

**Sto SE & Co. KGaA, Stühlingen/Germany**

**Interim financial report in accordance with Section 37w of the  
German Securities Trading Act (WpHG)**

**For the period from 1 January to 30 June 2020**

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### **Overview of the first half of 2020**

- **At EUR 664.5 million, consolidated turnover of Sto SE & Co. KGaA in the first six months of 2020 almost unchanged from the previous year**
  - **Positive first-time consolidation effects and a solid development in the first few months of the year compensate for the loss due to the coronavirus pandemic**
  - **Turnover in Germany increases by 9.5 % to EUR 312.8 million; volume outside of Germany declines by 7.3 % to EUR 351.7 million**
  - **Consolidated earnings before interest and taxes improve by 39.1 % to EUR 44.1 million and earnings before tax (EBT) by 40.2 % to EUR 42.9 million**
  - **Number of employees up by 179 to 5,646, primarily through expansion of the companies consolidated**
  - **Forecast for the year of 2020 as a whole remains unchanged for the time being (without taking into account the potential effects of the coronavirus pandemic on the second half of the year): increase in turnover of 6.6 % to around EUR 1,490 million and EBIT of between EUR 93 million and EUR 103 million expected**
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## **Sto SE & Co. KGaA, Stühlingen/Germany**

### **Consolidated interim management report for the first half of 2020**

#### **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** includes external wall insulation systems (EWIS), a segment in which the company occupies a leading position, as well as rainscreen cladding systems (RSC). In the fiscal year of 2019, the share of this product group was 48.4 % of the total Group turnover. The area of **facade coatings**, which includes render and paint systems for external applications, made up 21.8 % of the turnover in 2019. Products for **interiors** accounted for 14.1 %; these include, for example, plaster and paint systems for home and office spaces, decorative coatings, interior claddings, and acoustic systems for regulating sound. Furthermore, Sto produces and sells high-quality floor coatings and products for concrete repair which are allocated to **Other product groups**.

There have been no changes to the Sto's Group structure, management system, or strategic objectives in the first half of 2020. These are described in detail in the 2019 Annual Report, which is available for download at [www.sto.de](http://www.sto.de) in the section "Investor Relations" under "Unternehmen" (Company). It can also be requested from Sto SE & Co. KGaA.

##### **Changes to the companies consolidated**

As compared to the same period of the previous year, the Sto Group's companies consolidated grew by VIACOR Polymer GmbH, Rottenburg am Neckar/Germany, which has been consolidated since 1 January 2020, and Unitex Australia Pty Ltd, which has been consolidated since 1 August 2019. Since May 2019, Sto has also held a share in the Canadian Skyrise Prefab Building Solution Inc. In contrast, the companies

consolidated no longer include the business operations of VeroStone GmbH, Eichstätt/Germany, which was sold on 31 December 2019 as part of an asset deal.

## **Overview of business development in the first half of 2020 and general statement by the Executive Board**

The business development of Sto SE & Co. KGaA in the second quarter of 2020 was largely shaped by the severe effects of the coronavirus pandemic. In order to quickly counteract any negative consequences for Sto in a structured manner, a detailed plan of measures was drawn up for the entire Group. The main objectives of this plan are to protect employees, ensure customer support and further project acquisition, and make order processing and project execution as smooth as possible. Projects that do not relate to the core process of providing services and supplying goods to customers were reviewed and, if necessary, stopped or postponed. This includes specific investments and planned recruitments. In addition, the support programmes offered in the individual countries were analysed and made use of where necessary, among other things to avoid dismissals of employees. At the same time, we identified and implemented cost-cutting measures in the Sto companies.

In some of the foreign markets that were particularly affected by the coronavirus pandemic, such as France and Italy, defined measures could not fully compensate for the declines in turnover. In contrast, the core market of Germany was only impacted to a relatively small extent. In net terms, business development of the Sto Group in the second quarter was significantly below the previous year's values and below expectations. The very positive business development in the first quarter, which benefited from the good weather conditions at the beginning of the year, and which, especially in Germany, was affected by the coronavirus pandemic only to a small extent, as well as positive first-time consolidation effects made it possible for consolidated turnover to amount to EUR 664.5 million in the first six months and hence to nevertheless remain almost at the previous year's level of EUR 665.1 million. When adjusted for first-time consolidation and overall slightly negative currency translation

effects, consolidated turnover decreased by 2.4 % as compared to the first half year of 2019.

Consolidated earnings saw positive growth in the first half of 2020. Especially improvements in the gross profit margin and measures to secure earnings to compensate for the negative consequences due to the coronavirus pandemic had a positive effect on the earnings situation. In a comparison of the half-year figures, earnings before interest and taxes (EBIT) in the Group rose by 39.1 % to EUR 44.1 million (previous year: EUR 31.7 million), earnings before tax (EBT) by 40.2 % to EUR 42.9 million (previous year: EUR 30.6 million), and net earnings by 40.4 % to EUR 29.2 million (previous year: EUR 20.8 million).

## **Economic conditions**

### **Overall economy**

In the course of the year to date, the development of the global economy has been largely determined by the coronavirus pandemic, leading to a profound recession in many regions. For example, gross domestic product (GDP) in the USA fell by around 5 % in the first three months of 2020 as compared to the fourth quarter of 2019, and then plummeted in the second quarter despite huge economic stimulus packages. According to an initial estimate by the US government, the US economy shrank by 32.9% from April through June as compared with the first quarter. The Chinese economy, which had been hit early by the coronavirus pandemic, recorded a minus of 6.8 % in the first quarter of 2020 compared with the same period of the previous year; according to the national statistics authority, growth of 3.2 % was recorded in the second quarter compared with the same period of the previous year.

According to the Federal Statistical Office (Destatis), GDP in **Germany** fell by 2.0% in the first quarter of 2020 compared with the last quarter of the previous year, with the spread of the coronavirus not yet having a significant impact on economic output in January and February. From April to June, the German economy experienced its

highest slump in history of 10.1% in GDP as compared to the first quarter of 2020, with Destatis reporting a decline in exports and imports of goods and services, as well as a drop in private consumption and investment in equipment. By contrast, the government increased its consumer spending. Compared with the second quarter of 2019, German GDP shrank by 11.7 %.

### **International construction industry**

The coronavirus pandemic has put the construction sector in **Europe** under severe pressure in the course of the year to date, although according to the EUROCONSTRUCT network, developments in the individual countries vary greatly depending on the intensity of the coronavirus pandemic. In a number of countries, such as Italy and Spain, a large part of the construction sites was closed for several weeks between March and May. In addition, work was hampered by the sometimes very strict exit restrictions, hygiene and distancing rules and the consequences of border closures, which affected not only new construction projects but also refurbishment and maintenance projects. According to Eurostat estimates, production in the European construction industry in the first quarter of 2020 was already 2.1 % below the previous quarter. April saw a slump of 14.9%, while May saw an increase of 21.2% as compared to the month prior. As compared with the same month of the previous year, production in the construction sector in the EU decreased by 10.3 % in May 2020.

According to the Hauptverband der Deutschen Bauindustrie e.V. (Federation of the German Construction Industry), the **German construction industry** is very optimistic and had started the year of 2020 with full order books. During the shutdown caused by the coronavirus pandemic, the industry remained a driving force of the German economy, as most construction sites were still accessible. Nevertheless, it was also significantly affected. In addition, according to the association, economic slumps in the "downstream industry" only become apparent with a time lag. Based on calculations by the German Federal Statistical Office, turnover in the first four months of 2020 rose by 8.7% compared with the same

period of the previous year, although no effects of the coronavirus pandemic were yet apparent in April. Actual order receipts declined by 3.6% in the first four months of 2020. When looking at April in isolation, the decline was 5.3%, which, according to Destatis, could be due to the postponement of planned construction projects because of the economic uncertainty surrounding the coronavirus pandemic.

In the **USA**, the construction industry was already significantly affected by the coronavirus pandemic in the first half of 2020. According to the GTAI (Germany Trade & Invest), as a result of the health and economic crisis in the USA, numerous orders have been cancelled, especially in building construction, although in only four out of 50 states has the construction industry been classified as not relevant to the system and thus been closed. Restrictions due to reduced staff availability as well as distancing and hygiene regulations were contrasted by government investment in infrastructure. In particular, construction projects to strengthen health protection have been driven forward at a fast pace by the public sector.

In **China**, comprehensive travel and transport restrictions as well as quarantine measures were imposed almost overnight at the beginning of 2020 to restrict the spread of the coronavirus. Work on the country's construction sites had to be stopped completely, while offices in many places were able to continue operating with a reduced number of employees and with the help of digital media. As there was a lack of new projects, the industry nevertheless expects a difficult first half year according to the GTAI.

## Income, finance and asset situation of the Sto Group

### Consolidated turnover virtually unchanged

In the first six months of 2020, the **consolidated turnover** of Sto SE & Co. KGaA amounted to EUR 664.5 million and hence remained virtually unchanged as compared to the previous year's value (previous year: EUR 665.1 million). The effects of first-time consolidations resulted in a consolidated turnover volume of EUR 15.8 million in the reporting period, while exchange rate conversions resulted in a negative balance of EUR 0.6 million. Positive developments, especially regarding the US dollar and the Swiss franc, were contrasted by declines in Northern and Eastern European currencies. Adjusted for all first-time consolidation and currency translation effects, this results in a decline of 2.4 % as compared to the same six-month period of the previous year.

In **Germany**, Sto achieved a Group-wide increase of 9.5 % to EUR 312.8 million (previous year: EUR 285.6 million) as at the end of June, especially due to the favourable weather conditions at the beginning of the year and the first-time consolidation of VIACOR Polymer GmbH. **Outside of Germany**, the considerable consequences of the coronavirus pandemic had a delayed negative impact on business development in numerous countries. Despite the rise resulting from the first-time consolidation of the Australian Unitex Australia Pty Ltd. and the Canadian Skyrise Prefab Building Solutions Inc., turnover amounted to EUR 351.7 million and hence remained 7,3 % under the previous year's value (previous year: EUR 379.4 million). The percentage of Group turnover generated abroad amounted to 52.9 % as compared to 57.1 % in the same six-month period in 2019.

In **July 2020**, turnover was significantly above the previous year's level, however, it still came in slightly below expectations. Companies with a continued positive development and those with considerable catch-up effects were contrasted by companies that were still impacted by the partially significant negative effects of the coronavirus pandemic.

## Turnover trend across the segments

In the region of **Western Europe**, which includes Germany, business volume increased slightly from January to June 2020 as compared to the previous year, taking into consideration the first-time consolidation effect of VIACOR Polymer GmbH. This increase was achieved despite the drastic declines in the companies in France, Italy, and Great Britain which were heavily affected by the coronavirus pandemic. Net segment turnover amounted to EUR 513.9 million as compared to EUR 512.9 million in the first half year of 2019.

A minus of 8.5 % to EUR 67.9 million (previous year: EUR 74.2 million) was recorded in the sub-segment of **Northern/Eastern Europe**. Even though business developed differently in the individual countries, both the Northern and the Eastern European Sto companies saw a decline that was compounded by the negative currency translation effects.

The growth in turnover in the sub-segment of **America/Asia/Pacific** by 5.9 % to EUR 82.6 million (previous year: EUR 78.0 million) was attributable to the expansion of the companies consolidated as well as the positive currency translation effects in case of the US dollar. In both North and South America, the coronavirus pandemic started to spread later than in most European countries, resulting in a decline in turnover which was particularly noticeable during the second quarter. In China, on the other hand, the lockdown caused by the coronavirus pandemic already had a significant dampening effect in the first few months of the year. The Chinese companies are now largely back to normal operations, although it has not yet been possible to compensate for the losses in the first quarter and the continued decline in business at the other Asian companies.

## Significant rise in consolidated earnings

In the first six months of the year, the Sto Group saw a slight decline in **total revenues** from EUR 672.7 million to EUR 669.2 million. Less the **cost of material**, which decreased by 3.2 % to EUR 298.6 million (previous year: EUR 308.5 million), gross

profit grew from EUR 364.2 million in the same period of the previous year to EUR 370.6 million. This was mainly due to procurement cost advantages. The gross margin rate of the Sto Group improved by 1.3 percentage points from 54.1 % to 55.4 %.

In the reporting period, an increase of 1.8 % was recorded in **personnel expenditure**. As at the end of June, it amounted to EUR 186.2 million (previous year: EUR 182.9 million). In addition to the increase in personnel, largely due to first-time consolidations, this rise was mainly attributable to collective bargaining effects.

In the first half year of 2020, the balance of **other operating expenses** and **other operating income** resulted in EUR -109.3 million (previous year: EUR -119.3 million), with expenses decreasing from EUR 124.6 million to EUR 120.9 million and income rising from EUR 5.3 million to EUR 11.6 million.

**Depreciation and amortisation** amounted to EUR 27.1 million (previous year: EUR 25.3 million) in the first half year of 2020, so that **consolidated earnings before interest and taxes (EBIT)** saw a total increase of 39.1 % to EUR 44.1 million as compared to the same period of the previous year (previous year: EUR 31.7 million). Taking net financial income/expense into account, which remained virtually unchanged at EUR -1.1 million, this resulted in **earnings before tax (EBT)** of EUR 42.9 million in the reporting period (previous year: EUR 30.6 million). **Net earnings** after taxes increased by 40.4 % to EUR 29.2 million (previous year: EUR 20.8 million). The profit per limited preference share amounted to EUR 4.72 (previous year: EUR 3.42) and to EUR 4.66 per limited ordinary share (previous year: EUR 3.36).

### **Earnings trend across the segments**

In the segment of Western Europe, earnings before interest and taxes improved from EUR 30.1 million in the first half of the previous year to EUR 36.5 million. In the region of Northern/Eastern Europe, earnings before interest and taxes increased from EUR 1.4 million to EUR 3.7 million, and in the sub-segment of America/Asia/Pacific from EUR 0.3 million to EUR 4.3 million.

## **Investments at EUR 14.0 million**

Group-wide **investments in Property, plant and equipment, and Intangible assets**, which amounted to EUR 14.0 million in the first half year of 2020 (previous year: EUR 10.0 million), were mainly attributable to the planned measures regarding the expansion of the production capacity at the site in Villach/Austria, and the construction of a new logistics building for Südwest Lacke + Farben GmbH & Co. KG in Böhl-Iggelheim/Germany. In addition, investments were made in the usual replacement and expansion measures.

## **Development of liquidity**

As at the end of June 2020, the Sto Group's **cash flow from operating activity** totalled EUR 24.6 million after a cash outflow of EUR 24.4 million in the same period of the previous year. In addition to the improved profit for the period, the increase was due in particular to a significantly lower level of cash tied up in net working capital.

**Cash flow from investment activities** in the first six months amounted to EUR -76.7 million (previous year: EUR +13.6 million). This was mainly due to the partial withdrawal of the syndicated loan of EUR 80 million, which Sto SE & Co. KGaA carried out as a precautionary measure in the second quarter against the background of the unclear development of the coronavirus pandemic. In a comparison of the half-year figures, this resulted in an increase in disbursements for financial investments from EUR 6.3 million to EUR 96.9 million, while the corresponding deposits decreased from EUR 39.1 million to EUR 34.6 million. As at the end of June 2020, cash flow from investment activities adjusted for these deposits and disbursements amounted to EUR -14.4 million (previous year: EUR -19.2 million). Payments for the acquisition of consolidated companies and other business units less acquired cash and cash equivalents decreased from EUR 10.0 million to EUR 0.9 million.

Within the **cash flow from financing activities**, which amounted to EUR 41.9 million as at the middle of the 2020 (previous year: EUR -33.9 million), cash inflow from current borrowings increased to EUR 81.7 million (previous year: EUR 3.0 million)

mainly due to the utilisation of the syndicated loan. Disbursements for the repayment portion of the lease liabilities rose to EUR 10.4 million (previous year: EUR 9.3 million) and payments for current borrowings to EUR 2.9 million (previous year: EUR 0.9 million). In the reporting period, dividend payouts accounted for EUR 26.0 million as compared to EUR 26.1 million the previous year.

As at 30 June 2020, **financial resources** came to EUR 117.2 million (previous year: EUR 60.9 million). This takes into account a total amount of EUR -1.2 million (previous year: EUR +0.4 million) resulting from the exchange-rate related changes as well as impairment of expected losses on cash and cash equivalents in accordance with IFRS 9. As compared to the end of 2019, cash and cash equivalents dropped by EUR 11.4 million.

#### **Asset situation remains sound**

As at 30 June 2020, the **consolidated balance sheet** of Sto SE & Co. KGaA witnessed an increase from EUR 896.1 million to EUR 1,010.8 million as compared to the 2019 year-end (30 June 2019: EUR 887.0 million). Most of the changes resulted from the usual seasonality of business activities and the expansion of the companies consolidated through the first-time incorporation of VIACOR Polymer GmbH.

Total **non-current assets** increased from EUR 438.1 million to EUR 456.6 million (30 June 2019: EUR 410.2 million), with assets decreasing from EUR 401.2 million to EUR 397.7 million (30 June 2019: EUR 386.4 million) and **other non-current assets** improving since the beginning of the year from EUR 36.9 million to EUR 58.8 million (30 June 2019: EUR 23.8 million). This was mainly due to the reallocation of financial investments from short-term to long-term investments as part of the optimisation of financial management. This resulted in an increase in the item of non-current financial assets from EUR 5.2 million to EUR 26.9 million (30 June 2019: EUR 0.4 million).

Total **current assets** in the Sto Group rose from EUR 458.0 million to EUR 554.3 million (30 June 2019: EUR 476.8 million) as compared to the 2019 year-end, with inventories increasing from EUR 101.3 million to EUR 122.7 million (30 June 2019:

EUR 122.9 million) and current trade receivables increasing from EUR 137.7 million to EUR 193.8 million (30 June 2019: EUR 209.7 million) for largely seasonal reasons. The change in current financial assets was mainly due to the effects of the reallocation from short-term to long-term investments, the precautionary withdrawal of the syndicated loan in the amount of EUR 80 million as well as the seasonally higher financing requirements for ongoing business. In net terms, this balance sheet item increased from EUR 57.6 million to EUR 95.6 million in the first half of the year (30 June 2019: EUR 56.6 million). As compared to the 2019 year-end, cash and cash equivalents decreased from EUR 128.6 million to EUR 117.2 million (30 June 2019: EUR 60.9 million).

On the **liabilities side**, **equity** in the Group increased from EUR 486.5 million to EUR 486.9 million (30 June 2019: EUR 472.3 million). As at the end of June, the **equity ratio** stood at a very solid 48.2 % (31 December 2019: 54.3 %; 30 June 2019: 53.3 %).

**Non-current provisions and liabilities** changed only marginally in the first half of the year: a total of EUR 195.6 million (30 June 2019: EUR 170.7 million) was recorded at the middle of the year, after EUR 195.0 million on 31 December 2019. In the first half of the year, post-employment benefit provisions increased moderately from EUR 123.8 million to EUR 125.3 million (30 June 2019: EUR 100.7 million).

**Current provisions and liabilities** increased from EUR 214.6 million to EUR 328.3 million (30 June 2019: EUR 244.0 million). The largest increase in the first six months was recorded in current borrowings, which mainly grew due to the partial withdrawal from the syndicated loan in the amount of EUR 80.0 million. Current borrowings hence increased from EUR 5.1 million to EUR 88.3 million (30 June 2019: EUR 16.5 million). Trade payables at the end of June amounted to EUR 77.7 million (30 June 2019: EUR 71.2 million) as compared to EUR 48.9 million on 31 December 2019.

On the reference date, current and non-current financial borrowings in the Sto Group amounted to EUR 91.9 million (31 December 2019: EUR 8.8 million; 30 June 2019:

EUR 21.1 million). Taking into account cash and cash equivalents, this resulted in **net financial assets** of EUR 25.3 million (31 December 2019: EUR 119.8 million; 30 June 2019: EUR 39.9 million) as at 30 June 2020.

## Employees

As at 30 June 2020, the Sto Group had 5,646 employees worldwide as compared to 5,533 at the 2019 year-end (+113 employees; +2.0 %) and compared to 5,467 on the same day of the previous year (+179 employees; +3.3 %). In **Germany**, the workforce has increased by 50 to 2,995 employees (previous year: 2,945) since the middle of 2019. As of reference date 56 employees were employed by VIACOR Polymer GmbH, in contrast 69 employees who were employed by VeroStone GmbH as at 30 June 2019 were no longer included.

**Outside of Germany**, the number of employees grew by a total of 129 to 2,651 (previous year: 2,522) as compared to the number on 30 June 2019. Unitex Australia Pty Ltd, Australia, accounted for 58 new employees. A comparison with the previous year also showed a small number of new hires across the Group in countries with short- and medium-term growth prospects, while the workforce was selectively reduced in regions battling difficult economic conditions. The percentage of the Group's workforce employed abroad slightly rose from 46.1 % to 47.0 %.

At the middle of 2020, a total of 4,267 employees (previous year: 4,187) were working for Sto in Western Europe (incl. Germany), 658 (previous year: 652) in the sub-segment of Northern/Eastern Europe, and 721 (previous year: 628) in America/Asia/Pacific, of which 58 were employees of Unitex Australia Pty Ltd.

## 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 can be found in our current 2019 Annual Report, which can be downloaded from our website.

## **Risks and opportunities report**

The risks and opportunities for the Sto Group, which have not changed significantly since the preparation of the 2019 consolidated annual financial statement, are described in detail in the 2019 Group management report. The report also explains the structure of the risk management and internal control system (ICS) in detail. At present, no appreciable risks are apparent that could have a permanent and significant adverse effect on the earnings, financial and asset situation of the Sto Group.

## **Outlook report**

### **Global economy**

According to the International Monetary Fund IMF, the coronavirus pandemic will drive almost all countries in the world into recession this year. According to the current estimate from June 2020, global gross domestic product (GDP) could shrink by 4.9 % in 2020 as a whole. Of the European countries, Italy (-12.8 %), Spain (-12.8 %), France (-12.5 %), and Great Britain (-10.2 %) are expected to experience particularly severe economic slumps. In the USA, the figure is expected to be -8.0 %. In total, the IMF forecasts a decline of 8.0 % in the industrialised countries and of 3.0 % in the developing and emerging countries. In China, slight growth of 1.0 % is expected. However, the organisation cautions that the statements are subject to extreme uncertainty. The economic impact of the coronavirus pandemic depends on many factors. According to these estimates, the **German** economy is expected to shrink by 7.8 % in 2020 as compared with the previous year.

### **International construction industry**

The economic slump triggered by the coronavirus will have a considerable impact on the international construction industry. EUROCONSTRUCT assumes that construction activity in **Europe** will remain far below the originally targeted level for the rest of the year and will probably decline sharply over the year as a whole.

According to current estimates, the European construction volume is likely to fall by 11.5 % in 2020, with losses in some cases well into the double-digit percentage range, while the decline in construction activity elsewhere is expected to remain manageable.

For the **German construction industry**, the Hauptverband der Deutschen Bauindustrie e.V. (Federation of the German Construction Industry) expects nominal stagnation in construction industry turnover in 2020, with a real decline of 3 %.

In the **USA**, the GTAI generally classifies the economic impact of the coronavirus pandemic as enormous. Overall, turnover in residential construction is expected to fall by 2 % in 2020. A decline of as much as 7 % is forecast for the commercial real estate sector.

GTAI estimates that the **Chinese construction industry** will catch up considerably as soon as the situation allows. In addition, it is considered likely that projects that have come to a standstill will be resumed due to the additional funds provided by the state to support the economy. In the medium term, the positive development of the industry is expected to continue, not least because of the ongoing urbanisation trend.

### **Sto: Outlook for the year of 2020 as a whole remains unchanged for the time being**

According to the forecast for 2020, **consolidated turnover** for 2020 as a whole was expected to increase by 6.6 % to EUR 1,490 million (previous year:

EUR 1,398.2 million), before potential influences from the coronavirus pandemic.

**Earnings before interest and taxes (EBIT)** is expected to fall between EUR 93 million and EUR 103 million (previous year: EUR 85.9 million) as long as weather conditions are not significantly worse than in the previous year.

In view of the currently discernible recovery tendencies in some countries, the seasonally strong turnover months still to come at Sto and the opportunities arising from the current government initiatives to stabilise the economy and the construction industry in particular, we assume that this forecast will hold up.

However, the impact of the coronavirus pandemic on future business development still cannot be assessed reliably, and the basis for forecasting is therefore subject to numerous considerable uncertainties, as described in the Risks and opportunities report of the 2019 Annual Report. It is also unclear, among other things, whether the recovery tendencies in individual countries, some of which were noticeable at the end of the reporting period, will continue, how quickly the backlog can be made up, when the peak of the crisis will be reached in regions with currently rising numbers of infections, how the responsible governments will react to a second wave, which has already begun in various countries, or how they will react to possible further waves of infection, and what concrete future economic and social effects the global crisis will have. The effect of the weather is even more relevant than in ordinary fiscal years, as unfavourable weather conditions could also limit possible catch-up effects.

We assume that the consequences of the coronavirus pandemic will at least affect the global economy in 2021 and that an environment characterised by considerable uncertainties and risks will continue to exist. In addition, the main construction industry generally reflects economic trends downstream, so that the industry could probably be affected with a time lag. Due to the strongly project-related business in the Sto Group, market developments also affect the Group's development of turnover and earnings with a certain delay. It is possible that the majority of the consequences of the coronavirus pandemic might not manifest themselves until the Sto Group's course of business in 2021.

Despite all the risks, however, we are convinced that there are opportunities for Sto to emerge from the situation in a stronger position. In addition to the measures initiated by us in relation to the coronavirus pandemic, the support of national and international politics plays a major role. Especially in currently difficult economic phases, government support measures can have the effect of an anti-cyclical economic stimulus package. Targeted investment incentives to increase the energy efficiency of buildings could even have a positive double effect: On the one hand, the slump in the construction industry will be reduced, and on the other hand the globally formulated

goals for environmental protection will be supported. We expect climate and environmental protection to be a growth driver in the coming years.

The German federal government has already taken an important first step and decided to subsidise insulation measures as of 1 January 2020. Since then, the energy-related refurbishment of buildings for owner-occupied housing has been tax-deductible for private homeowners and apartment owners in Germany. This is likely to increase the refurbishment rate and the demand for EWI systems. In France, extensive investments in the thermal insulation of residential buildings have been announced as part of a planned economic stimulus package to be adopted in the coming weeks. The EU Commission is also clearly committed to the goals of energy saving and CO<sub>2</sub> reduction and has created Climate Protection Act to trigger corresponding investments in all economic sectors. In addition, the economic stimulus package to counter the consequences of the coronavirus pandemic agreed by the 27 EU heads of state and government in July 2020 offers opportunities for the construction industry if the support measures are geared towards relevant issues.

We have already begun to internally review the strategic orientation of Sto SE & Co. KGaA in the 2019 fiscal year so that we can adjust our company flexibly to our environment even in difficult times and take advantage of opportunities to grow in a profitable manner. Due to the coronavirus pandemic, the process has been delayed by about two months and will continue under the new framework conditions.

The coming months will continue to be very challenging. Even more than usual, we are dependent on the commitment and flexibility of our employees, who make enormous efforts to ensure that Sto successfully masters the challenges.

The Managing Board would like to express its thanks and appreciation to all employees of the Sto Group in Germany and outside of Germany for their extraordinary reliability, commitment and solidarity.

Stühlingen/Germany, August 2020

Sto SE & Co. KGaA

represented by STO Management SE

The Executive Board

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Condensed consolidated statement of profit and loss**  
**For the period from 1 January to 30 June 2020**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>EUR</b>	<b>EUR K</b>
1. Revenues	664,469,376.76	665,084
2. Changes in product inventories	4,756,998.14	7,577
3. Other internally generated assets capitalised	0.00	0
<b>Total revenues</b>	<b>669,226,374.90</b>	<b>672,660</b>
4. Other operating income*	11,607,617.31	5,252
5. Cost of materials	-298,562,118.73	-308,541
6. Personnel expenditure	-186,207,218.75	-182,888
7. Other operating expenses*	-120,874,037.22	-124,638
8. Impairment (net) of financial assets	-4,010,971.14	-4,860
<b>EBITDA (earnings before interest, taxes, depreciation and amortisation)</b>	<b>71,179,646.37</b>	<b>56,985</b>
9. Depreciation and amortisation of intangible assets as well as property, plant and equipment	-27,113,453.96	-25,285
<b>EBIT (earnings before interest and taxes)</b>	<b>44,066,192.41</b>	<b>31,700</b>
10. Financial income	-1,136,802.46	-1,117
<b>EBT (earnings before taxes)</b>	<b>42,929,389.95</b>	<b>30,583</b>
11. Taxes on income earnings	-13,737,404.78	-9,787
<b>EAT (earnings after taxes)</b>	<b>29,191,985.17</b>	<b>20,797</b>
<b>of which:</b>		
Share of minority interests	-887,995.50	-922
Share attributable to the shareholders of Sto SE & Co. KGaA	30,079,980.67	21,719
<b>Earnings per share basic/diluted in EUR</b>		
Ordinary share	4.66	3.36
Preference share	4.72	3.42

\* Adjustment of previous year due to the separate presentation of the netted impairment of financial assets in accordance with IAS 1.82 (ba).

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Consolidated statement of comprehensive income**  
**For the period from 1 January to 30 June 2020**

	30 June 2020 EUR	30 June 2019 EUR K
<b>EAT (earnings after tax)</b>	<b>29,191,985.17</b>	<b>20,797</b>
Currency translation:		
Currency translation differences	-4,153,424.27	679
<b>Earnings to be reclassified in the statement of profit and loss in future periods</b>	<b>-4,153,424.27</b>	<b>679</b>
Revaluation of post-employment benefit obligations:		
Gains/losses from the revaluation of defined benefit plans	0.00	0
Deferred taxes	0.00	0
<b>Earnings not to be reclassified in the statement of profit and loss in future periods</b>	<b>0.00</b>	<b>0</b>
<b>Other earnings after taxes</b>	<b>-4,153,424.27</b>	<b>679</b>
<b>Total comprehensive earnings after taxes</b>	<b>25,038,560.90</b>	<b>21,476</b>
<b>of which:</b>		
Share of minority interests	-887,995.50	-893
Share attributable to the shareholders of Sto SE & Co. KGaA	25,926,556.40	22,369

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Consolidated statement of financial position as at 30 June 2020**

ASSETS	30 June 2020 EUR	31 Dec 2019 EUR K	30 June 2019 EUR K
<b>A. NON-CURRENT ASSETS</b>			
I. Intangible assets	65,618,698.93	64,489	54,638
II. Property, plant and equipment	260,550,082.89	262,444	258,072
III. Rights of use	60,931,473.23	63,629	62,505
IV. Financial assets accounted for using the equity method	10,625,620.27	10,626	11,138
<b>Fixed assets</b>	<b>397,725,875.32</b>	<b>401,188</b>	<b>386,353</b>
V. Non-current trade receivables	2,253,328.45	1,236	1,065
VI. Non-current financial assets	26,886,274.23	5,184	437
VII. Other non-current assets	213,949.70	716	466
VIII. Deferred tax assets	29,489,780.50	29,807	21,853
<b>Other non-current assets</b>	<b>58,843,332.88</b>	<b>36,943</b>	<b>23,821</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>456,569,208.20</b>	<b>438,131</b>	<b>410,174</b>
<b>B. CURRENT ASSETS</b>			
I. Inventories	122,692,035.52	101,252	122,885
II. Current trade receivables	193,808,715.49	137,740	209,709
III. Current income tax receivables	2,758,582.46	1,887	6,414
IV. Current financial assets	95,621,312.20	57,580	56,646
V. Other current assets	22,179,197.95	30,895	20,267
VI. Cash and cash equivalents	117,197,147.32	128,607	60,885
<b>TOTAL CURRENT ASSETS</b>	<b>554,256,990.94</b>	<b>457,961</b>	<b>476,806</b>
<b>Total assets</b>	<b>1,010,826,199.14</b>	<b>896,092</b>	<b>886,980</b>

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Consolidated statement of financial position as at 30 June 2020**

EQUITY AND LIABILITIES	30 June 2020 EUR	31 Dec 2019 EUR K	30 June 2019 EUR K
<b>A. EQUITY</b>			
I. Subscribed capital	17,556,480.00	17,556	17,556
II. Capital reserves	57,803,590.41	57,804	57,804
III. Revenue reserves and other reserves	409,826,854.23	410,779	389,096
<b>Share attributable to the shareholders of Sto SE &amp; Co. KGaA</b>	<b>485,186,924.64</b>	<b>486,139</b>	<b>464,456</b>
IV. Share of minority interests	1,705,216.05	393	7,848
<b>TOTAL EQUITY</b>	<b>486,892,140.69</b>	<b>486,532</b>	<b>472,304</b>
<b>B. NON-CURRENT PROVISIONS AND LIABILITIES</b>			
I. Provisions for post-employment benefits and similar liabilities	125,262,921.93	123,816	100,671
II. Other non-current provisions	17,928,156.91	17,940	14,498
III. Non-current borrowings	3,644,383.10	3,682	4,562
IV. Non-current lease liabilities	44,710,413.52	47,217	47,921
V. Non-current trade payables	0.00	151	151
VI. Non-current financial liabilities	748,000.00	269	283
VII. Other non-current liabilities	2,907.60	10	10
VIII. Deferred tax liabilities	3,307,809.95	1,893	2,613
<b>TOTAL NON-CURRENT PROVISIONS AND LIABILITIES</b>	<b>195,604,593.01</b>	<b>194,978</b>	<b>170,709</b>
<b>C. CURRENT PROVISIONS AND LIABILITIES</b>			
I. Other current provisions	41,208,514.52	48,165	41,113
II. Current borrowings	88,315,030.75	5,142	16,496
III. Current lease liabilities	18,339,970.46	18,514	16,651
IV. Current trade payables	77,712,578.70	48,892	71,189
V. Current income tax liabilities	7,701,234.67	10,417	6,754
VI. Current financial liabilities	14,095,383.03	34,437	16,429
VII. Other current liabilities	80,956,753.31	49,015	75,335
<b>TOTAL CURRENT PROVISIONS AND LIABILITIES</b>	<b>328,329,465.44</b>	<b>214,582</b>	<b>243,967</b>
<b>TOTAL DEBT CAPITAL</b>	<b>523,934,058.45</b>	<b>409,560</b>	<b>414,676</b>
<b>Total equity and liabilities</b>	<b>1,010,826,199.14</b>	<b>896,092</b>	<b>886,980</b>

Sto SE & Co. KGaA, Stühlingen/Germany  
Statement of changes in equity as at 30 June 2020

in EUR K	Equity attributable to the shares of the parent company							Share of minority interests	Total equity capital
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation reserve	Reserve for pensions	Treasury stock	Total		
<b>As at 31 December 2018</b>	<b>17,556</b>	<b>57,804</b>	<b>441,499</b>	<b>3,880</b>	<b>-27,777</b>	<b>-23,055</b>	<b>469,907</b>	<b>7,639</b>	<b>477,545</b>
Effects from the first-time application of IFRS 16 as of 1 January 2019	0	0	-1,770	0	0	0	-1,770	-21	-1,791
<b>Equity as at 1 January 2019 after first-time application effect</b>	<b>17,556</b>	<b>57,804</b>	<b>439,729</b>	<b>3,880</b>	<b>-27,777</b>	<b>-23,055</b>	<b>468,137</b>	<b>7,618</b>	<b>475,754</b>
EAT (earnings after tax)	0	0	21,719	0	0	0	21,719	-922	20,797
Other earnings (after tax)	0	0	0	650	0	0	650	29	679
<b>Total comprehensive earnings</b>	<b>0</b>	<b>0</b>	<b>21,719</b>	<b>650</b>	<b>0</b>	<b>0</b>	<b>22,369</b>	<b>-893</b>	<b>21,476</b>
Dividend payout	0	0	-26,049	0	0	0	-26,049	-41	-26,090
Minority shares from corporate acquisition	0	0	0	0	0	0	0	1,164	1,164
<b>As at 30 June 2019</b>	<b>17,556</b>	<b>57,804</b>	<b>435,399</b>	<b>4,530</b>	<b>-27,777</b>	<b>-23,055</b>	<b>464,457</b>	<b>7,848</b>	<b>472,304</b>
<b>As at 31 December 2019</b>	<b>17,556</b>	<b>57,804</b>	<b>472,048</b>	<b>4,983</b>	<b>-43,198</b>	<b>-23,055</b>	<b>486,140</b>	<b>393</b>	<b>486,532</b>
EAT (earnings after tax)	0	0	30,080	0	0	0	30,080	-888	29,192
Other earnings (after tax)	0	0	0	-4,153	0	0	-4,153	0	-4,153
<b>Total comprehensive earnings</b>	<b>0</b>	<b>0</b>	<b>30,080</b>	<b>-4,153</b>	<b>0</b>	<b>0</b>	<b>25,927</b>	<b>-888</b>	<b>25,039</b>
Dividend payout	0	0	-26,049	0	0	0	-26,049	0	-26,049
Change in scope of consolidation	0	0	-17	0	0	0	-17	0	-17
Minority shares from corporate acquisition	0	0	-813	0	0	0	-813	2,200	1,387
<b>As at 30 June 2020</b>	<b>17,556</b>	<b>57,804</b>	<b>475,249</b>	<b>830</b>	<b>-43,198</b>	<b>-23,055</b>	<b>485,188</b>	<b>1,705</b>	<b>486,892</b>

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Consolidated cash flow statement**  
**For the period from 1 January to 30 June 2020**

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>EUR K</b>	<b>EUR K</b>
<b>Cash flow from operating activities</b>		
<b>EAT (earnings after taxes)</b>	<b>29,192</b>	<b>20,797</b>
Reconciliation of EAT (earnings after taxes) and cash flow from operating activities		
Taxes on income and earnings	13,737	9,786
Net financial income/expense	1,137	1,117
<b>EBIT (earnings before interest and taxes)</b>	<b>44,066</b>	<b>31,700</b>
Depreciation of fixed assets	27,113	25,285
Earnings from disposal of fixed assets	-108	-57
Income taxes paid	-11,784	-12,507
Change in provisions	-5,658	-3,284
Change in net current assets	-29,077	-65,584
<b>Cash flow from operating activities</b>	<b>24,552</b>	<b>-24,447</b>
<b>Cash flow from investment activities</b>		
Investments in Property, plant and equipment, and Intangible assets	-13,976	-9,981
Payments for the acquisition of consolidated companies and other business units (less acquired cash and cash equivalents)	-944	-10,043
Payments received from other disposal of intangible assets and plant, property and equipment	245	364
Interest payments received	279	435
Disbursements for financial investments	-96,895	-6,347
Deposits from financial investments	34,582	39,137
<b>Cash flow from investment activities</b>	<b>-76,709</b>	<b>13,565</b>
<b>Cash flow from financing activities</b>		
Disbursements for the repayment portion of the lease liabilities	-10,407	-9,298
Payments for non-current borrowings	0	-60
Payments received for current borrowings	81,700	3,016
Payments for current borrowings	-2,942	-805
Dividend payout	-26,049	-26,090
Payments of interest	-357	-691
<b>Cash flow from financing activities</b>	<b>41,945</b>	<b>-33,928</b>
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	-1,198	401
<b>Cash and cash equivalents at the beginning of the period</b>	<b>128,607</b>	<b>105,294</b>
<b>Change in cash and cash equivalents</b>	<b>-11,410</b>	<b>-44,409</b>
<b>Cash and cash equivalents at the end of the period*</b>	<b>117,197</b>	<b>60,885</b>

\* 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 2020**

Information on geographic segments by sales markets (in EUR K)

For the period from 1 January to 30 June 2020	Western Europe	Other Northern / Eastern Europe	America / Asia / Pacific	Transitional / consolidation entries	Group
External revenues	513,933	67,891	82,645	0	664,469
Inter-segment revenues	19,701	931	112	-20,743	0
<b>Segment revenues</b>	<b>533,633</b>	<b>68,822</b>	<b>82,757</b>	<b>-20,743</b>	<b>664,469</b>
EBITDA	56,640	7,186	7,729	-375	71,180
Depreciation / amortisation	20,140	3,498	3,476	0	27,113
<b>EBIT (earnings before interest and taxes)</b>	<b>36,500</b>	<b>3,688</b>	<b>4,253</b>	<b>-375</b>	<b>44,066</b>
<b>EBT (Earnings before taxes)</b>	<b>35,444</b>	<b>3,631</b>	<b>4,274</b>	<b>-420</b>	<b>42,929</b>
Investments	11,980	1,314	681	0	13,975
Staff on balance sheet date	4,267	658	721	0	5,646
For the period from 1 January to 30 June 2019	Western Europe	Other Northern / Eastern Europe	America / Asia	Transitional / consolidation entries	Group
External revenues	512,865	74,191	78,028	0	665,084
Inter-segment revenues	21,364	888	12	-22,264	0
<b>Segment revenues</b>	<b>534,229</b>	<b>75,079</b>	<b>78,040</b>	<b>-22,264</b>	<b>665,084</b>
EBITDA	49,510	4,773	2,799	-99	56,985
Depreciation / amortisation	19,399	3,376	2,510	0	25,285
<b>EBIT (earnings before interest and taxes)</b>	<b>30,112</b>	<b>1,397</b>	<b>289</b>	<b>-99</b>	<b>31,700</b>
<b>EBT (Earnings before taxes)</b>	<b>28,277</b>	<b>1,364</b>	<b>508</b>	<b>435</b>	<b>30,583</b>
Investments	7,873	793	1,314	0	9,981
Staff on balance sheet date	4,187	652	628	0	5,467

**Sto SE & Co. KGaA, Stühlingen/Germany**  
**Notes to the condensed consolidated interim financial statement for the period from 1 January to 30 June 2020**

**1. Basis of preparation**

Sto SE & Co. KGaA prepared its consolidated annual financial statement of the Group for the 2019 fiscal 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). Consequently, this interim financial statement as at 30 June 2020 has also 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 should therefore be assessed in conjunction with the consolidated financial statement as at 31 December 2019.

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 24 August 2020.

**2. Accounting and measurement principles**

In order to draw up the condensed consolidated interim financial statement, the accounting methods applicable as at 31 December 2019 for the consolidated financial statement, were adopted unchanged. A detailed description of these accounting policies was published in the Notes to the 2019 consolidated financial statement.

**IAS 19 — Employee Benefits**

In the consolidated interim financial statement, discount rates for post-employment benefit provisions of 0.95 % (31 December 2019: 0.95 %) were used for companies with the euro as their functional currency. The adjustment of the post-employment benefit provision was carried out on 31 December 2019 and took into account the actuarial sensitivity. For companies with a different functional currency, the discount rate was 0.1 % (31 December 2019: 0.1 %).

**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 fiscal year.

## **IAS 20 — Disclosure of Government Assistance**

Government grants are recognised in accordance with IAS 20 if it is certain that the conditions associated with the grants will be met and the funding will be granted.

Grants paid as compensation for expenses already incurred or for immediate financial support without related expenses are recognised with an impact on profit and loss as soon as the corresponding claim arises.

As at 30 June 2020, government grants amounted to EUR 4,132 K (30 June 2019: EUR 30 K). This includes government subsidies of EUR 4,029 K granted in relation to the coronavirus pandemic. Of this amount, Sto Corp. Atlanta/USA realised USD 2,730 K (EUR 2,477 K).

In the consolidated statement of profit and loss, government grants are reported under other operating income.

## **3. Companies consolidated**

The consolidated annual financial statement of the Sto Group includes Sto SE & Co. KGaA, the national and foreign subsidiaries, 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. In the case of fully consolidated companies where less than 50 % of capital shares are held, control was assured via further contractual agreements.

On 1 January 2020, Sto SE & Co. KGaA acquired 50.1 % of the equity shares and voting rights of VIACOR Polymer GmbH, Rottenburg/Germany, thereby gaining control in the sense of inclusion in the consolidated annual financial statements.

With effect from 25 March 2020, the subsidiary Hesselberg Sverige AB, Helsingborg/Sweden, was dissolved and deconsolidated.

In June 2020, the shareholding in Skyrise Prefab Building Solution Inc. Pickering/Canada was increased to 99.99 % via a subsidiary of Sto SE & Co. KGaA.

#### **4. Seasonal influences on business activities**

Owing to the seasonal fluctuations in the building industry, higher sales revenue and higher earnings before interest and taxes (EBIT) than those achieved in the first half of the year are normally expected in the second half of the year. The generally higher turnover in the months of May to October as compared to November to April is mainly due to more favourable weather conditions.

#### **5. 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 fiscal year.

In addition to the issued shares, diluted earnings per share also include potential shares (e.g. from options). Both at 30 June 2020 and 30 June 2019 there were no potential shares. Hence, undiluted earnings per share for both years correspond to diluted earnings per share.

In the first half of 2020, a dividend of EUR 0.25 as well as an extra dividend of EUR 3.78 per limited ordinary share, and a dividend of EUR 0.31 as well as an extra dividend of EUR 3.78 per limited preference share, were distributed for the 2019 fiscal year. This corresponds to a total dividend payout amount of EUR 26,049 K. The dividend was paid out on 15 June 2020 in accordance with the resolution of the Annual General Meeting of 10 June 2020.

#### **6. Intangible assets, and Property, plant and, equipment**

In the period from 1 January to 30 June 2020, the Sto Group acquired assets at acquisition costs of EUR 13,975 K (first half of 2019: EUR 9,981 K). In the same period, assets were sold with a carrying value of EUR 141 K (first half of 2019: EUR 241 K).

## 7. Information on fair value

The principles and 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 measurement is made on the basis of measurement methods in which the influential factors are derived either directly or indirectly from observable market data. In the reporting period, this related exclusively to derivative financial instruments in the form of currency hedges or forward exchange transactions that were not included in hedge accounting. They were measured based on the observable exchange rates, interest structure curves as well as the basic spreads between the currencies.

### Level 3

The measurement is effected using measurement methods where the influential factors are not based exclusively on observable market data.

During the reporting period there were no reclassifications of measurements at fair value between the levels.

The following table shows carrying amounts and fair values of financial instruments as at 30 June 2020:

in EUR K	Carrying amount 30 June 2020	Fair Value 30 June 2020
<b>Financial assets</b>		
Non-current		
Investments	4	4
Loans	653	653
Financial investments	25,798	25,816
Other financial assets	431	431
<b>Non-current financial assets in total</b>	<b>26,886</b>	<b>26,904</b>
Current		
Financial investments	92,244	92,204
Loans	16	16
Forward exchange contracts	83	83
Creditors with a debtor balance	1,096	1,096
Bonuses and credits	459	459
Other financial assets	1,724	1,724
<b>Current financial assets in total</b>	<b>95,622</b>	<b>95,582</b>
<b>Total financial assets</b>	<b>122,508</b>	<b>122,486</b>
<b>Financial liabilities</b>		
Non-current		
Borrowings	3,644	3,644
Other financial liabilities	748	748
<b>Non-current financial liabilities</b>	<b>4,392</b>	<b>4,392</b>
Current		
Borrowings	88,315	88,315
Forward exchange contracts	362	362
Other financial liabilities	13,733	13,733
<b>Current financial liabilities in total</b>	<b>102,410</b>	<b>102,410</b>
<b>Total financial liabilities</b>	<b>106,802</b>	<b>106,802</b>

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

The following table contains an overview of the balance sheet items accounted for at fair value:

in EUR K	30 June 2020	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit and loss				
- Derivatives without hedge relationship	83	0	83	0
<b>Financial assets measured at fair value</b>	<b>83</b>	<b>0</b>	<b>83</b>	<b>0</b>
Financial liabilities measured at fair value through profit and loss				
- Derivatives without hedge relationship	362	0	362	0
<b>Financial liabilities measured at fair value</b>	<b>362</b>	<b>0</b>	<b>362</b>	<b>0</b>

## 8. Contingencies and contingent liabilities

As at 30 June 2020, liabilities for the acquisition of property, plant, and equipment stood at EUR 3,403 K (30 June 2019: EUR 4,069 K). Other contingencies and contingent liabilities contained in the 2019 consolidated annual financial statement of the Sto Group showed no appreciable changes as at 30 June 2020.

## 9. 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	
		2020	2019	2020	2019	2020	2019	2020	2019
Inotec GmbH, Waldshut-Tiengen	47.5%	20	27	2,241	1,914	655	664	527	201
Jonas GmbH, Wülfrath	49.8%	172	172	0	0	871	515	0	0
Sto Management SE		319	336	2,047	1,976	63	67	1,437	1,820
Others		0	0	37	0	0	0	0	10

## 10. 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 earnings, financial, and asset situation of the Group.

However, it is difficult to predict how the coronavirus pandemic is set to continue and what impact it will have on the global economy. This is a situation that involves considerable risks. As things stand, however, it is not possible to make a reliable prediction of the overall impact that the coronavirus pandemic will have on the second half of the 2020 fiscal year.

## Responsibility statement by the legal representatives

We confirm that to the best of our knowledge, the interim consolidated financial statement in accordance with the applicable accounting principles for interim reporting provides a true and fair view of the earnings, financial and asset situation of the Group in compliance with generally accepted accounting principles, and that the consolidated interim management report presents a true and fair view of business development, including the operating results and position of the Group, and that the principal opportunities and risks associated with the anticipated development of the Group over the remaining months of the 2020 fiscal year are sufficiently described.

Stühlingen/Germany, 24 August 2020

Sto SE & Co. KGaA  
represented by STO Management SE  
Executive Board



Rainer Hüttenberger  
(Spokesperson)



Michael Keller



Jan Nissen



Rolf Wöhrle