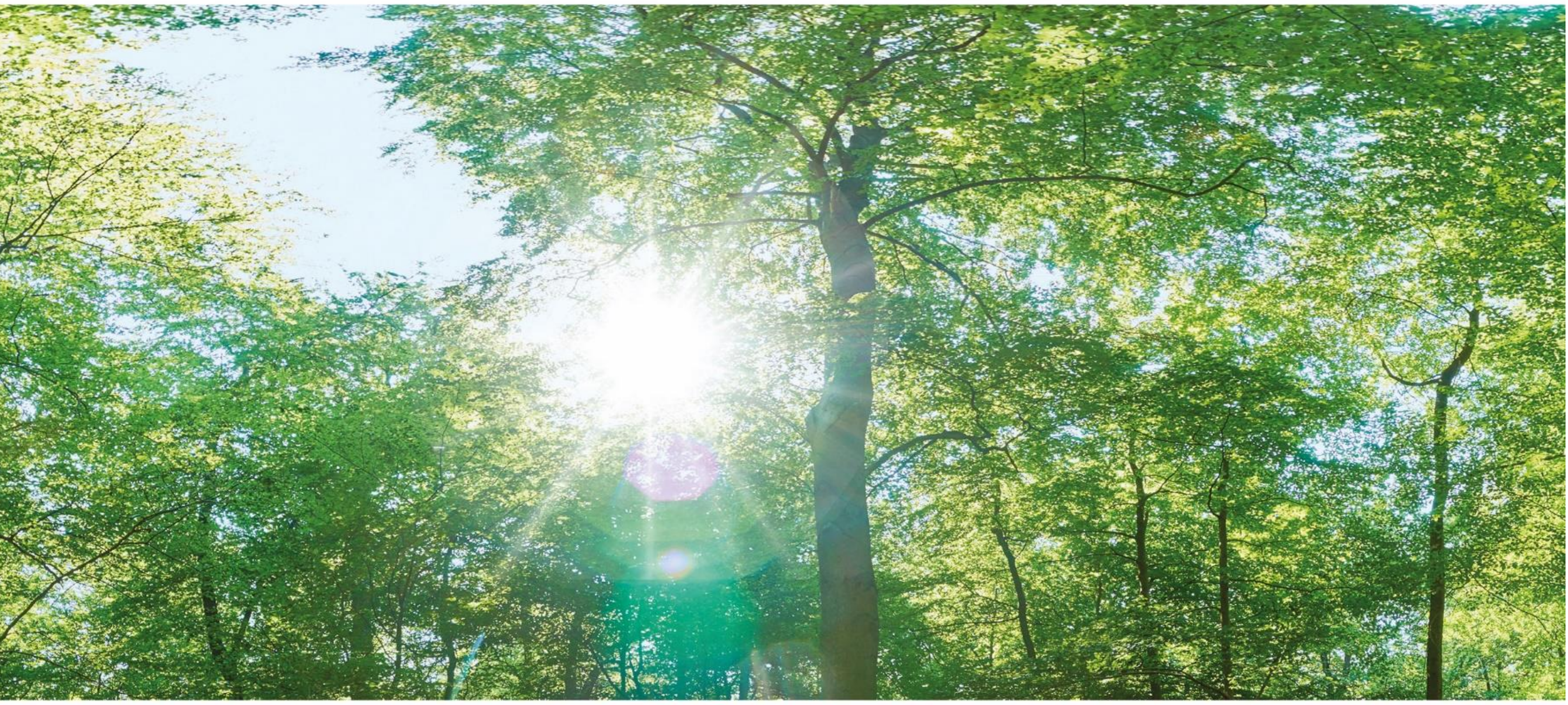
Delignit
AKTIENGESELLSCHAFT



Half-year Report 2023

www.delignit.com

Contents

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 customized 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 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 and musical instruments.

Delignit Group at a glance

Fiscal year (01/01 to 30/06)	2023 IFRS	2022 IFRS	∆ 2023 vs. 2022
Earnings figures	**€ thousand**	**€ thousand**	**%**
Revenue	**48,210**	**32,134**	**50.0 %**
Total operating revenue	48,849	31,659	54.3 %
Cost of materials	-30,451	-18,529	64.3 %
Personnel costs	-10,137	-8,750	15.8 %
Other operating expenses	-3,799	-2,497	52.2 %
EBITDA	4,461	1,883	136.9 %
EBITDA margin	*9.1 %*	*5.9 %*	*3.2 %**
EBIT	3,286	716	359.1 %
EBIT margin	*6.7 %*	*2.3 %*	*4.5 %**
EBT	3,181	624	410.0 %
EBT margin	*6.5 %*	*2.0 %*	*4.5 %**
Consolidated net income	**2,178**	**356**	**512.1 %**
Number of shares	8,193,900	8,193,900	0.0 %
EPS in €	0.27	0.04	512.1 %
Statement of financial position figures	**€ thousand**	**€ thousand**	**%**
Non-current assets	17,054	17,175	-0.7 %
Current assets	29,742	26,306	13.1 %
Cash and cash equivalents contained therein	916	747	22.6 %
Issued capital (share capital)	8,194	8,194	0.0 %
Other equity	20,637	16,079	28.3 %
Total equity	**28,831**	**24,273**	**18.8 %**
Equity ratio	*61.6 %*	*55.8 %*	*5.8 %**
Non-current liabilities and provisions	5,430	4,422	22.8 %
Current liabilities and provisions	12,535	14,785	-15.2 %
Total assets	**46,796**	**43,481**	**7.6 %**
Net financial debt (net debt (-)/net cash (+))	-6,019	-8,435	-28.6 %
Employees (as at 30/06)			
Germany	461	396	16.4 %

*Change in percentage points, differences due to commercial rounding

Greetings from the Management Board

Dear shareholders,
Dear employees,

The first half of 2023 was remarkably dynamic. We saw a significant upturn in demand over the six-month period, with high call-offs in our serial supply business.
Financial results in the first half of 2023 were very positive, in line with this high demand. With revenue of around € 48.2 million, we generated a noticeable 50 % year-on-year increase. EBITDA in this period came to around € 4.5 million, which translates into an EBITDA margin of 9.1 % and an impressive rise of 137 % compared to the previous year.

As we are operating at full capacity, which required increased purchases of components and services particularly from the end of the first half of the year onwards, we are working on an efficiency and capacity programme. This programme is intended to help us handle the increased call-off volumes effectively and cost efficiently.

To secure this sustained positive revenue development and our future growth targets, investment is to be stepped up accordingly in the next few years. We will specifically invest the funds from our recent capital increase in expanding and automating our production capacity while maintaining our sound capital structure.

Despite persistent economic and geopolitical uncertainties, we are optimistic about the future. Our strong performance in the first half of the year and our stable order book corroborate our guidance for 2023 as a whole. We are still aiming to achieve significant consolidated revenue growth to € 88 million accompanied by EBITDA at the prior-year level (8.7 %).

Our success would not be possible without the support of our dedicated employees, valued customers and reliable suppliers and partners, and we would like to take this opportunity to thank them.

Of course, we would also like to thank you, our valued shareholders, for the trust and confidence you have placed in Delignit AG. We look forward to continuing to work together.

Blomberg, August 2023

Kind regards,

Markus Büscher
CEO

Thorsten Duray
CSO

Group management report for the fiscal half-year from 1 January to 30 June 2023 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, the European 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

The first half of 2023 remained a challenging time for the global economy. Persistently high inflation, rising interest rates and economic uncertainty took a particular toll on the consumer and investment climate. Nonetheless, the OECD expects to see global economic growth of 2.7 % this year, although this will be driven primarily by countries such as China and India. Estimated growth for the OECD is put at just 1.4 %, with eurozone growth expected at 0.9 %. In Germany, gross domestic product stagnated in the second quarter of 2023 compared to the previous quarter, after declining by 0.1 % in Q1 2023 and by 0.4 % in Q4 2022. After picking up considerably towards the start of the year, manufacturing production began to contract and then stagnate. Positive effects from improvements in supply chain bottlenecks and high order backlogs were offset by the difficulties posed by weaker demand and inflation. The German Federal Statistical Office put inflation in Germany in June 2023 at 6.4 %. Deutsche Bundesbank anticipates average annual inflation of 6.0 % in 2023. The ifo Institute expects GDP to decrease by 0.4 % in 2023 (adjusted for inflation), partly a result of a gloomier economic outlook in the construction industry and weaker exports.

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 economic sentiment and circumstances. While new registrations in the automotive industry enjoyed considerable growth, poor revenue and production performance in the engineered wood industry is becoming increasingly pronounced.

The number of new registrations in the light commercial vehicle industry climbed by a very good 11.6 % in the European Union in the first half of the year. This trend was seen across the board, although the German market fared particularly well and generated strong growth of 15.5 % (source:

ACEA). According to the German Association of the Automotive Industry, improved availability of precursors and intermediate products and a high order backlog in the first half of 2023 increased new registrations of passenger cars and light commercial vehicles. For example, sales on national and international passenger car markets are mostly up on the first half of 2022. Sales rose by 18 % in the EU and by around 13 % in Germany.

The motor caravan industry also reported a high number of new registrations, even despite record figures in previous years. The main market of Germany, which sets the pace in Europe, saw only slight 1.3 % growth in new registrations at about 41,500 units. Nevertheless, this remains at a high level, with the second-strongest registration figures for a first half-year in Germany.

Companies in the German engineered wood industry saw their revenue decline by 14.4 % year on year in the period from January to May 2023. While international revenue dropped by 11.3 % year on year in the same period, domestic revenue suffered an even greater downturn of 16.3 % (source: German Federal Statistical Office).

3. Market environment of the Delignit Group

The Delignit Group generated revenue of € 48,210 thousand in H1, 50.0 % higher than in the previous year. It thus maintained its strong performance in the second half of 2022 and also generated further growth.

In a multi-year comparison, revenue has risen by an average of 10.2 % per year since the first half of 2010.

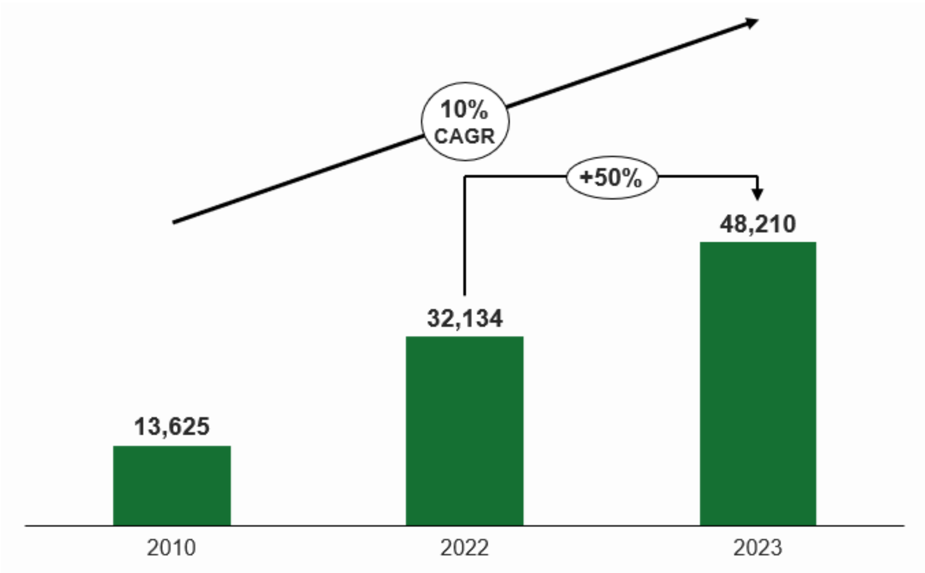


Figure I: Half-year revenue of the Delignit Group since 2010 in € thousand

The Automotive target market was particularly dynamic in the first half of the year and grew by 62.7 % year on year, making it a vital contributor to the Group's revenue development. While the first six months of 2022 were characterised by massive supply chain disruption at our OEM customers, the dynamic revenue momentum that began in the second half of 2022 was continued and surpassed. This strong performance was broadly propelled by all areas of application, including the motor caravan business and the market for light commercial vehicles.

Revenue in the Technological Applications target markets again declined in the reporting period and was 44.0 % lower than in the previous year. As well as a planned revenue reduction in the first half of the year, it was also necessary to actively step up the allocation of resources towards Automotive that began in the previous year, so the contribution to consolidated revenue was less than 5 % in the first half of the 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 elected 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 Annual 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. 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 2028.

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:

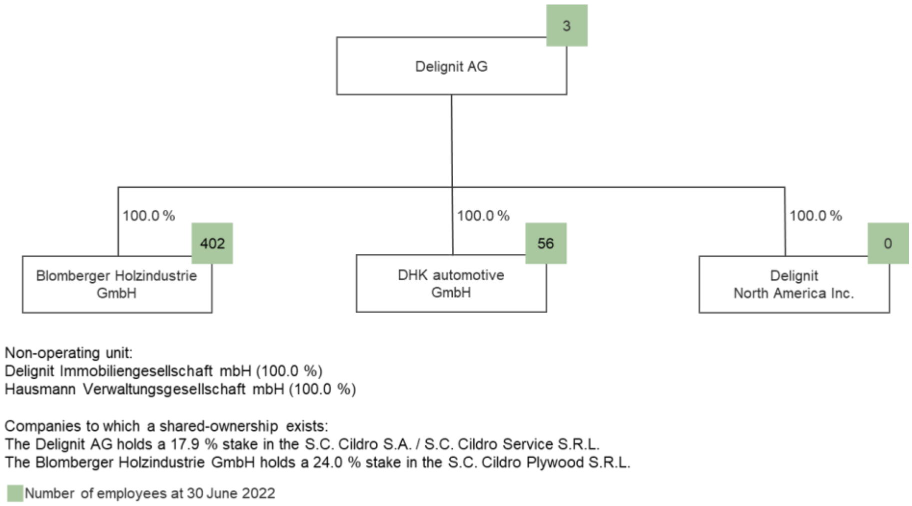


Figure II: Organisation chart of the Delignit Group

d. Employees

The staff headcount increased significantly from 396 employees in the previous year to 461. The flexibility required was achieved by drawing on temporary staff, which is included in the personnel data.

5. Results of operations, financial position and net assets

The Delignit Group experienced a dynamic first half of 2023. In view of increased call-offs in the automotive business, the top priority was to reliably meet the high demand. This objective demanded strict capacity management, the effects of which were felt both in income and in working capital and will continue to be felt in the second half of the year.

Results of operations

The Delignit Group generated revenue of € 48,210 thousand in the reporting period, representing a year-on-year upturn of 50.0 % (€ 32,134 thousand). Total operating income, including other operating income and changes in inventories, came to € 48,849 thousand (previous year: € 31,659 thousand), with only a moderate increase in inventories of finished goods and work in progress in the first half of the year.

The cost of materials accounted for 62.3 % of total operating income, increasing on the prior-year level of 58.5 % as expected. Product mix effects on revenue, the need to draw on temporary staff again, and the increased purchase of intermediate products and services to support the company's own production capacity all had a negative impact. Further material price increases were translated into sales price adjustments in absolute terms. Overall, the materials ratio was therefore higher than in the first half of the previous year and stabilised on a par with the second half of 2022.

Staff costs amounted to € 10,137 thousand after € 8,750 thousand in the previous year and rose substantially in connection with capacity utilisation and the order situation. Nonetheless, the staff costs ratio decreased significantly from 27.6 % in the previous year to 20.8 %.

Other operating expenses came to € 3,799 thousand in the first half of the year, far higher than in the previous year (€ 2,497 thousand). This, too, reflects the high capacity utilisation in all areas of the company, which increased maintenance expenses and purchased services. However, the other operating expenses ratio was stable at 7.8 % thanks to strong revenue performance (previous year: 7.9 %).

EBITDA amounted to € 4,461 thousand, up significantly on the previous year's figure of € 1,883 thousand. In a generally strained economic environment for automotive suppliers, the Delignit Group thus generated an EBITDA margin of 9.1 % after 5.9 % in the previous year.

At € 1,175 thousand, depreciation and amortisation was up only slightly on the previous year.

Overall, the Delignit Group generated EBIT of € 3,286 thousand with an EBIT margin of 6.7 %. Consolidated net income for the first half of the year after interest and taxes was also strong at € 2,178 thousand.

Net assets

Inventories came to € 16,942 thousand (previous year: € 16,101 thousand) and have increased since the end of the reporting period on 31 December on account of seasonal factors. Trade receivables totalled € 10,715 thousand (previous year: € 7,489 thousand) and increased thanks to good business performance and reporting date effects. Other current assets declined to € 1,168 thousand, partly as a result of a reduction in the factoring balance.

The equity of the Delignit Group rose to € 28,831 thousand as at 30 June 2023 (previous year: € 24,273 thousand), resulting in a stronger equity ratio of 61.6 % (previous year: 55.8 %) despite the higher total assets.

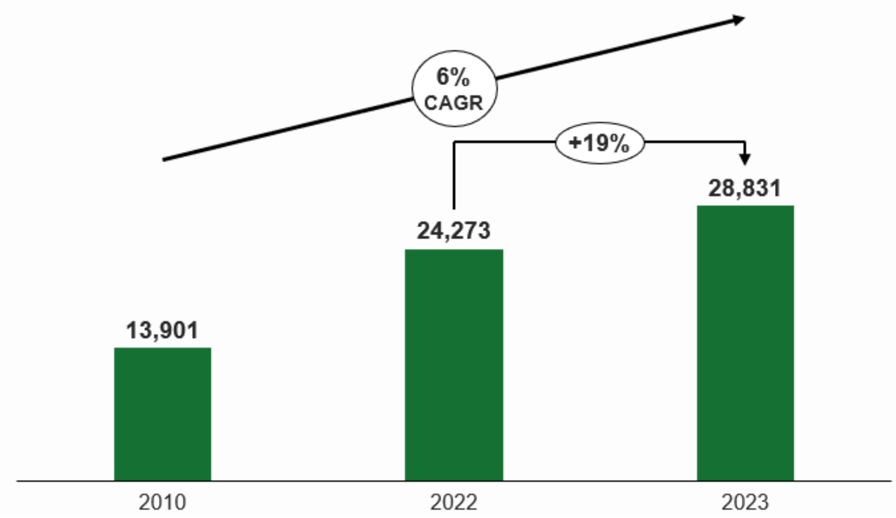


Figure III: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group’s cash and cash equivalents amounted to € 916 thousand as at the end of the reporting period (previous year: € 747 thousand). In total, current financial liabilities amounted to € 2,669 thousand and non-current financial liabilities to € 1,779 thousand. Net debt was down by € 8,435 thousand as against the first half of the previous year at € 6,019 thousand.

According to the Delignit Group's assessment, the society was and is at all times capable of fully meeting its financial obligations.

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

Our risk policy is to optimally leverage the opportunities that exist and to only enter into the risks associated with our business activities when corresponding income can be generated. Accordingly, risk management is an integral element of all business processes and decisions.

The risks to business development of the Delignit Group are described in detail in the Group management report for fiscal 2022, which can be viewed on Delignit AG’s website. This assessment remains unchanged after the end of the first half of 2023.

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. CO_2 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. A comprehensive, detailed description of the corporate strategy can be found in the Group management report for fiscal 2022, which can be viewed on Delignit AG's website.

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 Code of Conduct, which can be accessed on the Delignit AG website, covers the company's key values.

- The Delignit Group uses revenue and the EBITDA margin as the key financial performance indicators for controlling and measuring its performance.

10. Events after the reporting period

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

11. Other information

As at the end of the reporting period, the issued capital of € 8,193,900.00 was 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 € 4,096,950.00 against cash deposits or contributions in kind by issuing new no-par value bearer shares (Authorised Capital 2020).

This authorisation under the Articles of Association was exercised by means of the capital increase effected by entry on 17 July 2023. As a result, the number of no-par value bearer shares increased by 2,048,475 from 8,193,900 after the reporting date for this interim financial report to 10,242,375 as a result of utilising Authorised Capital 2020. Accordingly, the Management Board is now authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions by up to € 2,048,475.00 in total in the period until 24 August 2025 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (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. Report on expected developments

The Delignit Group continues to perform well and increased revenue by 50.0 % year on year in the first half of 2023. The EBITDA margin improved to 9.1 % of total operating income in the same period, after 5.9 % in the previous year.

The picture for the overall economy, on the other hand, remains mixed. The ifo Business Climate Index recently declined once again to 87.3 points (source: ifo Institute). While inflation in Germany was slightly lower in July, it is still high at +6.2 % compared to the previous year (source: Bundesbank). Nonetheless, the new registration figures for Delignit AG's key target markets are robust and key OEM customers also expect business to remain stable for the remainder of the second half.

Overall, therefore, the Management Board is still optimistic and is confirming the guidance for 2023 published in the 2022 Annual Report, which anticipates significant revenue growth to € 88 million accompanied by EBITDA at the prior-year level.

Blomberg, August 2023

Markus Büscher	Thorsten Duray
CEO	CSO

IFRS interim consolidated statement of financial position of Delignit AG (unaudited)
as at 30 June 2023

ASSETS	30 June 2023 € thousand	30 June 2022 € thousand
A. Current assets		
1. Inventories	16,942	16,101
2. Trade receivables	10,715	7,489
3. Receivables from affiliated companies	0	1
4. Other current receivables/assets	1,168	1,968
5. Cash and cash equivalents	916	747
Current assets	**29,742**	**26,306**
B. Non-current assets		
1. Goodwill	2,178	2,178
2. Other intangible assets	875	857
3. Property, plant and equipment	13,279	13,210
4. Other non-current financial assets	486	630
5. Deferred tax assets	236	300
Non-current assets	**17,054**	**17,175**
Total	**46,796**	**43,481**

EQUITY AND LIABILITIES	30 June 2023 € thousand	30 June 2022 € thousand
A. Current liabilities		
1. Other current provisions	3,385	2,817
2. Current financial liabilities	2,669	6,013
3. Trade payables	4,564	4,413
4. Other current liabilities	1,917	1,542
Current liabilities and provisions	**12,535**	**14,785**
B. Non-current liabilities		
1. Provisions for pensions	835	1,013
2. Other non-current provisions	99	80
3. Deferred tax liabilities	796	673
4. Non-current financial liabilities	1,779	869
5. Other non-current liabilities	1,921	1,787
Non-current provisions and liabilities	**5,430**	**4,422**
C. Equity		
1. Issued capital	8,194	8,194
2. Capital reserves	1,063	1,063
3. Retained earnings	6,318	4,000
4. Amounts recognised directly in equity	-561	-609
5. Currency translation reserve	62	147
6. Profit carryforward	13,753	11,478
Equity	**28,831**	**24,273**
Total	**46,796**	**43,481**

IFRS interim consolidated statement of comprehensive income (unaudited)
for the fiscal half-year from 1 January to 30 June 2023 of Delignit AG

	30 June 2023 € thousand	30 June 2022 € thousand
1. Revenue	48,210	32,134
2. Other operating income	49	163
3. Changes in inventories	589	-638
4. Cost of materials	-30,451	-18,529
5. Staff costs	-10,137	-8,750
6. Amortisation and depreciation on intangible assets and property, plant and equipment	-1,175	-1,168
7. Other operating expenses	-3,799	-2,497
8. Earnings before interest and taxes (EBIT)	**3,286**	**716**
9. Interest expenses	-105	-92
10. Financial result	-105	-92
11. Earnings before tax (EBT)	**3,181**	**624**
12. Income taxes	-990	-235
13. Other taxes	-14	-33
14. Consolidated net income	**2,178**	**356**
15. Earnings per share in €	**0.27**	**0.04**

Accounting policies

The condensed consolidated half-year financial statements as at 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU and effective at the end of the reporting period.

The accounting policies applied are consistent with those applied as at 31 December 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. The income statement is prepared in accordance with the nature of expense method.

Financial calendar

Annual Report 2022

21 April 2023

General Meeting

8 August 2023

Hamburg Investors' Day

24 August 2023

German Equity Forum

27 to 29 November 2023

End of the fiscal year

31 December 2023

Contact

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