



Building with conscience.

Sto SE & Co. KGaA, Stühlingen/Germany

Half-year financial report

in accordance with Section 115 of the German Securities
Trading Act (WpHG)

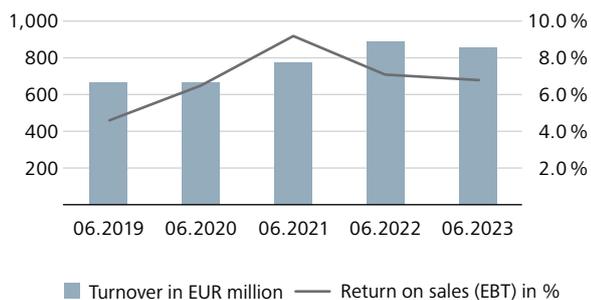
For the period from 1 January to 30 June 2023



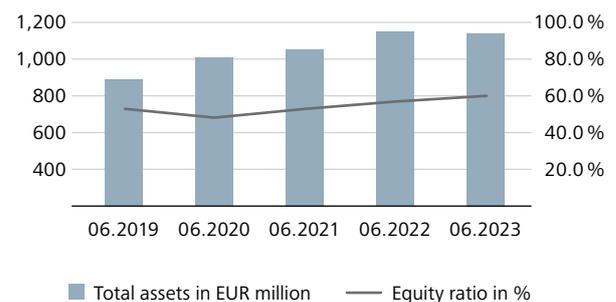
Overview of the Group	01 Jan 2023 – 30 June 2023	01 Jan 2022 – 30 June 2022	Changes in %
Turnover	856.3	888.4	-3.6
Germany	356.9	373.4	-4.4
Outside of Germany	499.4	515.0	-3.0
Turnover by segment			
Western Europe	674.0	704.4	-4.3
Northern/Eastern Europe	82.1	86.1	-4.6
America/Asia/Pacific	100.2	97.9	2.3
Investments (without: financial assets and IFRS 16)	14.1	14.4	-2.0
EBITDA	88.7	94.0	-5.6
EBIT	58.2	64.0	-9.1
EBT	57.9	62.9	-7.9
Return on sales (EBT) (%)	6.8	7.1	
ROCE (%)*	7.2	8.7	
Cash flow from operating activities	33.1	-22.2	249.1
Employees	5,801	5,796	0.1
Germany	3,125	3,116	0.3
Outside of Germany	2,676	2,680	-0.1

(Figures in EUR million unless otherwise indicated)

Development of P&L data



Development of balance sheet data



* ROCE = EBIT divided by average capital employed. Capital employed = balance sheet values are determined on the basis of an arithmetic average of the respective reference date values at month end for the respective period. Capital employed = Intangible assets + Property, plant, and equipment + Rights of use + Inventories + Trade receivables /. Trade payables

Rounding of amounts may lead to minor deviations in totals and in the calculation of percentages in this report.

Cover photo: Andrea Martiradonna, Milan/Italy

Overview of the first half of 2023

- Consolidated turnover down by 3.6 % to EUR 856.3 million in the first half of 2023, mainly due to the weather conditions
- Decline in turnover of 4.4 % in Germany and 3.0 % outside of Germany
- Consolidated EBIT down by 9.1 % to EUR 58.2 million and consolidated EBT down by 7.9 % to EUR 57.9 million
- Gross profit margin improves to 52.8 % as compared to previous year (50.2 %)
- EBT return on sales falls from 7.1 % to 6.8 %
- Group workforce expands slightly to 5,801 employees
- Turnover forecast for 2023 as a whole adjusted: turnover of EUR 1.76 billion expected (previous forecast: EUR 1.91 billion); earnings forecast remains unchanged: EBIT expected to be between EUR 118 million and EUR 143 million (in each case without factoring in the influence of the Russia-Ukraine conflict)

Consolidated interim management report for the first half of 2023

Business and general conditions

The company

Sto is a major international manufacturer of products and systems for building coatings. The Group's product range is divided into four product groups: the core business of facade systems mainly comprises external wall insulation systems (EWIS), a segment in which Sto occupies a leading position, and rainscreen cladding facade systems (RSC). Both EWIS and RSC play a key role in the energy efficiency of buildings and hence in sustainability. In the first half of 2023, this product group contributed 47.5 % to the Group's consolidated turnover. The facade coatings product group – consisting of render and paint systems for external applications – accounted for 22.6 % of consolidated turnover in the reporting period. The third group is products for interiors, which, for example, includes plaster and paint systems for home and office interiors, as well as decorative coatings, interior claddings, and acoustic systems for regulating sound. In the first six months of 2023, this product group had a 15.7 % share of turnover. Furthermore, Sto produces and sells high-quality floor coatings and products for concrete repair, which are allocated to Other product groups. These accounted for 14.2 % of consolidated turnover.

There were no changes to the structure and management system of the Sto Group from January up to the end of June 2023. Details can be found in the Annual Report 2022, which is available for download at www.sto.de in the section 'Investor Relations'. It can also be requested from Sto SE & Co. KGaA.

Business development in the first half of 2023

In the first half of 2023, the business volume achieved by the Sto Group remained lower than expected, mainly as a result of the unfavourable weather conditions prevailing until mid-May. It also fell below the value generated in 2022 when the weather had been good. In a comparison of the half-year figures, turnover fell by 3.6 % to EUR 856.3 million, with the core business of facade systems particularly severely affected by the frequent rainfall and sometimes low temperatures. This was compounded by special factors, such as in Germany the unclear future legal framework conditions for private individuals building houses, which are increasingly leading to uncertainty among investors, as well as isolated special factors outside of Germany that are dampening demand. In the reporting period, currency translations had a negative overall effect on turnover of EUR 4.4 million across the Group. Once adjusted for this effect, the decline in turnover came to 3.1 % in the national currencies.

Sto managed to stabilise the gross margin rate in the first half of 2023 by introducing vital sales price increases in response to the sharp rises in costs in the area of procurement that have been persisting for nearly two years and by adopting a strict approach to procurement management. At 52.8 %, this margin was higher than the previous year's level (previous year: 50.2 %) but was still considerably lower than the percentages achieved in the years prior to 2022. Procurement prices continued to rise in the first six months of 2023, particularly in the case of raw materials that take a lot of energy to produce (e.g. cement) and certain bought-in products. However, the situation did ease somewhat in certain areas. This mainly involved materials that are also utilised in industrial sectors more heavily impacted by the economic downturn. In net terms, the Sto Group's EBIT for the first six months of 2023 remained 9.1 % below the previous year's level, partly as a result of the lower turnover volume, while EBT fell by 7.9 % and EAT by 8.6 %. The return on sales in relation to EBT declined from 7.1 % to 6.8 %.

Economic conditions

Overall economy

The **global economy** is going through a phase of weakness. According to the International Monetary Fund (IMF), global GDP is set to increase by 3.0 % in 2023. This means that growth remains low compared to historical levels and – as highlighted by the economists in their latest forecast – there are still many risks. However, the IMF is currently somewhat more confident than in its April projection, when the growth forecast was lowered to 2.8 %. In the view of the experts, the international economy is gradually recovering from the coronavirus pandemic and Russia's attack on Ukraine.

Within the developing and emerging countries, which are expected to expand by a total of 4.0 % in 2023, the main drivers of growth are the Asian emerging countries (+5.3 %). The forecast for China remained unchanged at 5.2 %. However, in this country, investments have so far fallen short of expectations due to the ongoing real estate downturn. According to IMF estimates, growth in the industrialised nations will be 1.5 % in the current year, with an unchanged increase of 0.9 % for the eurozone and 1.8 % for the USA.

The assessment of the situation in **Germany** is particularly pessimistic, with economic output there predicted to shrink by 0.3 %. Thus, the IMF economists are being more cautious now than they were three months ago when they had predicted a decline of 0.1 %. The Federal Republic is suffering above all from the current economic downturn in the industrial sector due – in part – to the relatively subdued global trade. In the first three months of 2023, the German economy experienced

its second negative quarter in a row: according to the Federal Statistical Office of Germany, gross domestic product (GDP) in Germany fell by 0.3 % compared to the 4th quarter of 2022 once adjusted for price, seasonal and calendar effects. Between April and June, there was no further drop in GDP (0.0 %), with private household consumer spending stabilising – in particular – after a weak winter half-year.

International construction industry

According to calculations by the Federal Statistical Office of Germany (Destatis), turnover in the **German main construction sector** decreased by 7.3 % in real terms in the first five months of 2023 compared to the same period in the previous year, although this actually equated to a nominal increase of 4.8 %. Once adjusted for price changes, incoming orders were down by 14.7 % in this period, nominally decreasing by 3.7 %. Between January and May, the number of residential building permits in Germany was 27 % lower than the previous year's level, which Destatis attributes to rising construction costs and deteriorating financing conditions. For 2023 as a whole, the Hauptverband der Deutschen Bauindustrie e.V. (Main Association of the German Construction Industry) expects the main construction sector as a whole to experience a decline in turnover of 6 % in real terms.

For the current year, the Verband der deutschen Lack- und Druckfarbenindustrie e.V. (Association of the German Paint and Printing Ink Industry) expects sales in the area of **architectural coatings** to drop by 4 %. Turnover is likely to remain at the previous year's level. According to data from B+L Marktdaten GmbH, sales on the German **EWIS** market decreased by 14.9 % in the first half of 2023 after having experienced a decline of 4.4 % in the same period of 2022. For the year of 2023 as a whole, the market research institute currently forecasts a decline in sales of 13.5 %, after a forecast of +1.5 % in February 2023.

In **Europe**, the EUROCONSTRUCT network is expecting demand for construction to stagnate in 2023 in light of the global economic slowdown. While companies were still drawing on high order backlogs in the first months of the year, new orders increasingly failed to materialise and projects were postponed due to the deterioration in general conditions. In line with this, EU-wide production within the building industry increased by 2.4 % in the first quarter of 2023 compared to the previous quarter according to information from Eurostat; the growth rate was 0.7 % compared to the corresponding period of the previous year. In April, production in the EU stagnated – which was solely attributable to growth in the civil engineering sector – and in May it decreased by 0.4 % compared to the same month of the previous year.

Within the **US** building construction sector, FMI (a consulting and investment banking firm) expects investments to decrease by 2 % in 2023 compared to the previous year, although the picture is likely to be varied. Now that the US government has passed the Inflation Reduction Act to encourage climate-neutral structural change within the manufacturing and energy

sectors, this – among other things – is helping the industrial plant construction sector to grow. However, construction of single-family homes is expected to decline significantly. The main reasons for this are the sharply increasing financing costs, the shortages of building materials and construction products, and bottlenecks in construction services.

According to estimates by GTAI (Germany Trade & Invest), the construction industry in **China** also remains weak. Although the country's GDP is expected to pick up again in 2023 following the lifting of the coronavirus restrictions, economic development stalled in the first half of the year. In the first quarter, GDP increased by 4.5 %. Between April and June, the economy grew by 6.3 % compared to the same period in the previous year (which was dominated by the pandemic) and hence came in below expectations. Compared to the first quarter of 2023, the increase was 0.8 %. Especially the real estate sector, which is of great importance to the Chinese economy, failed to be a growth driver. The government is trying to get this sector, which accounts for a significant share of GDP, back on its feet by gradually easing the monetary policy and taking targeted measures.

Income, financial and asset situation of the Sto Group

Consolidated turnover below previous year's level

In the first half of 2023, the Sto Group generated a **turnover** of EUR 856.3 million after setting a record in the first six months of the previous year with a figure of EUR 888.4 million. Currency translation effects had an overall negative impact of EUR 4.4 million in the reporting period. The Turkish lira – in particular – was devalued along with the Swedish krona and Norwegian krone, while the Swiss franc increased significantly in value. Once adjusted for currency translation effects, the Sto Group saw its turnover decline by 3.1 % compared to the first six months of 2022 when measured in the national currencies.

In **July 2023**, consolidated turnover slightly exceeded the previous year's value but remained below expectations. The Group succeeded in further stabilising the gross profit margin.

Turnover trend across the segments

Within the segment of **Western Europe** – including Germany – the Sto Group's turnover decreased to EUR 674.0 million (previous year: EUR 704.4 million) between January and June. The main reason for the overall decline of 4.3 % was the inclement weather in the majority of regions, which had a particularly severe impact on the facade business. This was compounded by special factors, such as in Germany the unclear future legal framework conditions for private individuals building houses, which are increasingly leading to uncertainty among investors. Another special factor was, for example, the restriction of government subsidies for energy-efficient building renovation in Italy, which led to a reduction in activities.

In a comparison of the half-year figures, the turnover volume in the segment of **Northern/Eastern Europe** fell by 4.6 % overall to EUR 82.1 million (previous year: EUR 86.1 million). Once again, the effects of the weather played a major role here by hampering activities in the first few months. Norway was not only affected by a negative currency translation effect, the country also saw a slump in the construction of new buildings. On the basis of the respective national currencies, a minus of 2.9 % was calculated in this segment.

A net increase of 2.3 % to EUR 100.2 million (previous year: EUR 97.9 million) was achieved in the segment of **America/Asia/Pacific**, although the picture was extremely varied. While the companies in America and the Pacific region achieved growth overall (albeit lower than expected), the business volume in Asia decreased significantly. In China in particular, the market was under pressure, and turnover at the Chinese Sto company remained well below the already low volume of the previous year, which had been affected by the coronavirus pandemic. Without allowing for currency translation effects, the segment grew by 2.8 %.

Across the Group as a whole, **turnover generated outside of Germany** decreased by 3.0 % to EUR 499.4 million in the first half of 2023 (previous year: EUR 515.0 million). Once adjusted for the currency translation effects that were negative overall, this equates to a decline of 2.2 % in the national currencies. In **Germany**, the Group generated a turnover of EUR 356.9 million up to the end of June 2023 (previous year: EUR 373.4 million), which was 4.4 % lower than the previous year's value. The percentage of Group turnover generated outside of Germany increased slightly from 58.0 % to 58.3 % compared to the same period of the previous year.

Earnings under pressure

In the first half of 2023, high pricing pressure persisted within the energy sector and in relation to raw materials that take a lot of energy to produce (e.g. cement) as well as bought-in products such as mineral wool insulants. However, the situation eased somewhat in the case of certain materials that are also utilised in industrial sectors heavily impacted by the economic downturn. Furthermore, Sto countered the high level of pressure on earnings by adopting a consistent cost management approach and implementing the additional sales price increases that were necessary.

In total, the **material costs** incurred by the Sto Group decreased by 9.7 % to EUR 403.1 million (previous year: EUR 446.2 million), partly as a result of the lower total revenues, which fell from EUR 896.8 million to EUR 854.9 million. In a comparison of the half-year figures, the **gross margin rate** improved from 50.2 % to 52.8 %, meaning that it was in line with the expectations for the first half of the year.

Personnel expenses stood at EUR 216.1 million in the reporting period, which was 2.5 % higher than the figure for the same period of the previous year (previous year: EUR 210.9 million). In addition to the slight increase in

personnel, this rise was attributable to collective bargaining effects, for example.

Other operating expenses increased slightly by 1.7 % to EUR 155.7 million in a comparison of the half-year figures (previous year: EUR 153.1 million). **Other operating income** decreased from EUR 12.1 million to EUR 11.9 million. The balance of other operating expenses and income stood at EUR -143.8 million (previous year: EUR -141.0 million).

After six months, **EBITDA** for the Sto Group stood at EUR 88.7 million (previous year: EUR 94.0 million). Once deductions had been made for **depreciation and amortisation**, which – at EUR 30.5 million – remained roughly the same as the previous year's level (previous year: EUR 30.0 million), the resulting **EBIT** amounted to EUR 58.2 million (previous year: EUR 64.0 million). The net financial income/expense figure improved from EUR -1.1 million to EUR -0.4 million, meaning that **EBT** decreased by 7.9 % to EUR 57.9 million (previous year: EUR 62.9 million). **EAT** fell to EUR 40.2 million (previous year: EUR 44.0 million) and the return on sales relative to EBT decreased to 6.8 % (previous year: 7.1 %). The profit generated per Sto limited preference share was EUR 6.33 (previous year: EUR 6.43) and the profit generated per limited ordinary share was EUR 6.27 (previous year: EUR 6.37).

As at 30 June 2023, the ROCE (Return on Capital Employed) figure stood at 7.2% (previous year: 8.7 %).

Earnings trend across the segments

In a comparison of the half-year figures, EBIT decreased from EUR 56.2 million to EUR 51.4 million in the segment of **Western Europe** and from EUR 7.8 million to EUR 3.5 million in **Northern/Eastern Europe**. By contrast, the segment of **America/Asia/Pacific** saw an increase in EBIT from EUR 0.6 million to EUR 3.9 million.

Investments

In the first six months of 2023, Group-wide **Investments** in Property, plant and equipment, and Intangible assets totalled EUR 14.1 million (previous year: EUR 14.4 million). Among other things, these focused on the ongoing installation of a second rotary kiln to expand production capacity at our location in Ilmenau, Thuringia/Germany, a process which is likely to be completed in the summer. Aside from that, Sto also invested in measures associated with its long-term 'Retrofit' programme for modernising/replacing the production equipment.

Development of liquidity

In the first half of 2023, the Sto Group achieved positive **cash flow from operating activities** in the amount of EUR 33.1 million compared to EUR -22.2 million in the same period of the previous year. In contrast to the lower EBIT, two positive factors that were particularly noticeable in this context were the significant reduction in funds tied up in net current assets and the lower income tax payments.

After six months, **cash flow from investment activities** stood at EUR -9.9 million (previous year: EUR +49.3 million). The cash flow from investment activities adjusted by deposits from and disbursements for financial investments totalled EUR -11.5 million (previous year: EUR -10.5 million). Within this context, the disbursements for financial investments amounted to EUR 93.0 million (previous year: EUR 9.5 million), while the deposits from financial investments increased from EUR 69.3 million to EUR 94.6 million.

Cash flow from financing activities amounted to EUR -44.8 million compared to EUR -46.6 million in the first half of 2022, with EUR 31.9 million of this making up the dividend payouts just as in the previous year.

As at 30 June 2023, **financial resources** amounted to EUR 96.1 million (previous year: EUR 121.0 million). This takes into account a total amount of EUR -1.8 million (previous year: EUR +3.4 million) resulting from differences in cash and cash equivalents from changes in exchange rates as well as impairments due to expected losses on cash and cash equivalents in accordance with IFRS 9. As compared to the end of 2022, cash and cash equivalents dropped by EUR 23.3 million (previous year: EUR 16.1 million).

Assets and liabilities situation remains very solid

As at 30 June 2023, the **consolidated statement of financial position** of Sto SE & Co. KGaA amounted to EUR 1,143.3 million (31 December 2022: EUR 1,097.7 million; 30 June 2022: EUR 1,150.0 million). The majority of the changes compared to the 2022 year end are due to the seasonal nature of business activities.

As at the reference date, **non-current assets** totalled EUR 506.8 million (31 December 2022: EUR 494.8 million; 30 June 2022: EUR 510.1 million). Compared to 31 December 2022, fixed assets decreased slightly from EUR 433.8 million to EUR 426.7 million (30 June 2022: EUR 427.7 million), while other non-current assets increased from EUR 61.1 million to EUR 80.1 million (30 June 2022: EUR 82.4 million).

Current assets showed an increase from EUR 602.9 million to EUR 636.5 million in the first six months (30 June 2022: EUR 639.9 million), with inventories accounting for EUR 180.3 million of this amount (31 December 2022: EUR 179.2 million; 30 June 2022: EUR 194.9 million). In the first half of the previous year, stocks had been strategically built up to ensure security of supply in light of the difficult procurement market situation but by the final months of 2022 the process of selectively reducing inventories had already begun. Current trade receivables amounted to EUR 260.2 million (31 December 2022: EUR 171.4 million; 30 June 2022: EUR 270.6 million), particularly as a result of how turnover had developed. Current other financial assets, which included – in particular – financial investments with terms of less than one year, began falling at the 2022 year end before finally reaching EUR 77.4 million (31 December 2022: EUR 102.4 million; 30 June 2022: EUR 29.5 million). This was partly due to re-

allocations to longer-term financial investments. The reallocation of financial investments led to a reduction in cash and cash equivalents from EUR 119.4 million to EUR 96.1 million (30 June 2022: EUR 121.0 million).

On the **liabilities side**, **Group equity** increased from EUR 685.1 million to EUR 690.5 million, starting from the end of 2022 (30 June 2022: EUR 657.8 million). Consequently, the **equity ratio** stood at a very solid 60.4 % (31 December 2022: 62.4 %; 30 June 2022: 57.2 %).

As at the reference date, **non-current provisions and liabilities** totalled EUR 168.0 million compared to EUR 165.7 million on 31 December 2022 (30 June 2022: EUR 181.0 million). Deferred tax liabilities increased in the first half year from EUR 1.1 million to EUR 4.9 million (30 June 2022: EUR 17.0 million).

Within **current provisions and liabilities**, which rose from EUR 246.9 million to EUR 284.9 million in the first six months (30 June 2022: EUR 311.2 million), trade payables increased from EUR 67.1 million to EUR 97.9 million for seasonal reasons (30 June 2022: EUR 115.4 million). Current other liabilities grew from EUR 65.0 million to EUR 101.4 million (30 June 2022: EUR 96.7 million), while current other financial liabilities fell from EUR 46.3 million to EUR 17.9 million (30 June 2022: EUR 20.2 million).

As at 30 June 2023, total current and non-current borrowings in the Sto Group amounted to EUR 4.7 million (31 December 2022: EUR 5.0 million; 30 June 2022: EUR 7.5 million). Taking into account cash stocks, **net financial assets** stood at EUR 91.4 million at the mid-point of 2023 (31 December 2022: EUR 114.4 million; 30 June 2022: EUR 113.5 million).

Employees

As at 30 June 2023, the Sto Group had 5,801 employees worldwide compared to 5,735 at the 2022 year end (+66 employees; +1.2 %) and 5,796 on the same day of the previous year (+5 employees; +0.1 %). Starting from the middle of 2022, the workforce in **Germany** increased by 9 to 3,125 employees (previous year: 3,116), while the number of employees **outside of Germany** fell by 4, from 2,680 to 2,676. Across the Group, new hires at companies in countries with short- and medium-term growth prospects were contrasted with occasional declines in regions battling difficult general economic conditions. The percentage of the Group's workforce employed outside of Germany decreased slightly to 46.1 % (previous year: 46.2 %).

At the mid-point of the year, 4,465 employees (previous year: 4,421) were working for the Sto Group in the segment of Western Europe, 614 (previous year: 640) in the Northern/Eastern Europe segment, and 722 (previous year: 735) in the segment of America/Asia/Pacific.

Sustainability Report

Sto is committed to sustainable and responsible corporate governance that meets the needs of all stakeholders affected by our actions. Detailed information on this topic and comments on the EU Taxonomy can be found in our current Sustainability Report for 2022, which can be downloaded from our website www.sto.de in the Sustainability & CSR category (Nachhaltigkeit & CSR) under 'Investor Relations'.

Risks and opportunities report

The future business development of the Sto Group in 2023 faces numerous opportunities and risks, which are presented in detail in the 2022 Management Report. This report also explains the structure of the risk management and internal control system (ICS) in detail.

The greatest uncertainties at the moment include the quantitative effects of the Russia-Ukraine conflict (which still cannot be reliably estimated at present) and the significant sales, procurement, and weather-related risks that have been described there.

The Sto Group has substantial opportunities for growth in the medium term, particularly in its core business of facade systems. This is because the climate action targets that have been set at a political level can only be achieved by significantly improving energy efficiency within the construction sector. Sto facilitates the energy efficiency of buildings through the products and services that it offers. Both EWIS and RSC make a substantial contribution towards cutting CO₂ emissions and energy costs, thereby creating massive potential for Sto sales worldwide. Nevertheless, there is increasing uncertainty among investors due to the unclear general political conditions, which could – especially in Germany – lead to a considerable decline in new build activities and prevent the expected growth within the refurbishment sector from materialising.

At present, no assessable risks are apparent that could have a permanent and significant adverse effect on the income, financial, and asset situation of the Sto Group.

Outlook report

2023 outlook for the Sto Group

In view of the business development to date and the current assessment of further developments, the turnover forecast for the year of 2023 as a whole has been adjusted. At present, Sto expects turnover to amount to EUR 1.76 billion (previous forecast: EUR 1.91 billion; 2022: EUR 1.79 billion). Earnings before interest and taxes (**EBIT**) are still forecast to fall between EUR 118 million and EUR 143 million (2022: EUR 129.7 million), with earnings before taxes (**EBT**) of between EUR 117 million and EUR 142 million (2022: EUR 128.3 million). The resulting **return on sales** is hence likely to be between 6.6 % and 8.1 % (previous forecast: between 6.1 % and 7.5 %; 2022: 7.2 %).

Return on capital employed (**ROCE**) is expected to reach a value of between 14.8 % and 18.0 % (2022: 17.3 %). This does not factor in the unpredictable impact of the Russia-Ukraine conflict.

The investment budget of EUR 71 million that was originally planned for 2023 will not be fully utilised. In particular, this is due to the fact that various major projects and earnings-securing measures have been postponed. As things currently stand, an investment volume of approximately EUR 50 million is expected for the current year.

The forecast is based on favourable weather conditions and presumes that economic development will be in line with expectations in the key regions. Furthermore, the forecast is based on the assumptions that the euro exchange rate will remain largely stable and that the Russia-Ukraine conflict will neither lead to any significant impairment of demand in the markets of relevance to Sto, nor to any restrictions regarding the conduct of business activities, nor to any impairment of the supply of raw materials, bought-in products, and energy.

As a financial goal, the Sto Group is aiming for a turnover of EUR 2.1 billion and a return on sales of 10 % in relation to EBT by 2025.

Stühlingen/Germany, August 2023

Sto SE & Co. KGaA
represented by STO Management SE

The Executive Board

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated statement of profit or loss for the period from 1 January to 30 June 2023

in EUR K	30 June 2023	30 June 2022
1. Revenue	856,320	888,444
2. Changes in product inventories	-1,372	8,316
3. Other internally generated assets capitalised	0	1
Total revenues	854,948	896,761
4. Other operating income	11,854	12,107
5. Cost of material	-403,130	-446,218
6. Personnel expenses	-216,063	-210,902
7. Other operating expenses	-155,690	-153,127
8. Impairment (net) of financial assets	-3,174	-4,671
EBITDA (earnings before taxes, net financial income/expense, depreciation and amortisation)	88,745	93,950
9. Depreciation/amortisation of Intangible assets, Property, plant, and equipment as well as Rights of use	-30,508	-29,969
EBIT	58,237	63,981
10. Net financial income/expense	-372	-1,051
EBT	57,865	62,930
11. Taxes on income and earnings	-17,706	-18,942
EAT	40,159	43,988
of which:		
Share of minority interests	-312	2,898
Share of earnings attributable to the shareholders of Sto SE & Co. KGaA	40,471	41,090
Earnings per share basic/diluted in EUR		
Limited ordinary share	6.27	6.37
Limited preference share	6.33	6.43

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated statement of comprehensive income for the period from 1 January to 30 June 2023

in EUR K	30 June 2023	30 June 2022
EAT	40,159	43,988
Currency translation		
Currency translation differences	-2,621	5,947
FVOCI valuation		
Valuation changes recognised in equity	-277	-380
Deferred taxes	85	114
FVOCI valuation after taxes	-192	-266
Earnings to be reclassified in the statement of profit or loss in future periods	-2,813	5,681
Revaluation of pension obligations		
Profits/losses from the revaluation of defined benefit plans	0	42,927
Deferred taxes	0	-12,921
Earnings not to be reclassified in the statement of profit or loss in future periods	0	30,006
Other earnings after taxes	-2,813	35,687
Total comprehensive earnings after taxes	37,346	79,675
of which:		
Share of minority interests	-312	2,898
Share of earnings attributable to the shareholders of Sto SE & Co. KGaA	37,658	76,777

Sto SE & Co. KGaA, Stühlingen/Germany

**Consolidated statement of financial position as at
30 June 2023**

in EUR K	30 June 2023	31 Dec 2022	30 June 2022
Assets			
A. Non-current assets			
I. Intangible assets	55,315	56,675	61,093
II. Property, plant, and equipment	291,653	296,046	283,393
III. Rights of use	77,439	78,809	81,133
IV. Financial assets accounted for using the equity method	2,292	2,227	2,074
Fixed assets	426,699	433,757	427,693
V. Non-current trade receivables	672	1,056	1,333
VI. Non-current other financial assets	59,901	39,866	49,921
VII. Non-current other assets	1,027	1,469	1,334
VIII. Deferred tax assets	18,528	18,674	29,820
Other non-current assets	80,128	61,065	82,408
Total non-current assets	506,827	494,822	510,101
B. Current assets			
I. Inventories	180,321	179,200	194,854
II. Current trade receivables	260,178	171,404	270,601
III. Current income tax receivables	9,548	4,688	3,427
IV. Current other financial assets	77,440	102,399	29,484
V. Current other assets	12,914	25,770	20,526
VI. Cash and cash equivalents	96,096	119,423	121,028
Total current assets	636,497	602,884	639,920
Total assets	1,143,324	1,097,706	1,150,021

in EUR K	30 June 2023	31 Dec 2022	30 June 2022
Equity and liabilities			
A. Equity			
I. Subscribed capital	17,556	17,556	17,556
II. Capital reserves	57,804	57,804	57,804
III. Revenue reserves and other reserves	614,365	608,604	574,867
Share attributable to the shareholders of Sto SE & Co. KGaA	689,725	683,964	650,227
IV. Share of minority interests	781	1,093	7,600
Total equity	690,506	685,057	657,827
B. Non-current provisions and liabilities			
I. Provisions for pensions and similar liabilities	83,057	82,084	80,708
II. Non-current other provisions	15,605	15,665	18,308
III. Non-current borrowings	485	932	1,461
IV. Non-current lease liabilities	58,829	60,693	63,273
V. Non-current other financial liabilities	4,798	4,798	214
VI. Non-current other liabilities	306	478	18
VII. Deferred tax liabilities	4,884	1,093	16,969
Total non-current provisions and liabilities	167,964	165,743	180,951
C. Current provisions and liabilities			
I. Current other provisions	28,994	33,064	41,344
II. Current borrowings	4,260	4,058	6,036
III. Current lease liabilities	20,770	19,798	20,130
IV. Current trade payables	97,850	67,138	115,440
V. Current income tax liabilities	13,691	11,543	11,400
VI. Current other financial liabilities	17,921	46,306	20,240
VII. Current other liabilities	101,368	64,999	96,653
Total current provisions and liabilities	284,854	246,906	311,243
Total debt capital	452,818	412,649	492,194
Total equity and liabilities	1,143,324	1,097,706	1,150,021

Sto SE & Co. KGaA, Stühlingen/Germany

Statement of changes in equity as at 30 June 2023

in EUR K	Equity attributable to the shares of the parent company			
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation reserve
As at 1 January 2022	17,556	57,804	587,663	2,681
EAT	0	0	41,090	0
Other earnings after taxes	0	0	0	5,947
Total comprehensive earnings	0	0	41,090	5,947
Dividend payout	0	0	-31,897	0
As at 30 June 2022	17,556	57,804	596,856	8,628
As at 1 January 2023	17,556	57,804	633,010	5,304
EAT	0	0	40,471	0
Other earnings after taxes	0	0	0	-2,621
Total comprehensive earnings	0	0	40,471	-2,621
Dividend payout	0	0	-31,897	0
As at 30 June 2023	17,556	57,804	641,584	2,683

Reserve for pensions	Reserve for FVOCI valuation	Treasury stock	Total	Share of minority interests	Total equity
-37,289	-13	-23,055	605,347	4,702	610,049
0	0	0	41,090	2,898	43,988
30,006	-266	0	35,687	0	35,687
30,006	-266	0	76,777	2,898	79,675
0	0	0	-31,897	0	-31,897
-7,283	-279	-23,055	650,227	7,600	657,827
-6,401	-254	-23,055	683,964	1,093	685,057
0	0	0	40,471	-312	40,159
0	-192	0	-2,813	0	-2,813
0	-192	0	37,658	-312	37,346
0	0	0	-31,897	0	-31,897
-6,401	-446	-23,055	689,725	781	690,506

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated statement of cash flows

for the period from 1 January to 30 June 2023

in EUR K	30 June 2023	30 June 2022
Cash flow from operating activities		
EAT	40,159	43,988
Reconciliation of EAT and cash flow from operating activities		
Taxes on income and earnings	17,706	18,942
Net financial income/expense	372	1,051
EBIT	58,237	63,981
Depreciation/appreciation of fixed assets	30,508	29,969
Earnings from disposal of fixed assets	-216	-1,705
Income taxes paid	-16,397	-27,368
Change in provisions	-3,157	-751
Change in net current assets	-35,867	-86,374
Cash flow from operating activities	33,108	-22,248
Cash flow from investment activities		
Investments in Property, plant and equipment, and Intangible assets	-14,050	-14,361
Payments received from other disposal of Intangible assets and Plant, property, and equipment	356	3,663
Interest payments received	2,219	205
Disbursements for financial investments	-93,016	-9,541
Deposits from financial investments	94,605	69,345
Cash flow from investment activities	-9,886	49,311
Cash flow from financing activities		
Disbursements for the repayment portion of the lease liabilities	-11,043	-11,177
Payments for non-current borrowings	-405	-473
Payments received for current borrowings	350	0
Payments for current borrowings	-192	-2,185
Dividend payout	-31,897	-31,897
Payments of interest	-1,599	-832
Cash flow from financing activities	-44,786	-46,564
Changes in cash and cash equivalents due to changes in exchange rates and in impairments due to expected losses on cash and cash equivalents in accordance with IFRS 9	-1,763	3,394
Cash and cash equivalents at the beginning of the period	119,423	137,135
Change in cash and cash equivalents	-23,327	-16,107
Cash and cash equivalents at the end of the period*	96,096	121,028

* Cash and cash equivalents at the end of period equal the item Cash and cash equivalents shown in the balance sheet.

Sto SE & Co. KGaA, Stühlingen/Germany

Consolidated segment reporting

for the period from 1 January to 30 June 2023

Information on geographic segments by sales markets in EUR K	Western Europe	Northern/Eastern Europe	America/Asia/Pacific	Reconciliation/consolidation booking entries	Group
External revenues	673,984	82,111	100,225	0	856,320
Inter-segment revenues	26,030	1,207	0	-27,237	0
Segment turnover	700,014	83,318	100,225	-27,237	856,320
EBITDA	74,699	7,375	7,170	-499	88,745
Depreciation/amortisation	23,340	3,868	3,300	0	30,508
EBIT	51,359	3,507	3,870	-499	58,237
EBT	50,462	3,634	4,497	-728	57,865
Investments	11,992	756	1,302	0	14,050
Employees as at the reference date	4,465	614	722	0	5,801

for the period from 1 January to 30 June 2022

Information on geographic segments by sales markets in EUR K	Western Europe	Northern/Eastern Europe	America/Asia/Pacific	Reconciliation/consolidation booking entries	Group
External revenues	704,401	86,147	97,896	0	888,444
Inter-segment revenues	29,398	1,397	0	-30,795	0
Segment turnover	733,799	87,544	97,896	-30,795	888,444
EBITDA	78,818	11,797	3,948	-613	93,950
Depreciation/amortisation	22,607	3,989	3,373	0	29,969
EBIT	56,211	7,808	575	-613	63,981
EBT	55,041	8,154	717	-982	62,930
Investments	11,812	829	1,720	0	14,361
Employees as at the reference date	4,421	640	735	0	5,796

Sto SE & Co. KGaA, Stühlingen/Germany

Notes to the condensed consolidated interim financial statement for the period from 1 January to 30 June 2023

1. Basis of preparation

Sto SE & Co. KGaA prepared its consolidated annual financial statement of the Group for the 2022 financial year in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, this interim financial statement as at 30 June 2023 has similarly been prepared in accordance with the International Accounting Standard 34 'Interim Financial Reporting' as a condensed interim report.

The condensed consolidated interim financial statement does not encompass all of the information and details required for consolidated financial statements and is therefore be assessed in conjunction with the consolidated annual financial statement of the Sto Group as at 31 December 2022.

The consolidated interim financial statement has not been subjected to an audit.

The release for publication was granted by the personally liable partner STO Management SE on 21 August 2023.

2. Accounting and valuation policies

In order to draw up the condensed consolidated interim financial statement, the accounting policies applicable as at 31 December 2022 for the consolidated financial statement were adopted unchanged. A detailed description of these accounting policies was published in the Notes to the 2022 consolidated financial statement.

IAS 19 – Employee Benefits

In the case of companies that have the euro as their functional currency, a discount rate of 3.67 % (31 December 2022: 3.67 %) was used for the pension provisions. For companies with a different functional currency, the discount rate was 2.3 % (31 December 2022: 2.3 %). The pension provisions were calculated on the basis of the discount rates that were valid as at the reference date.

IAS 12 – Income Taxes

Income tax expense was calculated in accordance with IAS 34 — Interim Financial Reporting on the basis of the effective anticipated tax rate for the entire financial year.

3. Companies consolidated

The consolidated annual financial statement of the Sto Group includes Sto SE & Co. KGaA, the subsidiaries in and outside of Germany, joint ventures, and associated companies. When evaluating the companies consolidated, the joint control, or the type of joint control, no significant evaluations or assumptions were necessary, because the allocation was clear.

In the case of subsidiaries, Sto SE & Co. KGaA is able to exercise a controlling influence as defined in IFRS 10. Control as defined in IFRS 10 exists when an investor has exposure or rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of the investee's returns. In the present consolidated annual financial statement, this is the case for shareholdings of more than 50 % without exception.

4. Earnings per share / distributed dividend

Basic earnings per limited ordinary or limited preference share are calculated by dividing the proportion of earnings attributable to Sto SE & Co. KGaA's limited ordinary or limited preference shareholders by the weighted average number of limited ordinary and limited preference shares in circulation during the financial year.

In addition to the issued shares, potential shares must also be taken into account when determining the diluted earnings per share. Both at 30 June 2023 and 30 June 2022, there were no potential shares. Hence, undiluted earnings per share correspond to diluted earnings per share.

On 26 June 2023, the following dividends were paid for the 2022 financial year in accordance with the resolution passed by the Annual General Meeting of 21 June 2023: 0.25 EUR per limited ordinary share and 0.31 EUR per limited preference share plus an extra dividend of 4.69 EUR per share. This corresponds to a total dividend payment of EUR 31,897 K.

5. Intangible assets and Property, plant and equipment

The Group acquired assets at acquisition costs of EUR 14,050 K (first half of 2022: EUR 14,361 K) and sold assets with a carrying amount of EUR 176 K (first half of 2022: EUR 2,122 K).

6. Information on fair value

The methods for measurement at fair value remain unchanged from the previous year.

The financial assets and liabilities accounted for at fair value are structured according to the following valuation categories:

Level 1

Financial instruments traded in active markets, the listed prices of which were adopted unchanged for measurement purposes.

Level 2

The valuation was made on the basis of valuation methods in which the influential factors were derived either directly or indirectly from observable market data. They were measured based on the observable exchange rates, interest structure curves of the respective currencies as well as currency-related basic spreads between the respective currencies. Derivatives consisted exclusively of currency hedges.

Level 3

Measurement was carried out using valuation methods where the influencing factors are not based exclusively on observable market data.

Neither any reclassifications between the levels nor any additions or disposals were carried out during the reporting period.

The following table shows carrying amounts and fair values of the financial instruments as at 30 June 2023:

in EUR K	Carrying amount 30 June 2023	Fair value 30 June 2023
Other financial assets		
Non-current		
Investments	4	4
Financial investments FVOCI	36,947	36,947
Financial investments FAAC	21,358	19,526
Various other financial assets	1,592	1,592
Total non-current other financial assets	59,901	58,069
Current		
Financial investments FVOCI	62,884	62,884
Financial investments FAAC	10,712	10,655
Forward exchange contracts	737	737
Various other financial assets	3,107	3,107
Total current other financial assets	77,440	77,383
Total other financial assets	137,341	135,452
Other financial liabilities		
Non-current		
Borrowings	485	484
Various other financial liabilities	4,798	4,798
Total non-current other financial liabilities	5,283	5,282
Current		
Borrowings	4,260	4,202
Forward exchange contracts	1,259	1,259
Various other financial liabilities	16,662	16,662
Total current other financial liabilities	22,181	22,123
Total other financial liabilities	27,464	27,405

The carrying amounts of cash and cash equivalents, receivables and liabilities from deliveries and services correspond mainly to the fair values due to their terms.

The following table shows the balance sheet items accounted for at fair value:

in EUR K	30 June 2023	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
· Derivatives with no hedge relationship	737	0	737	0
· Others	4	0	0	4
Financial assets measured at fair value with no impact on profit or loss				
· Holding and trading of financial investments	99,831	99,831	0	0
Financial assets measured at fair value	100,572	99,831	737	4
Financial liabilities measured at fair value through profit or loss				
· Derivatives with no hedge relationship	1,259	0	1,259	0
Financial liabilities measured at fair value	1,259	0	1,259	0

7. Contingencies and contingent liabilities

As at 30 June 2023, liabilities for the acquisition of Property, plant, and equipment stood at EUR 3,910 K (30 June 2022: EUR 6,729 K). Other contingencies and contingent liabilities contained in the 2022 consolidated annual financial statement of the Sto Group showed no appreciable changes.

8. Related-party disclosures

The volume of deliveries and services in the first half year between companies of the Group and related parties are set out in the following table:

in EUR K	Share	Rendered deliveries and services		Received deliveries and services		Receivables from		Liabilities to	
		2023	2022	2023	2022	2023	2022	2023	2022
Inotec GmbH, Waldshut-Tiengen/Germany	47.5 %	11	9	1,773	2,114	252	251	202	310
STO Management SE, Stühlingen/Germany		589	253	2,626	2,627	0	0	3,647	3,811
Stotmeister Beteiligungs GmbH, Stühlingen/Germany		2	0	0	0	2	0	0	0
Other		0	0	144	118	0	0	0	0

9. Events following the conclusion of the reporting period

Between the end of the reporting period and the point at which this report was signed off, there were no other events with a significant impact on the income, financial, and asset situation of the Group.

Responsibility statement by the legal representatives

To the best of our knowledge and in accordance with the applicable accounting principles for half-year financial reporting, we confirm that the interim consolidated financial statement provides a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that the consolidated interim management report presents a true and fair review of business development including the operating result and position of the Group, together with a description of the principal opportunities and risks associated with the anticipated performance of the Group throughout the remainder of the financial year.

Stühlingen/Germany, 21 August 2023

Sto SE & Co. KGaA
represented by STO Management SE

Executive Board



Rainer Hüttenberger
(Spokesman)



Jan Nissen



Michael Keller



Rolf Wöhrle