MORE FROM WOOD.

EGGER

EGGER Holzwerkstoffe GmbH
Consolidated Financial Statements as of April 30, 2023

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Egger Holzwerkstoffe GmbH
St. Johann in Tirol

Consolidated Financial Statements
as of April 30, 2023
(Translation)

We draw attention to the fact that the English translation of these consolidated financial statements, this management report for the Group and this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Contents

Egger Holzwerkstoffe GmbH
(Consolidated Financial Statements)

The consolidated financial statements are prepared in TEUR / EUR million (rounded).

The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

Our Vision

We produce in Europe and America and market our products worldwide.
We have always built long-term and cooperative relationships with our customers and suppliers. Together we optimise the use of the valuable resource wood and create added value for all parties involved. To achieve this, we use the latest technology, continuously optimise our processes and automate and digitalise the workflows in our production and supply chain.

“We are the leading brand for wood-based solutions.“

Our Mission

For us, the needs of our customers are the focus. Through constant customer proximity and open communication, we ensure a holistic view of the customer. In doing so, we rely on networked processes and digital channels.
Together with our customers we are constantly developing and offering them innovative and complete product and service solutions around the natural material wood.
Our quality standard includes the entire value chain from order creation to delivery to the customer. This promise is the basis of all our customer relationships.

“Creating more from wood.“

Our Drive

St. Johann in Tirol, Austria, in 1961:
Fritz Egger Sr. is successfully running the Egger family's St. Johann operations, consisting of the Brunnhof farm and a sawmill.
He decides to recycle the wood scraps that accumulate in the sawmill instead of simply throwing them away. He turns the seemingly worthless by-product into something new – in the first chipboard plant under the name EGGER.

"Passion for a unique resource."

Our Values

Our values stand for our actions. Progress, respect and quality are our constant companions. They shape everything we do along the entire value chain. Our customers, suppliers and employees know what they can expect from us.
Continuous further development to ensure progress is a matter of course for us. We set ourselves new goals and create perspectives for ourselves and our partners. We treat each other with respect and show each other trust, personal appreciation and openness.
We are committed to each other and to great results, and we go to work with enthusiasm. Our claim is to offer consistently high quality in all areas.

"Quality, respect and progress guide our actions."

Our Team

More than around 11,200 colleagues worldwide have a lot in common. We create more from wood and drive innovation. Together we motivate, encourage and strengthen each other. We contribute our talents and experience and treat each other with respect. Together we have grown steadily, but we have not forgotten our roots – nor our core values as a family company. It is this strong foundation that allows us to be so successful.

"Creating more from wood needs an excellent team. We stand by our employees. They make us successful."

Our Responsibility

As one of the leading wood-based material manufacturers, we are aware of our responsibility towards the environment and society: Foresighted action geared to future generations has always been our practice.
We meet this challenge and transparently disclose who we are, what we do and how we act.

"We act with future generations in mind and assume ecological, economic and social responsibility."

Introduction by Group Management

Dear Ladies and Gentlemen,

Generally speaking, we can look back on a very volatile 2022/23 financial year. The past 12 months brought a wide range of challenges that included exploding interest rates, high inflation, a decline in new residential construction, highly instable raw material and energy markets, the ongoing crisis in Ukraine, and economic and political turbulence in Argentina. In addition, our most important raw material – timber – has come under increasing pressure due to the massive increase in demand for various material und thermal applications.

In spite of these many uncertainties and challenges, we can report numerous successes during the past financial year. There were no production outages despite the many supply chain problems with raw materials and equipment components, and capacity utilization at our primary plants was generally good. We also continued our internationalization strategy with the takeover and rapid integration of our 21st production location in Caorso (IT). This growth milestone was accompanied by extensive investments at our existing plants to support the circular economy, renewable energy and optimized logistics as well as in additional processing capacity.

“This positive development in a particularly challenging environment was made possible by our workforce, which has now grown to roughly **11.000 employees.“**

The current status of activities to meet our goals for economic, ecological and social sustainability are published parallel to this annual financial report in our Sustainability Report (non-financial statement). It is available on our website under: **www.egger.com/sustainability**.

In view of the above-mentioned factors, we are proud that our combined efforts produced another successful financial year. **Revenues** rose by 5.1% from EUR 4,234.3 million in the previous year to EUR **4,449.7 million** in 2022/23 despite a decline in sales volumes.

Margins stabilized at a sustainable, long-term trend after the atypical corona years. This led to a 31.3% decline in **EBITDA** to EUR **602.5 million**.

The **EBITDA margin** equaled **13.5%** and was substantially lower than the previous year (20.7%), which was positively influenced by the corona cocooning effect, but reflects a stable, long-term level. Our equity ratio remains high at 45.9%.

The above-mentioned effects had a different impact on our various **divisions** during the past financial year. Revenues were generally higher, but earnings declined:

The **Decorative Products Segment** for furniture and interior design with its four regional divisions (West, Central, East and Americas) recorded unconsolidated revenues of EUR 3,783.4 million in 2022/23 (+8.9% versus 2021/22). The increase was based primarily on price adjustments made necessary by the rising pressure on costs.

The **Flooring Products Division** reported a slight 0.8% year-on-year increase in unconsolidated revenues to EUR 511.1 million. It was also based primarily on price adjustments made necessary by the rising cost pressure.

In our **Building Products Division**, revenues before consolidation fell by 18.7% to EUR 434.8 million. This decline resulted, above all, from our sawmill in Brilon (DE) where sawn timber experienced an exceptional boom during the corona years but has since been faced with a substantially weaker market.

EBITDA in the **Decorative Products Division** totaled EUR 551.0 million and was 16.2% lower than the unusually strong previous year. This reduction reflects the market development for our main product, laminated chipboard. Margins have stabilized at a sustainable, long-term level.

The **Flooring Products Division** generated EBITDA of EUR 18.3 million, for a year-on-year decline of 63.0%. Price adjustments to offset higher raw material costs were more difficult to implement in this product area, above all in the DIY business. This product area is also negatively influenced by sanctions related to the Russia-Ukraine conflict and is extremely difficult at the present time.

The **Building Products Division** recorded EBITDA of EUR 33.2 million and fell 80.6% below the previous year. This sharp drop was based on two effects: On the one hand, sales volumes of building materials were negatively influenced by the decline in new construction which, in turn, resulted in a significantly lower price level. On the other hand, the positive effects of the unusual market environment during the corona pandemic, especially in North America, were absent during 2022/23.

The **macroeconomic outlook** remains highly uncertain due to the crisis in Ukraine and the related sanctions against Russia, strong fluctuations on raw materials markets, unreliable and volatile energy supplies, the high level of inflation in many markets, and current geopolitical crises. In view of the constant high inflation rates and the continuing high volatility in raw material and energy costs, we expect a slight decline in revenues.

The **demand** for our products has been influenced by the rising cost of living and a more difficult construction environment with higher equity requirements by banks and a related decline in building permits. This weak market climate will have an impact on margins in the wood materials industry. The volatile and unpredictable operating conditions have also **weakened our earnings expectations.**

From an organizational standpoint, we will merge our previous Flooring Products and Building Products Divisions beginning with the 2023/24 financial year to bundle the production and marketing of all building products.

We will continue to pursue our investment and growth strategy during the coming financial year. In addition to the expansion of logistics and processing at our existing plants, we are placing high priority on sustainable investments to reduce CO_2 emissions and to increase the post-consumer recycling of the wood components in our products.

St. Johann in Tirol, July 13, 2023

Thomas Leissing	Frank Bölling	Michael Egger jun.	Hannes Mitterweissacher
Chief Financial Officer (CFO) and Speaker of the Group Management	Chief Supply Chain Officer (CSCO)	Chief Sales Officer (CSO)	Chief Technology Officer (CTO)

Group Management

Brief portrait of Group management

In 1961 Fritz Egger sen. founded a chipboard plant in St. Johann in Tirol that formed the basis for the family-owned EGGER Group. Today the Group is owned by private foundations established by the Egger family. Fritz Egger is involved in the definition of strategic guidelines as chairman of the Supervisory Board. The business operations of our family company are directed by the EGGER Group Management with Thomas Leissing, Frank Bölling, Michael Egger jun. and Hannes Mitterweissacher.

Thomas Leissing

Chief Financial Officer (CFO) and Speaker of the Group Management

Thomas Leissing has been a member of our Group Management since 2005. He is responsible for finance, human resources, IT and communications and, since 2009, has also served as the spokesman for Group Management. Prior to joining EGGER, he worked in corporate finance for a publicly traded international industrial corporation.

Frank Bölling

Chief Supply Chain Officer (CSCO)

Frank Bölling has been a member of Group Management since May 2022 and is responsible for logistics. He joined the EGGER Group in 2019 and last served as the head of logistics for the EGGER Decorative Products East Division. His previous career includes leading positions in logistics and supply chain management with various industrial companies.

Michael Egger jun.

Chief Sales Officer (CSO)

Michael Egger jun. was appointed to Group Management on July 27, 2022 where he is responsible for sales and marketing. Prior to this appointment, he served as the head of sales and marketing in the EGGER Decorative Products Central Division following positions in product management and as plant sales manager in Brilon. Mr. Egger also gained external experience with a well-known international fittings producer.

Hannes Mitterweissacher

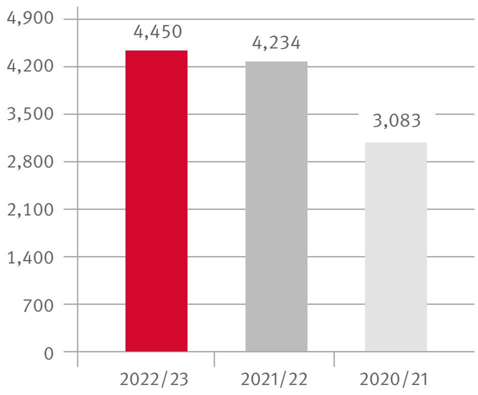
Chief Technology Officer (CTO)

Hannes Mitterweissacher has been responsible for technology and production as a member of Group Management since May 2022. He has been with EGGER since 1992 and held various positions in engineering and production during that time, most recently as the head of technology / production for the EGGER Decorative Products Central Division.

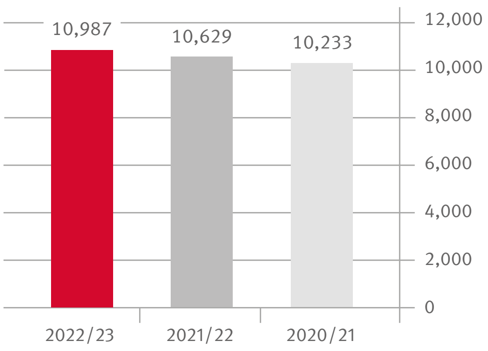
Overview of Key Data

Key data on the EGGER Group at a glance.

Revenues (EUR million)



Number of employees (average)



Earnings Indicators		2022/23	2021/22	2020/21
Revenues	EUR mill.	4,449.7	4,234.3	3,082.8
EBITDA	EUR mill.	602.5	877.5	622.3
EBITDA margin	in %	13.5%	20.7%	20.2%
EBIT (1)	EUR mill.	259.2	613.3	381.7
Profit before tax (PBT) (1)	EUR mill.	246.4	584.7	370.3
Profit after tax (PAT) (1)	EUR mill.	239.8	436.4	254.9

(1) The current reporting period includes impairment losses to property, plant and equipment in the Russian cash generating units as follows: "Plant Gagarin / Segment Flooring Products" totaling TEUR 15,326 and "Plant Gagarin / Segment Decorative Products" totaling TEUR 54,603.

Consolidated Balance Sheet		30.04.2023	30.04.2022	30.04.2021
Balance sheet total	EUR mill.	4,136.6	3,740.2	3,246.6
thereof non-current assets	EUR mill.	2,741.8	2,368.6	2,266.6
Equity (including subsidies)	EUR mill.	1,898.7	1,902.0	1,362.3

Treasury Key Figures		30.04.2023	30.04.2022	30.04.2021
Equity ratio	in %	45.9%	50.9%	42.0%
Net debt	EUR mill.	902.8	563.4	831.5
Net debt / adjusted EBITDA	years	1.50	0.64	1.34

Value Management		30.04.2023	30.04.2022	30.04.2021
EBITDA	EUR mill.	602.5	877.5	622.3
Historical capital employed	EUR mill.	6,152.6	5,525.1	4,997.9
CFROI	in %	9.8%	15.9%	12.5%



Management Report on the Consolidated Financial Statements

of Egger Holzwerkstoffe GmbH, St. Johann i. T., for the 2022/23 Financial Year

1 Business and Operating Environment

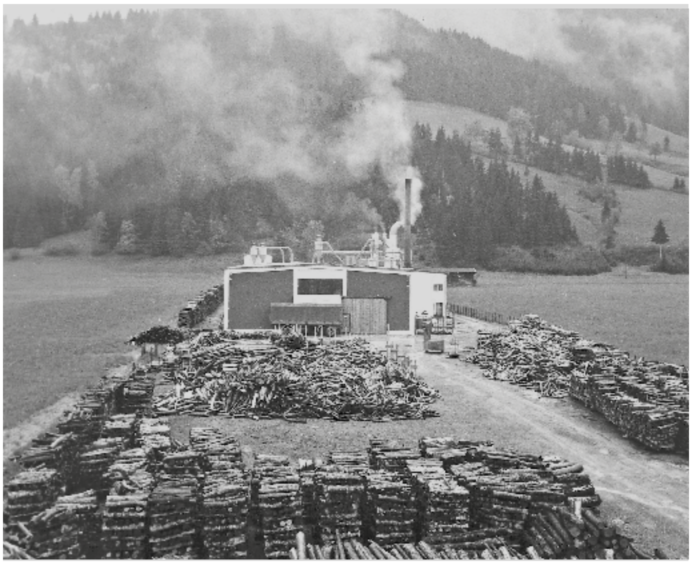
"We make more out of wood." This strong claim led Fritz Egger sen. to open the first chipboard plant in St. Johann in Tirol during 1961, which created the foundation for EGGER's success story. What more is there to add today? To be exact: 21 plants in 11 countries with roughly 11,000 employees who produce roughly 9.6 million m^3 of wood products each year.

Over the past 60 years, EGGER has grown from a small Tyrolean chipboard plant to become one of the world's leading wood materials producers. We are proud of this vision from Austria, which drives all of us at EGGER every day and commits us to further developing the Group and creating new perspectives for our customers, partners and employees.

Our activities in 2022/23 included the acquisition of a 60% investment in the Italian wood materials producer SAIB and the integration of its plant in Caorso (IT) as the 21st plant in the EGGER Group. This acquisition underscores our strategy to drive growth on our home market in Europe. It will also broaden our access to the Italian market, increase our capacity and expand our product portfolio with Italian design expertise.

The EGGER Group celebrated its **60th anniversary** in 2021 and, on this occasion, presented a corporate film which tells the company's colorful history from the perspectives of many employees. The film can be viewed under **www.egger.com/film**.

Today we are a **complete supplier** for furniture and interior design, wood construction and flooring – with no limits on variety. The continuous development of our product portfolio is an important focal point of our activities. In addition to the regular introduction of new, trendy decors and surfaces, we also concentrate on technological innovation as a means of continuously improving our products, improving our sustainability performance, and growing together with our customers and partners.

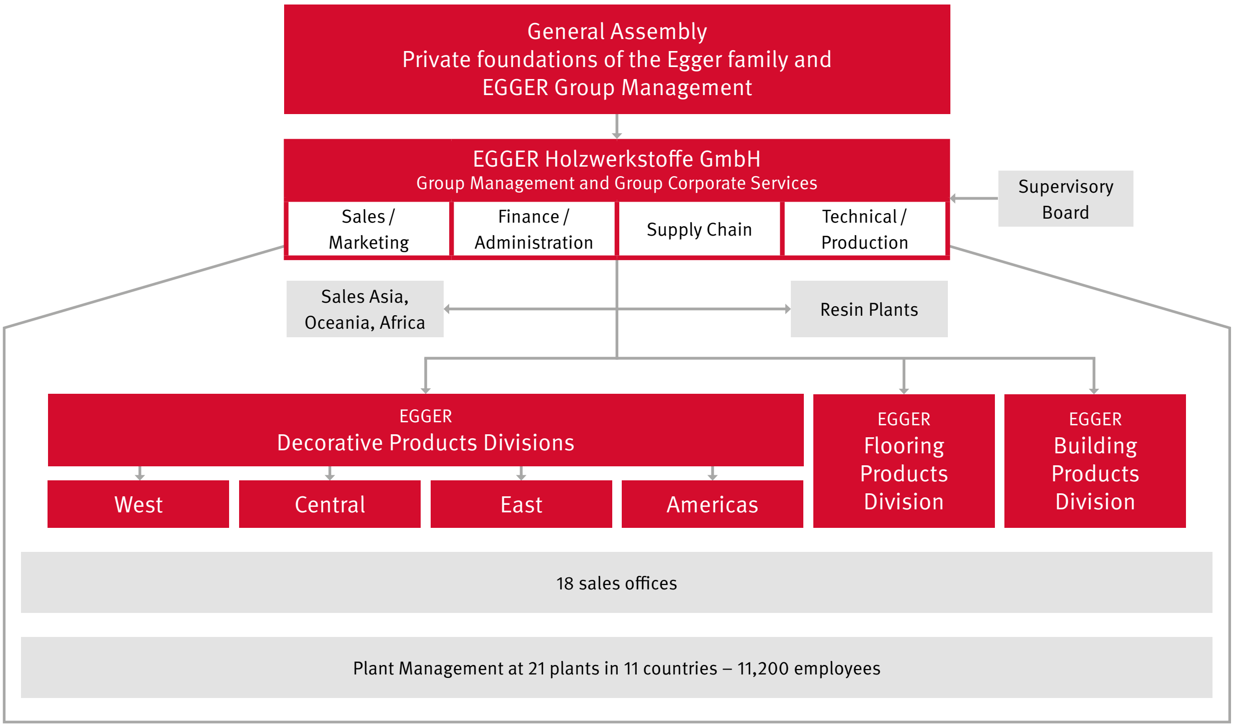


Fritz Egger sen.,
Founder of the EGGER company

1.1 Group structure and business activities

1.1.1 Organizational and management structure

Egger Holzwerkstoffe GmbH is the parent company of our Group, which includes companies in Austria, Germany, France, Great Britain, Russia, Romania, Poland, Italy, Turkey, Argentina, and the USA as well as sales subsidiaries in Eastern Europe, Benelux, Scandinavia, Switzerland, South America and Asia that report directly to the respective divisions.



Simplified organizational chart of the EGGER Group as of April 30, 2023

The Managing Board (**Group Management**) of the parent company, Egger Holzwerkstoffe GmbH, includes Thomas Leissing (Spokesman for Group Management, CFO, Finance / Administration), Frank Bölling (CSCO, Logistics), Michael Egger jun. (CSO, Sales / Marketing) and Hannes Mitterweissacher (CTO, Technology/Production).

The **Supervisory Board** supports the Managing Board on strategic issues. In addition to Fritz Egger (Chairman), the Supervisory Board includes Robert Briem, Ewald Aschauer (Chairman of the Audit Committee; independent), Michael Stiehl (independent), Alfred Wurmbrand (independent) and since September 2022, Walter Schiegl. The full Supervisory Board is responsible for issues involving the remuneration and appointment of members to the Managing Board. Cooperation between the Managing Board and Supervisory Board takes place in the form of quarterly Supervisory Board meetings that include cover the budget and investments as well as monthly reporting.

We rely on **management teams** for the direction of our organizational units, whereby the individual responsibilities cover production and engineering, sales and marketing, logistics as well as finance and administration. This structure applies to Group Management, divisional management and the regional plant organizations. In addition, **staff managers** are responsible for the following areas: engineering, production, procurement, marketing, communications, sales controlling, IT, logistics, human resources, accounting, treasury, legal and tax.


Michael Baister Photography

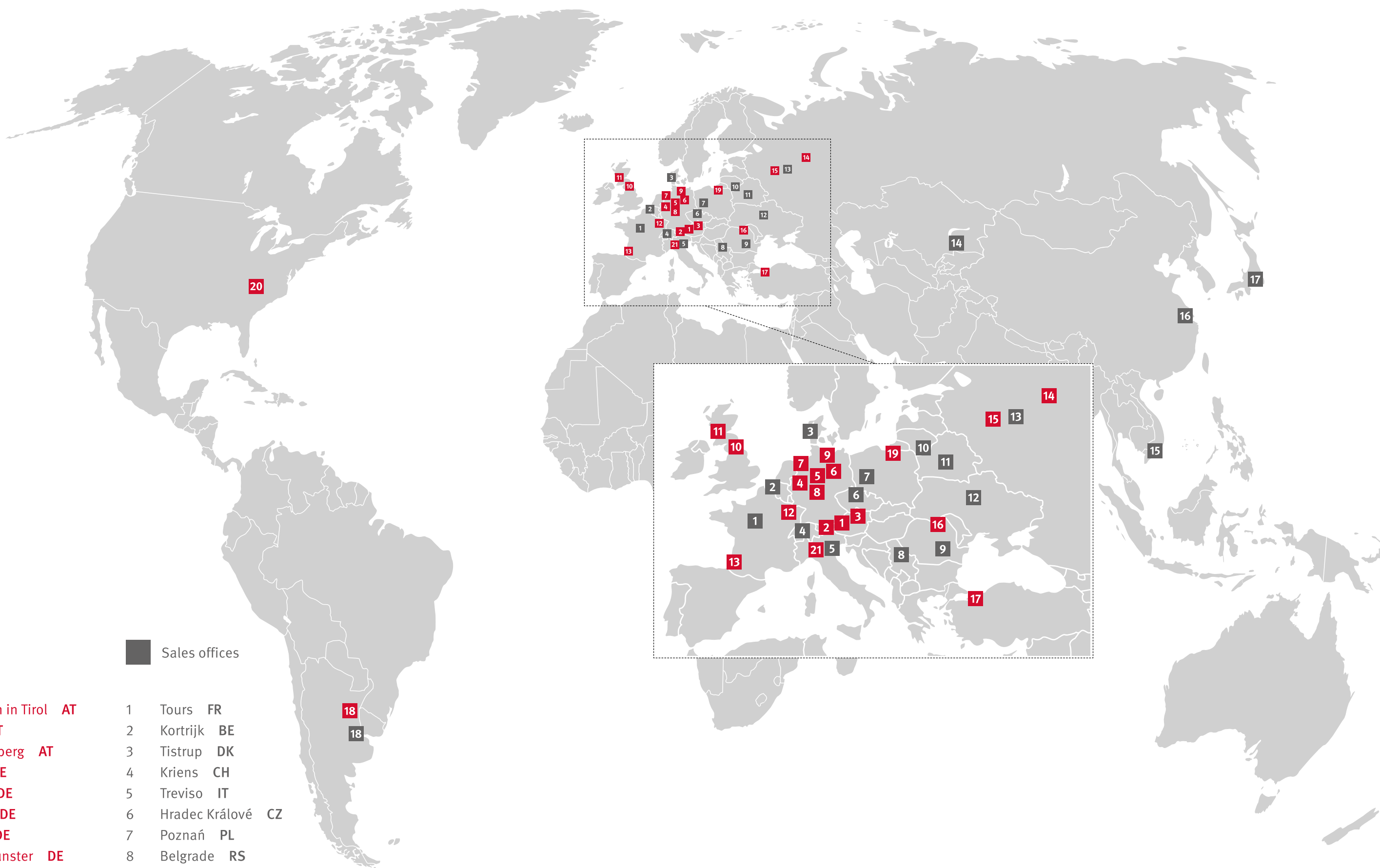

3D Architects

1.1.2 Operating segments and market structure

Living and working with wood is our passion. Under the EGGER umbrella brand, we unite an extensive variety of products that are used in numerous private and public sector applications – for example: kitchens, bathrooms, offices, living rooms and bedrooms as well as in retail and gastronomy facilities, trade fairs and the commercial sector. Our direct and indirect customers include the furniture and wood industry, wood and building material retailers, home improvement markets, architects and fabricators.

Markets and production facilities

We currently produce at **21 locations in 11 countries** with products that are sold throughout the world. We see ourselves as an international company with Tyrolean roots. The European and American markets are our primary focus, but we also sell in strategic export markets outside Europe. A global sales organization, efficient logistics, **18 company-operated sales offices** and an international network of **retail partners in over 90 countries** ensure the systematic development of markets.



Plants

1	St. Johann in Tirol	AT
2	Wörgl	AT
3	Unterradlberg	AT
4	Brilon	DE
5	Bevern	DE
6	Gifhorn	DE
7	Bünde	DE
8	Marienmünster	DE
9	Wismar	DE
10	Hexham	UK
11	Barony	UK
12	Rambervillers	FR
13	Rion des Landes	FR
14	Shuya	RU
15	Gagarin	RU
16	Rădăuţi	RO
17	Gebze	TR
18	Concordia	AR
19	Biskupiec	PL
20	Lexington, NC	US
21	Caorso	IT

Sales offices

1	Tours	FR
2	Kortrijk	BE
3	Tistrup	DK
4	Kriens	CH
5	Treviso	IT
6	Hradec Králové	CZ
7	Poznań	PL
8	Belgrade	RS
9	Bucharest	RO
10	Vilnius	LT
11	Minsk	BY
12	Kyiv	UA
13	Moscow	RU
14	Almaty	KZ
15	Ho Chi Minh City	VN
16	Shanghai	CN
17	Tokyo	JP
18	Buenos Aires	AR

Our organizational structure is based on product areas, divisions and markets to support optimal market development and close proximity to our customers. **Furniture and interior design** (wood materials and accessories for decorative furniture and interior construction) is the largest product area. These products are produced and sold by the EGGER Decorative Products Divisions.

The EGGER **Flooring** Products Division produces and markets laminate flooring, comfort flooring and design flooring.

The third product area covers **building products** like OSB boards and sawn timber products, which are produced and marketed by the EGGER Building Products Division.

Furniture and interior design

Flooring

Building products

We also classify our customer groups by market into the following sales channels/branches:

- **Industry**
  This sales channel services large customers from the furniture industry and industrial customers involved in wood construction.

- **Retail**
  This sales channel supplies specialized retailers that sell to fabricators, planners and architects as well as smaller to medium-sized industrial companies.

- **DIY**
  This sales channel concentrates on building material retailers and DIY stores that sell directly to consumers.

Products and services

Our product portfolio includes a broad range of materials for furniture and interior design, building products and flooring. Many of our carrier materials undergo additional processing with modern decors and surfaces. Planed timber and sawn timber round out the offering.

Products for furniture and interior design

The decorative products made by EGGER include trendy materials and unique decor worlds for interior design that meet the needs of consumers as well as professional fabricators.

- Eurodekor melamine resin-laminated boards
- PerfectSense lacquered boards
- Laminates
- Edgings
- Worktops
- Compact boards
- Laminated bonded boards
- Worktop accessories
- Eurodekor melamine resin-laminated MDF boards
- Eurolight decor
- Eurolight lightweight boards
- Backpanels
- Pre-fabricated furniture components
- Eurospan raw boards
- MDF medium-density fiberboards
- Thin chipboard
- Thin MDF boards
- Thin MDF lacquered boards

Construction products

We offer ecologically oriented builders a broad range of wood products. With our environmentally friendly materials for timber construction, we also support outstanding, high-quality individualized solutions for clean and fast installation.

- Sawn timber: fresh, dried, planed
- OSB straight edging boards
- OSB tongue and groove boards
- DHF underlay boards
- Ergo expansion boards
- Boards and planks
- Roof battens
- Sawn timber
- Solid structural timber
- Raw timber
- DecoWall


Christian Vorhofer

Flooring

Whether in traditional hallways or with innovative decors and structures – EGGER's high-quality flooring always creates a comfortable indoor climate. Our flooring offers a wide variety of benefits and supports many different applications, but all with the same characteristics: fast installation, robust, resilient, easy care and environmentally friendly.

- Laminate flooring
- Comfort flooring
- GreenTec design flooring

You can find detailed information on our product portfolio under **www.egger.com/products**

The following major products were produced at the locations listed below as of April 30, 2023:

▪ Austria	St. Johann in Tirol:	Chipboard (raw and laminated), furniture components, worktops, light-weight boards, compact boards, laminates
	Unterradlberg:	Chipboard (raw and laminated)
	Wörgl:	Thin chipboard (raw and laminated)
▪ Germany	Brilon:	Chipboard (raw and laminated), MDF (raw and laminated), edgings, sawn timber, planed timber
	Wismar:	MDF (raw and laminated), OSB, DHF, flooring, resins
	Gifhorn:	Laminates, edgings
	Bevern:	Thin MDF
	Marienmünster:	Lacquering
	Bünde:	Furniture components
▪ France	Rion des Landes:	Chipboard (raw and laminated)
	Rambervillers:	Chipboard (raw and laminated), furniture components
▪ Great Britain	Hexham:	Chipboard (raw and laminated), resins
	Barony:	Chipboard (raw)
▪ Russia	Shuya:	Chipboard and thin chipboard (raw and laminated)
	Gagarin:	Chipboard (raw and laminated), MDF (raw and laminated), flooring
▪ Poland	Biskupiec:	Chipboard (raw and laminated), worktops
▪ Romania	Radauti:	Chipboard (raw and laminated), OSB, resins
▪ Turkey	Gebze:	Thermoplastic edgings
▪ Argentina	Concordia:	Chipboard (raw and laminated), MDF (raw and laminated), molding
▪ USA	Lexington, NC:	Chipboard (raw and laminated)
▪ Italy	Caorso:	Chipboard (raw and laminated)

We also offer our customers a wide **range of services** that simplify their work and create added value. In addition to routine personal advising, numerous innovative solutions are available to assist with processes that range from planning to product delivery.

Our successful international **EGGER Decorative Collection** supports the direct expansion of partnerships with the retail trade, architects, planners and fabricators. Similar benefits are available in the flooring area with our **EGGER PRO Collection**.
Customers are connected electronically with EGGER via EDI (Electronic Data Interchange) and online portals, and product samples can be ordered directly from an **online sample shop**.

Various digital **planning and visualization tools** provide our customers with easy orientation and creative inspiration. The EGGER inside furniture planner provides 3D digital images with an integrated function for offers. The **EGGER Decorative Collection App** is a fast and effortless way to find the right decor for any project. Product information is also available in real time and samples are easy to order.

EGGER's online planning tool helps customers select the right building components and includes digital data formats for integration in the planning process.

You can find detailed information on our customer services under **www.egger.com/support.**

1.2 Corporate management, goals and strategy

1.2.1 Strategic focus

The family-owned EGGER company has grown from its founding as a Tyrolean chipboard manufacturer in 1961 to become one of the world's leading wood materials producers – a claim that forms the basis for our corporate vision:

"We are the leading brand for living and working with wood."

Our Group follows a long-term, profitable international growth strategy. Only a leading market position and solid profitability can create the foundation for investments and further growth. Short- and medium-term objectives in all areas are always focused on overriding strategic goals and adapted to reflect the company's changing environment. To safeguard the realization of our strategic goals, we have defined clear financial targets that form the framework for the financial viability and profitability of investments and management decisions.

Strategic medium-term forecasts are prepared annually and include the definition and planning of specific goals and measures for the Group as well as investment focal points for the next five financial years.

Our strategic focus is derived from the mission statement, which serves as an orientation and a guideline for everyday work. The five central principles of our mission statement include strategic as well as financial goals:

Our business model

We offer our customers innovative **wood material products** and top services. Our focus is on the following **product areas**: decorative products for furniture and interior design, flooring products together with accessories, and building products for wood construction. We produce and sell in **Europe** and **America** and market **worldwide**. In key strategic markets, primarily in Asia, we are strengthening our **sales offices** and cooperation with **strategic partners**. The expansion of existing locations and the construction or acquisition of new locations are always dependent on the **availability of wood supplies, technology, market characteristics, and logistics**. **Investments** in our existing locations are linked to the following goals: maintenance, automation, digitalization, material flows and warehouse optimization as well as capacity optimization and an increase in the processing component.

Our customers

We have developed differentiated concepts for our **strategic sales channels**: industry, retail and DIY. We hold a strong position in the furniture industry and are expanding our market position in the retail sector. To ensure maximum **proximity to our customers**, we are developing innovative digital service and business models to strengthen our added value partners. Our products and services as well as our new developments and product improvements are concentrated on the current and future **needs of customers**. In addition to our products, consistent **service quality** is an important factor for customer satisfaction. All our activities are focused on the EGGER umbrella brand.

Our processes

We integrate **process-related partners** in our value chain – from consumers to suppliers. Our objective is to establish **integrated locations** for raw materials, energy and our strategic product groups and, by doing so, optimize investments and realize synergies in raw material use, logistics and organization. Long-term, partnership-oriented **procurement strategies** and **selective backward integration** safeguard our supplies of raw materials, energy and operating supplies. The standardization and digitalization of our **logistics processes** and business models form the basis for further growth. **Innovations** protect our market position as a leading brand for living and working with wood. We invest continuously in our plants to make sure they remain on the **cutting edge of technology**. **Protection for the environment, the conservation of natural resources** and the **use of efficiently generated energy** are particularly important. We continuously strive to reduce our environmental impact and use resources as efficiently as possible. We view **digital transformation** as an indispensable factor for future success in all areas of the company and across the entire value chain.

Our employees

We have set a goal to be the **best employer** in each of our relevant labor markets. We are a transparent and modern family-owned company. Our efforts include the international expansion of our **corporate culture**.

"Humanity, trust, mutual respect and loyalty influence our daily actions."

Moreover, we rely on the continuous improvement of our **leadership methods**, the creation of strong ties with valuable employees through a good working and operating environment, **sustainable human resources development** and proactive personnel management to create and maintain the best possible balance between employee and employer interests. These objectives are underscored by contemporary working time and remuneration models as well as a health management system and the promotion of internal careers. **Job security** is given high priority. We believe in an active feedback culture and record data on and support the satisfaction of our employees.

Financial goals

Our goal is to generate **profitable growth**, while protecting our **financial strength** (credit standing). The financial goals defined by our corporate strategy form the basis for evaluating the financial feasibility and profitability of investments and management decisions. Key goals for our financing activities include the **protection of liquidity** as well as the **diversification of capital sources** and **financing instruments**. The following **indicators** are used to evaluate the implementation and measurement of goal attainment over the medium-term:

- Net debt/EBITDA < 3 years (at the Group level)
- Equity ratio > 30% (at the Group level)

1.2.2 Value management

Our goal is to create **profitable growth**. Only a leading market position makes it possible to generate sufficient profitability which, in turn, forms the basis for investments and further development. This belief is supported by **EGGER value management** with its central focus on a sustainable increase in the company's value. The principles of value management are derived from our strategy and the related corporate goals.

Within the framework of value management, we are committed to realizing a **systematic and sustainable increase in the value of the company over the medium- to long-term**. This goal is linked to reconciling the interests of owners, customers, suppliers and employees. Increasing the value of the company requires consequent actions that are based on our value management. Specific drivers are identified to create and maintain value through optimization and growth at all levels in daily business operations. **Training courses and workshops** are held for the managers and employees in relevant areas at regular intervals to provide coaching in value-oriented thinking, calculations, actions, and management and to help these men and women focus their decisions accordingly.

Our most important indicator for value-oriented management is **CFROI** (cash flow return on investment). As a sustainable, medium-term target, we have defined a minimum return of 10% (target rate) for all areas of the company.

Our **external financing** is based on three elements: bank financing, capital market financing and a factoring program. The key indicators for external financing contracts are net debt ‹ 3.75 years and an equity ratio › 25%. We communicate with lenders through regular bilateral discussions, information events and our credit relations website under **www.egger.com/credit-relations.**

1.3 The development of business

1.3.1 The economic environment and influencing factors

The development of our business is influenced, above all, by the following key factors:

- Our business activities are closely linked to the **development of the economy** and the gross domestic product (GDP) in the countries where we are present. GDP growth influences the purchasing power and investment behavior of private households and businesses and, in this way, has an impact on our customers and their business with EGGER.

- The **development of the construction industry** and the resulting renovation activity (renovation cycles based on past construction) have a significant influence on the demand for wood materials. The development of new construction, in particular, has a direct impact on the demand for building products (OSB and sawn timber). Sales of our flooring products are influenced not only by new construction, but also by renovation. Important customer groups for our decorative wood products are the kitchen and office furniture industries, whose business is heavily influenced by renovation and by residential and commercial construction. Important drivers for new residential construction include demographic developments, bank lending policies, interest rate trends and consumer confidence.

- Business in the EGGER Decorative Products Divisions is heavily influenced, above all, by **developments in the furniture industry**, which is the most important customer for laminated wood materials.

- The **development of competition** in the wood materials industry also has a significant impact on our business. New capacity or the shutdown of production facilities or equipment can lead to major shifts in market shares and/or to a surplus or shortfall of market capacity and thereby have a substantial influence on market prices.

- As an industrial company that uses substantial quantities of raw materials, we are also heavily dependent on the availability and price levels of key **raw materials**.

1.3.2 Global economic trends

The base forecast assumes a decline in global growth from 3.4% in 2022 to 2.8% in 2023 followed by stabilization at 3.0% in 2024. Projections for the advanced economies indicate a particularly strong decline from 2.7% in 2022 to 1.3% in 2023. In a plausible alternative scenario – with a continuing negative effect on the financial sector – global growth is expected to reach 2.5% in 2023, but the advanced economies would fall below 1.0%. Global inflation under the base scenario would drop from 8.7% in 2022 to 7.0% in 2023, but the underlying (core) inflation would decline more slowly. Inflation is not expected to return to the target level of 2.0% in most cases before 2025.

(Source: WEO 2023 04)

Growth rates for real GDP (gross domestic product) in %	2020	2021	2022	2023	2024	2025
World	-2.8	6.3	3.4	2.8	3.0	3.2
Advanced economies	-4.2	5.4	2.7	1.3	1.4	1.8
Emerging market and developing economies	-1.8	6.9	4.0	3.9	4.2	4.0
European Union	-5.6	5.6	3.7	0.8	1.6	2.2
Eurozone	**-6.1**	**5.4**	**3.5**	**0.8**	**1.4**	**1.9**
Latin America and the Caribbean	-6.8	7.0	4.0	1.6	2.2	2.3
Argentina	-9.9	10.4	5.2	0.2	2.0	2.0
Brazil	-3.3	5.0	2.9	0.9	1.5	1.9
Austria	-6.5	4.6	5.0	0.4	1.1	1.8
Belgium	-5.4	6.1	3.1	0.7	1.1	1.2
China	2.2	8.5	3.0	5.2	4.5	4.1
Czech Republic	-5.5	3.6	2.4	-0.5	2.0	3.4
France	-7.9	6.8	2.6	0.7	1.3	1.9
Germany	-3.7	2.6	1.8	-0.1	1.1	2.0
Greece	-9.0	8.4	5.9	2.6	1.5	1.4
Italy	-9.0	7.0	3.7	0.7	0.8	1.2
Japan	-4.3	2.1	1.1	1.3	1.0	0.6
Netherlands	-3.9	4.9	4.5	1.0	1.2	1.5
Poland	-2.0	6.8	4.9	0.3	2.4	3.7
Romania	-3.7	5.9	4.8	2.4	3.7	3.8
Russia	-2.7	5.6	-2.1	0.7	1.3	1.0
Spain	-11.3	5.5	5.5	1.5	2.0	2.0
Turkey	1.9	11.4	5.6	2.7	3.6	3.0
United Kingdom	-11.0	7.6	4.0	-0.3	1.0	2.2
United States	-2.8	5.9	2.1	1.6	1.1	1.8

Source: International Monetary Fund, World Economic Outlook Database, April 2023

1.3.3 The construction industry in Europe

The forecasts for construction activity in Europe point to a downward trend from 2023 to 2025. Residential construction – especially in Germany, but also in many other European countries – is currently declining and the outlook for residential construction in Europe has weakened significantly after two very good years. Construction is expected to fall by nearly 3.0% from 2023 to 2024 and improve only slightly in 2025.

The 2.0% decline in the volume of new construction during 2023 is attributable to the wide-ranging effects of the Ukraine conflict combined with high interest rates and the stricter equity requirements for bank loans. In existing buildings, the declines in 2023 and 2024 were caused primarily by the reduction of recently generous government refurbishment subsidies in Italy. In most European countries, the latest energy price shock has led to increased investments in existing apartments.

(Source: Presse release by ifo Institut 01/2023)

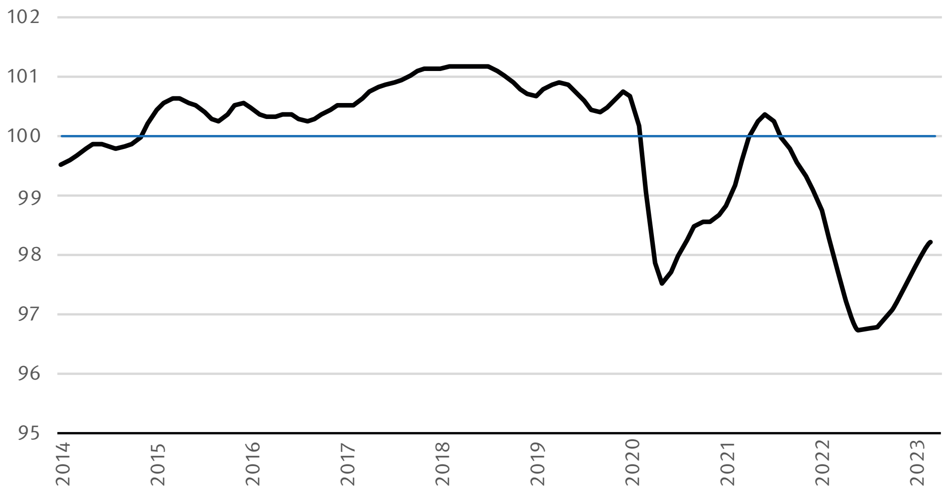
Consumer confidence

The OECD's consumer confidence index provides an indication of future developments in household consumption based on answers to the expected financial situation and estimates for the general state of the economy. An indicator over 100 signals an increase in consumer confidence and a tendency to make larger purchases over the next 12 months. Values below 100 represent a pessimistic outlook.

The index recovered quickly from the low caused by the corona crisis and exceeded the 100 mark in July 2021. However, the Ukraine conflict was then responsible for a sharp drop to an all-time low. A positive trend has been visible since the end of last year, but the European indicator has now only reached a level recorded after the outbreak of the corona pandemic (97.9).

(Source: OECD)

OECD Consumer Confidence Index



1.3.4 The furniture market

The USA is, by a clear margin, responsible for the largest share of worldwide furniture industry revenues. Europe also plays a leading role, above all Germany (with a roughly 30.0% share of revenues in the European furniture industry), followed by France and Great Britain.

The furniture market recorded steady and strong growth in 2021, largely due to the corona restrictions which confined many people to their homes. This development was also reflected in purchasing behavior: numerous projects were started to make living and home office areas more comfortable which subsequently led to an increase in furniture purchases.

The growth of the furniture market was slowed slightly in 2022 by the easing of COVID-19 restrictions, rising inflation and higher energy prices. The demand for furniture is expected to decline further in 2023, primarily as a result of the high prices.

Some degree of recovery is expected in 2024, but the resumption of longer-term growth on the furniture market will result from the millions of Millennials who will be buying their first home in the next three to five years. Other drivers include the rising standard of living, especially in Eastern Europe, and the growing importance of esthetic aspects in combination with consumers' desire to feel well in their own homes.

(Source: statista, CSIL)

1.3.5 Competitive position

We are one of the leading companies in the wood materials industry. Our objective is to develop and maintain a strong position in all relevant markets with our core products. A wide-ranging product portfolio makes us a complete supplier for decorative wood materials, wood construction and flooring.

The competitive situation for decorative wood materials

The strong economic downturn during the second half of 2022 increased the consolidation trend in the European wood materials and surface branch. The literal collapse in demand led to significant capacity problems and to widespread production adjustments by companies (extended summer standstills, temporary shutdowns). It appears that a stable equilibrium between supply and demand will only be possible over the medium term.

In spite of volume declines during the second half-year and price increases during the first half-year, revenues increased or declined only slightly in 2022. The cost situation on the raw materials market has eased to a certain degree but remains volatile. The combination of lower volumes, increasing pressure on selling prices and continuing high costs could lead to a deterioration of earnings in many sectors of the wood materials and surface branch in 2023. These developments have caused many companies to re-evaluate further expansion plans and focus more on stabilizing their financial positions.

The corona crisis and supply problems caused by the subsequent rapid recovery, together with the Ukraine conflict and the resulting turbulence on energy markets, created a climate where few changes took place in the wood materials and surface branch during the past two years. The main challenge for companies in 2023 will be to master the economic downturn. A lack of improvement in this situation could result in renewed restructuring measures, e.g. longer production adjustments, capacity reductions, the discontinuation of product segments or the exit from certain markets.

The import and export bans imposed against Russia and Belarus have significantly changed the flow of goods. Russian producers are attempting to redirect deliveries barred from Europe to other markets. Input products previously purchased in Europe must also be sourced from other markets. In both cases, closer cooperation with China has been the principal way to close these gaps. India, the Near/Middle East and Southeast Asia are further target markets for Russian companies.

There are also significant restrictions on current or planned investments in Russia and Belarus. The prohibition on machinery deliveries from the EU has led to the postponement or cancellation of numerous projects. The equipment intended for these projects is being directed in part to other locations. In addition to new machinery and equipment deliveries, the service and replacement part business is subject to considerable restrictions. Russian companies have been managing, in part, with copies from local suppliers or Asian imports. Above and beyond these contacts, shifts are also expected in the new machinery business. The return of European machinery and aggregate producers to the Russian market will be difficult in the long run.

On the European market, differences in cost positions between individual companies can also lead to a shift in market shares. Examples are the energy and timber supplies required by wood materials producers. Companies with their own biomass power plants have a competitive advantage in this situation, while producers with higher natural gas requirements are falling behind. Access to lower cost products plays a role in timber supplies, while a further factor is the logistics involved in chemical raw material deliveries.
(Source: EUWID 51/52 2022)

The competitive situation for flooring

The renovation and expansion boom triggered by the corona pandemic led to advance purchases, which have been followed by declining demand and noticeable market weakness since spring 2022. This situation has been intensified by rising costs for raw materials, transport and energy, high retailers‘ stocks and the inflation-related postponement or cancellation of construction projects. The market for laminate flooring in Europe (European Producers of Laminate Flooring, EPLF) fell 25.0% below the previous year in the 2022 calendar year. The first quarter of 2023 brought a further slight decline, and exports to the American and overseas markets dropped by roughly 50.0%.

The Russia-Ukraine crisis and the EU sanctions against Russia have altered the global flow of goods for all wood and wood products. The presence of Turkish producers in Europe is increasing steadily and has also spread to Western Europe.

The laminate flooring market in Europe was characterized by substantial excess capacity even before the crisis, and producers have reacted with substantial output reductions. This also led to corresponding declines in MDF production, which was further slowed by efforts to optimize energy and resource costs. In some cases, aggregates were shut down for weeks or short-time work models were implemented.

There were, consequently, no investments in additional production capacity. Windmöller discontinued its laminate flooring business and is concentrating on other types of flooring. Flooring producers are currently investing more in developments related to water resistance, formats and surfaces as well as logistics to individualize and manage smaller batch sizes.

The competitive situation for construction products

The markets for building products are still faced with a considerably weaker decline in demand due to the decline in construction activity. Rising interest rates and inflation have a very negative influence on the construction industry. Building has become too expensive for many potential customers, and this has led to the postponement or cancellation of projects. The demand for building materials has fallen by roughly 15.0% across all markets and is much higher in individual cases. This general decline is also reflected in weaker demand for sawn timber from the packaging market.

Competitors have adjusted their production to reflect current demand levels, and volumes by OSB competitors were reduced accordingly. Temporary shutdowns were implemented, and production was slowed to optimize energy and resource consumption as a means of managing rising energy and raw material costs. Sales volumes of OSB in Europe were 20% below the 2019 level (before the outbreak of the corona pandemic). The production of

sawn timber in Germany declined by 9.0% from 2021 to 2022. The current excess capacity and high producers' stocks have led to extremely high pressure on prices.

The branch is, however, optimistic concerning the future. Sustainable and serial construction with wood is a clearly growing trend. Additional capacity is planned and, in some cases, project planning is very advanced. Examples are the Kronospan Group's new OSB locations and the Swisskrono Group in Southwest Europe as well as the Sonae Arauco wood fiber insulating board plant in Germany. Demand from the key export market in the USA is also currently weak as a result of interest rates and inflation. From a future perspective, the USA, as one of the world's largest sawn timber markets, will still be dependent on these imports and hold opportunities for additional volumes.

1.3.6 Raw material supplies and prices

The situation on the raw materials and energy markets was challenging during the past financial year. We were successful in supplying all our plants with the most important raw materials, e.g. wood, chemicals and paper, whereby cost increases and volatility demanded our greatest attention.

Accordingly, our **top priorities** include the monitoring of price trends for key raw materials on procurement markets and the protection and continuous improvement of supply availability. Raw materials supplies are generally purchased from long-term partners. The most important raw materials, e.g. wood, chemicals and paper, are managed by a **central procurement department**, which supports the local plants in their purchasing activities and also identifies and optimizes synergies for the Group.

The prices on all our relevant raw material markets increased year-on-year in 2022/23. However, purchase prices – especially for chemicals – trended downward during the final months of the financial year.

Securing adequate supplies of **timber** represents the most important aspect of our raw materials procurement. The average price of timber increased significantly over 2021/22, with different fluctuations in individual regions and plants. The growing use of timber for thermal energy generation (biomass power plants, pellets, biofuel generation) has a long-term influence on prices. To safeguard and improve timber supplies, we rely primarily on long-term partnerships and contracts with our suppliers and are developing a **backward integration** strategy. This includes investments in a company-owned sawmill and short rotation plantations as well as forestry management and wood recycling companies.

In the **chemicals** area, a large part of our adhesive and impregnating resin requirements is covered by our **own resin plants** in Wismar (DE), Radauti (RO) and Hexham (UK). The entire chemicals sector was faced with short-term, but intense volatility in 2022/23. Purchase prices rose steadily during the first half-year, but the last months brought lower prices combined with continuing uncertainty and volatility.

Raw and decor papers for the production of laminating materials represent the third major component of our raw material supplies. We rely on a central procurement structure for our paper supplies and the conclusion of medium-term contracts with leading suppliers. Similar to developments in other areas, paper prices also increased in 2022/23.

Energy procurement prices for electricity and natural gas increased on average in 2022/23. We are currently working on numerous projects for energy optimization and are able to hold natural gas consumption at a low level with modern **biomass power plants** at all major locations. Our objective is to discontinue the use of fossil fuels as far as possible, while avoiding the thermal utilization of raw materials that can be used in production as part of the wood lifecycle. We are opposed to the one-sided subsidy of wood burning for thermal energy generation and support the **cascading use of wood**. Under this approach, wood is used as an input material as long as possible before final thermal utilization. Our plants in Unterradlberg (AT), Wismar (DE), Brilon (DE), Radauti (RO) and Rambervillers (FR) produce electricity with their own combined power and heat generation equipment and thereby maximize energy generation efficiency. We are also installing photovoltaic equipment at a number of locations to become even more independent of fossil electricity.

1.3.7 Business development in 2022/23

The EGGER Group generated **consolidated revenues** of EUR 4,449.7 million in 2022/23. That represents an increase of 5.1% over the previous year and was based on growth in the Decorative Products und Flooring Products Divisions. The Building Products Division recorded a decline in revenues for the past financial year.

Business development in 2022/23 by division

Decorative Products for furniture and interior design represented the largest product area in 2022/23 with an 80.0% share of Group revenues (before consolidation). Revenues in this business area rose by 8.9% year-on-year to EUR 3,783.4 million (2021/22: EUR 3,473.4 million), whereby the increase was supported primarily by price adjustments. Revenue growth in this division was supported, in particular, by our newest plant in Caorso (IT) and our greenfield investment in Lexington, NC (US), where the start-up phase is well-advanced. Laminated chipboard is the main product at both locations.

The **Flooring Products Division** was responsible for 10.8% of Group revenues (before consolidation) and an increase of 0.8% over the previous year to EUR 511.1 million (2021/22: EUR 506.9 million). The increase in revenues resulted largely from price adjustments.

The **Building Products Division** recorded 9.2% of Group revenues (before consolidation) and a year-on-year reduction of 18.7% to EUR 434.8 million. The sawmill in Brilon (DE) was responsible for most of this decline. Especially in the USA, the market for sawn timber weakened after the unusually good corona years.

The retail trade and industry remained the most important **sales channels** in 2022/23 with a share of 52.6% and 40.5%, respectively, of consolidated revenues (2021/22: 54.7% and 38.2%). The share of revenues recorded in the DIY sales channel remained in the single-digit range at 6.9% (2021/22: 7.1%).

Revenues by Segment / Division		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Decorative Products	EUR mill.	3,783.4	3,473.4	2,542.4	8.9%
Flooring Products	EUR mill.	511.1	506.9	447.0	0.8%
Building Products	EUR mill.	434.8	534.7	328.7	−18.7%
Total (unconsolidated)	**EUR mill.**	**4,729.3**	**4,515.0**	**3,318.1**	**4.7%**
Consolidation (1)	EUR mill.	−279.6	−280.7	−235.3	0.4%
Total	**EUR mill.**	**4,449.7**	**4,234.3**	**3,082.8**	**5.1%**

(1) Represents intersegmental revenues; revenues within the individual segments are already consolidated.

Share of unconsolidated Revenues		2022/23	2021/22	2020/21
Decorative Products	in %	80.0%	76.9%	76.6%
Flooring Products	in %	10.8%	11.2%	13.5%
Building Products	in %	9.2%	11.8%	9.9%
Total	**in %**	**100.0%**	**100.0%**	**100.0%**

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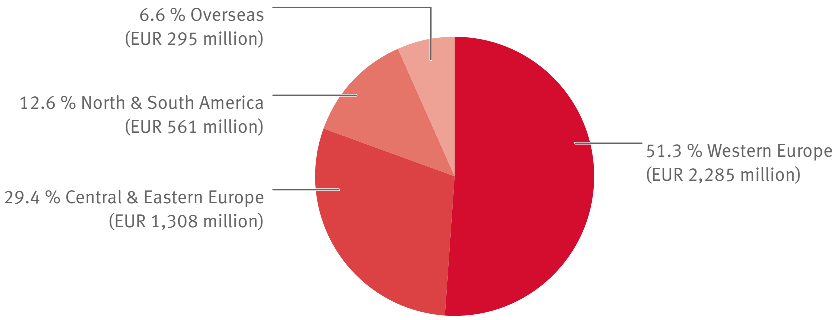
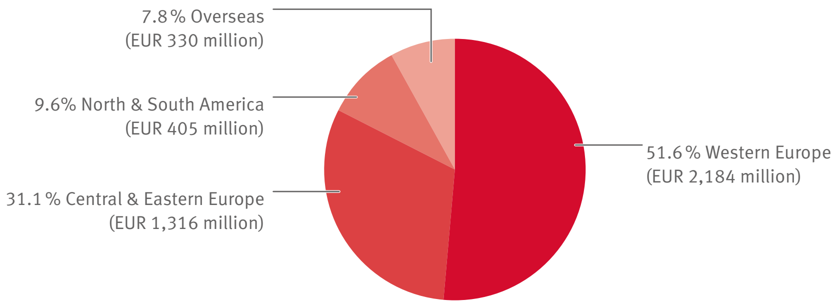
Despite our progressive internationalization, we are still active primarily on the wood materials market in Europe. Our revenues are classified as follows by **region**, based on the location of the customers:

Revenues by region (FY 2022/23)



Revenues by region (FY 2021/22)



– Western Europe comprises Great Britain, Ireland, Austria, Switzerland, Italy, Germany, Belgium, the Netherlands, Luxembourg, Scandinavia, France, Spain and Portugal
– Central and Eastern Europe includes the Czech Republic, Slovakia, Poland, Hungary, Romania, Bulgaria, Serbia, Croatia, Slovenia, Ukraine, Belarus, Latvia, Estonia, Lithuania, Turkey, Greece, the Near East and Russia
– The Overseas region covers all countries outside Europe and the Americas.

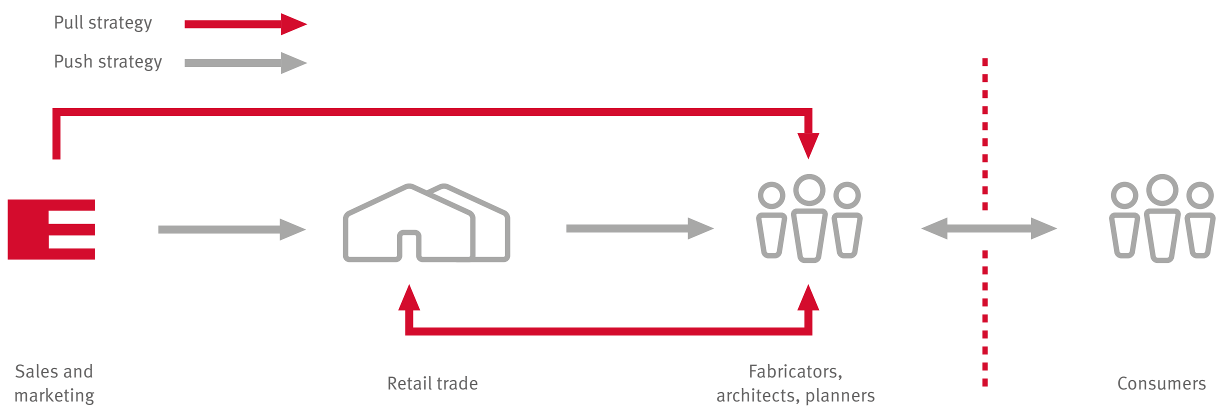
Our most important geographic market is **Western Europe**, which covers the following sales regions: North-West Europe, Great Britain and Ireland, South-West Europe, and Central-South Europe. The West European market was again responsible for the largest share of Group revenues in 2022/23 with 51.3% (2021/22: 51.6%). The significance of Germany for the wood materials market is based on the size of the population and, above all, on the furniture industry, which is heavily represented in this country. The increasing internationalization of the EGGER Group has been reflected in a shift in the distribution of revenues.

The markets in **Central & Eastern Europe** were responsible for 29.4% of revenues in 2022/23 (2021/22: 31.1%). The countries outside Europe (the Americas and Overseas regions) are taking on an increasingly important role for EGGER, and we are continuing to expand business in the Americas region, which is part of our Decorative Products Division. **North and South America** recorded 12.6% of Group revenues in 2022/23 (2021/22: 9.6%). All other countries outside Europe and the Americas are aggregated under the **Overseas** region, which was responsible for 6.6% of Group revenues (2021/22: 7.8%).

1.3.8 Marketing and sales

Our marketing activities are focused primarily on a professional, multi-stage sales channel, i.e. the distributor, fabricator (carpenters, floor layers, wood constructors) and architect target groups.

This "pull" marketing approach is very important for the Group as a whole, whereby we integrate our retailers' customers (architects, craftsmen, etc.) as decision-makers in our marketing activities.



The following activities formed the group-wide focal points in 2022/23:

Continuation of the successful "Collection Days" concept

The concept for Collection Days events was developed in 2021 to permit personal contacts and direct interaction with our retail partners despite the challenges created by the corona pandemic. Personal appointments were organized at the EGGER facilities, at our retail partners' locations and in online formats. The success of this event format led to the continuation of our Collection Days in 2022, which focused on our PerfectSense portfolio, ABS seamless edging and the Flammex product family.

Sicam 2022

Pordenone (IT) served as the site for Sicam, the international trade fair for furniture components, accessories and semi-finished products for the furniture industry, from October 18 to 21, 2022. Under the motto "create transitions", EGGER introduced the latest innovations for today's megatrends in furniture and interior construction at its trade fair stand. We also presented this international expert audience new products and decors from our PerfectSense lacquered board portfolio.

New additions to the PerfectSense family

The Sicam also included the presentation of new variations to our matt lacquered, structured PerfectSense lacquered boards which use chipboard as a carrier material. PerfectSense Span lacquered boards continue to offer the established velvety-warm haptics and anti-fingerprint properties. TM9 Smoothtouch matt is the ideal addition to our PerfectSense premium matt lacquered boards for applications on furniture bodies or sliding doors. The Allover-Pore of the TM12 Omnipore matt with its irregular distribution and different pore depths creates an absolutely natural appearance in combination with the super matt PerfectSense surface. The linear pattern of the TM22 Deepskin linear matt underscores the natural look of wood decors. Matt PerfectSense lacquering emphasizes the visibility of the linear structure, while the tangible haptics remain unchanged.

German Design Award 2022

EGGER's lacquered board portfolio not only convinces customers, but also international award juries. The lacquered board variations PerfectSense Premium Gloss, Premium Matt and Feelwood received the "Winner" title for their outstanding design quality at the German Design Award 2022. The matt structured PerfectSense

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Feelwood lacquered boards also received the Red Dot Award: Product Design 2021 for high design quality and were named the "Winner" at the German Innovation Awards 2021.

30th EGGERZUM in-house trade fair

The EGGERZUM celebrated its 30th anniversary in spring 2023, which undoubtedly makes it the oldest and one of the most successful in-house trade fairs in the supplier industry. The continuous development of decors and products as well as the underlying concept explain EGGER's long-standing success with this event format. Over the past 30 event years, the EGGERZUM has spread from Brilon (DE) to also include other locations like St. Johann in Tirol (AT), Hexham (UK), Rion des Landes (FR), Denmark, Belgium and Russia. We have also exported the EGGERZUM success story across the globe to China and the USA. The motto for this 30th birthday of the EGGERZUM was "SIMPLICITY redefined" and highlighted the new simplicity – not cool and aloof, but emotional and laid-back.

Successful implementation of design trends at the flooring point of sale

The 2022/23 financial year started with a trend campaign for our flooring retail customers. Trend campaigns pick up current furnishing and interior trends, explain the basic concept and provide suggestions for using these trends to market and present our flooring products. Four very present color trends were introduced this year as inspiration for successful POS implementation.

Focus on laminate flooring

Our large-scale image campaign for laminate flooring followed in autumn 2022. Its goal was to clear up existing preconceptions and create a greater awareness for this strong product from our portfolio. The positive properties of our laminate flooring were staged – slightly tongue-in-cheek – across channels and target groups.

The EGGER novelties for 2023 – a first taste of the 2025 flooring collection

An update under the title "EGGER Novelties 2023" was launched at the beginning of 2023 to provide a preview of the new flooring collection 2025. In contrast to earlier years, the clear separation between the PRO and HOME collection was discontinued and the products are available in all retail channels. The most important part of this update was the new EGGER laminate with its Aqua CLIC it! waterproof profile. It closes a gap in the flooring portfolio and complements the range of water-tight flooring as an entry-level product. The portfolio was also expanded to include new articles for the GreenTec design flooring and laminate flooring product groups. Furthermore, every product launch is a welcome occasion to present EGGER's decor expertise. The update articles score with modern, timeless wood decors and several existing decor families were expanded to complement the decor portfolio.

Natural accents with the new EGGER DecoWall

Our DecoWall innovation opened new design horizons in autumn 2022. The base is formed by a sanded OSB board which is printed with a decor by our digital printing equipment in Wismar (DE) and can be used as wall covering with wood, stone or concrete optics in interior rooms. In addition to trendy designs, warm haptics and a natural matt surface structure, the wall panel is easy to install. The DecoWall is available in an easy-to-handle format or with a wraparound tongue and groove profile and allows for fast, clean and optically seamless installation. TV sets, shelves and other heavy items can be mounted stably with a simple screw fixture and even lighting and electronics can be invisibly installed. Interior designers and architects can use the DecoWall to create fast, effective solutions for trade fair stands, pop-up stores or shop fittings, while the material also makes a sustainable and uncomplicated "change of scenery" possible at home.

1.3.9 Production

In comparison with the previous financial year with its unusually high capacity utilization due to the cocooning effect, production volumes at our primary plants declined to a pre-corona level in 2022/23.

The production of raw chipboard, including sawn timber, fell from 10.5 million m^3 to 9.6 million m^3. Nearly all plants recorded a year-on-year decline, but the largest reductions were recorded at the Russian plants and in the OSB business. Our plant in Lexington, NC (US), which started operations in September 2020, was the only location to record an increase in production.

The production of impregnates declined by 12.9% year-on-year to 1,004.8 million m^2 in 2022/23, with all locations reporting lower capacity utilization. Laminate production in Gifhorn (DE) totaled 38.9 million m^2 in 2022/23 (2021/22: 45.3 million m^2).

The raw chipboard produced during the reporting year was processed as follows:

- 342.9 million m^2 were converted into laminated boards (–7.9% versus 2021/22; 372.5 million m^2)
- 51.5 million m^2 were converted into flooring (–27.8% versus 2021/22; 71.3 million m^2)
- 37.0 million m^2 were processed into furniture components and worktops (–6.1% versus 2021/22; 39.4 million m^2)

Production Development		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Rawboard incl. timber	m^3 mill.	9.6	10.5	9.6	–8.7%
Impregnated paper	m^2 mill.	1,004.8	1,153.5	1,079.2	–12.9%
Laminates	m^2 mill.	38.9	45.3	41.6	–14.2%
Glue	TO thsd.	486.3	561.6	571.5	–13.4%

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2 Earnings, Financial and Asset Position

2.1 Earnings

2.1.1 Revenues

Consolidated revenues recorded by the EGGER Group rose by 5.1% to EUR 4,449.7 million in 2022/23 (2021/22: EUR 4,234.3 million).
Higher revenues were recorded by our Decorative Products and Flooring Products Divisions, while revenues in the Building Products Division declined.

The main factors for this growth were price adjustments to offset cost pressure, additional volumes from our newest plant und in Caorso (IT) and the steady upward trend of the start-up curve at our latest greenfield investment in Lexington, NC (US).
A detailed description of the development of business in the individual sales regions is provided under point 1.3.7.

2.1.2 Earnings

Earnings Indicators		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Revenues	EUR mill.	4,449.7	4,234.3	3,082.8	5.1%
EBITDA	EUR mill.	602.5	877.5	622.3	–31.3%
EBITDA-Marge	in %	13.5%	20.7%	20.2%	
EBIT (1)	EUR mill.	259.2	613.3	381.7	–57.7%
Financial results (2)	EUR mill.	–12.8	–28.6	–11.4	55.4%
Profit before tax (PBT) (1)	EUR mill.	246.4	584.7	370.3	–57.9%
Profit after tax (PAT) (1)	EUR mill.	239.8	436.4	254.9	–45.0%

(1) The current reporting period includes impairment losses to property, plant and equipment in the Russian cash generating units as follows: "Plant Gagarin / Segment Flooring Products" totaling TEUR 15,326 and "Plant Gagarin / Segment Decorative Products" totaling TEUR 54,603.
(2) Includes income from financial investments and associates

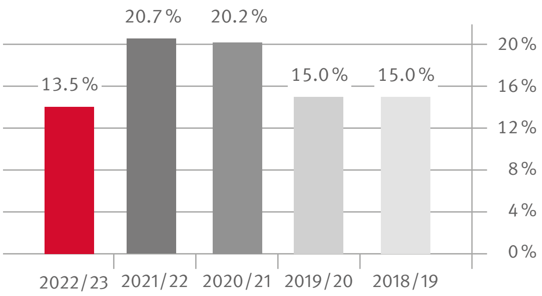
Operating earnings (EBITDA: earnings before interest, taxes, depreciation and amortization) totaled EUR 602.5 million in 2022/23 and were 31.3% lower than the previous year (2021/22: EUR 877.5 million).

The decline was moderate in the Decorative Products Division at –16.2%, but substantially higher in the Flooring Products Division at –63.0% and in the Building Products Division at –80.6%. After the end of the very positive cocooning trend during the corona pandemic – which benefited EGGER in recent years – the high inflation and, above all, the high and volatile energy costs affected the population in all our relevant markets and led to a decline in the demand for wood materials along the value chain.

The **operating EBITDA margin** equaled 13.5% in 2022/23 and was below the two very positive previous years. Operating profit before interest and taxes (EBIT) amounted to EUR 259.2 million (2021/22: EUR 613.3 million). Profit before tax equaled EUR 246.4 million (2021/22: EUR 584.7 million). After the deduction of income taxes, net profit amounted to EUR 239.8 million (2021/22: EUR 436.4 million).

Development of earnings in the segments / divisions

EBITDA margin



EBITDA by Segment / Division		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Decorative Products	EUR mill.	551.0	657.4	508.4	−16.2%
Flooring Products	EUR mill.	18.3	49.3	51.2	−63.0%
Building Products	EUR mill.	33.2	170.8	62.7	−80.6%
Total	**EUR mill.**	**602.5**	**877.5**	**622.3**	**−31.3%**

Development of earnings in the EGGER Decorative Products Division

EBITDA in our Decorative Products Division with its four regions – West, Central, East and Americas – was 16.2% below the previous year at EUR 551.0 million in 2022/23. The reduction was caused, on the one hand, by raw material and energy cost increases that could not be passed on in full to customers and, on the other hand, to the reduced demand for furniture after the boom years. Positive contributions to the division’s EBITDA were made by our 21st plant in Caorso (IT) and our recent greenfield project in Lexington, NC (US), where the start-up curve is now well advanced.

Development of earnings in the EGGER Decorative Products Division

The development of earnings in the EGGER Flooring Products Division is still influenced by excess production capacity and pressure on prices. In addition, HDF products like our flooring are affected by the EU sanctions against Russia. The market environment in 2022/23 was extremely difficult. It was not possible to pass on the higher costs for raw materials and energy to customers in the price-sensitive DIY segment. EBITDA in the EGGER Flooring Products Division amounted to EUR 18.3 million in 2022/23, which represents a year-on-year decline of 63.0% (2021/22: EUR 49.3 million).

Development of earnings in the EGGER Building Products Division

EBITDA in our Building Products Division totaled EUR 33.2 million and fell substantially below the previous year (2021/22: EUR 170.8 million). This reduction is attributable, above all, to a sharp drop in earnings at the sawmill in Brilon (DE). Lower earnings were also reported by the OSB plants in Wismar (DE) and Radauti (RO) and resulted from the decline in new construction.

2.1.3 Financial results

Financial results (incl. income from financial investments and associates) totaled EUR –12.8 million in 2022/23 (2021/22: EUR –28.6 million). Interest expense increased noticeably as a result of the upward trend in market interest rates and higher liquidity requirements (due to the refinancing of the prematurely redeemed hybrid bond with financial liabilities and increased investment and acquisition activity). Positive foreign exchange effects resulted, above all, from the devaluation of the RUB versus the EUR. The income from financial investments and associates improved to EUR 9.7 million in 2022/23 (2021/22: EUR +4.8 million), in particular due to positive special effects from a money market investment in ARS.

2.1.4 Taxes

Income tax expense amounted to EUR 6.6 million in 2022/23 (2021/22: EUR 148.3 million), and the effective tax rate equaled 2.7% (2021/22: 25.4%). The reduction in the tax burden was based chiefly on deferred tax assets from the write-down of investments in individual financial statements. Detailed information on the calculation of income taxes is provided in the consolidated financial statements under note (15) Income taxes.

2.2 Financial position

2.2.1 Financing and treasury

The primary goals of financial management/treasury in the EGGER Group are to **limit the financial risks** that may impair the company's continued existence (liquidity and default risks) and earning power (foreign exchange, interest rate, market and price risks), while protecting the ability to meet payment obligations at all times and minimizing financing costs.

The limitation of risk does not mean complete exclusion, but rather the **economically reasonable management** of financial risks within a framework that is defined by the Group's comprehensive financial management guideline and supplementary operating rules.

In addition to the management of financial risks, another important goal is to protect and expand the circle of external financing sources and thereby safeguard the further development of the EGGER Group through organic growth and/or acquisitions.

The most important **treasury indicators** for the EGGER Group are the debt repayment period (net debt / EBITDA) and the equity ratio (equity/ balance sheet total), which are monitored on a regular basis. EGGER has set the following targets for its **internal** strategic goals, which are also used to measure results at the Group level: an equity ratio of at least 30% and net debt / EBITDA of less than three years over the long-term.

The treasury indicators / financial covenants defined by **external** agreements are higher (net debt/EBITDA), respectively lower (equity ratio) than the internally defined ratios. These agreements call for a net debt / EBITDA ratio of less than 3.75 years and an equity ratio of at least 25%.

Key Treasury Indicators		30.04.2023	30.04.2022	30.04.2021
Equity ratio	in %	45.9%	50.9%	42.0%
Net debt / adjusted EBITDA	years	1.50	0.64	1.34

The debt repayment period rose from 0.64 to 1.50 years as of April 30, 2023. The underlying factors were the 31.3% decline in EBITDA combined with the 60.2% increase in net debt which resulted from the premature redemption of the hybrid bond and refinancing with financial liabilities as well as increased investment and acquisition activity. The equity ratio declined from 50.9% to 45.9% despite the positive results recorded for the financial year (after distributions) due to the redemption of the hybrid bond and the accounting recognition of translation losses.

2.2.2 Financing analysis

External financing in the EGGER Group follows a three-component model:

The **first component** is formed by **bank financing**. The main building blocks of this financing are syndicated bank loans and committed credit lines (for strategic liquidity protection), which are concluded with a selected circle of core banks.

In November 2022, a syndicated credit line of EUR 200 million was concluded with a circle of core banks. It carries variable interest and calls for bullet repayment on 28 November 2027. According to the agreement, part of the interest margin is linked to the development of the EGGER Group's sustainability rating (ESG Corporate Rating) from ISS ESG.

The acquisition of SAIB S.p.A. included the assumption of financial liabilities totaling EUR 75.3 million, whereby EUR 51.3 million were repaid in 2022/23 and replaced in part by Group financing. The balance of EUR 24.0 million in local financing outstanding as of April 30, 2023 will be repaid prematurely during the 2023/24 financial year.
The acquisition of M+P Umweltdienste GmbH resulted in the assumption of EUR 2.8 million in financial liabilities as of April 30, 2023. Premature repayment is planned for the 2023/24 financial year.
The committed syndicated credit line was drawn and repaid during the reporting period. As of April 30, 2023, EUR 400 million of committed credit lines were available for discretionary use. This credit line was extended by one year in September 2022, and the remaining term equaled 4.5 years as of April 30, 2023.

The **second component** of external financing is based on the **capital market**. Our Group has successfully used the bond market as a financing source for many years, and we placed a EUR 150 million hybrid bond on the market in March 2018. This hybrid bond was called and redeemed prematurely during the reporting period; the outstanding nominal amount of EUR 146.7 million and accrued outstanding interest were repaid on December 12, 2022. Details are provided in the consolidated financial statements under note (27).

We have also used promissory note loans as a financing source on a regular basis since 2014. In March 2023, Egger Holzwerkstoffe GmbH placed its fourth promissory note loan in several fixed and variable EUR tranches (3, 4, 5 and 7 years) for a total of EUR 300 million. According to the agreement, part of the interest margin is linked to the development of the EGGER Group's sustainability rating (ESG Corporate Rating) from ISS ESG. The EGGER Group has now placed three financing issues with an ESG link.
As of April 30, 2023, promissory note loans with various fixed and variable EUR tranches and different remaining terms (total nominal value: EUR 724.5 million) were outstanding as of April 30, 2023.

The **third component** of external financing consists of two **factoring programs**, under which receivables are sold according to actual sales. The long-standing, binding factoring agreements had a remaining term of 0.6, respectively 1.2 years as of April 30, 2023. EGGER is currently in discussions to extend and/or renew these agreements.

Derivative financial instruments are used only to hedge risk positions in underlying transactions. Detailed information on derivatives is provided in the notes to the consolidated financial statements.

Maturity Profile Financial Liabilities and Bonds		**30.04.2023**	**30.04.2022**	**30.04.2021**
Remaining term over 5 years	EUR mill.	120.7	126.0	250.6
Remaining term 1 - 5 years	EUR mill.	1,004.5	721.2	812.3
Remaining term under 1 year	EUR mill.	252.9	134.4	131.0
Total	**EUR mill.**	**1,378.1**	**981.6**	**1,193.9**

2.2.3 Cash flow

Cash Flow Statement		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Gross Cash Flow	EUR mill.	458.7	746.1	584.9	–38.5%
Cash Flow from changes in net current asset	EUR mill.	6.6	–170.4	62.5	103.9%
Cash Flow from operating activities	EUR mill.	465.3	575.8	647.4	–19.2%
Cash Flow from investing activities	EUR mill.	–491.2	–270.5	–233.0	–81.6%
Cash Flow from financing activities	EUR mill.	96.8	–248.8	–324.4	138.9%
Net change in cash and cash equivalents	**EUR mill.**	**70.9**	**56.5**	**89.9**	**25.5%**

Based on gross cash flow and after the inclusion of changes in net working capital, cash flow from operating activities totaled EUR 465.3 million (2021/22: EUR 575.8 million).

Cash flow from investing activities (incl. acquisitions) amounted to EUR 491.2 million and was clearly higher than the prior year value of EUR 270.5 million.

Investments were made in nearly all plants and consisted chiefly of recycling equipment, warehouse space and processing capacity as well as the modernization of our resin plant in Wismar (DE). We also acquired a new location in Caorso (IT).

Cash flow from financing activities equaled EUR 96.8 million and reflects the increase in borrowings.

Free Cash Flow Statement		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Cash Flow from operating activities	EUR mill.	465.3	575.8	647.4	–19.2%
Cash Flow from investing activities	EUR mill.	–491.2	–270.5	–233.0	–81.6%
+ Cash Flow from Growth Investments incl. Acquisition	EUR mill.	428.3	194.5	127.0	120.2%
Free Cash Flow	**EUR mill.**	**402.4**	**499.8**	**541.4**	**–19.5%**

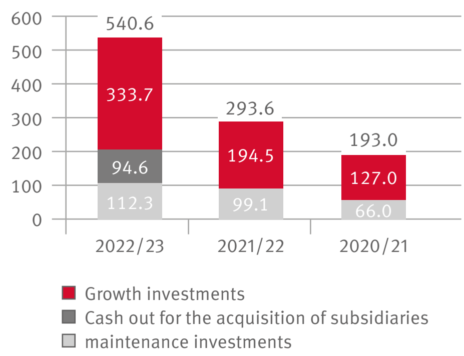
Free cash flow (cash flow from operating activities less cash flow from investing activities plus growth investments, incl. cash out for acquisitions) amounted to EUR 402.4 million and was 19.5% below the previous year (2021/22: EUR 499.8 million).

2.2.4 Investments

Investments in intangible assets, property, plant and equipment and acquisitions amounted to EUR 540.6 million (2021/22: EUR 293.6 million). Of this total, EUR 112.3 million (2021/22: EUR 99.1 million) represented replacement investments.

The difference between cash flow from investing activities and the additions to non-current investments resulted from non-current asset additions which will become cash-effective at a later date, from the capitalization of rights of use under IFRS 16, from changes in the scope of consolidation and from differences between various exchange rates on the balance sheet date and the average exchange rate.

Investment (EUR mill.)



Investment		2022/23	2021/22	2020/21
Maintenance investment	EUR mill.	112.3	99.1	66.0
Growth investment	EUR mill.	333.7	194.5	127.0
Cash out for the acquisition of subsidiaries	EUR mill.	94.6	–	–
Total Investments	**EUR mill.**	**540.6**	**293.6**	**193.0**

Growth investments including cash out for acquisitions, totaled EUR 428.3 million in 2022/23 (2021/22: EUR 194.5 million). A substantial component was attributable to the acquisition of the plant at our new location in Caorso (IT) and the acquisition of additional recycling companies in the USA and Germany. Investments were also made to support the circular economy, optimized logistics and energy efficiency at our existing locations.

A substantial component of these investments was directed to our plants in St. Johann i.T. (AT), Brilon (DE), Lexington, NC (US) and Rambervillers (FR). At our plant in Wismar (DE), we are currently upgrading our resin plant.

Investment		2022/23	2021/22	2020/21
Decorative Products	EUR mill.	470.6	248.4	169.9
Flooring Products	EUR mill.	50.6	31.2	16.6
Building Products	EUR mill.	19.4	14.0	6.5
Total Investments	**EUR mill.**	**540.6**	**293.6**	**193.0**

2.2.5 Cost of capital

The cost of capital (WACC = weighted average cost of capital) used in Egger value management represents the return expected on equity and debt financing. It is calculated as a weighted average of the cost of equity and debt for the Group. The after-tax WACC equaled 8.88% in 2022/23 (2021/22: 8.71%). Local WACC rates are calculated for individual countries in local currency and adjusted by the difference in inflation and country risk.

2.2.6 EGGER value management

The financial aspect of EGGER value management is based on a simple and transparent, but strong analytical method that is focused on the sustainable increase in cash flow (EBITDA) in relation to historical capital employed, i.e. CFROI (cash flow return on investment; the return on capital employed in relation to acquisition costs).

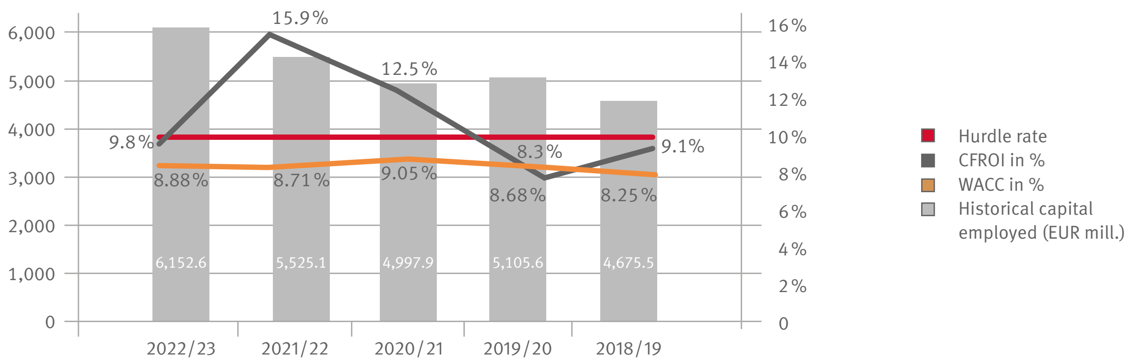
CFROI, which is one of the most important performance indicators for capital-intensive companies, measures the profitability of capital employed. As a sustainable strategic target, EGGER has defined a minimum return of 10% (hurdle rate) for all areas of the company.

Value Management		**2022/23**	**2021/22**	**2020/21**	**Dev. in % 2023 to 2022**
EBITDA	EUR mill.	602.5	877.5	622.3	–31.3%
Historical capital employed	EUR mill.	6,152.6	5,525.1	4,997.9	11.4%
CFROI	**in %**	**9.8%**	**15.9%**	**12.5%**	

$$\text{CFROI} = \frac{\text{EBITDA}}{\text{Historical capital employed}}$$

Goal: CFROI ≥ 10 %

Value management:



Our Group CFROI of 9.8% in 2022/23 was below the extremely positive previous year's level of 15.9% and also slightly below our long-term target rate of 10.0%. Historical capital employed rose by 11.4% during the reporting period and reflects our growth strategy. Over the medium- and long-term, we expect a CFROI rate which reflects our target of 10%.


EGGER

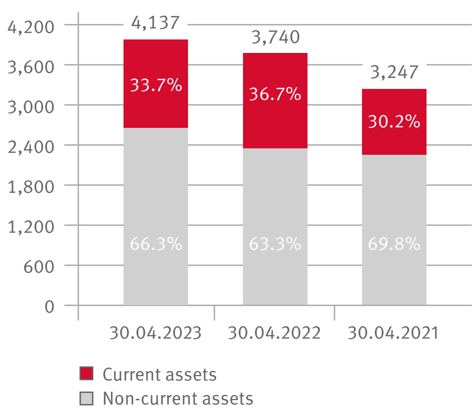
2.3 Asset position

2.3.1 Balance sheet structure

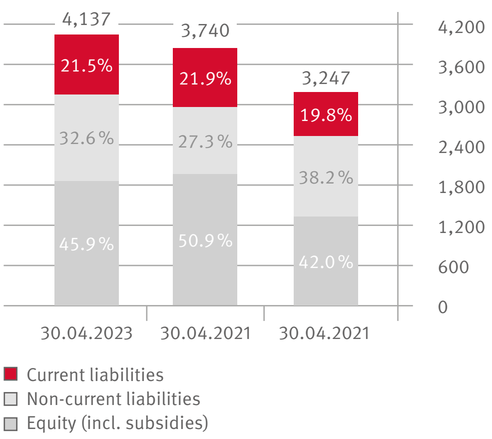
The balance sheet total rose by 10.6% from EUR 3,740.2 million in the previous year to EUR 4,136.6 million in 2022/23. This growth was based primarily on an increase in non-current tangible assets, cash and cash equivalents and other current assets.

Balance Sheet Development		30.04.2023	30.04.2022	30.04.2021	Dev. in % 2023 to 2022
Non-current assets	EUR mill.	2,741.8	2,368.6	2,266.6	15.8%
Inventories	EUR mill.	620.4	647.0	429.8	–4.1%
Receivables	EUR mill.	175.2	192.6	126.3	–9.0%
Cash and cash equivalents	EUR mill.	466.0	418.1	362.4	11.4%
Other current assets	EUR mill.	133.2	113.9	61.4	16.9%
Balance sheet total	**EUR mill.**	**4,136.6**	**3,740.2**	**3,246.6**	**10.6%**
Equity (including subsidies)	EUR mill.	1,898.7	1,902.0	1,362.3	–0.2%
Provisions	EUR mill.	156.8	159.2	175.7	–1.5%
Non-current financial liabilities / bonds	EUR mill.	1,125.2	847.1	1,062.9	32.8%
Current financial liabilities / bonds	EUR mill.	252.9	134.4	131.0	88.2%
Other liabilities	EUR mill.	703.0	697.5	514.7	0.8%

Asset development (EUR mill.)



Equity/Liabilities development (EUR mill.)

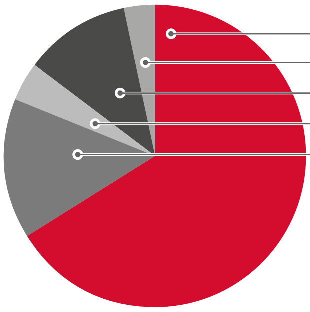


Non-current assets rose by 15.8% based on additions to plant and equipment. Non-current assets represent 66.3% of the balance sheet total (2021/22: 63.3%) and reflect the very high capital intensity of the Group's production processes.

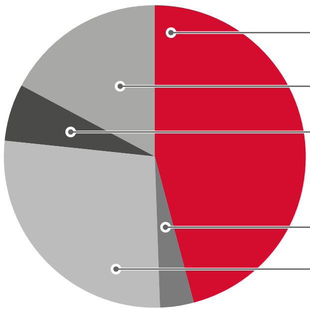
Earnings expectations for our Russian locations were reduced substantially due to the Ukraine conflict, which led to the recognition of impairment losses to flooring and MDF production at our plant in Gagarin (RU).

The following graphs show the balance sheet structure as of April 30, 2023:

Balance sheet structure: assets (30.04.2023)



Balance sheet structure: equity and liabilities (30.04.2023)



2.3.2 Working capital

Working capital (inventories plus trade receivables less trade payables) declined from EUR 441.8 million as of April 30, 2022 to EUR 364.6 million as of April 30, 2023.

Working Capital		2022/23	2021/22	2020/21	Dev. in % 2023 to 2022
Inventories	EUR mill.	620.4	647.0	429.8	−4.1%
+ Receivables	EUR mill.	175.2	192.6	126.3	−9.0%
– Trade payables	EUR mill.	431.0	397.8	285.9	8.3%
Working Capital	**EUR mill.**	**364.6**	**441.8**	**270.3**	**−17.5%**
Revenues	EUR mill.	4,449.7	4,234.3	3,082.8	5.1%
Working Capital in % of revenues	in %	8.2%	10.4%	8.8%	

Inventories declined by 4.1% from EUR 647.0 million as of April 30, 2022 to EUR 620.4 million as of April 30, 2023. This reduction resulted chiefly from a decline in volumes compared with the balance sheet date in 2021/22.

Trade receivables also declined from EUR 192.6 million as of April 30, 2022 to EUR 175.2 million as of April 30, 2023. The average receivables turnover equaled roughly 34 days (2021/22: roughly 36 days).

Trade payables increased to EUR 431.0 million as of April 30, 2023 due to outstanding amounts for investments (2021/22: EUR 397.8 million).

2.3.3 Liquidity / net debt

Interest-bearing liabilities (financial liabilities and bonds) rose to EUR 1,378.1 million as of April 30, 2023 (2021/22: EUR 981.6 million) and include a long-term financing component of 81.7% (2021/22: 86.3%). All financing was concluded in Euros. Liquid funds include marketable securities (current assets) of EUR 9.3 million (2021/22: EUR 0 million). Net debt totaled EUR 902.8 million as of April 30, 2023 (2021/22: EUR 563.4 million), whereby the increase resulted primarily from the premature redemption of the hybrid bond and refinancing with financial liabilities as well as higher investment and acquisition activity.

Net Debt		30.04.2023	30.04.2022	30.04.2021	Dev. in % 2023 to 2022
Financial liabilities and bonds	EUR mill.	1,378.1	981.6	1,193.9	40.4%
Less liquid funds	EUR mill.	475.3	418.1	362.4	13.7%
Net Debt	**EUR mill.**	**902.8**	**563.4**	**831.5**	**60.2%**

2.3.4 Equity (incl. government grants)

Equity declined slightly from EUR 1,901.9 million in the previous year to EUR 1,898.7 million as of April 30, 2023. The underlying factors include the positive results of EUR 239.8 million for the reporting period less currency translation effects (in particular from the RUB, ARS and USD) and after deductions for the premature redemption of the hybrid bond and the proportional share of interest payments for this security up to its reclassification in October 2022 as well as distributions. The equity ratio, including government grants, equaled 45.9% (2021/22: 50.9%).

2.3.5 Provisions and other liabilities

Provisions declined from EUR 159. million as of April 30, 2022 to EUR 156.8 million as of April 30, 2023. As a percentage of the balance sheet total, provisions equaled 3.8% (2021/22: 4.3%).

3 Corporate Responsibility (CR)

Sustainability, fairness and transparency are key factors for our success. As one of the leading wood processing companies, we strive to act responsibly and, in this way, document our position as an employer, market participant, member of society and supporter of the environment.

“Our values determine our daily actions.“

This year marks the publication of our sixth corporate sustainability report together with this annual financial report. It provides detailed information on the major sustainability issues and related goals as well as the measures we have implemented in these areas and underscores our special commitment to transparency.

Convince yourself. You can find the **EGGER Sustainability Report 2022/23** under www.egger.com/sustainability.

Sustainable development and sustainable growth are important elements of our mission and our corporate strategy. Compliance – meaning conformity with legal requirements and internal guidelines – represents an integral part of our business activities and our relations with all our partners. We also take our **entrepreneurial responsibility** seriously and make a voluntary contribution to sustainable development.

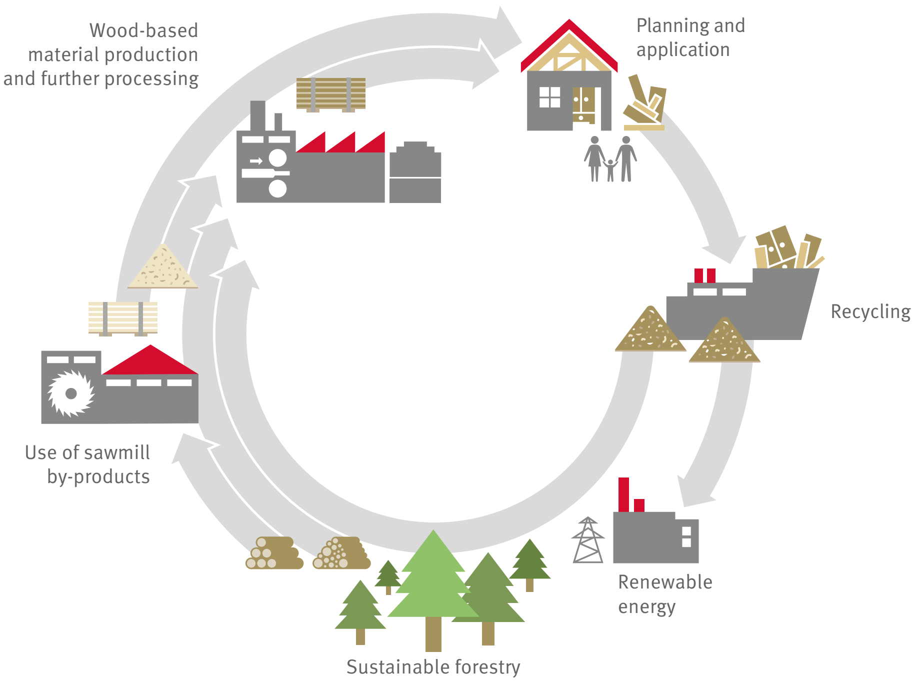
3.1 Marketplace

At EGGER, we realize that today's entrepreneurial actions will influence the **quality of our environment** in the future. We therefore accept responsibility for the impact of our products, our production and our relations with suppliers and customers. We operate with modern equipment based on state-of-the-art technology. From the living tree to the finished product, we rely on **integrated locations** that fully utilize the valuable raw material wood in a closed cycle. Sustainability represents an important aspect in the development and improvement of products, services and production equipment and plays a major role in our company's success.

3.1.1 Our environmental cycle

Our integrated locations initially use wood as a raw material. The various uses range from the production of sawn wood in the sawmill to the manufacture of wood products. For the production of wood materials, we use sawmill by-products, pre- and post-consumer recycling wood and timber from sustainable forestry operations. Residual wood that cannot be used in production is utilized thermally in our own biomass power plants and converted into energy for the production process. The CO_2 resulting from our production processes is reabsorbed by the forest and converted into oxygen – and in this way, closes the cycle.

A detailed description of our value chain is provided in the Sustainability Report on page 28.



3.1.2 Product responsibility

Wood materials make an important contribution to reducing greenhouse gas emissions in the earth's atmosphere. The natural CO_2 storage medium wood plays a particularly important role in EGGER's products and helps to achieve a positive **environmental footprint**.

Information on our environmental footprint and environmental compatibility is provided in our **environmental product declarations (EPDs)**, which are prepared in accordance with the international ISO Standard 14025 and EN 15804. These EPDs are verified independently by IBU ("Institut für Bauen und Umwelt") and used to certify the sustainability of buildings. EPDs are available for all major EGGER product groups. An overview of our products with environmental seals can be found in the Sustainability Report on page 49.

Ensuring the **quality of our products and processes** is one of our most important objectives. Our Group-wide quality management is certified under ISO 9001, a standing that guarantees customer satisfaction and a long service life for our products. Quality management, as an integral part of the EGGER Group's management, is monitored with internal and external audits based on an audit matrix.

In order to meet legal regulations and customer demands for information on ingredients, emissions and substance migration in all our markets, our corporate product compliance department processes and maps these requirements through audits and certifications.

3.1.3 Relations with customers and suppliers

We want to develop and maintain **long-term, dependable and honest** working relationships with our customers and suppliers. The establishment and further development of these long-term relationships are the basis for success.

We define **standards for suppliers** so they can meet our demands for sustainable operations. We comply with all applicable legal regulations and have issued a **code of conduct** for our employees as well as a code of conduct for our suppliers. Additional guidelines address anti-trust issues, the prevention of corruption, data protection and capital market compliance.

We have also installed an external, neutral **ombudsman's office**, where stakeholder can report suspicions or information of misconduct. Anonymous contact with the ombudsman's office is also possible.

3.2 Environment

We take our responsibility for society and the environment seriously. Environmental protection has a high standing in the EGGER Group and is firmly anchored in our corporate philosophy. Our environmental management system guarantees the integration of environmental aspects in our work processes.

“The sustainable use of raw materials has top priority.“

We meet this goal with processing technologies that conserve resources, with the generation of energy in company-owned biomass power plants and with environmentally friendly logistics systems which, for example, use rail traffic for transport. All EGGER plants meet legal requirements and are equipped with state-of-the-art wastewater, acoustic protection and air purification systems.

The goals of environmental management at EGGER are to ensure compliance with legal regulations, to prevent or minimize the negative effects of business operations on the environment, and to continuously improve our environmental performance. Accordingly, environmental management systems form the basis for the methodical and steady pursuit of environmental goals to ensure the responsible use of resources and energy.

Two additional EGGER plants – Lexington, NC (US) und Gebze (TR) – were added to the ISO 14001 matrix in 2022/23. Our management systems are regularly reviewed according to an audit matrix in the form of an integrated management system. A detailed overview of our plant certifications under ISO 14001, ISO 50001 and EMAS is provided in the Sustainability Report on page 26.

Our major strategic challenges include safeguarding wood supplies for our plants and supporting the environment. This goal must be met against the backdrop of intense competition for wood that not only drives the price, but also affects the availability. We therefore rely increasingly on the use of recycling wood.

All larger locations in the Group meet their thermal energy requirements with biomass power plants or biomass heating plants. Biomass power plants generate electrical energy and heat through the firing of biomass. In contrast, biomass heating plants and hot gas generators produce heat that is used to warm the oil for our presses and hot gas that is used to dry our wood chips. Residual wood and dust from pre-processing steps that cannot be used in production are utilized thermally in our own biomass power plants. This helps to save natural gas as a fossil energy carrier. Details on our energy infrastructure and many other aspects of responsible production can be found in our Sustainability Report beginning on page 85.

All documents relating to the environment and sustainability at EGGER are available for review on the Internet under **www.egger.com/environment**.


GEFAHR!
ACHTEN SIE STETS AUF RADLADER UND LKW!
Gehen und Radfahren auf dem Holzplatz ist ausschließlich auf den markierten Geh- und Radweg erlaubt!
Achtung

3.3 Employees

Our goal is to be the **best employer** in each of our relevant labor markets. We therefore place high value on modern human resources management that supports our corporate culture.

3.3.1 Number of employees

The Egger Group employed an average workforce of 10,987 in 2022/23 (2021/22: 10,629), which is classified by country as follows:

Number of own personnel	Status 30.04.2023	yearly average 2022/23	yearly average 2021/22	yearly average 2020/21	yearly average 2019/20
Austria	1,746	1,725	1,640	1,610	1,610
Germany	3,075	3,029	2,908	2,838	2,764
France	938	929	921	908	892
Great Britain	822	812	806	778	800
Russia	1,159	1,188	1,173	1,148	1,155
Romania	885	896	879	861	866
Turkey	843	838	847	795	764
Argentina	512	503	500	492	489
Poland	533	539	531	502	421
USA	477	455	424	301	168
Italy (1)	227	75			
EGGER Total	**11,216**	**10,987**	**10,629**	**10,233**	**9,928**

(1) Annual average 2022/23 for Italy is based on data from January til April 2023.

3.3.2 Employer branding and recruiting

In 2022/23, we restarted our employer branding and recruiting initiatives after the corona pandemic. Numerous human resources marketing measures – like visits to various trade fairs, open house days, school visits and parents' evenings – were again held locally, and our social media activities were expanded.

Our offerings of summer jobs, internships and thesis work returned to the pre-pandemic level at many locations in 2022/23. At other locations, we see challenges in recruiting young professionals due to demographic developments and the distance to universities.

We were again recognized as an employer in many countries during the past financial year. One example is the "Place to Perform" Award, which highlights our standing as the best employer for university students and young professionals. We have also received numerous positive responses on employer rating platforms like Glassdoor, Indeed and Kununu.

The **employee survey** by the independent geva-institut in autumn 2021 was followed by pulse surveys during the reporting period to evaluate the implemented improvement measures. The subjects ranged from conflict management to respect and open communications and the work-life balance. The results from the last survey in autumn 2021 showed that the vast majority of employees identify very strongly with the company and its values.

Our internal employer branding activities included the relaunch of EGGERnet, our Intranet, to create a modern, central information platform which also serves as the step-off platform for all our systems, applications and information. EGGERnet was also transformed into a mobile app version that can also be used on employees' private smartphones. The EGGERmobile app can now be used by employees in Austria, the UK and USA.

3.3.3 Training

Our goal is to develop specialists and managers from our own ranks, and we have therefore established **training programs** at 19 of our 21 locations. The recruiting of trainees as a means to meet our requirements for specialists was, and will remain, one of our focus issues.

We successfully established a training program in the USA during 2018 and the first graduates have now joined EGGER as regular employees. A training program also started at the plant in Concordia (AR) during autumn 2020. A similar program was developed in Poland and Russia, and the first trainees have already started.

The number of trainees increased significantly during the past year. This reflects our goal to reach a training quota of 3% for the Group as a whole.

The EGGER Group had an average of 414 trainees/apprentices in (2021/22: 360).

3.3.4 Human resources development

The **EGGER Campus** offers relevant training opportunities for all employees. Training needs are identified in annual employee reviews and recorded in a development plan for subsequent implementation. E-learning programs cover 50% of training requirements. In 2022/23, we expanded the offering of digital courses and added exchange platforms and webinars. Our **EGGER Compact** internal training offensive safeguards the exchange of know-how between specialist departments and strengthens employees' understanding of the value creation process.

We were again able to offer an increased number of on-site courses in 2022/23 but are also relying on digital training. A special focal point here is the onboarding process for new employees and training for managers at all levels.

Our management training program "HR at EGGER – my role as a manager" was introduced in 2019 and is now held in seven countries. Its goal is to create a better understanding for the various processes in the human resources cycle: from selection to integration and exit. Through the direct exchange of information and ideas, participants are given an overview of EGGER's expectations on managers and their roles as well as their interaction with the human resources department.

We place great value on filling many positions internally and inform employees of available positions via the Internet and on noticeboards. The **"Startklar"** strategic development program, which is directed to internal talents, completed its nineth cycle in April 2023 with 18 international high-potential men and women. The next round of this established program is scheduled to start in spring 2024.

3.3.5 Occupational safety and health protection

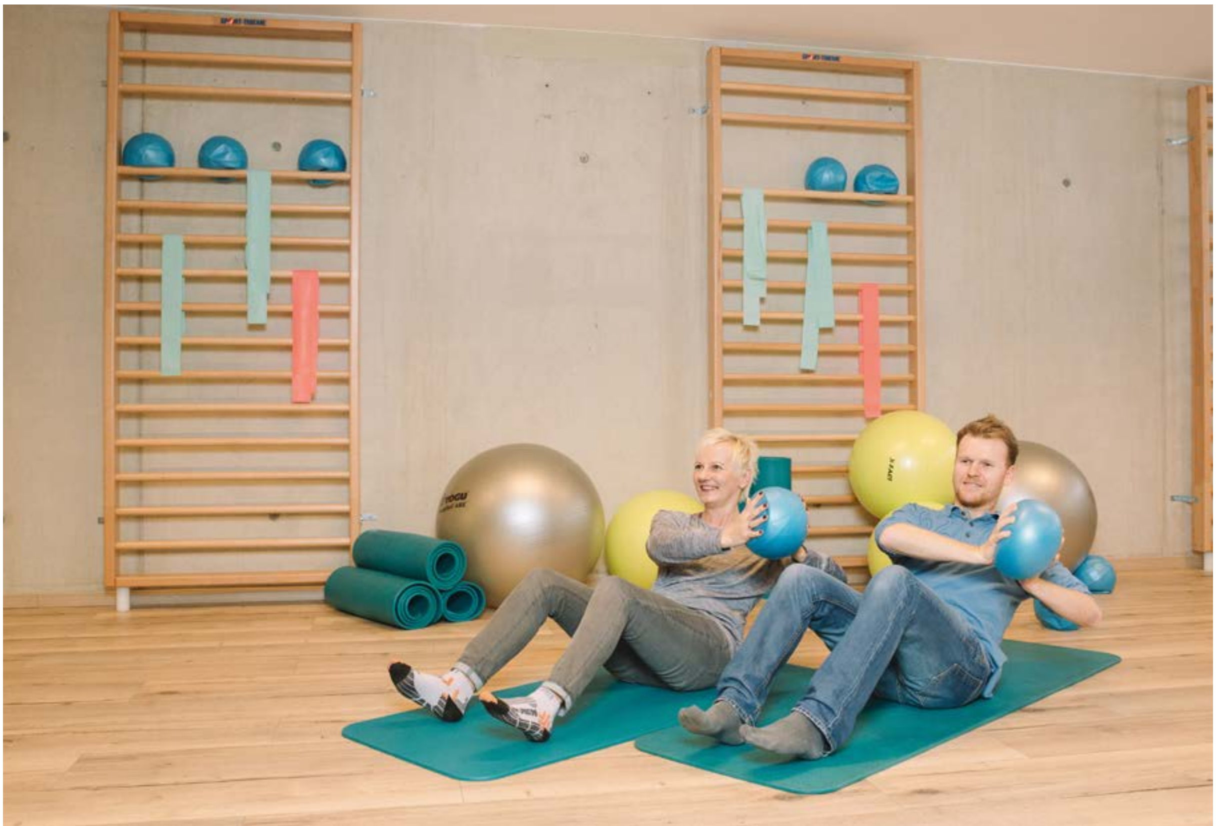
We are well aware of our responsibility as a family-owned employer: Our employees are an essential part of our company and, accordingly, we place high priority on their well-being and health. Our accident rate remained nearly stable with an increase of roughly 5% in 2022/23 (internal accident rate), which means we met our goal to limit accidents to a maximum of 10 per one million hours worked (accident rate: LTIR internal).

The tragic fatal work accident at our plant in Lexington, NC (USA) during March 2023 shows that we must further improve our focus on occupational safety and health protection. Our “vision zero” to prevent fatal and severe work accidents is an incentive for further improvement and we will continue to follow this course.

The intensive training program for managers and supervisors (Safety Leadership Induction Workshops) was continued. Over 1,500 employees completed online training in occupational safety during the reporting period. Both programs will be intensified in the future.

Our central system for reporting unsafe conditions, near-accidents and work accidents and our management system for monitoring occupational safety have become firmly established. To prevent accidents, we continuously optimize occupational safety in all physical and organizational processes (equipment, traffic involving trucks, forklifts, wheel loaders and personnel, access restrictions, technical aids etc.). Our EGGER Safety Week has also become a focal point in connection with the World Day for Safety and Health at Work on April 28. This event was held for the third time and, for an entire week, many of our colleagues from the 21 EGGER plants took part in a broad range of training and information events on various safety issues that covered a mix of theoretical and practical units.

We received the Better Health at Work Award – Maintaining Excellence Status for our health management system in Hexham (UK), and our Scottish location in Barony (UK) has successfully retained its Gold Award – Health Working Lives for several years. In addition, our plant in Marienmünster (DE) received the safety prize from the Wood and Metal Trade Association in 2023.



3.4 Society

In agreement with our **fundamental values**, we respect the customs and traditions of the countries in which we operate. EGGER works to establish a position **as an integral part of the local environment** and supports the use of qualified employees and managers from the regions near the Group's plants.

Our plants also have a positive long-term influence on economic development at their locations through the use of local suppliers and local infrastructure like hotels and restaurants.

"We are committed to social responsibility at the local level."

EGGER cares deeply about the well-being of the local communities. At all our production locations, we are not only an employer but also part of the local community. In this connection, we are involved in activities related to healthcare, society, education and environmental protection. We support a variety of measures to improve the quality of life in the regions surrounding the EGGER locations in line with local circumstances.

We regularly hold **open house events** as well as family and health days and also offer target group-specific plant tours to give our employees' families, neighbors and the general public a direct impression of our activities. Visitors have the opportunity to take a look behind the scenes and become more familiar with EGGER and, in this way, develop a personal relationship with the company and its colleagues.

The **"Run with EGGER"** program has created a bridge between health management for our employees and social commitment in the regions surrounding our plants since 2010. For each kilometer completed, we donate five Euros to a non-profit organization. – but the main objectives of this project are to enjoy sports with the awareness of helping others.

"Run with EGGER" continued in both digital and local form in 2022 to strengthen the international sense of belonging. Participants were linked via app and, in this way, could follow their colleagues' performance even though the runners were positioned at different locations across the world. Our employees covered a total of 26,233 kilometers as part of the "Run with EGGER" program in 2022 and "ran up" TEUR 131.2 for social programs. The donations were transferred to local organizations or needy persons.

Our extensive fundraising activities in 2022/23 involved healthcare, social issues, education and environmental protection with a focus on local needs. Examples included support for cancer research organizations (Hexham, UK) and for children with development delays (Radauti, RO) as well as the renovation and furnishing of hospitals (Biskupiec, PL) and schools (Radauti, RO). We also announced a donation of EUR 1.0 million for aid projects to cover basic housing needs for people affected by the devastating earthquake in southeast Turkey and large parts of Syria.

With cash and non-cash donations, we support selected projects which, however, must meet sustainability criteria as well as one of the purposes listed in our compliance guideline for donations and sponsoring. Our donations and sponsoring activities totaled TEUR 2,808.8 in 2022/23 (2020/21: TEUR 2,141.6). Details on our contribution to local communities and to regional added value are provided in our Sustainability Report beginning on page 153.

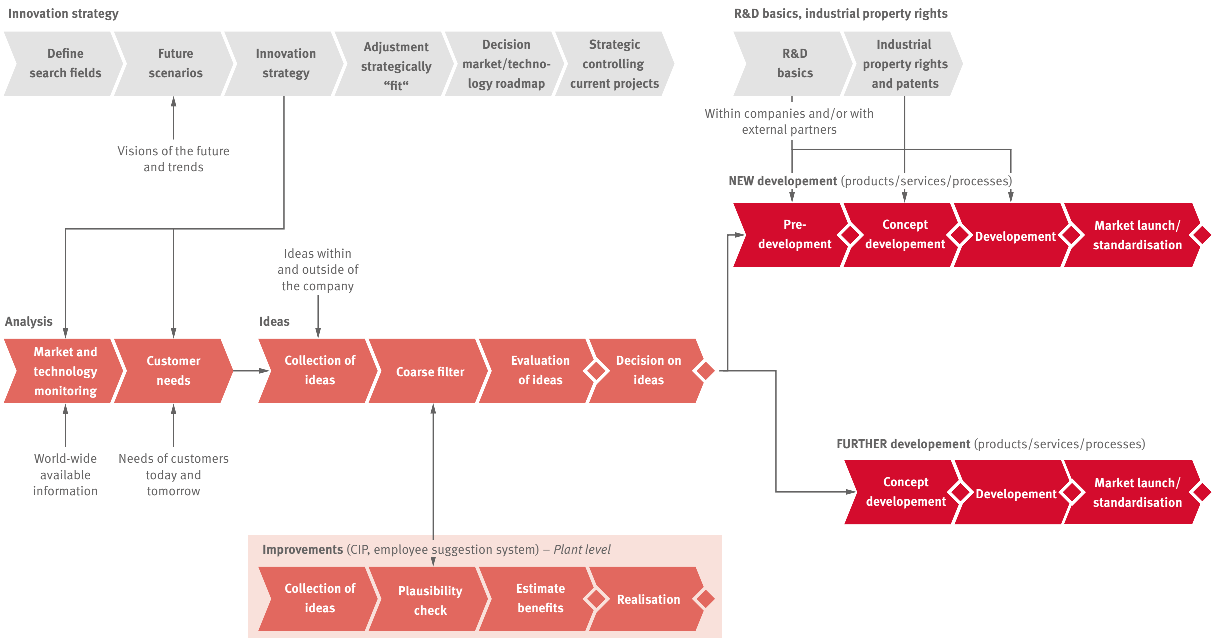
4 Innovation, Research and Development

4.1 Innovation management as a key element of the corporate strategy

“The development and, above all, continuous improvement of our products, processes and services are based primarily on the creation of added value for customers and represent the foundation for our long-term earning power.” This element of the EGGER mission statement underscores the importance of innovation for the realization of the corporate vision and emphasizes the significance of the innovation process for the EGGER strategy.

The development of ideas and the documentation and organization of innovation projects up to market introduction follow a clearly defined, structured **innovation process** which is firmly anchored throughout the Egger Group. The actual implementation involves close cooperation between the various product management units and the **competence center**. The central competence center focuses on product and process development, productivity improvement and the optimization of production equipment with respect to costs, energy and raw material consumption. **Product management** defines the most important product requirements during the innovation process and assists the sales force in market introduction. This department accompanies products during the development stage and up to the determination of a recommended selling price, training for the sales force and the design of the marketing package together with local teams and is also responsible for discontinuing the item at the end of the product life cycle.

We use an innovation management system that integrates all units involved in the innovation process, i.e. the product management departments responsible for furniture and interior design, building products and flooring and the competence center organization.



IMS EGGER innovation management system

The EGGER InnoCockpit was created to further improve the efficiency of our innovation management. It is a SharePoint platform which allows us to provide everyone involved in innovation management with transparent and timely information. It also supports project planning and documentation and, where reasonable, replaces manual administrative activities with automatic workflows. The Inno Cockpit represents a key management tool for EGGER IMS.

A total of 54 R&D and innovation projects were in progress during the 2022/23 financial year, whereby 18 were completed and 13 were started.

The Competence Center (CC) organization was modified during the reporting period and now includes the following specialized areas:

- CC-Line Core Products
- CC-Line Surfaces Melamine
- CC-Line Lacquering/Thermoplastics
- CC-Line Process Automation
- CC-Line Maintenance
- CC-Line Health, Safety and Environment
- CC-Line Chemistry
- CC-Line Research & Innovation
- CC-Line Technical Training

The CC organization focuses on the implementation of technical standards throughout the entire EGGER Group. It is also responsible for measures required by legal regulations and the Group's strategic development.

4.2 Product, process and service innovation

The innovation process at EGGER is concentrated, above all, on defined **innovation fields** for products, processes and services.

Products:
- Decors and structures – optics and haptics
- Technical properties and processing (weight reduction, installation and assemble, downtime, …)
- Functional materials and surfaces (reaction to fire, anti-fingerprint, insect and mold protection)

Processes:
- Environment and emissions
- Raw materials and resource efficiency
- Technology and products
- Smart factory

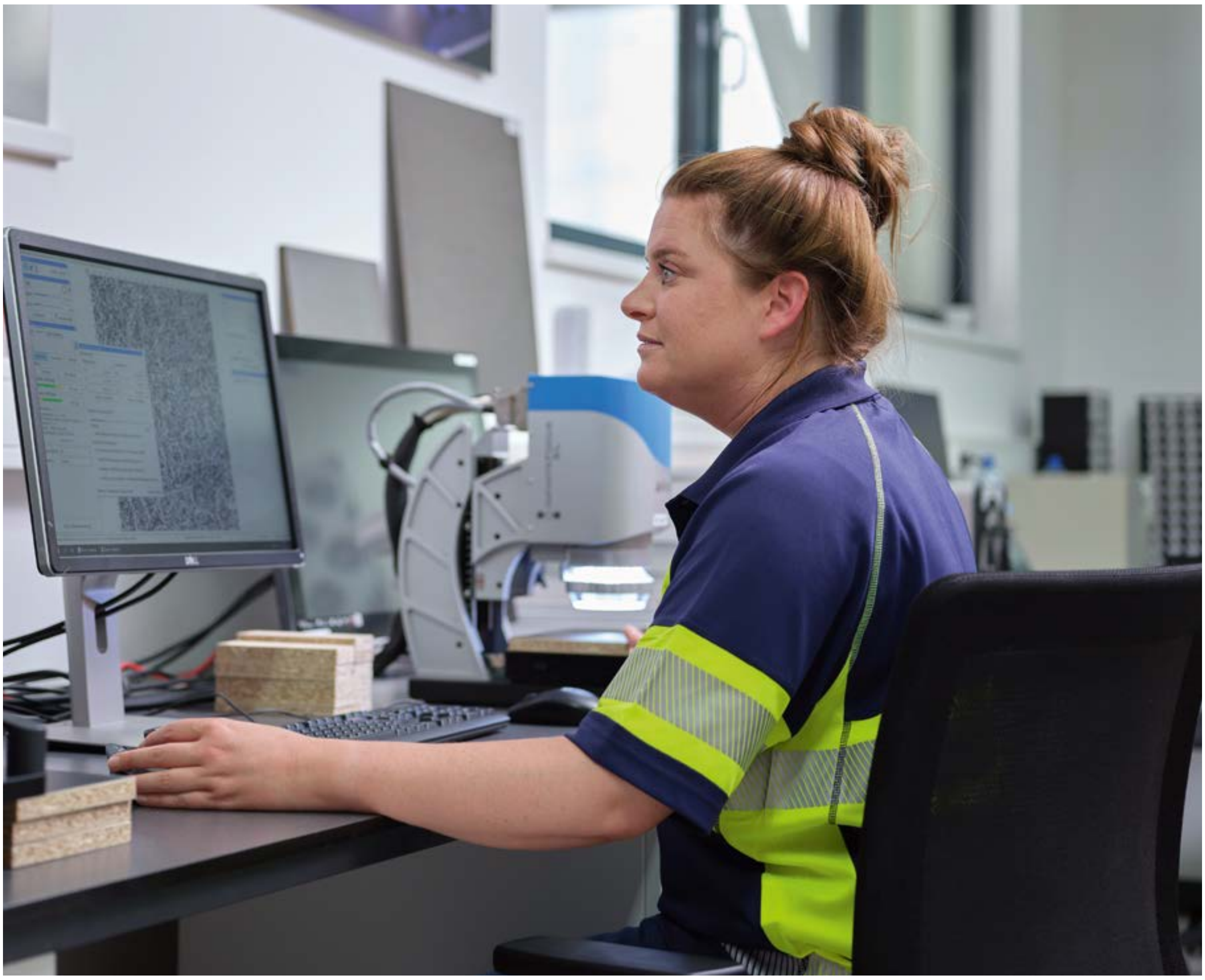
Services:
- Digitalization (data management, simulation, visualization)
- Planning tools, interactive offering

Defined hierarchies are responsible for all steps from the generation of ideas to evaluation, decision and final release. Group Management receives regular information on the status of R&D and innovation projects, whereby the necessary approval process takes place three times each year.

A total of EUR 9.7 million was spent on R&D and innovation in 2022/23 (2021/22: EUR 8.6 million). Our employees worked roughly 31,000 hours (2021/22: approx. 29,000 hours) on research and development activities.

Nine priority **patent registrations** were filed in 2022/23. The EGGER Group currently holds approximately 1,720 patents (granted and registered) and roughly 1,140 trademarks worldwide. The administration and management of the various industrial property rights are handled centrally by the patent and brand department.

Cooperation with external research partners represents an important part of R&D efforts. These activities are focused on raw materials processing, the optimization of laminating systems, new bonding agent technologies and improved production processes. Some of these development projects are co-financed with public funds. Regular workshops promote the exchange of information with selected suppliers and customers. These meetings are used to present and evaluate product and technology trends for their possible influence on EGGER's products, production processes and services.



4.3 Focal points of research and development

R&D concentrated primarily on the following areas in 2022/23:

Research focal point “Environment and Emissions“

Research on the environment and emissions examines opportunities to improve the environmental compatibility of products and production processes, above all with regard to emission behavior and emission loads. Product research includes the finished product as well as the entire lifecycle, including recycling. Projects involving production processes cover all environmental and emission-relevant process steps, e.g. drying, presses, power plants, impregnating and laminating.

Research focal point “Raw Materials and Resource Efficiency“

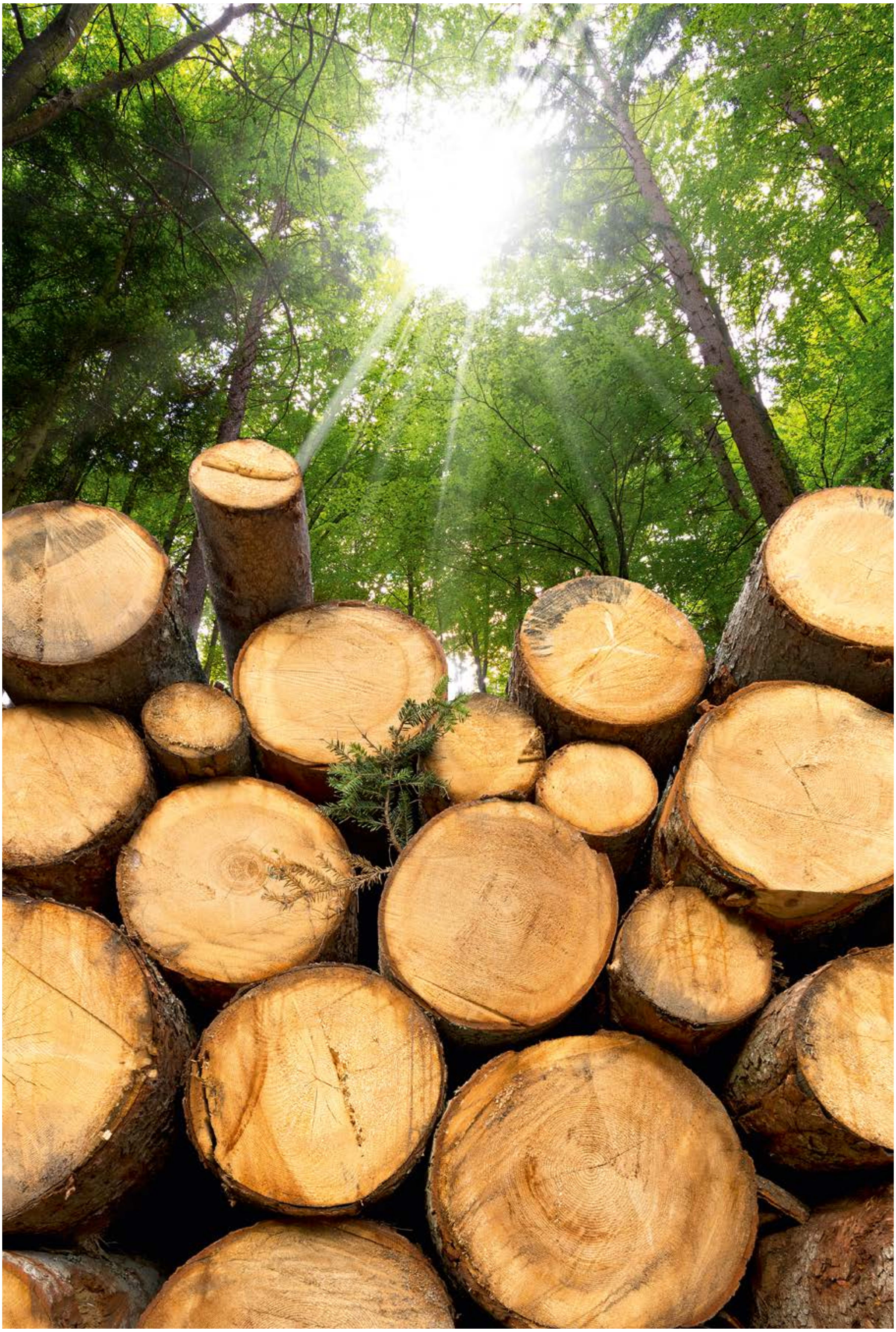
The research projects on raw materials and resource efficiency concentrate on the optimal selection and utilization of input materials and operating supplies. In addition to the raw material wood and other renewable raw materials that can be used in the production of wood products, this area also investigates new types of adhesives and laminating materials. The focal points for the optimization of operating supplies include developing the best resource-conserving options for the operation of production equipment and maximizing the efficiency of energy generation equipment.

Research focal point “Technology and Products“

Technology and product research concentrates on the development of new types of wood material products and related processing alternatives as well as new types of production processes which lead to more economical production or products with new properties. Examples include special hybrid boards and low-weight wood material boards as well as production technologies that use new methods like digital printing, laser welding, electronic image processing or plasma treatment.

Research focal point „Smart Factory“

This research focal point covers all projects that use digital systems to improve the planning, management and mapping of internal processes or increase or improve the digital exchange of data with suppliers and customers.



5 Risk management

5.1 EGGER Risk management system

Entrepreneurial activities are always connected with opportunities and risks. The major objectives of the risk management system are to protect the company's continued existence and the attainment of our defined goals. Our risk management system therefore represents an integral part of our corporate strategy and value management.

The central elements of the risk management system are systematic risk controlling and the internal control system (ICS) with Group-wide guidelines and standards, external auditing by certified public accountants, our regular internal audits and standardized reporting, planning and controlling processes.

5.2 Financial risks and general operating risks

The risk report in the notes provides information on the corporate risk policy and a detailed description of the specific risks – e.g. financial, market, procurement, production and investment risks – that are monitored within the context of risk controlling at EGGER.

5.3 Internal control system (ICS)

EGGER views the internal control system as an integral part of the risk management system. It supports the profitability of business processes, ensures the reliability of financial reporting, and guarantees compliance with applicable legal regulations in order to prevent or reduce damage to the Group.

Key features of the internal control system with respect to the accounting process:

5.3.1 Group-wide uniform and mandatory guidelines

The internal control system (ICS) is based on Group guidelines and process standards. In accordance with the decentralized structure of the EGGER Group, local management is responsible for the implementation of and compliance with these guidelines and standards. The Group guidelines are reviewed regularly by a process manager and updated where necessary, while compliance is verified through internal audits by the process managers.

The Russia-Ukraine conflict led to the adaptation of Group processes and guidelines for our Russian locations and intercompany work with these locations to ensure strict compliance with all sanctions. These processes and guidelines are evaluated regularly and adapted where necessary.

Relations and dealings between the EGGER procurement organizations and their suppliers and service providers are based on the Group's code of conduct, which is applicable to all employees. The code of conduct is available for review on our website under: **www.egger.com/compliance.**

5.3.2 External examination by the auditor

Independent accounting firms are responsible for auditing the consolidated financial statements as well as the annual financial statements of all Group companies that are subject to a mandatory audit. These firms guarantee the application of uniform auditing standards through their international network and ensure the complete and efficient examination of the annual financial statements.

5.3.3 ICS focal point audits

In connection with the audit of the Group's financial statements, a different corporate function is evaluated each year by the auditor for compliance with the ICS. Taxes formed the focal point for the audit in 2022/23. The following internal control areas were analyzed in recent years:

- Taxes
- Fixed asset management and the investment process
- Inventory and warehouse management / physical inventory count
- Accounts receivable management, customer credit management
- Procurement, IT general controls
- Treasury, selected IT processes
- Human resources / payroll accounting
- Sales organization
- Transfer pricing and the related documentation
- Controlling
- Procurement
- Human resources
- O2C (Order to Cash)
- Logistics
- Asset and investment
- Internal sales services
- Taxes

5.3.4 EGGER internal audit

Another element of the internal control system is formed by regular internal audits at two-year intervals, where Group experts from the staff departments analyze and examine processes along the value chain together with the local specialist departments. This procedure supports process optimization and ensures compliance with Group standards and guidelines as well as the correct performance of duties and the economic feasibility of processes. The measures which are defined by these audits and recorded in the EMS (Egger Management System) are summarized in the audit report. A follow-up report documents the successful implementation and completion.

5.3.5 Monitoring, reporting, planning and controlling processes

EGGER uses a standardized Enterprise Resource Planning (ERP) system (SAP) throughout the Group, which facilitates the application of uniform standards and processes for accounting. This system also permits efficient reviews by the corporate IT department as well as external process reviews, for example by the auditor. A standardized closing cockpit was implemented throughout the Group to support the monthly and annual closing processes and automatically document all process steps. This also facilitates the central monitoring of progress on the closing.

Further monitoring activities include automated IT process controls, authorization and role concepts as well as organizational procedures such as dual controls and the separation of administrative, execution, settlement and approval functions. These systems and processes were also adapted to accommodate the sanctions imposed in connection with the Ukraine conflict.

The central elements of the internal control system include Group-wide standardized monthly reporting and integrated planning and controlling processes. The development of the company and the risk environment are documented and analyzed at the plant, division and Group levels at regular intervals. Variances between actual and expected situations are examined, and the results are integrated in operational and strategic decision-making processes. The full harmonization of internal and external accounting allows for the monthly reconciliation of reporting and creates a common database for a wide range of internal decisions at all levels.

The preparation of the consolidated financial statements is based on a corporate accounting guideline that is updated regularly and requires mandatory application by all companies included in the consolidation. This guideline defines the most important accounting and valuation methods based on IFRS.

In addition to ongoing monitoring by independent auditors, the consolidated financial statements as of April 30, 2018 and April 30, 2021 were reviewed by the Austrian Auditing Agency for Accounting ("Österreichische Prüfstelle für Rechnungslegung"). The procedures were concluded without the identification of any errors.

Operational planning is based on quarterly rolling forecasts, which allow for the active and timely implementation of measures to counter the increasing volatility on sales and procurement markets. This rolling planning process is based on sales volumes that are continually updated and adjusted to reflect available capacity and includes the latest developments in selling and procurement prices. It allows us to forecast earnings for five quarters in advance and thereby react quickly to changes in the market environment.

The results of operational planning flow into monthly cash flow forecasts which are differentiated by currency and integrated and automated in the planning system. The data is also transferred to the five-year, medium-term forecast generated by this system.

6 Subsequent Events, Opportunities and Outlook

6.1 Major risks, opportunities and uncertainties

EGGER analyzed the physical climate risks at all relevant production locations with the support of an external service provider during the reporting period. This study included a scenario analysis for the future effects on selected production locations, which did not identify any significant risks.

The preparation of the consolidated financial statements generally includes climate-related risk factors through estimates and evaluations. There are currently no effects on the useful lives or residual values of our property, plant or equipment and intangible assets. As in previous years, no material effects of climate-related risk factors on reporting in relevant areas. There were also no material effects on individual positions during the reporting period.

6.2 Significant events after the balance sheet date

An organizational change in the division structure was implemented as of May 1, 2023 which integrated the EGGER Flooring Products Division in the EGGER Building Products Division. This reorganization creates a simpler structure for the location in Wismar (DE), which produces and markets both flooring and OSB, and also supports the realization of synergies in production, logistics and sales. The EGGER Group now consists of two segments: EGGER Decorative Products, with its West, Central, East and Americas regional divisions, and EGGER Building Products, with the OSB, sawmill and flooring businesses.

Furthermore, there were no significant events which would have led to a different presentation of the asset, financial or earnings position.

6.3 Expected development / outlook

The latest forecast by the International Monetary Fund, the World Economic Outlook, places global growth at 2.8% in 2023 with a slight improvement to 3.0% in 2024. Global inflation should decline, although more slowly than originally expected, from 8.7% in 2022 to 7.0% this year and to 4.9% in 2024.
Many of the emerging and developing countries are already on a recovery course with an increase in growth rates from 2.8% in 2022 to 4.5% this year (both fourth quarter). The slowdown is concentrated in the advanced economies, especially the Eurozone and Great Britain, where growth (also versus the fourth quarter) is projected to decline to – 0.7%, respectively –0.4% this year before stabilizing at 1.8% and 2.0%, respectively, in 2024. (Source: WEO 2023 04)

With regard to our products, demand in Europe is projected to fall below the 2020 level in 2023. The weakening demand for laminated boards has resulted primarily from a sharp drop in Eastern Europe as well as declines in parts of Central Europe and above all in Germany. Demand is, however, expected to improve in all regions beginning in 2024. The demand for flooring collapsed dramatically in Eastern and Central Europe and also in Great Britain during 2022. Positive trends are expected beginning in 2024, but demand will not reach the previous level in the coming years. The stagnation in OSB over the past months will likely continue throughout the remainder of this year, but renewed growth is expected in Eastern Europe beginning in 2024 and, at the latest in 2025, also in Western and Central Europe.

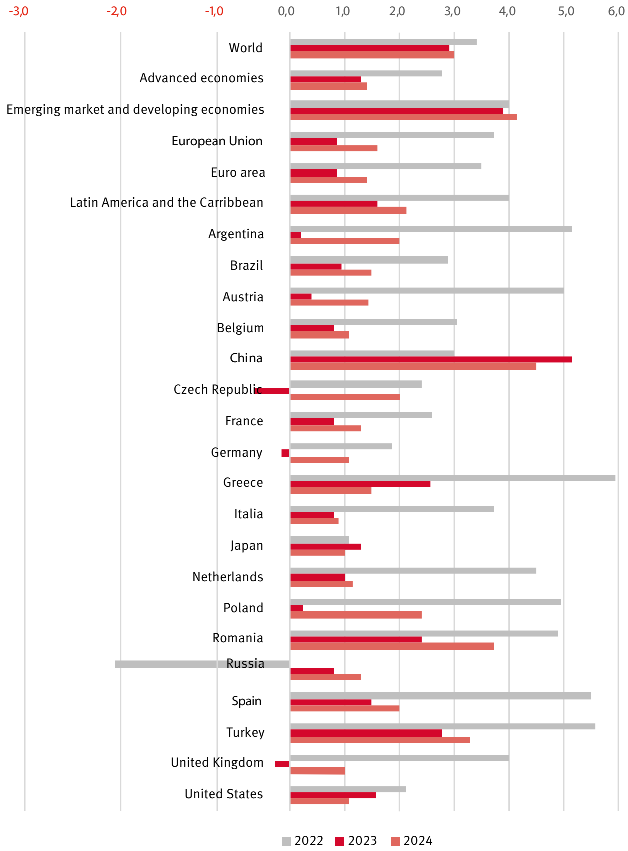
Development of the construction industry

Forecasts for construction activity in Europe point to a downward trend in 2023 as well as further stagnation in 2024. The number of building permits, especially for residential construction, is declining in Russia and in Central-Eastern Europe. Stagnation is also visible in parts of Eastern Europe, but Western Europe should see a positive trend at least by the beginning of 2024.
Non-residential construction in Western Europe will be confronted with stagnation in the volume of approved space up to 2024 and only minimal growth after that time. In contrast, the momentum in parts of Central Europe appears to be somewhat better.

Increasing output is expected, in particular, for the renovation sector. The approved space for non-residential construction is stagnating to declining in Russia, but the trend could be positive in other parts of Eastern Europe at least beginning in 2025.

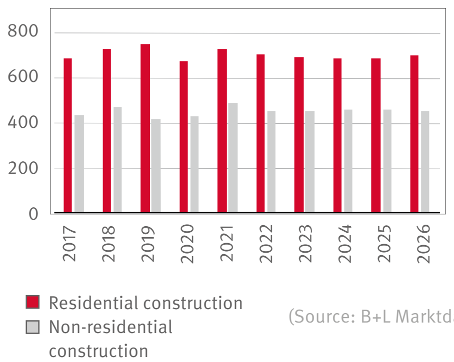
(Source: B+L Marktdaten)

GDP in %



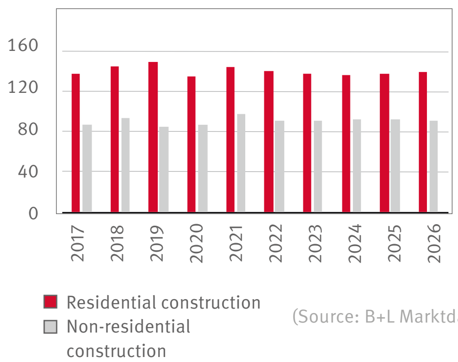
Development of the construction industry in EUR bn

Western Europe



(Source: B+L Marktdaten)

Eastern Europe



(Source: B+L Marktdaten)

6.4 Expected earnings, financial and asset situation

The uncertain macroeconomic outlook is influenced by the unfortunately ongoing tragic crisis in Ukraine, volatile energy and raw materials markets, high inflation in many countries, and current or threatening geopolitical crises as well as the enormous challenges caused by climate change. For EGGER, foreign exchange developments in Argentina are a source of added uncertainty. These elements make a forecast for the coming months very difficult.

The Russia-Ukraine crisis, in particular, has a significant effect on our business. We, at EGGER, see the many men and women who work for us not only as employees but as part of a large family. The resulting responsibility applies to the more than 1,200 employees in these two Russian plants and to their families. Both plants are therefore producing in compliance with all EU sanctions for economic relations between the EU countries relevant for EGGER and Russia. A strict compliance structure and program were established to ensure the observance of all EU sanctions and cover, among others, procurement, logistics flows and intercompany services.

The wood materials we produce in Russia are only sold locally and in the neighboring so-called “STAN” countries. In contrast, no EGGER wood materials from current Russian production are sold in the European Union, Great Britain or other western countries. Operating cash flows are used for plant operations (wages and salaries, materials, etc.), while any surplus cash flow is invested locally and used for maintenance investments. Despite all these measures, it is currently extremely difficult to make concrete statements on developments in the coming weeks or months. EGGER is continuing to monitor and analyze the entire situation extensively.
The outlook for the EGGER Group, notwithstanding the existing uncertainties, points to a slight decline in revenues. The persistent volatility in raw material and energy costs combined with continuing high inflation have created a high and instable price level for our products. We intend to continue the optimal use of our state-of-the-art industrial base and the productivity gains we have developed over these many years to our best advantage.

Our revenue expectations for the D**ecorative Products Division** generally reflect a slight decline in our core markets. The decline in new construction in Western and Eastern Europe will be offset in part by renovation. The uncertainty in Argentina and, above all, in Russia will be offset by expectations of higher volumes on the North American market through our latest greenfield project in Lexington, NC (US) and the acquisition of our newest location in Caorso (IT).

For the **Building Products Division**, which will also include the flooring business beginning with the 2023/24 financial year, we expect an overall decline. The further development of the demand for flooring, and here above all in the price-sensitive DIY business, and the demand for sawn timber, especially from the North American market, is extremely difficult to predict and connected with substantial uncertainty.

Earnings expectations for all our divisions will be heavily influenced by the further development of overall economic demand.

The impact of rising inflation and the resulting higher energy and living costs on consumers’ readiness to spend and, in turn, on the demand for wood material products cannot be reliably estimated at the present time. New construction has also been negatively influenced by rising interest rates. Our earnings expectations for the EGGER Group are therefore subdued.

Especially in these uncertain, volatile times, our quarterly rolling forecasts optimally position us to deal with the market dynamics and master future challenges. We are managing the expected economic distortions by expanding our processing capacity, investing to improve the raw material and energy situation, and continuously optimizing the use of materials and cost structures.

The progressive internationalization of our Group – with plants in North and South America and a network across Europe – supports regional diversification and reduces the dependence on individual regions.

We are addressing the lack of specialists in many parts of the western world with extensive employee training as well as retention and development programs. We are well aware that we owe the previous and future success of our company to the qualifications and commitment of our more than 11,000 employees across the world.

To further strengthen our market position, we are continuing to concentrate on product diversity, market diversification and the constant innovation of our products, processes and services.

One of our key goals will be the further improvement of our sustainability performance. Our investments in this area will focus on the circular economy, above all the use and integrated procurement of recycling wood, as well as the greater use of renewable energy sources in our plants. Our intention is to continuously reduce our climate-related emissions and, in doing so, accept responsibility for contributing to a livable future.

Our solid financial base forms the foundation for long-term relations with customers and suppliers and sustainable, internally generated stable growth. We are also aiming for full capacity utilization in our plants.

This outlook includes forecasts that are based on current estimates for future developments in the EGGER Group. Uncertainty or risks in the market environment could influence these future developments and lead to variances from the current estimates.

St. Johann in Tirol, July 13, 2023

Thomas Leissing	Frank Bölling	Michael Egger jun.	Hannes Mitterweissacher
Chief Financial Officer (CFO) and Speaker of the Group Management	Chief Supply Chain Officer (CSCO)	Chief Sales Officer (CSO)	Chief Technology Officer (CTO)

Group Management

Consolidated Financial Statements as of April 30, 2023

of Egger Holzwerkstoffe GmbH, St. Johann in Tirol

Consolidated Income Statement for the 2022/23 Financial Year

	Notes	2022/23 TEUR	2021/22 TEUR
Revenues	**(7)**	**4,449,681**	**4,234,323**
Other operating income	(8)	45,297	34,756
Increase/decrease in inventories		–36,164	104,464
Own work capitalized		9,459	8,295
Cost of materials	(9)	–2,489,066	–2,288,521
Personnel expenses	(10)	–644,820	–558,224
Depreciation and amortization (1)	(17)	–343,323	–264,238
Other operating expenses	(11)	–731,883	–657,546
Operating profit		**259,182**	**613,311**
Financing costs	(12)	–36,038	–13,916
Other financial results	(12)	13,603	–19,467
Result from financial assets	(13)	7,390	1,513
Result from associates	(14)	2,287	3,239
Profit before tax		**246,424**	**584,680**
Income taxes	(15)	–6,609	–148,315
Profit after tax		**239,815**	**436,365**
Thereof attributable to non-controlling interests		8,711	14,892
Thereof attributable to holders of the hybrid bond		4,368	7,169
Thereof attributable to equity holders of the parent company		226,736	414,305

(1) The current reporting period includes impairment losses to property, plant and equipment in the Russian cash generating units as follows: "Plant Gagarin / Segment Flooring Products" totaling TEUR 15,326 and "Plant Gagarin / Segment Decorative Products" totaling TEUR 54,603.

Consolidated Statement of Comprehensive Income for the 2022/23 Financial Year

	Notes	2022/23 TEUR	2021/22 TEUR
Profit after tax		**239,815**	**436,365**
Revaluation of obligations arising from post-employment benefits for employees	(34)	–489	9,167
Items that will not be reclassified to profit or loss		**–489**	**9,167**
Currency translation adjustments	(28)	–105,048	131,893
Items that could possibly be reclassified to profit or loss		**–105,048**	**131,893**
Profit after tax recognized in other comprehensive income	**(16)**	**–105,538**	**141,060**
Total comprehensive income for the period		**134,278**	**577,425**
Thereof attributable to non-controlling interests		8,713	15,219
Thereof attributable to holders of the hybrid bond		4,368	7,169
Thereof attributable to equity holders of the parent company		121,197	555,037

Consolidated Balance Sheet as of April 30, 2023

Assets	Notes	30.04.2023 TEUR	30.04.2022 TEUR
Property, plant and equipment	(17)	2,360,543	2,147,410
Intangible assets	(17)	154,362	65,784
Investment property	(18)	435	447
Biological assets	(19)	3,454	3,916
Financial assets	(20)	23,852	19,643
Investments in associates	(21)	37,369	37,346
Other assets	(24)	23,012	5,853
Deferred tax assets	(26)	138,794	88,165
Non-current assets		**2,741,819**	**2,368,565**
Inventories	(22)	620,355	647,021
Trade receivables	(23)	175,230	192,556
Other assets	(24)	102,367	104,768
Current tax assets		21,454	5,235
Financial assets	(20)	9,411	3,932
Cash and cash equivalents	(25)	465,962	418,148
Current assets		**1,394,779**	**1,371,661**
Total Assets		**4,136,598**	**3,740,226**

Equity and Liabilities	Notes	30.04.2023 TEUR	30.04.2022 TEUR
Share capital and reserves	(27, 28)	1,800,934	1,709,478
Hybrid bond	(27)	0	145,060
Non-controlling interests	(29)	85,798	37,813
Equity		**1,886,732**	**1,892,351**
Financial liabilities	(30)	1,125,171	847,148
Other liabilities	(32)	33,319	9,255
Government grants	(33)	10,315	8,332
Provisions	(34)	155,430	156,653
Deferred tax liabilities	(26)	34,771	6,833
Non-current liabilities		**1,359,005**	**1,028,221**
Financial liabilities	(30)	252,910	134,417
Trade payables	(31)	430,976	397,818
Other liabilities	(32)	179,753	175,048
Government grants	(33)	1,661	1,280
Liabilities from income taxes		24,215	108,571
Provisions	(35)	1,345	2,519
Current liabilities		**890,861**	**819,654**
Total Equity and Liabilities		**4,136,598**	**3,740,226**

Consolidated Cash Flow Statement for the 2022/23 Financial Year

	Notes	2022/23 TEUR	2021/22 TEUR
Profit before tax		246,424	584,680
Depreciation and amortization and impairment of property, plant, equipment and intangible assets	(17)	343,323	264,238
Impairment charges to and valuation of financial assets		2,763	146
Net interest income / expense	(12)	32,586	14,079
Use of government grants	(8)	–1,500	–1,588
Income/loss from the disposal of fixed assets		2,656	1,882
Income from associates	(21)	–2,287	–3,239
Increase/decrease in long-term provisions		–6,461	–9,648
Income taxes paid (net)		–158,778	–104,406
Gross cash flow		**458,726**	**746,144**
Increase/decrease in inventories		1,273	–166,859
Increase/decrease in trade receivables		36,095	–48,200
Increase/decrease in other assets		–28,960	–53,220
Increase/decrease in trade payables		–18,932	79,642
Increase/decrease in other liabilities		17,835	17,761
Increase/decrease in current provisions		–736	520
Cash flow from changes in net current assets		**6,575**	**–170,356**
Cash flow from operating activities		**465,301**	**575,788**
Purchase of property, plant and equipment	(17)	–404,232	–271,536
Purchase of non-current intangible assets	(17)	–3,455	–2,144
Purchase of subsidiaries and other business units	(3)	–94,612	0
Purchase of associates		0	–3,448
Distribution from associates	(21)	2,265	3,463
Purchase of financial assets		–4,315	–2,129
Proceeds from the disposal of financial assets		10,983	2,556
Proceeds from the disposal of property, plant and equipment and intangible assets		2,176	2,699
Cash flow from investing activities		**–491,190**	**–270,539**
Repurchase of hybrid bond	(27)	–146,659	–520
Increase in financial liabilities	(30)	763,811	5,000
Repayment of financial liabilities / lease liabilities	(30)	–449,400	–205,431
Interest paid		–22,229	–10,740
Interest received		664	2,065
Distribution	(42)	–44,000	–31,986
Interest paid on hybrid bond	(27)	–5,387	–7,155
Cash flow from financing activities		**96,800**	**–248,767**
Net change in cash and cash equivalents		**70,911**	**56,482**
Effects of exchange rate fluctuations on cash held		–23,097	–751
Cash and cash equivalents at the beginning of the financial year	(25)	418,148	362,417
Cash and cash equivalents at the end of the financial year	**(25)**	**465,962**	**418,148**

Statement of Changes in Equity as of April 30, 2023

	Share capital TEUR	Hybrid bond TEUR	Reserves TEUR	Translation Reserve TEUR	Controlling interests TEUR	Non-controlling interests TEUR	Total TEUR
Balance on 30.04.2021	**11,509**	**145,557**	**1,606,449**	**−463,509**	**1,300,006**	**54,581**	**1,354,587**
Profit for the year	0	0	421,473	0	421,473	14,892	436,365
Other comprehensive income	0	0	8,839	131,893	140,732	328	141,060
Total comprehensive income for the period	**0**	**0**	**430,312**	**131,893**	**562,205**	**15,219**	**577,425**
Repurchase Hybrid bond	0	−497	−23	0	−520	0	−520
Distribution	0	0	0	0	0	−31,986	−31,986
Interest paid on hybrid bond	0	0	−7,155	0	−7,155	0	−7,155
Balance on 30.04.2022	**11,509**	**145,060**	**2,029,584**	**−331,616**	**1,854,538**	**37,813**	**1,892,351**
Profit for the year	0	0	231,104	0	231,104	8,711	239,815
Other comprehensive income	0	0	−491	−105,048	−105,540	2	−105,538
Total comprehensive income for the period	**0**	**0**	**230,613**	**−105,048**	**125,565**	**8,713**	**134,278**
Repurchase Hybrid bond	0	−145,060	−1,599	0	−146,659	0	−146,659
Addition / Disposal of non-controlling interests	0	0	0	0	0	55,131	55,131
Distribution	0	0	−28,142	0	−28,142	−15,858	−44,000
Interest paid on hybrid bond	0	0	−4,368	0	−4,368	0	−4,368
Balance on 30.04.2023	**11,509**	**0**	**2,226,089**	**−436,664**	**1,800,934**	**85,798**	**1,886,732**

Notes to the Consolidated Financial Statements as of April 30, 2023

General Information

(1) The company

Egger Holzwerkstoffe GmbH, together with its subsidiaries, is a leading producer and supplier of wood materials. Business activities at the 21 production facilities are concentrated primarily on the following areas:

- Production and sale of carrier materials made of wood (chipboard, MDF, HDF, compact and lightweight boards) as well as edgings and laminates.
- Production and sale of laminate, comfort and design flooring.
- Production and sale of OSB and DHF boards as well as sawn timber.

The headquarters of the company are located at Weiberndorf 20, 6380 St. Johann in Tirol, Austria.

The consolidated financial statements include the parent company, Egger Holzwerkstoffe GmbH, St. Johann i.T., as well as the subsidiaries under its control.

(2) Basis of preparation

These consolidated financial statements as of April 30, 2023 were prepared pursuant to the provisions of § 245a of the Austrian Commercial Code and in agreement with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC) that were formulated by the International Accounting Standards Board (IASB), adopted by the European Union and called for mandatory application as of the balance sheet date.

The consolidated financial statements were prepared on the basis of historical acquisition and production cost, with the exception of the following: derivative financial instruments, financial instruments carried at fair value through profit or loss, biological assets, provisions for pensions and similar obligations, and the residual liability from factoring. These latter items are carried at fair value.

The consolidated financial statements are prepared in thousand Euros (rounded). The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

Initial application of standards and interpretations

The initial application of the new standards, changes to standards (IAS 16: Proceeds before intended use, IAS 37: Costs of fulfilling a contract, IFRS 3: Reference to the conceptual framework, various IFRS: Annual improvements to IFRS 2018–2020) and interpretations which were issued by the IASB and required initial application in the 2022/23 had no material effect on the consolidated financial statements.

Standards and interpretations to be applied in the future

The following standards and interpretations were announced by the IASB but did not require application in the 2022/23 financial year. Egger Holzwerkstoffe GmbH did not elect to utilize the option that permits earlier application. These new or amended standards and interpretations are not expected to have any material effect on the consolidated financial statements.

Standards/Interpretations		Adopted by the EU	Mandatory application as of
IFRS 17	Insurance Contracts	19.11.2021	01.01.2023
IFRS 17	Change: Initial application of IFRS 17 and IFRS 9 - comparative information	08.09.2022	01.01.2023
IAS 8	Change: Definition of accounting estimations	02.03.2022	01.01.2023
IAS 1	Change: Disclosure of accounting methods	02.03.2022	01.01.2023
IAS 12	Change: Deferred tax related to assets and liabilities arising from a single transaction	11.08.2022	01.01.2023
IAS 1	Change: Classification of liabilities as current or non-current	open	01.01.2024
IFRS 16	Change: Lease liability in a Sale and Leaseback	open	01.01.2024

(3) Scope of consolidation

The consolidated financial statements include the parent company, Egger Holzwerkstoffe GmbH, as well as 18 fully consolidated domestic subsidiaries (April 30, 2022: 16) and 35 foreign subsidiaries (April 30, 2022: 35) which are controlled by Egger Holzwerkstoffe GmbH. Egger Holzwerkstoffe GmbH is considered to exercise control over a company when it is exposed to the risk of, or has rights to, variable returns from its involvement in the company and can affect the amount of these returns through its power over the company. Two foreign companies are included in the consolidated financial statements at equity.

A list of the companies included in the consolidated financial statements of Egger Holzwerkstoffe GmbH is provided under note (44).

The scope of consolidation changed as follows in 2022/23:

Egger Argentina Investment Limited, Woking (UK), and Egger Argentina Holding Limited, Woking (UK), were liquidated and deconsolidated.

Two holding companies – EGGER CEE Holding GmbH, St. Johann i.T. (AT), and Egger Italy Holding GmbH, St. Johann i.T. (AT) – were founded. EGGER holds 100% of the shares in each of these companies.

Timberpak LLC, Linwood / NC (USA), was founded and is active in the recycling business in the USA. EGGER holds 100% of the shares in this company. Timberpak LLC acquired the major assets of Novem Industries Inc., Charlotte / NC (US), through an asset deal during the second half of the reporting period. This asset deal covered, above all, property, plant and equipment as well as the existing customer and supplier structures.

At the end of the 2022/23 financial year, EGGER acquired 100% of the shares in the German recycling company M+P Umweltdienste GmbH, Overath (DE). This transaction reflects the strategic goal to further increase the use of wood from by-products and recycling in the EGGER Group. The purchase price covered, in particular, property, plant and equipment, existing customer relations and the protection of recycling wood capacity for the EGGER Group. The shares are held by Egger Holzwerkstoffe Brilon GmbH & Co. KG, Brilon (DE).

The net cash outflows for the acquisition of Novem Industries Inc. and M+P Umweltdienste GmbH totaled TEUR 9,377. The acquisitions did not result in any goodwill because the purchase price was essentially allocated in full to the acquired assets and assumed liabilities in both cases. Further information on these acquisitions is not provided because the related amounts are immaterial.

In Italy, EGGER acquired a 60% interest in Societa Agglomerati Industriali Bosi SAIB S.p.A., Caorso (IT), including its subsidiary S.I.S.T.E.M.I. SPA, Cremona (IT), as of December 15, 2022. This acquisition supports the further growth of the EGGER Group in its home market of Europe. The newly founded Egger Italy Holding GmbH, St. Johann i.T. (AT), holds the acquired shares. The share purchase agreement also includes various options for both the seller and the buyer which, under certain circumstances, could lead to the purchase of additional shares by EGGER.

The initial consolidation included the capitalization of goodwill totaling TEUR 42,023 in accordance with IFRS 3, which basically reflects expected synergy effects between SAIB and the EGGER Group as well as employees' know-how. The goodwill from this initial consolidation is not deductible for tax purposes.

The non-controlling interests are carried at their proportional share of net assets measured at fair value.

The allocation of the purchase price based on the fair value of assets and liabilities on the acquisition date is shown in the following table:

INTRODUCTION BY GROUP MANAGEMENT
MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS

Group values SAIB S.p.A.	TEUR
Property, plant and equipment	134,125
Intangible assets	39,301
Inventories	15,273
Receivables and other assets	92,237
Deferred tax liabilities	–20,761
Liabilities	–122,194
Provisions	–714
Net amount of acquired assets	**137,267**
Proportionate net assets of non-controlling interests	–54,907
Goodwill	42,023
Purchase price	**124,383**
Not due, conditional purchase price	–16,959
Acquired cash and cash equivalents	–22,188
Net cash payment for the acquisition	**85,236**

The revenues and expenses of the acquired SAIB S.p.A. since the initial consolidation increased revenues recorded by the EGGER Group for the 2022/23 financial year by TEUR 60,472 and profit after tax by TEUR 4,160.

If the acquisition had taken place at the beginning of the financial year on May 1, 2022, Group revenues would have been TEUR 4,570,625 and profit after tax would have equaled TEUR 248,133.

Transaction costs for the acquisition of SAIB S.p.A. amounted to TEUR 248 and are included on the income statement under other expenses and under cash flow from operating activities.

The acquisitions of M+P Umweltdienste GmbH, Novem Industries Inc. and SAIB S.p.A. were accounted for in accordance with IFRS 3.

The following changes had no effect on the scope of consolidation:

Egger Flooring International GmbH & Co. KG, Wismar (DE), was merged into Egger Holzwerkstoffe Wismar GmbH & Co. KG, Wismar (DE), and Egger Flooring International Beteiligungs GmbH, Wismar (DE), was merged into Egger Holzwerkstoffe Wismar Beteiligungs GmbH, Wismar (DE).

TOV „Egger Wood Trading“, Chernivtsi (UA), was merged with TOV Egger Holzwerkstoffe, Chernivtsi (UA).

(4) Basis of consolidation

In accordance with IFRS 3, a **subsidiary** is initially consolidated as of the acquisition date by allocating the acquisition cost to the revalued assets acquired and the revalued liabilities and contingent liabilities assumed (purchase method). Acquisition-related costs are expensed as incurred.

EGGER decides on an individual basis for each business combination whether the non-controlling interests in the acquired company will be accounted for at fair value or based on the proportional share of net assets in the acquired company. Non-controlling interests in the equity of consolidated companies are reported as a separate position under equity. The share of annual profit after tax attributable to non-controlling interests is shown separately on the income statement.

Any agreement for contingent consideration in connection with the acquisition of a company is recognized as an asset or a liability at the applicable fair value. Subsequent changes in the fair value of contingent consideration are recognized to profit or loss and recorded on the income statement.

A change in the amount of an investment in a subsidiary without the loss of control is accounted for as a transaction within equity. Accordingly, the difference between the cost of the additional shares and the proportional carrying amount of the non-controlling interests is offset against reserves.

All receivables, liabilities, revenues and expenses arising from transactions between consolidated companies are eliminated. The consolidation process also includes the elimination of interim results from the provision of goods and services between Group companies, unless these items are immaterial.

Shares in **associates** are initially recognized at acquisition cost as of the purchase date in accordance with the equity method. In subsequent periods, the carrying amount is adjusted to reflect the proportional share of profit or loss generated by the associate. Distributions received reduce the carrying amount of the investment. For companies consolidated at equity, goodwill from the initial consolidation is included in the amortized carrying amount of the investment.

(5) Foreign exchange translation and financial reporting in hyperinflationary economies

Transactions in a foreign currency

The individual Group companies record foreign currency transactions at the average exchange rate in effect on the transaction date. Monetary assets and liabilities are translated into Euros at the average rate in effect on the balance sheet date. Any resulting translation gains and losses are recognized to profit or loss in the respective financial year.

Translation of foreign currency financial statements

The annual financial statements of Egger Holzwerkstoffe GmbH are prepared in Euros. The respective local currency represents the functional currency for subsidiaries located outside the Eurozone, with the exception of Egger Dekor A.S., Turkey, whose functional currency is the Euro. The assets and liabilities (including goodwill and valuation adjustments resulting from initial consolidations) in the financial statements of companies that do not report in the Euro are translated at the average rate in effect on the balance sheet date. Any resulting translation gains or losses are recorded to a separate item under equity without recognition through profit or loss and recognized to the income statement when the company is deconsolidated. Income statement items are translated at the weighted average exchange rate for the financial year.

Unrealized foreign exchange translation differences arising from long-term shareholder loans (net investments) are recorded under the translation reserve without recognition through profit or loss. These differences are transferred to the income statement when the foreign company is sold in full or in part.

The exchange rates used for foreign currency translation developed as follows during the reporting year:

Exchange rates		Closing rate on 30.04.2023	Closing rate on 30.04.2022	Average rate for the year 2022/23	Average rate for the year 2021/22
1 British Pound	EUR	1.13572	1.19178	1.15158	1.17930
100 Russian Rubles	EUR	1.13200	1.34100	1.49230	1.16442
1 New Romanian Leu	EUR	0.20262	0.20210	0.20292	0.20242
1 Polish Zloty	EUR	0.21792	0.21468	0.21300	0.21728
1 Argentinian Peso	EUR	0.00408	0.00821	0.00606	0.00857
1 US Dollar	EUR	0.91066	0.94877	0.95897	0.87261
1 Turkish Lira	EUR	0.04682	0.06405	0.05241	0.08125

Financial Reporting in Hyperinflationary Economies (IAS 29)

The provisions of IAS 29 “Financial Reporting in Hyperinflationary Economies” were relevant for the subsidiary Egger Argentina SAU, Buenos Aires, for the first time in the 2018/19 financial year because of changes in the general purchasing power of the functional currency. The gains and losses resulting from inflationary adjustments to the carrying amounts of non-monetary assets (machinery, goodwill and customer benefits) and liabilities and to material income statement positions are recorded under other operating income or other operating expenses. The calculation of the inflationary adjustments to non-monetary assets is based on the “Argentina National CPI Index D“ issued by Bloomberg. This index rose by 108.83% from May 1, 2022 to April 30, 2023 (May 1, 2021 to April 30, 2022: 58.04%). Due to the full write-off recognized as of April 30, 2019, no further revaluations were recognized to profit or loss.

Turkey was initially classified as a hyperinflationary country under IAS 29 in the previous year. However, this has no impact on the Turkish company, Egger Dekor A.S., Gebze, because the Euro is defined as its functional currency. The Turkish sales company, Egger Orman Ürünleri, Gebze, normally only consolidates supply and service relationships. An IAS 29 adjustment was therefore waived for this company because the related amounts are immaterial.

(6) Significant accounting policies

The applied **accounting and valuation methods** are described under the respective positions in the notes.

The preparation of the consolidated financial statements requires **discretionary judgments** as well as the use of assumptions that influence the recognition of assets and liabilities, the disclosure of other obligations as of the balance sheet date, and the recording of revenues and expenses during the reporting period. The actual amounts that become known at a later date may differ from these estimates.

EGGER analyzed the physical climate risks at all relevant production locations with the support of an external service provider during the reporting period. This study included a scenario analysis for the future effects on selected production locations, which did not identify any significant risks.

The preparation of the consolidated financial statements basically includes climate-related risk factors through estimates and evaluations. There are currently no effects on the useful lives or residual values of our property, plant or equipment and intangible assets. As in previous years, no material effects of climate-related risk factors on reporting in relevant areas. There were also no material effects on individual positions during the reporting period.

Assumptions that carry a significant risk of material adjustment to the carrying amounts of assets and liabilities during the coming financial years are explained under the respective notes.

Notes to the Income Statement and Statement of Comprehensive Income

(7) Revenues and segment reporting

§ Accounting and valuation methods

Egger's business model covers the production and sale of wood materials. **Revenues** from the sale of products are recognized when the customer receives the goods and assumes the control connected with the transfer of ownership. Recognition takes place at the point in time when the revenues and related costs can be reliably determined, when the receipt of payment is probable, and when there is no further right of disposal over the goods. For EGGER, this generally represents the delivery date as specified in the agreed delivery terms.

Chipboard with special or individually designed decors and private label flooring are produced in smaller volumes for individual customers. In accordance with IFRS 15, revenues from the production of these customer-specific wood materials are recognized when control is transferred to the customer in accordance with the delivery terms. Revenue cannot be recognized over time in these cases because an alternative use can be found for each of these products.

Significant costs for obtaining a contract are only recognized when the contract term exceeds one year. The EGGER Group has no such costs at the present time.

Certain flooring contracts give customers the right to return the products at a later date. Past records show that the related returns are immaterial, and revenues were therefore not reduced to reflect subsequent returns.

Revenues are presented after the deduction of price reductions, discounts and turnover bonuses. Commissions for independent sales representatives are recorded under operating expenses.

The period between the transfer of the goods to customers and payment by the customers is generally less than one year. Consequently, revenues are not adjusted to include a financing component. The timing of receivables payments is based on the agreed payment terms.

Segment reporting is based on the management reports which are regularly used by key decision-makers to evaluate the earning power of the individual segments and to allocate resources. In the EGGER Group, Group Management serves as the key decision-maker.

The regional divisions of "Decorative Products" (Central, West, East, Americas) are reported together because they have comparable economic characteristics and risks as well as similar products, production processes, customer groups and sales channels.

The individual segments manufacture and sell the following products:

Segments	
Decorative Products	Production and sale of carrier materials made of wood (chipboard, MDF, HDF, compact and lightweight boards) as well as edgings and laminates.
Flooring Products	Production and sale of laminates, comfort and design flooring.
Building Products	Production and sale of OSB and DHF boards as well as sawn timber.

The accounting principles for the above segments are the same as the accounting principles applied by the Group, which are described under the section “Significant Accounting Policies”. Assets and liabilities as well as income and expenses were allocated to the individual segments. The provision of goods and services between the individual segments generally reflects third party conditions and is regulated by a Group-wide transfer pricing guideline.

Explanations

Segment information 2022/23 Financial Year	Decorative Products TEUR	Flooring Products TEUR	Building Products TEUR	Consoli-dation TEUR	Total TEUR
Third party revenues	3,700,754	373,557	375,371	0	4,449,681
Inter-company revenues	82,686	137,527	59,391	−279,604	0
Total Revenues	**3,783,439**	**511,084**	**434,762**	**−279,604**	**4,449,681**
Segment results (operating EBITDA)	551,040	18,257	33,207	0	602,505
Scheduled depr./amort.	231,319	17,994	11,641	0	260,953
Impairment	61,335	21,035	0	0	82,370
Operating profit					**259,182**
Investments	375,934	50,581	19,444	0	445,960
Additions from consolidation scope changes	229,062	0	0	0	229,062

Segment information 2021/22 Financial Year	Decorative Products TEUR	Flooring Products TEUR	Building Products TEUR	Consoli-dation TEUR	Total TEUR
Third party revenues	3,343,555	396,298	494,470	0	4,234,323
Inter-company revenues	129,829	110,633	40,261	−280,723	0
Total Revenues	**3,473,383**	**506,931**	**534,732**	**−280,723**	**4,234,323**
Segment results (operating EBITDA)	657,446	49,285	170,818	0	877,549
Scheduled depr./amort.	224,633	17,103	13,853	0	255,588
Impairment	8,650	0	0	0	8,650
Operating profit					**613,311**
Investments	248,434	31,163	14,027	0	293,625

Information by geographical region

Revenues by regions (1)	2022/23 TEUR	2021/22 TEUR
Austria	102,454	98,919
Western Europe	2,182,216	2,084,682
Central and Eastern Europe plus Russia	1,308,199	1,316,499
America	561,329	404,635
Other countries	295,482	329,588
Total (2)	**4,449,681**	**4,234,323**

(1) Regional assignment based on the location of the customer
(2) thereof Russia 7.9 % (2021/22: 7.5 %)

There are no relationships with individual customers that can be classified as material based on the respective share of Group revenues.

Non-current assets (1) by regions (2)	2022/23 TEUR	2021/22 TEUR
Austria	301,381	256,978
Western Europe	1,071,675	733,986
Central and Eastern Europe plus Russia	663,996	751,644
America	481,741	474,818
Total (3)	**2,518,794**	**2,217,426**

(1) Property, plant and equipment, Intangible assets, Investment property, Biological assets
(2) Region assignment by the location of the assets
(3) thereof Russia 4.3 % (2021/22: 8.8 %)

(8) Other operating income

Explanations

	2022/23 TEUR	2021/22 TEUR
Income from investment property	65	42
Change in the fair value of biological assets	0	1,647
Gains on the sale of property, plant and equipment	765	1,185
Income from subsidies, allowances and emission certificates	14,343	6,085
Use of government grants	1,500	1,588
Miscellaneous operating income	28,623	24,210
	45,297	**34,756**

Miscellaneous operating income consists primarily of income from recycling, expenses charged out and compensation for damages.

(9) Cost of materials

Explanations

	2022/23 TEUR	2021/22 TEUR
Cost of materials	2,467,314	2,268,789
Cost of services	21,752	19,732
	2,489,066	**2,288,521**

Energy subsidies of TEUR 10,133 were recognized as a reduction to the cost of materials (2021/22: TEUR 0).

(10) Personnel expenses

Explanations

	2022/23 TEUR	2021/22 TEUR
Wages	280,200	235,394
Salaries	226,541	203,073
Expenses for pensions	5,800	5,506
Expenses for termination payments and contributions to external employee pension funds	2,459	2,105
Payroll-related taxes and duties	108,347	94,658
Other employee benefits	21,473	17,488
	644,820	**558,224**

Average number of employees	2022/23	2021/22
Production and logistics	9,263	8,955
Sales and administration	1,724	1,674
	10,987	**10,629**

Part-time employees are included in the above statistics based on the time worked.

(11) Other operating expenses

Explanations

	2022/23 TEUR	2021/22 TEUR
Freight and logistics	355,978	350,497
Maintenance and repairs	100,412	80,068
Temporary personnel	44,967	46,658
Legal and consulting fees	25,617	24,616
Miscellaneous taxes	25,201	23,006
Advertising	16,515	14,048
Insurance	15,018	12,115
Expenses for low-value and short-term leases and variable lease payments	5,977	4,808
Losses on the disposal of non-current assets	3,020	3,067
Change in the fair value of biological assets	664	0
Expenses arising from investment property	15	23
Miscellaneous operating expenses	138,502	98,638
	731,883	**657,546**

Miscellaneous operating expenses consist primarily of waste disposal costs, travel expenses, operating costs for the motor vehicle pool, telephone and license fees as well as selling expenses.

(12) Financing costs and other financial results

§ Accounting and valuation methods

Financing costs include the interest on borrowings, lease liabilities and long-term employee benefits as well as similar expenses and fees.

Other financial results include interest income, exchange rate gains/losses and the profit or loss on derivative financial instruments.

Explanations

	2022/23 TEUR	2021/22 TEUR
Interest expense from financing	25,421	4,870
Interest expense from provisions for employee benefits	6,266	3,704
Interest expense from lease liabilities	728	579
Interest expense/income (netted) from the discounting/compounding of receivables, liabilities and provisions	−156	62
Total interest expense	**32,259**	**9,215**
Other financing costs	3,779	4,701
Financing costs	**36,038**	**13,916**
Interest income	−929	−1,901
Currency translation gains/losses from financing	−10,151	19,304
Result from derivative financial assets	−2,523	2,064
Other financial results	**−13,603**	**19,467**
	22,435	**33,383**

The interest expense from financing also includes the interest on the hybrid bond since October 2022, after this security was reclassified from equity to debt following the call of the instrument by the company.

Other financing costs consist primarily of commitment fees, fees for bills of exchange, interest expense on subsequent tax payments, discounts, and guarantee and liability fees.

The result from derivative financial instruments is primarily attributable to the fair value measurement of a miscellaneous option (see note (39)).

The above income and expenses are attributable solely to the category “at amortized cost”, with the exception of financial derivatives.

A fixed-interest bank loan (carrying amount of the underlying transaction: TEUR 0 (April 30, 2022: TEUR 75,133)) and all fixed-interest promissory note loans (carrying amount of the underlying transaction: TEUR 419,559; April 30, 2022: TEUR 333,935) were or will be converted to variable interest through interest rate swaps.

The following table shows the changes in the underlying transactions and hedging instruments that were recognized to profit or loss for fair value hedges.

	2022/23 TEUR	2021/22 TEUR
From hedged items (underlying transactions)	−139	−538
From hedging instruments	139	536
Ineffectiveness (bank loans)	**0**	**−2**
From hedged items (underlying transactions)	−8,781	−19,171
From hedging instruments	8,779	18,622
Ineffectiveness (promissory note loans)	**−3**	**−549**

(13) Result from financial investments

§ Accounting and valuation methods

The result from financial investments includes interest, dividends and similar income received from the investment of cash and cash equivalents and investments in financial assets as well as gains and losses on the sale or impairment of financial assets. Interest is accrued according to the effective interest method. Dividends are recognized when a legal entitlement to the distribution arises.

Explanations

	2022/23 TEUR	2021/22 TEUR
Realized results from securities (net income)	6,522	769
Unrealized results on securities (net income/loss)	92	–14
Expenses for other financial assets	–507	–1,454
Income from other financial assets	1,322	2,212
Adjustment to impairment allowance (IFRS 9) for loans	–39	0
	7,390	**1,513**

The expenses for other financial assets primarily represent losses on disposal and (in the previous year) valuation adjustments to unconsolidated investments.

The income from other financial assets resulted chiefly from distributions from unconsolidated investments and (in the previous year) from a debtor warrant.

The entire securities portfolio is carried at fair value through profit or loss, and the results are therefore attributable in full to this category. The income and expenses from other financial assets are also related to the category ”at fair value through profit or loss”. The income and expenses from valuation adjustments to loans are allocated to the category ”at amortized cost”.

(14) Result from associates

Explanations

The result from associates includes the proportional share of annual profit from Horatec GmbH (TEUR 425; 2021/22: TEUR 463) and CLEAF S.p.A. (TEUR 1,862; 2021/22: TEUR 2,776).

(15) Income taxes

§ Accounting and valuation methods

The income taxes shown for the reporting year include the income tax calculated on profit before tax for the individual companies based on the applicable national tax rate (actual income taxes) as well as the change in deferred taxes. Actual and deferred taxes are principally recorded on the income statement unless they involve items which are recognized directly in other comprehensive income.

Information on deferred taxes is provided in note (26).

Explanations

Income taxes comprise the following:

	2022/23 TEUR	2021/22 TEUR
Income taxes	58,463	142,368
Deferred taxes	–51,854	5,947
	6,609	**148,315**

The difference between the expected tax liability and the reported income tax expense is attributable to the following factors:

	2022/23		2021/22	
	TEUR	%	TEUR	%
Profit before tax	246,424		584,680	–
Thereof income tax at a rate of 24.7 % (2021/22: 25.0 %)	60,793	24.7%	146,171	25.0%
Decrease / increase in taxes due to:				
Other tax rates	6,925	2.8%	2,835	0.5%
Tax expense and income from prior periods	5,020	2.0%	3,913	0.7%
Changes in tax rates	–1,077	–0.4%	4,015	0.7%
Tax effect from non-deductible withholding taxes	1,015	0.4%	8	0.0%
Non-deductible expenses	3,343	1.4%	4,063	0.7%
Tax holiday	–2,748	–1.1%	–6,067	–1.0%
Change in valuation allowances of deferred tax assets	–6,846	–2.8%	610	0.1%
Partial depreciation and write up for tax purposes	–44,758	–18.2%	0	0.0%
Interest on hybrid bond	–836	–0.3%	–1,792	–0.3%
Tax-free income	–4,216	–1.7%	–3,243	–0.6%
Other (1)	–10,006	–4.1%	–2,198	–0.4%
Effective tax expense	**6,609**	**2.7%**	**148,315**	**25.4%**

(1) thereof TEUR -13,467 (2021/22: TEUR -6,762) from special tax law in Argentina due to prevailing hyperinflation

A tax group was established in Austria in accordance with § 9 of the Austrian Corporate Tax Act, whereby Egger Holzwerkstoffe GmbH serves as the head of the group and various Austrian companies are members. Tax settlement between the head of the group and the individual group members is regulated by tax allocation contracts. A comparable tax group was also established for the companies in Great Britain. In addition, a tax group for income tax purposes was created with Egger Holzwerkstoffe Brilon GmbH & Co. KG as the controlling company and individual German companies as subsidiaries. Contracts for the transfer of profit and loss were concluded between the controlling company and the subsidiaries.

Profits generated by Egger Biskupiec Sp. z o.o. on products produced at the Biskupiec plant in Poland are tax-free up to a defined cumulative amount and up to 2026 (tax holiday based on business establishment in a special economic zone), but potential losses cannot be carried forward. In addition, the depreciation of property, plant and equipment and the amortization of intangible assets for tax purposes will only start when the tax holiday ends – which leads to deferred taxes on temporary differences. The related effects are reported on the tax reconciliation under “tax holiday”. The tax exemption is linked to requirements that include jobs and investment costs, all of which will be met from the current point of view.

(16) Additional information on the statement of comprehensive income

Explanations

There were no reclassifications of the currency translation differences recorded under other comprehensive income to the income statement in 2022/23 or 2021/22.

The income tax effects of the earnings recorded under other comprehensive income are shown below:

Income and expenses recognized in other comprehensive income – income tax effects:	2022/23 TEUR			2021/22 TEUR		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Revaluation of obligations arising from post-employment benefits for employees	–644	154	–489	12,015	–2,848	9,167
Currency translation differences	–100,205	–4,843	–105,048	132,072	–179	131,893
Total income and expenses recognized in other comprehensive income	**–100,849**	**–4,689**	**–105,538**	**144,087**	**–3,027**	**141,060**

Notes to the Balance Sheet, Cash Flow Statement and Statement of Changes in Equity

(17) Property, plant and equipment and intangible assets

§ Accounting and valuation methods

Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any necessary impairment losses. The production cost of self-constructed property, plant and equipment comprises direct costs and an appropriate component of overheads. Costs incurred for an asset in subsequent periods are only capitalized if they lead to a significant increase in future opportunities for use, e.g. through expanded service potential or a significant extension of the asset's useful life.

Major components of property, plant or equipment with significantly different patterns of use are recognized separately in accordance with the component approach and depreciated based on their respective useful life.

Borrowing costs, including related transaction costs, are capitalized for qualifying assets.

Purchased intangible assets are recorded on the balance sheet at acquisition cost, less accumulated straight-line amortization and any necessary impairment losses.

In accordance with IAS 38, the greenhouse gas emission certificates (CO_2 certificates) which are allocated free of charge in Austria, Germany, France, Romania, Poland, Italy and Great Britain are recorded under intangible assets at their acquisition cost – which in this case equals zero because of the free allocation. The use of the certificates is also recorded at this same value. Any additional certificates required to cover excess emissions are recorded as a provision at the market value of the certificates purchased. Sales of these certificates are reported under other operating income.

Customer relations obtained through a business combination are stated at their fair value as of the acquisition date and amortized over their expected length.

For **internally generated intangible assets**, the production period is divided into a research phase and a development phase. Costs incurred during the research phase are expensed immediately, while costs incurred during the development phase are capitalized if the recognition criteria are met.

Intangible assets have a finite or an indefinite useful life. All intangible assets recorded on the balance sheet, with the exception of goodwill, have a finite useful life.

The **systematic depreciation** of depreciable property, plant and equipment and the amortization of intangible assets with finite useful lives begins when the asset is located at the intended site and in the operating condition intended by management. Output-based criteria are applied to the equipment in greenfield projects. Depreciation and amortization are calculated by applying the straight-line method over the expected useful life of the asset. The depreciation and amortization rates used by Group companies are based on the following standard useful lives.

		Useful life
Property, plant and equipment		
Factory buildings	years	25
Residential and commercial buildings	years	50
Facilities installed on property	years	10
Machinery	years	10
Tools	years	4
Other equipment	years	5–10
Furniture, fixtures and office equipment	years	3–5
Motor vehicles and other means of transportation	years	4–10
Intangible assets		
Patents, licenses and software	years	3–5
Lease and rental rights	years	10
Customer relationships	years	4–7

Government grants are recorded to a separate position under liabilities and released to the income statement as other income over the useful life of the relevant asset.

Rights of use from leases and the related lease liabilities are recognized on the balance sheet in accordance with IFRS 16. The definition provided by IFRS 16 is used to determine whether a contract represents a lease. If a contract includes both lease and non-lease components, EGGER separates the components and recognizes them based on the relative individual selling prices. Low-value leases (< EUR 5,000.00) and leases with a term of less than 12 months are not capitalized but recognized directly as expenses in accordance with the practical expedient provided by IFRS 16.

Lease liabilities are initially recognized at the present value of the outstanding lease payments. The rights of use are recorded at an amount equal to the recognized lease liability, with an adjustment for any advance payments.

Subsequent measurement involves reducing the carrying amount of the right of use on a straight-line basis up to the end of the contract term. The contract term equals the non-cancellable period during which the lessee has the right to utilize the underlying asset. This period is increased by any available extension or cancellation options if the extension is sufficiently certain or the exercise of the cancellation right is unlikely. Lease liabilities are measured by applying the effective interest method. The lease is discounted at the underlying interest rate if this rate can be reasonably determined; in other cases, EGGER uses the incremental borrowing rate. This rate is derived from a risk-free interest rate with a similar term and adjusted for applicable country, foreign exchange and company risks.

The **goodwill** reported on the balance sheet results from the use of the purchase method to account for business combinations. Goodwill is recognized at acquisition cost.

In accordance with IFRS 3, goodwill is no longer amortized on a systematic basis. It is tested each year for impairment by comparing the carrying amount with the recoverable amount as of the balance sheet date.

In addition to subsequent measurement, assets are tested for signs of **impairment** as of each balance sheet date. The higher of the value in use and the net selling price of an asset is determined at least once each year for intangible assets with an indefinite life and for goodwill, and also on an interim basis if signs of impairment are identified (impairment test in accordance with IAS 36). If this value is less than the carrying amount, an impairment loss is recorded to reduce the carrying amount of the asset to the lower value.

The value in use corresponds to the present value of the estimated future cash inflows and outflows expected to be derived from the use of the asset, whereby the calculation is based on a risk-adjusted interest rate. The net realizable value represents the amount obtainable from the sale of an asset in a transaction between independent parties, less any costs necessary to make the sale. If independent cash surpluses cannot be identified for a particular asset, the asset is included in the next larger unit (cash-generating unit) for which independent cash surpluses can be determined. EGGER defines plants as cash-generating units and aggregates these production facilities according to regional criteria.

Impairment losses are recognized to profit or loss. If the circumstances responsible for impairment cease to exist at a later date, the impairment loss is reversed and the carrying amount of the asset is increased up to the applicable amortized or depreciated cost. This procedure does not apply to impairment losses recognized to goodwill.

Explanations

Property, Plant and Equipment	Land and buildings TEUR	Machinery and equipment TEUR	Other equipment, furniture, fixtures and office equipment TEUR	Prepayments and assets under construction TEUR	Total TEUR
Acquisition or production cost as of 30.04.2021	**1,432,319**	**2,945,995**	**270,601**	**163,934**	**4,812,849**
Foreign exchange increase/decrease	59,862	61,629	5,510	14,473	141,474
Additions	19,085	44,209	33,077	195,110	291,481
Disposals	−1,485	−37,595	−26,957	−22	−66,059
Transfers	44,045	78,760	15,672	−139,324	−847
Acquisition or production cost as of 30.04.2022	**1,553,826**	**3,092,998**	**297,902**	**234,170**	**5,178,898**
Foreign exchange increase/decrease	−44,681	−56,510	−7,106	−5,903	−114,200
Consolidation scope changes	79,030	136,069	8,633	6,293	230,025
Additions	21,297	76,100	46,737	298,370	442,504
Disposals	−1,112	−24,711	−18,704	−28	−44,555
Transfers	10,377	83,013	5,231	−99,154	−533
Acquisition or production cost as of 30.04.2023	**1,618,737**	**3,306,959**	**332,693**	**433,748**	**5,692,138**
Accumulated depreciation as of 30.04.2021	**−544,663**	**−2,053,041**	**−181,607**	**−748**	**−2,780,059**
Foreign exchange increase/decrease	−15,246	−32,648	−3,650	259	−51,285
Scheduled depreciation	−57,512	−159,188	−36,288	0	−252,987
Impairment	−359	−1,058	−2,433	−4,775	−8,625
Disposals	1,023	34,815	25,640	0	61,478
Reclassifications	461	−764	−82	376	−10
Accumulated depreciation as of 30.04.2022	**−616,297**	**−2,211,883**	**−198,420**	**−4,889**	**−3,031,488**
Foreign exchange increase/decrease	20,950	56,887	5,744	5,109	88,689
Consolidation scope changes	−8,680	−76,918	−4,797	0	−90,395
Scheduled depreciation	−60,979	−155,723	−39,455	0	−256,157
Impairment	−8,275	−60,577	−111	−13,408	−82,370
Disposals	635	22,600	16,890	0	40,125
Reclassifications	−85	−2,300	−81	2,467	0
Accumulated depreciation as of 30.04.2023	**−672,730**	**−2,427,916**	**−220,229**	**−10,720**	**−3,331,595**
Carrying amount as of 30.04.2022	937,530	881,115	99,483	229,282	2,147,410
Carrying amount as of 30.04.2023	**946,007**	**879,044**	**112,464**	**423,028**	**2,360,543**

The **rights of use from leases** recognized in accordance with IFRS 16 are reported as part of property, plant and equipment. Lease liabilities are included under non-current and current financial liabilities.

These rights of use are related primarily to warehouse space, office buildings, apartments, motor vehicles and technical equipment.

The following table shows the amounts included under property, plant and equipment for rights of use:

	Land and buildings TEUR	Machinery and equipment TEUR	Other equipment, furniture, fixtures and office equipment TEUR	Total TEUR
Right-of-use assets 2021/22				
Additions	1,722	127	5,951	7,800
Depreciation	1,540	567	3,965	6,072
Carrying amount 30.04.2022	9,645	1,211	5,652	16,508
Right-of-use assets 2022/23				
Additions	2,942	63	5,244	8,249
Depreciation	1,867	607	4,056	6,530
Carrying amount 30.04.2023	10,183	659	6,550	17,392

The consolidated income statement includes the following amounts from leases:

	2022/23 TEUR	2021/22 TEUR
Depreciation of right-of-use assets	6,530	6,072
Impairment losses of right-of-use assets	379	2,287
Interest expense from lease liabilities	728	579
Expenses for low-value leases	612	554
Expenses for short-term leases	4,032	3,016
Expenses for variable lease payments	1,333	1,238

Cash outflows for recognized leases totaled TEUR 6,310 in 2022/23 (2021/22: TEUR 7,001).

There were no material residual value guarantees or limitations on the rights of use from leases as of April 30, 2023. Moreover, no extension options were excluded from the valuation of the lease liability because the probability of exercise was not sufficiently certain. The potential future cash outflows from variable lease payments in the coming years total TEUR 922 (2021/2022: TEUR 1,307). The expected future cash outflows for leases that were concluded but have not yet started total TEUR 8,765 (2021/2022: TEUR 1,158).

The remaining terms of lease liabilities totaling TEUR 19,185 are shown under note (30) Financial liabilities. Information on the contractually agreed payment obligations (interest and principal payments) arising from lease liabilities is provided in the risk report under note (37).

The position “property, plant and equipment“ includes TEUR 2,484 of **capitalized interest** (April 30, 2022: TEUR 597). The average borrowing costs for the reporting period equaled 1.64% (April 30, 2022: 0.87%).

The position “land and buildings“ includes **land** with a carrying amount of TEUR 187,674 (April 30, 2022: TEUR 138,142).

Land and buildings held by Egger (UK) Limited serve as **collateral** for pension liabilities in the UK at a maximum amount of TEUR 19,846 (April 30, 2022: TEUR 20,829). In addition, collateral was provided for liabilities to credit institutions on behalf of the newly acquired companies SAIB S.p.A. (land and buildings, up to a maximum amount of TEUR 9,142) and M+P Umweltdienste GmbH (movable machinery and equipment, up to a maximum amount of TEUR 2,841).

The property, plant and equipment and intangible assets (including goodwill) held by Egger Argentina SAU (Concordia plant, Decorative Products Segment) were written off in full during previous financial years. Further **impairment losses** of TEUR 6,732 were recognized to additions to property, plant and equipment and intangible assets in 2022/23 and recorded on the income statement under depreciation and amortization.

The three Russian cash-generating units were tested for impairment as of October 31, 2022 and April 30, 2023 because of a further deterioration in the economic forecasts and uncertainty connected with the Russia-Ukraine conflict since April 30, 2022. These tests led to the recognition of impairment losses totaling TEUR 15,326 to property, plant and equipment in the cash-generating unit "Werk Gagarin / Segment Flooring Products" and TEUR 54,603 to property, plant and equipment in the cash-generating unit "Werk Gagarin / Segment Decorative Products". The impairment tests as of April 30, 2023 were calculated with a Russian Rubel-based pre-tax discount rate of 29.17% (Flooring Products Segment) and 25.62% (Decorative Products Segment). The impairment losses were justified by the decline in the economic outlook for the Russian economic region and the escalating sanctions connected with the Russia-Ukraine conflict as well as an increase in the discount rate.

Intangible Assets	Software and other rights TEUR	Goodwill TEUR	Customer relation-ships TEUR	Other intangible assets TEUR	Internally generated Software TEUR	Total TEUR
Acquisition or production cost as of 30.04.2021	**29,250**	**89,255**	**29,950**	**3,070**	**0**	**151,524**
Foreign exchange increase/decrease	–24	1,134	–686	642	0	1,066
Additions	2,144	0	0	0	0	2,144
Disposals	–196	0	0	0	0	–196
Transfers	847	0	0	0	0	847
Acquisition or production cost as of 30.04.2022	**32,021**	**90,389**	**29,263**	**3,712**	**0**	**155,386**
Foreign exchange increase/decrease	–11	–10,279	–4,107	–579	0	–14,975
Consolidation scope changes	2,100	42,023	47,344	0	0	91,467
Additions	2,349	0	0	0	1,106	3,456
Disposals	–295	0	0	0	0	–295
Transfers	533	0	0	0	0	533
Acquisition or production cost as of 30.04.2023	**36,698**	**122,133**	**72,501**	**3,133**	**1,106**	**235,572**
Accumulated amortization as of 30.04.2021	**–22,880**	**–30,710**	**–29,950**	**–2,644**	**0**	**–86,184**
Foreign exchange increase/decrease	9	–1,134	686	–559	0	–998
Scheduled amortization	–2,560	0	0	–41	0	–2,601
Impairment losses	–25	0	0	0	0	–25
Disposals	196	0	0	0	0	196
Transfers	10	0	0	0	0	10
Accumulated amortization as of 30.04.2022	**–25,250**	**–31,844**	**–29,263**	**–3,244**	**0**	**–89,602**
Foreign exchange increase/decrease	14	10,279	4,117	518	0	14,928
Consolidation scope changes	–2,035	0	0	0	0	–2,035
Scheduled amortization	–2,666	0	–2,078	–52	0	–4,796
Disposals	294	0	0	0	0	294
Transfers	0	0	0	0	0	0
Accumulated amortization as of 30.04.2023	**–29,643**	**–21,565**	**–27,224**	**–2,778**	**0**	**–81,210**
Carrying amount as of 30.04.2022	6,771	58,545	0	468	0	65,784
Carrying amount as of 30.04.2023	**7,056**	**100,568**	**45,277**	**356**	**1,106**	**154,362**

Expenses of TEUR 9,712 were recognized in 2022/23 (2021/22: TEUR 8,634) for **research and non-capitalized development costs**.

The carrying amount of **goodwill** totals TEUR 100,568 (April 30, 2022: TEUR 58,545) and includes the following: TEUR 58,545 (April 30, 2022: TEUR 58,545) from Egger Dekor A.S., Gebze (Decorative Products Segment) and TEUR 42,023 (April 30, 2022: TEUR 0) from SAIB S.p.A. which was acquired during the reporting period (Decorative Products Segment).

The goodwill in Egger Dekor A.S. and SAIB S.p.A. was tested for impairment in accordance with the discounted cash flow method, based on the expected cash flows and current medium-term forecasts for the next five years.

Results and assumptions for the calculation of the value in use		Egger Dekor A.S. (TR) 30.04.2023	Egger Dekor A.S. (TR) 30.04.2022	SAIB S.p.A. (IT) 30.04.2023	SAIB S.p.A. (IT) 30.04.2022
Normalized growth rate	in %	8%	6% - 12%	2% - 4%	–
Growth rate perpetual annuity	in %	1.96%	2.01%	2.00%	–
Pre-tax discount rate	in %	22.85%	17.05%	14.21%	–
Value in use	MEUR	130	131	226	–
Carrying amount	MEUR	128	116	221	–
Difference value in use / carrying amount	MEUR	2	15	5	–

! Discretionary judgments

The **classification and measurement of leases** require discretionary decisions by management. The contract term represents a material criterion for the application of IFRS 16. The useful lives of rights of use are generally defined by the respective contract; in other cases, the estimates are based on the expected term, reviewed as of every balance sheet date and adjusted if the defined criteria are met. In addition to the customary useful lives of the individual leased assets, other factors are involved in these discretionary decisions. These factors include extension options, premature cancellation options, installations or extensions to the leased asset, and the economic effects of contract amendments. An appropriate adjustment is made if there is a significant difference between the latest and previous estimates of the useful life. Discretionary decisions are also made in selecting among optional approaches and the determination of value limits for low-value leases.

The evaluation of the **recoverable amount of intangible assets, goodwill and property, plant and equipment** is based on forward-looking assumptions by management. These assumptions require, in particular, estimates for future cash surpluses based on the latest forecasts and discount rate.

In addition to testing the goodwill in Egger Dekor A.S. and SAIB S.p.A. for impairment, three sensitivity analyses were also carried out: an increase of 0.5% in the discount rate, a decrease of 0.5% in the growth rate for the perpetual annuity and a decrease of 5.0% in the EBIT of the perpetual annuity.

For Egger Dekor A.S., this would result in an impairment loss of EUR 2.3 million to goodwill (discount rate: +0.5 %), EUR 0.2 million (growth rate for the perpetual annuity: –0.5%) or EUR 1.7 million (EBIT of the perpetual annuity: –5.0%). The value in use for Egger Dekor A.S. would approximate the carrying amount of the CGU at an after-tax discount rate of 18.54%, a growth rate of 1.52% in the perpetual annuity or a 2.6% reduction in the EBIT of the perpetual annuity.

For SAIB S.p.A., the above-mentioned changes would result in an impairment loss of EUR 3.8 million to goodwill (discount rate: +0.5%), EUR 1.5 million (growth rate for the perpetual annuity: –0.5%) or EUR 1.3 million (EBIT of the perpetual annuity: –5.0%). These potential impairment losses to goodwill were calculated as proportional amounts due to the existing non-controlling interests. The value in use of SAIB S.p.A. would approximate the carrying amount of the CGU at an after-tax discount rate of 11.43%, a growth rate of 1.67% in the perpetual annuity or a 3.5% reduction in the EBIT of the perpetual annuity.

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The following table shows the results of the sensitivity analysis with the effects on the value in use. The simulation involved the change of one assumption at a time, while the other parameters remained constant:

Sensitivity analysis	Change in assumption	Egger Dekor A.S. (TR) 30.04.2023 MEUR	Egger Dekor A.S. (TR) 30.04.2022 MEUR	SAIB S.p.A. (IT) 30.04.2023 MEUR	SAIB S.p.A. (IT) 30.04.2022 MEUR
Discount rate	+/– 0.5%	-4.2	-5.6	-11.6	–
		+4.5	+6.1	+12.9	–
Growth rate perpetual annuity	+/– 0.5%	+2.3	+3.5	+8.8	–
		-2.1	-3.1	-7.9	–
EBIT perpetual annuity	+/– 5.0%	+3.6	+4.4	+7.5	–
		-3.6	-4.4	-7.5	–

(18) Investment property

§ Accounting and valuation methods

Investment property is carried at acquisition or purchase cost less scheduled depreciation based on the useful life and any necessary impairment losses. Investment property is carried at acquisition or purchase cost less scheduled depreciation based on the useful life and any necessary impairment losses.

Explanations

Investment property	Land and buildings TEUR
Acquisition or production cost as of 30.04.2021	**749**
Additions	0
Disposals	0
Acquisition or production cost as of 30.04.2022	**749**
Additions	0
Disposals	–7
Acquisition or production cost as of 30.04.2023	**742**
Accumulated depreciation as of 30.04.2021	**–290**
Scheduled depreciation	–12
Disposals	0
Accumulated depreciation as of 30.04.2022	**–303**
Scheduled depreciation	–12
Disposals	7
Accumulated depreciation as of 30.04.2023	**–308**
Carrying amount as of 30.04.2022	**447**
Carrying amount as of 30.04.2023	**435**

The fair value of TEUR 1,407 as of April 30, 2023 (April 30, 2022: TEUR 1,380) was determined by an income capitalization method (Level 3).

The expenses arising from investment property totaled TEUR 15 in 2022/23 (2021/22: TEUR 23), and income equaled TEUR 65 (2021/22: TEUR 42).

(19) Biological assets

§ Accounting and valuation methods

In accordance with IAS 41, biological assets are recognized and measured at their fair value less estimated selling costs based on a discounted cash flow method. The present value of the expected cash flows is calculated by applying estimated variables for the timber price, development costs for the plantations, harvesting costs, planting density, biological risks and climate factors.

Any changes in fair value, after the deduction of development costs, are recognized to profit or loss. The fair value measurement of the poplar plantations, based on the input factors for the applied valuation methods, is classified as a Level 3 fair value.

Explanations

EGGER holds biological assets in the form of poplar plantations on 824 hectares (April 30, 2022: 813 hectares) near the Radauti plant to support timber supplies for production.

	2022/23 TEUR	2021/22 TEUR
Biological assets as of May 1	3,916	2,053
Harvested timber	–547	–210
Change in fair value due to price changes	–599	2,818
Change in fair value due to biological transformation and adjusted valuation parameters	673	–732
Foreign exchange increase/decrease	11	–13
Biological assets as of April 30	**3,454**	**3,916**

! Discretionary judgments

The valuation of biological assets requires numerous assumptions and estimates, whose change and adjustment can influence the presentation in the consolidated financial statements. These assumptions are based on the company's experience and/or data supplied by the market and branch.

A change in the estimation parameters during the coming years can lead to fluctuations in the value of the biological assets. The forest management strategy and applied parameters are tested annually and compared with theoretical forestry benchmarks. The timber supply in the plantations is monitored continuously and compared with the supplies recorded in the forestry management program and the accounting system. Any variances are reflected in the adjustment of the valuation parameters.

(20) Financial assets

§ Accounting and valuation methods

All **securities** held by the Group are classified at fair value through profit or loss because measurement at fair value is possible. These items are recognized at their acquisition cost as of the purchase date and measured at fair value in subsequent periods. Any changes in this value are recognized to the income statement. The fair value of the securities reflects the market value as of the balance sheet date.

Securities held for the short-term investment of funds are reported under current assets on the balance sheet and initially recognized as of the purchase date.

The **certified emission reduction certificates** issued in Romania (Öko-CER, Certified Emission Reduction certificates) are recorded at their fair value, whereby any changes in fair value are recognized to profit or loss and reported on the income statement. The fair value of the Öko-CER certificates is based on the market price as of the balance sheet date. The sale of these certificates is reported under other operating income.

Loans are carried at amortized cost. The estimated expected credit losses for loans granted to third parties are based on factors which include external ratings. Collateral is also included in the calculation.

Other financial assets are carried at fair value through profit or loss.

Explanations

Non-current financial assets	Acquisition cost 30.04.2023 TEUR	Accumulated incr./decr. In value 30.04.2023 TEUR	Carrying amount 30.04.2023 TEUR	Carrying amount 30.04.2022 TEUR
Securities carried at fair value through profit or loss	755	−114	641	681
Other financial assets	17,150	−2,239	14,912	13,635
Loans due from				
Third parties	7,907	−591	7,315	4,965
Subsidiaries	319	0	319	153
Associates	665	0	665	209
	26,797	**−2,944**	**23,852**	**19,643**

Securities consist primarily of shares in funds. The carrying amount of these items reflects fair value. Net unrealized losses of TEUR 0 were included under income from financial investments in 2022/23 (2021/22: losses of TEUR 14).

The **loans due from third parties** include loans that are granted to support long-term supply relationships.

Current financial assets

Current financial assets include TEUR 9,296 (April 30, 2022: TEUR 0) of marketable securities, TEUR 115 (April 30, 2022: TEUR 154) of loans and TEUR 0 (April 30, 2022: TEUR 3,778) of allocated Öko-CER certificates from the Romanian eco-subsidy program with a remaining term of up to one year. These Öko-CER certificates are carried after the deduction of value adjustments and totaled TEUR 3,781 as of April 30, 2023 (April 30, 2022: TEUR 0).

The impairment allowances for loans granted to third parties (Level 1) were based on the expected 12-month credit loss (TEUR 1, April 30, 2022: TEUR 2).

There were no reclassifications between the individual levels on the impairment hierarchy during the reporting period.

Discretionary judgments

The calculation of the expected credit losses on financial instruments involves estimates and assumptions for future default incidents. These assumptions are based on the company's experience and/or on market information.

(21) Investments in associates

Accounting and valuation methods

Shares in associates are accounted for in accordance with the equity method (see note (4)).

Explanations

	Carrying amount 30.04.2022 TEUR	Additions TEUR	Results of the year TEUR	Distributions TEUR	Carrying amount 30.04.2023 TEUR
Investments in associates	37,346	0	2,287	–2,265	37,369

The business activities of **Horatec GmbH**, Hövelhof (DE), involve the production and sale of furniture components (Decorative Products Segment). As of April 30, 2023, the non-current assets held by Horatec (data based on 100% and not on the proportional share of EGGER's investment) totaled TEUR 6,819 (April 30, 2022: TEUR 6,521), current assets TEUR 7,811 (April 30, 2022: TEUR 6,521), non-current liabilities TEUR 2,005 (April 30, 2022: TEUR 1,902) and current liabilities TEUR 2,988 (April 30, 2022: TEUR 3,023). Revenues for 2022/23 amounted to TEUR 24,441 (2021/22: TEUR 23,026) and annual profit equaled TEUR 1,521 (2021/22: TEUR 2,008).

Horatec GmbH		30.04.2023	30.04.2022
Net assets	TEUR	9,637	8,117
Stake owned	in %	25.55%	25.55%
Goodwill	TEUR	1,047	1,047
Elimination of interim profits	TEUR	–103	–139
Carrying amount	**TEUR**	**3,407**	**2,982**

CLEAF S.p.A., Macherio (IT), is a producer of laminated boards, laminates and edgings (Decorative Products Segment). The investment was included on the basis of quarterly financial statements as of March 31 due to the different financial year and adjusted where necessary to include material transactions up to the Group's closing date on April 30. The following information is based on 100% and not on the proportional share of EGGER's investment; it includes undisclosed reserves from the purchase price allocation as well as IFRS adjustments.

As of the balance sheet date, non-current assets totaled TEUR 107,988 (April 30, 2022: TEUR 118,080), current assets TEUR 71,077 (April 30, 2022: TEUR 84,657), non-current liabilities TEUR 68,887 (April 30, 2022: TEUR 76,708) and current liabilities TEUR 32,508 (April 30, 2022: TEUR 46,894). Revenues amounted to TEUR 165,275 (2021/22: TEUR 183,010) and net profit equaled TEUR 6,772 (2021/22: TEUR 10,094).

CLEAF S.p.A.		30.04.2023	30.04.2022
Net assets (including previously undisclosed reserves from purchase price allocation and IFRS adjustments)	TEUR	77,671	79,134
Stake owned	in %	27.50%	27.50%
Goodwill	TEUR	12,602	12,602
Carrying amount	**TEUR**	**33,962**	**34,364**

(22) Inventories

§ Accounting and valuation methods

Inventories are measured at the lower of cost or net realizable value as of the balance sheet date.

Acquisition cost includes all costs incurred to place the asset in the desired condition at the desired location. Production cost includes direct expenses as well as an appropriate share of production overheads based on average capacity usage. Borrowing costs as well as selling and administrative overheads are not included in production cost. The moving average method is used to determine the cost per unit. Risks related to the length of storage and reduced possibilities for use are reflected in appropriate write-downs.

Explanations

	30.04.2023 TEUR	30.04.2022 TEUR
Raw materials and supplies	341,740	331,122
Semi-finished goods	33,290	34,968
Finished goods and merchandise	245,324	280,931
	620,355	**647,021**

Write-downs of TEUR 16,115 were recorded to inventories in 2022/23 (April 30, 2022: TEUR 14,615). The impairment losses recognized to inventories consist primarily of reductions based on age and quality as well as write-downs to the net realizable value.

Of the total inventories, TEUR 12,341 (April 30, 2022: TEUR 8,605) are carried at the net realizable value (proceeds on sale less sales deductions and any future production or selling costs).

(23) Trade receivables

§ Accounting and valuation methods

Trade receivables are initially recognized at the applicable transaction price. Subsequent measurement is based on amortized cost, which is reduced to reflect any impairment losses.

The determination of impairment losses for expected future default on trade receivables (portfolio valuation allowances) includes customer credit management records that document actual default cases. This information is used to develop an average percentage rate for default cases over the last three years, which is then compared with total revenues (based on a country risk premium for each sales region). This procedure was selected because the estimation of a range for the individual sales regions did not produce any material differences. There has been no significant increase in overdue receivables to date, also not in Russia. The applied model includes existing credit insurance and future expectations, to the extent a forecast is possible.

The measurement of individually impaired receivables includes the probability of incoming payments. Uncollectible receivables are derecognized.

Explanations

Trade receivables	30.04.2023 TEUR	30.04.2022 TEUR
Due from third parties	172,317	182,989
Due from subsidiaries	26	33
Due from associates and joint ventures	2,887	9,534
	175,230	**192,556**

Development of the impairment allowance for trade receivables carried at amortized cost:

	2022/23 TEUR	2021/22 TEUR
Impairment allowance as of May 1	1,964	2,141
Addition	780	298
Write-off	–454	–534
Foreign exchange increase/decrease	–74	59
Impairment allowance as of April 30	**2,216**	**1,964**

The impairment allowances for trade receivables were based on the expected lifetime credit losses. Of this total, TEUR 13 (April 30, 2022: TEUR 9) are classified under "expected lifetime credit loss, credit standing not impaired". Individual impairment allowances of TEUR 2,203 (April 30, 2022: TEUR 1,955) were recognized for receivables with an impaired credit standing.

Egger has long-term, binding factoring agreements with two credit institutions. The remaining terms of these agreements equaled 0.6, respectively 1.2 years as of April 30, 2023. EGGER is currently in discussions to extend and/or renew these agreements. The Egger Group is entitled to sell receivables denominated in its key currencies from selected Austrian, German, English, French, Polish, Romanian and US subsidiaries with a total value of up to EUR 325 million during the terms of these agreements. The trade receivables from the factoring portfolio which were not sold amounted to TEUR 31,226 as of April 30, 2023 (April 30, 2022: TEUR 40,199) and are carried at fair value in other comprehensive income (FVOCI) in accordance with IFRS 9.

Trade receivables totaling TEUR 279,657 were sold as of April 30, 2023 (April 30, 2022: TEUR 286,427). In this connection, TEUR 7,922 (April 30, 2022: TEUR 8,161) are reported under other assets and exclude any advance payments from the factoring partners. The volume of receivables sold during the year can differ from the amount reported as of the balance sheet date. The balance of financial liabilities changes based on the amount of trade receivables sold.

In accordance with IFRS 9, trade receivables are no longer recognized when the right to receive cash flows and, in principle, all risks and rewards are transferred to the buyer or no longer retained by EGGER.

The maximum risk of loss for the Egger Group from the receivables sold and derecognized as of April 30, 2023 equals TEUR 17,606 (April 30, 2022: TEUR 18,750). This amount is based on the deductible for the insured receivables and all uninsured transferred receivables.

An amount of TEUR 39 was recognized under other liabilities as of April 30, 2023 (April 30, 2022: TEUR 58) to reflect the actual risk arising from receivables default (fair value, Level 3). This residual liability is based on the maximum risk of loss and the probability of default as indicated by experience.

The Egger Group recognized interest expense and fees of TEUR 2,658 from its factoring activities in 2022/23 (2021/22: TEUR 1,680).

In addition, checks totaling TEUR 4,305 from Egger Dekor A.S. were sold as of April 30, 2023 (April 30, 2022: TEUR 3,374). These checks were derecognized as of the sale date because the transaction transferred all major risks and rewards to the buyer.

! Discretionary judgments

The calculation of the expected credit losses on financial instruments involves estimates and assumptions for future default incidents. These assumptions are based on the company’s experience and/or on market information.

(24) Other assets

§ Accounting and valuation methods

Other assets are initially recognized at fair value and subsequently measured at amortized cost less any necessary impairment losses.

Non-interest-bearing receivables with a term of more than one year are carried at their present value.

For information on derivative financial instruments, see note (39).

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	Total 30.04.2023 TEUR	Thereof remaining term over 1 year TEUR	Thereof remaining term under 1 year TEUR	Total 30.04.2022 TEUR	Thereof remaining term over 1 year TEUR	Thereof remaining term under 1 year TEUR
Other assets						
Due from third parties	29,968	16,253	13,715	21,432	3,769	17,663
Due from factoring partners	7,922	0	7,922	8,161	0	8,161
Tax credits (non-income based taxes)	37,348	618	36,730	37,053	0	37,053
Suppliers with debit balances and prepayments for inventories and expenses	30,573	0	30,573	34,727	0	34,727
Accrued emission certificates from the Romanian eco-subsidy	90	0	90	279	0	279
Due from subsidiaries	1,814	0	1,814	474	15	459
Due from associates	395	0	395	0	0	0
Derivative financial assets	5,148	5,148	0	1,059	920	139
Prepaid expenses	12,121	993	11,128	7,437	1,149	6,288
	125,379	**23,012**	**102,367**	**110,622**	**5,853**	**104,768**

Other assets due from third parties consist chiefly of insurance claims, government grants that have been approved but not yet received, and compensation for damages. Disputed receivables of TEUR 214 (April 30, 2022: TEUR 0) were written off.

For information on derivative financial instruments, see note (39).

(25) Cash and cash equivalents

§ Accounting and valuation methods

Cash and cash equivalents comprise cash on hand, checks, time deposits with a term of less than three months from the date of acquisition and available-on-demand deposits with credit institutions.

Explanations

	30.04.2023 TEUR	30.04.2022 TEUR
Cash on hand	133	69
Short-term investments	54,463	2,370
Deposits with credit institutions, checks	411,366	415,710
	465,962	**418,148**

Cash and cash equivalents include balances from the Argentinian company, Egger Argentina SAU, and the Russian companies, OOO "Egger Drevprodukt Shuya" and OOO Egger Drevprodukt Gagarin, which are subject to foreign exchange controls under Argentine and Russian law. The parent company and other member companies of the EGGER Group have limited access to these funds. The local investment of funds in Russia takes place primarily in EUR and USD.

(26) Deferred taxes

§ Accounting and valuation methods

Deferred taxes are calculated in accordance with the balance sheet liability method defined by IAS 12 for all temporary differences arising between the carrying amounts of balance sheet items in the consolidated IFRS financial statements and the corresponding tax bases in the individual company financial statements. Tax benefits that are expected to be realized on loss carryforwards in the future are also included in the calculation. Exceptions to the general rule for the creation of deferred taxes are differences arising from goodwill that is not deductible for tax purposes and temporary differences related to investments in subsidiaries and associates. Deferred tax assets are only recognized if it is probable that the inherent tax benefit will be realized. The calculation of deferred taxes is based on the relevant tax rate defined by tax regulations in the reporting company's home country. A change in the tax rate is reflected in the calculation when this change has been substantively enacted.

Deferred taxes are capitalized on loss carryforwards when it is probable that sufficient taxable profit will be available to utilize the loss carryforwards. If sufficient deferred tax liabilities are not available, deferred taxes are only capitalized for loss carryforwards that can be offset against taxable income within the next five years. The underlying tax planning includes any limitations on the offset of losses under minimum tax requirements in the individual countries as well as the time limits on the use of loss carryforwards in Romania (seven years) and Poland (five years). Tax regulations in other countries do not place time limits on the use of loss carryforwards by the remaining Group companies.

Explanations

Temporary differences between the carrying amounts in the IFRS financial statements and the respective tax bases have the following effect on deferred taxes as shown on the balance sheet:

	Deferred tax assets 30.04.2023 TEUR	Deferred tax liabilities 30.04.2023 TEUR	Deferred tax assets 30.04.2022 TEUR	Deferred tax liabilities 30.04.2022 TEUR
Property, plant and equipment	57,974	65,265	38,401	45,869
Intangible assets	1,071	12,295	1,123	375
Financial assets	62,389	83	41,650	83
Other assets	153	417	129	0
Financial liabilities	4,033	3,885	3,658	2,409
Provisions	19,428	427	21,709	128
Other liabilities	735	191	897	118
Equity (hybrid bond, net investments)	0	81	0	341
Special depreciation for tax purposes	0	1,693	0	1,746
Tax loss carryforwards	71,081	0	62,211	0
Non-current deferred taxes (subtotal)	**216,864**	**84,337**	**169,778**	**51,069**
Inventories	4,624	1,977	4,956	2,727
Trade receivables	1,168	455	1,572	434
Other assets	29	190	1	295
Securities and financial assets	87	1,046	98	604
Financial liabilities	1,626	802	1,396	2
Trade payables	973	9	460	44
Other liabilities	3,618	1	2,631	0
Provisions	222	0	548	0
Current deferred taxes (subtotal)	**12,347**	**4,480**	**11,662**	**4,106**
Deferred tax assets/liabilities (gross)	**229,211**	**88,817**	**181,440**	**55,175**
Impairment charges	−36,372	0	−44,933	0
Offset within legal tax units and jurisdictions	−54,045	−54,045	−48,342	−48,342
Deferred taxes (net)	**138,794**	**34,771**	**88,165**	**6,833**

Transition to deferred income tax expense	TEUR	TEUR	TEUR
Deferred tax assets as of 30.04.2022	88,165		
Deferred tax liabilities as 30.04.2022	−6,833	81,332	
Deferred tax assets as of 30.04.2023	138,794		
Deferred tax liabilities as 30.04.2023	−34,771	104,023	
Change in deferred taxes during 2022/23			**−22,691**
Currency translation difference			−7,060
Effects of consolidation scope changes			−22,389
Changes recognized directly in equity and in other comprehensive income			285
Deferred income tax expense 2022/23			**−51,854**

Deferred tax liabilities were not recognized on taxable temporary differences of TEUR 531,600 in 2022/23 (April 30, 2022: TEUR 463,733) arising from shares in subsidiaries because Egger Holzwerkstoffe GmbH, as the parent company, is able to influence the timing for the reversal of these temporary differences. The carrying amount of the investment for tax purposes was compared with the net assets from the IFRS separate financial statements for this calculation.

Deferred tax assets of TEUR 36,372 (April 30, 2022: TEUR 44,933) were written off due to impairment.

For companies which reported a pre-tax loss in the reporting period or previous year, net deferred tax assets of TEUR 54,263 were capitalized by the Austrian tax group in 2022/23 and TEUR 29,481 (April 30, 2022: TEUR 18,012) were capitalized by Egger Corporate Services GmbH (AT). These tax losses are based on non-recurring effects which resulted from the partial write-down of foreign companies in earlier years. The absence of these non-recurring effects should permit the generation of positive taxable income in the coming years.

! Discretionary judgments

The recognition of deferred tax assets is based on the assumption that sufficient taxable income will be generated in the future to utilize existing loss carryforwards. Tax regulations and their interpretation by the taxation authorities can change over time. The risk that any such changes could affect the deferred tax assets recognized for loss carryforwards and recorded in these consolidated financial statements is appropriately estimated and continuously monitored by Group management.

The tax planning required to estimate the recoverability of deferred tax assets is based on medium-term forecasts for the individual subsidiaries. An increase or decrease of 10% in earnings for the current period would not require any adjustment of the deferred tax assets recognized for loss carryforwards by Egger Corporate Services GmbH (April 30, 2022: TEUR +1,832, respectively TEUR –1,832 TEUR).

(27) Share capital, reserves and hybrid bond

Explanations

The primary objectives of **capital management** are to safeguard the continued existence of the company, to finance growth, and to ensure an appropriate return on equity. The most important indicators in this connection are the debt repayment period (net debt / EBITDA) and the equity ratio (equity / balance sheet total). Net debt comprises the total of financial liabilities less cash and cash equivalents and marketable securities. Egger defines equity as equity recorded on the balance sheet, including government grants. Internal benchmarks for the above indicators require a net debt / EBITDA ratio of less than 3.0 (medium- and long-term) and an equity ratio of at least 30% (each at the Group level). The minimum financing indicators defined by selected credit agreements were met during the entire reporting year.

The **share capital** of Egger Holzwerkstoffe GmbH totals TEUR 11,509 and remains unchanged in comparison with the previous year.

Egger Holzwerkstoffe GmbH issued a **hybrid bond** (perpetual bond) in March 2018 with a total nominal volume of EUR 150 million. As of April 30, 2022, a nominal amount of EUR 146.7 million was outstanding. This bond was reported as equity in accordance with IFRS; it had an unlimited term and a fixed coupon of 4.875% for the first five years. The put rights of bondholders were excluded. Egger Holzwerkstoffe GmbH announced the call and premature redemption of the hybrid bond in October 2022 and subsequently classified the security as debt. Repayment followed on December 12, 2022 at the nominal amount (100%) of TEUR 146,659 plus accrued interest.

(28) Currency translation differences

Explanations

The position “foreign exchange increase/decrease” covers all exchange rate differences resulting from the translation of subsidiaries’ annual financial statements prepared in a foreign currency. It also includes unrealized foreign exchange differences of TEUR – 60,492 (April 30, 2022: TEUR – 92,210) from outstanding and repaid long-term shareholder loans (net investments) which were recorded to the translation reserve under equity without recognition through profit or loss.

(29) Non-controlling interests

Explanations

The following table provides information on the subsidiaries of the EGGER Group with material non-controlling interests.

Subsidiaries with signficant non-controlling interests	Stake held by non-controlling interests		Profit attributable to non-controlling interests		Cumulative non-controlling interests	
	30.04.2023 in %	30.04.2022 in %	2022/23 TEUR	2021/22 TEUR	30.04.2023 TEUR	30.04.2022 TEUR
SAIB S.p.A. (IT)	40.00	–	1,664	–	56,570	–
Subsidiaries with non-controlling interests, that are held by other EGGER private foundations			7,047	14,892	29,228	37,813
Total non-controlling interests			**8,711**	**14,892**	**85,798**	**37,813**

The following table provides summarized financial information on the subsidiary SAIB S.p.A., Caorso (IT), which was acquired in 2022/23. This information is based on amounts before group eliminations.

Financial information for SAIB S.p.A.	30.04.2023 TEUR	30.04.2022 TEUR
Non-current assets	174,736	–
Current assets	86,205	–
Non-current liabilities	49,583	–
Current liabilities	69,932	–
Revenues [1]	60,472	–
Net change in cash and cash equivalents [1]	–9,160	–

[1] Amounts relate to the period since the initial consolidation on December 15, 2022

(30) Financial liabilities

Accounting and valuation methods

Financial liabilities are carried at amortized cost. Initial recognition reflects the proceeds (less transaction costs) received from the issue. Any difference between the amount received and the repayment amount is recognized to profit or loss over the term of the financing based on the effective interest method.

Information on the liabilities arising from leases is provided in note (17).

Explanations

Financial liabilities 2023	Total 30.04.2023 TEUR	Thereof remaining term over 5 years TEUR	Thereof remaining term 1 to 5 years TEUR	Thereof remaining term under 1 year TEUR
Financial liabilities owed to credit institutions				
Bank loans	645,777	22,463	531,733	91,580
Accrued interest	3,286	0	0	3,286
	649,063	**22,463**	**531,733**	**94,866**
Promissory note loans				
Promissory note loans	704,979	92,874	464,798	147,307
Accrued interest	4,854	0	0	4,854
	709,833	**92,874**	**464,798**	**152,161**
Other financial liabilities				
Lease liabilities	19,185	5,326	7,975	5,883
	19,185	**5,326**	**7,975**	**5,883**
Total	**1,378,081**	**120,664**	**1,004,507**	**252,910**

Financial liabilities 2022	Total 30.04.2022 TEUR	Thereof remaining term over 5 years TEUR	Thereof remaining term 1 to 5 years TEUR	Thereof remaining term under 1 year TEUR
Financial liabilities owed to credit institutions				
Bank loans	547,113	82,357	337,119	127,637
Accrued interest	335	0	0	335
	547,448	**82,357**	**337,119**	**127,972**
Promissory note loans				
Promissory note loans	414,330	38,504	375,827	0
Accrued interest	1,227	0	0	1,227
	415,557	**38,504**	**375,827**	**1,227**
Other financial liabilities				
Lease liabilities	18,560	5,112	8,230	5,218
	18,560	**5,112**	**8,230**	**5,218**
Total	**981,565**	**125,973**	**721,176**	**134,417**

In November 2022, EGGER concluded a syndicated financing agreement for EUR 200 million with a circle of core banks. This financing carries variable interest and calls for bullet repayment on November 28, 2027. In March 2023, Egger Holzwerkstoffe GmbH placed its fourth promissory note loan in several fixed and variable EUR tranches (3, 4, 5 and 7 years) for a total of EUR 300 million. The committed syndicated credit line was drawn and repaid during the reporting period. As of April 30, 2023, the committed credit line of EUR 400 million was available for discretionary use and had a remaining term of 4.5 years.

The acquisition of SAIB S.p.A. included the assumption of financial liabilities totaling TEUR 75,263 million, whereby TEUR 51,277 million were repaid during the reporting period and replaced in part by Group financing. External financing of TEUR 23,986 was outstanding as of April 30, 2023 and includes TEUR 9,475 (2021/22: TEUR 0) of uncommitted credit lines.

The acquisition of M+P Umweltdienste GmbH resulted in the assumption of TEUR 2,841 million in financial liabilities as of April 30, 2023.

All bank loans and promissory note loans were concluded in Euros.

Collateral in the form of immovable assets was provided for financial liabilities on behalf of the newly acquired companies as follows: SAIB S.p.A. (up to a maximum amount of TEUR 9,142) and M+P Umweltdienste GmbH (movable machinery and equipment, up to a maximum amount of TEUR 2,841).

No other collateral was provided for financial liabilities during the reporting year or previous year.

The changes in financial liabilities are reconciled to cash flows from financing activities as follows:

	Bonds TEUR	Bank loans TEUR	Promissory note loans TEUR	Lease liabilities TEUR	Total TEUR
Balance as of 30.04.2021	**0**	**625,227**	**551,308**	**17,366**	**1,193,902**
Cash inflows (increase)	0	5,000	0	0	5,000
Repayments	0	−82,508	−116,500	−6,422	−205,431
Other non-cash changes	0	−272	−19,251	7,194	−12,328
Foreign exchange increase/decrease	0	0	0	421	421
Balance as of 30.04.2022	**0**	**547,448**	**415,557**	**18,560**	**981,565**
Changes in the scope of consolidation	0	78,104	0	0	78,104
Cash inflows (increase)	0	464,561	299,250	0	763,811
Repayments	−146,659	−443,818	0	−5,582	−596,059
Other non-cash changes	146,659	2,769	−4,974	6,911	151,366
Foreign exchange increase/decrease	0	0	0	−704	−704
Balance as of 30.04.2023	**0**	**649,063**	**709,833**	**19,185**	**1,378,081**

(31) Trade payables

Accounting and valuation methods

Trade payables are initially recognized at the fair value of the goods or services received when the relevant liability is incurred. In subsequent periods, these liabilities are measured at amortized cost.

Explanations

Trade payables	30.04.2023 TEUR	30.04.2022 TEUR
due to third parties	429,832	396,907
due to subsidiaries	974	721
due to associates and joint ventures	171	190
	430,976	**397,818**

(32) Other liabilities

Accounting and valuation methods

Contract liabilities are initially recognized at the fair value of the goods or services received when the relevant liability is incurred and subsequently measured at amortized cost.

Purchase price liabilities from the acquisition of companies are carried at their fair value (see note (39)). Other liabilities that do not result from the provision of goods or services are carried at their repayment amount.

Explanations

Other liabilities 2023	Total 30.04.2023 TEUR	Thereof remaining term over 5 years TEUR	Thereof remaining term 1 to 5 years TEUR	Thereof remaining term under 1 year TEUR
Other liabilities				
Due to third parties	7,283	0	1	7,282
Due to employees	68,625	0	0	68,625
Commissions to sales representatives	917	0	0	917
Purchase price liabilities from company acquisitions	16,710	0	16,710	0
Outstanding customer bonuses (contract liabilities)	38,850	0	0	38,850
Advance payments from customers (contract liabilities)	9,197	0	0	9,197
Due from subsidiaries	1,252	0	0	1,252
Due from associates	10	0	0	10
Taxes (non-income based taxes)	35,808	0	0	35,808
Social security	14,361	0	0	14,361
Derivative financial liabilities	19,666	4,871	11,656	3,139
Deferred income	391	0	80	311
Total	**213,071**	**4,871**	**28,447**	**179,753**

Other liabilities 2022	Total 30.04.2022 TEUR	Thereof remaining term over 5 years TEUR	Thereof remaining term 1 to 5 years TEUR	Thereof remaining term under 1 year TEUR
Other liabilities				
Due to third parties	7,857	0	76	7,781
Due to employees	71,804	0	0	71,804
Commissions to sales representatives	950	0	0	950
Outstanding customer bonuses (contract liabilities)	40,235	0	0	40,235
Advance payments from customers (contract liabilities)	10,503	0	0	10,503
Due from subsidiaries	298	0	0	298
Taxes (non-income based taxes)	29,935	0	0	29,935
Social security	13,206	0	0	13,206
Derivative financial liabilities	9,179	2,217	6,962	0
Deferred income	336	0	0	336
Total	**184,303**	**2,217**	**7,038**	**175,048**

The following table shows the development of contract liabilities from outstanding customer bonuses and prepayments received from customers.

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	2022/23 TEUR	2021/22 TEUR
Contractual liabilities as of May 1	50,738	41,617
Changes in the scope of consolidation	1,945	0
Recognized as revenue in the income statement	−9,916	−10,756
Use for outstanding customer bonuses	−40,799	−32,012
Addition	48,029	50,738
Foreign exchange increase/decrease	−1,950	1,152
Contractual liabilities as of April 30	**48,047**	**50,738**

Information on the remaining performance obligations is not provided since EGGER‘s performance obligations have a maximum term of one year.

(33) Government grants

§ Accounting and valuation methods

Government grants are recorded to a separate position under liabilities and released to the income statement as other income over the useful life of the relevant asset.

Explanations

Member companies of the EGGER Group received government grants totaling TEUR 611 in 2022/23 (2021/22: TEUR 3,426).

(34) Non-current provisions

§ Accounting and valuation methods

Termination benefits

Legal regulations require companies in Austria to make one-time severance payments on termination or retirement to employees whose employment relationship started before January 1, 2003. The amount of the severance payment is dependent on the length of service and the salary/wage at the end of employment and equals up to 12 monthly salary or wage installments. A provision is created for this obligation based on calculations by an independent actuary.

The provision is calculated according to the projected unit credit method, which uses actuarial procedures to determine the present value of future payments for the periods in which the maximum claims are earned (25 years).

Current service cost and interest expense are included in the annual financial statements. Actuarial gains and losses are recorded under other comprehensive income without recognition through profit or loss in accordance with IAS 19.

For employees in the Austrian subsidiaries whose employment relationship started after January 1, 2003, a monthly contribution (1.53% of the gross wage or salary) is made to an employee severance compensation fund. The employees earn claims to severance compensation from the fund, and the company has no further obligations.

Legal requirements in Italy (Trattamento di Fine Rapporto / TFR) entitle employees to a one-off or monthly termination payment on termination or retirement. The resulting annual claims by employees are determined by dividing the respective annual salary or wage by 13.5. These claims are then carried forward together with an inflation adjustment in accordance with legal regulations. Under certain circumstances, employees can also receive an advance payment during their service period. The TFR which has been in effect since 2007 requires companies with more than 50 employees to make the relaced payments to an external pension fund. Our Italian subsidiary falls under this defined contribution rule, and SAIB S.p.A. therefore has no further obligations.

Pension obligations
Certain companies in the Egger Group are required by individual commitments to make pension payments to employees after their retirement. Both defined contribution and defined benefit pension plans are in effect.

A provision was created for **defined benefit obligations** that are not covered by sufficient pension plan assets. This provision is determined in accordance with IAS 19, whereby calculations are based on the projected unit credit method. An actuarial procedure is used to determine the present value of future payments based on realistic assumptions for the periods in which benefit entitlements are earned. The provision reported on the balance sheet represents the present value of the defined benefit obligation after the deduction of the fair value of plan assets. The required amount of the provision is calculated by independent actuaries as of each balance sheet date.

The actuarial gains and losses on pension obligations are recorded under other comprehensive income in accordance with IAS 19. The current service cost is included in personnel expenses, while the net interest expense is part of financial results.

All employees in the Austrian subsidiaries are entitled to a company pension. The monthly payments for these **defined contribution obligations** are reported under personnel expenses. The company has no further obligations above and beyond the employer's contributions.

The employees of the subsidiaries in Great Britain are entitled to a company pension (defined contribution) if they also make a contribution. The company has no other obligations apart from the employer's contributions of 4.5% (based on an employee contribution of at least 2.5%), respectively 8% (based on an employee contribution of at least 6.0%) of the monthly gross salary or wage to the pension fund. In the USA, employees are entitled to invest in a pension plan (401(k)) which includes a supplemental contribution by the company. These payments are reported under personnel expenses, and there are no further obligations for EGGER beyond the employer contributions.

Provisions for long-service bonuses and semi-retirement programs for older employees
Contractual agreements require the company to pay special bonuses to employees who have reached a specific number of years of service with the company (beginning at 10 years of service). A provision was created for this obligation.

The valuation of this provision is based on the same methods and assumptions used to calculate the provision for termination benefits. However, the current service cost, actuarial gains and losses and interest expense are recorded to the income statement.

The accounting treatment of agreements covering semi-retirement programs for older employees involve the pro rata accumulation of payments required during the non-performance period.

Other provisions are recognized when the company has incurred a legal or constructive obligation to a third party based on a past event, and it is probable that the obligation will lead to an outflow of resources. Provisions are based on the best possible estimate – at the time the financial statements are prepared – of the amount that will be required to meet the obligation. If a reliable estimate is not possible, a provision is not recognized.

If the nominal value of a non-current provision differs materially from its present value based on an ordinary market interest rate which reflects the risks and term of the obligation, the present value is used.

Explanations

Non-current provisions	Balance on 30.04.2022 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.04.2023 TEUR
Provisions for termination benefits	34,714	0	905	–3,203	0	32,416
Provisions for pensions	20,948	–644	1,230	–1,693	–332	19,509
Provisions for long-service bonuses	92,914	–1,741	9,270	–6,091	–335	94,018
Provisions for semi-retirement programs for older employees	5,844	0	3,778	–2,521	0	7,101
Other non-current provisions	2,233	0	311	–122	–37	2,386
	156,653	**–2,385**	**15,495**	**–13,630**	**–704**	**155,430**

The calculation of the termination benefit and pension obligations is based on the following **actuarial assumptions**:

	30.04.2023	30.04.2022
Discount rate	4.48%	2.91%
Increase in wages/salaries	3.62%	2.80%
Increase in pensions	4.20%	2.60%
Retirement age	Based on legal regulations	Based on legal regulations
Biometric calculation base:		
Austria	AVÖ 2018-P	AVÖ 2018-P
Great Britain	115% SAPS tables CMI_2021 1,25%	115% SAPS tables CMI_2020 1.25%

Provisions for termination benefits	2022/23 TEUR	2021/22 TEUR
Present value (DBO) of obligation = provision recognized as of May 1	34,714	41,114
Service cost	769	1,041
Interest expense	899	534
Recognized to profit or loss (income statement)	**1,668**	**1,575**
Revaluation based on change in financial assumptions	–5,137	–6,468
Revaluation based on change demographic assumptions	0	–2
Revaluation based on change in experience-based assumptions	4,374	387
Recognized to other comprehensive income	**–763**	**–6,083**
Termination payments	–3,203	–1,892
Present value (DBO) of obligation = provision recognized as of April 30	**32,416**	**34,714**

The obligation to pay termination benefits exposes Egger to actuarial risks, e.g. interest rate and salary/wage risks.

The estimated payments for these benefits on termination by the company or retirement at the standard age total TEUR 711 for 2023/24 . The termination benefit obligations have a weighted average term of 13 years (April 30, 2022: 13 years).

Provisions for pensions

One Austrian subsidiary has a defined benefit pension that guarantees eligible employees retirement benefits for life. The circle of beneficiaries, which is now closed, earns 1.5% of the last salary as a pension claim for each year of service with the company, up to a maximum of 40% of the last salary or a maximum of 80% of the last salary plus legal retirement benefits. VBV-Pensionskasse Aktiengesellschaft, Vienna, manages the contributed assets and secures the future pension payments. The employer's monthly contributions are based on the amount that would allow payment of the promised benefits. This calculation includes an annual increase of 4.79% (April 30, 2022: 3.00%) in wages/salaries, but not an inflation-related increase in pensions. Insufficient coverage for the plan can lead to subsequent contributions by the company. When the employees retire, the capital accumulated in the pension fund is converted to a lifelong pension and the employer's obligations end.

VBV-Pensionskasse Aktiengesellschaft is a legally independent pension fund which is covered by the provisions of the Austrian Pension Fund Act. Decisions on the investment strategy are made by an investment committee in which EGGER is represented. This pension plan exposes EGGER to actuarial risks, e.g. interest rate, investment, salary and longevity risk.

English subsidiaries have a defined benefit pension plan that guarantees retirement benefits to the eligible employees for life. The circle of beneficiaries, which was closed in 2002, earned 1/80, respectively 1/60 of the last salary as a pension claim for each year of service with the company. The employer's monthly contributions to the EGGER (UK) Pension Scheme are based on the amount that would allow payment of the promised benefits. This calculation includes an indexed increase in pension payments. Insufficient coverage for the plan leads to subsequent contributions by the company.

The EGGER (UK) Pension Scheme is managed by the pension plan's trustees. The investment strategy is defined by a committee which includes representatives of the employer and pension plan beneficiaries. This pension plan exposes EGGER to actuarial risks, e.g. interest rate, investment, longevity and inflation risk.

Reconciliation with the provisions recorded on the balance sheet	30.04.2023 TEUR	30.04.2022 TEUR
Present value (DBO) of the fund-financed obligation	52,541	64,497
Fair value of plan assets	–37,483	–48,726
Net liability of the fund-financed obligations	15,058	15,771
Present value (DBO) of the obligation not covered by fund assets	4,451	5,177
Provisions recognized as of April 30	**19,509**	**20,948**

Of the fund-financed obligations, TEUR 3,433 (April 30, 2022: TEUR 2,071) are attributable to the pension plan managed by VBV-Pensionskasse Aktiengesellschaft and TEUR 11,625 (April 30, 2021: TEUR 13,701) to the EGGER (UK) Pension Scheme.

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Development of the present value (DBO) of the obligation	2022/23 TEUR	2021/22 TEUR
Present value (DBO) of the obligation as of May 1	69,674	80,059
Service cost	578	469
Interest expense	2,043	1,501
Recognized to profit or loss (income statement)	**2,622**	**1,970**
Revaluation based on change in financial assumptions	–10,974	–9,943
Revaluation based on change demographic assumptions	–366	997
Revaluation based on change in experience-based assumptions	1,538	–1,015
Recognized to other comprehensive income	**–9,802**	**–9,961**
Pension payments	–3,068	–4,489
Currency translation differences	–2,434	2,095
Present value (DBO) of the obligation as of April 30	**56,992**	**69,674**

Development of the fair value of plan assets	2022/23 TEUR	2021/22 TEUR
Fair value of plan assets as of May 1	48,726	51,683
Theoretical interest income	1,474	1,010
Difference between the actual income on plan assets and the theoretical interest income recognized in other comprehensive income	–11,208	–4,028
Fund contributions	3,055	2,886
Pension payments by the fund	–2,753	–4,324
Currency translation differences	–1,809	1,498
Fair value of plan assets as of April 30	**37,483**	**48,726**

Composition of plan assets	Listed 30.04.2023 TEUR	Not listed 30.04.2023 TEUR	Listed 30.04.2022 TEUR	Not listed 30.04.2022 TEUR
Equity instruments				
Europe	985	0	3,015	0
North America	1,138	0	9,050	0
Asia and Pacific	396	0	1,868	0
Other	372	0	1,843	0
Fixed-interest securities				
Government bonds	1,807	0	9,393	0
Corporate bonds	582	0	777	0
Cash and cash equivalents	3,120	0	10,715	0
LDI-Investment (1)	23,514	0	8,334	
Other	3,965	1,604	1,920	1,811
Total	**37,483**		**48,726**	

(1) LDI = Liability-Driven Investment

The estimated fund contributions for the fund-financed pension obligations in 2023/24 total TEUR 3,144.

The pension obligations have a weighted average term of four years (VBV-Pensionskasse Aktiengesellschaft, April 30, 2022: five years), respectively 12 years (EGGER (UK) Pension Scheme, April 30, 2022: 14 years).

Provisions for long-service bonuses	2022/23 TEUR	2021/22 TEUR
Present value (DBO) of the obligation – provisions recognized as of May 1	92,914	99,007
Service cost	8,531	7,762
Interest expense	4,798	2,679
Revaluation based on change in financial assumptions	–9,973	–13,319
Revaluation based on change demographic assumptions	1,598	166
Revaluation based on change in experience-based assumptions	4,217	1,017
Recognized to profit or loss (income statement)	**9,171**	**–1,695**
Long-service bonuses or payments for semi-retirement programs	–6,091	–4,578
Change in scope of consolidation	567	0
Currency translation differences	–2,543	180
Present value (DBO) of the obligation – provisions recognized as of April 30	**94,018**	**92,914**

The service cost for the reporting period (see the above table) includes TEUR 1,320 from the introduction of the EGGER Group's service anniversary bonus program in the newly acquired SAIB S.p.A.

The calculation of the provision for service anniversary bonuses includes country- and company-specific turnover rates. These rates are based on experience and are dependent, among others, on the employees' length of service.

Provisions for semi-retirement programs

A provision was created for agreements covering semi-retirement programs for older employees. Insolvency hedging is provided by a bank guarantee.

Other non-current provisions

The German Federal Cartel Office carried out searches in the plants of all major chipboard producers headquartered in Germany during March 2009. These investigations were based on the suspicion of anti-competitive agreements and also covered EGGER's activities in that country. In 2010, penalty notices were issued to various major chipboard producers headquartered in Germany. The process steps in these proceedings resulted in a penalty exemption for EGGER and, consequently, EGGER did not receive a penalty notice. The anti-trust administrative proceedings by the Federal Cartel Office led to private anti-trust actions against chipboard producers, in part also against EGGER, which have since been amicably settled. In connection with lawsuits against other cartel participants and related claims for compensation, recourse claims against EGGER within the framework of joint and several compensation are conceivable. The outcome of these proceedings and the possible effects cannot be conclusively estimated at the present time. Provisions of TEUR 2,000 were recognized for these private anti-trust actions, incl. interest claims and procedural costs, as of April 30, 2023 (April 30, 2022: TEUR 2,000). It is expressly noted that anti-trust agreements are not part of EGGER's business policies and are expressly prohibited by internal guidelines.

! Discretionary judgments

The valuation of the existing obligations for pensions, termination benefits and long-service bonuses requires the use of assumptions for interest rates, retirement ages, life expectancy, employee turnover and the future development of salaries and wages.

Sensitivity analyses on termination benefits and pension obligations

The most important actuarial assumptions involve the discount rate and the future increase in wages/salaries and pensions.

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The following sensitivity analyses show the effects of changes in the actuarial assumptions. The simulation procedure involves changing one assumption at a time while holding the other variables constant.

Sensitivity analysis	Change in assumption 30.04.2023 in %	Change in present value 30.04.2023 TEUR	Change in assumption 30.04.2022 in %	Change in present value 30.04.2022 TEUR
Termination benefits				
Discount rate	+0.25%	−900	+0.25%	-1,052
	-0.25%	+938	-0.25%	+1,100
Increase in wages/salaries	+1.00%	+3,982	+1.00%	+4,634
	-1.00%	-3,447	-1.00%	-3,975
Pension benefits (fund-financed)				
Discount rate	+0.25%	-1,319	+0.25%	-1,961
	-0.25%	+1,384	-0.25%	+2,069
Increase in wages/salaries	+1.00%	+1,608	+1.00%	+2,299
	-1.00%	-1,431	-1.00%	-1,990
Increase in pensions	+1.00%	+426	+1.00%	+662
	-1.00%	−426	-1.00%	−662

The assessment of the **risks arising from pending legal proceedings** also includes the best possible estimate of the potential future payment outflows, which is based on the opinions of the involved experts.

(35) Current provisions

§ Accounting and valuation methods

See note (34) non-current provisions.

Explanations

Current provisions	Balance on 30.04.2022 TEUR	Foreign exchange incr./decr. TEUR	Additions TEUR	Use TEUR	Reversal TEUR	Balance on 30.04.2023 TEUR
Provisions for legal proceedings and legal costs	1,421	−42	49	0	−1,002	426
Other current provisions	1,099	−396	609	−392	0	919
	2,519	**−438**	**658**	**−392**	**−1,002**	**1,345**

! Discretionary judgments

See note (34) non-current provisions.

Risk Report

(36) Principles of risk management

EGGER produces in Europe, Argentina and the USA and markets its products worldwide. These business activities result in a wide variety of risks which are analyzed within the framework of a comprehensive risk management system. EGGER defines risk as the possibility of a variance from corporate goals, which covers the possibility of a loss as well as the failure to utilize an opportunity. The goals of risk management are to protect the asset, financial and earnings positions of the EGGER Group and to identify future opportunities to generate earnings and realize growth. A decentralized management structure in connection with increasing geographical diversification allows EGGER to minimize business risks and reduce potentially negative consequences. This process is supported by an integrated risk profile which covers all locations and, consequently, standardizes risk management throughout the Group. The risk management system is coordinated centrally at the Group level and continuously expanded and improved. In addition to geographical diversification, concentration on the core business supports the optimization of procedures and strengthens the focus of the risk management system. High market shares in EGGER's key business regions, long-standing cooperation with customers, suppliers and consultants as well as particularly low employee turnover are the guarantee for wide-ranging knowledge of the Group's markets and the early identification of risks.

As part of its risk management strategy, EGGER identifies the operating and strategic risks to which the Group is exposed along the value chain. The quantitative and qualitative effects of the major risks for EGGER are identified, assessed and documented as part of an annual review. This process supports well-timed reaction to strategic risks, changes and opportunities in a dynamic market environment. Risk management activities concentrate on the major risks, which are analyzed and monitored together with designated "risk owners". Financial risks, e.g. interest rate and foreign exchange risks, are evaluated and appraised by the corporate treasury department each quarter based on revised forecast data.

A Monte Carlo simulation is used to aggregate the overall extent of risk at the Group level. The system simulates and evaluates various scenarios based on quarterly forecast updates. Rolling forecasts are prepared each quarter for the next five financial quarters, while medium-term forecasts are prepared annually for the next five years. This procedure incorporates the uncertainties associated with forecast assumptions and thereby ensures a high degree of planning certainty. The simulation of various scenarios shows the expected values for performance indicators (e.g. EBITDA) and identifies the risk-related ranges. The system also supports the transparent assessment and documentation of individual risks. Risk management in the EGGER Group includes a focus on treasury indicators and financial covenants as well as internal value management indicators that appear to provide reasonable security for operations and long-term growth. No risks can be identified at the present time that would endanger the continued existence of the EGGER Group. The individual companies in the EGGER Group consciously take on risk only in connection with their operating activities. Controlling and planning instruments, Group-wide guidelines and regular reporting are used to monitor and manage risks.

The EGGER risk management system represents a framework for the early identification, communication, management and handling of risks. Its goal is to identify potential risks at an early point in time and to assess these risks, estimate their consequences and, if necessary, initiate suitable preventive or hedging measures. Risk management at EGGER represents an integral part of all decisions and business processes.

(37) Financial risks

The interest rate and foreign exchange risks arising from EGGER's operating activities are determined on a quarterly basis for a 12-month planning horizon. This analysis forms the starting point for the control and management of interest rate and foreign exchange risks based on the risk management strategy approved by Group Management and the risk capacity defined for interest rate and foreign exchange risks. The hedging requirements determined by this analysis are designed to limit interest rate and foreign exchange risks through the directed use of financial instruments and ensure that the Group's risk position after the conclusion of these hedges does not exceed the specified risk capacity. This risk capacity is determined each year as a percentage of the Group's overall risk capacity, which represents a percentage of budgeted EBITDA for the next 12 months.

Interest rate and foreign exchange risk

The risks arising from changes in interest rates are generally related to debt instruments. As part of the general risk analysis, the expected interest rate risk arising from borrowings is estimated for each risk position under the assumption that the financing structure consists entirely of variable interest instruments. The parameters for the simulation include interest rates that reflect the terms of the various instruments as well as daily fluctuations and a 95% probability of occurrence.

A list of all major interest-bearing liabilities together with the effective interest rates and remaining terms as well as information on existing hedges is provided in the notes under financial liabilities.

Regular business operations expose the Group to foreign exchange risk on cash transactions, above all in ARS, AUD, GBP, PLN, RON, RUB, TRY and USD. The free cash flows in ARS, GBP, PLN, RON, RUB, TRY and USD which are generated by non-EUR companies and cash balances in foreign currencies (up to their conversion into EUR) are also exposed to a direct foreign exchange risk. EUR revenues recorded in non-EUR countries can be subject to indirect foreign exchange risk since an increase in the value of the Euro can lead to rising pressure on prices in individual markets.

Planned revenues, planned free cash flows and foreign currency cash balances form the starting point for the risk analysis. Foreign exchange risks are simulated individually based on the volatility of diversification effects (correlations) and a defined probability of occurrence, and then aggregated to determine the overall foreign exchange risk.

The final step in the risk analysis involves the addition of the individual interest rate and foreign currency risk positions and the calculation of the overall financial risk position.

Forward exchange contracts (for foreign exchange risks) as well as interest rate swaps, forward rate agreements and fixed-interest borrowings (for interest rate risk) are used to reduce the foreign exchange and interest rate risks in cases where the Group's risk capacity is exceeded.

The derivative financial instruments used to hedge interest rate and foreign exchange risk are included in the list of financial instruments. The EGGER Group is also exposed to risks resulting from the translation of the individual financial statements of non-EUR companies into the Euro as the Group's reporting currency (translation risk). This risk is monitored through a monthly analysis. Translation risk is only hedged when the potential risk, based on a specific probability of occurrence, would result in a consolidated equity ratio of less than 25%.

Sensitivity of foreign exchange and interest rate positions

If EUR-interest rates had been 100 basis points higher or lower on April 30, 2023, and assuming all other variables remained constant, profit after tax would have been TEUR 8,703 (2021/22: TEUR 6,233) lower or higher for the full year. This change would have resulted primarily from the increase or decrease in the interest expense on variable interest financial liabilities. A fluctuation of 100 basis points in EUR-interest rates would have the same effect on equity.

If the exchange rates between the EUR and the currencies which represent a material risk for EGGER had been 10% higher or lower on April 30, 2023, and assuming all other variables remained constant, after-tax profit and equity, excluding translation differences, for the full financial year would have changed as follows:

Effect in TEUR	30.04.2023		30.04.2022	
	Increase	Decrease	Increase	Decrease
GBP	–5,017	5,872	–6,923	8,089
RON	411	–156	7,333	–7,210
RUB	14,842	–14,841	10,659	–12,357
PLN	–6,289	6,783	1,109	–1,603
ARS	–1,295	1,429	–238	238
USD	–3,114	3,719	–993	1,123
TRY	–464	568	–661	808
Other currencies	–134	164	–585	715
	–1,060	**3,536**	**9,700**	**–10,197**
thereof recognized in other comprehensive income	9,303	–8,920	–1,788	2,185

The changes would have resulted primarily from the following factors: currency translation gains/losses on foreign currency-denominated trade receivables, cash and cash equivalents, financial liabilities, trade payables and derivative financial instruments.

Liquidity risk

Liquidity risk represents a threat to the continuing existence of the Group companies as well as the entire Group. Therefore, sufficient funds must be available to ensure that payment obligations can be met at all times. The liquidity position is evaluated regularly based on daily cash dispositions and the Group’s financial standing (short-term availability of liquid funds) as well as weekly forecasts, liquidity planning based on various currencies for a 15-month period and medium-term planning for five years. Budgeted short-term liquidity requirements are covered by cash balances, which include a pre-determined minimum liquidity reserve.

Medium-term requirements are covered by freely available, committed credit lines (as of April 30, 2023: TEUR 400,000 available, TEUR 0 drawn) as well as individual financing. This strategic reserve must always contain sufficient liquidity, among others to refinance the Group’s next maturing financing.

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Liabilities result in the following contractually agreed payment obligations (interest expense and principal payments):

As of 30.04.2023	Cash flows in TEUR					
	Total	Under 6 months	6 – 12 months	1 – 2 years	2 – 5 years	over 5 years
Financial liabilities owed to credit institutions	730,172	54,985	62,964	123,406	465,841	22,976
Promissory note loans	828,230	91,214	84,447	34,890	513,651	104,027
Lease liabilities	23,547	3,198	2,835	4,320	5,105	8,089
Trade payables	430,976	430,665	311	0	0	0
Derivative financial instruments	22,129	5,252	4,044	5,309	6,641	883
Contractual cash flows as of 30.04.2023	**2,035,053**	**585,314**	**154,601**	**167,925**	**991,238**	**135,975**

As of 30.04.2022	Cash flows in TEUR					
	Total	Under 6 months	6 – 12 months	1 – 2 years	2 – 5 years	over 5 years
Financial liabilities owed to credit institutions	570,929	128,702	1,066	74,147	282,982	84,032
Promissory note loans	456,295	1,823	4,545	158,712	248,426	42,788
Lease liabilities	23,197	3,155	2,577	3,954	5,358	8,153
Trade payables	397,818	397,480	299	39	0	0
Derivative financial instruments	9,588	–733	–43	3,717	5,655	992
Contractual cash flows as of 30.04.2022	**1,457,826**	**530,428**	**8,444**	**240,570**	**542,422**	**135,964**

Credit risk

The amounts reported under assets represent the maximum credit and default risk because there are no general settlement agreements. The risk associated with trade receivables is considered low because the credit standing of new and existing customers is routinely monitored. In addition, most of the trade receivables are insured against default.

The risk of default on receivables from the operating business (including deductibles and unsured trade receivables) totals TEUR 45,324 (April 30, 2022: TEUR 52,233).

The risk of default on other primary financial assets and on derivative financial instruments is considered low.

(38) Operating risks

Market risks

The core business of the EGGER Group – the development and production of high-quality wood materials – is exposed to economic and seasonal fluctuations. In order to eliminate major fluctuations in earnings to the greatest extent possible, the Group pursues a strategy of geographic, product and branch diversification and works to develop long-term relationships with customers. The distortions on energy and raw material markets have led to a steady increase in inflation in our main markets and, in turn, to a decline in purchasing power. This development, combined with unusually high demand during the COVID-19 pandemic, was responsible for the expected decline in demand during the 2022/23 financial year.

Procurement, production and investment risks

EGGER uses large quantities of raw materials and energy in the production of wood materials, and the relevant purchase prices can fluctuate depending on the market situation. As protection against price risks, the Group monitors procurement markets continuously, minimizes fluctuations with appropriate stock levels and, in part, concludes long-term contracts with its suppliers. Supply independence is further improved by the in-house production of adhesives and resins. Moreover, the increasing use of environmentally friendly bio-mass power plants minimizes the dependence on fossil fuels.

The EGGER Group and the entire wood materials industry were again confronted with unexpected developments on the raw material and energy markets during the 2022/23 financial year which had a negative influence on the production costs for various product groups. To minimize the related risks, the development of raw material and energy prices were largely passed on to customers through price increases. The ability to transfer these costs to the market reduced greater negative effects on EGGER's earnings, and further risk-specific measures were not required. The first quarter of the 2023 calendar year brought signs of normalization on raw material and energy markets, and EGGER has passed these declines on to customers as far as possible. through price reductions.

Production capacity can be impaired by unplanned events, natural disasters or problems in obtaining sufficient supplies of strategic raw materials. To counter the potential effects on earnings, the Group prepares emergency plans, organizes support from other EGGER production facilities as needed and safeguards supplies of strategic raw materials through long-term delivery contracts. Production and warehouse capacity is routinely monitored on the basis of rolling quarterly forecasts. Any necessary adjustments to reflect the market situation are made over the medium-term through appropriate measures in the sales area and the adjustment of production volumes.

All investments and growth projects must meet pre-defined return and profitability targets and are monitored regularly to ensure these targets are met. Efficient and effective monitoring is guaranteed by clearly defined value management principles, indicators, detailed investment calculation models, and an integrated investment management process.

Russia-Ukraine conflict

The outbreak of the Russia-Ukraine conflict in the fourth quarter of the 2021/22 financial year radically changed the operating environment for EGGER and its market partners in related industries and slowed the generally expected global economic recovery after the COVID-19 pandemic. A forecast published by the European Commission on February 10, 2023 indicated that stagnation in the EU will continue during this year. The ongoing geopolitical conflict has led to rising energy prices, interrupted supply chains and EU sanctions that will slow growth in the coming months and lead to reductions in the economic forecasts for key industrial nations outside the European Union and in all EGGER core markets. These forecasts underscore the effects of inflation and purchasing power on demand, as explained in the section on market risks.

Our business activities in Russia are currently responsible for approximately 7.9% of Group revenues and the absence of this market would not create any substantial damage to EGGER. The carrying amount of the non-current assets in the two plants in Russia (Shuya, Gagarin) equaled 4.3% of the Group's total non-current assets (property, plant and equipment, intangible assets, investment property and biological assets) as of April 30, 2023. Our consolidated balance sheet does not include any material Ukrainian assets.

A process was established before the Ukraine crisis to ensure compliance with worldwide sanctions. This process was reviewed along the lines of the EU sanctions imposed against Russia, and a strict compliance structure and program to ensure compliance with all EU sanctions were established.

Environmental and climate-related risks

EGGER's strategic risk management addresses environmental and climate-related risks. Examples are natural disasters that can lead to material damage and business interruption as well as the risks which are increasingly caused by the effects of climate change. These risks are transferred and insured to make certain the effects on EGGER reflect the targeted risk profile. Further risks with climate-related relevance for EGGER include the long-term protection of wood supplies in view of the changing climatic conditions at the respective locations, supply chain interruptions and the subsequent impact on supplies of adhesives and impregnating resins and, among others, energy supplies for the individual plants. The information on strategic risks, their assessment and related measures flows into EGGER's guiding strategy together with other analyses.

The conscious handling and assessment of risks is crucial for the continued existence of the EGGER Group. However, the identified risks had no negative influence on the financial, asset or earnings position of the EGGER Group in the 2022/23 financial year.

Operational and strategic corporate planning includes the influence of climate change on the planning assumptions (e.g. in particular, climate-related cost increases).

IT risks

EGGER takes the issue of information security very seriously and is aware of cybersecurity risks. To ensure the continuous improvement of our systems and process security, we started to develop an information security management system (ISMS) many years ago. Our ISMS has been certified under the international ISO 27001 standard for over 20 years and is managed by our internal IT security team.

The standardization of IT and IT processes is a key element of EGGER's information and cybersecurity strategy. Standards were defined and implemented throughout the Group together with external partners. In this way, we ensure the same high security standards for all our plants.

We rely on state-of-the-art IT security technologies and work closely with external cybersecurity specialists to continuously evaluate and improve our internal and external systems, processes und and guidelines. Findings are evaluated and managed in accordance with the risk management system.

Other operating risks

In addition to the above-mentioned risks, the EGGER Group's risk management system also covers the following major risks: demographic shifts and the related long-term coverage of personnel requirements, legal and regulatory restrictions involving the wood materials industry, and political and social risks. Risks that can influence EGGER's sales volumes and market attractiveness are addressed through a focus on the product portfolio, possible substitution products and the company's innovative capabilities.

Additional Disclosures

(39) Financial instruments

§ Accounting and valuation methods

Recognition and derecognition of financial instruments
All financial instruments are recognized at the applicable value as of the settlement date.

Financial instruments are derecognized when the right to receive cash flows and principally all risks and rewards are transferred to the buyer or no longer remain with EGGER. Additional information on the sale of financial instruments is provided under note (23) Trade receivables.

Fair value hierarchy and valuation of financial instruments
The following table under "explanations" shows the allocation of financial assets and liabilities at fair value to the three-level fair value hierarchy. The levels of the fair value hierarchy and their application to assets and liabilities are described in the following:

- **Level 1**: Listed market prices for identical assets or liabilities in active markets.
- **Level 2**: Information directly or indirectly derived from market prices for the relevant asset or liability that can be monitored on the market.
- **Level 3**: Data that is not based on observable market information.

The other financial assets are carried at fair value, which is determined on the basis of the underlying earnings forecasts. Measurement therefore represents Level 3 on the valuation hierarchy.

The "other option" (Level 3) was valued with a multiple procedure, whereby the multiple was derived from transactions observable on the market. This valuation is compared with the multiple purchase price specified in the option and generally indicates the market value of the option.

Purchase price liabilities from the acquisition of companies which are dependent on the future earnings of the acquired company are carried at fair value. Fair value is derived from future earnings forecasts and discounted at a term- and risk-adequate discount rate as of the balance sheet date.

Derivative financial instruments
Hedges are concluded to reduce the risks arising from changes in foreign exchange rates and interest rates. The financial instruments used by the Egger Group consist primarily of forward exchange contracts, interest rate swaps and interest rate options.

Derivative financial instruments are recognized at cost on the date the contract is concluded and measured at fair value in subsequent periods. The valuation models applied to derivatives reflect both the company's own credit risk and external credit risk. Changes in the value of these financial instruments are recognized to profit or loss.

A cash flow hedge as defined in IFRS 9 is an instrument designed to hedge future payment flows. The gains and losses resulting from changes in the value of a derivative financial instrument are recognized to other comprehensive income at an amount equal to the effective portion of the hedge and transferred to profit or loss when the underlying transaction is realized. The ineffective portion of an effective hedge is recognized immediately to profit or loss.

The accounting treatment of a fair value hedge includes the measurement at fair value through profit or loss of the derivative hedging instrument as well as the underlying transaction based on the hedged risk. Therefore, only the ineffective portion of the hedge is included in results for the period.

The fair value of forward exchange contracts is based on the foreign exchange rates and interest rates in effect on the balance sheet date. Interest rate swaps are measured at their present value using current interest rates. The value of interest rate options is determined by applying standard calculation models and also incorporates current interest rates and related volatilities.

Explanations

The Group holds both primary and derivative financial instruments. Primary financial instruments consist chiefly of financial assets, trade receivables, securities, deposits with financial institutions, financial liabilities and trade payables.

Derivative financial instruments comprise the following:

	30.04.2023			30.04.2022		
	Currency	Nominal value in thous.	Fair value TEUR	Currency	Nominal value in thous.	Fair value TEUR
Interest rate swaps with positive fair value – fair value hedges	EUR	94,500	1,708	EUR	75,000	139
Interest rate swaps with negative fair value – fair value hedges	EUR	344,000	–19,666	EUR	344,000	–9,179
Other option	EUR	–	3,440	EUR	–	920
			–14,518			**–8,120**

The nominal value of the **interest rate swaps** represents the contract volumes of the derivative financial instruments. Fair value represents the amount at which the transactions could be settled. The interest rate swaps are used to hedge interest rate risk, whereby EGGER uses a hedging ratio of 1:1.

The **other option** entitles EGGER to purchase additional shares of a company in which an investment is currently held. The fair value increased by TEUR 2,520 to TEUR 3,440 in 2022/23; this change was recognized to profit or loss and is recorded under other financial results.

The **fair values of the derivative financial instruments** are shown in the above table.

The following table shows the carrying amounts and fair values of the individual **financial assets and liabilities** as well as the corresponding valuation categories:

Balance sheet position	Valuation category	Level	Carrying amount 30.04.2023 TEUR	Fair value 30.04.2023 TEUR	Carrying amount 30.04.2022 TEUR	Fair value 30.04.2022 TEUR
Financial assets carried at fair value						
Securities	FVTPL	1	9,937	9,937	681	681
Other financial assets	FVTPL	3	14,912	14,912	13,635	13,635
Unsold receivables from the factoring portfolio	FVOCI	3	31,226	31,226	40,199	40,199
Interest rate swaps	FVTPL	2	1,708	1,708	139	139
Other option	FVTPL	3	3,440	3,440	920	920
Green certificates	FVTPL	1	90	90	4,057	4,057
			61,313	**61,313**	**59,631**	**59,631**
Financial assets not carried at fair value						
Loans	AC		8,414	–	5,481	–
Trade receivables	AC		144,004	–	152,357	–
Other financial assets	AC		27,099	–	30,067	–
Cash and cash equivalents	AC		465,962	–	418,148	–
			645,479		**606,053**	
Financial liabilities carried at fair value						
Residual risk from factoring	FVTPL	3	39	39	58	58
Purchase price liabilities from business acquisitions	FVTPL	3	16,710	16,710	0	0
Interest rate swaps	FVTPL	2	19,666	19,666	9,179	9,179
			36,415	**36,415**	**9,237**	**9,237**
Financial liabilities not carried at fair value						
Amounts owed to credit institutions	AC	2	649,063	646,436	547,448	547,225
Promissory note loans	AC	2	709,833	709,572	415,557	425,829
Lease liabilities	AC	2	19,185	19,185	18,560	18,560
Other financial liabilities	AC		50,930	–	55,323	–
Trade payables	AC		430,976	–	397,818	–
			1,859,987		**1,434,706**	

FVTPL, Fair value through profit or loss
FVOCI, Fair value through other comprehensive income
AC, Amortised cost

"-": The table contains no information, if the carrying amount approximates fair value.

Since the fair value of the **other financial assets** generally reflects the carrying amount, no adjustments were made.

Additional information on the **residual risk from factoring** (Level 3) is not provided because the related amounts are immaterial.

The fair value of **purchase price liabilities from business acquisitions** that was initially recognized in connection with the acquisition of SAIB S.p.A. as of December 15, 2022 (TEUR 16,959) declined by TEUR 250 to TEUR 16,710 as of April 30, 2023 due to an increase in the discount rate.

There were no reclassifications between hierarchy levels during the reporting year.

! Discretionary judgments

The calculation of the **expected credit losses** on financial instruments involves estimates and assumptions for future default incidents. These assumptions are based on the company's experience and/or on market information.

For the valuation of the **other option**, the material, non-observable input factors include the estimated EBITDA development in the involved company and the derivation of the observable multiple. An increase (decrease) of 10% in the multiple observed on the market would lead to an increase of EUR 0.8 million / decrease of EUR 0.8 million in fair value.

The valuation of **purchase price liabilities from business acquisitions** is dependent, above all, on the expected EBITDA development in the involved companies. An increase (decrease) of 10% in the recognized EBITDA would not change the valuation.

(40) Contingent receivables and liabilities

Contingent receivables

EGGER purchased land in the Haffeld commercial and industrial zone from the Hanseatic City of Wismar in 1998. The Hanseatic City of Wismar committed to preparing the site for development as part of the purchase agreement and, for this purpose, concluded an engineering contract with a planning company, Inros Lackner AG. This contract committed Inros Lackner AG to readying the site for construction and, in particular, to ground preparation. After EGGER erected an MDF and OSB plant at this site, substantial ground settling was noticed on the traffic areas. The subsiding areas damaged and, in part, destroyed installations built by EGGER, in particular roads and pipelines. EGGER subsequently filed claims for compensation against Inros Lackner AG. The Higher Regional Court in Rostock has since issued a legally valid basic judgment and partial verdict which requires Inros Lackner AG to pay 50% of the damages resulting from the ground settling. The related legal proceedings are currently continuing through compensation proceedings at the Provincial Court in Schwerin. The expected compensation for these damages ranges from EUR 0 to 12 million.

Contingent liabilities

Innovation implies that intangible property rights, above all technical property rights, can be relevant for business activities. Patent discussions occur frequently in product areas with comparatively short development intervals, such as laminate flooring. The member companies of the EGGER Group are actively and passively involved in such disagreements. The Group works to limit the related legal risks through a specialist department and close cooperation with external consultants as well as the conclusion of licensing agreements where appropriate.

Certain member companies of the EGGER Group are parties to various legal proceedings arising from ordinary business activities. Provisions were created where it is probable that these proceedings will lead to a future payment or other form of performance whose amount can be estimated. Management assumes these proceedings will not have a material effect on the asset, financial or earnings position of Egger Holzwerkstoffe GmbH.

(41) Auditor’s fees

The fees charged by the auditor comprise TEUR 217 (2021/22: TEUR 189) for the audit of the annual financial statements and other assurance services for the Austrian companies included in the consolidated financial statements of Egger Holzwerkstoffe GmbH as well as TEUR 52 (2021/22: TEUR 48) for other services. The other services consist chiefly of miscellaneous assurance services (review of the half-year financial statements and sustainability report).

(42) Transactions with related parties and persons

The management structure of the EGGER Group ensures that the commercial director, Thomas Leissing (CFO and Spokesman of Group Management), is notified of all transactions with related parties and companies. Information on planned transactions is routinely forwarded to the Accounting Department. The Head of Legal/Tax/Compliance in the EGGER Group also provides the Accounting Department with information on related persons and companies as well as their transactions. In connection with the preparation of the annual financial statements, all persons responsible for accounting procedures in the individual EGGER companies are questioned on possible transactions in a structured process. Key managers, shareholders and the members of the Supervisory Board as well as the members of the foundation management boards and advisory boards are also questioned each year in writing on their transactions with the EGGER Group. The Group-wide, standardized IT/ERP system (SAP) allows for the central analysis of all incoming invoices in accordance with defined criteria (e.g. invoice issuer) at any time.

Related parties include all subsidiaries, joint ventures and associates of Egger Holzwerkstoffe GmbH.
A list of the subsidiaries, joint ventures and associates of Egger Holzwerkstoffe GmbH is provided under note (44).

All transactions between the consolidated subsidiaries of Egger Holzwerkstoffe GmbH are eliminated during the consolidation.

Transactions with the associate Horatec GmbH (equity consolidation) included the following in 2022/23: revenues and other income of TEUR 4,201 (2021/22: TEUR 4,172) as well as the purchase of goods and services totaling TEUR 45 (2021/22: TEUR 162). As of April 30, 2023, receivables of TEUR 122 (April 30, 2022: TEUR 184), and liabilities of TEUR 11 (April 30, 2022: TEUR 12) were due from/to Horatec GmbH.

Transactions with the associated company CLEAF S.p.A. (equity consolidation) included the following in 2022/23: revenues and other income of TEUR 11,806 (2021/22: TEUR 20,638) as well as the purchase of goods and services totaling TEUR 9 (2021/22: TEUR 611). As of April 30, 2023, receivables of TEUR 2,699 (April 30, 2022: TEUR 9,303) and liabilities of TEUR 0 (April 30, 2022: TEUR 48) were due from/to CLEAF S.p.A..

Transactions with unconsolidated subsidiaries, joint ventures and associates are generally not disclosed because they are immaterial.

Related persons are defined as the members of EGGER‘s 0 and 1 management levels (key managers), the shareholders of Egger Holzwerkstoffe GmbH and its managing directors, the members of the Supervisory Board, the foundation management boards and the advisory boards of MFE Vermögensverwaltung Privatstiftung, the investment “FM Deutschland” – Privatstiftung and the investment “FM England” – Privatstiftung as shareholders of Egger Holzwerkstoffe GmbH together with their close family members and the companies controlled by these persons, or their close family members, or jointly controlled companies.

The circle of EGGER key managers comprised 28 persons (April 30, 2022: 30) who received salaries totaling TEUR 9,948 in 2022/23 (2021/22: TEUR 10,401). Of this total, TEUR 6,551 (2021/22: TEUR 7,424) represent fixed and TEUR 3,397 (2021/22: TEUR 2,977) variable remuneration.

The shareholders of Egger Holzwerkstoffe GmbH are MFE Vermögensverwaltung Privatstiftung, the investment “FM Deutschland“ – Privatstiftung, the investment “FM England“ – Privatstiftung, Fritz Egger, Michael Egger, Thomas Leissing (through TAL Verwaltungs GmbH) and Walter Schiegl.

A distribution of TEUR 28,142 was made to shareholders in August 2022. In addition, the investment “FM England“ – Privatstiftung received a distribution of TEUR 4,128 in its capacity as a minority shareholder of Egger Deutschland Beteiligungsverwaltung GmbH and MFE Vermögensverwaltung Privatstiftung received a distribution of TEUR 11,730 in its capacity as a minority shareholder of Fritz Egger Gesellschaft m.b.H.

The members of Group Management in 2022/23 were Thomas Leissing, Frank Bölling, Ulrich Bühler (up to July 27, 2022), Michael Egger jun. (since July 27, 2022) and Hannes Mitterweissacher.

The members of the Supervisory Board as of April 30, 2023 were Fritz Egger (Chairman), Walter Schiegl (since August 27, 2022), Robert Briem, Ewald Aschauer (Chairman of the Audit Committee), Michael Stiehl and Alfred Wurmbrand. Michael Egger resigned from the Supervisory Board as of August 27, 2022. The members of the Supervisory Board received remuneration (including the reimbursement of expenses) totaling TEUR 264 in 2022/23 (2021/22: TEUR 164).

As of April 30, 2023, the management board of MFE Vermögensverwaltung Privatstiftung consisted of Robert Briem (Chairman), Andreas Urban (Vice-Chairman), Ernst Gruber and Katharina Müller. The management board of the investment "FM Deutschland" – Privatstiftung and the investment "FM England" – Privatstiftung consisted of Robert Briem (Chairman), Ernst Gruber (Vice-Chairman) and Katharina Müller. Fritz Egger, Michael Egger jun. (since July 15, 2022) and Theresa Schott (since July 15, 2022) form the advisory board for all three foundations.

All **transactions** with related persons and companies are conducted at arm’s length and, unless indicated above, immaterial in scope. The following transactions took place in 2022/23:

- The EGGER Group provides bookkeeping services, rents office space and apartments or residential buildings for private use to related persons and companies on a third-party basis (in total for 2022/23 and for the previous financial year less than TEUR 50).

- Certain members of EGGER‘s Supervisory Board / foundation management boards provide consulting services for the EGGER Group through separate attorneys’ societies. These services are invoiced at standard market rates based on hourly records (in total for 2022/32 and for the previous financial year less than TEUR 200).

- All EGGER Group employees are entitled to purchase services, EGGER materials or merchandise from the EGGER companies. Related parties also make these types of purchases (in total for 2022/23 and for the previous financial year less than TEUR 500).

- Real estate owned by related parties is rented to the EGGER Group at standard market conditions for business purposes (in total for 2022/23 and for the previous financial year less than TEUR 250).

- No real estate was acquired from related persons or companies in 2022/23 (2021/22: one property in Austria was purchased at a market price of TEUR 1,254).

(43) Significant events after the balance sheet date

An organizational change in the division structure was implemented as of May 1, 2023 which integrated the EGGER Flooring Products Division in the EGGER Building Products Division. This reorganization creates a simpler structure for the location in Wismar (DE), which produces and markets both flooring and OSB, and also supports the realization of synergies in production, logistics and sales. The EGGER Group now consists of two segments: EGGER Decorative Products, with its West, Central, East and Americas regional divisions, and EGGER Building Products, with the OSB, sawmill and flooring businesses.

Furthermore, there were no significant events which would have led to a different presentation of the asset, financial or earnings position.

(44) Scope of consolidation

Company	Headquarters	Currency	Nominal capital in thous.	Stake in % [1]	Type of consolidation	Segment
Companies included in the consolidated financial statements:						
Egger Holzwerkstoffe GmbH	St. Johann i.T.	EUR	11,509	100.00	Full consolidation	Decorative
Fritz Egger Gesellschaft m.b.H.	St. Johann i.T.	EUR	30,000	94.90	Full consolidation	Decorative
Fritz Egger GmbH & Co. OG	St. Johann i.T.	EUR	4,563	94.90	Full consolidation	Decorative
Fritz Egger Vermögensverwaltung GmbH	St. Johann i.T.	EUR	37	100.00	Full consolidation	Decorative
Fritz Egger Vertriebs GmbH	St. Johann i.T.	EUR	35	94.90	Full consolidation	Decorative
HP Verwaltungs GmbH	St. Johann i.T.	EUR	35	94.90	Full consolidation	Decorative
Egger Investment Holding GmbH	St. Johann i.T.	EUR	37	100.00	Full consolidation	Decorative
Egger Deutschland Beteiligungsverwaltung GmbH	St. Johann i.T.	EUR	2,253	94.84	Full consolidation	Decorative
Egger Osteuropa Beteiligungsverwaltung GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Nordamerika Beteiligungs GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Business Services GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
EHWS Beteiligungs GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger East Investment GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Corporate Services GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Südamerika Holding GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Holzverarbeitung GmbH	St. Johann i.T.	EUR	35	94.90	Full consolidation	Decorative
Egger CEE Holding GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Italy Holding GmbH	St. Johann i.T.	EUR	35	100.00	Full consolidation	Decorative
Egger Forst Österreich GmbH	St. Pölten	EUR	100	94.90	Full consolidation	Decorative
EGGER Panneaux & Décors SAS	Rion des Landes	EUR	30,000	94.90	Full consolidation	Decorative
Egger (UK) Limited	Woking	GBP	13,500	100.00	Full consolidation	Decorative
Campact Limited	Woking	GBP	1,000	100.00	Full consolidation	Decorative
Egger Forestry Limited	Woking	GBP	252	100.00	Full consolidation	Decorative
Timberpak Limited	Woking	GBP	8	100.00	Full consolidation	Decorative
Egger USA Investment Limited	Woking	GBP	14	100.00	Full consolidation	Decorative
Egger Dekor A.S.	Gebze	EUR	27,347	100.00	Full consolidation	Decorative
Egger Orman Ürünleri A.S.	Gebze	TRY	4,653	100.00	Full consolidation	Decorative
Fritz Egger Beteiligungs GmbH & Co.KG [2/3]	Brilon	EUR	90,641	94.86	Full consolidation	Decorative
Egger Holzwerkstoffe Brilon GmbH & Co. KG [2/3]	Brilon	EUR	1,064	94.86	Full consolidation	Decorative
Egger Holzwerkstoffe Brilon Beteiligungs-GmbH	Brilon	EUR	25	94.86	Full consolidation	Decorative
LTPRO GmbH	Brilon	EUR	25	94.86	Full consolidation	Decorative
Egger Brilon Service GmbH	Brilon	EUR	500	94.86	Full consolidation	Decorative
Egger Kunststoffe Beteiligungs-GmbH	Brilon	EUR	25	94.86	Full consolidation	Decorative

Company	Headquarters	Currency	Nominal capital in thous.	Stake in % (1)	Type of consolidation	Segment
Egger Sägewerk Brilon GmbH	Brilon	EUR	25	94.86	Full consolidation	Building
Egger Forst GmbH	Brilon	EUR	25	94.86	Full consolidation	Building
Horatec GmbH	Hövelhof	EUR	69	24.24	Equity-method	Decorative
Egger Holzwerkstoffe Wismar GmbH & Co. KG (2)	Wismar	EUR	1,026	94.86	Full consolidation	Flooring Building
Egger Holzwerkstoffe Wismar Beteiligungs GmbH	Wismar	EUR	26	94.86	Full consolidation	Flooring
Egger Kunststoffe GmbH & Co. KG (2)	Gifhorn	EUR	282	94.86	Full consolidation	Decorative
Egger Beschichtungswerk Marienmünster Beteiligungs GmbH	Marienmünster	EUR	26	94.86	Full consolidation	Decorative
Egger Beschichtungswerk Marienmünster GmbH & Co.KG (2)	Marienmünster	EUR	513	94.86	Full consolidation	Decorative
Timberpak GmbH	Lehrte	EUR	25	94.86	Full consolidation	Decorative
M+P Umweltdienste GmbH	Overath	EUR	50	94.86	Full consolidation	Decorative
CLEAF S.p.A.	Macherio	EUR	1,830	27.50	Equity-method	Decorative
Societa Agglomerati Industriali Bosi - SAIB S.p.A.	Caorso	EUR	12,500	60.00	Full consolidation	Decorative
S.I.S.T.E.M.I. SPA	Cremona	EUR	200	60.00	Full consolidation	Decorative
Egger Biskupiec sp. z o.o.	Biskupiec	PLN	15,805	100.00	Full consolidation	Decorative Flooring
EGGER Romania S.R.L.	Radauti	RON	400,000	100.00	Full consolidation	Decorative Flooring Building
Egger Technologia S.R.L.	Radauti	RON	15,000	100.00	Full consolidation	Decorative
Energy Trust S.R.L.	Radauti	RON	34,459	100.00	Full consolidation	Decorative
F.E. Agrar S.R.L.	Radauti	RON	52,911	100.00	Full consolidation	Building
OOO „Egger Drevprodukt Shuya"	Shuya	RUB	1,841,390	100.00	Full consolidation	Decorative
OOO Egger Drevprodukt Gagarin	Gagarin	RUB	6,341,055	100.00	Full consolidation	Decorative Flooring
Egger Wood Products LLC	Linwood	USD	699,000	100.00	Full consolidation	Decorative
Timberpak LLC	Linwood	USD	6,650	100.00	Full consolidation	Decorative
Egger Argentina SAU	Buenos Aires	ARS	22,452	100.00	Full consolidation	Decorative
Companies not included in the consolidated financial statements:						
Ortswärme St. Johann in Tirol GmbH	St. Johann i.T.	EUR	500	24.67	–	–
Eco 3 Bois SAS	Venissieux	EUR	100	47.45	–	–
Timberpak 31 SAS	Belesta	EUR	50	47.45	–	–
Timberpak Pearce Limited	Woking	GBP	0	50.00	–	–
Krause Maschinenbau GmbH	Tuntenhausen	EUR	26	22.78	–	–
Meobelio GmbH	Bad Wünnenberg	EUR	25	71.05	–	–
Egger Benelux BV	Kortrijk	EUR	0	100.00	–	–
Fundatia "EGGER"	Radauti	RON	105	100.00	–	–
Fundacja Egger	Biskupiec	PLN	30	100.00	–	–
Egger Productos de Madera Limitada i.L.	Santiago	CLP	16,600	94.90	–	–

Company	Headquarters	Curren-cy	Nominal capital in thous.	Stake in % (1)	Type of consolidation	Segment
Egger Scandinavia APS	Tistrup	DKK	200	100.00	–	–
COC Asset Management S.A.U.	Buenos Aires	ARS	300	94.90	–	–
Egger Baltic UAB	Vilnius	EUR	3	100.00	–	–
Egger CZ s.r.o.	Hradec Kralove	CZK	100	100.00	–	–
TOV Egger Holzwerkstoffe	Chernivtsi	UAH	40,437	100.00	–	–
IOOO Egger Drevplit	Minsk	BYN	4,000	100.00	–	–
Egger Drevplit Kazakhstan LLP	Almaty	KZT	2,100	100.00	–	–
Egger Zarzadzanie aktywami Sp. z o.o.	Warsaw	PLN	400	100.00	–	–
Egger Holzwerkstoffe Schweiz GmbH	Kriens	CHF	100	100.00	–	–
Egger Italia S.r.l.	Oderzo	EUR	10	100.00	–	–
EGGER Drvni Proizvodi d.o.o. Beograd	Belgrade	RSD	3,174	100.00	–	–
Fritz Egger Kabushiki Kaisha	Tokyo	JPY	5,000	100.00	–	–
Egger Australasia Pty Ltd	Sydney	AUD	45	100.00	–	–
Fritz Egger Business Consulting (Shanghai) Co Ltd.	Shanghai	CNY	1,000	100.00	–	–
Egger Southeast Asia Company Limited	Ho Chi Minh City	VND	1,133,000	100.00	–	–

(1) Share of capital based on %.
(2) These subsidiaries elected to use the exemptions provided by § 264 b of the German Commercial Code.
(3) The subsidiaries included in the consolidated financial statements elected to use the exemption provided by § 291 of the German Commercial Code, and therefore did not prepare consolidated financial statements or a group management report.

St. Johann in Tirol, July 13, 2023

Thomas Leissing	Frank Bölling	Michael Egger jun.	Hannes Mitterweissacher
Chief Financial Officer (CFO) and Speaker of the Management	Chief Supply Chain Officer (CSCO)	Chief Sales Officer (CSO)	Chief Technology Officer (CTO)

Group Management

Auditor's Report

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol, Austria,

and its subsidiaries ("the Group"), which comprise the Consolidated Balance as at 30 April 2023, and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity for the year then ended, and the Notes to the consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at 30 April 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) as well as legal or regulatory requirements.

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Other Information

Management is responsible for the other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report with this regard.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate to the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Engagement Partner

The engagement partner is Mr Mag. Ulrich Pawlowski.

Innsbruck, 14 July 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Ulrich Pawlowski
Wirtschaftsprüfer
(Austrian Chartered Accountant)

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

This report is a translation of the original report in German, which is solely valid.

Bestätigungsvermerk

Bericht zum Konzernabschluss

Prüfungsurteil

Wir haben den Konzernabschluss der

Egger Holzwerkstoffe GmbH,
St. Johann in Tirol,

und ihrer Tochtergesellschaften ("der Konzern"), bestehend aus der Konzernbilanz zum 30. April 2023, der Konzern-Gewinn- und Verlustrechnung, der Konzern-Gesamtergebnisrechnung, der Cashflow-Rechnung und der Konzern-Eigenkapitalentwicklung für das an diesem Stichtag endende Geschäftsjahr und dem Konzernanhang, geprüft.

Nach unserer Beurteilung entspricht der Konzernabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage des Konzerns zum 30. April 2023 sowie der Ertragslage und der Zahlungsströme des Konzerns für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den International Financial Reporting Standards (IFRS), wie sie in der EU anzuwenden sind und den zusätzlichen Anforderungen des § 245a UGB.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Konzernabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind vom Konzern unabhängig in Übereinstimmung mit den österreichischen unternehmens- und berufsrechtlichen Vorschriften und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise bis zum Datum dieses Bestätigungsvermerkes ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu diesem Datum zu dienen.

Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen alle Informationen im Geschäftsbericht, ausgenommen den Konzernabschluss, den Konzernlagebericht und den Bestätigungsvermerk.

Unser Prüfungsurteil zum Konzernabschluss erstreckt sich nicht auf diese sonstigen Informationen, und wir geben keine Art der Zusicherung darauf.

Im Zusammenhang mit unserer Prüfung des Konzernabschlusses haben wir die Verantwortlichkeit, diese sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen wesentliche Unstimmigkeiten zum Konzernabschluss oder unseren bei der Abschlussprüfung erlangten Kenntnissen aufweisen oder anderweitig falsch dargestellt erscheinen.

Falls wir auf der Grundlage der von uns zu den vor dem Datum des Bestätigungsvermerks des Abschlussprüfers erlangten sonstigen Informationen durchgeführten Arbeiten den Schluss ziehen, dass eine wesentliche falsche Darstellung dieser sonstigen Informationen vorliegt, sind wir verpflichtet, über diese Tatsache zu berichten. Wir haben in diesem Zusammenhang nichts zu berichten.

Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Konzernabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Konzernabschlusses und dafür, dass dieser in Übereinstimmung mit den IFRS, wie sie in der EU anzuwenden sind, und den zusätzlichen Anforderungen des § 245a UGB ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Konzernabschlusses zu ermöglichen, der frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist.

Bei der Aufstellung des Konzernabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit des Konzerns zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder den Konzern zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses des Konzerns.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Konzernabschlusses

Unsere Ziele sind hinreichende Sicherheit darüber zu erlangen, ob der Konzernabschluss als Ganzes frei von wesentlichen falschen Darstellungen aufgrund von dolosen Handlungen oder Irrtümern ist und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Konzernabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher falscher Darstellungen aufgrund von dolosen Handlungen oder Irrtümern im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen kollusives Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.

- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.

- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.

- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit des Konzerns zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Konzernabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr des Konzerns von der Fortführung der Unternehmenstätigkeit zur Folge haben.

- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Konzernabschlusses einschließlich der Angaben sowie ob der Konzernabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.

- Wir erlangen ausreichende geeignete Prüfungsnachweise zu den Finanzinformationen der Einheiten oder Geschäftstätigkeiten innerhalb des Konzerns, um ein Prüfungsurteil zum Konzernabschluss abzugeben. Wir sind verantwortlich für die Anleitung, Überwachung und Durchführung der Konzernabschlussprüfung. Wir tragen die Alleinverantwortung für unser Prüfungsurteil.

- Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.

Bericht zum Konzernlagebericht

Der Konzernlagebericht ist aufgrund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Konzernabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Konzernlageberichts in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Konzernlageberichts durchgeführt.

Urteil

Nach unserer Beurteilung ist der Konzernlagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden und steht in Einklang mit dem Konzernabschluss.

Erklärung

Angesichts der bei der Prüfung des Konzernabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über den Konzern und sein Umfeld haben wir keine wesentlichen fehlerhaften Angaben im Konzernlagebericht festgestellt.

Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Mag. Ulrich Pawlowski.

Innsbruck, 14. Juli 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ulrich Pawlowski
Wirtschaftsprüfer


EGGER

www.egger.com

Egger Holzwerkstoffe GmbH
Weiberndorf 20
6380 St. Johann in Tirol
Austria
T +43 50 600 - 0
F +43 50 600 - 10111
info-sjo@egger.com