

Half-year Report 2022

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Brief portrait of the Delignit Group

The Delignit Group develops, manufactures and sells ecological, usually hardwood-based, materials and system solutions based on the natural, renewable and carbon-neutral raw material wood.

As a development, project and serial supplier for technology industries, such as the automotive industry, aviation industry and railway industry, business activity today is focused on creating and implementing technological and customised applications and systems.

These applications and systems are used in the form of specific – predominantly ready-to-install – parts, components, system solutions and module solutions. The foundation for this is provided by the Delignit material, which is essentially based on beech wood. The use of Delignit materials as a substitute for applications made of non-renewable raw materials improves the environmental balance of our customers' products and meets their increasing ecological requirements.

The Delignit Group's operating business is divided into two target markets:

Automotive target market:

The Automotive target market is divided into the product groups light commercial vehicles (LCV), motor caravans and passenger cars. The business activity focuses on the manufacture and sale of cargo bay protection systems and security systems (interior) for the light commercial vehicle (LCV) class. For example, these systems are used extensively by leading manufacturers of light commercial vehicles as original equipment (OEM) and retrofit equipment (after-sales) as cargo bay floors, walls and partition walls. Interior furnishings, such as cabinet systems, are supplied for the motor caravan sector. In the passenger car sector, for example, trunk covers are used by well-known OEMs.

Technological Applications target market:

The products of the Technological Applications target market are divided into the product groups Building Equipment, Compressed Wood, Railfloor and Special Applications. In the Building Equipment business, for example, flooring solutions for automotive manufacturing plants, and for goods distribution centres and beech multiplex assortments are supplied by the timber trade. The Compressed Wood business consists of highly-compressed and medium-compressed materials that are used for plant construction, machine construction and transformer construction applications. The Railfloor business provides manufacturers of rail vehicles with floor system solutions for fulfilment of international fire protection and sound insulation concepts. The Special business includes various special products for applications, such as model making, musical instruments and sports equipment.

Delignit Group at a glance

Fiscal year (01.01. - 30.06.)	2022	2021	Δ 2022
	IFRS	IFRS	/ 2021
Earnings figures	€ thousand	€ thousand	%
Revenue	32,134	36,327	-11.5 %
Operating revenue	31,659	37,776	-16.2 %
Cost of materials	-18,529	-21,918	-15.5 %
Staff costs	-8,750	-9,330	-6.2%
Other operating expenses	-2,497	-3,289	-24.1 %
EBITDA	1,883	3,239	-41.9 %
<i>EBITDA margin</i>	<i>5.9 %</i>	<i>8.6 %</i>	<i>-2.6 %*</i>
EBIT	716	2,071	-65.4 %
<i>EBIT margin</i>	<i>2.3 %</i>	<i>5.5 %</i>	<i>-3.2 %*</i>
EBT	624	2,000	-68.8 %
<i>EBT margin</i>	<i>2.0 %</i>	<i>5.3 %</i>	<i>-3.3 %*</i>
Consolidated net income for the first half of the year	356	1,411	-74.8 %
Number of shares	8,193,900	8,193,900	0.0 %
EPS in €	0.04	0.17	-74.8 %

Statement of financial position figures	€ thousand	€ thousand	%
Non-current assets	17,175	17,294	-0.7%
Current assets	26,306	22,300	18.0 %
Cash and cash equivalents contained therein	747	2,721	72.5 %
Issued capital (share capital)	8,194	8,194	0.0%
Other equity	16,079	14,643	9.8%
Total equity	24,273	22,837	6.3%
<i>Equity ratio</i>	<i>55,8 %</i>	<i>57.7 %</i>	<i>-1.9%</i>
Non-current liabilities and provisions	4,422	5,721	-22.7 %
Current liabilities and provisions	14,785	11,036	34.0 %
Total assets	43,481	39,594	9.8%
Net financial debt (net debt (-)/net cash (+))	-8,435	-4,185	101.6 %

Employees (as at 30/06)

Germany	396	390	1.5%
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*Change in percentage points, differences due to commercial rounding

Greetings from the Management Board

Dear shareholders,
Dear employees,

2022 is without a doubt already an extraordinary year in many regards, following on seamlessly from the economic and social turbulence seen in previous years. This also affects the Delignit AG, which has so far successfully assert itself in a challenging environment, even though business development in the first half of the year fell short of our expectations.

Russia's war with Ukraine, China's strict zero-Covid policy and extreme volatility on the energy market has made 2022 even harder for companies to plan and manage than it already was in previous periods. The mix of ongoing and now worsening shortages of international freight and raw material availability, familiar from the previous year, is now combined with virtually dysfunctional energy prices in Europe. This is dramatically pushing up inflation and significantly restrained the consumer climate. Our key target markets are also affected by this economic turbulence in a number of ways. The automotive industry, an important sector for us, can look back at a particularly difficult first six months. Many OEMs again experienced repeated production interruption, mostly at very short notice, which affected us in the form of considerable fluctuation in call-off numbers. Unlike in the previous year, the motor caravan industry – which had been enjoying strong growth – was also impacted.

Faced with this challenging economic environment, the Delignit Group generated half-year revenue of € 32.1 million, compared to € 36.3 million in the previous period. Earnings before interest, depreciation and amortisation (EBITDA) came to around € 1.9 million at the end of H1, also far lower than in the previous year. The Delignit Group saw earnings per share of about 4 cents, which can be considered a success given the challenging environment described.

Despite ongoing uncertainties, we are optimistic about the second half of the year ahead. For example, the call-off situation at key OEM customers has been far more stable as of late. In addition, we were also able to achieve necessary successes in passing on further price increases. The positive half-year result in the first half and the still very high order book thus underlines the Delignit Group's intact business model.

In light of this, the Management Board is standing by its guidance of slight revenue growth with somewhat lower profitability for 2022. Decisive for the further course of business will be on the one hand the further developments regarding the given market uncertainties and on the other hand, the successful provision of corresponding production capacities at the very high level of demand.

We would like to take this opportunity to particularly thank our committed staff and our loyal shareholders, whose confidence and support are essential to our company's success.

Blomberg, August 2022

Kind regards,



Markus Büscher
CEO



Thorsten Duray
CSO

Group management report for the fiscal half-year from 1 January to 30 June 2022 Delignit AG, Blomberg

1. General description of the company

The Delignit Group develops, produces and sells ecological materials and system solutions made of renewable raw materials under the brand name Delignit. As a recognised development, project and serial supplier of leading automotive groups, the Delignit Group is, among other things, world market leader for supplying the automotive industry with cargo bay protection and cargo securing systems for light commercial vehicles. With a variety of applications and a vertical integration that are unique in its industry, the Delignit Group serves numerous other technology sectors, for example as a worldwide system supplier of reputable rail vehicle manufacturers. Delignit solutions have exceptional technical properties and are also used, among other things, as trunk floors in passenger cars, interior equipment for motor caravans and special floors for factory and logistics buildings and to improve building security standards. Delignit material is predominantly based on European hardwood, is carbon-neutral in its life cycle and therefore ecologically superior to non-regenerative materials. The use of the Delignit material therefore improves the environmental performance of customer products and meets their increasing ecological requirements. The company was founded over 200 years ago. Delignit AG is listed in the Scale Segment of the Frankfurt Stock Exchange (WKN: A0MZ4B).

2. Business and general conditions

While economic signals were initially good at the start of 2022, the Russian invasion of Ukraine has taken hold of the global economy since the end of February. The consequences are profound and include extreme price rises for energy and raw materials as well as renewed disruption to international supply chains, which is also made worse by still strict Covid lockdowns in China. The whole of Europe is experiencing a surge in inflation as a result. Annual eurozone inflation was estimated at 8.1 % compared to the previous year in May 2022, with Germany seeing an even higher annual rate in May of 8.7 % (source: eurostat).

Given the wide-reaching implications of the Russia/Ukraine war, industrial production has declined significantly compared to the start of the year. Manufacturing production experienced a 4.2 % month-on-month decrease in March, before picking up again slightly in April and May by 1.3 % and 0.2 % respectively (source: Federal Ministry for Economic Affairs and Climate Action). At many companies, the acute labour shortage is also proving a significant barrier to working off the high order backlog.

In view of sustained high economic uncertainty, the ifo Institute's Business Climate Index fell from 93.0 points in the previous month to 92.3 points in the June 2022 survey, a considerable 101.4 point drop on the previous year (June 2021). At 85.8 points, business expectations for the second half of the year were far more pessimistic in June, with the risk of gas shortages over the course of the year weighing particularly heavily on the economic outlook (source: Business Climate Index for Germany, June 2022). The consumer outlook also looked considerably gloomier on account of massive increases in the cost of energy, food and household goods, leading to restrained consumer behaviour. According to the latest GfK study, the consumer climate index reached a historic low in June at -26.2 points (source: GfK Consumer Climate Study, June 2022).

Performance on the special target markets of the Delignit Group, i.e. the markets in the automotive sector and the engineered wood industry, varied greatly in the first six months in connection with the ongoing war between Russia and Ukraine. While new registrations in the automotive industry declined significantly, the engineered wood industry in general enjoyed strong revenue growth.

The number of new registrations of light commercial vehicles was down 23.2 % year-on-year in the first five months of 2022. This drop-off was evident in almost all European countries, with particularly sharp declines in Spain (down 36.1 %), Belgium (down 30.4 %) and France (down 24.9 %) and in the large German market (down 19.8 %). (Source: ACEA).

New registrations of passenger cars also fell considerably in the first five months of the year. In the European Union, registrations were 13.7 % lower than in the previous year. Registrations in Germany declined by 9.3 % between January and May (source: ACEA).

Supply chain issues and resulting restrictions in production and delivery also led to lower new registration figures in the motor caravan industry. 40,985 vehicles were newly registered in Germany, 15.9 % fewer than in the same month of the previous year (source: CIVD).

Companies in the engineered wood industry increased their revenue by 26.7 % year on year to € 2.3 billion in the period from January to April 2022. While domestic revenue was up 25.2 % year on year in the same period, international revenue saw an even greater upturn of 29.2 %. The considerable revenue growth was primarily driven by price effects, as primary materials in the engineered wood industry saw prices skyrocket in some cases throughout 2022 (source: market data circular of the Association of the German Wood-based Panel Industry of 20 June 2022).

3. Market environment of the Delignit Group

The Delignit Group generated revenue of € 32,134 thousand in H1, approximately 11.5 % lower than in the previous year. This largely reflected the slow start to the 2022 fiscal year, which experienced high sales volatility. On a positive note, call-off volumes of key OEM customers have recovered and stabilised recently.

In a multi-year comparison, revenue has risen by an average of 7.4 % per year since the first half of 2010.

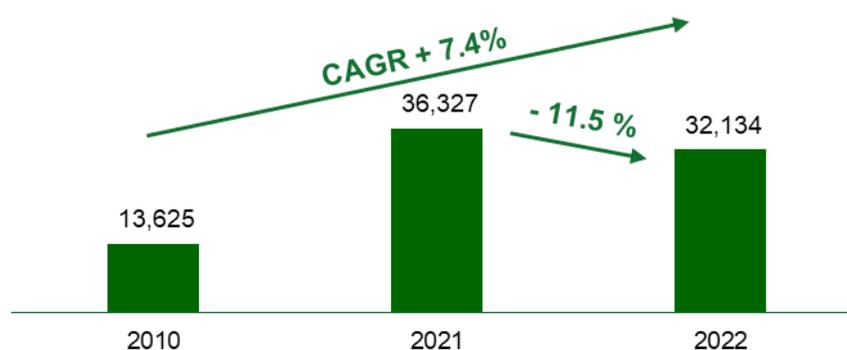


Figure I: Half-year revenue of the Delignit Group since 2010 in € thousand

In the automotive target market, the Delignit Group saw revenue decline by 11.6 % year on year due to large-scale disruption to international supply chains at our global automotive customers. Factors behind this include production shutdowns or even plant closures, implemented at short notice at our major OEM customers, especially between January to April of this year.

Revenue also shrunk by about 11.2 % in our Technological Applications target markets, whereas comparative markets in the engineered wood industry picked up significantly. The Delignit Group was negatively impacted by delays in major projects and shortages of purchased products in the Building Equipment business, whereas Rail and Special Applications generated considerable growth compared to the previous year.

4. Organisation

a. Supervisory Board

The Supervisory Board of Delignit AG consists of Mr Gert-Maria Freimuth, Mr Anton Breitkopf and Ms Bettina Hausmann. The Supervisory Board in its current composition was appointed by the General Meeting on 2 June 2022. The Supervisory Board elected Mr Gert-Maria Freimuth as its Chairman and Mr Anton Breitkopf as the Deputy Chairman. Their term in office ends after the General Meeting that votes on formal approval of the actions of the members of the Supervisory Board for the 2026 fiscal year. The General Meeting on 2 June 2022 appointed Dr. Constantin Mang as a substitute member.

b. The Management Board

The responsibilities of the Management Board are allocated as follows:

CEO Markus Büscher is responsible for the areas of Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D and Investor Relations. Thorsten Duray is responsible for Sales and Marketing.

An update to the Rules of Procedure for the Management Board dated 13 July 2007 was adopted by way of resolution of the Supervisory Board on 25 August 2020. The Rules of Procedure define which transactions (e.g. planned investments above a set amount and acquisitions and sales of companies and land above a set amount) require the approval of the Supervisory Board. The Management Board has been appointed for a term that will expire on 30 September 2023.

According to the Articles of Association, the company is legally represented by two members of the Management Board together or by one member of the Management Board in conjunction with an authorised signatory. The members of the Management Board are also responsible for the management of all Group companies together with the local management personnel of these companies.

c. Shareholdings

As at the end of the reporting period, Delignit AG held direct or indirect interests in the following companies:

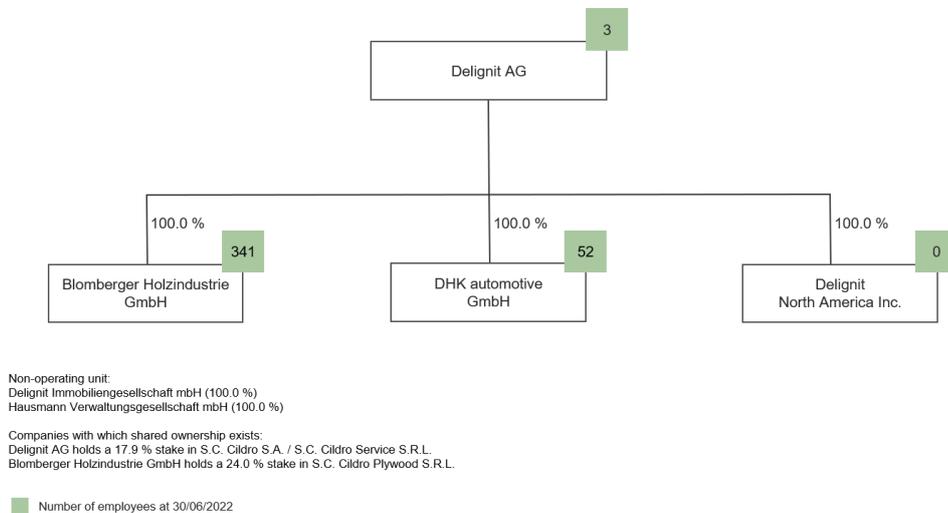


Figure II: Organisation chart of the Delignit Group

d. Employees

The staff headcount increased slightly from 391 employees at the beginning of the year to 396. The flexibility required was achieved by drawing on temporary staff.

The companies of the Delignit Group are well-known training companies, which systematically build up their employees' qualifications, including on the basis of a professional quality management system, and integrate them into the continuous improvement process of operational flows. The companies of the Delignit Group continued to provide training in the first half of 2022 and will also take on this responsibility in subsequent years.

5. Results of operations, financial position and net assets

The Delignit Group experienced a challenging first half of 2022. Given volatile demand and the strained supply situation generally, its main priority was to ensure that the company could ensure its delivery capability while also remaining profitable. Accordingly, its business focus was on the trio of agile adaptation of production capacities, maintaining inventories at a high level and consistent action to safeguard margins.

Results of operations

The Delignit Group generated revenue of € 32,134 thousand in the reporting period, representing a year-on-year decline of 11.5 % (€ 36,327 thousand). Business performance was initially sluggish as a result of large-scale plant closures at major OEM customers but revenue has since stabilised. Operating income, including other operating income and changes in inventories, came to € 31,659 thousand (previous year: € 37,776 thousand), with a considerable increase in inventories of finished goods and work in progress in the first half of the previous year.

The cost of materials accounted for 58.5 % of operating revenue, close to the prior-year level of 58.0 % despite continued rises in the purchase prices of raw materials and intermediate products. This was affected by a mix of flexible insourcing of purchased services, the adaptation of temporary staff capacities according to the situation and a changed product mix in the automotive sector. In addition, the passing on of higher raw material, logistics and energy prices to our customers – a necessary move that has already been implemented in part – played a key role in securing our margins.

Staff costs amounted to € 8,750 thousand after € 9,330 thousand in the previous year. Compared to the previous year, reduced working hours were used where still possible. Nonetheless, the staff costs ratio increased from 24.7 % in the previous year to 27.6 % due to lower operating performance. Higher sick rates also had a negative impact on productivity in the reporting period.

Other operating expenses came to € 2,497 thousand in the first half of the year, down 24.1 %. This was due primarily to a reduction in maintenance expenses. The operating expenses ratio also declined to 7.9 % in relative terms (previous year: 8.7 %).

EBITDA amounted to € 1,883 thousand, down significantly on the previous year's figure of € 3,239 thousand. In a strained economic environment, the Delignit Group thus generated an EBITDA margin of 5.9 % after 8.6 % in the previous year.

At € 1,168 thousand, depreciation and amortisation was on par with the previous year.

Overall, the Delignit Group generated EBIT of € 716 thousand with an EBIT margin of 2.3 %. Consolidated net income for the first half of the year after interest and taxes was also positive at € 356 thousand.

Net assets

Inventories came to € 16,101 thousand (previous year: € 14,518 thousand) and have been essentially stable since the end of the reporting period on 31 December. Trade receivables totalled € 7,489 thousand (previous year: € 4,756 thousand). Other assets increased to € 1,968 thousand, besides some other aspects the result of an increase in the factoring balance.

The equity of the Delignit Group equity rose to € 24,273 thousand as at 30 June 2022 (previous year: € 22,837 thousand), resulting in an equity ratio of 55.8 % (previous year: 57.7 %) due to the higher total assets.

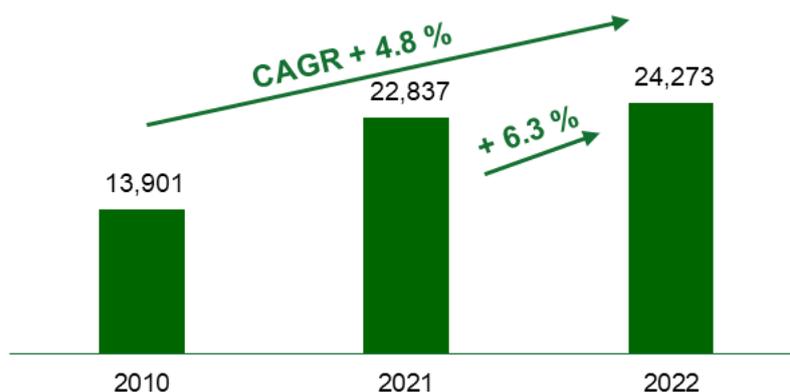


Figure III: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group's cash and cash equivalents amounted to € 747 thousand as at the end of the reporting period (previous year: € 2,721 thousand). In total, current financial liabilities amounted to € 6,013 thousand and non-current financial liabilities to € 869 thousand. Net debt was up by € 4,185 thousand as against the first half of the previous year at € 8,435 thousand.

The Delignit Group has sufficient lines of credit to finance working capital, which compared to the first half of the previous year were used to prepare for expected growth over the further course of business by building up raw materials, consumables and supplies. In the opinion of the company, the Delignit Group was and is able to meet its financial obligations in full at all times.

6. Hedging transactions

Transactions within the Group are carried out exclusively on a euro basis. This also applies to Delignit North America Inc., which only settles in a foreign currency for services obtained in the United States. As the net amount of non-hedged foreign currency positions in the Group due to transactions with foreign companies outside the euro area has only been minimal to date, the Delignit Group has not pursued any active exchange rate hedging for other currencies.

7. Risk report

The risks to business development of the Delignit Group are described in detail in the Group management report for fiscal 2021, which can be viewed on Delignit AG's website.

Procurement and price risks faced by the Delignit Group have continued to increase in view of the ongoing Russia/Ukraine war. This applies to key raw materials and goods, some of which can be procured only with significant delays and/or at far higher prices. This can temporarily interrupt production processes at the Delignit Group and at key OEM customers. In addition, there are also unforeseeable uncertainties stemming from signs of shortages and the rationing of natural gas and electricity as a result.

In addition, there is still the risk of a renewed rise in case rates in the Covid-19 pandemic. There were signs of another wave of cases in numerous European countries in the middle of the year. A resurgence of the pandemic, for example due to the emergence of new virus variants and the associated public containment measures, could have a significant and negative impact on the overall economic situation, even leading to a recession. Particularly in the context of an emerging strong recovery in demand in the second half of the year, a high sickness rate and the associated loss of capacity can pose considerable challenges for the Delignit Group. Accordingly, both topics continue to represent a risk for the business success of the Delignit Group.

8. Strategic orientation and opportunities of the Delignit Group

The corporate strategy continues to be based on megatrends on the technological target markets. The Delignit Group recognises two ecologically-driven trends:

- Firstly, the endeavour to use renewable raw materials, insofar as these materials are technologically competitive, as a substitute for finite products.
- Secondly, undiminished pressure to develop system solutions that are as weight-optimised as possible.

The trend in forestry in Europe and Germany, in which mixed forests and fully deciduous forests are being prioritised over coniferous forests, is also viewed as an opportunity in the medium term as it offers a means of securing the supply of round wood.

Furthermore, the Delignit Group is increasingly focused on providing technological answers to urgent user questions, partly resulting from new legislation (e.g. CO₂ fleet consumption in the automotive industry), and developing appropriate system solutions. The Delignit Group is therefore actively continuing this successful strategy of combining materials, application and system expertise.

This is being achieved using the methods presented below:

- Material development and qualification:

The Delignit material with its special, primarily technical properties is an essential foundation for the successful development of the Delignit Group. The Delignit Group intends to further develop the Delignit material as part of its development activities and to qualify it for special applications and customer requirements. In the current fiscal year, intensive efforts will again be undertaken in product development. Development is always focused on the principle of developing ecological products for technological applications. Therefore, the

market opportunities and advantages that feature a renewable raw material rather than finite raw materials must also be exploited and emphasised.

- Transfer of the business model:
 - Geographical transfer
The product innovations that have been successfully placed in the automotive markets in particular are to be used to further extend the market leadership already achieved in Germany in the sector of cargo bay securing systems for light commercial vehicles and to transfer this expertise into other markets. The successes achieved in internationalisation in recent years are to be continued accordingly.
 - Transfer from the application perspective
The multitude of product developments over the past few years is an excellent basis for expansion to additional fields of application. In particular, development work is currently focusing on the target markets of the automotive industry.
- But the increasing globalisation of the companies and groups and the associated internationalisation are still also being recognised as a trend and driver. As a result, the Procurement organisation has higher standards regarding suppliers' system competence. The good market position as a system supplier in the automotive OEM business is to be exploited in order to acquire additional serial supply orders. The aim is to take advantage of the existing process expertise and good reputation on the market to achieve further market penetration, which will result in increased planning security at the same time.
- Finally, the raw material advantage of the most sustainable of all materials, namely wood, is to be exploited. The Delignit Group recognises the opportunity to take advantage of the market possibilities through increased emphasis on the ecological factors of "sustainability" and "cascade".
- The growth strategy is based on diversification in niches on the basis of technological market leadership:



Figure IV: Strategic orientation of the Delignit Group

9. Sustainability/financial and non-financial performance indicators

Sustainability is a central business issue. As its main source of raw material is renewable wood, the Delignit Group clearly fulfils both the ecological interpretation of the term and the prospective protection of the resource base in exemplary fashion. To additionally reinforce the future viability of the company, work is constantly being done to improve its economic, ecological and social performance:

- Innovations and new technologies are an essential component of the strategic evolution of the Group. Work on this is undertaken constantly as part of an existing continuous improvement process.
- Employees are qualified through intensive training of young people, continuing education in all Group areas, high standards of occupational health and safety and the targeted promotion of future managers.
- The Management Board has stipulated environmental and climate protection as a key corporate objective. In addition to the PEFC standards already implemented, for example, there is an energy management system certified in accordance with DIN ISO 50001 and an environmental management system certified in accordance with DIN ISO 14001.
- As a forward-looking employer, the Delignit Group is aware of its social, ethical and ecological responsibility. The Group's key corporate values are set out in the Code of Conduct that was introduced in fiscal 2021.
- It uses revenue and the EBITDA margin as the key financial performance indicators for controlling and measuring the performance of the Delignit Group.

10. Events after the reporting period

No events of particular importance occurred after the end of the reporting period.

11. Other information

The issued capital of € 8,193,900.00 is divided into 8,193,900 no-par value bearer shares (shares without a nominal amount), each with a notional share of € 1.00 in the share capital of the company.

The Supervisory Board determines the number of and appoints the members of the Management Board, enters into contracts with them and revokes their appointment. The Supervisory Board is also authorised to make amendments to the Articles of Association that relate to its wording only.

According to the resolution of the General Meeting of 25 August 2020, the Management Board is authorised to increase the share capital of the company with the approval of the Supervisory Board on one or several occasions until 24 August 2025 by up to a total of € 4,096,950 against cash deposits or contributions in kind by issuing new no-par value bearer shares (Authorised Capital 2020).

In addition, the General Meeting of 25 August 2020 authorised the Management Board, with the approval of the Supervisory Board, to issue bearer or registered convertible bonds or warrant bonds with a total amount of up to € 81,939,000.00 and a term of no longer than ten years until

24 August 2025 and to grant the creditors of these bonds conversion rights to new no-par value bearer shares of Delignit AG with a pro rata share in the share capital of up to a total of € 4,096,950.00, subject to the specific conditions of the bonds. Convertible bonds can also include conversion obligations. The bonds can be issued in one or several tranches (Contingent Capital 2020).

No treasury shares had been purchased by 30 June of the current fiscal year.

12. Guidance

Framework conditions

The Delignit Group's revenue declined by 11.5 % year on year in the first half of 2022. The EBITDA margin declined to 5.9 % of operating income in the same period, after 8.6 % in the previous year.

Economic environment

The economic outlook for 2022 continues to be shaped by two contradictory developments, the extent and duration of which are difficult to predict at present.

The economy is likely to benefit from private household saving and spending patterns continuing to return to normal as the Covid-19 pandemic abates. Especially in high-contact services and in hospitality, there is still a backlog from last year, which was dominated by Covid-19, and so private consumer spending should continue to pick up and bolster the economy in the quarters ahead. This development will be curbed by high inflation, especially for energy, and the resulting loss of purchasing power, which will cause consumers to gradually reduce their spending.

By contrast, there are still significant supply disruptions, which take a real toll on the economy and thus on the post-Covid recovery as well as making the effects of inflation worse. In particular, supply chain bottlenecks and increases in the prices of (energy) raw materials look set to remain a factor in the months ahead in light of the ongoing war, putting a real strain on the manufacturing and construction industries. This is made worse by the impact of the strict Covid-19 lockdown in China, which is expected to continue to have an effect in the second half of the year. Order books in the manufacturing and construction industries are still good and sufficient to last about 4.5 months according to recent figures. However, these challenging procurement conditions and the increasingly severe labour shortage mean that this can be worked off only very slowly (source: Economic Forecast Summer 2022).

Caught between these two drivers, Germany is still expected to generate positive economic growth in 2022, albeit far lower than previously anticipated. In its Economic Forecast Summer 2022, the ifo Institute estimates gross domestic product growth of 2.5 % for 2022 despite the challenging economic environment. Deutsche Bundesbank assumes that GDP growth will be slightly lower in 2022 at 1.9 % (source: Deutsche Bundesbank monthly report June 2022). Both sets of guidance are based on the assumption that prices for raw materials and material bottlenecks will gradually decrease in the second half of the year and that upward trends will thus prevail.

Nonetheless, this guidance is still subject to extraordinarily high levels of uncertainty. In particular, the risk of gas shortages in Germany represents a material risk that could dramatically influence growth prospects. If the supply of Russian gas is cut off, it is likely that economic growth will decline, even leading to a recession, this year and next. Yet inflation trends are also a major

risk factor for the economic outlook moving forwards. According to current estimates, the Bundesbank expects inflation of 7.1 % as measured by the Harmonised Index of Consumer Prices (HICP) in 2022, the highest level since German reunification (source: Deutsche Bundesbank monthly report June 2022). If inflation rates remain high or even increase over time, this could significantly curb consumer spending and purchasing habits as well as industrial production and thus significantly slow down the economy.

Despite high economic uncertainty, the outlook for the Delignit Group for the 2022 fiscal year is still positive. The company has a good order book and registers consistently high demand for ecological materials and system solutions across all its target markets. In addition, the Russia/Ukraine war and the associated supply bottlenecks of Russian birch create significant market potential for the Delignit Group, some of which was already tapped in the first half of 2022.

Nonetheless, the war between Russia and Ukraine also puts significant strain on the Delignit Group's business. The impact includes direct effects such as substantial price hikes and supply bottlenecks for key primary materials and energy, as well as indirect effects such as changes to call-off numbers at short notice due to supply chain issues and temporary production interruption at important OEM customers. Assuming the commodity prices and materials bottlenecks gradually decline, the overall economy and inflation stabilise over the year and the increase of capacity in the plants will be successful, the Management Board is still projecting slight revenue growth for the year 2022 with a somewhat lower EBITDA margin than in previous years. However, there remain significant uncertainty and unforeseeable risks for 2022, primarily due to the risk of gas shortages in H2 and potential rationing as a result of this.

Blomberg, August 2022



Markus Büscher
CEO



Thorsten Duray
CSO

IFRS interim consolidated statement of financial position of
Delignit AG (unaudited) as at 30 June 2022

A S S E T S	30/06/2022	30/06/2021
	<u>€ thousand</u>	<u>€ thousand</u>
A. Current assets		
1. Inventories	16,101	14,518
2. Trade receivables	7,489	4,756
3. Receivables from affiliated companies	1	1
4. Other current receivables/assets	1,968	304
5. Cash and cash equivalents	<u>747</u>	<u>2,721</u>
Current assets	26,306	22,300
B. Non-current assets		
1. Goodwill	2,178	2,178
2. Other intangible assets	857	1,010
3. Property, plant and equipment	13,210	13,001
4. Other non-current financial assets	630	774
5. Deferred tax assets	<u>300</u>	<u>331</u>
Non-current assets	17,175	17,294
Assets, total	<u>43,481</u>	<u>39,594</u>

LIABILITIES	30/06/2022	30/06/2021
	<u>€ thousand</u>	<u>€ thousand</u>
A. Current liabilities		
1. Other current provisions	2,817	3,103
2. Current financial liabilities	6,013	2,627
3. Trade payables	4,413	3,863
4. Other current liabilities	<u>1,542</u>	<u>1,443</u>
Current liabilities and provisions	14,785	11,036
B. Non-current liabilities		
1. Provisions for pensions	1,013	1,100
2. Other non-current provisions	80	118
3. Deferred tax liabilities	673	763
4. Non-current financial liabilities	869	1,400
5. Other non-current liabilities	<u>1,787</u>	<u>2,340</u>
Non-current provisions and liabilities	4,422	5,721
C. Equity		
1. Issued capital	8,194	8,194
2. Capital reserves	1,063	1,063
3. Retained earnings	4,000	4,000
4. Amounts recognised directly in equity	-609	-594
5. Currency translation reserve	147	-20
6. Profit carryforward	<u>11,478</u>	<u>10,194</u>
Equity	24,273	22,837
Liabilities, total	43,481	39,594

**IFRS interim consolidated statement of comprehensive
income (unaudited)
for the fiscal half-year from 1 January to 30 June 2022 of
Delignit AG**

	30/06/2022	30/06/2022
	€ thousand	€ thousand
1. Revenue	32,134	36,327
2. Other operating income	163	80
3. Changes in inventories	-638	-1,369
4. Cost of materials	-18,529	-21,918
5. Staff costs	-8,750	-9,330
6. Amortisation and depreciation on intangible assets and property, plant and equipment	-1,168	-1,168
7. Other operating expenses	<u>-2,497</u>	<u>-3,289</u>
8. Earnings before interest and taxes (EBIT)	716	2,071
9. Interest expenses	<u>-92</u>	<u>-71</u>
10. Financial result	-92	-71
11. Earnings before tax (EBT)	624	2,000
12. Income taxes	-235	-556
13. Other taxes	<u>-33</u>	<u>-33</u>
14. Consolidated net income for the first half of the year	356	1.411
15. Earnings per share in €	<u>0.04</u>	<u>0.17</u>

Disclosures on accounting

The consolidated financial statements as at 30 June 2022 have been voluntarily prepared while exercising the option specified in section 315e of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) valid at the end of the reporting period and as applicable in the EU.

The accounting policies applied are consistent with the IFRS standards and interpretations effective as at 30 June 2022. The half-year financial statements of the companies included in Delignit AG's consolidated financial statements are based on uniform accounting policies. They were prepared as at the same reporting date as these consolidated financial statements. In accordance with IFRS 1.51, the consolidated statement of financial position was structured according to current and non-current assets and liabilities. The income statement is prepared in accordance with the nature of expense method.

Financial calendar

End of the fiscal year

31 December 2022

Hamburg Investors' Day

25 August 2022

Deutsches Eigenkapitalforum

28 to 30 November 2022

Annual report 2022:

April 2023

Contact

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