MORE FROM WOOD.

# Egger Holzwerkstoffe GmbH
# Consolidated Interim Financial Report as of October 31, 2023

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# St. Johann in Tirol

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

# Contents

## Egger Holzwerkstoffe GmbH
## Consolidated Interim Financial Statements
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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.


# Our Vision

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

*"We are the leading brand for wood-based solutions."*

# Our Mission

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

*"Creating more from wood."*

# Our Drive

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

*"Passion for a unique resource."*

# Our Values

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

*"Quality, respect and progress guide our actions."*

# Our Team

More than 11,000 colleagues worldwide have a lot in common. We create more from wood and drive innovation. Together we motivate, encourage and strengthen each other. We contribute our talents and experience and treat each other with respect.
Together we have grown steadily, but we have not forgotten our roots – nor our core values as a family company. It is this strong foundation that allows us to be so successful.

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

# Our Responsibility

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

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

# Introduction by Group Management

## Dear Ladies and Gentlemen,

The first half of our 2023/24 financial year was influenced by continuing high inflation, rising interest rates, a decline in new construction, volatile raw material prices, energy costs that remained well above average, conflicts in Ukraine and the Near East, and political turbulence in Argentina. All these dynamics demanded a great deal from us during the first six months of the current financial year.

Against the backdrop of this difficult operating environment, we can report on the **satisfactory development of business** during the first half year. **Revenues** totaled EUR 2,097.8 million (-7.0% versus HY 2022/23) and **EBITDA** equaled EUR 299.2 million (-15.4% versus HY 2022/23).

It is important to note that the very strong results generated in the previous financial years reflected the extremely high demand created by the cocooning effect during the corona crisis and, consequently, must be seen as atypical. This boom has slowed significantly since spring 2022, and we are now seeing a general weakness in consumption and a decline in demand on nearly all markets due to the continuing high inflation, tighter capital requirements for home financing and numerous worldwide crises. The declining demand has also led to increased pressure on prices – above all for sawn timber products.

Our revenues again reached a high level, among others due to our newest plant in Caorso (IT) which was acquired as of December 15, 2022 and is included in this half-year report for the first time. Volume growth was also recorded by our plant in Lexington, NC (US) following the further development of the US market. The current operating environment made it impossible to maintain the unusually high margins recorded in the first half of the previous year.

**Decorative Products**, our largest segment (products for furniture and interior design), generated revenues of EUR 1,815.7 million (-2.9% versus HY 2022/23) and EBITDA of EUR 302.4 million (-1.0%). Revenue and earnings declines were reported by nearly all locations.

The **Building Products Segment** (products for timber construction and flooring) produced record results in the two previous financial years. The cocooning effect during the corona pandemic accelerated advance purchases, and a subsequent decline in demand, above all for OSB and sawn timber, was therefore expected. Our building products are directly affected by the current weakness in the construction industry. In addition, a fire at our plant in Wismar (DE) during the first half of this financial year had a significant negative impact on earnings. These factors were responsible for a decline in revenues to EUR 387.6 million (-23.1%) and in EBITDA to EUR –3.2 million for this division.

We are continuing to pursue our **long-term investment strategy** – even in this highly volatile market environment – in order to maintain and further improve the state-of-the art operating conditions in our plants. Our **investments** totaled EUR 238.6 million in the first half of 2023/24 (HY 2022/23: EUR 229.7 million) and focused primarily on projects for backwards integration, such as the modernization of our resin plant Wismar (DE), and the strengthening of our sustainability performance. Included here, in particular, are pre-processing equipment and investments at our own locations to collect pre- and post-consumer recycling wood. In line with our recently presented climate strategy – **The EGGER Way to Net Zero** – we will make substantial investments in sustainability over the coming years.

Global **raw materials and energy markets** remain challenging, despite an easing in the situation compared with previous years. Our raw material prices followed different trends in the first half of 2023/24. Wood and chemical prices declined, but paper prices continued to increase. Sustainable biomass power plants at all our major locations provide good protection against a potential energy shortage. With this strategy, we are working to discontinue the use of fossil fuels as far as possible while avoiding the pure thermal utilization of raw materials and support the **cascading use of the valuable raw material wood**.

The overall economic **outlook** is, and will remain, connected with substantial uncertainty and will be heavily influenced by the challenges created by global crises. Our earnings expectations for the second half of our 2023/24 financial year are therefore subdued. We expect a continuation of the current decline in demand, also for seasonal reasons, and high pressure on the prices for our products. Our long-term strategy is based on the continued use of the advantages provided by our state-of-the-art industrial base, the pursuit and development of our sustainable business model, and the support of our strong financial foundation. This will allow us not only to master, but to emerge even stronger from the current economic situation.

Together with our 11,585 (as of October 31, 2023) professional and motivated employees as well as our satisfied customers throughout the world, we will continue to grow in the future and make **more out of wood**.



St. Johann in Tirol, December 5, 2023

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

Group Management

# Brief Portrait of Group Management

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

## Thomas Leissing

**Group Management: Finance / Administration and Speaker of Group Management**

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

## Frank Bölling

**Group Management: Logistics**

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

## Michael Egger jun.

**Group Management: Sales / Marketing**

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

## Hannes Mitterweissacher

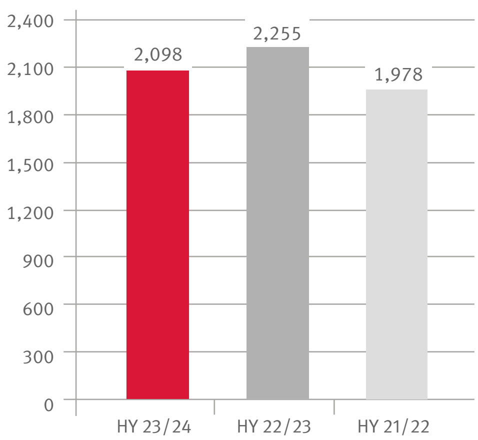
**Group Management: Engineering / Production**

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

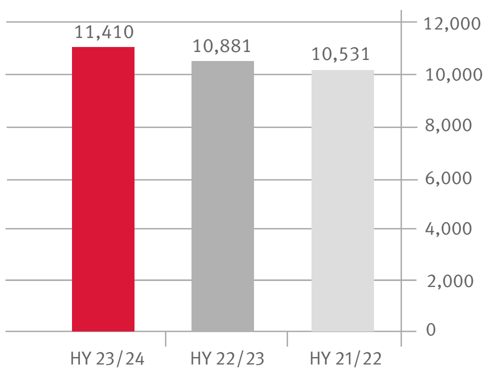
# Overview of Key Data

Key data on the EGGER Group at a glance.

**Revenues (EUR million)**




**Number of employees (average HY 2023/24)**




| Earnings Indicators | | HY 2023/24 | HY 2022/23 | HY 2021/22 |
|---|---|---|---|---|
| Revenues | EUR mill. | 2,097.8 | 2,255.4 | 1,978.1 |
| EBITDA | EUR mill. | 299.2 | 353.7 | 478.6 |
| EBITDA margin | in % | 14.3% | 15.7% | 24.2% |
| EBIT (1) | EUR mill. | 157.5 | 151.8 | 345.7 |
| Profit before tax (PBT) (1) | EUR mill. | 127.6 | 143.0 | 333.6 |
| Profit after tax (PAT) | EUR mill. | 102.9 | 99.5 | 250.8 |

(1) The previous reporting period HY 2022/23 includes impairment losses to property, plant and equipment in the Russian cash generating units of the plant in Gagarin (Segment Decorative Products) totaling 66,725 TEUR.

| Consolidated Balance Sheet | | 31.10.2023 | 30.04.2023 (1) | 30.04.2022 |
|---|---|---|---|---|
| Balance sheet total | EUR mill. | 4,229.5 | 4,123.6 | 3,740.2 |
| thereof non-current assets | EUR mill. | 2,832.8 | 2,728.8 | 2,368.6 |
| Equity (including subsidies) | EUR mill. | 1,900.6 | 1,840.3 | 1,902.0 |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

| Treasury Key Figures | | 31.10.2023 | 30.04.2023 | 30.04.2022 |
|---|---|---|---|---|
| Equity ratio (1) | in % | 44.9% | 44.6% | 50.9% |
| Net debt | EUR mill. | 1,005.0 | 902.8 | 563.4 |
| Net debt / EBITDA | years | 1.83 | 1.50 | 0.64 |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

| Value Management | | 31.10.2023 | 30.04.2023 | 30.04.2022 |
|---|---|---|---|---|
| EBITDA rolling 12 months | EUR mill. | 548.0 | 602.5 | 877.5 |
| Historical capital employed (1) | EUR mill. | 6,347.3 | 6,094.1 | 5,525.1 |
| CFROI (1) | in % | 8.6% | 9.9% | 15.9% |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).



# Management Report on the Consolidated Interim Financial Statements as of October 31, 2023

## 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, Italy, Turkey, Argentina and the USA as well as sales subsidiaries in Eastern Europe, Benelux, Scandinavia, Switzerland and Overseas (Asia) that report directly to the respective country organizations.

### Organizational chart of Egger Holzwerkstoffe GmbH


Simplified organizational chart of the EGGER Group

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

The Supervisory Board supports the Managing Board on strategic issues. In addition to Fritz Egger (Chairman), the Supervisory Board includes Robert Briem, Ewald Aschauer (Chairman of the Audit Committee; independent), Michael Stiehl (independent), Alfred Wurmbrand (independent) and Walter Schiegl. The full Supervisory Board is responsible for issues involving the remuneration and appointment of members to the Managing Board.

Cooperation between the Managing Board and Supervisory Board takes place through quarterly Supervisory Board meetings that cover the budget and investments as well as monthly reporting.

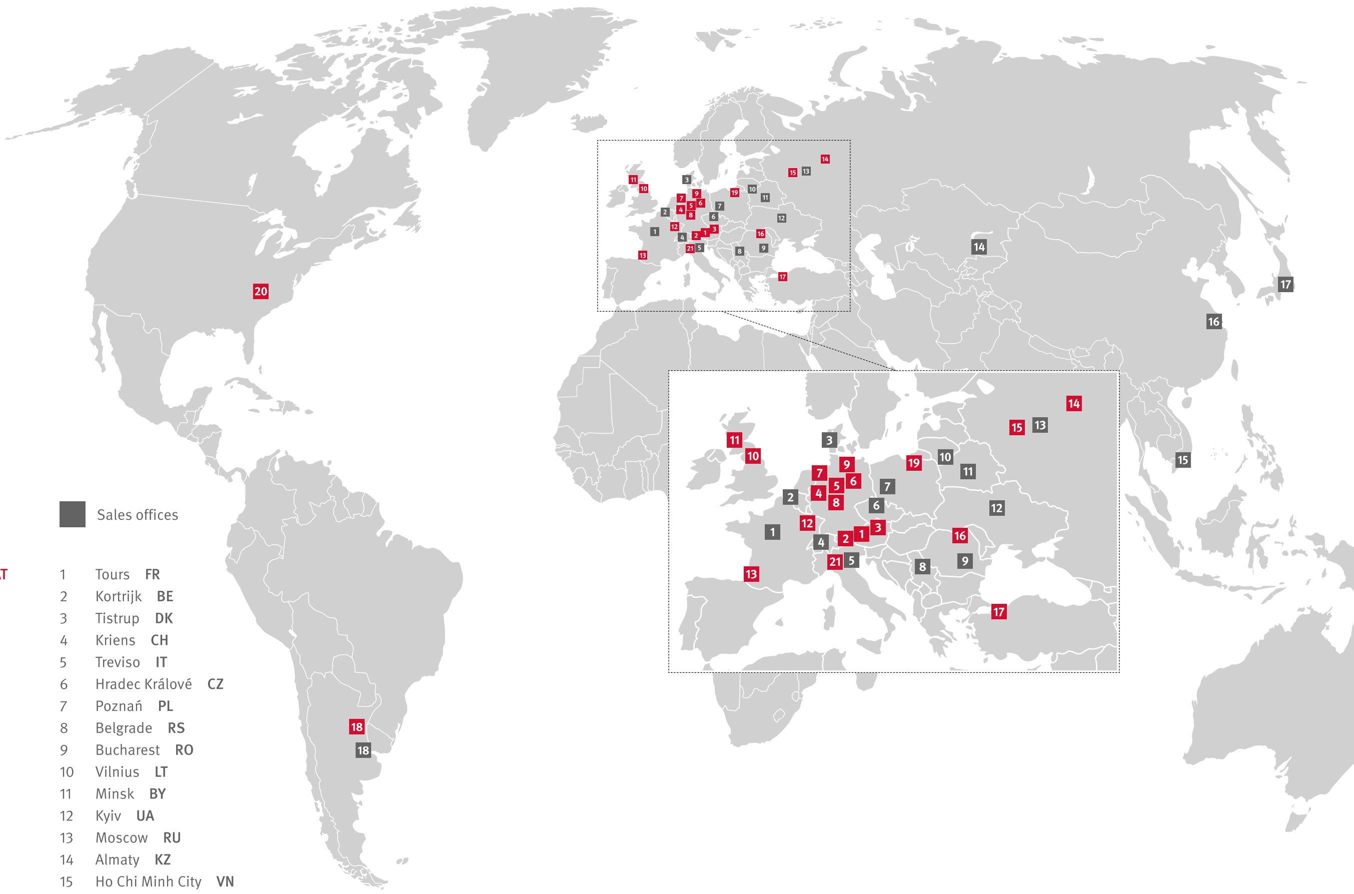
We rely on **management teams** for the direction of our organizational units, whereby the individual responsibilities cover production and engineering, marketing and sales, logistics as well as finance and administration. This structure applies to Group Management, divisional management and the regional plant organizations. Only the EGGER Building Products Division has a CEO structure.
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

Living and working with wood is our passion. Under the EGGER umbrella brand, we unite an extensive variety of products for numerous private and public sector applications – for example: kitchens, bathrooms, offices, living rooms and bedrooms as well as 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 **21 locations in 11 countries** and products that are sold throughout the world. We see ourselves as an international company with Tyrolean roots. The European and American markets are our primary focus, but we also sell in strategic export markets outside Europe. A global sales organization, efficient logistics, **18 company-operated sales offices** and an international network of **retail partners in over 90 countries** ensure the systematic development of markets.



Plants

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

Sales offices

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

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

The EGGER **Flooring** product area produces and markets laminate flooring, comfort flooring and design flooring.

The third product area covers **building products** like OSB boards and sawn timber products.

The marketing and production of building products and flooring have been bundled in the EGGER Building Products Division since May 1, 2023.

**Furniture and interior design**

**Flooring**

**Building products**

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

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

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

- **DIY**
  This sales channel concentrates on building material chains and DIY stores which sell to consumers and independent professionals.

# 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 driven by renovation and by residential and commercial construction. Key drivers for new residential construction include demographic developments, bank lending policies, interest rate trends and consumer confidence.

- Business in the EGGER Decorative Products area is 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 global economy is recovering only slowly and at different speeds from the distortions caused by the corona pandemic and the Russia-Ukraine conflict. Inflation has declined from the record highs reached during the past year, but economic activity – above all in the emerging and developing countries – has still not returned to the pre-pandemic level. Moreover, regional differences are increasing. Recovery has been slowed by several factors, some of which reflect the long-term consequences of the pandemic, the conflict in Ukraine and the growing geoeconomic fragmentation. Other factors are more of an economic nature and include the effects of the monetary tightening implemented to curb inflation as well as the reduction of government support in view of rising sovereign debt.

(Source: WEO 2023 10)

| Growth rates for real GDP (gross domestic product) in % | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| World | –2.8 | 6.3 | 3.5 | 3.0 | 2.9 | 3.2 |
| Advanced economies | –4.2 | 5.6 | 2.6 | 1.5 | 1.4 | 1.8 |
| Emerging markets and developing economies | –1.8 | 6.9 | 4.1 | 4.0 | 4.0 | 4.1 |
| European Union | –5.6 | 5.9 | 3.6 | 0.7 | 1.5 | 2.1 |
| **Eurozone** | **–6.1** | **5.6** | **3.3** | **0.7** | **1.2** | **1.8** |
| Latin America and the Caribbean | –7.0 | 7.4 | 4.1 | 2.3 | 2.3 | 2.4 |
| Argentina | –9.9 | 10.7 | 5.0 | –2.5 | 2.8 | 3.3 |
| Brazil | –3.3 | 5.0 | 2.9 | 3.1 | 1.5 | 1.9 |
| Austria | –6.5 | 4.6 | 4.8 | 0.1 | 0.8 | 1.7 |
| Belgium | –5.4 | 6.3 | 3.2 | 1.0 | 0.9 | 1.2 |
| China | 2.2 | 8.5 | 3.0 | 5.0 | 4.2 | 4.1 |
| Czech Republic | –5.5 | 3.6 | 2.3 | 0.2 | 2.3 | 2.9 |
| France | –7.7 | 6.4 | 2.5 | 1.0 | 1.3 | 1.8 |
| Germany | –3.8 | 3.2 | 1.8 | –0.5 | 0.9 | 2.0 |
| Greece | –9.0 | 8.4 | 5.9 | 2.5 | 2.0 | 1.4 |
| Italy | –9.0 | 7.0 | 3.7 | 0.7 | 0.7 | 1.0 |
| Japan | –4.2 | 2.2 | 1.0 | 2.0 | 1.0 | 0.7 |
| Netherlands | –3.9 | 6.2 | 4.3 | 0.6 | 1.2 | 1.5 |
| Poland | –2.0 | 6.9 | 5.1 | 0.6 | 2.3 | 3.4 |
| Romania | –3.7 | 5.9 | 4.7 | 2.2 | 3.8 | 3.8 |
| Russia | –2.7 | 5.6 | –2.1 | 2.2 | 1.1 | 1.0 |
| Spain | –11.2 | 6.4 | 5.8 | 2.5 | 1.7 | 2.1 |
| Turkey | 1.9 | 11.4 | 5.5 | 4.0 | 3.0 | 3.2 |
| United Kingdom | –11.0 | 7.6 | 4.1 | 0.5 | 0.6 | 2.0 |
| United States | –2.8 | 5.9 | 2.1 | 2.1 | 1.5 | 1.8 |

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

## 1.3.3 The construction industry and renovation in Europe

The Russia-Ukraine conflict, which has unfortunately continued from its beginning in spring 2022, led to a sharp rise in energy prices and created problems with building material supplies. The result was a double-digit increase in construction prices in most European countries. The market has, however, improved and construction activity has significantly exceeded the pre-pandemic level. EUROCONSTRUCT still expects moderate market weakness for the years up to 2025: The volume of construction in Europe will decline by roughly 1% in 2023 and again in 2024. This negative trend is particularly visible in residential construction with an estimated reduction of 3.6% this year and 3.2% next year. The downward corrections for the real estate investment sector are limited, in contrast to forecasts six months ago but a 5% decline is projected for the period from 2023 to 2024. The declines in new residential construction are, in contrast, much stronger: New construction activity is forecasted to drop by roughly 6% in 2023 and 2.7% in 2024, with only minimal market growth in 2025.

(Source: ifo Schnelldienst 7/2023: Ludwig Dorffmeister at the EUROCONSTRUCT Summer Conference 2023)

## 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 in all relevant markets with our core products. A wide-ranging product portfolio makes us a complete supplier for decorative wood materials, wood construction and flooring.

### The competitive situation for decorative wood materials

The Russia-Ukraine crisis and the sanctions against Russia have led to a shift in global supply flows for wood and wood material products. In Europe, the market is characterized by weak demand due to the difficult economic environment. This is demonstrated, for example, by the export-oriented Polish furniture industry which is faced with the most difficult phase in the last 20 years. Competitors with a focus on industrial customers are reacting to the resulting decline in capacity utilization with price reductions.

In Great Britain, competitors are also shifting their business model towards projects in individual properties with corresponding investments in staff and marketing. A new chipboard plant with a capacity of roughly one million $m^3$ per year is currently under construction in Luxembourg and should start operations at the end of 2023. Extensive investments in logistics and full program suppliers lead to the conclusion that a location is under development in Western Europe to operate as a full-service provider for the retail trade in the target markets of Germany, Benelux and France. Extremely low prices can also be expected here to support capacity utilization.

Operations have started at the plant in Tortosa, Spain, but currently include only one laminating aggregate. Growing tensions in the competitive environment are leading, for example, to a situation where local market players are using a low-price policy to gain market shares in other European regions. A large part of the volumes from Tortosa are designated for export to Mexico, where demand has risen following a changeover by US furniture producers from Chinese chipboard manufacturers to Mexican companies. A new MDF plant with an expected capacity of roughly 300,000 $m^3$ is planned here in 2024.

Russia is not confronted with demand problems at the present time. Nearly all laminated board competitors are working on the basis of quotas, but this does not apply to raw chipboard.

## The competitive situation for flooring

Market demand has slowed noticeably and steadily since spring 2022 due to rising costs for raw materials, transport and energy, high retailers' stock levels, and the inflation-related postponement or cancellation of construction projects.

The European Producers of Laminate Flooring (EPLF) reported a year-on-year market decline of 25.0% in 2022 and a further year-on-year drop of 22% in the first half of 2023. Exports to America and the overseas markets were nearly 40% lower than the previous year.

The laminate flooring market in Europe was characterized by significant excess capacity before the crisis, and producers reacted with substantial cutbacks in production. This led, in turn, to corresponding declines in MDF production, which were much slower due to energy and resource optimization and the related cost reductions. Aggregates were taken off-line for weeks at a time or short-time work models were implemented.

Consequently, there were no investments in new production capacity. Parquet and laminate flooring producers reacted with capacity adjustments and personnel reductions (EUWID 43/2023: e. g. MeisterWerke, Hamberger). Flooring producers are currently concentrating their investments on water resistance, formats and surfaces as well as logistics to individualize and manage smaller lot sizes.

## The competitive situation for construction products

The markets for construction products are still characterized by a sharp drop in demand due to the decline in construction activity. The East European markets witnessed a significant decline in demand at the beginning of this year, which has since stagnated. A similar situation is materializing in Central and Western Europe, where demand has weakened considerably in recent months. Rising interest rates and inflation have a very negative influence on the construction sector. Orders for single-family houses, in particular, which are frequently built in timber construction have dropped by more than half. The key packaging market for OSB and sawn timber has declined significantly due to the general weakness in demand. Demand has also slowed in the major Chinese and US markets, but there are first signs of market stabilization and an improvement in demand at the beginning of 2024.

Competitors throughout the branch have adjusted their production to reflect the decline in demand. OSB producers reacted with temporary production standstills as well as slower and more energy-efficient production to counter rising production costs and high stock levels. Excess capacity remains high despite these adjustments and was recently reflected in substantial price cuts to a level similar to 2019, i.e. before the corona pandemic. Sawn softwood production in Germany fell by 6.8% year-on-year in the first half of 2023. The continuing national and global slump in demand has created constant pressure on prices and led to capacity adjustments through corrective actions, extended summer standstills and shift reductions. In addition, the lower revenues from sawmill residue have led to a decline in sawmill earnings.

In spite of the current situation, the branch is optimistic concerning developments over the medium term. The demand for housing in Europe remains high, and the growing interest in ecological and affordable housing is driving the trend towards timber construction. The increasing capacity for series construction with timber offers new and additional sales opportunities, and further capacity expansion by competitors is expected.

## 1.3.5 Raw material supplies and prices

Tensions on the raw material and energy markets eased slightly during the first half of 2023/24 but the situation remains challenging. Supplies of key raw materials – wood, chemicals and paper – were secured at all times for all our plants. However, **volatility** continues to require closer attention given the fact that material and energy costs, in total, consume more than half of revenues.

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

The **prices** on all our relevant raw material markets present a differentiated picture in the last half of 2023/24.

Securing adequate supplies of **timber** represents the most important aspect of our raw materials procurement. The average price of timber declined slightly compared with HY 2022/23, with different fluctuations in individual regions and plants. Thermal energy generation (biomass power plants, pellets, biofuels) has a long-term influence on timber prices. To safeguard and improve timber supplies, we rely primarily on long-term partnerships and contracts with our suppliers and are developing a **backward integration** strategy. It includes investments in short-rotation plantations, a company-owned sawmill, and forestry management and wood recycling companies as well as locations for the collection of waste wood.

In the **chemicals** area, our **own resin plants** in Wismar (DE), Radauti (RO) and Hexham (UK) cover part of our adhesive and impregnating resin requirements. Chemical prices fell significantly year-on-year in HY 2023/24, above all due to the decline in gas prices, but volatility remains high.

**Raw and decor papers** for the production of laminating materials represent the third major component of our raw material supplies. We rely on a central procurement structure for our paper supplies and the conclusion of medium-term contracts with leading suppliers. The average purchase price for paper was slightly higher year-on-year in HY 2023/24.

**Energy** procurement prices, i.e. for electricity and natural gas, were lower year-on-year in the first half of 2023/24.

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

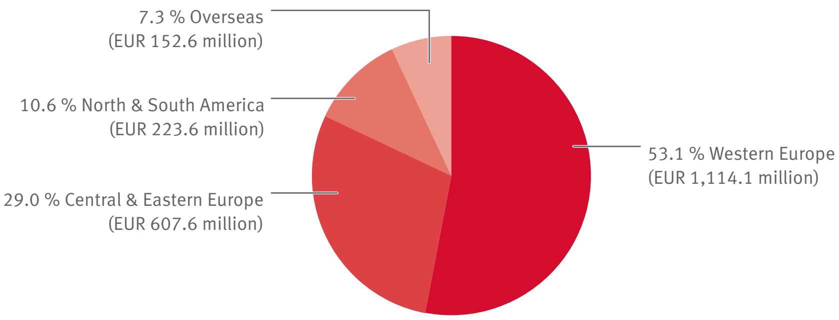
# 1.3.6 Business development in HY 2023/24

**Consolidated revenues** recorded by the EGGER Group declined by 7.0% to EUR 2,097.8 million in the first half of 2023/24 (HY 2022/23: EUR 2,255.4 million). The main underlying reason involved lower selling prices in all divisions and product groups. At the same time, sales volumes failed to reach the prior year level in most plants due to the weaker demand. Higher volumes were recorded in Italy, where our newest plant in Caorso (IT) was acquired at the beginning of 2022/23, and sales data for the prior year period from May to October 2022 were therefore not yet included.

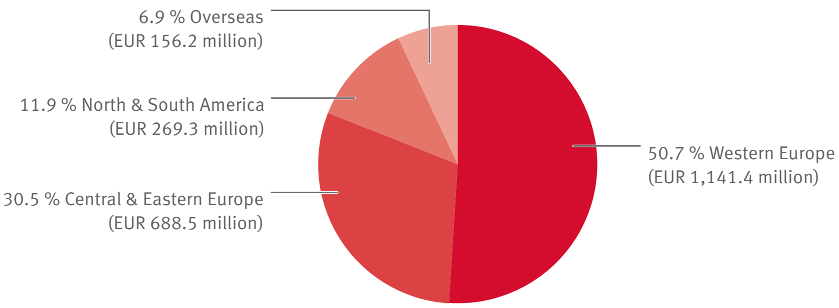
The most important **sales channels** in the first half of 2023/24 were the retail trade with 53.0% and industry with 39.9% of consolidated revenues (HY 2022/23: 52.3% and 41.0%). The high share of the retail trade reflects our strategy. The share of revenues recorded in the DIY sales channel increased from 6.7% to 7.2%.

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 region (HY 2023/24)**




**Revenues by region (HY 2022/23)**




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

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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 recorded revenues of EUR 1,114.1 million in the first half of 2023/24 (53.1% of Group revenues). The importance 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 an above-average demand for wood materials.

Another important market region covers **Central and Eastern Europe** plus **Russia**, where combined revenues totaled EUR 607.6 million (29.0% of Group revenues). The share of Group revenues declined slightly in comparison with HY 2022/23. We have adapted the business model for our activities in Russia to ensure legal conformity with the sanctions applicable to economic relations between the countries relevant for EGGER and Russia. Our two Russian plants are largely independent and, as local producers, exclusively produce and supply the Russian market and neighboring countries that are not subject to sanctions or embargos. No EGGER wood materials from Russian production are sold in the European Union, Great Britain or other western countries.

The countries outside Europe (**North/South America and the Overseas region**) play an increasingly important role for the Egger Group. Revenues in this region amounted to EUR 376.2 million in the first half of 2023/24 (18.0% of Group revenues).

## 1.3.7 Business development by division

The **Decorative Products Division** for furniture and interior construction with its four regions – West, Central, East and Americas – generated 82.4% of Group revenues in the first half of 2023/24. Revenues amounted to EUR 1,815.7 million and were 2.9% below the previous year (EUR 1,870.3 million).

The **Building Products Division** (which includes the flooring product area since May 1, 2023) recorded a decline in revenues compared with the unusually strong previous years. Revenues totaled EUR 387.6 million and were 23.1% lower year-on-year. The share of Group revenues declined from 21.2% to 17.6%. Volumes at the sawmill in Brilon (DE), in particular, were negatively influenced by the general economic downturn and the decline in construction activity.

| Revenues by Segment / Division | | HY 2023/24 | HY 2022/23 | HY 2021/22 | Dev. in % HY 2023/24 to HY 2022/23 |
|---|---|---|---|---|---|
| Decorative Products | EUR mill. | 1,815.7 | 1,870.3 | 1,585.8 | –2.9% |
| Building Products | EUR mill. | 387.6 | 503.8 | 497.4 | –23.1% |
| **Total (unconsolidated)** | **EUR mill.** | **2,203.3** | **2,374.1** | **2,083.2** | **–7.2%** |
| Consolidation (1) | EUR mill. | –105.5 | –118.7 | –105.1 | 11.2% |
| **Total** | **EUR mill.** | **2,097.8** | **2,255.4** | **1,978.1** | **–7.0%** |

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

| Share of unconsolidated Revenues | | HY 2023/24 | HY 2022/23 | HY 2021/22 |
|---|---|---|---|---|
| Decorative Products | in % | 82.4% | 78.8% | 76.1% |
| Building Products | in % | 17.6% | 21.2% | 23.9% |
| **Total** | **in %** | **100.0%** | **100.0%** | **100.0%** |

## 1.3.8 Market and branch development in the furniture and interior construction business

Furniture and interior construction (decorative wood materials) was responsible for more than 82% of our total revenues in the first half of 2023/24. Revenues in this business area were 2.9% lower than the previous year.

The decline in revenues was primarily price driven and was contrasted by an increase in sales volumes during the same period. This volume growth was based, above all, on the reopening of the Asian market and sales from our newest plant in Caorso (IT). We also recorded a substantial year-on-year increase in volumes from Great Britain and Poland but a decline, especially for raw chipboard, in North America and Argentina. Sales volumes were also lower in Romania and in the industry sales channel in the D-A-CH region.

## 1.3.9 Market and branch development in the construction products and flooring business

Price pressure is most visible in the construction products area. OSB volumes increased but revenues fell by roughly 20% year-on-year. Volume growth was supported, above all, by the markets in Eastern Europe, Great Britain and Scandinavia. In contrast, sales volumes stagnated in the D-A-CH region and declined substantially in the overseas region.

Sales volumes of sawmill products fell sharply from the previous year's high due to the crisis in the construction sector. Revenues fell by nearly 50% year-on-year in 2023/24 due to price developments and declining margins.

Revenues from the sale of flooring products were also lower than the previous year. However, volumes increased based on growth in parts of Eastern Europe, including Russia, and in Great Britain. Volume declines were recorded, above all, in Germany, Spain, Benelux and France.

# 2 Earnings, Financial and Asset Position

## 2.1 Earnings

### 2.1.1 Revenues

Consolidated revenues recorded by the EGGER Group totaled EUR 2,097.8 million in the first half of 2023/24 (HY 2022/23: EUR 2,255.4 million), for a year-on-year decline of 7.0%. We were confronted with both price and volume declines in the first half of the current financial year. The ongoing crises (high energy costs, inflation, violent conflicts in Ukraine and the Near East etc.) had a negative effect on purchasing power and consumer confidence. However, we were able to increase sales volumes over the previous half-year due to our newest plant in Caorso (IT).

A detailed description of the development of business in the individual divisions during the reporting year is provided under points 1.3.7 to 1.3.9.

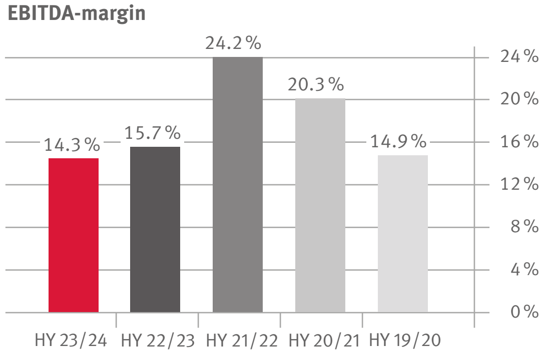
### 2.1.2 Earnings

| Earnings Indicators | | HY 2023/24 | HY 2022/23 | HY 2021/22 | Dev. in % HY 2023/24 to HY 2022/23 |
|---|---|---|---|---|---|
| Revenues | EUR mill. | 2,097.8 | 2,255.4 | 1,978.1 | −7.0% |
| EBITDA | EUR mill. | 299.2 | 353.7 | 478.6 | −15.4% |
| EBITDA margin | in % | 14.3% | 15.7% | 24.2% | |
| EBIT (1) | EUR mill. | 157.5 | 151.8 | 345.7 | 3.7% |
| Financial results (2) | EUR mill. | −29.9 | −8.8 | −12.0 | −239.4% |
| Profit before tax (PBT) (1) | EUR mill. | 127.6 | 143.0 | 333.6 | −10.8% |
| Profit after tax (PAT) | EUR mill. | 102.9 | 99.5 | 250.8 | 3.5% |

(1) The previous reporting period HY 2022/23 includes impairment losses to property, plant and equipment in the Russian cash generating units of the plant in Gagarin (Segment Decorative Products) totaling 66,725 TEUR.
(2) Includes income from financial investments and associates

Operating EBITDA (earnings before interest, taxes, depreciation and amortization) fell by 15.4% to EUR 299.2 million in the first half of 2023/24 (HY 2022/23: EUR 353.7 million). The decline involved all divisions and regions, whereby the comparative prior year period was still partly influenced by an unusually good market environment and margin levels. The EGGER Building Products Division reported the most substantial decline in earnings.

**EBITDA-margin**



The EBITDA margin equaled 14.3% in the first half of 2023/24 (HY 2022/23: 15.7%), whereby the decline reflected the current challenging market environment.

Operating profit before interest and taxes (EBIT) rose by 3.7% year-on-year to EUR 157.5 million. The first half of the previous year included impairment losses to property, plant and equipment at our location in Gagarin (RU).

Profit before tax was 10.8% lower than the previous half-year at EUR 127.6 million due to the negative influence on financing costs caused by higher interest rates. After the deduction of income taxes, profit after tax equaled EUR 102.9 million (+3.5% versus HY 2022/23).

## 2.1.3 Development of earnings in the segments / divisions

| EBITDA by Segment / Division | | HY 2023/24 | HY 2022/23 | HY 2021/22 | Dev. in % HY 2023/24 to HY 2022/23 |
|---|---|---|---|---|---|
| Decorative Products | EUR mill. | 302.4 | 305.6 | 347.5 | –1.0% |
| Building Products | EUR mill. | –3.2 | 48.1 | 131.1 | –106.7% |
| **Total** | **EUR mill.** | **299.2** | **353.7** | **478.6** | **–15.4%** |

### Development of earnings in the EGGER Decorative Products Division

EBITDA in the **Decorative Products Division** with its four regions – West, Central, East and Americas – fell by 1.0% from EUR 305.6 million to EUR 302.4 million.

The decline reflected the generally weak demand combined with an increase in raw material and energy prices which could not be passed on in full to customers due to the excess market capacity. Key markets reported volume declines compared with the first half of 2022/23.

The EBITDA decline in the decorative products business was limited in the East European markets and strongest in the west and central regions where the negative effects of weaker demand were most directly felt. The initial inclusion of the plant in Caorso (IT) had a positive effect on EBITDA in this segment.

### Development of earnings in the EGGER Building Products Division

EBITDA in the **EGGER Building Products Division** (production and marketing of our OSB, sawn timber and flooring products) declined from a record level in previous years to EUR –3.2 million in the first half of 2023/24. It was expected that the division would be unable to duplicate the high prior year volumes and margins over the long term. The decline was especially noticeable at our sawmill in Brilon (DE) where the demand for sawn timber, above all from the US region, virtually collapsed. Division earnings for the reporting period were also negatively influenced by a fire in our Wismar (DE) plant at the end of May 2023.

## 2.1.4 Financial results

Financial results (including income from financial investments and associates) totaled EUR –29.9 million in the first half of 2023/24 (HY 2022/23: EUR –8.8 million). The decline in negative foreign exchange results was contrasted by an increase in the interest expense for financial liabilities and employee-related provisions that followed the continuing upward trend in market interest rates.

In addition to market factors, a scheduled increase in financial liabilities was also responsible for the higher interest expense. An increase in interest income and higher earnings from financial investments, primarily from short-term investment in money market funds, made a positive contribution.

## 2.1.5 Taxes

Income tax amounted to EUR 24.7 million at the Group level in the first half of 2023/24 (HY 2022/23: EUR 43.6 million). The tax rate fell from 30.5% in the first half of 2021/22 to 19.4%. The reduction in tax expense and the change in the tax rate resulted from the decline in pre-tax earnings from EUR 143.0 million to EUR 127.6 million and from the different development of earnings at the various production locations with different nominal tax rates.

# 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 | | 31.10.2023 | 30.04.2023 | 30.04.2022 |
| --- | --- | --- | --- | --- |
| Equity ratio (1) | in % | 44.9% | 44.6% | 50.9% |
| Net debt / adjusted EBITDA | years | 1.83 | 1.50 | 0.64 |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

The increase in the debt repayment period from 1.50 as of April 30, 2023 to 1.83 years as of October 31, 2023 resulted from the 9.0% decline in EBITDA (on a 12-month basis) and an increase of EUR 102.2 million, or 11.3%, in net debt. The increase in net debt resulted chiefly from a reduction in net current assets combined with a higher level of investment. The equity ratio rose from 44.6% to 44.9%. Negative currency translation losses recorded directly in equity were more than offset by a positive earnings contribution after distributions.

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## 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 to safeguard 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.

Of the external liabilities to financial institutions which were taken over with the acquisitions of SAIB S.p.A. and M+P Umweltdienste GmbH in the second half of 2022/23, EUR 25.5 million were repaid prematurely as planned and replaced in part by group financing. External liabilities to financial institutions totaling EUR 1.4 million were outstanding as of October 31, 2023 (April 30, 2023: EUR 26.8 million).

The EUR 400 million committed credit line that was concluded in October 2021 with a circle of core banks was extended by a further year in October 2023 and had a remaining term of five years as of October 31, 2023. The related agreement links part of the interest margin to the development of the sustainability rating (ESG corporate rating) issued by ISS ESG for our Group.

Of the total committed credit line, EUR 165 million were drawn during the reporting period for the short-term financing of scheduled liabilities and repaid at the end of the reporting period. The EUR 400 million committed credit line was available in full as of October 31, 2023.

A syndicated credit agreement over EUR 200 million was concluded with EGGER's core banks in October 2023, whereby the funds were transferred at the end of October 2023.

The **second component** of external financing is based on the **capital market**. Our Group has successfully used the bond market as a financing source for many years with the issue of bonds and the placement of promissory note loans. No bonds are outstanding at the present time.

We have also used the promissory note market as a financing source since 2014. After the deduction of scheduled repayments, promissory note loans totaling EUR 641.5 million (nominal value) were outstanding as of October 31, 2023.

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 | | 31.10.2023 | 30.04.2023 | 30.04.2022 |
|---|---|---|---|---|
| Remaining term over 5 years | EUR mill. | 225.9 | 120.7 | 126.0 |
| Remaining term 1 - 5 years | EUR mill. | 1,004.8 | 1,004.5 | 721.2 |
| Remaining term under 1 year | EUR mill. | 238.4 | 252.9 | 134.4 |
| **Total** | **EUR mill.** | **1,469.1** | **1,378.1** | **981.6** |

## 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 212.7 million in the first half of 2023/24 (HY 2022/23: EUR 261.9 million).

| Cash Flow Statement | | HY 2023/24 | HY 2022/23 | HY 2021/22 | Dev. in % HY 2023/24 to HY 2022/23 |
|---|---|---|---|---|---|
| Gross Cash Flow | EUR mill. | 264.1 | 280.0 | 432.1 | –5.7% |
| Cash Flow from changes in net current asset | EUR mill. | –51.3 | –18.1 | –78.7 | –184.0% |
| Cash Flow from operating activities | EUR mill. | 212.7 | 261.9 | 353.4 | –18.8% |
| Cash Flow from investing activities | EUR mill. | –226.6 | –214.9 | –133.1 | –5.4% |
| Cash Flow from financing activities | EUR mill. | 21.6 | –176.5 | –222.2 | 112.3% |
| **Net change in cash and cash equivalents** | **EUR mill.** | **7.8** | **–129.5** | **–1.9** | **106.0%** |

Cash flow from investing activities (cash outflows for investments and acquisitions plus cash inflows from the disposal of property, plant and equipment) totaled EUR 226.6 million in the first half of 2023/24 (HY 2022/23: EUR 214.9 million). A large part of these funds was used for the expansion and modernization of our operating locations and the further expansion of recycling capacity and waste wood collection points. In addition, maintenance investments are in progress at all plants.

Cash flow from financing activities led to cash inflows of EUR 21.6 million in the first half of 2023/24 (HY 2022/23: EUR –176.5 million).

Free cash flow (cash flow from operating activities less cash flow from investing activities plus growth investments) totaled EUR 172.6 million in the first half of 2023/24 (HY 2022/23: EUR 218.1 million).

| Free Cash Flow Statement | | HY 2023/24 | HY 2022/23 | HY 2021/22 | Dev. in % HY 2023/24 to HY 2022/23 |
|---|---|---|---|---|---|
| Cash Flow from operating activities | EUR mill. | 212.7 | 261.9 | 353.4 | –18.8% |
| Cash Flow from investing activities | EUR mill. | –226.6 | –214.9 | –133.1 | –5.4% |
| + Cash Flow from Growth Investments incl. Acquisition | EUR mill. | 186.5 | 171.1 | 87.8 | 9.0% |
| **Free Cash Flow** | **EUR mill.** | **172.6** | **218.1** | **308.1** | **–20.8%** |

## 2.2.4 Investments

Investments in intangible assets, property, plant and equipment totaled EUR 238.6 million in the first half of 2023/24. In comparison with HY 2022/23, we invested EUR 15.4 million more in growth projects. Expenditures for maintenance investments were slightly lower than the previous year at EUR 52.2 million (HY 2022/23: EUR 58.6 million).

| Investment (incl. acquisitions) | | HY 2023/24 | HY 2022/23 | HY 2021/22 |
|---|---|---|---|---|
| Maintenance investment | EUR mill. | 52.2 | 58.6 | 53.2 |
| Growth investment | EUR mill. | 186.5 | 171.1 | 87.8 |
| **Total Investments** | **EUR mill.** | **238.6** | **229.7** | **141.1** |

The most important investments in the first half of 2023/24 covered the modernization of our resin plant in Wismar (DE) and the expansion of the plants in Bünde (DE), Barony (UK) and Gifhorn (DE).
In line with our sustainability strategy, we are also investing in timber recycling equipment for our plants in Lexington, NC (US), St. Johann (AT) and Brilon (DE) and in further Timberpak recycling wood collection points. Growth projects in automation and the expansion of finishing grades are also in progress at the sawmill in Brilon (DE) and our locations in Rion (FR), Biskupiec (PL) and Concordia (AR).

A classification by segments shows the highest investments in Decorative Products, our largest business area:

| Investment (incl. acquisitions) | | HY 2023/24 | HY 2022/23 | HY 2021/22 |
|---|---|---|---|---|
| Decorative Products | EUR mill. | 201.5 | 197.1 | 123.0 |
| Building Products | EUR mill. | 37.1 | 32.6 | 18.1 |
| **Total Investments** | **EUR mill.** | **238.6** | **229.7** | **141.1** |

# 2.3 Assets

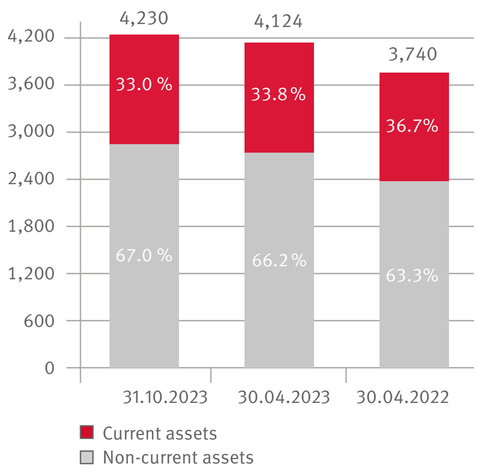
## 2.3.1 Analysis of the balance sheet structure

The balance sheet total rose from EUR 4,123.6 million as of April 30, 2023 to EUR 4,229.5 million as of October 31, 2023. Non-current assets increased as a result of investments and inventory valuation reflected the higher costs, while receivables and cash and cash equivalents declined slightly in comparison with April 30, 2023.

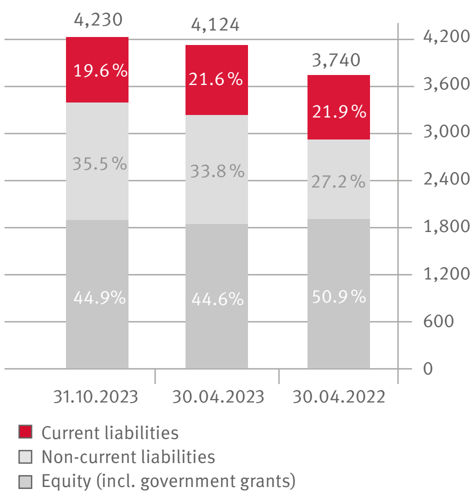
| Balance Sheet Development | | 31.10.2023 | 30.04.2023 | 30.04.2022 | Dev. in % HY 2023/24 to FY 2022/23 |
|---|---|---|---|---|---|
| Non-current assets (1) | EUR mill. | 2,832.8 | 2,728.8 | 2,368.6 | 3.8% |
| Inventories | EUR mill. | 636.7 | 620.4 | 647.0 | 2.6% |
| Receivables | EUR mill. | 172.8 | 175.2 | 192.6 | −1.4% |
| Cash and cash equivalents | EUR mill. | 462.2 | 466.0 | 418.1 | −0.8% |
| Other current assets | EUR mill. | 125.1 | 133.2 | 113.9 | −6.1% |
| **Balance sheet total** | **EUR mill.** | **4,229.5** | **4,123.6** | **3,740.2** | **2.6%** |
| Equity (including subsidies) (1) | EUR mill. | 1,900.6 | 1,840.3 | 1,902.0 | 3.3% |
| Provisions | EUR mill. | 152.8 | 156.8 | 159.2 | −2.5% |
| Non-current financial liabilities / bonds | EUR mill. | 1,230.7 | 1,125.2 | 847.1 | 9.4% |
| Current financial liabilities / bonds | EUR mill. | 238.4 | 252.9 | 134.4 | −5.7% |
| Other liabilities (1) | EUR mill. | 707.1 | 748.5 | 697.5 | −5.5% |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

**Balance sheet structure: Assets (million)**



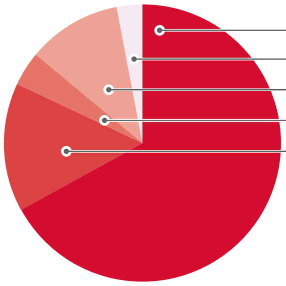

**Balance sheet structure: Equity and Liabilities (million)**



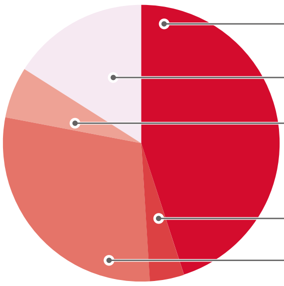

Non-current assets totaled EUR 2,832.8 million. These assets represent 67.0% of the balance sheet total (April 30, 2023: 66.2%) and reflect the high capital intensity of the Group’s production processes.

The following bar charts show the balance sheet structure as of October 31, 2023:

**Balance sheet structure: Assets**




**Balance sheet structure: Equity and Liabilities**




## 2.3.2 Working capital

Working capital (inventories plus trade receivables less trade payables) rose by 19.2% from EUR 364.6 million as of April 30, 2023 to EUR 434.5 million as of October 31, 2023.

| Working Capital | | 31.10.2023 | 30.04.2023 | 30.04.2022 | Dev. in % HY 2023/24 to FY 2022/23 |
|---|---|---|---|---|---|
| Inventories | EUR mill. | 636.7 | 620.4 | 647.0 | 2.6% |
| + Receivables | EUR mill. | 172.8 | 175.2 | 192.6 | −1.4% |
| – Trade payables | EUR mill. | 375.0 | 431.0 | 397.8 | −13.0% |
| **Working Capital** | **EUR mill.** | **434.5** | **364.6** | **441.8** | **19.2%** |
| Revenues | EUR mill. | 4,292.1 | 4,449.7 | 4,234.3 | −3.5% |
| Working Capital in % of revenues | in % | 10.1% | 8.2% | 10.4% | |

A major change involved inventories, which rose by EUR 16.3 million over April 30, 2023 due to an increase in stock levels.

Trade receivables declined by 1.4% from EUR 175.2 million as of April 30, 2023 to EUR 172.8 million as of October 31, 2023.

Trade payables fell by EUR 56,0 million to EUR 375.0 million as of October 31, 2023.

Working capital as a percent of revenues increased from 8.2% as of April 30, 2023 to 10.1% as of October 31, 2023.

## 2.3.3 Liquidity / net debt

Interest-bearing liabilities totaled EUR 1,469.1 million as of October 31, 2023 (April 30, 2023: EUR 1,378.1 million) and included a long-term financing component of 83.8% (April 30, 2023: 81.6%). All financing was concluded in Euros.

Net debt rose by EUR 102.2 million (+11.3%) to EUR 1,005.0 million as of October 31, 2023 (April 30, 2023: EUR 902.8 million). This increase resulted, above all, from a reduction in net current assets and the continuing high level of investment activity.

| **Net Debt** | | **31.10.2023** | **30.04.2023** | **30.04.2022** | **Dev. in % HY 2023/24 to FY 2022/23** |
|---|---|---|---|---|---|
| Financial liabilities and bonds | EUR mill. | 1,469.1 | 1,378.1 | 981.6 | 6.6% |
| Less liquid funds | EUR mill. | 464.1 | 475.3 | 418.1 | −2.4% |
| **Net Debt** | **EUR mill.** | **1,005.0** | **902.8** | **563.4** | **11.3%** |

## 2.3.4 Equity

Equity, including government grants, rose from EUR 1,840.3 million as of April 30, 2023 to EUR 1,900.6 million. (Note that the prior year value as of April 30, 2023 was adjusted in accordance with IAS 8; see note (1) to the consolidated interim financial statements). Profit for the reporting period represented a positive factor, while equity was reduced by currency translation differences and distributions. The equity ratio, including government grants received, equaled 44.9% compared with 44.6% as of April 30, 2023.

## 2.3.5 Provisions and other liabilities

Provisions declined by 2.5% from EUR 156.8 million as of April 30, 2023 to EUR 152.8 million as of October 31, 2023. As a percentage of the balance sheet total, provisions equaled 3.6% (April 30, 2023: 3.8%).

Other liabilities were 5.5% below the level on April 30, 2023 at EUR 707.1 million as of October 31, 2023, primarily due to a lower balance of trade payables.

# 3 Subsequent Events, Risks, 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 contract for the purchase of the Rauch chipboard plant in Markt Bibart (DE) was signed in September 2023, and the acquisition closed in November 2023 after the required approval from the antitrust authorities. The transaction covers 100% of the shares in Rauch Spanplattenwerk GmbH together with all necessary operating assets, including land and buildings, which were leased from the previous holding company to Rauch Spanplattenwerk GmbH. This investment reflects our strategy for continued growth in our home market of Europe. The investment will be initially included in the consolidated financial statements as of November 2023.

No other significant events occurred after the balance sheet date on October 31, 2023.

## 3.3 Expected development / outlook

Forecasts point to a decline in global growth from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. Growth in the advanced economies is expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. Momentum is stronger than expected in the USA but weaker in Europe. Projections for the emerging and developing countries show a slight decline in growth from 4.1% in 2022 to 4.0% in 2023 and 2024. The downward correction of 0.1 percentage points for 2024 underscores the real estate crisis in China. At 3.2%, the medium-term forecasts for global growth reflect a level not seen in several decades, and the outlook for an improvement in living standards in the emerging countries is low.

Global inflation is forecasted to decline steadily from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024. However, the estimates for 2023 and 2024 were adjusted upward by 0.1 and 0.6 percentage points, respectively, and it is expected that inflation will not reach the target level before 2025.

(Source: WEO 2023 10)

# 3.4 Expected earnings, financial and asset situation

The **general economic outlook** is influenced by the unfortunately ongoing crisis in Ukraine and the latest escalating conflict in the Near East as well as volatile energy and raw materials markets, high inflation in many countries, a weak construction industry and the enormous challenges caused by climate change. We are addressing these many challenges with continuous and intensive analysis, flexible short-term management, and fast decisions – and last but not least, our solid financial and industrial foundation.

We take our **responsibility to contain climate change** very seriously. EGGER's activities have always focused on future generations, and this image creates a substantial obligation to actively contribute to climate protection. We manufacture products from the key raw material wood in line with active climate protection. A tree absorbs $CO_2$ while it is growing, and this carbon dioxide remains in the wood throughout its entire useful life. The valuable resource wood has many lives at EGGER, and our waste wood collection points and recycling equipment make sure the carbon remains bound for a longer time.

Our responsibility for climate protection does not end with the manufacture of our products. We are therefore taking an important step and developing an **ambitious, future-oriented** climate strategy to reduce our group's carbon footprint. Our ultimate goal is net zero by 2050, and we plan to reach this goal in stages. We are working step by step and have set forward-looking milestones as interim goals by 2030:
We will reduce the direct emissions from our plants (Scope 1) by at least 30% by 2030. Indirect emissions from purchased energy (Scope 2) will be cut by at least 40% by 2030, and indirect upstream and downstream emissions (Scope 3) will be reduced by at least 10% by 2030. These goals will challenge our organization in the future.

The **Russia-Ukraine conflict**, in particular, has a significant effect on our business with our two production locations in Russia. We, at EGGER, see the many men and women who work for us not only as employees but as part of a large family. The resulting responsibility applies to the more than 1,200 employees in these two Russian plants. Both plants are producing in compliance with all EU sanctions for economic relations between the EU countries relevant for EGGER and Russia. A strict compliance structure was established for this purpose. The wood materials we produce in Russia are only sold locally and in the neighboring, so-called "STAN" countries. In contrast, no EGGER wood materials from Russian production are sold in the European Union, Great Britain or other western countries. Operating cash flows are used for plant operations (wages and salaries, materials, etc.).

The outlook for the EGGER Group, in view of the existing uncertainties, points to weaker revenue development. The weak construction industry, continuing volatility in raw material and energy costs, high inflation in many countries and excess market capacity have led to a decline in sales volumes and high pressure on prices.

Expectations differ for our **Decorative Products Division** with its West, Central, East and Americas regions. Stabilization at a low level is expected in the West and Central regions, where we have substantial market shares. In the East and Americas regions, the pressure on prices remains high and we anticipate a slight decline in revenues. We are generating sound results in Argentina at the present time, but the substantial political and currency-related risks remain, and inflation is still high. The acquisition of a plant in Markt Bibart (DE) in November 2023 will provide support for this division.

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

All in all, the second half of the 2023/24 financial year will be influenced by high uncertainty and ongoing challenges from the market as well as raw materials and energy. Consumers' willingness to spend and the related demand for wood materials products have been slowed by the high inflation in recent years and the accompanying sharp rise in energy prices and living costs. Other negative factors include the upward trend in interest rates and the decline in new construction. Our **earnings expectations** for the entire EGGER Group are therefore **subdued**.

Especially in these uncertain, volatile times, our quarterly rolling forecasts optimally position us to deal with the market dynamics and to master future challenges and utilize available opportunities. The progressive internationalization of our Group supports regional as well as product-specific diversification. Our solid financial base forms the foundation for continuous product, process and service innovation and investments in the industrial base. This, in turn, allows us to optimize our cost structure and invest in the sustainability of our plants. In line with our strategy, our investments will also focus on the circular economy and the expansion of renewable energy sources. We are addressing the lack of specialists with extensive employee training as well as retention and development programs.

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 5, 2023

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

Group Management

# Consolidated Interim Financial Statements as of October 31, 2023

## of Egger Holzwerkstoffe GmbH, St. Johann in Tirol

# Consolidated Income Statement

| | HY 2023/24 TEUR | HY 2022/23 TEUR |
|---|---|---|
| **Revenues** | **2,097,833** | **2,255,395** |
| Other operating income | 32,184 | 23,252 |
| Increase/decrease in inventories | 3,585 | –1,552 |
| Own work capitalized | 4,551 | 4,365 |
| Cost of materials | –1,132,891 | –1,275,336 |
| Personnel expenses | –346,458 | –296,044 |
| Depreciation and amortization (1) | –141,701 | –201,827 |
| Other operating expenses | –359,621 | –356,417 |
| **Operating profit** | **157,483** | **151,835** |
| Financing costs | –36,744 | –10,106 |
| Other financial results | –1,000 | –2,100 |
| Income from financial assets | 7,002 | 1,848 |
| Income from associates | 852 | 1,552 |
| **Profit before tax** | **127,592** | **143,029** |
| Income taxes | –24,694 | –43,566 |
| **Profit after tax** | **102,898** | **99,462** |
| Thereof attributable to non-controlling interests | 4,130 | 5,328 |
| Thereof attributable to holders of the hybrid bond | 0 | 3,389 |
| Thereof attributable to equity holders of the parent company | 98,767 | 90,745 |

(1) The previous reporting period HY 2022/23 includes impairment losses to property, plant and equipment in the Russian cash generating units of the plant in Gagarin (Segment Decorative Products) totaling 66,725 TEUR.

# Consolidated Statement of Comprehensive Income

| | HY 2023/24 TEUR | HY 2022/23 TEUR |
|---|---|---|
| **Profit after tax** | **102,898** | **99,462** |
| Revaluation of obligations arising from post-employment benefits for employees | 2,004 | 7,032 |
| **Items that will not be reclassified to profit or loss** | **2,004** | **7,032** |
| Currency translation adjustments | –17,907 | 91,727 |
| **Items that could possibly be reclassified to profit or loss** | **–17,907** | **91,727** |
| **Profit after tax recognized in other comprehensive income** | **–15,903** | **98,759** |
| **Total comprehensive income for the period** | **86,994** | **198,221** |
| Thereof attributable to non-controlling interests | 4,194 | 5,615 |
| Thereof attributable to holders of the hybrid bond | 0 | 3,389 |
| Thereof attributable to equity holders of the parent company | 82,800 | 189,217 |

# Consolidated Balance Sheet

| Assets | 31.10.2023 TEUR | 30.04.2023 TEUR (1) |
|---|---|---|
| Property, plant and equipment | 2,472,379 | 2,360,543 |
| Intangible assets | 151,579 | 154,362 |
| Investment property | 428 | 435 |
| Biological assets | 2,570 | 3,454 |
| Financial assets | 23,230 | 23,852 |
| Investments in associates | 38,220 | 37,369 |
| Other assets | 8,796 | 10,012 |
| Deferred tax assets | 135,572 | 138,794 |
| **Non-current assets** | **2,832,774** | **2,728,819** |
| Inventories | 636,658 | 620,355 |
| Trade receivables | 172,773 | 175,230 |
| Other assets | 92,294 | 102,367 |
| Current tax assets | 26,436 | 21,454 |
| Financial assets | 6,395 | 9,411 |
| Cash and cash equivalents | 462,175 | 465,962 |
| **Current assets** | **1,396,732** | **1,394,779** |
| **Total Assets** | **4,229,506** | **4,123,598** |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

| Equity and Liabilities | 31.10.2023 TEUR | 30.04.2023 TEUR (1) |
|---|---|---|
| Share capital and reserves | 1,806,146 | 1,742,495 |
| Non-controlling interests | 80,962 | 85,798 |
| **Equity** | **1,887,108** | **1,828,293** |
| Financial liabilities | 1,230,682 | 1,125,171 |
| Other liabilities | 82,617 | 78,758 |
| Government grants | 11,912 | 10,315 |
| Provisions | 151,807 | 155,430 |
| Deferred tax liabilities | 32,844 | 34,771 |
| **Non-current liabilities** | **1,509,863** | **1,404,444** |
| Financial liabilities | 238,378 | 252,910 |
| Trade payables | 374,957 | 430,976 |
| Other liabilities | 190,454 | 179,753 |
| Government grants | 1,555 | 1,661 |
| Liabilities from income taxes | 26,195 | 24,215 |
| Provisions | 996 | 1,345 |
| **Current liabilities** | **832,535** | **890,861** |
| **Total Equity and Liabilities** | **4,229,506** | **4,123,598** |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

# Consolidated Cash Flow Statement

| | HY 2023/24 TEUR | HY 2022/23 TEUR |
|---|---|---|
| Profit before tax | 127,592 | 143,029 |
| Depreciation and amortization | 141,701 | 201,827 |
| Impairment charges to and valuation of financial assets | –1,367 | –1,178 |
| Net interest income / expense | 36,789 | 9,753 |
| Use of government grants | –981 | –623 |
| Income/loss from the disposal of fixed assets | 23 | –802 |
| Income from associates | –852 | –1,552 |
| Increase/decrease in long-term provisions | –5,586 | –14,714 |
| Income taxes paid (net) | –33,228 | –55,767 |
| **Gross cash flow** | **264,091** | **279,973** |
| Increase/decrease in inventories | –32,576 | –28,185 |
| Increase/decrease in trade receivables | –12,205 | 31,178 |
| Increase/decrease in other assets | 785 | 18,149 |
| Increase/decrease in trade payables | –37,403 | –45,362 |
| Increase/decrease in other liabilities | 30,246 | 6,870 |
| Increase/decrease in current provisions | –189 | –728 |
| **Cash flow from changes in net current assets** | **–51,342** | **–18,078** |
| **Cash flow from operating activities** | **212,749** | **261,895** |
| Purchase of property, plant and equipment | –231,512 | –212,408 |
| Purchase of non-current intangible assets | –2,161 | –855 |
| Purchase of financial assets | –2,994 | –3,586 |
| Proceeds from the disposal of financial assets | 8,085 | 1,105 |
| Proceeds from the disposal of property, plant and equipment and intangible assets | 1,971 | 827 |
| **Cash flow from investing activities** | **–226,611** | **–214,917** |
| Increase in financial liabilities | 364,470 | 127,036 |
| Repayment of financial liabilities / lease liabilities | –291,957 | –255,836 |
| Interest paid | –27,791 | –3,914 |
| Interest received | 915 | 235 |
| Distribution | –24,000 | –44,000 |
| **Cash flow from financing activities** | **21,637** | **–176,479** |
| **Net change in cash and cash equivalents** | **7,775** | **–129,501** |
| Effects of exchange rate fluctuations on cash and cash equivalents | –11,562 | –2,348 |
| Cash and cash equivalents at the beginning of the financial year | 465,962 | 418,148 |
| **Cash and cash equivalents at the end of the reporting period** | **462,175** | **286,299** |

# Statement of Changes in Equity

| | Share capital<br>TEUR | Perpetual Bond<br>TEUR | Reserves<br>TEUR | Translation Reserve<br>TEUR | Controlling interests<br>TEUR | Non-controlling interests<br>TEUR | Total<br>TEUR |
|---|---|---|---|---|---|---|---|
| **Balance on 30.04.2022** | **11,509** | **145,060** | **2,029,584** | **–331,616** | **1,854,538** | **37,813** | **1,892,351** |
| Total comprehensive income for the period | 0 | 0 | 100,879 | 91,727 | 192,606 | 5,615 | 198,221 |
| Repurchase Hybrid bond | 0 | –145,060 | –1,599 | 0 | –146,659 | 0 | –146,659 |
| Addition / Disposal of non-controlling interests | 0 | 0 | 0 | 0 | 0 | 224 | 224 |
| Distribution | 0 | 0 | –28,142 | 0 | –28,142 | –15,858 | –44,000 |
| Interest on hybrid bond | 0 | 0 | –4,368 | 0 | –4,368 | 0 | –4,368 |
| **Balance on 31.10.2022** | **11,509** | **0** | **2,096,355** | **–239,889** | **1,867,975** | **27,793** | **1,895,769** |
| | | | | | | | |
| **Balance on 30.04.2023** (1) | **11,509** | **0** | **2,167,650** | **–436,664** | **1,742,495** | **85,798** | **1,828,293** |
| Total comprehensive income for the period | 0 | 0 | 100,707 | –17,907 | 82,800 | 4,194 | 86,994 |
| Puttable non-controlling interests | 0 | 0 | –4,180 | 0 | –4,180 | 0 | –4,180 |
| Distribution | 0 | 0 | –14,970 | 0 | –14,970 | –9,030 | –24,000 |
| **Balance on 31.10.2023** | **11,509** | **0** | **2,249,209** | **–454,572** | **1,806,146** | **80,962** | **1,887,108** |

(1) The previous reporting period amounts were adjusted according to IAS 8; refer to Note (1).

# Selected Explanatory Notes

## to the Consolidated Interim Financial Statements as of October 31, 2023

## 1 Significant Accounting Policies

The consolidated interim financial statements as of October 31, 2023 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, 2023 remain principally unchanged. Additional information on the accounting and valuation methods is provided in the consolidated annual financial statements as of April 30, 2023, 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 IASB issued changes to IAS 12 in May 2023 (adopted by the EU in November 2023), which provide a mandatory exception for the recognition of deferred taxes from the introduction of the Pillar II rules. EGGER will apply this exception accordingly. The initial application of the other new standards as well as the existing standards, changes to standards and interpretations issued by the IASB which require application in the 2023/24 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.

### Error correction in accordance with IAS 8

In connection with the integration of the majority investment in the Italian SAIB S.p.A. which was acquired during the past financial year, the future put options held by the non-controlling shareholders were not recorded in the consolidated financial statements as of April 30, 2023. IAS 32 requires the recognition of a liability for unconditional put options.

Since the dividend rights and the risks and opportunities arising from changes in value remain with the minority shareholders, this investment continues to represent a minority interest for EGGER. In accordance with the applied “present access method“, the equity attributable to the controlling shares must be reduced. The liability from the put options is measured as the present value of the expected future exercise price of the options, which was estimated, among others, on the basis of defined multiple factors and the company’s expected EBITDA. A previously received prepayment which was recorded under other assets was recognized as a reduction of the liability.

As the contract contains various options, the valuation of the liability assumes that the unconditional put options are relevant and would be exercised by the non-controlling shareholders at the earliest possible time.

These effects were recognized as follows:

| Consolidated Balance Sheet | 30.04.2023 TEUR published | Adjustment | 30.04.2023 TEUR adjusted |
|---|---|---|---|
| Other assets | 23,012 | –13,000 | 10,012 |
| **Non-current assets** | **2,741,819** | **–13,000** | **2,728,819** |
| **Total Assets** | **4,136,598** | **–13,000** | **4,123,598** |
| | | | |
| Share capital and reserves | 1,800,934 | –58,439 | 1,742,495 |
| **Equity** | **1,886,732** | **–58,439** | **1,828,293** |
| Other liabilities | 33,319 | 45,439 | 78,758 |
| **Non-current liabilities** | **1,359,005** | **45,439** | **1,404,444** |
| **Total Equity and Liabilities** | **4,136,598** | **–13,000** | **4,123,598** |

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MANAGEMENT REPORT
CONSOLIDATED FINANCIAL STATEMENTS

# 2 Scope and Basis of Consolidation

The consolidated 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 2023/24:

Timberpak Hungary Kft., Budapest (HU), was founded. EGGER holds 100% of the shares in this company, which will carry out recycling activities in Hungary in the future.

Egger Greece Single Member Private Company, Melissia (GR), was founded as a sales company. EGGER holds 100% of the shares in this company, which was not included in the scope of consolidation due to immateriality.

Egger Australasia Pty Ltd, Sydney (AU), and Egger Productos de Madera Limitada, Santiago (CL), were liquidated during the first half of 2023/24. These sales companies were not included in the scope of consolidation.

# 3 Notes to the Income Statement and the Statement of Comprehensive Income

Consolidated **revenues** totaled TEUR 2,097,833 (HY 2022/23: TEUR 2,255,395). Operating profit before depreciation and amortization (EBITDA) amounted to TEUR 299,184 (HY 2022/23: TEUR 353,662).

The negative change in the **currency translation adjustment** which was not recognized to profit and loss equaled TEUR 17,907 (HY 2022/23: positive change of TEUR 91,727).

# 4 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 division structure was reorganized as of May 1, 2023 to integrate the EGGER Flooring Products Division in die EGGER Building Products Division. This reorganization creates a simpler structure for the location in Wismar (DE), which produces and markets both flooring and OSB, and will permit the realization of synergies in production, logistics and sales. The EGGER Group now comprises two segments: EGGER Decorative Products, with its four regional divisions West, Mitte, East and Americas, and EGGER Building Products, with the OSB, sawmill and flooring businesses.

The prior year data were adjusted for comparative purposes to reflect the new structure.

The individual segments manufacture and sell the following products:

| Segments | |
|---|---|
| Decorative Products | Production and sale of carrier materials made of wood (chipboard, MDF, HDF, compact and lightweight boards) as well as edgings and laminates. |
| Building Products | Production and sale of laminates, comfort, design flooring as well as OSB and DHF boards and 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 2023/24 | Decorative Products TEUR | Building Products TEUR | Consoli-dation TEUR | Total TEUR |
|---|---|---|---|---|
| Third party revenues | 1,799,999 | 297,834 | 0 | 2,097,833 |
| Inter-company revenues | 15,704 | 89,755 | –105,459 | 0 |
| **Total revenues** | **1,815,704** | **387,588** | **–105,459** | **2,097,833** |
| | | | | |
| Segment results (operating EBITDA) | 302,408 | –3,224 | 0 | 299,184 |
| Scheduled depr./amort. | 121,950 | 14,022 | 0 | 135,972 |
| Impairment | 5,729 | 0 | 0 | 5,729 |
| **Operating profit** | | | | **157,483** |
| | | | | |
| Investments | 201,486 | 37,158 | 0 | 238,644 |

| Segment information by area of business First Half-Year 2022/23 | Decorative Products TEUR | Building Products TEUR | Consoli-dation TEUR | Total TEUR |
|---|---|---|---|---|
| Third party revenues | 1,856,237 | 399,158 | 0 | 2,255,395 |
| Inter-company revenues | 14,060 | 104,634 | –118,694 | 0 |
| **Total revenues** | **1,870,297** | **503,792** | **–118,694** | **2,255,395** |
| | | | | |
| Segment results (operating EBITDA) | 305,586 | 48,076 | 0 | 353,662 |
| Scheduled depr./amort. | 117,218 | 13,849 | 0 | 131,067 |
| Impairment | 70,760 | 0 | 0 | 70,760 |
| **Operating profit** | | | | **151,835** |
| | | | | |
| Investments | 197,101 | 32,558 | 0 | 229,659 |

## Economic development and seasonality

Global growth continues to decline. According to the International Monetary Fund, the global GDP rose by only 3.0% in 2023 and will slow to an increase of only 2.9% in 2024 – while the Eurozone is practically stagnating at 0.7% in 2023. Global inflation remained high at an estimated 6.9% in 2023 but should decline from 8.7% in 2022 to 5.8% in 2024. Interest rates increased significantly, and the criteria applied to external financing for private residential construction were tightened. This uncertainty has had a negative impact on consumer confidence and global demand. The future of the world's economy will depend on the monetary steps taken by countries and their national banks, the development of the conflicts in Ukraine and the Near East, and the limits on disruptions of global supply chains.

EGGER is active in areas of business that are subject to seasonal fluctuations. For example, sales in the Building Products Division are normally weaker during the second half of the 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.

# 5 Notes to the Balance Sheet

Investments in **property, plant and equipment** totaled TEUR 236,482 in the first half of 2023/24 (HY 2022/23: TEUR 228,804). The most important projects involved the modernization of our adhesives plant in Wismar (DE) and the expansion of the locations in Bünde (DE), Barony (UK) and Gifhorn (DE). In line with our strategy, we are also investing in recycling equipment at Lexington, NC (US), St. Johann i.T. (AT) and Brilon (DE) and in further Timberpak locations.

The property, plant and equipment and intangible assets (including goodwill) held by Egger Argentina SAU (AR) were written off in full during previous financial years. In the first half of 2023/24, further impairment losses of TEUR 5,729 were recorded to additions to property, plant and equipment and intangible assets; these impairment losses are reported under depreciation and amortization.

**Inventories** include TEUR 8,501 (April 30, 2023: TEUR 12,341) 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 totaled TEUR 11,509 and has remained unchanged since April 30, 2023.

EUR 165 million of the committed credit line were drawn during the reporting period for the **short-term financing** of scheduled liabilities and repaid at the end of the reporting period.

As support for long-term financing, EGGER concluded a **financing agreement** with its core banks. It has a volume of EUR 200 million, variable interest and a term ending on September 30, 2033.

Of the external liabilities to financial institutions taken over with the acquisitions of SAIB S.p.A. (DE) and M+P Umweltdienste GmbH (DE) in the second half of 2022/23, TEUR 25,477 were repaid during the reporting period and replaced in part by group financing. External liabilities to financial institutions totaling TEUR 1,350 million were outstanding as of October 31, 2023 (April 30, 2023: EUR 26,827).

**Net debt** rose by TEUR 102,160 to TEUR 1,004,983 as of October 31, 2023 (April 30, 2023: TEUR 902,823).

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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 TEUR 31.10.2023 | Fair value TEUR 31.10.2023 | Carrying amount TEUR 30.04.2023 | Fair value TEUR 30.04.2023 |
|---|---|---|---|---|---|---|
| **Financial assets carried at fair value** | | | | | | |
| Securities | FVTPL | 1 | 2,544 | 2,544 | 9,937 | 9,937 |
| Other financial assets | FVTPL | 3 | 14,937 | 14,937 | 14,912 | 14,912 |
| Unsold receivables from the factoring portfolio | FVOCI | 3 | 27,414 | 27,414 | 31,226 | 31,226 |
| Interest rate swaps | FVTPL | 2 | 539 | 539 | 1,708 | 1,708 |
| Other option | FVTPL | 3 | 2,688 | 2,688 | 3,440 | 3,440 |
| Green certificates | FVTPL | 1 | 2,045 | 2,045 | 90 | 90 |
| | | | **50,167** | **50,167** | **61,313** | **61,313** |
| **Financial assets not carried at fair value** | | | | | | |
| Loans | AC | | 10,721 | – | 8,414 | – |
| Trade receivables | AC | | 145,359 | – | 144,004 | – |
| Other financial assets | AC | | 27,299 | – | 27,099 | – |
| Cash and cash equivalents | AC | | 462,175 | – | 465,962 | – |
| | | | **645,554** | | **645,479** | |
| | | | | | | |
| **Financial liabilities carried at fair value** | | | | | | |
| Residual risk from factoring | FVTPL | 3 | 23 | 23 | 39 | 39 |
| Purchase price liabilities from business acquisitions | FVTPL | 3 | 16,902 | 16,902 | 16,710 | 16,710 |
| Interest rate swaps | FVTPL | 2 | 16,766 | 16,766 | 19,666 | 19,666 |
| | | | **33,691** | **33,691** | **36,415** | **36,415** |
| **Financial liabilities not carried at fair value** | | | | | | |
| Amounts owed to credit institutions | AC | 2 | 808,949 | 806,737 | 649,063 | 646,436 |
| Promissory note loans | AC | 2 | 631,025 | 629,069 | 709,833 | 709,572 |
| Lease liabilities | AC | 2 | 29,086 | 29,086 | 19,185 | 19,185 |
| Other financial liabilities | AC | | 44,805 | – | 50,930 | – |
| Liabilities due to puttable non-controlling interests | AC | 3 | 49,619 | 49,619 | 45,439 | 45,439 |
| Trade payables | AC | | 374,957 | – | 430,976 | – |
| | | | **1,938,441** | | **1,905,426** | |

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.

The “other option” (Level 3) was valued with a multiple procedure, whereby the multiple was derived from transactions observable on the market. This valuation is compared with the multiple purchase price specified in the option. Therefore, the major non-observable input factors are the estimated development of EBITDA and the derivation of the multiple observed on the market. The fair value declined by TEUR 753 from April 30, 2023 to TEUR 2,688 as of October 31, 2023; this change was recorded to profit or loss and reported under other financial results.

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

The valuation of the purchase price liabilities from busienss acquisitions (Level 3) is dependent, above all, on the expected development of EBITDA in the respective companies. Fair value rose by TEUR 192 from April 30, 2023 to TEUR 16,902 as of October 31, 2023; this change was based on discounting effects and is therefore included under financing costs.

The valuation of liabilities due to puttable non-controlling interets (Level 3) is dependent, above all, on the expected development of EBITDA in the respective companies. The carrying amount of these liabilities increased by TEUR 4,180 from April 30, 2023 to TEUR 49,619 as of October 31, 2023; this change was based on discounting effects and was recorded under reserves without recognition to profit or loss.

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

There have been no material changes in **uncertain liabilities or contingent liabilities** since April 30, 2023.

# 6 Notes to the Cash Flow Statement

Profit before tax forms the starting point for the cash flow statement. Taxes paid are reported 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 as of October 31, 2023 are MFE Vermögensverwaltung Privatstiftung, Beteiligung „FM Deutschland“ – Privatstiftung, Beteiligung „FM England“ – Privatstiftung, Fritz Egger, Michael Egger and Thomas Leissing (through TAL Verwaltungs GmbH).

A total of TEUR 14,970 was distributed to shareholders in August 2023. Moreover, Beteiligung „FM England“ – Privatstiftung, in its capacity as a minority shareholder of Egger Deutschland Beteiligungsverwaltung GmbH, received a distribution of TEUR 9,030.

All 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, 2023, and only one material change is reported in the consolidated interim financial statements as of October 31, 2023. As financing for the planned acquisition of property, Egger Corporate Services GmbH granted a short-term downpayment loan at standard market conditions to a related person (carrying amount incl. accrued interest as of October 31, 2023: TEUR 2,805).

# 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 contract for the purchase of the Rauch chipboard plant in Markt Bibart (DE) was signed in September 2023, and the acquisition closed in November 2023 after the required approval from the antitrust authorities. The transaction covers 100% of the shares in Rauch Spanplattenwerk GmbH together with all necessary operating assets, including land and buildings, which were leased from the previous holding company to Rauch Spanplattenwerk GmbH. This investment reflects our strategy for continued growth in our home market of Europe. The investment will be initially included in the consolidated financial statements as of November 2023. Since the initial recognition, including the purchase price allocation, is still in progress, further disclosures as specified by IFRS 3 are not possible at the present time.

No other significant events occurred after the balance sheet date on October 31, 2023 which would have led to a different presentation of the asset, financial and earnings position.

St. Johann in Tirol, December 5, 2023

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

Group Management

# Auditor's Report



## Report on the Review of the condensed Interim Consolidated Financial Statements

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Egger Holzwerkstoffe GmbH, St. Johann in Tirol, for the period from 1 May to 31 October 2023. These condensed interim consolidated financial statements comprise the consolidated statements of financial position as at 31 October 2023 and the consolidated income statement, consolidated statement of comprehensive income, the consolidated statements of cashflows and the consolidated statement of changes in equity for the period from 1 May to 31 October 2023 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance 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 interim consolidated 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 consolidated interim management report for the 6 month period ended 31 October**

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

Innsbruck, 6 December 2023

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ulrich Pawlowski
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Note: The condensed interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB.
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 zum 31. Oktober 2023 prüferisch durchgesehen. Der verkürzte konsolidierte Zwischenabschluss umfasst die konsolidierte Bilanz zum 31. Oktober 2023 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 zum 31. Oktober 2023 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 Halbjahreskonzernlagebericht

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.

Innsbruck, 6. Dezember 2023

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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