Semi-Annual Report 2021

DELTICOM
Aktiengesellschaft

Profile

With the brand ReifenDirekt, Delticom AG is the leading company in Europe for the online distribution of tyres and complete wheels.

The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 18,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 351 online shops and online distribution platforms in 73 countries, serving more than 16 million customers.

As part of the service, the ordered products can be sent to one of Delticom's around 37,000 service partners worldwide for mounting at the customer's request.

Based in Hanover, Germany, the company operates primarily in Europe and the USA and has extensive expertise in the development and operation of online shops, internet customer acquisition, internet marketing and the establishment of partner networks.

Since its foundation in 1999, Delticom has built up comprehensive expertise in designing efficient and fully integrated ordering and logistics processes. The company's own warehouses are among its most important assets.

In fiscal year 2020, Delticom AG generated revenues of around € 541 million. At the end of last year, the company employed 177 people.

The shares of Delticom AG have been listed in the Prime Standard of the German Stock Exchange since October 2006 (ISIN DE0005146807).

Key Figures

		01.01.2021 30.06.2021	01.01.2020 30.06.2020	-/+ (%, %p)
Revenues	€ million	249.3	238.0	+4.7
Total income	€ million	265.8	246.9	+7.6
Gross margin[1]	%	22.9	23.7	-0.8
Gross profit[2]	€ million	73.5	65.3	+12.6
EBITDA	€ million	8.0	-1.5	+643.4
EBITDA-Marge	%	3.2	-0.6	+3.8
EBIT	€ million	2.7	-6.2	+144.5
Net income	€ million	1.0	-5.9	+117.8
Earnings per share	%	0.08	-0.47	+117.4
Total assets	€ million	239.0	176.7	+35.2
Inventories	€ million	68.3	61.5	+11.0
Investments[3]	€ million	0.6	0.9	-40.9
Equity	€ million	32.2	2.4	+1248.3
Equity ratio	%	13.5	1.4	+12.1
Return on equity	%	3.2	-245.3	+248.5
Liquidity position[4]	€ million	4.8	4.8	+0.1

(1) Gross profit ex other operating income in % of revenues
(2) Gross profit including other operating income
(3) Investments in tangible and intangible assets (without aquisitions)
(4) Liquidity position = cash and cash equivalents + liquidity reserve

Highlights H1 2021

Revenues

€ **249** million

H1 2020: € 238 million

Revenues in core business

+6.5 %

yoy

Positive EBITA in the amount of

€ **8.0** million

H1 2020: € -1.5 million

Increase of EBIT margin to

1.1 %

H1 2020: -2.6 %

Positive net income in the amount of

€ **1.0** million

H1 2020: -5.9 %

Increase of equity by

16.3 million

Equity ratio per 30.06.2021: 13.5 %

Interim Management Report of Delticom AG

Content

Economic Environment

Macroeconomic developments

Global economy

Despite renewed restrictions due to the corona pandemic, the global economy remained on the upswing overall in the first six months of the current year. Against the backdrop of high infection figures with COVID 19 and the measures taken to contain it in many countries, global economic activity had slowed down again in the first quarter 2021. According to experts, the rate of expansion in the first three months of the current year was nevertheless roughly in line with the average in the years before the corona crisis. The effects of the pandemic were largely limited to the service sector. Both global industrial production and world trade expanded strongly until the spring. However, supply bottlenecks and logistical problems have recently stalled this upward trend. The tensions in the global interplay are currently reflected in sharp price increases for raw materials, intermediate goods and transport services, which have already resulted in a noticeable rise in consumer prices.

Euro area

The economy in the eurozone regained momentum in the first half of 2021. On the one hand, economic growth in the first three months of the current year was higher than experts had expected. Thanks to an effective strategy to contain the coronavirus and the progress made in vaccination campaigns, the figures for both new COVID 19 infections and hospitalisations fell. As a result, leading member countries cautiously eased their pandemic-related restrictions from the second quarter onwards. The pace and extent of the easing measures has been uneven. The gradual return to some degree of normality had a particularly positive impact on the services sector. Furthermore, private consumption also picked up again, supporting the upward trend.

Germany

The German economy also picked up speed again in the first six months of the current year. After the resurgence of the corona pandemic in the first quarter 2021 resulted in a 1.8 % decline in gross domestic product compared with the previous quarter, there were signs of a recovery in economic activity in the course of the second quarter 2021 against the backdrop of declining infection figures and the reopening of the catering and retail sectors. The easing was also evident in the labour market. Thus, the unemployment rate fell by 79,000 year-on-year from 6.0 % to 5.9 % in the second quarter 2021.

Sectoral developments

Tyre trade

Even though retailers were able to sell 8.4 % more tyres to consumers in Germany in the first half of 2021 compared with the same period of the previous year, the German passenger car replacement tyre business as a whole is still well below the pre-pandemic level at the end of the first six months of the current fiscal year. According to estimates by the European Tyre and Rubber Manufacturers' Association (ETRMA) and the German Rubber Industry Association (WdK), car tyre sales in the first six months of the current year were 13.5 % lower than in the same period of H1 2019 – and thus before the corona-related slump in the first half of 2020. A 19.2 % decline in summer tyre sales compared to the more than 6 % drop in sales already recorded in the first half of 2019 contrasts with a 21.2 % increase in all-season tyre sales. Sales volumes in the winter tyre business were 34.3 % lower than in the first half of 2019.

Looking at the European replacement tyre market, ETRMA market data shows a similar picture for the tyre industry. In the largest sub-segment by volume, consumer tyres (passenger, SUV and light truck tyres), demand for tyres fell by 1.9 % in the first half of the year compared to the first six months of 2019. This corresponds to a decline of around 2 million units. The significantly higher demand in the first six months of the current year compared to the previous year reflects the expectation of a return to normality at the European level, following last year's severe slump in sales figures by more than 20 % or more than 22 million tyres due to corona.

Online trade

According to the German E-Commerce and Mail Order Association (bevh), after strong catch-up effects between January and March, revenues in the German online trade rose by 19.4 % to € 24.1 billion in the second quarter 2021. In the period from April to June 2020, the restrictions associated with the pandemic development for consumers had already led to increased online demand and, accordingly, above-average sales growth of 16.5 % compared to 2019. The growth trend thus continues steadily. In the first six months of the current year, E-Commerce revenues in Germany were up 23.2 % on the previous year.

Business performance and earnings situation

Revenues

Group

The Delticom Group generates the majority of its revenues from the online sale of replacement tyres for cars and motorcycles. Complete wheels and rims round off the product range.

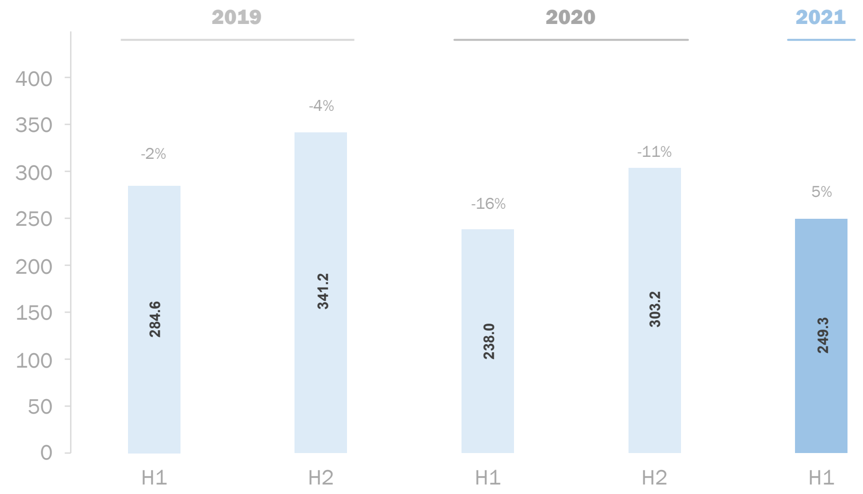
In the first six months of the current fiscal year, the Delticom Group generated revenues of € 249 million, an increase of 4.7 % after € 238 million in the comparable period. The revenues contribution of the non-core activities discontinued in the course of last year amounted to around € 4 million in H1 2020. Accordingly, growth of 6.5 % was achieved in the core business in the first six months of the current year. Following the pandemic-related slump in sales in the European passenger car replacement tyre business last year, the recovery in the first six months 2021 is still very uneven in the individual European countries. In the reporting period, the company's focus remained on generating sufficiently profitable revenues.

Seasonality

The chart *Revenues trend* summarises the development of the half-year revenues.

Revenues trend

half-year revenues in € million



Q1

In total, the Delticom Group generated revenues of € 102 million in the first quarter of the current fiscal year (Q1 2020: € 93 million, +9.9 %). The peripheral activities closed in the course of 2020 still contributed € 3.5 million to consolidated revenues in Q1 2020. Accordingly, growth of more than 14 % was achieved in the core business in Q1 2021. In contrast to the previous year, spring-like temperatures at the end of March brought forward the start of the summer tyre season. In addition, Easter this year fell at the beginning of April and was therefore two weeks earlier than last year. For many safety-conscious drivers, Easter represents the time to switch to summer tyres according to the rule of thumb "from Easter to October", depending on the prevailing weather and the associated road conditions. Due to the pull-forward effects described above, business was particularly strong in March.

Q2

In the second quarter, the company generated revenues of € 147 million, an increase of 1.4 % compared with the same quarter last year (Q2 2020: € 145 million). Adjusted for the revenues contribution of the non-core activities closed in the course of 2020, growth in the core business in Q2 2021 amounts to 1.6 %. Due to the aforementioned pull-forward effects in the traditional refitting countries – those countries where there is typically a change of tyres in summer and winter due to varying weather conditions – and correspondingly strong March business, demand in April was weaker than in the corresponding prior-year month. The COVID-19 pandemic and the virus mutations occurring in this context continue to keep the world on tenterhooks. Due to the high incidence of infection and difficulties in distributing vaccines, life for European consumers was restricted in many places until well into the second quarter. With vaccination rates rising and incidence levels declining, European countries cautiously eased the restrictions during the second quarter. Although overall replacement tyre demand in Europe gained momentum in the first six months compared to the previous year, the recovery in individual European countries has been uneven. In selected countries, which play an important role with regard to the further course of the season after the seasonal peak, growth momentum in the second quarter remained rather subdued.

Regional split

The Group offers its product range in 73 countries. In H1 2021 revenues in EU countries totalled € 175 million (H1 2020: € 168 million, +3.9 %). Across all non-EU countries the revenue contribution for H1 2021 was € 74 million (H1 2020: € 70 million, +6.6 %). Due to the Brexit, sales generated in the UK since 01.01.2021 will be listed under non-EU.

Revenues by region
in € thousand

	H1'21	%	+%	H1'20	%	+%	H1'19	%
Revenues	**249,270**	**100.0**	**4.7**	**238,032**	**100.0**	**-16.4**	**284,561**	**100.0**
Regions								
EU countries	174,982	70.2	3.9	168,338	70.7	-20.3	211,251	74.2
Non-EU countries	74,288	29.8	6.6	69,694	29.3	-4.9	73,310	25.8

Customer numbers

The following customer numbers are the customer numbers in our core business - the online trade with tyres in Europe. In the first six months of 2021 a total of 331 thousand **existing customers** (H1 2020: 399 thousand, –17.1 %) have once again purchased tyres in one of the Delticom Group's online shops. Existing customers are counted only once during the reporting period, regardless of the number of purchases made during that period.

At 455 thousand (H1 2020: 457 thousand, –0.4 %) the number of new customers acquired in Europe in H1 2021 was almost at the previous year's level. Since the company was founded, more than 16 million customers have made purchases in our online shops. In recent months, the company has continued to focus on increasing profitability across all online sales channels. Over the half-year period, the number of **active buyers** (new customers and repeat customers) is 8.2 % lower than in the same period of the previous year. Against the backdrop of the measures taken, the average revenue per customer in the first six months increased year-on-year.

Key expense positions

Cost of goods sold

The cost of goods sold (COGS) is the largest expense item; it considers the purchase price of sold products (mainly tyres). Group COGS increased by 5.9 % from € 182 million in H1 2020 to € 192 million in H1 2021. The cost of materials ratio (cost of materials as a percentage of revenues) was 77.1 % in H1 2021 (H1 2020: 76.3 %).

Personnel expenses

On average, the company employed 176 staff in the first six months of the current fiscal year (H1 2020: 207). On the reporting date 30.06.2021, a total of 179 employees worked for the Group (30.06.2020: 188). Personnel expenses amounted to € 7.0 million in the reporting period (H1 2020: € 7.5 million). The 7.2 % decrease is mainly due to the closure of non-profitable subsidiaries in the past year and the associated staff reductions. The personnel expense ratio (ratio of personnel expenses to revenues) in H1 21 amounted to 2.8 % (H1 2020: 3.2 %).

Transportation costs

The largest single item within other operating expenses is transport costs. These amounted to € 23.7 million after € 24.1 million in the comparative period. The decrease of 1.7 % is mainly due to a change in reporting requirements. For parts of the business, transport costs are now included in the costs of goods sold and must be recognized accordingly. In fiscal year 2020, this adjustment was made retrospectively for the full year in December in connection with the audit of the annual financial statements. The share of transportation costs against revenues in H1 2021 amounted to 9.5 % (H1 2020: 10.1 %, before reclassification). Excluding the effect from adjustment, the transportation cost ratio in H1 2021 is with 10.1 % of revenues unchanged compared to the previous year.

Warehousing

The inventory costs were € 4.3 million, after € 3.8 million in H1 2020. The increase of 11.8 % resulted both from the positive business development and from the opening of a further warehouse location in the border triangle of Germany, France and Switzerland. The new warehouse was gradually put into operation in the first months of the current year. Start-up costs in connection with the commissioning also include relocation and closure costs resulting from the optimization of the warehouse infrastructure.

Rents and operating costs

Rents and operating costs mainly relate to operating costs. The 82.0 % increase in the reporting period from € 0.7 million in the previous year to € 1.3 million is only partly due to the commissioning of the new warehouse location in the border triangle of Germany, France and Switzerland. In order to allocate costs more appropriately, expenses from leasing BGA are included in this expense item since the start of the current fiscal year. In the previous year, these expenses were included in miscellaneous other operating expenses. The change in presentation contributes with around € 0.3 million to the increase in costs in H1 2021.

Marketing

In the reporting period, € 8.9 million (H1 2020: € 8.4 million, +6.1 %) was spent on marketing. The increase in marketing costs is in line with the increase in revenues in the core business. Marketing expenses as a percentage of group revenues were 3.6 % (H1 2020: 3.5 %).

Depreciation

Depreciation and amortization amounted to € 5.3 million in the reporting period, compared with € 4.7 million in H1 2020. The increase of 12.7 % is accompanied by depreciation on the rights of use for the long-term lease of the new warehouse location in the border triangle.

Financial and Legal

Financial and legal expenses in the reporting period amounted to € 6.0 million, after € 6.3 million in the previous year (-4.6 %). Cost savings of € 0.8 million in connection with the restructuring offset the costs of the successful capital increase, which were not passivatable via equity, as well as increased auditing and acquisition costs.

Earnings position

Gross margin

The company achieved a gross margin simple (gross margin excluding other operating income) of 22.9 % in the reporting period, after 23.7 % in the corresponding prior-year period. The decline in gross margin is not of an operational nature. For parts of the business, transport costs have to be recognized in cost of materials due to a change in reporting requirements since last year, as already explained in connection with transport costs. This reclassification leads to a corresponding effect in the gross margin in a year-on-year comparison. In the first six months of the current year, the focus remained on generating sufficiently profitable revenues.

Other operating income

Other operating income increased in the reporting period by 86.1 % to € 16.5 million (H1 2020: € 8.9 million). Income of € 2.8 million relates to non-recurring effects. An amount of € 0.3 million was generated from the sale of land by a subsidiary. A further € 2.4 million relates to income contributions from project business. A good portion of this comes from the project already realized at the end of the last financial year, whose contribution to income could not, however, be fully recognized in the 2020 financial year. The operating business regularly generates marketing subsidies, income from transport losses and other income, which increased significantly in H1 2021 compared with the same period of the previous year due to the positive business development. € 2.0 million relates to gains from exchange rate differences (H1 2020: € 1.4 million, +36.8 %). FX losses are accounted for in the other operating expenses. In H1 2021 the FX losses amounted to € 1.5 (H1 2020: € 1.9 million). In the period under review, the balance from FX gains and losses was € 0.4 million (H1 2020: € –0.4 million).

Gross profit

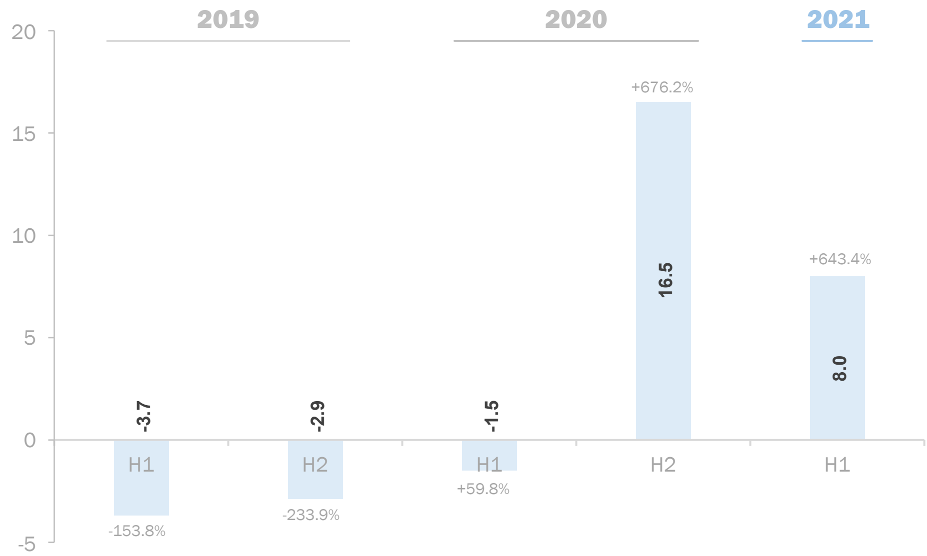
In view of the increase in revenues and the rise in other operating income, gross profit amounted to € 73.5 million, after € 65.3 million the previous year (+12.6 %). Gross profit in relation to total income of € 266 million (H1 2020: € 247 million) amounted to 27.7 % (H1 2020: 26.5 %).

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter stood at € 7.0 million (Q2 2020: € 3.8 million, +82.3 %) and was significantly higher than in the previous quarter (Q1 2021: € 1.1 million, Q1 2020: € –5.3 million). EBITDA amounted to € 8.0 million in the reporting period (H1 2020: € –1.5 million, +643.4 %). This corresponds to an EBITDA margin of 3.2 % (H1 2020: –0.6 %). On a half-year basis, earnings before interest, taxes, depreciation and amortization were impacted by restructuring costs of € 3.0 million (H1 2020: € 3.9 million). Thanks to the non-recurring effects achieved within other operating income, the cost burden from the restructuring was almost fully offset in the reporting period.

EBITDA

half-year, in € million



EBIT

In view of the increase in profitability earnings before interest and taxes (EBIT) amounted to € 2.7 million – after € –6.2 million in H1 2020 an improvement of € 8.9 million. The return on sales margin (EBIT as a percentage of revenues) was 1.1 % (H1 2020: –2.6 %). Earnings before interest and taxes for the second quarter were positive at € 4.4 million (Q2 2020: € 1.5 million, +193.6 %), after € –1.7 million in Q1 2021 (Q1 2020: € –7.7 million, +78.2 %).

Financial result

Financial income for the first six months amounted to € 46 thousand (H1 2020: € 33 thousand). Financial expenses were € 1.2 million (H1 2020: € 1.3 million). As a result of the positive business performance and the associated easing of the burden on credit lines, the interest burden from financial liabilities was reduced in the reporting period. However, this is offset by a higher interest charge from lease accounting in accordance with IFRS 16 for the new warehouse location. At € –1.2 million, the financial result was on a par with the previous year (H1 2020: € –1.2 million).

Income taxes

The tax result for the first six months was € –0.5 million (H1 2020: € 1.5 million). In the previous year, the tax result was positive, mainly due to deferred taxes.

Net income

Consolidated net income in the first half of the year totalled € 1.0 million after € –5.9 million in H1 2020. This corresponds to earnings per share (EPS) of € 0.08 (H1 2020: € –0.47). This means that the company is already profitable again at Group level after the end of the first half of the year.

The table *Abridged P+L statement* summarises key income and expense items from multiple years' profit and loss statements.

Abridged P+L statement

in € thousand

	H1'21	%	+%	H1'20	%	+%	H1'19	%
Revenues	**249,270**	100.0	4.7	**238,032**	100.0	-16.4	**284,561**	100.0
Other operating income	16,491	6.6	86.1	8,859	3.7	-38.8	14,473	5.1
Total operating income	**265,761**	106.6	7.6	**246,891**	103.7	-17.4	**299,034**	105.1
Cost of goods sold	-192,245	-77.1	5.9	-181,573	-76.3	-18.3	-222,150	-78.1
Gross profit	**73,516**	29.5	12.6	**65,318**	27.4	-15.0	**76,884**	27.0
Personnel expenses	-6,992	-2.8	-7.2	-7,531	-3.2	-19.3	-9,332	-3.3
Other operating expenses	-58,497	-23.5	-1.3	-59,264	-24.9	-16.8	-71,227	-25.0
EBITDA	**8,028**	3.2	643.4	**-1,477**	-0.6	-59.8	**-3,674**	-1.3
Depreciation	-5,283	-2.1	12.7	-4,688	-2.0	-31.0	-6,795	-2.4
EBIT	**2,745**	1.1	144.5	**-6,166**	-2.6	-41.1	**-10,469**	-3.7
Net financial result	-1,203	-0.5	-1.6	-1,223	-0.5	243.9	-356	-0.1
EBT	**1,542**	0.6	120.9	**-7,389**	-3.1	-31.7	**-10,825**	-3.8
Income taxes	-501	-0.2	-132.7	1,533	0.6	-46.5	2,864	1.0
Consolidated net income	**1,040**	0.4	117.8	**-5,856**	-2.5	-26.4	**-7,961**	-2.8

Financial and assets position

Balance sheet

As of 30.06.2021 the balance sheet total amounted to € 239.0 million (31.12.2020: € 199.8 million, 30.06.2020: € 176.7 million).

Fixed Assets

The decrease in fixed assets in the reporting period from € 99.4 million at 31.12.2020 by € 6.4 million to € 93.0 million is mainly due to the amortisation of rights of use in accordance with IFRS 16.

Inventories

Among the current assets, inventories are the biggest line item. Since the beginning of the year, stock has increased by € 31.5 million to € 68.3 million (31.12.2020: € 36.9 million). By closing-date comparison, inventories are € 6.8 million higher (30.06.2020: € 61.5 million). Due to the expanded storage capacity and against the backdrop of the current market situation, the company has started winter stocking somewhat earlier than in the previous year. As of 30.06.2021, the share of inventories in the balance sheet total amounted to 28.6 % (31.12.2020: 18.5 %, 30.06.2020: 34.8 %).

Receivables and other assets

Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the end of the second quarter, receivables amounted to € 47.8 million (31.12.2020: € 33.3 million, 30.06.2020: € 23.5 million). The significant increase since the beginning of the year is mainly due to miscellaneous other receivables, as the payment of the proceeds from the capital increase with subscription rights was not made until the beginning of July. Trade accounts receivable totalled € 19.5 million on the balance sheet date (31.12.2020: € 19.1 million, 30.06.2020: € 14.2 million).

Payables

Trade accounts payable have been increased by € 15.0 million from € 69 million at the beginning of the year to € 84 million. In a closing date comparison trade payables are € 19.5 million higher (30.06.2020: € 64.3 million). The increase in the reporting date comparison is largely due to the fact that winter stockpiling has been brought forward. Trade payables accounted for 35.1 % of the balance sheet total (31.12.2020: 34.5 %, 30.06.2020: 36.4 %).

Abridged balance sheet
in € thousand

	30.06.21	%	+%	31.12.20	%	30.06.20	%
Assets							
Non-current assets	118,001	49.4	-4.8	124,009	62.1	86,792	49.1
Fixed assets	92,984	38.9	-6.4	99,388	49.8	72,845	41.2
Other non-current assets	25,018	10.5	1.6	24,620	12.3	13,947	7.9
Current assets	120,954	50.6	59.7	75,758	37.9	89,889	50.9
Inventories	68,326	28.6	85.3	36,865	18.5	61,540	34.8
Receivables	47,788	20.0	43.7	33,258	16.6	23,513	13.3
Liquidity	4,840	2.0	-14.1	5,635	2.8	4,836	2.7
Assets	**238,956**	**100.0**	**19.6**	**199,767**	**100.0**	**176,681**	**100.0**
Equity and Liabillities							
Long-term funds	77,566	32.5	19.7	64,816	32.4	29,631	16.8
Equity	32,183	13.5	117.4	14,801	7.4	2,387	1.4
Long-term debt	45,383	19.0	-9.3	50,015	25.0	27,244	15.4
Provisions	115	0.0	-2.6	118	0.1	382	0.2
Liabilities	45,268	18.9	-8.8	49,611	24.8	26,316	14.9
OtherNonCurrentLiabilities	0	0.0	-100.0	286	0.1	546	0.3
Short-term debt	161,390	67.5	19.6	134,951	67.6	147,049	83.2
Provisions	4,834	2.0	36.4	3,544	1.8	4,843	2.7
Liabilities	156,555	65.5	19.1	131,407	65.8	142,207	80.5
Equity and Liabillities	**238,956**	**100.0**	**19.6**	**199,767**	**100.0**	**176,681**	**100.0**

Liquidity position

Liquidity as of 30.06.2021 totalled € 4.8 million (31.12.2020: € 5.6 million, 30.06.2020: € 4.8 million). On 30.06.2021, the company's net cash position (liquidity less liabilities from current accounts) amounted to € –50.1 million (31.12.2020: € –38.9 million, 30.06.2020: € –55.7 million). Due to the seasonal nature of the business and the payment terms in the tyre trade, the use of credit lines at mid-year is typically the highest. As of the balance sheet date, the cash inflow from the rights issue was still outstanding. If this net inflow (gross issue proceeds after deduction of commissions and costs) of € 7.6 million had still occurred in June, net liquidity at the balance sheet date would have been correspondingly higher.

Equity

Equity amounted to € 32.2 million on the balance sheet date (31.12.2020: € 14.8 million, 30.06.2020: € 2.4 million). By means of the successfully placed capital increases, the company's equity was increased by € 16.3 million. The equity ratio of the company at the balance sheet date stood at 13.5 % (31.12.2020: 7.4 %).

Cash flow

Operating cash flow

As a result of the accelerated inventory build-up and the corresponding development in working capital, cash flow from operating activities for H1 2021 decreased to € –15.6 million (H1 2020: € 6.9 million).

Investments

In the reporting period, Delticom invested € 0.4 million into property, plant and equipment (H1 2020: € 0.7 million). Further € 0.2 million were invested in intangible assets (H1 2020: € 0.2 million). The investments made in the first half of 2021 mainly relate to equipment investments in our warehouses as well as software. Proceeds of around € 0.8 million were generated from the sale of land belonging to a subsidiary. As a result, the cash flow from investment activities totalled € 0.2 million (H1 2020: € –0.9 million).

Financing activities

The cash flow from financing activities totaled € 14.6 million in the reporting period. Since the beginning of the year, credit lines have been extended by € 10.4 million in connection with the inventory build-up. Furthermore, lease liabilities of € 4.3 million were repaid in connection with the application of IFRS 16. The successful placement of the capital increase without subscription rights resulted in a net inflow of € 8.4 million. The cash inflow from the rights issue did not occur until July 2021.

Organisation

Legal structure

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 30.06.2021:

Subsidiary	Status
All you need GmbH, Hanover (Germany)	in closure
DeltiCar SAS, Ensisheim (France)	non-operational
Delticom North America Inc., Benicia (USA)	active
Delticom OE S.r.l., Timisoara (Romania)	active
Delticom TOV, Lwiw (Ukraine)	in closure
Delticom Russland OOO, Moscow (Russia)	active
DeltiLog Ltd., Witney (United Kingdom)	active
DeltiLog GmbH, Hanover (Germany)	active
DS Road GmbH, Pratteln (Switzerland)	active
Giga GmbH, Hamburg (Germany)	active
Gigatires LLC, Benicia, (USA)	active
Gourmondo Food GmbH, Hanover (Germany)	in liquidation
Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)	active
Ringway GmbH, Hanover (Germany)	active
Tireseasy LLC, Benicia (USA)	active
Tirendo Deutschland GmbH, Berlin (Germany)	active (in merger)
Tirendo Holding GmbH, Berlin (Germany)	active
Toroleo Tyres GmbH, Sarstedt (Germany)	active
Toroleo Tyres TT GmbH und Co. KG, Sarstedt (Germany)	active
TyresNET GmbH, München (Germany)	active

Delticom sold its shares in Extor GmbH by way of a share purchase and assignment agreement dated 30.06.2021. This resulted in a gain on deconsolidation of € 5 thousand.

Significant events after the reporting date

There were no events of special significance after the end of the reporting period.

Risk Report

As a company that operates internationally, Delticom is exposed to varying types of risk. In order to be able to identify, evaluate and respond to such risks in a timely fashion, Delticom put in place a risk management system early on. The system is based on corporate guidelines for the early risk detection and risk management. Risk management presentations and an overview of risks to the company as a going concern as well as material individual risks and opportunities can be found on page 64ff of the Annual Report for the 2020 financial year.

Compared to the Annual Report 2020, the risk situation has not changed materially.

Status of follow-up financing

The Company's financing is secured until the end of the 2021 financial year on the basis of the restructuring agreement. The management is currently working with the future financing partners on the key points of the follow-up financing. These discussions are proceeding extremely constructively and are on the right track. The successful placement of the capital increases in June of the current year marked another important milestone in the restructuring process. The capital increases sustainably strengthen the company's equity. The liquidity inflow from the capital increases will also further ease the burden on credit lines, in addition to the effects achieved from the good operating performance, the optimization of working capital management and the restructuring measures successfully implemented since the start of the turnaround. Financing requirements for subsequent years will be significantly reduced accordingly. The company is currently reassessing its medium-term planning, which, at the request of the financing partners, will be based on the present half-year financial statements and the confirmation of the auditors. As soon as the revised medium-term plan is available and the restructuring has been declared complete by the restructuring consultant, the follow-up financing can be further advanced and finalized with the financing partners. The company's management expects the follow-up financing to be successfully concluded by the end of the current financial year.

Outlook

Macroeconomic developments

Global economy

The Kiel Institute for Economic Research (IfW) expects the global economy to expand very strongly in the current year. Thus, with the weakening of the corona pandemic and the lifting of the measures taken to contain it during the summer, economic activity is expected to recover even where it had dropped noticeably in the interim. In view of increasing progress in vaccination and the associated reduction in the risk of infection, the IfW expects a progressive normalisation of the general conditions for the second half of the year 2021 also for the particularly contact-intensive sectors of the economy such as tourism, travel and the entertainment industry. Against the backdrop of low interest rates and income-securing financial policy measures, private consumption is also expected to increase strongly and support the recovery. Overall, the experts at the IfW expect global gross domestic product to increase by 6.7 % in the current year.

Euro area

According to IfW estimates, economic activity in the euro area is also expected to grow strongly in the summer half-year and exceed its pre-crisis level by the end of the year 2021. Against the backdrop of the now rapidly advancing vaccination campaigns, seasonality and infection control measures, the incidence of infection is on the decline throughout Europe. This allows Member States to gradually roll back remaining restrictions. Over the summer, growth is expected to come largely from the service sectors, which have been particularly hard hit to date, and from private consumption. At the same time, the economy will continue to be supported by an expansive fiscal policy. All in all, the IfW expects gross domestic product in the euro zone to increase by 5.3 % for the year as a whole.

Germany

In Germany, too, the development of the economy since the outbreak of the corona pandemic has depended primarily on the measures taken to protect against infection. The IfW assumes that economic activity in this country will expand at a rapid pace in the further course of this year and exceed its pre-crisis level again. Against the backdrop of the withdrawal of the pandemic-related restrictions, the experts expect activity to increase rapidly again, particularly in those areas that were previously under particular strain. First and foremost, trade and contact-intensive services are expected to benefit from rising consumer spending by private households. Assuming that all notable pandemic-related restrictions are gradually lifted by the end of the third quarter of this year, the IfW expects German gross domestic product to increase by 3.9 % for 2021.

Sectoral developments

Tyre Trade

After the corona-related sharp drop in sales figures in 2020, the European replacement tyre business is on the road to recovery in the first six months of the current year. According to ETRMA, a slow return to pre-Corona levels was observed in the first half of the year. However, it remains to be seen whether this trend will continue and also depends on the further course of the pandemic.

E-Commerce

The general trend towards e-commerce will continue to increase. According to the "Global Digital Report 2021", more than 4.6 billion people and thus almost 60 % of the global population already use the Internet today, an increase of 7.3

% compared to the previous year. The German E-Commerce and Distance Selling Trade Association (bevh) expects that, in view of the positive development in the first half of 2021, e-commerce revenues in Germany could exceed the € 100 billion mark for the first time this year.

Revenues and EBITDA

The company's management continues to expect consolidated revenues in the current year to be in the range of € 550 million to € 590 million. At the half-year stage, demand for replacement tyres was still very mixed in the individual countries in which the company operates following the corona-related slump last year. The 6.5 % revenues growth in the core business in H1 2021 is mainly due to the positive development in the retrofit countries. Due to the progress made in the vaccination campaigns and the downward trend in infection figures, the company expects demand to stabilize further at a pan-European level in the second half of the year on the premise that there will be no further drastic lockdowns in the fall and that the lives of European consumers and thus their mobility behavior will continue to normalize accordingly.

We continue to forecast EBITDA for the full year in a range of € 16 million to € 20 million, depending on sales. We expect EBITDA to increase directly once the lower end of the revenue forecast is exceeded. Earnings contributions from project developments are also expected in the second half of the year, which will compensate for the burdens from restructuring. Although these earnings contributions will be higher than in H1 2021, the contribution in H2 2021 will nevertheless be significantly lower than the earnings contribution realized at the end of last year. In the further course of the year, our focus will remain on generating sufficiently profitable revenues.

Restructuring expenses of € 3.0 million were incurred in the first six months of the current year. The amount of restructuring expenses for the full year 2021 will largely depend on when the follow-up financing is concluded in the course of the second half of the year. At the present time, we assume that the restructuring expenses, which were estimated at € 4 million at the beginning of the year, will amount to around € 5 million for the year as a whole. The company will continue to make every effort with the aim of not significantly exceeding the original anticipated budget.

New customers

Thanks to our multi-shop approach, we address different customer groups in order to optimally exploit the market potential. We believe that we will again be able to convince more than 1 million new customers of the benefits of buying in one of Delticom's online shops in the current fiscal year.

Repeat customers

In view of the multi-year replacement cycle, we are confident of being able to greet some of the new customers we have acquired over the past few years as repeat customers in our shops in the coming months.

Liquidity

In line with our sales and liquidity planning for the current year, we will build up or reduce inventories in the coming quarters. Close control of working capital management will continue to play a central role. For the current year, we are planning a positive free cash flow of more than € 10 million.

Consolidated Interim Financial Statements of Delticom AG

Content

Consolidated Income Statement

in € thousand	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Revenues	**249,270**	**238,032**
Other operating income	16,491	8,859
Total operating income	**265,761**	**246,891**
Cost of goods sold	-192,245	-181,573
Gross profit	**73,516**	**65,318**
Personnel expenses	-6,992	-7,531
Deprication of intangible assets, Rights of use and property, plant and equipment	-5,283	-4,688
Bad debt losses and one-off loan provisions	-1,641	-1,818
Other operating expenses	-56,856	-57,446
Earnings before interest and taxes (EBIT)	**2,745**	**-6,166**
Financial expenses	-1,250	-1,257
Financial income	46	33
Net financial result	**-1,203**	**-1,223**
Earnings before taxes (EBT)	**1,542**	**-7,389**
Income taxes	-501	1,533
Consolidated net income	**1,040**	**-5,856**
Thereof allocable to:		
Non-controlling interests	53	78
Shareholders of Delticom AG	986	-5,934
Earnings per share (basic)	0.08	-0.47
Earnings per share (diluted)	0.08	-0.47

Statement of Recognised Income and Expenses

in € thousand	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Consolidated Net Income	**1,040**	**-5,856**
Changes in the financial year recorded directly in equity		
Other comprehensive income for the period	**67**	**-31**
Income and expense that will be reclassified to the statement of income at a later date		
Changes in currency translation	67	-31
Net Investment Hedge Reserve		
Total comprehensive income for the period	**1,107**	**-5,887**
Attributable to non-controlling interests	80	81
Attributable to shareholders of the parent	1,027	-5,968

Consolidated Balance Sheet

Assets

in € thousand	30.06.2021	31.12.2020
Non-current assets	**118,001**	**124,009**
Intangible assets	38,954	39,678
Rights of use	45,685	50,409
Property, plant and equipment	8,343	9,294
Financial assets	2	8
Deferred taxes	8,938	8,850
Other receivables	16,080	15,770
Current assets	**120,954**	**75,758**
Inventories	68,326	36,865
Accounts receivable	19,510	19,090
Other current assets	28,178	14,065
Income tax receivables	100	104
Cash and cash equivalents	4,840	5,635
Assets	**238,956**	**199,767**

Shareholders' Equity and Liabilities

in € thousand	30.06.2021	31.12.2020
Equity	**32,183**	**14,801**
Equity attributable to Delticom AG shareholders	**31,160**	**13,807**
Subscribed capital	14,831	12,463
Share premium	47,667	33,739
Stock option plan	193	214
Other components of equity	-213	-280
Retained earnings	200	200
Net retained profits	-31,517	-32,529
Non-controlling interests	**1,023**	**994**
Liabilities	**206,773**	**184,966**
Non-current liabilities	**45,383**	**50,015**
Long-term borrowings	45,268	49,611
Non-current provisions	115	118
Deferred tax liabilities	0	0
Other Non Current Liabilities	0	286
Current liabilities	**161,390**	**134,951**
Provisions for taxes	817	842
Other current provisions	4,017	2,702
Accounts payable	83,853	68,830
Short-term borrowings	54,976	44,490
Other current liabilities	17,726	18,086
Shareholders' equity and liabilities	**238,956**	**199,767**

Consolidated Cash Flow Statement

in € thousand	01.01.2021 - 30.06.2021	01.01.2020 - 30.06.2020
Earnings before interest and taxes (EBIT)	**2,745**	**-6,166**
Depreciation of intangible assets and property, plant and equipment	5,283	4,688
Changes in other provisions	1,312	1,101
Other non-cash expenses and income	-1,788	-1,957
Gain (–) / loss (+) from the disposal of non-current assets	445	0
Changes in inventories	-31,461	1,410
Changes in receivables and other assets not allocated to investing or financing activity	-4,572	9,428
Changes in payables and other liabilities not allocated to investing or financing activity	14,356	-468
Interest received	46	10
Interest paid	-1,558	-1,115
Income tax paid	-384	0
Cash flow from operating activities	**-15,576**	**6,931**
Cash inflow from the disposal of property, plant and equipment	770	0
Payments for investments in property, plant and equipment	-371	-698
Payments for investments in intangible assets	-187	-246
Cash flow from investing activities	**212**	**-944**
Cash inflow from capital increases	8,425	0
Cash inflow of financial liabilities	10,398	0
Cash outflow of financial liabilities	-4,255	-6,493
Cash flow from financing activities	**14,568**	**-6,493**
Changes in cash and cash equivalents due to currency translation	1	0
Cash and cash equivalents at the start of the period	5,635	5,339
Changes in cash and cash equivalents	-795	-503
Cash and cash equivalents - end of period	**4,840**	**4,836**

Statement of Changes in Shareholders' Equity

in € thousand	Sub-scribed capital	Share premium	Reserve from currency translation	Stock op-tion plan	Retained earnings	Net retained profits	Total	Non control-ling interests	Total equity
as of 1 January 2020	**12,463**	**33,739**	**46**	**231**	**200**	**-38,354**	**8,325**	**-51**	**8,274**
Change in minority interests						-909	-909	909	0
Net Income						-5,934	-5,934	78	-5,856
Other comprehensive income			-32			-2	-34	3	-31
Total comprehensive income			**-32**			**-5,936**	**-5,968**	**81**	**-5,887**
as of 30 June 2020	**12,463**	**33,739**	**14**	**231**	**200**	**-45,199**	**1,448**	**939**	**2,387**
as of 1 January 2021	**12,463**	**33,739**	**-280**	**214**	**200**	**-32,529**	**13,807**	**994**	**14,801**
Stock option plan	0			-21			-21	0	-21
Change in minority interests						51	51	-51	0
Capital increase	2,368	13,928					16,296		16,296
Net income						986	986	54	1,040
Other comprehensive income			67			-27	40	26	66
Total comprehensive income			**67**			**959**	**1,027**	**80**	**1,107**
as of 30 June 2021	**14,831**	**47,667**	**-213**	**193**	**200**	**-31,517**	**31,160**	**1,023**	**32,183**

Notes to the Consolidated Interim Financial Statements of Delticom AG

Content

Reporting companies

Delticom AG (hereinafter referred to as the "company") is the parent company of the Delticom Group (hereinafter referred to as the "Delticom"). Delticom AG is entered in the commercial register of Hanover local court with register number HRB58026. Delticom's address is Brühlstrasse 11, 30169 Hanover, Germany.

Delticom is Europe’s leading online retailer of tyres and complete wheels. The range of tyres offered to retail and commercial customers includes over 600 brands and more than 18,000 models for cars and motorbikes as well as complete wheel sets. Customers are also able to have the ordered products sent to one of the around 37,000 service partners of Delticom AG around the world.

Detailed information on the reporting company is presented in the Management Report of the Annual Report 2020in the section Business activities as well as in the section Organization.

For computational reasons, rounding differences may occur in the tables.

Employees

From 01.01.2021 to 30.06.2021 Delticom had an average of 176 employees (thereof on average 2 apprentices and interns). The calculation is based on full-time equivalents, thus taking into account the actual work hours.

Seasonal effects

In Germany, but also in the Alpine region and in Northern Europe, the seasonal change in weather conditions shapes the course of business in the tyre trade. As most motorists buy their winter tyres with the first snowfall and thus in the last months of the year, the first quarter is usually somewhat weaker. The second quarter of the year, on the other hand, is traditionally strong in terms of sales: temperatures in April and May are often already comparatively high and the sometimes pleasantly warm weather leads many car drivers to buy new summer tyres.

Finally, the third quarter typically levels off again somewhat: In the transition from the summer to the winter tyre business, sales are somewhat weaker. In most European countries, the last quarter is usually the strongest in terms of sales. In the darker months of the year, road conditions become more difficult, braking distances increase - and many drivers become directly aware of the need for new tyres. Weather-related shifting effects between the quarters and base effects compared to the previous year are unavoidable.

Principles of accounting and consolidation, balance sheet reporting and valuation methods

These half-year financial statements for 30.06.2021 were prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reporting adopted by the International Accounting Standards Board (IASB), as applicable in the European Union (EU). All IFRS standards, in particular IAS 34 (Interim Financial Reporting), that were valid and mandatory on the reporting date were applied.

IAS 34 requires at least the following disclosures in an interim financial report:

- a condensed statement of financial position (balance sheet)
- either (a), a condensed statement of comprehensive income or (b), a condensed statement of comprehensive income and a condensed income statement
- a condensed statement of changes in equity
- a condensed statement of cash flows
- selected explanatory notes

These interim financial statements do not contain all clarifications and information required for Group annual financial statements, and should therefore be read in conjunction with the annual financial statements as of 31.12.2020 of Delticom Group. The Annual Report 2020 is made available on the Delticom website in the section Investor Relations or can be downloaded directly using the following link:

www.delti.com/Investor_Relations/Delticom_AnnualReport_2020.pdf

The fair value of the existing financial instruments corresponds approximately to the carrying amount for all balance sheet items. The financial instruments in the category of "financial assets held for trading" in the amount of € 440 thousand (31.12.2020: € 16 thousand) and in the category of "financial liabilities held for trading" in the amount of € 32 thousand (31.12.2020: € 602 thousand) are classified in level 2 of the fair value hierarchy. As in previous years, there are no fair values in hierarchy level 3. Changes in fair values were recognised in the income statement. The valuation takes into account current ECB reference rates and forward premiums or discounts.

Due to short due dates for payments the book value of the trade receivables is equal to their fair value. In the interim financial statements, the taxes on income reported in the Income Statement are calculated pursuant to IAS 34.30c on the basis of an annual tax rate essentially include tax income from the recognition of deferred tax assets.

Group of consolidated companies

The group of consolidated companies comprises Delticom AG as controlling company, eleven domestic and nine foreign subsidiaries, all fully consolidated in the interim financial accounts.

The following companies were fully consolidated in the current fiscal year:

Subsidiary	Status
All you need GmbH, Hanover (Germany)	in closure
DeltiCar SAS, Ensisheim (France)	non-operational
Delticom North America Inc., Benicia (USA)	active
Delticom OE S.r.l., Timisoara (Romania)	active
Delticom TOV, Lwiw (Ukraine)	in closure
Delticom Russland OOO, Moscow (Russia)	active
DeltiLog Ltd., Witney (United Kingdom)	active
DeltiLog GmbH, Hanover (Germany)	active
DS Road GmbH, Pratteln (Switzerland)	active
Giga GmbH, Hamburg (Germany)	active
Gigatires LLC, Benicia, (USA)	active
Gourmondo Food GmbH, Hanover (Germany)	in liquidation
Pnebo Gesellschaft für Reifengroßhandel und Logistik mbH, Hanover (Germany)	active
Ringway GmbH, Hanover (Germany)	active
Tireseasy LLC, Benicia (USA)	active
Tirendo Deutschland GmbH, Berlin (Germany)	active (in merger)
Tirendo Holding GmbH, Berlin (Germany)	active
Toroleo Tyres GmbH, Sarstedt (Germany)	active
Toroleo Tyres TT GmbH und Co. KG, Sarstedt (Germany)	active
TyresNET GmbH, München (Germany)	active

Delticom sold its shares in Extor GmbH by way of a share purchase and assignment agreement dated 30 June 2021. This resulted in a gain on deconsolidation of € 5 thousand.

Changes in significant accounting policies

The accounting and valuation methods applied in these interim financial statements correspond to those used in the consolidated financial statements of the Company as of 31.12.2020.

Main business transactions

Capital increase

On 1 June 2021, a capital increase without subscription rights was carried out by issuing 1,246,333 new no-par value registered shares at a placement price of € 7.12. In addition, a capital increase with subscription rights was carried out on 24 June 2021 by issuing 1,121,697 new no-par value registered shares at a placement price of € 7.12. Delticom AG's subscribed capital thus increased to € 14,831 thousand. Taking into account issuing costs and deferred taxes (totaling € 565 thousand), Delticom AG's capital reserves increased by € 13,928 thousand to € 47,667 thousand. The inflow of funds from the capital increase with subscription rights took place after 30 June 2021, with the result that a corresponding receivable is to be disclosed under current other assets.

Profit and loss statement, balance sheet and statement of cash flow

Detailed information with regards to business trends and the profit and loss statement can be found in the chapter *Business performance and earnings situation* of the interim management report.

The chapter *Financial and assets position* presents additional information concerning the balance sheet and the cash flow statement.

The majority of sales contracts (and the resulting revenues) exist between Delticom and private end customers. Delticom is a one-segment company with a focus on e-commerce. Sales are categorized by geographical region into EU and non-EU countries. Due to the short payment terms and comprehensive monitoring, it is not necessary to categorise the payment default risk. The e-commerce products sold lead to clearly identifiable contractual performance obligations.

Notes to the income statement

Revenues

Revenue relates almost exclusively to revenue from the supply of goods to customers for the period from 01.01.2021to 30.06.2021, of which €95,538 thousand (H1 2020: €85,495 thousand) is domestic revenue.

Other operating expenses

The following table shows the development of the other operating expenses.

in € thousand	H1'21	H1'20
Transportation costs	23,731	24,143
Warehousing costs	4,299	3,844
Credit card fees	1,768	2,017
Marketing costs	8,904	8,396
Operations centre costs	4,423	4,529
Rents and overheads	1,319	725
Financial and legal costs	5,993	6,279
IT and telecommunications	1,421	1,701
Expenses from exchange rate differences	1,532	1,887
Other	3,465	3,925
Summe	56,856	57,446

Of the finance and legal expenses, €3,039 thousand (H2 2020: €3,884 thousand) relate to restructuring costs. These are mainly legal and consultancy costs incurred in direct connection with the restructuring.

Earnings per share

Basic earnings per share amount to € 0.08 (H1 2020: € -0.47). Diluted earnings also amount to € 0.08 (H1 2020: € -0.47).

Calculation of earnings per share

In accordance with IAS 33, basic earnings per share are calculated as the quotient of net income for the period after taxes of € 1,040,454.27 (H1 2020: € –5,855,568.65) and the weighted average number of ordinary shares outstanding during the financial year of 12,701,519 (H1 2020: 12,463,331).

No stock options were exercised in the reporting period. The vesting period for all stock options granted is four years beginning on the respective issue date. In principle, all shares issued must be taken into account for the calculation of diluted EPS if the stock options have a dilutive effect. As of June 30, 2021, there were 2,187 shares from the tranche of April 17, 2019, whose exercise price was below the market value, so that this tranche was included in the calculation of diluted earnings per share. Accordingly, the weighted average number of existing ordinary shares and the number of potential shares from option rights (12,703,706 shares in total) had to be taken into account for this purpose. The dilutive effect in H1 21 is negligible, resulting in € 0.08 for both basic and diluted earnings per share.

Dividends

No dividend was paid for the past fiscal year 2020 (previous year: € 0).

Related parties disclosure

Related parties within the meaning of IAS 24 are the Managing and Supervisory Boards of Delticom AG (category persons in key positions) and Binder GmbH and Prüfer GmbH (category significant influence on the reporting company). All transactions with related parties are contractually agreed and carried out at conditions that are also customary with third parties. In the interim reporting period, there were no changes with a significant influence on the earnings, financial or asset situation.

Contingent liabilities and other financial commitments

There were no material changes in other financial obligations compared to 31.12.2020.

As of the reporting date, there were no contingent liabilities or claims.

Status of follow-up financing

The company's financing is secured until the end of the 2021 financial year on the basis of the restructuring agreement. The management is currently working with the future financing partners on the key points of the follow-up financing. These talks are proceeding extremely constructively and are on the right track. With the successful placement of the capital increases in June of the current year, another important milestone in the restructuring was reached. The capital increases will strengthen the company's equity in the long term. The liquidity inflow from the capital increases will also further ease the burden on the credit lines, in addition to the effects achieved from the good operating performance, the optimization of working capital management and the restructuring measures successfully implemented since the start of the restructuring. The financing requirements for subsequent years will be significantly reduced accordingly. The company is currently reviewing its medium-term planning again, which, at the request of the financing partners, will be based on the present half-year financial statements and the confirmation of the auditors. As soon as the revised medium-term plan is available and the restructuring has been declared complete by the restructuring consultant, the follow-up financing can be further advanced and finalized with the financing partners. The company's management expects the follow-up financing to be successfully concluded by the end of the current financial year.

Key events after the reporting date

The receivable from the rights issue of € 7,986 thousand reported under other current assets was paid in full in July. No other events of particular significance occurred after the balance sheet date.

Declaration according to section 115 Abs. 5 WpHG (Securities Act)

These interim financial statements and the interim management report have neither been audited nor reviewed by an auditor.

German Corporate Governance Codex

The website https://www.delti.com/Investor_Relations/entsprechungserklaerung.html shows the current statements made by the Management and the Supervisory Board of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG).

Responsibility Statement

To the best of our knowledge, we declare that, according to the principles of proper interim consolidated reporting applied, the interim consolidated financial statements provide a true and fair view of the company‘s net assets, financial position and results of operations, that the interim consolidated management report presents the company‘s business including the results and the company‘s position such as to provide a true and fair view and that the major opportunities and risks of the company‘s anticipated growth for the remaining financial year are described.

Hanover, 11.08.2021

(The Management Board)

Review Report

Translation of the review report issued in German language on the condensed consolidated interim financial statements prepared in German language by the Board of Managing Directors of Delticom AG, Hanover.

To Delticom AG, Hanover

We have reviewed the condensed consolidated interim financial statements – comprising the condensed consolidated balance sheet, condensed statement of comprehensive income, condensed consolidated cash flow statement, condensed statement of changes in shareholder's equity and selected explanatory notes – and the interim management report of Delticom AG, Hanover, for the period from 1 January 2021 to 30 June 2021 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

We refer to the disclosures in the section "Status of follow-up financing" of the selected explanatory notes and in the section "Risk Report" of the interim management report, in which the legal representatives describe that going concern of the Group depends on the successful continuation of the implementation of the restructuring as well as the successful conclusion of follow-up financing. As described in the section "Status of follow-up financing" and the section "Risk Report", these events and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to going concern and which constitutes a risk threatening the existence of the company as a going concern within the meaning of § 322 Abs. 2 Satz 3 HGB. Our review report has not been modified with respect to this matter.

Hanover, 11 August 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Martin Schröder
German Public Auditor

ppa. Michael Meseberg
German Public Auditor

The Delticom Share

WKN	514680
ISIN	DE0005146807
Reuters / Bloomberg	DEXGn.DE / DEX GR
Index membership	CDAX, CLXP, D1BL, 4N83, CXPR, 4N9U, I1RC, PXAP, NX20
Type of shares	No-par value, registered
Transparency level	Prime Standard
11.11.2021	Q3-Notification
22. - 24.11.2021	German Equity Forum Frankfurt

		01.01.2021 - 30.06.2021	01.01.2020 - 31.12.2020
Number of shares	shares	14,831,361	12,463,331
Share price on the first trading day[1]	€	6.24	4.56
Share price on the last trading day of the period[1]	€	9.20	5.96
Share performance[1]	%	+47,4	+30.7
Share price high/low[1]	€	9.34 / 6.24	6.20 / 2.10
Market capitalisation[2]	€ million	136.4	74.3
Average trading volume per day (XETRA)	shares	24,624	12.412
EPS (undiluted)	€	0.08	0.55
EPS (diluted)	€	0.08	0.55

(1) based on closing prices
(2) based on official closing price at end of quarter

				Estimates for 2021					Estimates for 2022				
Broker	Analyst	Recom-mendation	Target price	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)
Metzler	Jürgen Pieper	Buy	15.00	580.0	25.0	15.0	2.6	0.54	615.0	31.0	21.0	3.4	1.13
Quirin	Daniel Kukalj	Buy	16.00	568.0	17.0	6.0	1.1	0.24	611.0	24.0	12.0	2.0	0.57
		Average	15.50	574.0	21.0	10.5	1.9	0.39	613.0	27.5	16.5	2.7	0.85

as of 6 July 2021

Imprint

Publisher

Delticom AG
Brühlstraße 11
30169 Hanover
Germany

Contact Investor Relations

Melanie Becker
Brühlstraße 11
30169 Hanover
Phone: +49 511 93634-8903
E-Mail: melanie.becker@delti.com