782,745.71
V. Consolidated profits	176,559,710.52	134,332,936.25
	272,162,310.29	234,595,579.14
B. PROVISIONS		
1. Provisions for pensions and similar obligations	2,880,129.84	3,377,578.16
2. Provisions for taxes	13,521,354.80	8,019,404.03
3. Other provisions	19,042,143.99	17,470,898.48
	35,443,628.63	28,867,880.67
C. LIABILITIES		
1. Liabilities to banks	142,402,611.98	121,219,964.96
2. Advance payments received on account of orders	737,911.67	847,342.99
3. Trade payables	37,854,015.98	26,241,075.67
4. Liabilities to affiliated companies	3,015,000.00	3,007,500.00
5. Other liabilities - of which from taxes: € 5,048 thousand (previous year: €4,784 thousand) of which as part of social security: € 2,916 thousand (previous year: € 3,539 thousand)	11,784,181.54	11,383,972.29
	195,793,721.17	162,699,855.91
D. DEFERRED INCOME	4,395,694.04	3,419,781.77
E. DEFERRED TAX LIABILITIES	1,274,818.20	914,860.63
	509,070,172.33	430,497,958.12

Consolidated cash flow statement for fiscal year 2022

Consolidated financial statements STEICO SE, Feldkirchen

	2022	2021
	€	€
I. CASH FLOW FROM OPERATING ACTIVITIES		
1. Earnings for the period (Consolidated net income/loss)	47,860,160.27	48,162,359.89
2. +/- Amortisation/depreciation of non-current assets	24,846,538.19	23,698,542.61
3. +/- Increase/decrease in provisions	649,111.21	6,010,651.31
4. +/- Other non-cash expense/income	-781,167.37	-321,178.69
5. +/- Increase/decrease in inventories, trade receivables and other assets that are not allocated to investing or financing activities	-26,540,566.04	-8,297,083.56
6. +/- Increase/decrease in trade payables and other liabilities that are not allocated to investing or financing activities	12,887,130.51	7,632,762.99
7. +/- Gains/losses from the disposal of non-current assets	10,669.92	89,110.71
8. +/- Interest expense/income	1,535,035.86	932,902.15
9. +/- Income tax expense/income	12,913,479.00	15,775,296.10
10. +/- Income tax payments	-7,749,934.36	-7,924,333.83
11. = Cash flow from operating activities	65,630,457.19	85,759,029.68
II. CASH FLOW FROM INVESTING ACTIVITIES		
1. - Payments made for investments in intangible non-current assets	-9,212,896.53	-6,607,623.05
2. + Proceeds received from disposals of items of property, plant and equipment	5,449,374.58	358,366.41
3. - Payments made for investments in property, plant and equipment	-84,661,212.94	-68,576,472.23
4. + Proceeds received from disposals of financial assets	8,455.35	0.00
5. - Payments made for investments in financial assets	-5,800.00	-7,124.43
6. + Interest received	466,952.24	518,018.33
7. = Cash flow from investing activities	-87,955,127.30	-74,314,834.97
III. CASH FLOW FROM FINANCING ACTIVITIES		
1. + Proceeds received from taking out (financial) loans	35,000,000.00	13,000,373.96
2. - Payments made from redeeming (financial) loans	-13,817,352.98	-9,214,330.00
3. - Interest paid	-1,577,302.12	-1,533,380.00
4. - Dividends paid to shareholders of the parent company	-5,633,386.00	-4,225,039.50
5. = Cash flow from financing activities	13,971,958.90	-1,972,375.54
IV. CASH AND CASH EQUIVALENTS		
1. Net change in cash and cash equivalents	-8,352,711.21	9,471,819.17
2. +/- Exchange-rate related change in cash and cash equivalents	-143,489.19	168,513.32
3. + Cash and cash equivalents - start of period	32,728,591.08	23,088,258.59
4. = Cash and cash equivalents - end of period	24,232,390.68	32,728,591.08

Consolidated statement of changes in shareholders' equity for fiscal year 2022

Consolidated financial statements STEICO SE, Feldkirchen

	Subscribed capital	Reserves		Difference in equity from currency translation	Consolidated profits	Consolidated equity
		Additional paid-in capital	Other retained earnings			
	€	€	€	€	€	€
On 1 January 2021	14,083,465.00	104,911,923.60	7,050,000.00	-23,946,507.38	90,395,615.86	192,494,497.08
Dividends paid					-4,225,039.50	-4,225,039.50
Currency translation				-1,836,238.33		-1,836,238.33
Consolidated net income					48,162,359.89	48,162,359.89
On 31 December 2021	14,083,465.00	104,911,923.60	7,050,000.00	-25,782,745.71	134,332,936.25	234,595,579.14
On 1 January 2022	14,083,465.00	104,911,923.60	7,050,000.00	-25,782,745.71	134,332,936.25	234,595,579.14
Dividends paid					-5,633,386.00	-5,633,386.00
Currency translation				-4,660,043.12		-4,660,043.12
Consolidated net income					47,860,160.27	47,860,160.27
On 31 December 2022	14,083,465.00	104,911,923.60	7,050,000.00	-30,442,788.83	176,559,710.52	272,162,310.29

I. GENERAL INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. LEGAL FOUNDATIONS

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

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

2. GROUP STRUCTURE AND GROUP OF CONSOLIDATED COMPANIES

STEICO SE is obliged to prepare consolidated financial statements. With regards to consolidation STEICO SE follows the provisions of Sections 290 ff of the HGB. The balance date for the consolidated financial statements is the balance date for the annual financial statements for the parent company (Section 299 (1) of the HGB). The annual financial statements for the companies included in the consolidated financial statements were also prepared as of the 31 December 2022 (Section 299 (2) of the HGB). The consolidated financial statements were prepared using the annual financial statements for the companies included in consolidation. Seven (previous year: seven) subsidiaries are fully consolidated in the consolidated financial statements. The consolidation of 7 (previous year: 7) other affiliated companies is waived due to their individual and overall minor importance.

3. CONSOLIDATED ACCOUNTING AND VALUATION METHODS

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

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

The following individual accounting and valuation methods were applied:

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements for fiscal year 2022

Consolidated financial statements STEICO SE, Feldkirchen

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 respectively at nominal value.

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

Deferred taxes on differences between the carrying amounts in the individual financial statements of the consolidated companies, taking into account consolidation adjustments where necessary, and the tax valuations of assets, liabilities and prepaid expenses and deferred income were formed and are expected to be reduced in the future. Deferred tax assets and liabilities are carried on the balance sheet and are not netted using the option set out in Section 274 (2) Sentence 3 of the HGB. In the case of German companies (STEICO SE), deferred taxes were calculated on the basis of the corporation tax rate of 15% (plus solidarity surcharge) and the trade tax rate of 11.55%. For foreign subsidiaries, the tax rate applicable in the respective country, which ranges from 15% to 33%, was used.

Provisions for pensions are calculated on the balance sheet date in line with Section 253 (2) of the HGB using the projected unit credit method based on an average market interest rate and an assumed residual period of 15 years. This is calculated and 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 and are carried in the amount required for fulfilment according to prudent commercial judgement. The amount required for fulfilment 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.

Valuation units are formed if the legal requirements of § 254 are met. The so-called freezing method is used to show the effective parts of the valuation units in the balance sheet. The effectiveness of the hedging relationships is determined prospectively on each balance sheet date using the critical terms match method.

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

4. CURRENCY TRANSLATION

Receivables and liabilities denominated in foreign currencies are translated using an exchange rate close to the actual date (prior-day rate) or the exchange rate on the date of the transaction. According to Section 256a of the HGB, assets and liabilities denominated in foreign currencies with a residual period of a maximum than one year are subsequently valued on the balance sheet date using the average spot exchange rate on the balance sheet date, and otherwise valued on a pro rata basis taking into account the acquisition costs or highest cost principle.

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

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

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

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

The exchange rates for PLN/€ are:

Closing rate on 31 December 2022:	4.6808
Average rate 2022:	4.6868

The exchange rates for GBP/€ are:

Closing rate on 31 December 2022:	0.88693
Average rate in 2022:	0.85482

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

The capital of STEICO Sp. z o.o., SW Solar Czarna Woda Sp. z o.o., STEICO CEE Sp. z o.o., STEICO France SAS and STEICO UK Ltd. was consolidated according to Section 301 (1) No. 1 of the HGB (in the version applicable until 28 May 2009) according to the so-called book-value method. The capital of STEICO Casteljaloux SAS and STEICO JOIST Sp. z o.o was consolidated according to Section 301 (1) sentence 2 of the HGB according to the so-called revaluation method.

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

For the consolidation of intercompany balances the receivables and liabilities between the group companies were netted. Any exchange rate differences occurring during the consolidation of debt were taken directly to equity not affecting income.

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

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

8. CONSOLIDATION OF INCOME AND EXPENSE

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

II. INFORMATION ON THE CONSOLIDATED BALANCE SHEET

1. NON-CURRENT ASSETS

The changes in non-current assets in fiscal year 2022 can be seen in the statement of changes in non-current assets below (Section 313 (4) of the HGB in connection with Section 284 (3) of the HGB).

Statement of changes in non-current assets

		Acquisition and historical cost					
		Balance as of 1 January 2022	Additions 2022	Disposals 2022	Reclassifications 2022	Exchange rate diff, 2022	Balance as of 31 December 2022
		€	€	€	€	€	€
I. INTANGIBLE ASSETS							
1.	Internally generated industrial property rights	-9,649.12	0.00	0.00	0.00	-21,199.38	-30,848.50
2.	Acquired concessions, industrial property rights and similar rights and assets as well as licenses for such rights and assets.	20,451,519.92	7,836,533.69	5,216,142.41	45,510.66	-272,281.23	22,845,140.63
3.	Advance payments made	8,000.00	1,376,362.84	0.00	-8,000.00	0.00	1,376,362.84
	Total intangible assets	20,449,870.80	9,212,896.53	5,216,142.41	37,510.66	-293,480.61	24,190,654.97
II. PROPERTY, PLANT AND EQUIPMENT							
1.	Land rights and buildings including buildings on third-party land	115,923,190.38	4,587,504.81	60,855.22	20,544,075.52	-1,715,215.78	139,278,699.71
2.	Technical plant and machinery	267,259,706.38	10,031.92	598,395.65	46,188,120.24	-4,319,373.32	308,540,089.57
3.	Other assets, operating and office equipment	7,539,909.57	997,075.21	179,904.03	269,458.03	-95,437.97	8,531,100.81
4.	Advances made and assets under construction	85,564,064.17	79,850,800.29	17,908.75	-67,039,164.45	-1,057,593.00	97,300,198.26
	Total property, plant and equipment	476,286,870.50	85,445,412.23	857,063.65	-37,510.66	-7,187,620.07	553,650,088.35
III. FINANCIAL ASSETS							
1.	Investments in affiliated companies	1,942.60	0.00	0.00	-1,914.86	-27.74	0.00
2.	Loans to affiliated companies	17,838.11	0.00	0.00	-65.00	-254.74	17,518.37
3.	Participating interests	498,044.90	0.00	1,905.35	1,936.15	-8,695.24	489,380.46
4.	Loans to companies in which a participating interest is held	21,769.01	0.00	0.00	43.71	-433.90	21,378.82
5.	Other loans	10,750.00	5,800.00	6,550.00	0.00	0.00	10,000.00
	Total financial assets	550,344.62	5,800.00	8,455.35	0.00	-9,411.62	538,277.65
	Total non-current assets	497,287,085.92	94,664,108.76	6,081,661.41	0.00	-7,490,512.30	578,379,020.97

Accumulated amortization/depreciation					Carrying amounts	
Balance as of 1 January 2022	Additions 2022	Disposals 2022	Exchange rate diff, 2022	Balance as of 1 January 2022	Carrying amount 31 December 2022	Carrying amount 31 December 2022
€	€	€	€	€	€	€
-9,649.14	0.00	0.00	-21,199.36	-30,848.50	0.00	0.02
16,450,863.72	1,782,262.24	0.00	-207,761.35	18,025,364.61	4,819,776.02	4,000,656.20
0.00	0.00	0.00	0.00	0.00	1,376,362.84	8,000.00
16,441,214.58	1,782,262.24	0.00	-228,960.71	17,994,516.11	6,196,138.86	4,008,656.22
29,468,510.35	4,384,158.41	33,120.10	-456,789.99	33,362,758.67	105,915,941.04	86,454,680.03
138,209,587.52	17,890,069.67	403,282.74	-2,207,019.11	153,489,355.34	155,050,734.23	129,050,118.86
5,711,494.26	790,047.87	173,726.80	-72,133.93	6,255,681.40	2,275,419.41	1,828,415.31
0.01	0.00	0.00	0.00	0.01	97,300,198.25	85,564,064.16
173,389,592.14	23,064,275.95	610,129.64	-2,735,943.03	193,107,795.42	360,542,292.93	302,897,278.36
0.00	0.00	0.00	0.00	0.00	0.00	1,942.60
0.00	0.00	0.00	0.00	0.00	17,518.37	17,838.11
498,044.90	0.00	0.00	-8,664.44	489,380.46	0.00	0.00
21,769.01	0.00	0.00	-390.19	21,378.82	0.00	0.00
0.00	0.00	0.00	0.00	0.00	10,000.00	10,750.00
519,813.91	0.00	0.00	-9,054.63	510,759.28	27,518.37	30,530.71
190,350,620.63	24,846,538.19	610,129.64	-2,973,958.37	211,613,070.81	366,765,950.16	306,936,465.29

2. FINANCIAL ASSETS

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

3. CURRENT ASSETS

Inventories

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

Receivables and other assets

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

Other assets in the amount of € 17,173 thousand (previous year: € 13,815 thousand) includes VAT receivables in the amount of € 16,121 thousand (previous year: € 13,046 thousand), receivables from tax refunds in the amount of € 403 thousand (previous year: € 238 thousand), receivables from employees in the amount of € 409 thousand (previous year: € 322 thousand) and other assets in the amount of € 240 thousand (previous year: € 209 thousand).

4. PREPAID EXPENSES

Prepaid expenses include a difference according to Section 250 (3) of the HGB in the amount of € 210 thousand (previous year: € 330 thousand).

5. DEFERRED TAXES

On the balance sheet, deferred tax assets of € 993 thousand (previous year: € 294 thousand) were disclosed. In addition, there were deferred tax liabilities of € 1,275 thousand (previous year: € 915 thousand). These resulted from temporary differences to the tax base for the consolidated individual companies and are reflected in the following items on the balance sheet:

Balance sheet items in € thousand	Deferred tax assets	Deferred tax liabilities
Land	0	605
Buildings	0	262
Technical plant and machinery	0	0
Inventories	89	0
Trade receivables	4	0
Provisions for pensions	297	0
Other provisions	570	407
Other liabilities	33	0
Trade payables	0	1

Balance sheet items in € thousand	Deferred tax assets	Deferred tax liabilities
Total	993	1,275

6. EQUITY

STEICO SE's share capital on 31 December 2022 totalled € 14,083,465. It comprises 14,083,465 no-par value bearer shares, each with an interest of € 1 in the share capital.

The Annual General Meeting held on 21 June 2018 resolved to cancel Authorised Capital 2015/1/I in the amount of €5,121 thousand and to create new Authorised Capital 2018/I in the amount of €7,042 thousand.

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

The Authorised Capital 2018/I amounted to an unchanged € 7,042 thousand on 31 December 2022.

The other revenue reserves consist of the addition as at 31 December 2010 in the amount of TEUR 3,550 and as at 31 December 2011 in the amount of TEUR 3,500.

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

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

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

Difference in equity from currency translation

The difference in equity from currency translation in the amount of € -30,443 thousand (previous year: € -25,783 thousand) mostly comprises the currency translation effects from the subsequent consolidation of the Polish subsidiaries and the UK subsidiary financial according to the modified closing price method as well as netting differences from the consolidation of intercompany balances.

7. PROVISIONS

Provisions for pensions

The projected unit credit method was used for the actuarial determination of the amount of the liability. The interest rate, which is based on the corresponding average market interest rates from the past ten years with a flat-rate assumed

remaining term of 15 years, was 2.3%. For the subsidiaries with such pension obligations, the salary trend was set at 2.0% and 2.5% p.a. respectively. Furthermore, the mortality tables customary in the country were used as a basis.

Provisions for taxes

Provisions for taxes were formed in the amount of the anticipated tax payments and relate to income taxes for 2022.

Other provisions

Other provisions in the amount of € 19,042 thousand (previous year: € 17,471 thousand) includes a provision for anniversary payments in the amount of € 325 thousand (previous year: € 255 thousand), provisions for bonus payments to customers in the amount of € 9,445 thousand (previous year: € 7,515 thousand), provisions for vacation entitlements in the amount of € 1,336 thousand (previous year: € 1,133 thousand), provisions for outstanding invoices in the amount of € 975 thousand (previous year: € 1,591 thousand) and the provision for preparation of the financial statements in the amount of € 161 thousand (previous year: € 94 thousand).

8. LIABILITIES

In € thousand (previous year)	Total 31.12.2022 (previous year)	Thereof with a remaining term of		
		of up to 1 year	more than 1 up to 5 years	more than 5 years
Liabilities to banks	142,403	460	141,943	0
(previous year)	(121,220)	(817)	(120,288)	(114)
Advance payments received from orders	738	738	0	0
(previous year)	(847)	(847)	(0)	(0)
Trade payables	37,854	37,854	0	0
(previous year)	(26,241)	(26,241)	(0)	(0)
Liabilities to affiliated companies	3,015	3,015	(0)	(0)
(previous year)	(3,008)	(3,008)	0	0
Other liabilities	11,784	11,608	176	0
(previous year)	(11,384)	(11,245)	(139)	(0)
Total	195,794	53,675	142,119	0
(previous year)	(162,700)	(42,158)	(120,427)	(114)

The other short and medium term liabilities to banks in the amount of € 142.4 million are uncollateralised as part of the syndicated credit agreement amended in September 2016 and newly drawn up in October 2019 as well as bilateral loan, with both STEICO SE as well as the Polish production companies STEICO Sp. z o.o. and STEICO JOIST Sp. z o.o. as well as the French production company STEICO Casteljalous SAS being included as borrowers and guarantors. A short-

term liability in the amount of € 0.4 million and a short-, middle and long-term liability in the amount of € 1.9 million are collateralised via a land charge for UniCredit Bank AG entered in the land register. There is a further medium-term liability in the amount of € 5 million from a bilateral unsecured loan.

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

III. INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

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

1. REVENUES

Revenues are broken down as follows:

Revenues by geographic markets

In € thousand	2022
Germany	174,814
Other EU countries	168,421
Rest of world	101,920
Total	445,155

Revenues by areas of activity

In € thousand	2022
Wood-fibre insulation materials	288,489
Construction products (joists)	65,112
Special products	17,570
Timber wholesale	2,981
Fibreboards	3,935
Construction products (laminated veneer lumber)	45,650
Element production	2,823
Miscellaneous	18,595
Total	445,155

2. OTHER OWN WORK CAPITALISED

Other own work capitalised in 2022 amounted to € 781 thousand (previous year: € 321 thousand). This disclosure mostly relates to intercompany performance in connection with the creation of machinery and equipment.

3. OTHER OPERATING INCOME

In € thousand	2022
Income from currency translation	5,910
Income from the sale of CO emission rights	9,432
Income from insurance refunds	72
Offsetting non-cash payments	347
Others	1,825
Total	17,586

4. OTHER OPERATING EXPENSES

In € thousand	2022
Write-downs of receivables	50
Building costs, rent, cleaning	1,700
Insurance, contributions, fees	4,794
Repairs and maintenance	8,212
Vehicle costs	4,691
Sales costs, advertising and travel expenses	4,188
Commission expenses	403
Operating costs	3,296
Administrative costs, IT	3,464
Telecommunication	150
Legal and consulting costs, court costs	1,244
Costs of preparing the annual financial statements	288
Exchange rate differences and incidental costs of money transactions	7,512
Others	7,208
Total	47,200

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

5. INTEREST RESULT

Interest expenses include expenses from discounting provisions in the amount of € 37 thousand (previous year € 40 thousand).

6. TAXES

Income taxes total € 12,913 thousand (previous year: € 15,775 thousand). This includes effective tax expenses of € 15,671 thousand (previous year: € 15,671 thousand), deferred tax liabilities of € 698 thousand (previous year: € 150 thousand) and deferred tax assets of € 360 thousand (previous year: € 46 thousand).

Other taxes in the amount of € 2,889 thousand (previous year: € 2,728 thousand) mostly relate to property taxes in Poland and non-income related taxes in France.

IV. INFORMATION ON THE CONSOLIDATED CASH FLOW STATEMENT

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

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

Cash and cash equivalents corresponds to the balance sheet item "Cash in hand and bank balances". There are no restrictions on disposal. There are no major non-cash investments or financing or business transactions.

V. OTHER DISCLOSURES

1. AUDITOR'S FEE

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

- a. Auditing services: € 125 thousand
- b. Other consulting services: € 114 thousand

2. TRANSACTIONS NOT INCLUDED ON THE BALANCE SHEET AND OTHER FINANCIAL OBLIGATIONS

The following constitute this type of obligation:

In € thousand	2023 ff
Obligation from usufructuary rights (overall obligation of remaining term)	1,648
Obligations from rental agreements	619
Obligations from leasing	760
Obligations from contractually ordered capital expenditure	59,104
Total	62,131

Liabilities in foreign currencies were translated at the average rate of exchange on the balance sheet date (PLN/€ 4.6808 GBP/€ 0.88693).

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

Obligations from leasing mostly relate to the group company's operating fleet. Leasing agreements are used to secure liquidity and to generate competitive advantages

thanks to longer payment targets. There are disadvantages from leasing agreements from the higher total costs, as the leasing payments are higher in total than the costs of purchasing the leased item via a loan.

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

3. DERIVATIVE FINANCIAL INSTRUMENTS AND VALUATION UNITS

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

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

As at the balance sheet date, there were such structured forward exchange transactions in PLN and sterling with a nominal volume of up to PLN 6,412 million and up to GBP 7.4 million (closing rates: €/PLN 4.6808, €/GBP 0.840280.88693). Of the existing 116 transactions, 98 transactions have a negative present value of € 38.45 million. The remaining 18 transactions have a positive present value of € 4.65 million.

In addition there were four interest-rate swaps at three and six-month EURIBOR and at a fixed interest rate for an amount of € 15 million, € 14 million, € 10 million and € 2.3 million. Three transactions have a positive present value of € 2.35 million, one transaction has a negative present value of € 121 thousand. The present values correspond to the market values determined indicatively by the various counterparty banks on the basis of internal valuation models, which were communicated to the STEICO SE in the context of valuation reports as of the balance sheet date.

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

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

On the balance sheet date 112 (structured) currency forwards with a negative present value of € 33.81 million and a nominal volume of up to PLN 6.261 million were included in the valuation units. The highly probable transactions are the future purchase of goods and personnel expenses for the Polish subsidiaries STEICO Sp. z o.o. and STEICO JOIST Sp. z o.o., which will take place between 1/23 and 05/25 and which will compensate for each other with regard to exchange rate effects with hedge transactions with congruent terms and volumes.

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

In addition, micro-valuation units are formed between three interest rate swaps (positive fair value: € 1.4 million) and liabilities to hedge the risk of changes to the interest rate (Euribor) for three bullet investment loans. These relate to quarterly interest payments through to 1 October 2026, 4 November 2026 and 31 March 2028 for a base amount of one times € 2.3 million, one times € 10 million and one time € 15 million.

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

The four structured forward exchange transactions not included in valuation units, and an interest rate swap have positive fair values totalling € 890 thousand and are shown in the financial statements on a pro-rata basis.

4. AMOUNTS TO BE ASSIGNED TO A DIFFERENT FISCAL YEAR

According to Section 314 No. 24 of the HGB, income in the amount of € 711 thousand from the reversal of provisions and in the amount of € 77 thousand from the disposal of property, plant and equipment is to be allocated to a different fiscal year.

Proposal for the appropriation of the parent company's earnings:

The Board of Directors proposes that STEICO SE's net profits for the past fiscal year in the amount of € 113,983,798.33 be used to disburse a dividend of € 0.40 per dividend-entitled share. This corresponds to an amount of € 5,633,386.00, with the remaining amount of € 108,350,412.33 being carried forward to new account.

5. BOARD OF DIRECTORS

STEICO's Board of Directors comprises four 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

According to the company's articles of association, in 2022 a total of € 90 thousand was paid to the members of the Board of Directors.

6. 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, Managing Director for Processes and Quality Management, Production, 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 through to 31 March 2023

Mr. Tobias Schindler, Sistrans (Austria), Managing Director for Sales.

The directors received remuneration of € 9,149 thousand for their activities in 2022.

7. EMPLOYEES

The Group had an average of 2,020 employees in fiscal year 2022.

These are broken down as follows:

Field of activity	Number of employees
Production	1,361
Sales	109
Administration	497
Assistants, temporary staff	53
Total	2,020

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

The parent company's company name and registered office:

STEICO SE
Otto-Lilienthal-Ring 30
85622 Feldkirchen

The following subsidiaries are included in the consolidated financial statements (unchanged compared to the previous year):

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

The information is based on the last fiscal year 2022 and on 31 December 2022.

Furthermore, shares in the following affiliated companies not included in the consolidated financial statements are recognised (unchanged from the previous year):

Company	Registered office	Interest	Equity	2022 Result
STEICO Windpark Sp. z o.o.	Czarnków, Poland	61%	€ 647 thousand	€ -2 thousand
SW Szydłowo Sp. z o.o.	Czarnków, Poland	100%	€ -6 thousand	€ -2 thousand
SW Huta I Sp. z o.o.	Czarnków, Poland	100%	€ -3 thousand	€ -2 thousand
SW Huta II Sp. z o.o.	Czarnków, Poland	100%	€ -3 thousand	€ -2 thousand
SW Lubasz I Sp. z o.o.	Czarnków, Poland	100%	€ -1 thousand	€ -2 thousand
SW Lubasz II Sp. z o.o.	Czarnków, Poland	100%	€ -3 thousand	€ -2 thousand
STEICO-ENERGIA Sp. z o.o.	Czarnków, Poland	100%	€ -6 thousand	€ -3 thousand

The affiliated companies are not fully consolidated due to the minor importance of the individual companies and the companies together according to Section 296 (2) of the HGB.

No equity accounting has been performed due to the minor importance according to Section 311 (2) of the HGB.

Feldkirchen, 12 May 2023

The Managing Directors

Udo Schramek Uwe Klaus Lange Thorsten Leicht

Dr. David Meyer Tobias Schindler

Independent auditor's opinion

INDEPENDENT AUDITOR'S OPINION

To STEICO SE, Feldkirchen

Audit opinions

We have audited the consolidated financial statements of STEICO SE, Feldkirchen, and its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2022, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January to 31 December 2022, and the notes to the consolidated financial statements, including a description of the accounting policies used. In addition, we have also audited the management report for STEICO SE, Feldkirchen, for the fiscal year from 1 January to 31 December 2022.

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

- these accompanying financial statements comply in all material respects with German commercial law and provide a true and fair view of the net assets and financial position of the Group as of 31 December 2022 and of its results of operations for the fiscal year from 1 January to 31 December 2022 in accordance with German principles of proper accounting and
- the management report accurately presents the Company's position as a whole. In all material respects, this management report is consistent with the financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

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

Basis for the audit opinions

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

opinion that the audit evidence we have obtained provides a sufficient and reasonable basis for our audit opinions on the financial statements and the management report.

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

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

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

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

The Board of Directors is responsible for monitoring the Company's accounting process to prepare the financial statements and the management report.

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

We aim to obtain sufficient certainty as to whether the

Independent auditor's opinion

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

Sufficient certainty is a high degree of certainty, but does not guarantee that the audit, conducted in accordance with Section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) always uncovers any material misstatements. Misstatements can result from fraudulent acts or errors and are regarded as material if it could reasonably be expected that they will individually or collectively influence the economic decisions of users made on the basis of these financial statements and the management report.

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

- we identify and evaluate the risks of material misstatement, whether intentional or not, of the financial statements and the management report, plan and perform audit procedures in response to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements resulting from fraudulent activities are not discovered is higher than the risk that material misstatements resulting from errors are not discovered, as fraudulent activities can include a collusion of falsifications, intended incompleteness, misleading presentations or overriding internal controls.
- we gain an understanding of the internal control system relevant to the audit of the financial statements and the precautions and measures relevant to the audit of the management report to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- we assess the appropriateness of the accounting policies adopted by the executive directors and the reasonableness of the estimates and related disclosures presented by the executive directors.
- we draw conclusions as to the appropriateness of the accounting policies adopted by the executive directors

for the continuing operations of the company and, on the basis of the audit evidence obtained, whether there is significant uncertainty about events or circumstances that could give rise to material doubts about the company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to point out, in our auditor's opinion, the respective information in the financial statements and the management report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Company no longer being able to continue its business activities.

- we assess the presentation, structure and content of the financial statements, including information on whether the financial statements present the transactions and events so that the financial statements provide a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- we assess the consistency of the management report with the financial statements, its legal pronouncements and the presentation of the Company's situation that it offers.
- we perform audit procedures on the forward-looking statements in the management report as presented by the executive directors. On the basis of sufficient and suitable audit evidence, we particularly verify the significant assumptions on which the forward-looking statements of the executive directors are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

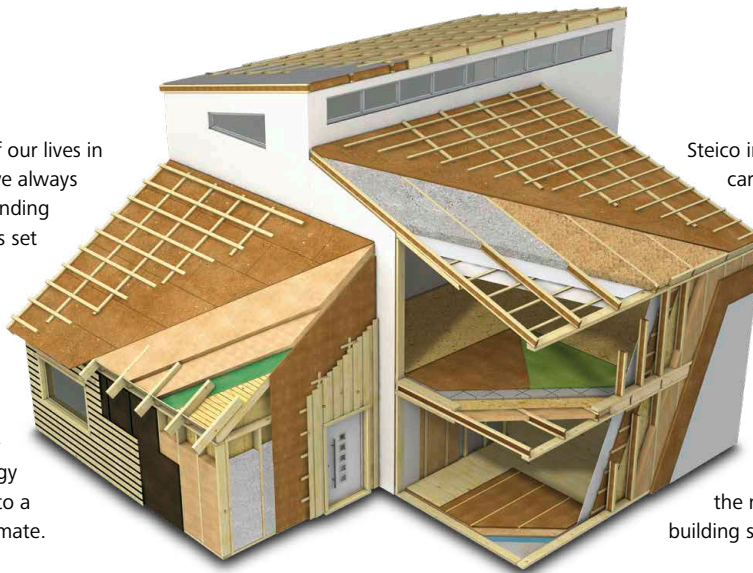
Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit and significant findings of the audit, including any deficiencies in the internal control system that we identify during our audit.

Feldkirchen, 12 May 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Thomas Reitmayr)	(Philipp Kaschdan)
Auditor	Auditor

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



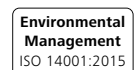
Insulation for healthy living



Strong quality control



Compatible insulation and structural building systems



STEICO
engineered by nature

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