MORE FROM WOOD.

EGGER

Egger Holzwerkstoffe GmbH

Consolidated Interim Financial Report as of October 31, 2020

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Egger Holzwerkstoffe GmbH
St. Johann in Tirol

Consolidated Interim Financial Report
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Contents

Egger Holzwerkstoffe GmbH (Consolidated Interim Financial Statements)

The consolidated interim financial statements were prepared in TEUR / MEUR (rounded). The use of automatic data processing equipment can lead to rounding differences in the addition of rounded amounts and percentage rates.

Mission

Creating more from wood

The pioneering spirit and values of the EGGER family business underpin our strategies. Our central values are dynamism, loyalty, responsibility and trust. We achieve sustainable international growth based on our own performance and by preserving our independence.We provide our customers with innovative solutions and a market-oriented comprehensive product portfolio and services based around a natural and renewable material – wood.

Our values as a family company

- We see ourselves as a transparent and modern family company and present ourselves as such to the employment market.
- Sustainability and the further development of the company for the benefit of future generations take center stage in our decisions.
- Respect, trust, partnership and loyalty define our everyday actions.
- We stand by our word.
- Professional action and efficient decision-making processes constitute key success factors.
- We live by our mission statement and our core values (quality, respect and progress).

Our customer service

- We recognize the importance of developing long term customer relationships as the basis for mutual success.
- The cornerstones of our work include reliable quality, design and technical competence, specialized consulting, as well as services for sales support.
- All our services are based on current and future customer needs.

Our quality

- For EGGER, quality means fulfilling defined requirements in everything we undertake.
- We have committed ourselves to continuous improvement, backed up by a certified management system.

Our employees and management

- We treat each other with respect.
- We expect high performance and develop our employees through specific training and information programs.
- Particular credit is given to experience, passing on this experience and long employment service.
- Our managers are predominantly recruited internally. They stand out with their high leadership competence and positive role model behavior.

Our organization

- We are a decentralized group structured around individual business units and regional organizations. Central functions are carried out only where we can benefit from synergies, increase productivity or when driven by strategic demands.
- Our decision-making processes are clear and efficient.
- The rules of procedure and reporting requirements form the basis of proper business management.
- The strategic direction of the group is defined by the owners and Group Management, with the support of employees as well as division management.
- Individuals have the responsibility for pursuing mutually agreed targets.

Our social environment

- In accordance with our core values we embrace the culture and customs of the countries in which we operate.
- We integrate into the life of our local communities.
- We promote the employment of qualified employees and managers from the regions around our sites.

Our natural environment

- The sustainable use of raw materials is one of EGGER's highest priorities.
- We achieve this by generating energy in our own biomass power plants, by using state-of-the-art manufacturing technology and environmentally friendly logistics systems.

Our information and communication systems

- We invest in the latest information and communication systems.
- We use these systems to manage our business efficiently and bring our business partners closer to the relevant business processes.

Introduction by Group Management

Dear Ladies and Gentlemen,

The first half of our 2020/21 financial year was influenced by the global **corona pandemic** and its impact on the economy and society. The weak business development in May caused by the first lockdown was followed by rapid stabilization and sound growth in most of our core markets. The economic effects of the corona crisis on the construction and interior design industries were generally less severe than in other branches. Many consumers are currently investing in their homes and purchasing new furniture and flooring or starting renovation projects. In summary, our branch is benefiting from this **"cocooning trend"**.

The EGGER Group generated **revenues** of EUR 1,449.4 million (–2.1 % versus HY 2019/20) and **EBITDA** of EUR 293.9 million (+33.5 % versus HY 2019/20) in the first half of the 2020/21 financial year. These solid results reflect the positive branch environment, very strong demand and advantageous raw material costs as well as the reduction in fixed costs which resulted from measures implemented to address the corona pandemic.

At 20.3 %, the **EBITDA margin** exceeds our long-term target of 15 %. Our **equity ratio** remained at a high 38.6 % despite extensive investments.

The **Decorative Products Central Division** recorded revenues of EUR 442.9 million (–0.9 % versus HY 2019/20). The **Decorative Products West Division** reported a decline of 11.9 % in revenues to EUR 321.2 million, whereby the plants in Great Britain and France were hit hardest by the regional lockdowns. Revenues in the **Decorative Products East Division** rose by 3.0 % to EUR 469.2 million. The **Decorative Products Americas Division** recorded a 2.1 % increase in revenues to EUR 70.3 million.

Revenues in the **EGGER Flooring Products Division** increased by 6.2 % in the first half of 2020/21, with flooring sales totaling EUR 245.5 million. In the **Other Segment**, revenues rose by 3.9 % to EUR 91.5 million.

Our **20th production site, which is located in Lexington, North Carolina (US)**, started operations in September 2020 and marked the conclusion of the extensive **investment program** carried out in recent years. The start of production at our first greenfield project outside Europe will allow us to meet the rising demand for wood materials on the North American market as a local producer and reliable on-site partner.

The first **EGGER Decorative Collection** for the American market was introduced in October 2020. This collection covers a coordinated line of decorative products and material combination decors as well as an extensive package of services and was very well received by the American architects, designers, fabricators and retailers. We also expanded our range of **digital services and formats** in recent months to transmit additional information and know-how. They will remain part of our customer communications after the pandemic and will also be used for the upcoming introduction of our **EGGER PRO Flooring Collection 2021+** (available worldwide starting in January 2021).

Despite the uncertainties surrounding the corona pandemic, our **outlook** for the second half of 2020/21 is **generally positive**. Construction activity is typically limited during the winter and, consequently, our second half-year is normally weaker. We expect stable development on our markets and are well positioned for the future with our modern industrial base, our global market presence, our broad-based product program, our solid financial basis and – last but not least – our workforce with nearly **10,100 motivated and loyal employees**.

St. Johann in Tirol, December 7, 2020

Walter Schiegl
(CTO, Production, Engineering and Procurement)

Thomas Leissing
(Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources)

Ulrich Bühler
(CSO, Marketing and Sales)

The Managing Board


EGGER

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, whereby our Group management holds smaller investments.

Fritz and Michael Egger are involved in the definition of strategic guidelines as members of the Supervisory Board. The business operations of our family company are directed by the EGGER Managing Board with Thomas Leissing, Walter Schiegl and Ulrich Bühler.

Thomas Leissing

Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources

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

Walter Schiegl

CTO, Production, Engineering and Procurement

Walter Schiegl has been with EGGER since 1980. After several years in production, he served as the plant manager for production and engineering in Wörgl (AT) and Brilon (DE). In 2000 he was appointed to the Managing Board, where he is responsible for production, engineering and procurement.

Ulrich Bühler

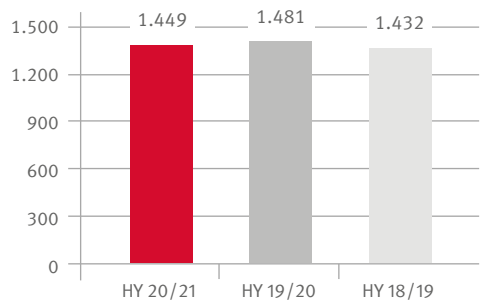
CSO, Marketing and Sales

Ulrich Bühler has served on the EGGER Managing Board since 2006, where he is responsible for sales, marketing, product management and communications. Before joining EGGER in 2000, he worked for a major German wood retailer. He was in charge of sales and marketing for the Group's German organization prior to his appointment to the Managing Board.

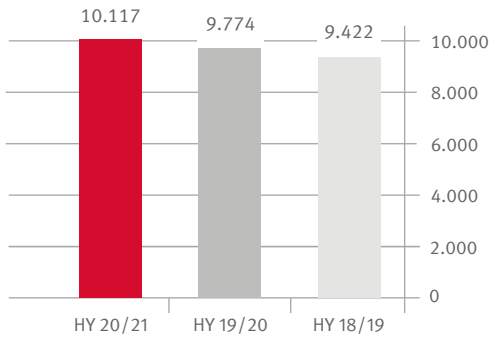
Overview of Key Data

Key data on the EGGER Group at a glance.

Revenues (in EUR mill.)



Employees (Yearly average) 12 months roll.



Earnings Indicators		HY 2020/21	HY 2019/20	HY 2018/19
Revenues	EUR mill.	1,449.4	1,480.6	1,432.0
Adjusted EBITDA (1)	EUR mill.	293.9	220.1	231.4
Adjusted EBITDA margin (1)	in %	20.3%	14.9%	16.2%
EBITDA	EUR mill.	293.9	220.1	250.6
EBITDA margin	in %	20.3%	14.9%	17.5%
Adjusted EBIT (2)	EUR mill.	185.9	119.7	154.9
EBIT	EUR mill.	185.9	119.7	101.5
Profit before tax (PBT)	EUR mill.	180.6	110.2	90.3
Profit after tax (PAT)	EUR mill.	135.1	79.7	58.1

(1) Operating EBITDA without appreciation IAS 29 in HY 2018/19
(2) Operating EBIT without appreciation IAS 29 and without impairment from plant Concordia (AR) in HY 2018/19

Consolidated Balance Sheet		31.10.2020	30.04.2020	30.04.2019
Balance sheet total	EUR mill.	3,225.6	3,239.8	3,141.3
thereof non-current assets	EUR mill.	2,296.7	2,376.1	2,092.9
Equity (including subsidies)	EUR mill.	1,245.7	1,227.4	1,157.0

Treasury Key Figures		31.10.2020	30.04.2020	30.04.2019
Equity ratio	in %	38.6%	37.9%	36.8%
Net debt	EUR mill.	987.6	1,197.8	953.0
Net debt / adjusted EBITDA (1)	years	1.98	2.82	2.24

(1) Operating EBITDA without appreciation IAS 29 in FY 2018/19

Value Management		31.10.2020	30.04.2020	30.04.2019
EBITDA (1) rolling 12 months	EUR mill.	498.2	424.4	425.0
Historical capital employed	EUR mill.	4,966.3	5,105.6	4,675.5
CFROI	in %	10.0%	8.3%	9.1%

(1) Operating EBITDA without appreciation IAS 29 in FY 2018/19

Management Report

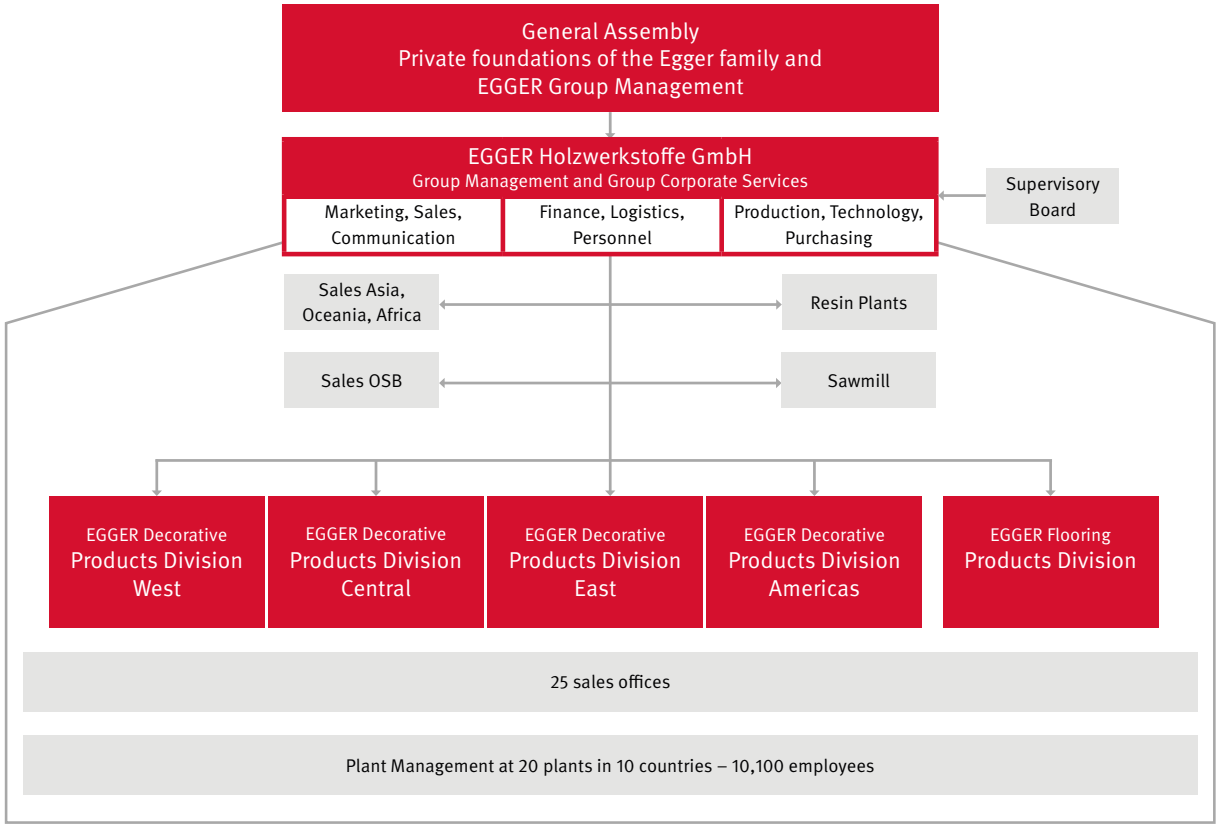
on the Consolidated Interim Financial Statements as of October 31, 2020

of Egger Holzwerkstoffe GmbH, St. Johann in Tirol

1 Business and Operating Environment

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, Turkey, Argentina and the USA as well as sales subsidiaries in Eastern Europe, Benelux, Scandinavia, Switzerland and Overseas (Asia, Australia and South America) that report directly to the respective divisions.



Simplified organizational chart of the EGGER Group

The members of the **Managing Board** of the parent company, EGGER Holzwerkstoffe GmbH, are Thomas Leissing (Speaker of the Managing Board, CFO, Finance / Administration / Logistics), Walter Schiegl (CTO, Production / Engineering) and Ulrich Bühler (CSO, Sales / Marketing).

The **Supervisory Board** supports the Managing Board on strategic issues. In addition to the owners' representatives Fritz Egger (Chairman) and Michael Egger, the Supervisory Board also includes Robert Briem, Ewald Aschauer (Chairman of the Audit Committee), Michael Stiehl and Alfred Wurmbrand. 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, which include consultations on the budget and investments, as well as monthly reporting.

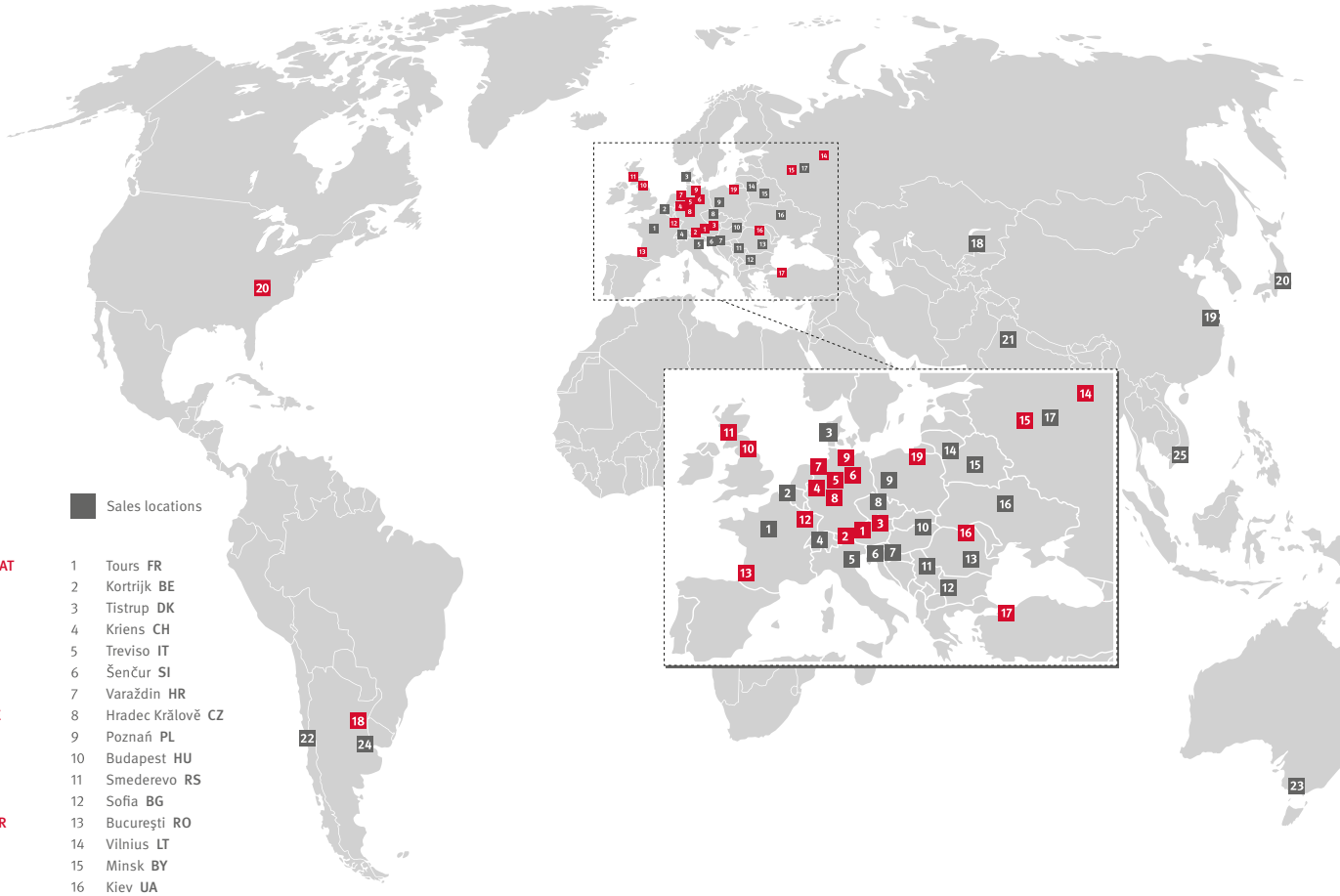
We rely on **management teams** for the direction of our organizational units, whereby the individual responsibilities cover production and engineering, sales and marketing, logistics as well as finance and administration. This structure has been implemented for the Group's management, for divisional management and for 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.

1.2 Operating segments and market structure

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

EGGER thinks global and acts local – with production facilities at **20 locations in ten countries** and products that are sold throughout the world. We see ourselves as an international company with Tyrolean roots. The European market is our primary focus, but we also sell in strategic export markets outside Europe. A global sales organization, efficient logistics, **25 company-operated sales offices** and an international network of **retail partners in over 90 countries** ensure the systematic development of markets.



Production sites

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 Rădăuți **RO**
17 Gebze **TR**
18 Concordia **AR**
19 Biskupiec **PL**
20 Lexington, NC **US**

Sales locations

1 Tours **FR**
2 Kortrijk **BE**
3 Tistrup **DK**
4 Kriens **CH**
5 Treviso **IT**
6 Šenčur **SI**
7 Varaždin **HR**
8 Hradec Králově **CZ**
9 Poznań **PL**
10 Budapest **HU**
11 Smederevo **RS**
12 Sofia **BG**
13 București **RO**
14 Vilnius **LT**
15 Minsk **BY**
16 Kiev **UA**
17 Moscow **RU**
18 Almaty **KZ**
19 Shanghai **CN**
20 Tokyo **JP**
21 New Delhi **IN**
22 Santiago de Chile **CL**
23 Melbourne **AU**
24 Buenos Aires **AR**
25 Ho Chi Minh City **VN**

In order to ensure optimal market development and close proximity to our customers, our organizational structure is based on divisions and markets. **Furniture and interior construction** (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 West, Central, East and Americas Divisions.

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

Independent sales organizations are responsible for **building products** like OSB boards and sawn timber products.

Furniture and interior construction

Flooring

Construction 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.

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 all countries where we are present. GDP growth influences the purchasing power and investment behavior of private households and business customers and, in this way, has an impact on our customers and their business with our company.

- 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 re-opening of many economies in May and June 2020 after the first corona-related lockdown was reflected in the rapid recovery of global economic activity. However, business was slowed by the increasing spread of infections in many countries and the implementation of further lockdowns.

China's speedy recovery was surprising, but the **lengthy recovery of the global economy to the pre-pandemic level** is still susceptible to setbacks. Global growth in 2020 is expected to be negative at –4.4 %. Then again, this decline is not as high as originally feared because of the rapid GDP improvement recorded, above all, by the developed industrial countries.

The growth forecasts for **2021** are somewhat more moderate due to the renewed implementation of stricter protective measures. GDP growth in 2021, compared with the year before the corona pandemic, is estimated at only +0.6 %. The industrial countries (i.e. also the European Union) are not expected to return to the 2019 level before **2022**.

(Source: WEO 2020 10)

Growth rates for real GDP (gross domestic product) in %	2018	2019	2020	2021	2022
World	3.5	2.8	–4.4	5.2	4.2
Advanced economies	2.2	1.7	–5.8	3.9	2.9
Emerging market and developing economies	4.5	3.7	–3.3	6.0	5.1
European Union	2.3	1.7	–7.6	5.0	3.3
Eurozone	**1.8**	**1.3**	**–8.3**	**5.2**	**3.1**
Latin America and the Caribbean	1.1	0.0	–8.1	3.6	2.7
Argentina	–2.6	–2.1	–11.8	4.9	2.5
Brazil	1.3	1.1	–5.8	2.8	2.3
Austria	2.4	1.6	–6.7	4.6	2.1
Belgium	1.5	1.4	–8.3	5.4	2.7
China	6.8	6.1	1.9	8.2	5.8
Czech Republic	3.2	2.3	–6.5	5.1	4.3
France	1.8	1.5	–9.8	6.0	2.9
Germany	1.3	0.6	–6.0	4.2	3.1
Greece	1.9	1.9	–9.5	4.1	5.6
Italy	0.8	0.3	–10.6	5.2	2.6
Japan	0.3	0.7	–5.3	2.3	1.7
Netherlands	2.4	1.7	–5.4	4.0	2.0
Poland	5.3	4.1	–3.6	4.6	4.5
Romania	4.4	4.1	–4.8	4.6	3.9
Russia	2.5	1.3	–4.1	2.8	2.3
Spain	2.4	2.0	–12.8	7.2	4.5
Turkey	3.0	0.9	–5.0	5.0	4.0
United Kingdom	1.3	1.5	–9.8	5.9	3.2
United States	3.0	2.2	–4.3	3.1	2.9

Source: International Monetary Fund, World Economic Outlook Database, October 2020

1.3.3 The construction industry and renovation in Europe

Construction activity in the 19 EUROCONSTRUCT countries rose by 2.7 % to nearly EUR 1,700 billion during the past year (prices based on 2019), for the sixth consecutive annual increase. Preliminary estimates indicate that the **volume of construction** will decline by **roughly 11.5 %** this year, i.e. similar to 2009, as a result of the corona pandemic. That represents a decline of nearly EUR 200 billion (price-adjusted) in the value of construction output.

The experts in the EUROCONSTRUCT network expect construction activity will increase by 6.0 % in **2021** and by 3.5 % in **2022**. That would, however, leave a remaining gap of approximately EUR 50 billion compared with 2019.

Developments in the individual countries differ substantially. At locations where construction sites were closed for longer periods and the economy has been severely weakened, losses in the double-digit percentage range are expected in 2020. The decline in construction at the other locations remains manageable, with growth projected for the markets in Poland and Portugal.

(Source: ifo Schnelldienst 7/2020 on the EUROCONSTRUCT Summer Conference 2020)

1.3.4 Competitive position

We are one of the leading companies in the European wood materials industry. Our objective is to develop and maintain a strong position on 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 outbreak of the corona pandemic and the resulting legal restrictions in many countries led to production stoppages in Europe (especially in Southwest Europe, Great Britain and Italy, but also in many East European countries) and, above all, in Latin America. This situation changed significantly at mid-year: **The demand for laminated boards rose to a very high level in many regions** and led, in part, to supply problems and a shortage of raw chipboard.

In **Eastern Europe**, the production capacity for raw chipboard in Poland (Pfleiderer) and the Baltic States (VMG) is expanding. Russia will not see an increase before the end of 2021. Kronospan has built a new MDF plant in Bulgaria and expanded its capacity in Great Britain.

Further investments are planned in Spain (laminating refurbishment) and Italy (raw chipboard, start in 2022).

Production in **Latin America** restarted in May 2020, but capacity is not fully utilized and there is pressure on prices. The price pressure on raw chipboard and white-laminated boards is also high in **North America**. Our EGGER Decorative Collection was introduced to the North American markets in October.

The competitive situation for flooring

There are **continuing signs of an improvement and slight growth** on the flooring market in Europe, but with regional differences. In the laminate flooring segment, this growth was especially visible during the summer months and was supported primarily by **rising demand from the DIY segment** in several core markets. The laminate flooring market in Western Europe is stable to slightly declining, while the positive development in Eastern Europe continues. Russia anticipates an increase in the demand for locally produced laminate flooring as a result of local currency trends.
New **competing materials** like PVC design flooring, SPC flooring (rigid vinyl flooring) and ceramic flooring are continuing to gain in importance. This growth is proceeding to a substantial extent at the expense of laminate

flooring, whereby plastic-based flooring is coming under increasing pressure for ecological reasons.

The **laminate flooring market** is still characterized by **excess capacity**, which has led to strong pressure on prices and aggressive competition as well as international export activity. Laminate flooring suppliers without internal HDF capacity are coming under increasing pressure, but the corona pandemic will create new opportunities in Europe for laminate flooring as a sustainable, regionally produced, strong cost-effective performer.

The market for polymer-based and, in certain regions, wood-based design flooring will continue to grow over the coming years and extend from Western to Eastern Europe. Another focal point will be the developments on the overseas markets in Asia and North America. The laminate flooring market is stable in China, while LVT flooring outpaced laminate flooring with regard to market share in the USA several years ago.

However, the latent conflict between China (the main exporter of LVT/ SPC flooring) and the USA will create new prospects for alternative flooring products.

The competitive situation for construction products

The demand for OSB is stagnating but at a high level, whereby recent expansion projects have led to excess capacity and certain volumes can only be placed on the market under considerable price pressure.
Capacity utilization at our Wismar plant (DE) remains satisfactory. Wood prices are stable, but the rising cost of chemicals will require further market price adjustments in the first half of 2021. Capacity utilization in Radauti (RO) is developing well but strongly subject to price trends. An increase in raw material costs – for chemicals as well as wood – is also probable here.
Market price adjustments are difficult due to the constantly changing framework conditions. The product harmonization between our two OSB locations is in progress and should have a positive influence on sales volumes in our OSB markets.

1.3.5 Raw material supplies and prices

Expenditures for raw materials and energy represent a major component of our total costs. Accordingly, our **top priorities** include the protection and continuous improvement of supply availability and the monitoring of price trends for raw materials. 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. Raw materials supplies are generally purchased from **long-term partners**.

Prices on the major raw materials markets followed a downward trend during the first half of the 2020/21 financial year. The average **purchase price for timber** fell slightly in comparison with the first half of the previous year, whereby the individual regions and plants were faced with different fluctuations and influencing factors.

In the area of **chemicals procurement**, the prices for urea, melamine and methanol were also lower than the previous year. Paper prices for the Group were stable to slightly declining during the past half-year.

Energy procurement prices, above all for natural gas, declined on average for the Group during the first half of 2020/21. We support the **cascading use of wood** by converting biomass and residual wood that can no longer be used in production into heat and green electricity at our own **biomass power plants**. In this way, we minimize the use of fossil fuels as far as possible. Our plants in Unterradlberg (AT), Wismar (DE), Brilon (DE), Rambervillers (FR) and Radauti (RO) produce **electricity with their own combined power and heat generation equipment** and thereby maximize energy generation efficiency.

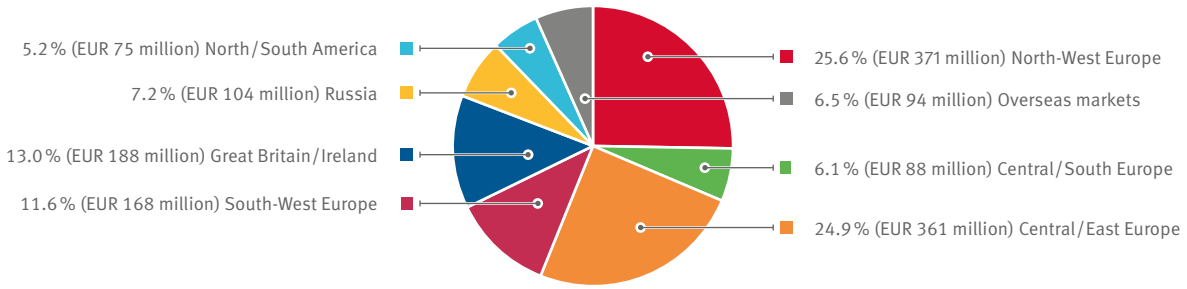
1.3.6 Business development in HY 2020/21

The EGGER Group generated **consolidated revenues** of EUR 1.449.4 million in the first half of 2020/21, which represents a year-on-year decline of 2.1%. This reduction was attributable, above all, to the weak business development in May 2020 which resulted from the corona pandemic.

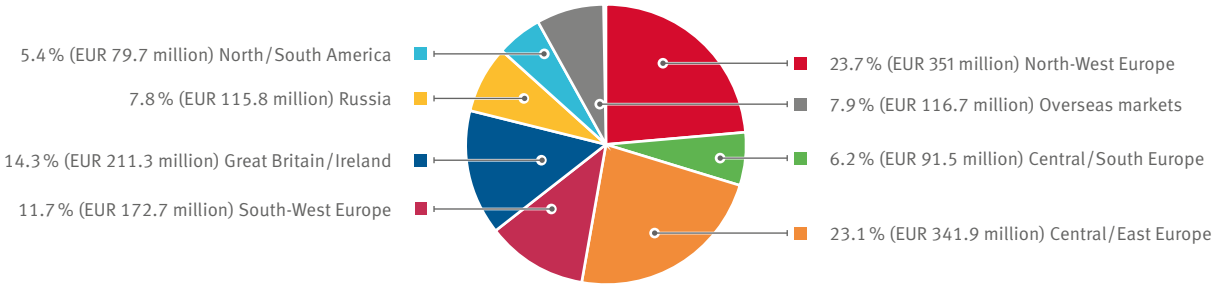
The most important **sales channels** in the first half of 2020/21 were the retail trade with 51.4 % and industry with 39.4 % of consolidated revenues (HY 2019/20: 52.9 % and 38.4 %). The high share of the retail trade reflects our strategy. The share of revenues recorded in the DIY sales channel rose from 8.7 % to 9.2 %.

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 sales region (HY 2020/21)



Revenues by sales region (HY 2019/20)



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

EGGER's 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 responsible for revenues of EUR 815.2 million in the first half of 2020/21 (56.2 % of Group revenues). The significance of **Germany** for the wood materials market is based, above all, on the kitchen and furniture industry, which is heavily represented in this country. German furniture manufacturers export their products to many other regions and have a high demand for wood materials.

Central and Eastern Europe plus **Russia** represent another important market region with total revenues of EUR 464.8 million (32.1% of Group revenues).

The countries outside Europe (**North/South America and the Overseas region**) are playing an increasingly important role for EGGER. Revenues in this region amounted to EUR 169.5 million in the first half of 2020/21 (11.7 % of Group revenues).

1.3.7 Business development in HY 2020/21 by division

Decorative products for furniture and interior construction with the four regional divisions generated 79.5 % of Group revenues in the first half of 2020/21. Revenues amounted to EUR 1,303.6 million and were 2.4 % lower year-on-year (HY 2019/20: EUR 1,336.1 million).

The **Flooring Products Division** was responsible for 15.0 % of Group revenues with a 6.2 % year-on-year increase to EUR 245.5 million (HY 2019/20: EUR 231.2 million).

The **Other Segment** recorded revenues of EUR 91.5 million, or 5.6 % of Group revenues, for a year-on-year increase of 3.9 % (HY 2019/20: EUR 88.1 million).

Revenues by Segment / Division		HY 2020/21	HY 2019/20	HY 2018/19	Dev. in % HY 2020/21 to HY 2019/20
Decorative Products Central	EUR mill.	442.9	447.0	437.4	–0.9%
Decorative Products West	EUR mill.	321.2	364.7	357.0	–11.9%
Decorative Products East	EUR mill.	469.2	455.6	428.2	3.0%
Decorative Products Americas	EUR mill.	70.3	68.8	54.2	2.1%
Flooring Products	EUR mill.	245.5	231.2	225.3	6.2%
Others	EUR mill.	91.5	88.1	96.9	3.9%
Total (unconsolidated)	**EUR mill.**	**1,640.6**	**1,655.4**	**1,599.0**	**–0.9%**
Consolidation (1)	EUR mill.	–191.2	–174.8	–167.0	9.4%
Total	**EUR mill.**	**1,449.4**	**1,480.6**	**1,432.0**	**–2.1%**

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

Share of unconsolidated Revenues		HY 2020/21	HY 2019/20	HY 2018/19
Decorative Products Central	in %	27.0%	27.0%	27.4%
Decorative Products West	in %	19.6%	22.0%	22.3%
Decorative Products East	in %	28.6%	27.5%	26.8%
Decorative Products Americas	in %	4.3%	4.2%	3.4%
Flooring Products	in %	15.0%	14.0%	14.1%
Others	in %	5.6%	5.3%	6.1%
Total	**in %**	**100.0%**	**100.0%**	**100.0%**

1.3.8 Market developments in the furniture and interior construction business

Furniture and interior construction (decorative wood materials) was responsible for 79.5 % of our total revenues in the first half of 2020/21. However, revenues were 2.4 % lower year-on-year as a result of the lockdowns implemented during the spring to contain the corona pandemic and the related declines which continued into May 2020.

Revenue declines were reported by Great Britain, France, Spain, Italy and Austria. In Western Europe, the only revenue increase was a slight improvement in Germany.

Higher revenues were recorded in the USA, where activities are currently focused on market development. Sound revenue growth was also recorded in Poland and the Baltic States following the start of operations at our new plant in Biskupiec.

1.3.9 Market developments in the flooring business

Revenues from sales of our **flooring products** rose by 6.2 % year-on-year in the first half of 2020/21 despite volume declines in parts of Western Europe (e.g. Germany, Benelux, Great Britain and Italy). These lower volumes were offset by in part solid growth in Russia, Ukraine, France and China.

1.3.10 Market developments in the construction products business

Sales volumes of our **OSB products** rose by 4.6 % year-on-year in the first half of 2020/21, but the downward trend in selling prices reduced the effect on revenues. This negative development was strongest in Turkey, Italy and Ukraine. It was contrasted by substantial revenue growth in China, Poland, Germany and Great Britain. Sales volumes of **sawmill products** increased, but lower selling prices also led to a decline in revenues in this business.

2 Earnings, Financial and Asset Position

2.1 Earnings

2.1.1 Revenues

Consolidated revenues recorded by the EGGER Group totaled EUR 1,449.4 million in the first half of 2020/21 (HY 2019/20: EUR 1,480.6 million), for a slight year-on-year decline of 2.1%. Revenues were still substantially lower in May 2020 due to the corona pandemic but have returned to a good level since June 2020.

A detailed description of the development of business in the individual divisions during the reporting year is provided under points 1.3.7 to 1.3.10.

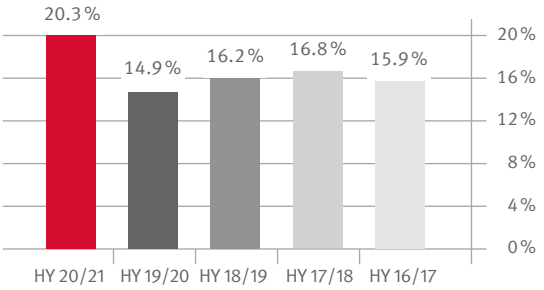
2.1.2 Earnings

Earnings Indicators		HY 2020/21	HY 2019/20	HY 2018/19	Dev. in % HY 2020/21 to HY 2019/20
Revenues	EUR mill.	1,449.4	1,480.6	1,432.0	–2.1%
Adjusted EBITDA (1)	EUR mill.	293.9	220.1	231.4	33.5%
Adjusted EBITDA margin (1)	in %	20.3%	14.9%	16.2%	
EBITDA	EUR mill.	293.9	220.1	250.6	33.5%
EBITDA margin	in %	20.3%	14.9%	17.5%	
Adjusted EBIT (2)	EUR mill.	185.9	119.7	154.9	55.4%
EBIT	EUR mill.	185.9	119.7	101.5	55.4%
Financial results (3)	EUR mill.	–5.3	–9.5	–11.2	–44.1%
Profit before tax (PBT)	EUR mill.	180.6	110.2	90.3	63.9%
Profit after tax (PAT)	EUR mill.	135.1	79.7	58.1	69.5%

(1) Operating EBITDA without appreciation IAS 29 in HY 2018/19
(2) Operating EBIT without appreciation IAS 29 and without impairment from plant Concordia (AR) in HY 2018/19
(3) Includes income from financial investments and associates

Operating EBITDA (earnings before interest, taxes, depreciation and amortization) totaled EUR 293.9 million in the first half of 2020/21, for a sound increase of 33.5% over the previous year (HY 2019/20: EUR 220.1 million). This growth was supported by all divisions. A substantial part is attributable to our new plant in Biskupiec (PL), which is allocated to the Decorative Products East Division, and to an improvement in earnings in the Decorative Products Americas Division. Earnings in all divisions benefited, above all, from optimized raw material costs and the fixed cost savings which resulted from the first measures implemented to deal with the corona crisis. The EBITDA margin rose to 20.3% in the first half of 2020/21 (HY 2019/20: 14.9%).

EBITDA-Margin



Operating profit before interest and taxes (EBIT) rose from EUR 119.7 million in the first half of the previous year to EUR 185.9 million.

Depreciation and amortization increased to EUR 108.0 million (HY 2019/20: EUR 100.4 million) as the result of investments.

2.1.3 Development of earnings in the segments/divisions

EBITDA [1] by Segment / Division		HY 2020/21	HY 2019/20	HY 2018/19	Dev. in % HY 2020/21 to HY 2019/20
Decorative Products Central	EUR mill.	99.4	88.0	80.4	13.0%
Decorative Products West	EUR mill.	59.9	50.7	55.6	18.2%
Decorative Products East	EUR mill.	102.1	79.0	86.2	29.2%
Decorative Products Americas	EUR mill.	–0.3	–2.4	1.5	–88.4%
Flooring Products	EUR mill.	35.0	18.9	20.5	85.4%
Others	EUR mill.	–2.3	–14.1	–12.8	–83.5%
Total	**EUR mill.**	**293.9**	**220.1**	**231.4**	**33.5%**

(1) Operating EBITDA without appreciation IAS 29 in HY 2018/19

Development of earnings in the EGGER Decorative Products Divisions

EBITDA in the **EGGER Decorative Products Divisions** (Central, West, East and Americas) increased by 21.3 % from EUR 215.3 million to EUR 261.2 million in the first half of 2020/21. A regional analysis by segment shows the following details:

- Operating EBITDA in the **Decorative Products Central Division** rose by 13.0 % from EUR 88.0 million to EUR 99.4 million. This growth was supported primarily by our production locations in Germany as well as our main plant in St. Johann in Tirol (AT).
- EBITDA in the **Decorative Products West Division** increased by 18.2 % year-on-year from EUR 50.7 million to EUR 59.9 million. The margin improvement which resulted from a decline in raw material costs for the British and French plants represented the main underlying factor. Uncertainties related to the upcoming Brexit do not play a significant role at the present time.
- In the **Decorative Products East Division**, EBITDA rose by 29.2 % from EUR 79.0 million to EUR 102.1 million. This growth was supported by the increase in earnings from our new plant in Biskupiec (PL) and by declining raw material costs and the resulting improvement in margins.
- The **Decorative Products Americas Division** reported negative EBITDA of EUR –0.3 million. This amount includes the positive results from our Argentine plant in Concordia as well as non-capitalizable start-up costs for our plant in Lexington, NC (US) which is currently under construction.

Development of earnings in the EGGER Flooring Products Division

The development of earnings in the EGGER Flooring Products Division is still influenced by substantial excess production capacity and the resulting pressure on prices as well as predatory competition with LVT flooring. However, the tense market environment eased slightly during the first half of 2020/21. Opportunities in Russia and China were utilized, and rising demand from construction markets in Europe led to an improvement in earnings from the flooring business. EBITDA in the EGGER Flooring Products Division totaled EUR 35.0 million in the first half of 2020/21, which represents an increase of 85.4 % over the previous year (HY 2019/20: EUR 18.9 million).

Development of earnings in the Other Segment

In the Other Segment, which covers corporate functions and the sawmill in Brilon (DE), the negative EBITDA was reduced from EUR –14.1 million to EUR –2.3 million. This EBITDA improvement resulted primarily from the optimization of costs for corporate functions and an increase in earnings from the sawmill in Brilon (DE).

2.1.4 Financial results

Financial results (incl. income from financial investments and associates) amounted to EUR –5.3 million in the first half of 2020/21 (HY 2019/20: EUR –9.5 million). This year-on-year improvement is attributable, above all, to positive foreign exchange results. Despite an increase in liquidity requirements at the beginning of the financial year due to the corona pandemic and a temporary rise in market interest rates, interest expense and other financial expenses remained at the prior year level.

2.1.5 Taxes

Income tax expense amounted to EUR 45.5 million in the first half of 2020/21 (HY 2019/20: EUR 30.5 million).

Pre-tax profit rose to EUR 180.6 million (HY 2019/20: EUR 110.2 million) and led to an increase in tax expense. The tax rate declined slightly to 25.2 % (HY 2019/20: 27.7 %).

2.2 Financial position

2.2.1 Financing and treasury

The primary goals of financial management/treasury in our Group are to **limit the financial risks** that may impair the company's continued existence (liquidity and default risks) and to **protect earning power** (foreign exchange, interest rate, market and price risks), while ensuring 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 %.

Treasury Indicators		31.10.2020	30.04.2020	30.04.2019
Equity ratio	in %	38.6%	37.9%	36.8%
Net debt / adjusted EBITDA [1]	years	1.98	2.82	2.24

(1) Operating EBITDA without appreciation IAS 29 in FY 2018/19

The debt repayment period fell from 2.82 to 1.98 years as of October 31, 2020, supported by a sound 17.4 % improvement in EBITDA (on a 12-month basis) and a 17.6 % decline in net debt. The reduction in net debt was based on strong positive free cash flows combined with the scheduled phasedown of investment activity. In spite of currency translation losses, the equity ratio remained at a good level and increased from 37.9 % to 38.6 %.

2.2.2 Financing analysis

The primary strategic goals of our corporate financing are the protection of liquidity and the diversification of capital sources and financing instruments.

A key element of the financing strategy is the use of free cash flow for investments, which safeguards internally generated growth.

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 April 2020, Fritz Egger GmbH & Co OG concluded an agreement for a committed credit line of EUR 50 million with one of its core banks as part of the "COVID-19-Hilfe" program operated by Oesterreichische Kontrollbank (OeKB). This credit line was guaranteed by Egger Holzwerkstoffe GmbH. The credit line was drawn during the reporting period but was cancelled by Fritz Egger GmbH & Co. OG voluntarily on a premature basis at the end of September 2020 due to the positive development of liquidity.

The drawdown of EUR 100 million from the committed syndicated credit line was repaid during the reporting period. As of October 31, 2020, EUR 200 million of committed credit lines were available for discretionary use.

In addition, the short-term bilateral bank financing concluded in the second half of 2019/20 was repaid during the reporting period.

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 currently has a hybrid bond with a volume of EUR 150 million outstanding. The promissory note loans placed in recent years had an outstanding nominal volume of EUR 621 million as of October 31, 2020.

The **third component** of external financing consists of two **factoring programs**, under which receivables are sold on the basis of actual sales.

Derivative financial instruments are used only to hedge risk positions in underlying transactions.

Maturity Profile Financial Liabilities and Bonds		**31.10.2020**	**30.04.2020**	**30.04.2019**
Remaining term over 5 years	EUR mill.	469.1	528.2	525.3
Remaining term 1 - 5 years	EUR mill.	647.8	744.0	636.6
Remaining term under 1 year	EUR mill.	226.2	205.3	235.7
Total	**EUR mill.**	**1,343.1**	**1,477.5**	**1,397.6**

2.2.3 Cash flow

Based on gross cash flow and after the inclusion of changes in net working capital, cash flow from operating activities totaled EUR 367.5 million in the first half of 2020/21 (HY 2019/29: EUR 239.9 million).

Cash Flow Statement		HY 2020/21	HY 2019/20	HY 2018/19	Dev. in % HY 2020/21 to HY 2019/20
Gross Cash Flow	EUR mill.	283.9	198.0	200.2	43.4%
Cash Flow from changes in net current asset	EUR mill.	83.6	41.9	–19.9	99.4%
Cash Flow from operating activities	EUR mill.	367.5	239.9	180.3	53.1%
Cash Flow from investing activities	EUR mill.	–124.6	–283.0	–238.5	–56.0%
Cash Flow from financing activities	EUR mill.	–161.0	–60.9	87.7	164.5%
Net change in cash and cash equivalents	**EUR mill.**	**81.8**	**–103.9**	**29.5**	**–178.8%**

Cash flow from investing activities (cash outflows for investments and acquisitions plus cash inflows from the disposal of property, plant and equipment) totaled EUR 124.6 million in the first half of 2020/21 and was below the prior year level of EUR 283.0 million. Most of these funds were used for the construction of the new plant in Lexington, NC (US), but this amount also includes expenses for the completion of the new plant in Biskupiec (PL) and modernization projects in our existing plants – above all in Germany, France and Austria.

Cash flow from financing activities equaled EUR –161.0 million in the first half of 2020/21 (HY 2019/20: EUR –60.9 million).

Free cash flow (cash flow from operating activities less cash flow from investing activities plus growth investments) totaled EUR 322.5 million (HY 2019/20: EUR 186.3 million):

Free Cash Flow Statement		HY 2020/21	HY 2019/20	HY 2018/19	Dev. in % HY 2020/21 to HY 2019/20
Cash Flow from operating activities	EUR mill.	367.5	239.9	180.3	53.1%
Cash Flow from investing activities	EUR mill.	–124.6	–283.0	–238.5	–56.0%
+ Growth Investments	EUR mill.	79.6	229.3	202.5	–65.3%
Free Cash Flow	**EUR mill.**	**322.5**	**186.3**	**144.3**	**73.1%**

2.2.4 Investments

Investments in intangible assets, property, plant and equipment and acquisitions (excluding payments received for asset disposals) totaled EUR 112.4 million in the first half of 2020/21 (HY 2019/20: EUR 297.4 million). This substantial decline resulted from the cost reduction program implemented in reaction to the corona pandemic. Of this total, EUR 32.8 million (HY 2019/20: EUR 68.1 million) represent replacement investments.

Investment (incl. acquisitions)		HY 2020/21	HY 2019/20	HY 2018/19
Maintenance investment	EUR mill.	32.8	68.1	40.4
Growth investment (incl. acqu.)	EUR mill.	79.6	229.3	202.5
Total Investments	**EUR mill.**	**112.4**	**297.4**	**242.9**

A total of EUR 79.6 million was spent on growth investments (HY 2019/20: EUR 229.3 million). The most important investment during the first half of 2020/21 was the continuation of the greenfield project in Lexington, NC (US). The greenfield investment in Biskupiec (PL) was completed, while other projects involved the modernization of production and logistics equipment at several larger plants, e.g. Brilon (DE), Rambervillers (FR) and Wismar (DE).

Investment (incl. acquisitions)		HY 2020/21	HY 2019/20	HY 2018/19
Decorative Products Central	EUR mill.	18.4	39.0	38.8
Decorative Products West	EUR mill.	11.5	27.0	23.5
Decorative Products East	EUR mill.	17.3	53.0	138.3
Decorative Products Americas	EUR mill.	54.1	158.7	23.4
Flooring Products	EUR mill.	9.4	12.8	17.2
Others	EUR mill.	1.7	6.9	1.7
Total Investments	**EUR mill.**	**112.4**	**297.4**	**242.9**

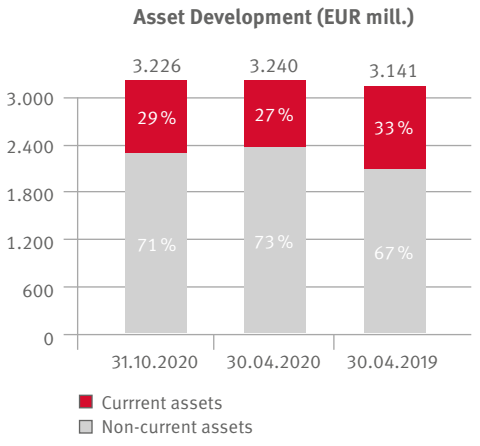
2.3 Assets

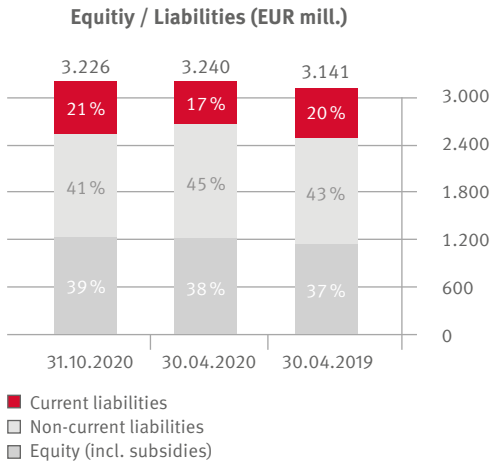
2.3.1 Analysis of the balance sheet structure

The balance sheet total fell from EUR 3,239.8 million on April 30, 2020 to EUR 3,225.6 million as of October 31, 2020. This reduction was caused by a decline in property, plant and equipment (depreciation, amortization and foreign currency translation results from non-Euro countries exceeded the additions) and a decrease in inventories.

Balance Sheet Development [1]		31.10.2020	30.04.2020	30.04.2019	Dev. in % HY 2020/21 to HY 2019/20
Non-current assets	EUR mill.	2,296.7	2,376.1	2,092.9	–3.3%
Inventories	EUR mill.	380.9	427.5	419.8	–10.9%
Receivables	EUR mill.	115.9	83.1	95.9	39.4%
Cash and cash equivalents	EUR mill.	355.5	279.7	444.5	27.1%
Other current assets	EUR mill.	76.6	73.5	88.1	4.2%
Balance sheet total	**EUR mill.**	**3,225.6**	**3,239.8**	**3,141.3**	**–0.4%**
Equity (including subsidies)	EUR mill.	1,245.7	1,227.4	1,157.0	1.5%
Provisions	EUR mill.	188.9	181.4	181.4	4.1%
Non-current financial liabilities / bonds	EUR mill.	1,116.9	1,272.2	1,161.9	–12.2%
Current financial liabilities / bonds	EUR mill.	226.2	205.3	235.7	10.2%
Other liabilities	EUR mill.	447.8	353.5	405.4	26.7%

(1) The amounts reported as of April 30, 2019 were adjusted to reflect the application of IAS 29

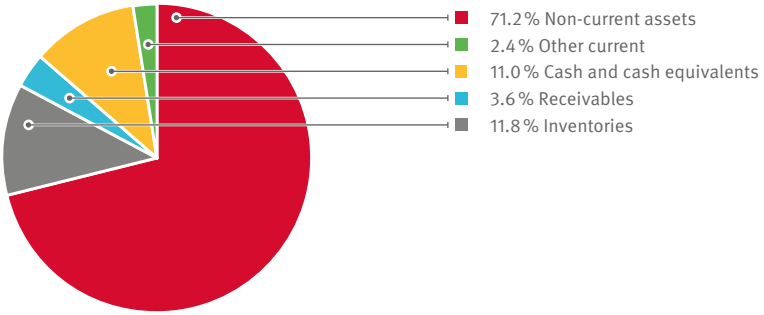




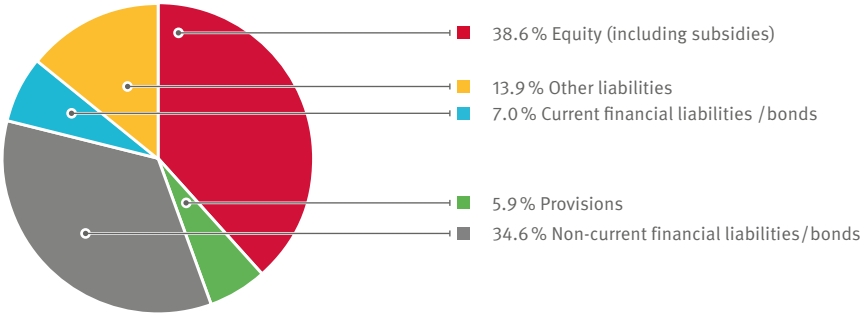
Non-current assets totaled EUR 2,296.7 million and comprised 71.2 % of the balance sheet total at the end of October 2020 (April 30, 2020: 73.3 %). This reflects the high capital intensity of the Group's production processes.

The balance sheet structure shows the following picture as of October 31, 2020:

Structure Assets (31.10.2020)



Structure Equity and Liabilities (31.10.2020)



2.3.2 Working capital

Working capital (inventories plus trade receivables less trade payables) declined by EUR –50.4 million from EUR 295.5 million at the end of the previous financial year to EUR 245.1 million as of October 31, 2020.

Working Capital		31.10.2020	30.04.2020	30.04.2019	Dev. in % HY 2020/21 to HY 2019/20
Inventories	EUR mill.	380.9	427.5	419.8	–10.9%
+ Receivables	EUR mill.	115.9	83.1	95.9	39.4%
– Trade payables	EUR mill.	251.7	215.1	253.3	17.1%
Working Capital	**EUR mill.**	**245.1**	**295.5**	**262.4**	**–17.1%**
Revenues	EUR mill.	2,800.2	2,831.5	2,841.5	–1.1%
Working Capital in % of revenues	in %	8.8%	10.4%	9.2%	

Inventories were lower on April 30, 2020 than on October 31, 2020 despite additional volumes in the new plant at Biskupiec (PL). This decline is attributable to the Group-wide reduction in raw material costs, above all for wood and chemicals, as well as revenues which exceeded production volumes. Inventories totaled EUR 380.9 million as of October 31, 2020.

Trade receivables rose by 39.4 % from EUR 83.1 million on April 30, 2020 to EUR 115.9 million as of October 31, 2020. This growth resulted primarily from an increase in revenues at the new plant in Biskupiec (PL) and from market development activities for our plant in Lexington, NC (US). Moreover, less receivables had been sold through the factoring program as of October 31, 2020. Trade payables increased by 17.1% from EUR 215.1 million to EUR 251.7 million as of October 31, 2020.

2.3.3 Liquidity/net debt

Interest-bearing liabilities totaled EUR 1,343.1 million as of October 31, 2020 (April 30, 2020: EUR 1,477.5 million) and include a long-term financing component of 83.2 % (April 30, 2020: 86.1 %). All financing was concluded in Euros.

Net debt declined by EUR 210.2 million (–17.6 %) to EUR 987.6 million as of October 31, 2020 (April 30, 2020: EUR 1,197.8 million).

Net Debt		31.10.2020	30.04.2020	30.04.2019	Dev. in % HY 2020/21 to HY 2019/20
Financial liabilities and bonds	EUR mill.	1,343.1	1,477.5	1,397.6	–9.1%
Less liquid funds	EUR mill.	355.5	279.7	444.5	27.1%
Net Debt	**EUR mill.**	**987.6**	**1,197.8**	**953.0**	**–17.6%**

2.3.4 Equity

Equity, including government grants, increased by EUR 18.3 million (+1.5 %) over the level on April 30, 2020 to EUR 1,245.7 million based on profit recorded for the period after the deduction of negative currency translation effects and distributions.
The equity ratio, including government grants received, equaled 38.6 % (37.9 % as of April 30, 2020).

2.3.5 Provisions and other liabilities

Provisions increased from EUR 181.4 million on April 30, 2020 to EUR 188.9 million as of October 31, 2020, chiefly due to an adjustment of the interest rate applied to employee-related provisions. As a percentage of the balance sheet total, provisions equaled 5.9 % (April 30, 2020: 5.6 %).

Other liabilities rose by 26.7 % from EUR 353.5 million on April 30, 2020 to EUR 447.8 million as of October 31, 2020. This development resulted primarily from a higher balance of trade receivables and outstanding customer bonuses as well as an increase in other tax liabilities.

3 Subsequent Events, Opportunities and Outlook

3.1 Major risks, opportunities and uncertainties

No risks have been identified at the present time that could endanger the continued existence of the EGGER Group. We identify, assess and manage risks continuously within the context of our risk management system in accordance with predefined principles.

3.2 Significant events after the balance sheet date

The acquisition of a minority interest of 27.5 % in CLEAF S.p.A., Macherio (IT), was finalized at the beginning of November 2020. This investment will intensify the sales cooperation initiated in the previous year with this Italian premium producer of laminated boards laminates and edgings. The minority interest will be included in the consolidated financial statements at equity as of November 1, 2020.

No other significant events occurred after the balance sheet date on October 31, 2020.

3.3 Expected development / outlook

The return of the global economy to growth in 2021 is expected to be followed by a levelling off at roughly 3.5 % over the medium-term. That means only limited movement towards the course forecasted before the corona pandemic for the industrial states and the emerging and developing countries in 2020-25. This subdued outlook for medium-term growth is underscored by a substantial increase in projected public sector debt.

The basis projection assumes that the protective measures implemented to contain the corona pandemic will continue into 2021 but then ease with the distribution of vaccine supplies and the improvement in therapies. Economies will remain under the effects of the recession and the pressure to implement structural changes as well as the ongoing negative impact on production potential. The aftermath of the crisis is expected to have a further adverse effect on productivity growth due to the relatively slow pace of investment in many economies. (Source: WEO 2020 10)

The demand for laminated chipboard in Europe during 2021 will stagnate or even decline in certain regions (Central Europe, Southeast Europe, Great Britain) compared with the pre-pandemic trend. Demand is projected to increase in 2022, primarily as a result of positive developments in Eastern Europe, Spain and Great Britain, while continued stagnation is forecasted for Central Europe and France. The demand for laminate flooring is expected to weaken further over the long-term in Central Europe and France, but increase in large parts of Eastern Europe – above all in Russia – and in Spain and Great Britain.The demand for OSB remained stable in 2020 and is expected to increase substantially in 2022 in Eastern Europe, above all in Russia, and in Spain. (Source: B+L Marktdaten)

3.4 Expected earnings, financial and asset situation

Our forecasts for the **furniture and interior construction** product area call for stable development at all locations:

The **Decorative Products Central Division** should see continued stable market development in the retail sales channel. In the industrial sales channel, the effects of the corona pandemic will also create new opportunities. The growing focus on home office and the retreat of civil society into the private sphere ("cocooning effect") has led to a temporary increase in the demand for furniture in this market segment.

In the **Decorative Products West Division**, the next six months should bring stable development despite the uncertainties connected with the corona pandemic and the anticipated "Hard Brexit". A slight decline in revenues can, however, not be excluded due to potentially weaker consumer behavior in Great Britain.

The markets for the **Decorative Products East Division** should see stable development. The continued increase in sales from our plant in Biskupiec (PL) should be reflected in higher revenues. The Polish furniture industry, in particular, could also benefit from the "cocooning effect" and the trend towards home office. Sound growth rates are also forecasted for the export markets in this division, e.g. China, beginning in 2021.

We see the greatest challenges in the **Decorative Products Americas Division**. In addition to the corona pandemic, we are still confronted with high inflation in Argentina as well as the devaluation of the local currency. Our activities will now focus on establishing our new plant in Lexington, NC (US) in a market which is new to the EGGER Group. Forecasts call for revenue growth in this division, while a cautious projection points to stable earnings.

The EGGER PRO Flooring Collection 2021+ will be launched in January 2021. The **EGGER Flooring Products Division** is expected to only record stable development due to the continuing price pressure on the flooring business in Western Europe. Forecasts indicate satisfactory capacity utilization at our laminate flooring production in Russia and in the neighboring European and CIS regions.

The recently positive demand on the OSB market has levelled off due to the decline in construction activity during the winter months. The demand for **construction products** will therefore weaken over the short-term, and the excess market capacity will create added pressure on prices. The market demand and earnings should improve beginning in the spring and increase as the corona pandemic stabilizes.

High growth rates are projected for our **Overseas Sales** in the emerging countries during 2021 and 2022, which should further drive the demand for our products.

Uncertainty could be fueled by the further course of the global corona pandemic. Other important factors for the development and stability of the global economy include the impact of the expected Hard Brexit, currency, inflationary and economic trends in Argentina and the possible settlement of the trade dispute between the USA and China.

Developments on the raw materials markets, above all the shortage of wood, also represent a long-term risk. We are addressing these issues by expanding our processing capacity and investing to improve the raw material and energy situation and by continuously optimizing the use of materials and cost structures.

Based on these measures, we expect generally full capacity utilization in all 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, December 7, 2020

Walter Schiegl
(CTO, Production, Engineering and Procurement)

Thomas Leissing
(Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources)

Ulrich Bühler
(CSO, Marketing and Sales)

The Managing Board


EGGER

Consolidated Interim Financial Statements as of October 31, 2020

of Egger Holzwerkstoffe GmbH, St. Johann in Tirol

(in accordance with International Financial Reporting Standards (IFRS))

Consolidated Balance Sheet

Assets	31.10.2020 TEUR	30.04.2020 TEUR
Property, plant and equipment	2,087,286	2,153,648
Intangible assets	64,089	64,989
Investment property	465	471
Biological assets	1,797	3,427
Financial assets	16,533	22,105
Investments in associates	2,602	2,470
Other assets	15,679	14,481
Deferred tax assets	108,217	114,474
Non-current assets	**2,296,670**	**2,376,065**
Inventories	380,942	427,500
Trade receivables	115,864	83,103
Other assets	63,093	61,534
Current tax assets	4,212	8,106
Securities and financial assets	9,280	3,830
Cash and cash equivalents	355,508	279,660
Current assets	**928,898**	**863,734**
Total Assets	**3,225,568**	**3,239,799**

Equity and Liabilities	31.10.2020 TEUR	30.04.2020 TEUR
Share capital and reserves	1,039,390	1,023,258
Hybrid bond	148,365	148,365
Non-controlling interests	49,660	46,808
Equity	**1,237,414**	**1,218,431**
Financial liabilities	1,116,871	1,272,215
Other liabilities	313	1
Government grants	7,097	7,725
Provisions	187,427	179,934
Deferred tax liabilities	4,971	5,246
Non-current liabilities	**1,316,679**	**1,465,121**
Financial liabilities	226,210	205,263
Trade payables	251,726	215,058
Other liabilities	153,294	118,750
Government grants	1,232	1,247
Liabilities from income taxes	37,511	14,454
Provisions	1,502	1,474
Current liabilities	**671,475**	**556,247**
Total Equity and Liabilities	**3,225,568**	**3,239,799**

Consolidated Income Statement

	HY 2020/21 TEUR	HY 2019/20 TEUR
Revenues	**1,449,396**	**1,480,647**
Other operating income	21,323	13,602
Increase/decrease in inventories	–27,013	–12,663
Own work capitalized	7,053	7,397
Cost of materials	–672,918	–766,295
Personnel expenses	–246,555	–242,689
Depreciation and amortization	–107,947	–100,435
Other operating expenses	–237,403	–259,900
Operating profit	**185,936**	**119,664**
Financing costs	–9,694	–9,907
Other financial results	3,314	31
Income from financial investments	956	340
Income from associates	133	65
Profit before tax	**180,645**	**110,192**
Income taxes	–45,567	–30,490
Profit after tax	**135,078**	**79,702**
Thereof attributable to non-controlling interests	*4,522*	*3,212*
Thereof attributable to holders of the hybrid bond	*3,656*	*3,656*
Thereof attributable to equity holders of the parent company	*126,900*	*72,834*
Total	***135,078***	***79,702***

Consolidated Statement of Comprehensive Income

	HY 2020/21 TEUR	HY 2019/20 TEUR
Revaluation of obligations arising from post-employment benefits for employees	–4,439	–9,049
Items that will not be reclassified to profit or loss	**–4,439**	**–9,049**
Currency translation adjustments	–95,575	4,314
Items that could possibly be reclassified to profit or loss	**–95,575**	**4,314**
Profit after tax recognized in other comprehensive income	**–100,014**	**–4,735**
Profit after tax	135,078	79,702
Total comprehensive income for the period	**35,064**	**74,967**
Thereof attributable to non-controlling interests	*4,432*	*3,028*
Thereof attributable to holders of the hybrid bond	*3,656*	*3,656*
Thereof attributable to equity holders of the parent company	*26,976*	*68,283*
Total	***35,064***	***74,967***

Consolidated Cash Flow Statement

	HY 2020/21 TEUR	HY 2019/20 TEUR
Profit before tax	180,645	110,192
Depreciation and amortization	107,947	100,435
Impairment charges to and valuation of financial assets	–2,260	–7
Net interest income / expense	9,709	9,221
Use of government grants	–623	–638
Income/loss from the disposal of fixed assets	192	–140
Income from associates	–133	–65
Increase/decrease in long-term provisions	2,185	–879
Income taxes paid (net)	–13,797	–20,106
Gross cash flow	**283,865**	**198,013**
Increase/decrease in inventories	26,197	122
Increase/decrease in trade receivables	–40,905	–24,044
Increase/decrease in other assets	–515	1,026
Increase/decrease in trade payables	62,006	40,829
Increase/decrease in other liabilities	36,768	22,994
Increase/decrease in current provisions	51	1,000
Cash flow from changes in net current assets	**83,602**	**41,927**
Cash flow from operating activities	**367,467**	**239,940**
Purchase of property, plant and equipment	–128,532	–282,364
Purchase of non-current intangible assets	–147	–612
Purchase of financial assets	–654	–1,257
Proceeds from the disposal of financial assets	3,068	1
Proceeds from the disposal of non-current assets	1,651	1,269
Cash flow from investing activities	**–124,614**	**–282,963**
Redemption of EGGER bonds 2012-2019	0	–150,000
Increase in financial liabilities	50,000	149,726
Repayment of financial liabilities / lease liabilities	–188,017	–41,826
Interest paid	–7,176	–6,940
Interest received	246	532
Payments received from non-controlling interests	0	134
Distribution	–16,081	–12,500
Cash flow from financing activities	**–161,028**	**–60,874**
Net change in cash and cash equivalents	**81,825**	**–103,897**
Effects of exchange rate fluctuations on cash and cash equivalents	–5,728	242
Effects of consolidation scope changes on cash and cash equivalents	–249	0
Cash and cash equivalents at the beginning of the financial year	279,660	444,534
Cash and cash equivalents at the end of the reporting period	**355,508**	**340,879**

Statement of Changes in Equity

	Share capital TEUR	Perpetual Bond TEUR	Reserves TEUR	Translation Reserve TEUR	Controlling interests TEUR	Non-controlling interests TEUR	Total TEUR
Balance on 30.04.2019	**11,509**	**148,365**	**1,246,251**	**–300,145**	**1,105,980**	**40,718**	**1,146,698**
Total comprehensive income for the period	0	0	67,625	4,314	71,939	3,028	74,967
Addition / Disposal of non-controlling interests	0	0	0	0	0	134	134
Distribution	0	0	–12,500	0	–12,500	0	–12,500
Balance on 31.10.2019	**11,509**	**148,365**	**1,301,376**	**–295,832**	**1,165,418**	**43,881**	**1,209,299**
Balance on 30.04.2020	**11,509**	**148,365**	**1,375,387**	**–363,638**	**1,171,623**	**46,808**	**1,218,431**
Total comprehensive income for the period	0	0	126,207	–95,575	30,632	4,432	35,064
Distribution	0	0	–14,500	0	–14,500	–1,581	–16,081
Balance on 31.10.2020	**11,509**	**148,365**	**1,487,093**	**–459,213**	**1,187,755**	**49,660**	**1,237,414**

Selected Explanatory Notes

to the Consolidated Interim Financial Statements as of October 31, 2020

1 Significant Accounting Policies

The consolidated interim financial statements as of October 31, 2020 comprise the individual financial statements of Egger Holzwerkstoffe GmbH and its subsidiaries, which were adjusted and consolidated in accordance with the principles of International Financial Reporting Standards (IFRS), as adopted in the European Union, and prepared in accordance with the rules for interim reporting (IAS 34). The accounting and valuation methods that formed the basis for the consolidated annual financial statements as of April 30, 2020 remain principally unchanged. Additional information on the accounting and valuation methods is provided in the consolidated annual financial statements as of April 30, 2020, which form the basis for this interim report.

This interim financial report was 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 and interpretations which were announced by the IASB and are applicable to the 2020/21 financial year had no material effect on the consolidated interim financial statements.

Standards and interpretations announced by not yet applied

The new standards, changes to standards and interpretations issued by the IASB which do not yet require mandatory application were not applied prematurely. They are not expected to have any material effect on the consolidated interim financial statements.

2 Scope and Basis of Consolidation

The half-year report includes all material domestic and foreign companies controlled by Egger Holzwerkstoffe GmbH.

The scope of consolidation changed as follows in the first half of 2020/21:

Egger Italia S.r.l., Milan (IT), was founded. EGGER holds 100 % of the shares in this company, which is not included in the scope of consolidation because the related amount is immaterial.

Egger Polska Sp. z o.o., Poznan (PL), was merged into Egger Biskupiec Sp. z o.o., Biskupiec (PL).

Eggerinvest Yatirim ve Ticaret A.S., Gebze (TR), was merged into Egger Dekor A.S., Gebze (TR).

Egger Benelux Management BVBA, Kortrijk (BE), was liquidated and deconsolidated. Egger Benelux BV, Kortrijk (BE), was also deconsolidated, and the related investment will be reported as part of non-current financial assets beginning on October 31, 2020.

The name of Egger Holzprodukte Verwaltungs GmbH, St. Johann i. T. (AT), was changed to HP Verwaltungs GmbH.

3 Notes to the Balance Sheet

The investments in **property, plant and equipment** totaled TEUR 112,300 in the first half of 2020/21 (HY 2019/20: TEUR 296,784). Most of these expenditures were related to the greenfield project in the USA and to further investments in the new plant in Poland and in the modernization of production and logistics equipment at nearly all major locations.

The property, plant and equipment and intangible assets (including goodwill) held by Egger Argentina SAU were written off in full during previous financial years. In the first half of 2020/21, further impairment losses of TEUR 354 were recorded to additions to property, plant and equipment and intangible assets; these impairment losses are reported under depreciation and amortization. The impairment test was based on a pre-tax discount rate of 75.22 % for the Argentine Peso as of October 31, 2020 (April 30, 2020: 64.78 %).

Inventories include TEUR 14,037 (April 30, 2020: TEUR 17,843) which are carried at their net realizable value (proceeds on sale less sales deductions and any necessary production and selling expenses).

The **issued capital** of Egger Holzwerkstoffe GmbH totals TEUR 11,509 and has remained unchanged since April 30, 2020.

In the first half of the 2020/21 financial year, Fritz Egger GmbH & Co OG utilized and repaid a committed credit line of EUR 50 million within the framework of the "COVID-19-Hilfe" program operated by Oesterreichische Kontrollbank (OeKB). This credit line was guaranteed by Egger Holzwerkstoffe GmbH. The credit line was cancelled by Fritz Egger GmbH & Co. OG voluntarily on a premature basis at the end of September 2020 due to the positive development of liquidity. A draw-down of EUR 100 million from the committed syndicated credit line during the second half of 2019/20 was repaid during the reporting period. Short-term bilateral **bank financing** which was concluded in the second half of 2019/20 was also repaid during the reporting period.

Net debt declined by TEUR 210,245 to TEUR 987,573 as of October 31, 2020 (April 30, 2020: TEUR 1,197,818).

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

Balance sheet position	Valuation category	Level	Carrying amount MEUR 31.10.2020	Fair value MEUR 31.10.2020	Carrying amount MEUR 30.04.2020	Fair value MEUR 30.04.2020
Financial assets carried at fair value						
Securities	FVTPL	1	0.7	0.7	0.7	0.7
Other financial assets	FVTPL	3	11.4	11.4	11.3	11.3
Unsold receivables from the factoring portfolio	FVOCI	3	25.4	25.4	16.7	16.7
Derivatives	FVTPL	2	14.7	14.7	13.3	13.3
Green certificates	FVTPL	1	4.5	4.5	3.3	3.3
			56.7	**56.7**	**45.3**	**45.3**
Financial assets not carried at fair value						
Loans	AC		9.5	–	11.0	–
Trade receivables	AC		90.5	–	66.4	–
Other financial assets	AC		22.7	–	21.0	–
Cash and cash equivalents	AC		355.5	–	279.7	–
			478.2		**378.1**	
Financial liabilities carried at fair value						
Residual risk from factoring	FVTPL	3	0.2	0.2	0.2	0.2
			0.2	**0.2**	**0.2**	**0.2**
Financial liabilities not carried at fair value						
Amounts owed to credit institutions	AC		688.2	688.1	823.2	821.8
Promissory note loans	AC		636.6	645.0	633.9	635.9
Lease liabilities	AC	2	18.1	18.1	20.3	20.3
Pool funds / settlement funds due to subsidiaries	AC		0.1	–	0.1	–
Other financial liabilities	AC		41.0	–	37.2	–
Trade payables	AC		251.7	–	215.1	–
			1,635.7		**1,729.8**	

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.

The allocation of the financial assets and liabilities carried at fair value to the three-level fair value hierarchy can be seen in the above table. The levels of the fair value hierarchy and their application to assets and liabilities are described below:

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. Since the fair value 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.

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

The **pension liability** in the UK includes TEUR 19,374 (April 30, 2020: TEUR 20,110) which are secured by collateral. This collateral consists of land and buildings owned by Egger (UK) Limited.

The Romanian competition authority launched an investigation during 2016 into possible anticompetitive behavior by various Romanian companies from the wood industry (including EGGER) in connection with wood purchases. EGGER is cooperating fully with the competition authority and has entered an acknowledgment procedure over possible shortcomings in connection with antitrust regulations. The final investigation report (including details on the identified violations and the required penalties) was released by the competition authority at the end of October 2020. EGGER has reviewed this report in detail. From the point of view of the competition authorities, EGGER violated Romanian competition law and a penalty was imposed. The related amount is included under **other liabilities** as of October 31, 2020.

There have been no material changes in the remaining uncertain liabilities or **contingent liabilities** since April 30, 2020.

4 Notes to the Income Statement and the Statement of Comprehensive Income

Consolidated **revenues** totaled TEUR 1,449,396 (HY 2019/20: TEUR 1,480,647). Operating profit before depreciation and amortization (EBITDA) amounted to TEUR 293,883 (HY 2019/20: TEUR 220,099).

The negative change in the **currency translation adjustment** which was not recognized to profit and loss equaled TEUR –95,575 (HY 2019/20: positive change of TEUR 4,314).

5 Segment Reporting

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 individual segments manufacture and sell the following products:

Segments	
Decorative Products Central	Production and sale of carrier materials made of wood (chipboard, MDF, HDF, OSB, compact and lightweight boards) as well as edgings and laminates.
Decorative Products West	
Decorative Products East	
Decorative Products Americas	
Flooring Products	Production and sale of laminates, comfort and design flooring as well as OSB boards.
Other	Group functions, financing companies, holding companies, production and sale of sawn timber.

The accounting principles applied by 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.

Segment information by area of business First Half-Year 2020/21	Decorative Products Central TEUR	Decorative Products West TEUR	Decorative Products East TEUR	Decorative Products Americas TEUR	Flooring Products TEUR	Other TEUR	Consolidation TEUR	Total TEUR
Third party revenues	374,747	317,584	423,415	70,280	208,762	54,608	0	1,449,396
Inter-company revenues	68,133	3,651	45,788	0	36,785	36,853	–191,210	0
	442,880	**321,235**	**469,202**	**70,280**	**245,548**	**91,461**	**–191,210**	**1,449,396**
Segment results (operating EBITDA)	99,437	59,930	102,132	–277	34,987	–2,326	0	293,883
Scheduled depr./amort.	26,085	20,392	46,039	1,868	9,614	3,595	0	107,593
Impairment	0	0	0	354	0	0	0	354
Operating profit								185,936
Financing costs								–9,694
Other financial results								3,314
Income from financial investments								956
Income from associates								133
Income taxes								–45,567
Profit after tax								135,078
Segment assets	756,245	489,258	1,210,993	551,486	284,445	1,022,909	–1,089,768	3,225,568
Segment liabilities	433,902	268,458	216,110	51,434	230,157	1,874,830	–1,086,737	1,988,154
Investments	18,459	11,674	15,950	54,008	9,588	2,769	0	112,447

Note: Inter-segment transactions relating to assets and liabilities are consolidated in the column “Consolidation“.

Segment information by area of business First Half-Year 2019/20	Decorative Products Central TEUR	Decorative Products West TEUR	Decorative Products East TEUR	Decorative Products Americas TEUR	Flooring Products TEUR	Other TEUR	Consolidation TEUR	Total TEUR
Third party revenues	382,895	358,563	412,685	68,836	205,493	52,175	0	1,480,647
Inter-company revenues	64,089	6,184	42,881	1	25,707	35,891	–174,753	0
	446,984	**364,747**	**455,566**	**68,837**	**231,200**	**88,066**	**–174,753**	**1,480,647**
Segment results (operating EBITDA)	87,959	50,722	79,044	–2,384	18,869	–14,111	0	220,099
Scheduled depr./ amort.	27,035	19,538	40,839	169	7,737	3,149	0	98,467
Impairment	0	0	0	1,968	0	0	0	1,968
Operating profit								119,664
Financing costs								–9,907
Other financial results								31
Income from financial investments								340
Income from associates								65
Income taxes								–30,490
Profit after tax								79,702
Segment assets	925,095	539,123	1,422,298	373,089	256,818	1,139,693	–1,393,494	3,262,622
Segment liabilities	413,478	338,153	258,039	193,455	199,130	2,042,093	–1,391,025	2,053,323
Investments	39,015	27,045	52,980	158,656	12,821	6,879	0	297,396

Note: Inter-segment transactions relating to assets and liabilities are consolidated in the column “Consolidation“.

Economic development and seasonality

The outlook for the global economy in 2020 shows a decline of –4.4 %. The International Monetary Fund is currently forecasting a catch-up effect of +5.2 % in 2021 and +4.2 % in 2022. This recovery will be driven, above all, by a positive trend in the emerging and developing countries. Stronger growth of +3.9 % in 2021 and +2.9 % in 2022 is also projected for the industrial states and will create a catch-up effect of 2020 in some regions.

The sources of risk include the further course of the corona pandemic and the availability of a vaccine, the still uncertain effects of the Brexit, the further development of geopolitical tensions in the Near East and local currency and inflationary trends in Argentina. Developments on the raw materials markets, above all the shortage of wood, also represent a significant risk.

EGGER is active in areas of business that are subject to seasonal fluctuations. For example, sales of building products are generally weaker during the second half-year due to the Christmas and winter breaks in the construction industry. The Christmas break also has a slight negative effect on sales of decorative products.

6 Notes to the Cash Flow Statement

Profit before tax forms the starting point for the cash flow statement. Taxes paid are shown as a direct deduction under cash flow from operating activities.

Interest paid and received is included under cash flow from financing activities.

7 Transactions with Related Parties

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), Walter Schiegl and Ulrich Bühler. A total of TEUR 14,500 was distributed to the shareholders in August 2020.

MFE Vermögensverwaltung Privatstiftung, in its capacity as a non-controlling shareholder of Fritz Egger Gesellschaft m.b.H., also received a share-based payment of TEUR 1,581 in August 2020.

All other business relations with related persons and companies are immaterial in scope and based on arm's length conditions. These business relations are disclosed in the consolidated financial statements as of April 30, 2020, and there are no material changes to report in the consolidated interim financial statements as of October 31, 2020.

8 Audit Review

These interim financial statements were reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Innsbruck.

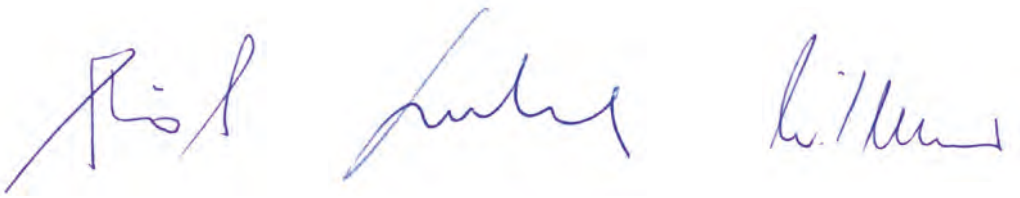
9 Events after the Balance Sheet Date

The acquisition of a minority interest of 27.5 % in CLEAF S.p.A., Macherio (IT), was finalized at the beginning of November 2020. This investment will intensify the sales cooperation initiated in the previous year with this Italian premium producer of laminated boards, laminates and edgings.

The minority interest will be included in the consolidated financial statements at equity as of November 1, 2020.

No other significant events occurred after the balance sheet date on October 31, 2020.

St. Johann in Tirol, December 7, 2020



Walter Schiegl
(CTO, Production, Engineering and Procurement)

Thomas Leissing
(Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources)

Ulrich Bühler
(CSO, Marketing and Sales)

The Managing Board

Statement by the Company's Legal Representatives

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

St. Johann in Tirol, December 7, 2020

Walter Schiegl
(CTO, Production, Engineering and Procurement)

Thomas Leissing
(Speaker of the Managing Board, CFO, Finance, Logistics and Human Resources)

Ulrich Bühler
(CSO, Marketing and Sales)

The Managing Board

Auditor's Report

Report on the Review of the condensed Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Egger Holzwerkstoffe GmbH, St. Johann in Tirol, for the period from 1 May 2020 to 31 October 2020. These condensed consolidated interim financial statements comprise the consolidated balance sheet as of 31 October 2020 and the consolidated income statement, consolidated statement of comprehensive income, the consolidated cash flow statement and statement of changes in equity for the period from 1 May 2020 to 31 October 2020 and the selected explanatory notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed consolidated interim financial statements in ac cordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and/or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the interim management report for the consolidated interim financial statements and on management's statement in accordance with § 125 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed consolidated interim financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 125 par. 1 subpar. 3 Austrian Stock Exchange Act.

Innsbruck, 9th Dezember 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ulrich Pawlowski
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Note: The condensed consolidated interim financial statements together with our review report may be published or transmitted only as agreed by us.
This report is a translation of the original report in German, which is solely valid.

Berichterstattung

Bericht über die prüferische Durchsicht des verkürzten konsolidierten Zwischenabschlusses

Einleitung

Wir haben den beigefügten verkürzten konsolidierten Zwischenabschluss der Egger Holzwerkstoffe GmbH, St. Johann in Tirol, für den Zeitraum vom 1. Mai bis 31. Oktober 2020 prüferisch durchgesehen. Der verkürzte konsolidierte Zwischenabschluss umfasst die konsolidierte Bilanz zum 31. Oktober 2020 und die konsolidierte Gewinn- und Verlustrechnung, die konsolidierte Gesamtergebnisrechnung, die konsolidierte Cashflow-Rechnung und die Entwicklung des konsolidierten Eigenkapitals für den Zeitraum vom 1. Mai bis 31. Oktober 2020 sowie die ausgewählten erläuternden Anhangsangaben, die die wesentlichen angewandten Bilanzierungs- und Bewertungsmethoden zusammenfassen und sonstige Erläuterungen enthalten.

Die gesetzlichen Vertreter der Gesellschaft sind für die Aufstellung dieses verkürzten konsolidierten Zwischenabschlusses in Übereinstimmung mit den International Financial Reporting Standards (IFRSs) für Zwischenberichterstattung, wie sie in der EU anzuwenden sind, verantwortlich.

Unsere Verantwortung ist es, auf Grundlage unserer prüferischen Durchsicht eine zusammenfassende Beurteilung über diesen verkürzten Konzern-Zwischenabschluss abzugeben. Bezüglich unserer Haftung gegenüber der Gesellschaft und gegenüber Dritten kommt § 275 Abs 2 UGB sinngemäß zur Anwendung.

Umfang der prüferischen Durchsicht

Wir haben die prüferische Durchsicht unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und berufsüblichen Grundsätze, insbesondere des Fachgutachtens KFS/PG 11 "Grundsätze für die prüferische Durchsicht von Abschlüssen", des International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" durchgeführt. Die prüferische Durchsicht eines Zwischenabschlusses umfasst Befragungen, in erster Linie von für das Finanz- und Rechnungswesen verantwortlichen Personen sowie analytische Beurteilungen und sonstige Erhebungen. Eine prüferische Durchsicht ist von wesentlich geringerem Umfang und umfasst geringere Nachweise als eine Abschlussprüfung gemäß österreichischen und/oder internationalen Prüfungsstandards und ermöglicht es uns daher nicht, eine mit einer Abschlussprüfung vergleichbare Sicherheit darüber zu erlangen, dass uns alle wesentlichen Sachverhalte bekannt werden. Aus diesem Grund erteilen wir keinen Bestätigungsvermerk.

Zusammenfassende Beurteilung

Auf Grundlage unserer prüferischen Durchsicht sind uns keine Sachverhalte bekannt geworden, die uns zu der Annahme veranlassen, dass der beigefügte verkürzte konsolidierte Zwischenabschluss nicht in allen wesentlichen Belangen in Übereinstimmung mit den International Financial Reporting Standards (IFRSs) für Zwischenberichterstattung, wie sie in der EU anzuwenden sind, aufgestellt worden ist.

Stellungnahme zum Lagebericht zum konsolidierten Zwischenabschluss und zur Erklärung der gesetzlichen Vertreter gemäß § 125 BörseG

Wir haben den Halbjahreskonzernlagebericht gelesen und dahingehend beurteilt, ob er keine offensichtlichen Widersprüche zum verkürzten Konzernzwischenabschluss aufweist. Der Halbjahreskonzernlagebericht enthält nach unserer Beurteilung keine offensichtlichen Widersprüche zum verkürzten Konzernzwischenabschluss.

Der Halbjahresfinanzbericht enthält die in § 125 Abs 1 Z 3 BörseG geforderte Erklärung der gesetzlichen Vertreter.

Innsbruck, am 9. Dezember 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ulrich Pawlowski
Wirtschaftsprüfer

Anmerkung: Die Veröffentlichung oder Weitergabe des verkürzten konsolidierten Zwischenabschlusses mit unserem Bericht über die prüferische Durchsicht darf nur in der von uns bestätigten Fassung erfolgen.

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