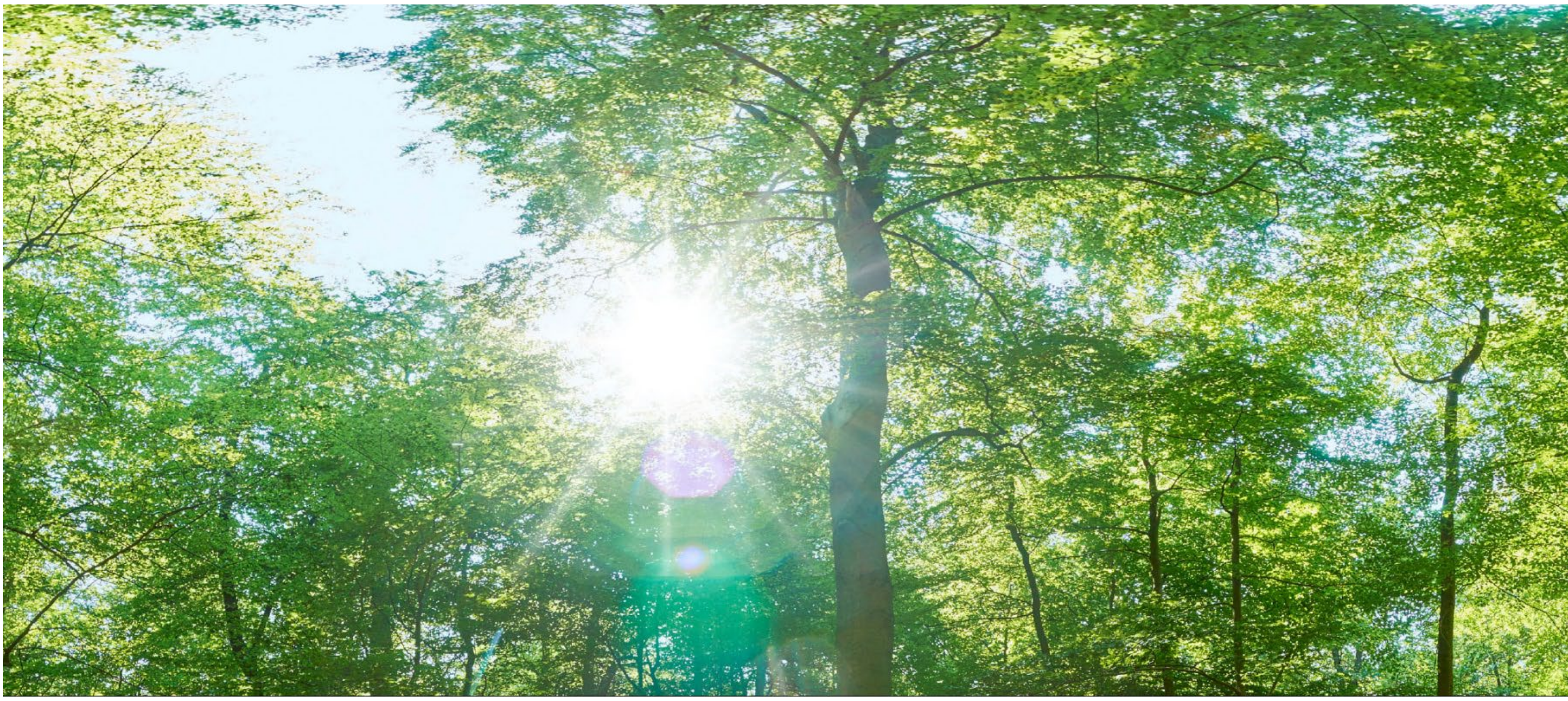

Annual Report 2023

Delignit
AKTIENGESELLSCHAFT

Annual Report 2023

Delignit AG

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, musical instruments and sports equipment.

Delignit Group at a glance

Fiscal year (01/01 to 31/12)	2023 IFRS	2022 IFRS	Δ 2023 vs. 2022
Earnings figures	**€ thousand**	**€ thousand**	**%**
Revenue	**86,050**	**75,358**	**14.2 %**
Total operating revenue	86,316	74,917	15.2 %
Cost of materials	-52,727	-45,467	16.0 %
Staff costs	-18,930	-17,121	10.6 %
Other operating expenses	-7,603	-5,781	31.5 %
EBITDA	7,055	6,550	7.7 %
EBITDA margin	*8.2 %*	*8.7 %*	*-0.6 %**
EBIT	4,720	4,136	14.1 %
EBIT margin	*5.5 %*	*5.5 %*	*-0.1 %**
EBT	4,529	3,927	15.3 %
EBT margin	*5.2 %*	*5.2 %*	*0 %**
Consolidated net income	**3,239**	**2,772**	**16.8 %**
Number of dividend-bearing shares	10,242,375	10,242,375	0.0 %
EPS in €	0.32	0.27	16.8 %

Statement of financial position figures	**€ thousand**	**€ thousand**	**%**
Non-current assets	17,696	17,553	0.8 %
Current assets	30,786	24,220	27.1 %
Cash and cash equivalents contained therein	10,360	2,363	338.4 %
Issued capital (share capital)	10,242	8,194	25.0 %
Other equity	26,620	18,490	44.0 %
Total equity	**36,862**	**26,684**	**38.1 %**
Equity ratio	*76.0 %*	*63.9 %*	*12.2 %**
Non-current liabilities and provisions	4,801	5,770	-16.8 %
Current liabilities and provisions	6,818	9,318	-26.8 %
Total assets	**48,481**	**41,773**	**16.1 %**
Net financial debt (net debt (-)/net cash (+))	5,918	-5,078	-216.5 %

Employees (as at 31/12)			
Germany	431	395	9.1 %

*Change in percentage points, differences due to commercial rounding

Greetings from the Management Board

Dear shareholders, dear employees,

Delignit AG has once again successfully concluded a dynamic and multi-faceted financial year 2023 with record revenue and earnings.

In economic terms, the global economy proved to be more robust than expected despite a tightening of monetary policy in the wake of inflation and various geopolitical conflicts. The US and key emerging markets also recorded significant GDP growth. However, our main markets in Europe and in particular our home market of Germany did not keep pace with this growth.

On the market and customer side, the Delignit Group nevertheless benefited from high and stable demand in its core business of the light commercial vehicle industry, where it was able to achieve significant double-digit growth rates. After a very strong start to the year in the motorhome sector, the unexpected production stop by our OEM customer in the second half of the year led to a noticeable drop in revenue and earnings in this market segment and also had a noticeable impact on the Group as a whole.

Overall, the Delignit Group generated revenue of over € 86 million in the 2023 financial year, representing growth of more than 14 % compared to the same period of the previous year and once again achieving a new record. We thus returned to the targeted double-digit growth path in terms of revenue, as we have grown by an average of around 10 % annually since 2010. Earnings before interest, taxes, depreciation and amortization (EBITDA) also set a new record at over € 7 million.

Last year's successful capital increase was a milestone in strengthening the balance sheet, enabling us to invest in the optimization and expansion of our production capacities, which often led to capacity bottlenecks in the course of the 2023 financial year. Targeted and prudent investment activity will be a focus of our activities in the coming years. At the same time, we will also continue to invest in the development of new markets, such as electromobility.

For 2024, the outlook for the Delignit Group is cautious, in line with the overall economic situation in Germany, meaning that we expect a moderate decline in revenue to between € 75 million and € 80 million with an EBITDA margin of 6 % to 7 %. In the medium term, however, we believe that we will be able to return to the dynamic growth path we are aiming for thanks to our order book, which remains strong.

Regardless of the cautious outlook for 2024, the Delignit Group is in an excellent strategic position, which confirms the business development of the past decade and allows us to look back with pride and humility on what we have achieved. We would like to thank all our employees, our business partners and you, our shareholders, for this and hope that the success story of Delignit AG will continue to bear the hallmarks of all of us in the future.

Kind regards,

Markus Büscher	Thorsten Duray
Chief Executive Officer	Chief Sales Officer

The Management Board

Markus Büscher

Markus Büscher is Chairman of the Management Board. His responsibilities include the areas of Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D and Investor Relations. Mr Büscher is an economist. Until 2003, Mr Büscher was the commercial director and an authorised signatory at klr-mediapartner GmbH & Co. KG. In 2003, Mr Büscher joined Freund Victoria Gartengeräte GmbH as a managing director, where he was responsible for the main areas of the company as the chairman of management. He became a Managing Director of the Delignit Group in 2007.

Thorsten Duray

Thorsten Duray is a member of the company's Management Board. He is responsible for Marketing and Sales. Mr Duray is a qualified industrial manager and business administrator in the field of marketing. He has held various positions at Blomberger Holzindustrie GmbH since 1991, initially in sales promotion and marketing. From 2001 onward, he was largely responsible for building up the Commercial Vehicle Equipment unit as the Team Leader for Sales. He became the Director of Sales and Marketing in 2006. He has been a member of the Management Board of Blomberger Holzindustrie GmbH since 1 January 2007.

The Management Board team
Markus Büscher (CEO) and Thorsten Duray (CSO)

Report of the Supervisory Board

1. Reporting

In accordance with the duties and responsibilities required of it by law and the Articles of Association, the Supervisory Board was continuously informed of the business and strategic development of the company, current events and all material business transactions in the fiscal year. This meant the Supervisory Board was informed about the business policy, planning, risk situation and the financial position and financial performance of Delignit AG and the Delignit Group at all times.

This was achieved through regular personal discussions between the members of the Supervisory Board and with the members of the Management Board, as well as at the meetings of the Supervisory Board that were held in person on 23 March 2023, 8 August 2023, 22 September 2023 and 7 December 2023. These meetings were attended by all members of the Supervisory Board and the Management Board in person. The Management Board also kept the Chairman of the Supervisory Board extensively informed between Supervisory Board meetings, meaning that the Chairman of the Supervisory Board was aware of the important issues affecting the Delignit Group at all times.

At its individual meetings, the Supervisory Board analysed ongoing business developments and discussed strategy with the Management Board. The discussions extended to the economic situation of Delignit AG and that of the individual subsidiaries. In the 2023 fiscal year, they focused in particular on the capital increase and the Delignit Group's planned investment activities. The Supervisory Board also addressed the specific developments on the motor caravan market and extensively discussed new product developments at two Supervisory Board meetings.

Where specific transactions required the approval of the Supervisory Board in accordance with the Articles of Association or legal provisions, the Supervisory Board reviewed these transactions and decided whether to approve them. There were no indications of conflicts of interest on the part of members of the Management Board and Supervisory Board, which must be disclosed to the Supervisory Board without delay.

2. Organisation

The Supervisory Board of Delignit AG has three members. This ensures efficient work. In the opinion of the Supervisory Board, this number of Supervisory Board members is appropriate for the size of the company.

The Supervisory Board of Delignit AG consists of Ms Bettina Hausmann, Mr Anton Breitkopf and Mr Gert-Maria Freimuth. Dr Constantin Mang has been appointed as a substitute member. He will supersede whichever Supervisory Board member steps down from the body first. The Supervisory Board in its current composition was elected by the General Meeting on 2 June 2022. At its constituent meeting on 2 June 2022, the Supervisory Board elected Mr Gert-Maria Freimuth as its Chairman and Mr Anton Breitkopf as the Deputy Chairman. All three Supervisory Board members and the substitute member are appointed until the end of the Annual General Meeting that votes on the formal approval of the actions of the members of the Supervisory Board for the 2026 fiscal year.

The Audit Committee dealt with the auditing of accounting, the non-financial statement, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the auditing of financial statements and the report of the Supervisory Board. The material risks are described in the management report in this annual report and an opinion is expressed on the implementation of corresponding measures. The Audit Committee also engaged in discussions with the independent auditor as part of the audit of the financial statements, including in the absence of the Management Board.

3. Annual financial statements

The Supervisory Board duly engaged the auditor elected by the Annual General Meeting, RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, to audit the annual and consolidated financial statements and the Group management report for the 2023 fiscal year. On 18 September 2023, the shareholders of RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft resolved the spin-off of a division including its Düsseldorf office to form Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft by way of universal succession in accordance with Section 125 et seq. of the Umwandlungsgesetz (UmwG – German Transformation Act). This includes the engagement for RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, to audit the annual and consolidated financial statements and the Group management report of Delignit AG for the fiscal year ending 31 December 2023.

The annual financial statements of Delignit AG as at 31 December 2023 were prepared in accordance with the principles of the Handelsgesetzbuch (HGB – German Commercial Code), while the consolidated financial statements and the Group management report for Delignit AG as at 31 December 2023 were prepared in accordance with International Financial Reporting Standards (IFRS) and audited by Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, which was elected by the Annual General Meeting and engaged by the Chairman of the Supervisory Board, and issued with an unqualified audit opinion on 19 March 2024 for Delignit AG and for the Delignit Group. Moreover, the dependent company report of the Management Board of Delignit AG in accordance with Section 312 of the Aktiengesetz (AktG – German Stock Corporation Act) was audited by Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, and issued with an unqualified audit opinion on 19 March 2024.

The Supervisory Board and the Audit Committee examined the annual financial statements prepared by the Management Board, the Group management report, the consolidated financial statements, the proposal for the appropriation of net retained profits and the dependent company report, discussed them in detail with the auditor at the meeting of the Supervisory Board on 19 March 2024 and received the auditor’s report on the key results of its audit, including the audit of the internal control system and the risk management system.

The auditor comprehensively answered all of the Supervisory Board’s questions. The Supervisory Board received the auditor’s reports in good time and acknowledged and approved the results of the audit. Following the completion of its examination, the Supervisory Board did not raise any objections to the annual financial statements, the proposal for appropriation of earnings, the dependent company report, the declaration by the Management Board concerning relations with affiliated companies, the consolidated financial statements and the Group management report. The annual financial statements, the consolidated financial statements and the Group management report were approved by the Supervisory Board on 19 March 2024. The annual financial statements of Delignit AG are thus adopted. The Supervisory Board and the Audit Committee concur with the opinion of the Management Board as expressed in the Group management report and approve the proposal by the Management Board on the appropriation of net retained profits.

The Supervisory Board also discussed the Corporate Sustainability Reporting Directive (CSRD) adopted by the European Parliament on 10 November 2022 and approved by the European Council on 28 November 2022, the associated objectives for uniform sustainability reporting by companies and the resulting consequences for the Delignit Group’s reporting.

The Supervisory Board would like to thank the Management Board, the management teams of the Group's subsidiaries and all employees of the Delignit Group for their commitment in a remarkably challenging 2023 fiscal year.

Blomberg, 19 March 2024

i.V.

Gert-Maria Freimuth
Chairman of the Supervisory Board

The Supervisory Board

Gert-Maria Freimuth

Chairman of the Supervisory Board

Mr Gert-Maria Freimuth is the Chairman of the Supervisory Board of Delignit AG and the Deputy Chairman of the Board of MBB SE, Berlin. He is also the Chairman of the Supervisory Board of DTS IT AG, Herford, and Aumann AG, Beelen. Mr Freimuth studied economics and Christian social ethics at the University of Münster and is a founding shareholder of MBB SE.

Anton Breitkopf

Deputy Chairman of the Supervisory Board

Mr Anton Breitkopf is the Deputy Chairman of the Supervisory Board of Delignit AG. He studied business administration at the Cologne University of Applied Sciences and worked in Finance and Controlling at Daimler Benz until 1998. He is a member of the Board of MBB SE, Berlin, and the Deputy Chairman of the Supervisory Board of DTS IT AG, Herford.

Bettina Hausmann

Member of the Supervisory Board

Ms Bettina Hausmann is a member of the Supervisory Board. She studied Romance languages and political science at the University of Freiburg and the University of Cologne and works in Brussels as an independent strategy and communications consultant.


Gert-Maria Freimuth
Chairman of the Supervisory Board


Anton Breitkopf
Deputy Chairman of the Supervisory Board


Bettina Hausmann
Member of the Supervisory Board

Group management report of Delignit AG, Blomberg, for the 2023 fiscal year

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 world economy proved to be more robust than initially anticipated in 2023 against the backdrop of rising living costs and the dramatic tightening of monetary policy. For example, the United States and several major emerging and developing economies achieved economic growth in excess of forecasts in the second half of 2023. Rising public-sector and private expenditure contributed to this upturn. Expansion was also recorded on the supply side, resulting in a broad-based increase in labour market participation and the resolution of supply chain bottlenecks. To curb the strong growth in inflation, the major central banks raised key interest rates to restrictive levels in 2023 with significant consequences for debt refinancing, the availability of loans, corporate investments and investments in residential construction.

Inflation declined more quickly than expected thanks to favourable supply-side developments globally, while market expectations of future key interest rate cuts contributed to a reduction in long-term interest rates and a stock market recovery.

The International Monetary Fund (IMF) expects global gross domestic product (GDP) to have increased by 3.1 % across 2023 as a whole. However, there were considerable variations in economic performance over the course of the year and from region to region. This means growth is slightly weaker than in the previous year, when global GDP rose by 3.5 %. Average inflation for 2023 as a whole is estimated at 6.8 % globally, well below the prior-year figure of 8.7 %.

This growing momentum was not observed everywhere. Growth in the euro area was particularly muted, thanks among other things to cautious consumer sentiment, the continued impact of high energy prices and reluctance among companies to make investments. Across the year as a whole, the European Commission expects GDP in the European Union to have increased by 0.5 %, thereby slowing considerably compared with the prior-year figure of 3.6 %. Although overall economic production was largely unchanged between the fourth quarter of 2022 and the fourth quarter of 2023, the labour markets in the euro area also remain strained. The labour shortage due to demographic factors is increasing the cost of finding new employees and making it harder for companies to recruit successfully. In the EU labour market, this is reflected in sustained high levels of employment and participation and a comparatively low unemployment rate of 6.0 % at the end of the year. After seven months of falling inflation, December 2023 saw a slight month-on-month uptick in EU inflation to 3.4 %. The overall downturn in inflation was driven by falling energy prices in particular.

In Germany, GDP adjusted for inflation contracted by 0.3 % in 2023 after growing by 1.9 % in the previous year. Economic output saw largely sideways movement over the course of 2023, with the moderate gains in the first half of the year being offset by the adverse development in the second half of the year. Looking at the year as a whole, the economic weakness was mainly due to lower consumer spending and weak foreign trade. Construction activity also continued on a broadly downward trajectory. On average, consumer prices in Germany increased by 5.9 % between 2022 and 2023. According to the German Federal Statistical Office (Destatis), this meant inflation for 2023 was lower than in the previous year, when it came in at 6.9 %. As in 2022, inflation in 2023 was driven by the impact of the war and crisis situations. However, energy prices in particular eased over the course of the year, initially seeing slower growth before declining in October and November 2023. The IMF is forecasting economic growth of 0.5 % for Germany in 2024.

The Delignit Group's target markets, i.e. the markets in the automotive sector and the engineered wood industry, also saw varied development.

The major international automotive markets saw a substantial rise in new registrations in the 2023 fiscal year. Vehicle availability improved considerably compared with 2022, which had a positive impact on passenger car sales. The weakness of the prior-year figures was also a factor in this development, although this base effect has increasingly had less of an impact on growth rates of late. Despite this, the business environment for the automotive industry remains challenging. Geopolitical and macroeconomic uncertainties have recently led to a slowdown in overall economic demand and hence muted economic growth in Europe in particular, but also in other regions.

Consistently high energy and consumer prices are also having a negative impact on demand in the economy as a whole.

The market for light commercial vehicles enjoyed strong demand in 2023. The number of new vehicle registrations in the European Union rose by 14.6 % to 1.5 million on a full-year basis. 1.3 million vehicles were registered in the previous year. This development was driven by the major sales markets of Italy with growth of 22.7 %, closely followed by Spain at 22.0 %. The German market for commercial vehicles also recovered compared with 2022. 259,000 vehicles were registered in 2023 compared with 231,000 in the previous year, representing an increase of 12.1 %. By contrast, 266,000 vehicles were newly registered in 2021 (source: ACEA).

The passenger car segment also benefited, recording double-digit growth in all key regions including the United States, the European Union and China. Thanks to extensive programmes of government subsidies, electric vehicles again gained significant market share compared with vehicles with conventional combustion engines (source: VDA, CAAM, Auto Institut).

All in all, registration figures in the European caravanning industry normalised in 2023. While previous years saw a huge rise in demand but limited supply, new registrations in 2023 came in at pre-pandemic levels. With around 210,000 units sold in Europe, the industry saw a downturn of 4 % compared with the previous year.

The main sales market, Germany, recorded stable development overall with moderate growth of 3 % in the motor caravan segment. While around 68,500 vehicles were registered in this segment, the caravan (trailer) segment contracted by a substantial 10.5 % to around 21,900 new registrations. The industry ultimately saw a downturn of just 0.7 % in Germany, thereby all but maintaining the high prior-year level (source: CIVD).

With revenue of around € 40.4 billion in 2023 (previous year: € 45.1 billion), the German wood industry saw a year-on-year contraction across all segments. While some sub-sectors benefited from high order backlogs at the start of the year, a clear downward trend took hold in the second half of the year (source: HDH). The engineered wood industry that is relevant for Delignit was particularly hard hit by the downturn in revenue, contracting by a substantial 15.6 % year-on-year to € 5.3 billion. The engineered wood industry saw its second successive double-digit downturn in production at -11.4 % (2022: -14.0 %) and failed to achieve the prior-year level on a monthly basis at any point during the year. This means the industry is again faced with falling utilisation. In 2023, this was accompanied by an even sharper decline in revenue that was exacerbated by the slowdown in demand that set in midway through the year (source: VHI).

3. Market environment of the Delignit Group

The Delignit Group enjoyed extremely dynamic business performance in 2023. The recovery in supply chains and the demand situation among key OEM customers in the previous year led to exceptional revenue growth of 50.0 % in the first half of the year in particular. As a result, revenue for the first six months reached a new all-time high of € 48.2 million. This development was driven by encouraging growth rates for all major automotive product groups. In particular, the stable core business in the light commercial vehicle industry proved to be resilient as the year went on, whereas the motor caravan sector saw a slight reduction in call-offs in late summer as anticipated. The abrupt and unexpected halt in production by our OEM customer in this product area ultimately led to a sharp downturn in revenue in the fourth quarter in particular. All in all, the Delignit Group recorded year-on-year revenue growth of 14.2 % to over € 86.1 million in the 2023 fiscal year, which represented another new record.

The renewed strong revenue growth in 2023 means the Delignit Group's revenue has risen by an average of around 10 % per year since the 2010 fiscal year:

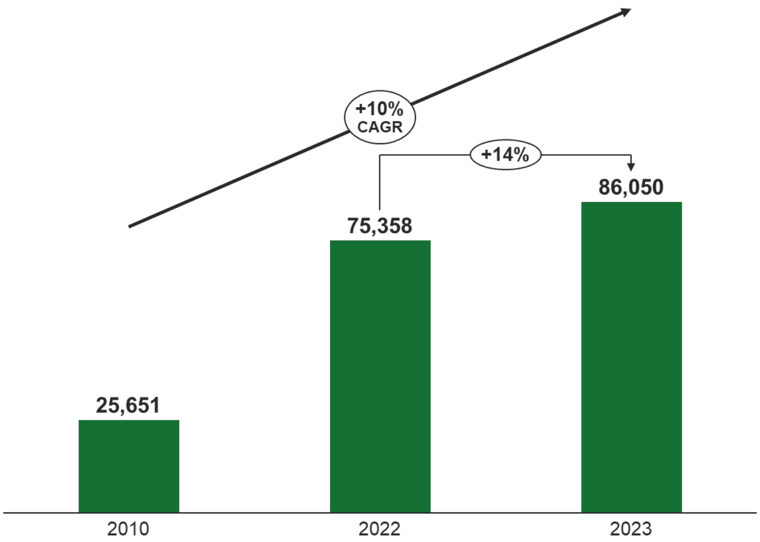

Figure I: Revenue development of the Delignit Group since 2010 in € thousand

As previously, growth in 2023 was driven by the Automotive target market, where Delignit again outperformed the market as a whole with comfortably double-digit growth. Encouragingly, all of the product areas contributed to this development, with revenue in the target market increasing by 17.1 % year-on-year to € 81,098 thousand.

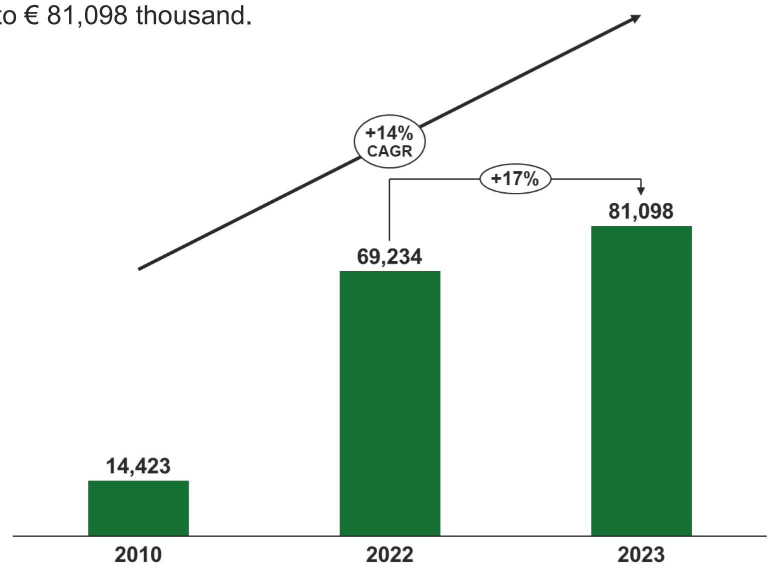

Figure II: Revenue on the Automotive target market since 2010 in € thousand

Revenue in the Technological Applications target markets again declined in 2023. At € 4,952 thousand, revenue was down 19.1 % on the already weak prior-year figure and fell below our expectations. While the highly compressed materials product group achieved clearly double-digit growth, the other product groups declined compared with the previous year. The general reluctance to invest and the slowdown in demand in the engineered wood industry was accompanied by renewed high capacity utilisation at our plants, where strong demand in the Automotive target market necessitated the allocation of additional operating resources.

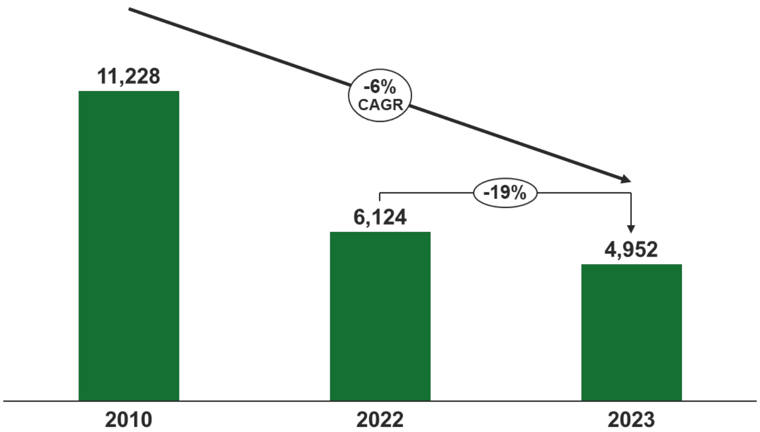

Figure III: Revenue on the Technological Applications target market since 2010 in € thousand

Export revenue increased by 5.0 % to € 48,110 thousand in the 2023 fiscal year (previous year: € 45,803 thousand), although the export ratio as a whole declined.

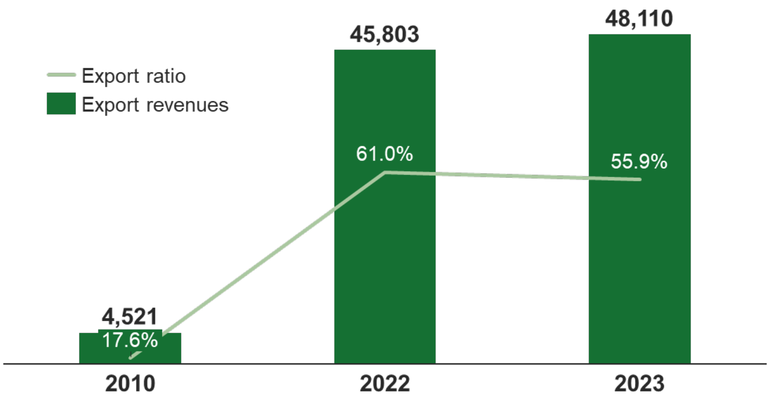

Figure IV: Export development in € thousand

All in all, the Delignit Group continued to benefit from its stable business model in the fiscal year 2023. Building on the market and product diversification it has established, the Group again achieved double-digit growth in spite of the general economic uncertainty and the sales situation in the mobile caravan segment in the second half of the year.

The strong revenue growth achieved over several years relative to the performance of the target markets is proof of the Delignit Group's excellent market positioning.

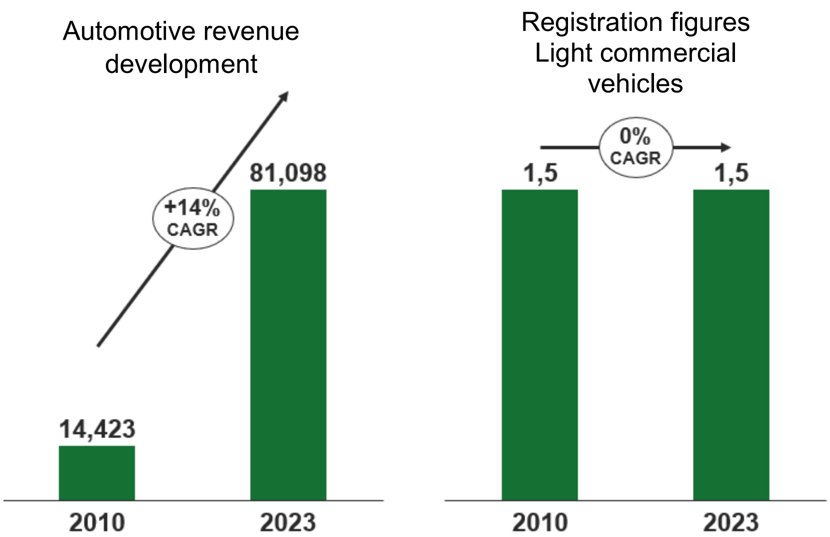

Figure V: Automotive revenue development/development of new LCV registrations in EU excl. UK in million

Its innovative wood-based products are characterised by special technical and mechanical properties (e.g. abrasion and wear resistance, dimensional stability and breaking load), but also by particular ecological aspects. Wood products are long-term repositories for climate-damaging CO_2: One cubic metre of wood absorbs almost one tonne of carbon dioxide. The growing trend towards renewable raw materials, coupled with the Delignit Group's outstanding application and system expertise, is creating an ideal framework for the Group to continue its successful trajectory.

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. As the CSO, 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:

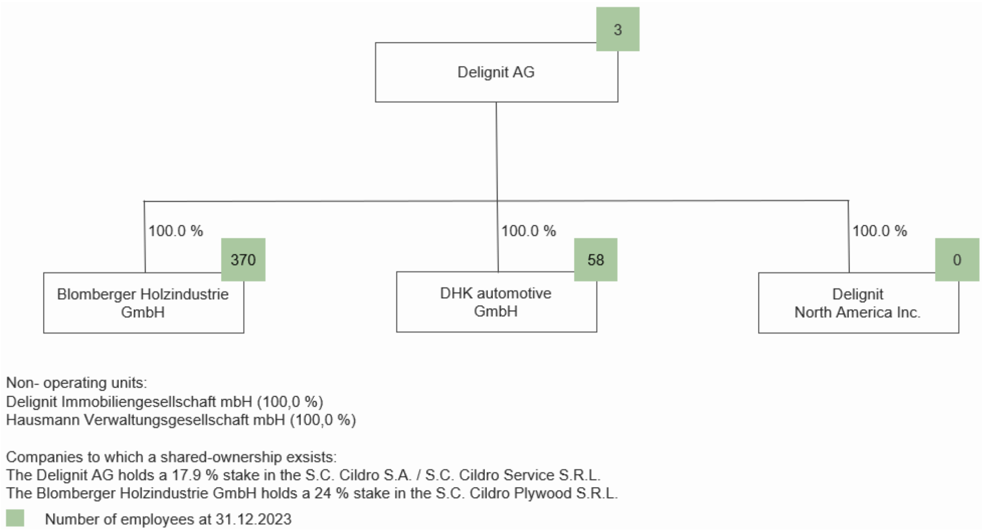

Figure VI: Organisation chart of the Delignit Group

d. Employees

At an operational level, the dynamic development in the fiscal year required the continuous adjustment of capacities and rapid response times. In addition to modified shift models and additional capacity from overtime, temporary staff were used in the first half of the year in particular in order to ensure the Group's ability to meet its delivery commitments while also relieving the burden on its permanent staff. By contrast, a targeted reduction in external capacities and staff redeployment meant the Group was able to guarantee full employment during the second half of the year even as utilisation declined in the motor caravan segment. Headcount including temporary staff increased slightly, from 457 employees at the end of the previous year to 467 at the reporting date. There were 36 temporary staff at the reporting date (previous year: 62).

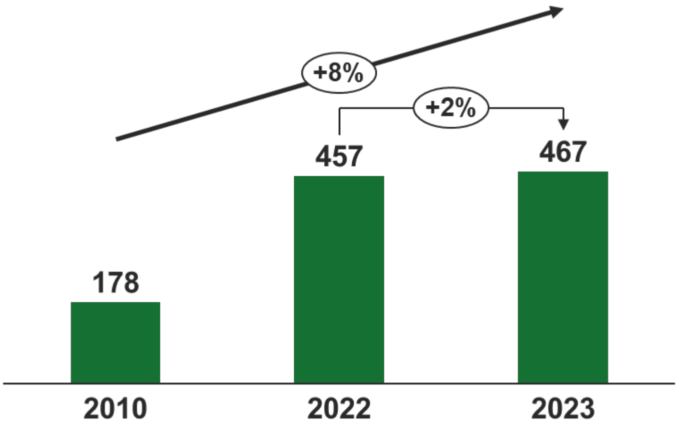

Figure VII: Development of headcount since 2010

The companies of the Delignit Group are well-known as training companies that systematically build up their employees' qualifications, including on the basis of a professional quality management system, and integrate them into the continuous improvement process of operational workflows. Training continued at the companies of the Delignit Group in the 2023 fiscal year, and this key tool for attracting qualified employees will continue to be used and systematically expanded. 16 employees were in vocational training or participating in a dual study program at the reporting date (previous year: 12).

5. Net assets, financial position and results of operation

The Delignit Group enjoyed a successful 2023 fiscal year, recording new all-time highs in terms of both revenue and earnings. The company and its employees demonstrated the agility and adaptability that was needed to address the dynamically changing demand situation. The first half of the year in particular was characterised by exceptionally strong growth accompanied by massive capacity utilisation, which had a corresponding impact on the cost structure. Conversely, the adjustment of working hours and external capacities in the form of temporary staff supplemented by outsourcing enabled the Group to counteract the expected slowdown in growth momentum in the second half of the year. Although these adjustments in the second half of the year only had the desired modulating effect with a certain time delay and the Group failed to meet its original revenue forecast, it made systematic investments in optimising its production infrastructure and in the further enhancement of its portfolio. In this context, the fact that the Delignit Group improved its profitability despite the corresponding cost structures and the downturn in revenue in the motor caravan segment can be considered a success.

Results of operations

The Delignit Group generated revenue of € 86,050 thousand in the 2023 fiscal year (previous year: € 75,358 thousand), an increase of 14.2%. Total operating income, including other operating income and changes in inventories, grew by as much as 15.2 % to € 86,316 thousand following a reduction in inventories in the previous year.

The cost of materials stabilised at 61.1 % of total operating income (previous year: 60.7 %). The first half of the year in particular was characterised by increased costs to secure the necessary capacity, and this continued into the second half of the year in some cases. At the same time, purchase prices – which had risen in previous years due to inflation – only recovered selectively and with a certain time delay during the year under review. At € 52,727 thousand, the cost of materials therefore rose to a slightly greater extent than total operating income.

Staff costs amounted to € 18,930 thousand after € 17,121 thousand in the previous year, an increase of 10.6 %. In addition to a moderate increase in headcount, this was due to inflation-related wage and salary adjustments. At the same time, the staff cost ratio declined from 22.8 % in the previous year to 21.9 % in the year under review.

Other operating expenses amounted to € 7,603 thousand. Having declined significantly to € 5,781 thousand for a ratio of 7.7 % in the previous year, non-staff operating expenses increased again in 2023 and equated to 8.8 % of total operating income at the reporting date. This was due to measures taken to secure the necessary capacity in the form of production-side maintenance work and temporary staff combined with the consistently high level of development activity. All in all, however, the non-staff operating expense ratio remains below the relative level recorded in past years.

The Delignit Group continued to pursue its strategic objective of technological market leadership in 2023, requiring it to capitalise staff costs and non-staff operating expenses of € 273 thousand. Having made a lightweight construction solution for e-mobility applications series-ready in the previous year, the Delignit Group is continuing to refine its positioning in this market environment. The latest product development provides the foundations for penetrating the market for battery technology and integrating natural raw materials into the automotive powertrain of the future, with a particular focus on battery isolation and protection.

EBITDA amounted to € 7,055 thousand in the reporting period after € 6,550 thousand in the previous year. This corresponds to an EBITDA margin of 8.2 % of total operating revenue, after 8.7 % in the previous year.

Depreciation and amortisation decreased from € 2,413 thousand in the previous year to € 2,335 thousand, while investment activity was also down on the previous year.

Earnings before interest and taxes (EBIT) enjoyed strong growth of 14.1 % to € 4,720 thousand after € 4,136 thousand in the previous year. The tax rate decreased to 28.5 % in the year under review due to the earnings structure and the effects of deferred taxes (previous year: 29.4 %). Consolidated net income therefore amounted to € 3,239 thousand, an increase of 16.8 % on the prior-year figure of € 2,772 thousand.

Net assets

Non-current assets including goodwill amounted to € 16,991 thousand at the reporting date (previous year: € 16,761 thousand) and had an unchanged structure. Inventories increased moderately to € 14,944 thousand after € 14,326 thousand in the previous year. Trade receivables declined to € 4,730 thousand at the reporting date (previous year: € 6,423 thousand). Other assets fell by € 358 thousand year-on-year to € 750 thousand due to the reduction in the factoring balance, among other things.

Current provisions were essentially recognised for uncertain obligations and staff costs. Current liabilities include liabilities from taxes and from wages and salaries. In addition to the net income for the year, the equity position was strengthened significantly thanks to the capital increase that was implemented in summer 2023. At the reporting date, the Delignit Group had equity of € 36,862 thousand (previous year: € 26,684 thousand) and an equity ratio of 76.0 % (previous year: 63.9 %). The figure below shows the changes in equity:

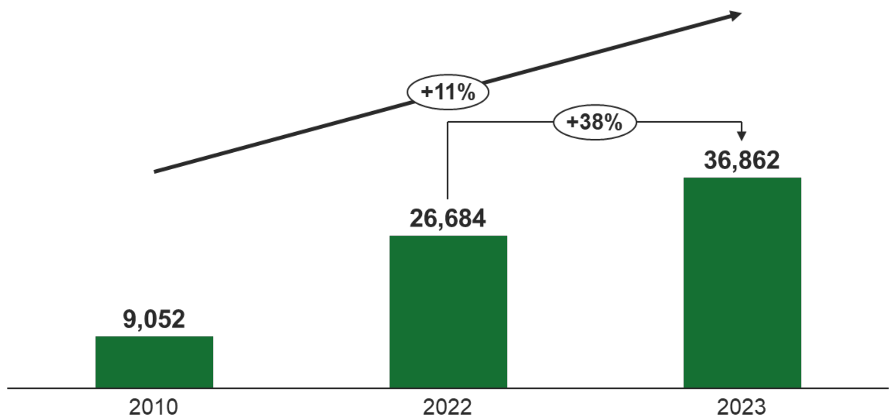

Figure VIII: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group's cash and cash equivalents amounted to € 10,360 thousand as at the end of the reporting period (previous year: € 2,363 thousand). Liabilities to banks were reduced significantly to € 2,250 thousand (previous year: € 4,633 thousand), € 1,571 thousand of which are non-current. The Delignit Group had a positive net financial position of € 5,918 thousand at the reporting date, with net debt decreasing as a result of the positive cash flow and, in particular, the funds generated by the capital increase (net inflow of € 7,547 thousand).

Net cash used in investing activities amounted to € 2,483 thousand in 2023 after € 2,824 thousand in the previous year. This was in line with the average for the previous years but lower than originally forecast.

Net cash from operating activities amounted to € 6,772 thousand in the year under review (previous year: € 4,282 thousand), primarily as a result of the positive results of operations.

The Delignit Group has sufficient liquidity and lines of credit to finance its business activities. The company was able to meet its financial obligations in full at all times.

6. Hedging transactions

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

7. Remuneration report

The remuneration of the Management Board consists of fixed and variable components. The Management Board also receives reimbursement of expenses against receipt. Furthermore, the Management Board is insured by a Group D&O insurance policy with a deductible and an accident insurance policy, and its members receive a subsidy for private health insurance and long-term care insurance. Moreover, each member of the Management Board uses a company car. The members of the Management Board also receive continued pay for up to six weeks in the event of illness. No other benefits (e.g. pension entitlements, direct commitments or severance payments) have been agreed.

The Supervisory Board is remunerated on a fixed basis. The members of the Supervisory Board each receive a fixed basic amount per year. The Chairman of the Supervisory Board receives double this basic amount while the Deputy Chairman receives one and a half times this basic amount. The Supervisory Board also receives reimbursement of expenses against receipt.

The breakdown of the remuneration of the Management Board and Supervisory Board and a description of the virtual stock option programme can be found in the notes to the consolidated financial statements.

8. 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 following section describes the risks that could potentially have a negative effect on the net assets, financial position and results of operations of the Delignit Group in the planning period. The risks are divided into general economic, strategic and operating risks.

General economic risks

The risks described below are among the key general economic risks facing the Delignit Group.

- Inflation
  The expansive global monetary and fiscal policy of the past decade is experiencing a paradigm shift as a result of the turnaround in central banks' interest rate policy. All in all, this meant that inflation was curbed and reduced significantly even against the backdrop of further geopolitical and global economic uncertainty. At the same time, there remains a risk of a wage-price spiral, as inflation expectations may increase and intensify again due to the continued stability of the employment market and the collective bargaining rounds that are ongoing in countries including Germany. Overall, renewed inflationary pressure could slow general economic development and impact competitiveness in the form of rising costs for materials sourcing and personnel, as well as leading to weaker demand in the medium term.

- Economic development in Germany
  Germany, the main sales territory for the Delignit Group's key target markets, saw a downturn in gross domestic product in 2023 in the wake of the multiple crisis situations in recent years. Against the backdrop of high energy prices, rising interest rates and a general reluctance to spend, it remains to be seen whether the German economy can catch up with its European neighbours and especially the international markets in 2024. This entails a market risk for the Delignit Group that could take the form of a sales risk in the absence of growth impetus from other markets, such as the United States.

- Russia/Ukraine war
  The war between Russia and Ukraine, which has been in progress for over two years now, has gravely altered the economic framework in Germany and Europe. Although the consequences for the economy are varied and continuously changing, it is not possible to fully assess the ultimate impact of the war and a further spiral of escalation cannot be ruled out. In this respect, there is a real risk of incalculable

consequences, including for the European economy and the Delignit Group’s course of business.

- China/Taiwan conflict
  The conflict concerning Taiwan is another geopolitical risk factor that could have economic ramifications. If the situation intensifies further, even to the extent of a military dispute in the region, this would have far-reaching consequences for the world economy. In particular, Germany as an economic location and the associated industries are doubly dependent on China as a procurement market and sales market alike. Because its semiconductor production is extremely important internationally, Taiwan also represents a potential Achilles’ heel for the world economy.

- Middle East conflict
  The attack on Israel on 7 October 2023 and the resulting war has increased the structural risk of a further international escalation of the Middle East conflict. The strained situation also entails considerable economic risk potential, e.g. in the form of sustained disruption to international logistics routes. Moreover, further direct acts of war by additional parties could prompt an unexpected and wide-scale international response and seriously disrupt global free trade.

Strategic risks

The risks described below are among the key strategic risks facing the Delignit Group.

- Customer risks
  The increasing volume of OEM serial supply orders is of the utmost importance in terms of market strategy. However, this unavoidably increases the Delignit Group’s dependence on specific major customers and the automotive industry as a whole. Among its key (major) customers, there is always the risk of an insolvency, of a credit limit being cancelled or of production stoppages at short notice due to supply chain disruption. Moreover, the Delignit Group operates in a highly competitive environment. This gives rise to the risk that existing or potential (major) customers may seek alternative solutions if it is not possible to respond to customer requirements in good time. Associated slumps in revenue would only be compensated in the longer term. Cluster risks among customers are being countered by the constant diversification of the customer portfolio in this or related sectors. The company must therefore avoid customer churn while continuously increasing its consulting, development and application expertise.

- Internationalisation
  Risks relating to specific countries arise from the ongoing internationalisation of the Delignit Group. As a result of the interlinking of international goods flows, with OEM customers in particular but also with

suppliers, regional unrest or political factors can lead to disruptions in the supply chain. Furthermore, international trends or regulations (such as the Worldwide Harmonised Light Vehicles Test Procedure) or growing international protectionism could result in market changes that cannot be responded to immediately, and that could therefore temporarily have a negative impact on export business. This particularly includes the business activities of Delignit North America Inc. in the NAFTA region, which could give rise to regional or national risks, liability risks and currency risks.

- Drive technologies
  As European Union regulation shows, the shift to “green drive technologies” in the automotive industry is in full flow. This change will also become increasingly relevant in the area of light commercial vehicles. This could prompt OEM customers to strategically adjust their portfolio and launch new models on the market. For the Delignit Group, this development entails a risk that the commercial vehicle series it currently supplies will become less popular or will reach the end of their marketable life. However, it also represents an opportunity for Delignit to positively harness the trend towards sustainable mobility with its ecological system solutions and to address additional sales potential in new vehicle series. Furthermore, many prominent OEMs are currently extending the lives of their current (conventional) commercial vehicle series as they need the time to develop new models with electric drive technologies. This means the corresponding serial supply contracts with the Delignit Group are also being extended.

Operating risks

The risks described below are among the key operational risks facing the Delignit Group.

- Procurement/price risks
  The Delignit Group’s procurement operations ensure that the company is supplied with the necessary intermediate products, services, energy and all other raw materials, consumables and supplies. The top priorities are quality, cost security and supplier reliability. The security of supply is continuously monitored and improved by close cooperation with key suppliers, a forward-looking procurement strategy and close logistics ties. Procurement risks continue to exist nonetheless. For example, key suppliers may unexpectedly experience a temporary or full shut-down, for instance as a result of an insolvency or supply chain disruption due to unforeseen geopolitical, climate, legal or other events. In addition, temporary shortages can lead to substantial price increases that can only be passed on to customers after a delay, and could thus severely impact the net assets, financial position and results of operations of the Delignit Group.

As recent years have shown, the macroeconomic risks described can have a particularly negative impact on the supply of round timber, which is critical to the Group's success. Rising costs and scarcity, at least on a temporary basis, are developments that could occur in the future. This notwithstanding, the Delignit Group believes it has a good supply of round timber thanks to its diversified procurement base and the high proportion of beech, which has been less affected by climate damage to date. Energy-intensive intermediate products and crude oil-based materials are also subject to heightened procurement risk.

- Delivery capability
  Changing environmental conditions can affect the ability of the Delignit Group to deliver or temporarily impede production. For example, storms, heavy rain or other unexpected events can cause unexpected damage to buildings and production facilities. Furthermore, epidemics or pandemics could lead to widespread illness among the workforce and thus to considerable disruptions in production processes.

- Cyber risks
  The sharp rise in the threat of cyberattacks in recent years is also becoming a success-critical factor for companies. In addition to the risk of falling victim to a cyberattack as a medium-sized enterprise, this encompasses the risk that key business partners such as suppliers and customers could be compromised. This could entail legal, material and financial risks ranging from data loss to material and supply bottlenecks, thereby constituting a substantial potential threat.

- (Management) personnel risk
  Demographic developments can result in staff shortages and the unavailability of skilled workers. Furthermore, a higher number of collective bargaining agreements could affect staff costs. It may be possible to pass these on to the markets either only in part or with a delay. The Group uses modern human resources instruments to counter personnel risks such as turnover, absenteeism, loss of expertise, demotivation, insufficient qualifications and competition for specialists and managers. The potential loss of a key position naturally also constitutes a certain risk.

The Delignit Group continuously monitors the described risks and the potential effects on its own business and counters them with various measures. Examples include the following:

- Quality management system
  The companies have functional and certified quality management systems (e.g. ISO 9001, ISO 14001).

- Contract management
  On the one hand, key supplier and customer relationships are secured by long-term delivery contracts. On the other, international supply or cooperation agreements are subject to a preliminary legal examination.

- Personnel development
  The Delignit Group responds to demographic developments with targeted and broadened vocational training and a qualifications programme to further extend its technical consulting expertise. Continuing professional development and training programmes are offered as a means of promoting employee retention. Attracting female employees and managers is another focal point.

- Operational investment
  An investment programme tailored to operational requirements is intended to secure further production capacity, leverage the potential for rationalisation and actively expand capacity.

- Supplier management
  At minimum, a second source of supply should be qualified for all relevant raw materials where possible.

9. Strategic orientation and opportunities of the Delignit Group

The corporate strategy continues to be based on various megatrends on the technological target markets. In particular, the Delignit Group is aware of two ecological 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.

This is being achieved using the methods presented below:

- Material development and qualification:

  The Delignit material with its special, primarily technical properties is an essential foundation for the successful development of the Delignit Group. The Delignit Group intends to further develop the Delignit material as part of its development activities and to qualify it for special applications and customer requirements. Intensive efforts will be made again in the area of product development in the 2024 fiscal year. Development is always focused on the principle of developing ecological products for technological applications. Therefore, the market opportunities and advantages that feature a renewable raw material rather than finite raw materials must also be exploited and emphasised.

- Transfer of the business model:

  - Geographical transfer
    The product innovations that have been successfully placed in the automotive markets in particular are to be used to further extend the market leadership already achieved in the sector of cargo bay securing systems for light commercial vehicles and to transfer this expertise into other markets. The successes achieved in internationalisation in recent years are to be continued accordingly.

  - Transfer from the application perspective
    The multitude of product developments over the past few years is an excellent basis for expansion to additional fields of application. Options are therefore being analysed on an ongoing basis for ways in which the special technological properties of the products and materials of the Delignit Group can be successfully transferred to other applications within and beyond the automotive markets.

- But the increasing globalisation of the companies and groups and the associated internationalisation are still also being recognised as a trend and driver. As a result, the Procurement organisation has higher standards regarding suppliers' system competence. The good market position as a system supplier in the automotive OEM business is to be exploited in order to acquire additional serial supply orders. The aim is to take advantage of the existing process expertise and the Group's good reputation on the market to achieve further market penetration, thereby increasing long-term planning security.

- Finally, the raw material advantage of the most sustainable of all materials, namely wood, is to be exploited. The Delignit Group recognises the opportunity to take advantage of the market possibilities through increased emphasis on the ecological factors of "sustainability" and "cascade".

- The growth strategy is based on diversification in niches on the basis of technological market leadership:

Figure IX: Strategic orientation of the Delignit Group

Based on the overall balance of opportunities and risks, the Group believes that it is well positioned for the challenges and goals of the future. The Delignit Group's business model is based on long-term relationships with solid, internationally positioned OEM customers. The adaptability of its organisation enabled it to successfully manage operating risks even in recent crisis-hit years. The strategic trends underlying the business model are intact. The shift to ecological materials has the potential to intensify and penetrate additional areas of industry and everyday life.

10. Sustainability and non-financial performance indicators

Sustainability is a central business issue. As its main source of raw material is renewable wood, the Delignit Group fulfils both the ecological interpretation of the term and the prospective protection of the resource base to a great extent. 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 essential components 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 the intensive training of young people, a comprehensive programme of continuing professional development 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.

Non-financial performance indicators are not used for direct operational management.

11. Financial performance indicators

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

12. Summary of the report concerning relationships with affiliated companies in accordance with Section 312 of the German Stock Corporation Act (AktG)

According to the circumstances known at the time at which the transactions and measures stated in the dependent company report were executed, implemented or omitted, the company received appropriate consideration for every transaction and was not disadvantaged by the implementation or omission of any measures.

13. Other information

The issued capital of € 10,242,375.00 is divided into 10,242,375 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. As a result of the utilisation of Authorised Capital 2020 that was resolved by the Supervisory Board on 12 July 2023 and entered in the commercial register on 17 July 2023, the number of dividend-bearing ordinary shares increased by 2,048,475, from 8,193,900 at the end of the previous year to 10,242,375 at the end of the 2023 fiscal year.

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 now 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 € 2,048,475.00 against cash deposits or contributions in kind by issuing new no-par value bearer shares (Authorised Capital 2020).

In addition, the General Meeting of 25 August 2020 authorised the Management Board, with the approval of the Supervisory Board, to issue bearer or registered convertible bonds or warrant bonds with a total amount of up to € 81,939,000.00 and a term of no longer than ten years until 24 August 2025 and to grant the creditors of these bonds conversion rights to new no-par value bearer shares of Delignit AG with a pro rata share in the share capital of up to a total of € 4,096,950.00, subject to the specific conditions of the bonds. Convertible bonds can also include conversion obligations. The bonds can be issued in one or several tranches (Contingent Capital 2020).

By way of resolution of the Annual General Meeting on 4 June 2019, the company was authorised in accordance with Section 71(1) no. 8 AktG to purchase and sell treasury shares equivalent to up to 10 % of the share capital as at the authorisation date while upholding the principle of equal treatment (Section 53a AktG) in the period until 3 June 2024. The authorisation can be exercised in full or in part, and on one or more occasions. The purchase can also be carried out by dependent Group companies or by third parties for the account of the company. The authorisation cannot be used for the purposes of trading in treasury shares.

14. Report on expected developments

- Framework conditions

  In the 2023 fiscal year, the Delignit Group achieved new all-time highs with revenue of € 86,050 thousand and EBITDA of € 7,055 thousand. Although the EBITDA margin was down slightly year-on-year at 8.2 % (as a proportion of total operating income), consolidated net income after taxes increased significantly and outperformed the top line development. This meant the revenue and profitability forecast published in the 2022 Annual Report was achieved within the standard market ranges.

  The statements in the following section of the report on expected developments are based on the operating planning adopted by the Management Board and Supervisory Board of the Delignit Group. This planning is, in turn, based on assumptions concerning the general economic conditions and the further development of the relevant target markets. The statements below are based on the available information at the time this report was prepared.

- Economic environment

  The macroeconomic outlook at a global, European and German level is varied. While the IMF is forecasting dynamic GDP growth rates in Asia and solid growth of 2.1 % in the United States in 2024, the expectations for Europe are considerably more restrained. The growth forecast of 0.9 % for the euro area is due to a large extent to the weak growth in the German economy of just 0.5 %. At the same time, inflation is falling around the world, with euro area inflation amounting to 2.8 % in January (source: ECB). With unemployment rates of 6.0 % in the euro area and 6.1 % in Germany, the labour market remains resilient.

In principle, the expectation of a further fall in inflation combined with the interest rate cuts that are anticipated in 2024 and the consistently stable employment market data should serve to encourage growth momentum. However, Germany found itself facing a dramatic deterioration in almost all key sentiment indicators at the start of the year. For example, the DIW Berlin Economic Barometer slumped to just 83.2 points in February. Along with the interest rate-sensitive main construction sector, the German federal government’s Annual Economic Report states that other sectors, such as the consumer and capital goods industry, are coming under growing pressure. Since summer 2023, falling incoming orders in this area have led to shorter ramp-up times. As a result, capacity utilisation recently fell below the long-term average and investment confidence for 2024 as a whole has declined. At the same time, almost all industries consider their current business situation to be structurally healthier than the business expectations (source: ifo Institute). If the business climate in Germany manages to improve as the year continues, this means that many industries possess the material foundations that could drive a turnaround in sentiment. The continued stable economic development in the United States, bright spots in individual European economies and the dynamic growth forecasts for Southeast Asia also raise the possibility that companies with international operations could overcome the weakness of the German economy, which the ifo Institute expects to see only marginal GDP growth of 0.2 % in 2024 according to its economic forecast issued in early March.

All in all, these circumstances mean the macroeconomic outlook for 2024 is multifaceted.

- Guidance of the Delignit Group

Much like the macroeconomic situation in Germany, the outlook for the Delignit Group is mixed and cautious. On the one hand, interest in ecological materials and system solutions remains high and ambitious climate targets could help to translate this into a high volume of incoming orders. On the other hand, the Delignit Group’s key markets have begun 2024 on a clear downward trend. Having seen a pronounced downturn in the second half of 2023, development in the caravan market remained negative in early 2024 and a year-on-year improvement is not expected until the second half of the year. Delignit’s core market of light commercial vehicles is also seeing a slowdown for the first time since the economic conditions in Europe began to deteriorate. The Group’s OEM customers appear to have largely worked through their back orders. The market situation in the passenger car segment is more difficult, with prolonged plant closures in some cases. The Delignit Group is pursuing a strategy of harnessing this unexpected market weakness to acquire additional serial supply business while also regaining market share in the area of Technical Applications. It has already achieved initial successes in Technological Applications in particular.

Above and beyond this, the Delignit Group is observing multiple societal and economic crisis situations. As such, there is the potential that the Delignit Group's business development could continue to be unexpectedly impaired.

In summary, the Management Board's outlook for the 2024 fiscal year is less optimistic than previously assumed. The Management Board anticipates a moderate decline in revenue to € 75-80 million accompanied by an EBITDA margin of between 6 and 7 %.

However, the Management board remains extremely positive about the Group's medium-term prospects. The solid full-year figures in recent years and the best order book in the company's history serve to underline the resilience of the Delignit Group's business model, which offers significant growth potential thanks to its sustainable and ecological system solutions. If successful, the Group will be able to support and realise this potential by making corresponding investments thanks to its extremely solid and robust statement of financial position structure.

Blomberg, 19 March 2024

Markus Büscher	Thorsten Duray
CEO	CSO

IFRS consolidated statement of financial position of Delignit AG as at 31 December 2023

ASSETS	Note	31.12.2023 € thousand	31.12.2022 € thousand
A. Current assets			
1. Inventories	III.1.	14,944	14,326
2. Trade receivables	III.2.	4,730	6,423
3. Other current receivables/assets	III.4.	750	1,108
4. Cash and cash equivalents	III.5.	10,360	2,363
Current assets		**30,786**	**24,220**
B. Non-current assets			
1. Goodwill	III.6.	2,178	2,178
2. Other intangible assets	III.7.	1,068	966
3. Property, plant and equipment	III.8.	13,745	13,616
4. Other non-current financial assets	III.10.	414	558
5. Deferred tax assets	III.11.	291	235
Non-current assets		**17,696**	**17,553**
Assets, total		**48,481**	**41,773**

EQUITY AND LIABILITIES

	Note	31.12.2023 € thousand	31.12.2022 € thousand
A. Current liabilities			
1. Other current provisions	III.12./14	1,387	1,583
2. Current financial liabilities	III.13.	679	2,754
3. Trade payables	III.13.	2,860	2,800
4. Other current liabilities	III.15.	1,892	2,182
Current liabilities and provisions		**6,818**	**9,318**
B. Non-current liabilities			
1. Provisions for pensions	III.16.	768	835
2. Other non-current provisions	III.12.	123	99
3. Deferred tax liabilities	III.11.	706	738
4. Non-current financial liabilities	III.13.	1,571	1,879
5. Other non-current liabilities	III.15.	1,633	2,220
Non-current provisions and liabilities		**4,801**	**5,770**
C. Equity			
1. Issued capital	III.17.	10,242	8,194
2. Capital reserves	III.18.	6,562	1,063
3. Retained earnings	III.19.	6,318	6,318
4. Amounts recognised directly in equity		-578	-561
5. Currency translation reserve		15	94
6. Profit carryforward		14,302	11,576
Equity		**36,862**	**26,684**
Equity and liabilities, total		**48,481**	**41,773**

IFRS consolidated statement of comprehensive income of Delignit AG for fiscal year 2023

		Note	2023 € thousand	2022 € thousand
1.	Revenue	IV.1.	86,050	75,358
2.	Other operating income	IV.2.	159	802
3.	Changes in inventories		107	-1,243
4.	Cost of materials	IV.3.	-52,727	-45,467
5.	Staff costs	IV.4.	-18,930	-17,121
6.	Amortisation and depreciation on intangible assets and property, plant and equipment	IV.5.	-2,335	-2,413
7.	Other operating expenses	IV.6.	-7,603	-5,781
8.	**Earnings before interest and taxes (EBIT)**		**4,720**	**4,136**
9.	Interest expenses	IV.7.	-246	-209
10.	Interest income	IV.7.	55	0
11.	Financial result		-191	-209
12.	**Earnings before tax (EBT)**		**4,529**	**3,927**
13.	Income taxes	IV.8.	-1,225	-1,090
14.	Other taxes	IV.8.	-64	-65
15.	**Consolidated net income**		**3,239**	**2,772**
16.	**Earnings per dividend-bearing share in €**	IV.9.	**0.32**	**0.27**
17.	Consolidated net income		3,239	2,772
18.	Actuarial gains/losses from pension obligations	II.15.	-18	49
19.	Currency translation gains/losses		-78	60
20.	**Other consolidated net income**		**-96**	**109**
21.	**Consolidated net income including OCI**		**3,143**	**2,881**
22.	Actuarial gains/losses from pension obligations		18	-49
23.	Currency translation gains/losses		78	-60
24.	**Total net income excluding OCI**		**3,239**	**2,772**
25.	Profit carryforward		11,576	11,122
26.	Transfer to retained earnings		0	-2,318
27.	Dividend payment		-512	0
28.	Amounts recognised directly in equity		0	0
29.	**Consolidated net income including carryforward**		**14,303**	**11,576**

IFRS consolidated statement of changes in equity of Delignit AG as at 31 December 2023

	Issued capital	Capital reserves	Retained earnings	Reserve for pensions (OCI)	Currency translation	Profit carryforward	Total equity
	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
As at 31 December 2021	**8,194**	**1,063**	**4,000**	**-609**	**33**	**11,122**	**23,803**
Amounts recognised directly in equity (after tax) [OCI]	0	0	0	49	60	0	109
Consolidated net income	0	0	0	0	0	2,772	2,772
Transfer to retained earnings	0	0	2,318	0	0	-2,318	0
Total comprehensive income	**0**	**0**	**2,318**	**49**	**60**	**454**	**2,881**
As at 31 December 2022	**8,194**	**1,063**	**6,318**	**-561**	**94**	**11,576**	**26,684**
Receipts from equity contributions	2,048	5,941	0	0	0	0	7,989
Payments for issuing costs	0	-442	0	0	0	0	-442
Dividend payment	0	0	0	0	0	-512	-512
Amounts recognised directly in equity (after tax) [OCI]	0	0	0	-18	-78	0	-96
Consolidated net income	0	0	0	0	0	3,239	3,239
Total comprehensive income	**2,048**	**5,498**	**0**	**-18**	**-78**	**2,727**	**10,178**
As at 31 December 2023	**10,242**	**6,561**	**6,318**	**-578**	**15**	**14,303**	**36,862**

IFRS consolidated statement of cash flows of Delignit AG as at 31 December 2023

	2023 € thousand	2022 € thousand
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	4,720	4,136
Depreciation and amortisation on fixed assets	2,335	2,413
Loss/gain on the disposal of fixed assets	-7	1
Decrease (-)/increase (+) in provisions	-147	-1,283
Other non-cash income and expenses	-73	43
Interest received	55	0
Subtotal	**6,884**	**5,311**
Change in working capital:		
Decrease (+)/increase (-) in inventories, trade receivables and other assets	1,396	244
Decrease (-)/increase (+) in trade payables and other liabilities	-555	-125
Subtotal	**841**	**119**
Income tax payments	-952	-1,148
Cash flow from operating activities	**6,772**	**4,282**
2. Cash flow from investing activities		
Investments (-) in intangible assets	-309	-223
Investments (-) in property, plant and equipment	-2,218	-2,601
Divestments of fixed assets	43	0
Cash flow from investing activities	**-2,483**	**-2,824**
3. Cash flow from financing activities		
Receipts from equity contributions from other companies	7,989	0
Payments for issuing costs	-442	0
Payments for dividends	-512	0
Receipts from financial loans entered into	2,370	4,548
Receipts from lease liabilities entered into	0	982
Payments for the repayment of financial loans	-4,754	-3,971
Payments for the principal portion of lease liabilities	-692	-691
Interest payments	-246	-209
Cash flow from financing activities	**3,714**	**659**
Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (total of individual cash flows)	8,003	2,117
Cash and cash equivalents at the beginning of the reporting period	2,363	241
Change in cash and cash equivalents due to changes in exchange rates	-5	5
Cash and cash equivalents at the end of the reporting period	**10,360**	**2,363**
Composition of cash and cash equivalents		
Cash and bank balances	10,360	2,363
Cash and cash equivalents at the end of the period	**10,360**	**2,363**

Delignit AG, Blomberg
Notes to the consolidated financial statements for 2023

I. Methods and principles

Basic accounting information

1. Information about the company

Delignit AG, Blomberg, with its registered office at Königswinkel 2-6, 32825 Blomberg, Germany, is the parent company of the Delignit Group. It is registered in the commercial register of the Lemgo District Court under the number HRB 5952. Delignit AG is listed in the Scale Segment of the Frankfurt Stock Exchange under the securities number WKN A0MZ4B. The business activities of Delignit AG and its subsidiaries comprise the production and sale of wood-based materials.

The IFRS consolidated financial statements (smallest consolidated group) as at 31 December 2023 are expected to be approved by the Supervisory Board of Delignit AG on 19 March 2024 and subsequently cleared for publication. The financial statements of Delignit AG are included in the financial statements of the parent company (largest consolidated group), MBB SE, Berlin, HRB 165458, Berlin-Charlottenburg District Court. The consolidated financial statements of MBB SE for the year ended 31 December 2023 are published in the company register.

2. Accounting policies

Basis of preparation

The consolidated financial statements as at 31 December 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 term IFRS includes the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) which are still applicable. The consolidated financial statements are consistent with the IFRS issued by the IASB.

Delignit AG has applied all standards and interpretations that were effective as at 31 December 2023. As the amounts in the tables in the notes have been rounded, there may be rounding differences in individual cases.

Application of new and amended standards

There were no material changes to the accounting provisions in the 2023 fiscal year with an impact on these consolidated financial statements.

The following new or amended standards were effective for the first time in the 2023 fiscal year but had no material effect on the consolidated financial statements:

Standard	Name	Effects
IAS 1	Amendment – Disclosure of Accounting Policies	Immaterial
IAS 8	Amendment – Definition of Accounting Estimates	None
IAS 12	Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Immaterial
IAS 12	Amendment – International Tax Reform – Pillar 2 Model Rules	None
IFRS 17	Insurance Contracts	None
IFRS 17	Amendment – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	None

Standards not listed in the following overview are of minor significance to the Delignit Group.

Standard	Name	Date of application	Effects
IAS 1	Amendment – Non-current Liabilities with Covenants	1 Jan. 2024	No material effects
IFRS 16	Amendment – Lease Liability in a Sale and Leaseback	1 Jan. 2024	No material effects

3. Consolidation

Consolidated group

The consolidated financial statements include Delignit AG and the following subsidiaries and second-tier subsidiaries:

Blomberger Holzindustrie GmbH, Blomberg (100.0 %)

Hausmann Verwaltungsgesellschaft mbH, Blomberg (100.0 %)

Delignit Immobiliengesellschaft mbH, Blomberg (100.0 %)

DHK automotive GmbH, Oberlungwitz (100.0 %)

Delignit North America Inc., Atlanta, Georgia, USA (100.0 %)

Utilising the option provided by Section 264(3) HGB, Blomberger Holzindustrie GmbH did not apply the provisions of Title VI of Part I of Section 2 of Book III of the HGB (Sections 289-289a HGB) or Part IV of Section 2 of Book III of the HGB (Sections 325 to 329 HGB) in the 2023 fiscal year.

Moreover, there are still direct investments in the Romanian companies deconsolidated in 2010 which are recognised at amortised cost.

- S.C. Cildro Plywood S.R.L., Drobeta Turnu Severin, Romania (24.0 %)
- S.C. Cildro S.A., Drobeta Turnu Severin, Romania (17.9 %)

Furthermore, Delignit AG indirectly holds 17.9 % of the shares in S.C. Cildro Service S.R.L., Drobeta Turnu Severin, Romania, which was also deconsolidated in 2010, through S.C. Cildro S.A.

Consolidated group

The following subsidiaries were included in the consolidated financial statements:

Name	Registered office	Share in %	Equity EUR	Net income* EUR
Blomberger Holzindustrie GmbH	Blomberg	100	3,563,946	0
Mit ihrer Tochtergesellschaft Hausmann Verwaltungsgesellschaft mbH	Blomberg	100	122,984	4,148
Delignit Immobiliengesellschaft mbH	Blomberg	100	1,920,631	441,855
DHK automotive GmbH	Oberlungwitz	100	4,433,804	493,074
Delignit North America Inc.	Atlanta, Georgia, USA	100	2,381,730	884,422

*A profit and loss transfer agreement is in place with Delignit AG.

The investments in the following companies over which the Group does not exercise significant influence were included in the consolidated financial statements at amortised cost due to immateriality:

Name	Registered office	Share in %	Equity* RON	Net income* RON
S.C. Cildro Plywood S.R.L	Drobeta Turnu Severin, Rumänien	24	15,988,942	2,026,128
S.C. Cildro S.A.	Drobeta Turnu Severin, Rumänien	18	24,702,520	962,501
Mit ihrer Tochtergesellschaft S.C. Cildro Services S.R.L.	Drobeta Turnu Severin, Rumänien	100	3,518,781	554,538

*Provisional, unaudited figures for the 2023 fiscal year

Consolidation principles

The financial statements of the subsidiaries are prepared using the same uniform accounting policies as the financial statements of the parent company.

The reporting date for all subsidiaries included in the consolidated financial statements is 31 December of the relevant calendar year.

Subsidiaries are consolidated from the date on which the parent can control the subsidiary and ends when this is no longer possible.

Acquisition accounting is performed using the purchase method in accordance with IFRS 3. If the cost exceeds the fair value of the net assets attributable to the Group, the difference is capitalised as goodwill.

If the fair value of the net assets attributable to Delignit AG is higher than the acquisition cost of the shares, this results in a bargain purchase that is recognised in profit or loss immediately following another review of the purchase price allocation and the fair value of the acquired assets, liabilities and contingent liabilities.

Expenses, income, receivables and liabilities between consolidated companies and intragroup profits from goods and services are eliminated. Deferred taxes are recognised in profit or loss on consolidation adjustments.

II. Presentation of accounting policies

1. General

The statement of financial position is structured according to current and non-current assets and liabilities. The statement of comprehensive income is prepared in line with the nature of expense method for calculating the consolidated net profit for the period.

Current assets are assets that are sold, consumed or realised in the ordinary course of business, typically within twelve months. This system of classification based on maturity also applies to current liabilities.

2. Reporting currency

The consolidated financial statements are prepared in euro, as the majority of Group transactions are conducted in this currency. Unless stated otherwise, all figures are rounded up or down to thousands of euro in line with standard commercial practice. For mathematical reasons, rounding differences can occur in the figures and percentages shown. The amounts are stated in euro (€) and thousands of euro (€ thousand).

3. Foreign currency translation

Delignit North America Inc. calculates its supply business in euro, but to a minor extent services are bought locally in USD. The exchange rate as at the end of the reporting period was USD 1.1050. The average exchange rate was USD 1.0813. At the reporting date, total equity included a translation difference of € 15 thousand.

The investments at amortised cost in the companies deconsolidated in 2010 are not translated into euro. The exchange rate as at the end of the reporting period was RON 4.9756. The average exchange rate was RON 4.9467.

4. Intangible assets

On initial recognition, intangible assets are carried at cost in accordance with the criteria of IAS 38 or, in the case of business combinations, at fair value in accordance with IFRS 3.

Costs for research activities are expensed in the period in which they are incurred, whereas development costs are capitalised if all the capitalisation criteria set out in IAS 38 are met.

If these criteria are not met, the development costs are expensed in the period in which they are incurred.

Subsequent to initial recognition, intangible assets are measured using the cost model in accordance with IAS 38. Intangible assets (not including goodwill) are amortised on a straight-line basis over their estimated useful life. Apart from goodwill, the Group does not have any intangible assets with indefinite useful lives.

Amounts paid for the purchase of industrial property rights and license rights are capitalised and subsequently depreciated on a straight-line basis over their anticipated useful lives.

The cost of new software is capitalised and treated as an intangible asset unless it forms an integral part of the associated hardware. Software is amortised on a straight-line basis over a period of up to ten years. This is the expected useful life.

Costs incurred in order to restore or maintain the future economic benefits that the company had originally expected are recognised as an expense.

5. Goodwill

Goodwill from business combinations is the residual amount of the excess of the cost of the business combination over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is not amortised but instead is tested for impairment at least once a year in accordance with IAS 36 and written down if necessary.

6. Property, plant and equipment

Property, plant and equipment is recognised at cost less cumulative depreciation and cumulative impairment losses. If items of property, plant and equipment are disposed of or scrapped, the corresponding cost and the cumulative depreciation are derecognised. Any realised gain or loss from the disposal is reported in the statement of comprehensive income.

Depreciation is calculated on a straight-line basis over the expected useful economic life, assuming a residual value of € 0.00.

The following estimated useful economic lives are used for the individual asset groups:

Buildings and exterior installations:	10 to 50 years
Technical equipment and machinery:	3 to 16 years
Computer hardware:	3 years
Office furniture and equipment:	3 to 20 years
Other office equipment:	5 to 14 years

Land is not depreciated. Payments on account and items of property, plant and equipment under construction are not depreciated until they are completed.

If items of property, plant and equipment are disposed of or scrapped, the corresponding cost and the cumulative depreciation are derecognised. Any realised gain or loss from the disposal is recognised in profit or loss.

7. Accounting for leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the contractual arrangement depends on the use of a specific asset or assets, and whether the arrangement conveys a right to use the asset.

Delignit AG does not act as lessor.

Assets under former finance leases, most of which transfer to Delignit AG all risks and rewards of ownership of the transferred asset, are capitalised at the beginning of the lease term at the fair value of the lease asset or, if lower, at the present value of the minimum lease payments. The assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Lease payments are broken down into finance charges and the repayment of the lease liability, so as to achieve a constant rate of interest on the residual carrying amount of the liability. The remaining lease payment obligations as at the end of the reporting period are reported separately in the statement of financial position according to their maturities.

The following useful economic lives are used for the individual asset groups:

Buildings and exterior installations:	7 years
Office furniture and equipment:	4 years

Lease payments for leases with a term of up to one year or for low-value assets (less than € 5,000) are expensed in the income statement over the term of the lease. In accordance with IFRS 16, non-current leases are capitalised as assets and written down over the term of the lease. The present value from the lease payments is recognised as a discounted liability. Interest rates of between 0.09 % and 4.21 % were used, depending on the remaining lease term. The interest rates were calculated on the basis of standard interest rates for companies with a comparable rating, increased by a leasing risk premium. In accordance with IFRS 16, the Group thus reports right-of-use assets and lease liabilities for most of these leases, i.e. these leases are reported in the statement of financial position.

Additions of leases were recognised in the amount of € 76 thousand in the year under review.

8. Impairment of assets

No impairment losses or reversals of impairment losses were recognised on non-current assets in the 2023 fiscal year. Goodwill and intangible assets with indefinite useful lives are not amortised, but instead tested for impairment annually or more often if events or changes in circumstances indicate possible impairment. Other assets are tested for impairment when events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. An impairment loss is recognised in the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and its value in use. If it is not possible to estimate the recoverable amount of individual assets, they are combined to form cash-generating units (CGUs). With the exception of goodwill, non-financial assets for which impairment losses have been recognised are tested at the end of each reporting period to establish whether there is a need to reverse the impairment losses recognised.

9. Borrowing costs

Borrowing costs are expensed in the period in which they are incurred, unless they are incurred for the acquisition, construction or manufacture of qualifying assets. In this case, the borrowing costs are added to the cost of these assets. Qualifying assets were neither acquired nor produced in the fiscal year.

10. Inventories

Inventories are carried at the lower of cost and net realisable value in accordance with IAS 2. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Raw materials, consumables, supplies and purchased goods are measured at cost using the average price method or, if lower, at their market prices at the end of the reporting period. The cost of finished goods and work in progress, in addition to the cost of materials used in construction, labour and pro rata material and production overheads, is taken into account assuming normal capacity utilisation, and in some cases is calculated retrospectively. Appropriate write-downs totalling € 665 thousand (previous year: € 596 thousand) were recognised for inventory risks from storage periods and reduced usability.

11. Financial assets held as current assets

Financial assets held as current assets consist of trade receivables and other receivables. Trade receivables are stated at the invoice amount less a valuation allowance based on the credit rating. Trade receivables are written down if it is likely that the full amount of the original invoice cannot be recovered. The amount of the write-down is equal to the nominal value, less the recoverable amount, which is the present value of the forecast cash inflows. The present value of the expected future cash flows is discounted at the original effective interest rate of the financial asset. The carrying amount of the financial asset is reduced through use of an allowance account, and the impairment loss is recognised in profit or loss.

12. Other current receivables/assets

Other current assets are carried at their nominal value and, if they are subject to discernible risks, individual value adjustments are made.

13. Cash and cash equivalents

The cash and cash equivalents shown in the statement of financial position comprise cash in hand and bank balances.

Cash and cash equivalents in the consolidated statement of cash flows are defined in line with the above.

14. Provisions

Provisions are reported when the Delignit Group has a current obligation due to a past event, it is probable that fulfilment of the obligation will lead to an outflow of resources embodying economic benefits and the amount of the obligation can be reliably estimated. If the Delignit Group expects at least a partial refund of a provision recognised as a liability, the refund is recognised as a separate asset provided the receipt of the refund is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

15. Pensions and other post-employment benefits

Pension obligations are measured in accordance with IAS 19. These pension commitments are regarded as defined benefit plan commitments and are therefore measured in line with actuarial principles using the projected unit credit method. An interest rate of 3.69 % (previous year: 3.30 %) was applied.

Actuarial gains and losses are recognised in other comprehensive income (OCI) in each period. This has had the following effects:

€ thousand	**31.12.2023**	**Change 2023**	**31.12.2022**	**Change 2022**	**31.12.2021**
Actuarial gain (+)/loss (-)	-826	-25	-801	69	-870
Tax effect (deferred)	248	8	240	-21	261
Result to be recognised in OCI:	**-578**	**-18**	**-561**	**49**	**-609**

16. Financial liabilities

Loans and other non-current liabilities are initially recognised at fair value, including transaction costs directly associated with the borrowing.

After initial recognition, interest-bearing loans and non-current liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement, when the liabilities are derecognised and through the amortisation process.

Lease liabilities are expensed at the present value of the minimum lease payments.

Current financial liabilities are recognised at repayment or settlement amount; non-current financial liabilities are recognised at discounted amounts.

17. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Delignit Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discounts and rebates granted, as well as VAT or other levies. The specific characteristics described below must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when control of the goods and products sold has been transferred to the buyer. This is typically when the goods are delivered.

Interest income

Interest income is recognised when the interest arises (using the effective interest rate, i.e. the computational interest rate at which estimated future cash inflows are discounted to the net carrying amount of the financial asset over the expected term of the financial instrument).

18. Taxes

Current income taxes

Current tax assets and liabilities for the current period and earlier periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The calculation is based on tax rates and tax laws applicable as at the end of the reporting period.

Deferred taxes

Deferred tax liabilities are recognised in accordance with IAS 12 for all taxable temporary differences other than when the deferred tax liability arises from the initial recognition of goodwill.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax loss carryforwards can be utilised.

Deferred taxes are measured using tax rates that meet the requirements of IAS 12.47 et seq. Deferred taxes are reported as tax income or tax expense in the statement of comprehensive income. If they relate to items reported directly in equity, they are also reported directly in equity.

19. Contingent liabilities and contingent assets

Contingent liabilities are either potential obligations that could lead to an outflow of resources or current obligations that do not fulfil the criteria for recognition as a liability. They are disclosed separately in the notes unless the probability of an outflow of resources embodying economic benefits is low. There are no contingent liabilities apart from guarantees and other commitments.

In the context of business combinations, contingent liabilities are recognised in accordance with IFRS 3.23 if their fair value can be reliably determined.

Contingent assets are not recognised in the financial statements. However, they are disclosed in the notes if an associated inflow of economic benefits is considered likely.

20. Material judgements, estimates and assumptions

Estimates and assumptions must sometimes be made in preparing the consolidated financial statements in accordance with IFRS. These influence the amounts of assets, liabilities and financial obligations calculated as at the end of the reporting period and the reporting of expenses and income. The actual amounts can differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are described below.

Impairment of non-financial assets

The Group determines whether there are indications of impairment of non-financial assets at the end of each reporting period. Goodwill is tested for impairment at least once a year and whenever there are indications of impairment. Other non-financial assets are tested for impairment when there are indications that the carrying amount is higher than the recoverable amount. To determine value in use, management estimates the expected future cash flows from the asset or cash-generating unit and selects an appropriate discount rate to determine the present value of these cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax loss carryforwards and for positive temporary differences to the extent that it is probable that taxable income will be available for this, meaning that the loss carryforwards can actually be used. The calculation of the amount of deferred tax assets requires significant management discretion based on the expected timing and amount of future taxable income together with future tax planning strategies.

Pensions and other post-employment benefits

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, expected earnings on plan assets, future increases in wages and salaries, mortality and future pension increases. Given the long-term nature of these plans, such estimates are subject to material uncertainty.

Provisions

Other provisions are recognised and measured on the basis of an assessment of the probability of a future outflow of benefits, using values based on experience and circumstances known at the end of the reporting period. The actual obligation can differ from the amounts recognised as provisions.

Inventories

As a matter of principle, inventories are carried at the lower of cost and net realisable value (IAS 2). However, write-downs for reduced saleability and/or marketability were recognised for certain inventory items on the basis of past experience and estimates.

21. Other disclosures on financial instruments

Financial assets and financial liabilities are carried at their nominal amount (at cost), which corresponds to their fair value.

III. Notes to the consolidated statement of financial position

Current assets

1. Inventories

Inventories break down as follows:

	31.12.2023	31.12.2022
	€ thousand	€ thousand
Raw materials, consumables and supplies	8,066	7,562
Work in progress	3,135	2,900
Finished goods	3,743	3,864
	14,944	**14,326**

Appropriate write-downs totalling € 665 thousand were recognised for inventories in the year under review (previous year: € 596 thousand). There were no reversals of impairment losses in the reporting period or in the previous period.

2. Trade receivables

Trade receivables are all due within one year. Trade receivables are written down for impairment as necessary.

Trade receivables developed as follows:

	31.12.2023	31.12.2022
	€ thousand	€ thousand
Trade receivables	4,826	6,486
less specific valuation allowances	-93	-58
less adjustment in accordance with IFRS 9	-2	-6
	4,731	**6,423**

In line with the principle of prudence, specific valuation allowances were recognised for receivables not yet realised using the expected credit loss method. Trade receivables were combined and measured on the basis of joint credit risk characteristics in order to calculate expected credit losses. As such, the expected loss rates constitute a reasonable approximation.

There was no significant concentration of credit risk as at the end of the reporting period.

3. Receivables from affiliated companies

There were no receivables from affiliated companies at the reporting date.

4. Other current receivables/assets

Other current receivables/assets break down as follows:

	31.12.2023 € thousand	31.12.2022 € thousand
Receivables from factoring	344	575
Income tax receivables	1	180
Prepaid expenses	102	53
Miscellaneous other assets	303	301
	750	**1,108**

The higher level of current receivables/assets is mainly due to the increase in the factoring balance beyond the reporting date as well as income tax prepayments.

5. Cash and cash equivalents

Cash funds of € 10,360 thousand consist of bank balances due on demand and cash in hand.

Non-current assets

The development of goodwill, other intangible assets, property, plant and equipment and other non-current financial assets are shown in the statement of changes in non-current assets.

6. Goodwill

The goodwill of € 2,178 thousand reported as at the end of the reporting period results from the consolidation of the shares acquired in Blomberger Holzindustrie GmbH.

For the purposes of impairment testing, goodwill was allocated to the Plywood cash-generating CGU.

The impairment tests to determine the recoverable amount were based on the value in use of the CGU, the calculations of which were based on forecast earnings derived from a five-year plan. The calculation of the budget figures took into account current and future probabilities, past experience, the expected economic development and other circumstances. For the standard year (perpetual annuity) the target figures of the last planning year were used. An interest rate of 12.3 % (previous year: 11.4 %) was used as the discount rate. Possible growth in the standard year was not taken into account for reasons of prudence. The discount rate was calculated using the weighted capital costs of listed companies in the automotive industry and on the basis of standard interest rates for German government bonds and European industrial bonds. A market risk premium was included in the interest rate.

The impairment test performed did not result in impairment of the cash-generating unit. In the opinion of the Management Board, reasonably feasible changes in the basic assumptions do not result in the carrying amount exceeding the recoverable amount of the CGU.

7. Other intangible assets

Intangible assets essentially consist of capitalised development costs, purchased software, industrial property rights and patents. They are measured at the lower of historical cost less amortisation or lower fair value. Purchased industrial property rights are amortised over a useful life of between three and 15 years. Development costs of € 273 thousand were recognised in the 2023 fiscal year.

8. Property, plant and equipment

Property, plant and equipment consists of purchased land and buildings, machinery, operating and office equipment, payments on account and assets under construction. Depreciable property, plant and equipment are carried at the lower of fair value and amortised cost. Depreciable non-current assets are depreciated on a straight-line basis over their estimated useful lives.

9. Lease obligations

There are leases for various vehicles for management and sales representatives. The leases have an average term of three to five years. There are no renewal or purchase options at the end of the rental period.

The obligations arising from rental agreements relate to rented production halls in Oberlungwitz. For the DHK automotive GmbH site in Oberlungwitz, a ten-year lease was signed for commercial space with a term until 31 December 2025.

In accordance with IFRS 16, a right-of-use asset and a financial liability for lease payments are recognised for all Group leases. This does not apply to short-term or low-value leases. The Group classifies all leases with a term shorter than twelve months as short-term leases. All leases with a cost of less than € 5 thousand are classified as low-value leases; each asset is measured individually even if a lease consists of multiple assets that can be used independently.

	31.12.2023	**31.12.2022**
	€ thousand	€ thousand
Assets from building leases	357	535
Assets from vehicle leases	153	152
	510	**687**
Lease liabilities (current)	248	243
Lease liabilities (non-current)	268	451
	517	**694**
Depreciation/amortisation in the fiscal year	254	249
Interest expense in fiscal year	10	13
	264	**261**

Amortisation in the 2023 fiscal year amounted to € 75 thousand for assets from vehicle leases and € 178 thousand for other assets. The cash outflow for leases in the year under review amounted to € 264 thousand.

Lease liabilities were composed as follows:

	Up to one year	Between one and five years	More than five years	**31.12.2023** Total
	€ thousand	€ thousand	€ thousand	€ thousand
Lease liabilities	248	268	0	517

10. Other non-current financial assets

Other non-current assets in the amount of € 414 thousand relate to payments to two OEM customers for non-current supply contracts. The financial assets are expensed over the term of the contracts based on the agreed supply volumes. Expenses of € 144 thousand were incurred in the 2023 fiscal year.

11. Deferred taxes

The deferred tax assets and liabilities by line item as at 31 December 2023 are shown in the table below:

	31.12.2023	**31.12.2023**
	Asset	**Liability**
	€ thousand	€ thousand
Deferred taxes due to temporary differences		
- Provisions for pensions/partial early retireme	173	0
- Other provisions	0	18
- Inventories	31	0
- Receivables and other assets	10	147
- Non-current assets	2	466
	216	**631**

Net deferred tax income of € 81 thousand is recognised in profit or loss for the 2023 fiscal year.

The deferred tax assets and liabilities by line item as at 31 December 2022 were reported as follows:

	31.12.2022 **Asset** € thousand	31.12.2022 **Liability** € thousand
Deferred taxes due to temporary differences		
- Provisions for pensions/partial early retirement	190	0
- Other provisions	0	103
- Impairment losses	2	19
- Inventories	31	0
- Receivables and other assets	9	9
- Non-current assets	2	606
	235	**738**

12. Provisions and income tax liabilities

Current and non-current provisions developed as follows:

	Balance 01.01.2023 € thousand	Utilisation / Reversal € thousand	Addition € thousand	Balance 31.12.2023 € thousand
Non-current provisions				
Anniversaries	10	0	0	10
Partial early retirement	89	0	25	113
	99	0	25	123
Tax provisions (current provisions)				
Trade tax	138	57	194	274
Corporation tax incl. solidarity surcharge	178	158	260	281
	316	215	454	555
	415	**215**	**478**	**678**

	Balance 01.01.2022 € thousand	Utilisation / Reversal € thousand	Addition € thousand	Balance 31.12.2022 € thousand
Non-current provisions				
Anniversaries	23	13	0	10
Partial early retirement	57	31	63	89
	80	44	63	99
Tax provisions (current provisions)				
Trade tax	121	106	124	138
Corporation tax incl. solidarity surcharge	231	206	152	178
	352	313	276	316
	432	**357**	**338**	**415**

There were no contingent liabilities as at the end of the reporting period.

13. Liabilities

The liabilities have the following maturities:

	Up to one year	Between one and five years	More than five years	31.12.2023 Total
	€ thousand	€ thousand	€ thousand	€ thousand
Liabilities to banks	679	1,571	0	2,250
Trade payables	2,860	0	0	2,860
Accrued liabilities	842	0	0	842
Other liabilities	1,897	1,288	339	3,524
As at 31/12/2023	**6,278**	**2,859**	**339**	**9,476**

Tax provisions of € 555 thousand and accrued liabilities are combined under "Other current provisions" in the IFRS consolidated statement of financial position.

	Up to one year	Between one and five years	More than five years	31.12.2022 Total
	€ thousand	€ thousand	€ thousand	€ thousand
Liabilities to banks	2,753	1,544	336	4,633
Trade payables	2,800	0	0	2,800
Accrued liabilities	1,266	0	0	1,266
Other liabilities	2,182	1,667	553	4,402
As at 31/12/2022	**9,001**	**3,211**	**889**	**13,101**

Liabilities to banks bear interest at between 1.0 % and 3.56 % (previous year: between 1.0 % and 4.9 %). Land and buildings, machinery, inventories and trade receivables were pledged as collateral. The carrying amount of the pledged assets is € 6,774 thousand as at the end of the reporting period (previous year: € 6,723 thousand).

14. Accrued liabilities

Accrued liabilities are composed as follows:

	31.12.2023 € thousand	31.12.2022 € thousand
Outstanding invoices	333	671
Wages and salaries	285	273
Holiday entitlements	161	173
	62	79
Costs for financial statements and audits		
Uncertain obligations	0	70
	842	**1.266**

Provisions for uncertain obligations relate to provisions for the virtual stock option programme for management in accordance with IFRS 2, which had a value of zero at the reporting date (previous year: € 70 thousand).

15. Other liabilities

The disclosure of current and non-current liabilities includes the following:

	31.12.2023 € thousand	31.12.2022 € thousand
Short-term		
Lease liabilities	642	681
Wages and salaries	671	665
Payroll tax	381	387
Other debtors	38	309
VAT	160	141
	1,892	2,182
Long-term		
Lease liabilities	1,551	2,127
Provident fund	82	92
	1,633	2,220
	3,524	**4,402**

16. Provisions for pensions and similar obligations

There is a company pension plan for former limited partners and managing directors of Blomberger Holzindustrie GmbH. The provision was calculated using the Heubeck 2018 mortality tables.

	31.12.2023	31.12.2022
	€ thousand	€ thousand
Pension provisions at the beginning of the fiscal year	835	1.013
- Utilisation	-117	-117
+ Addition to provisions	26	8
-/+ Actuarial gains/losses	25	-69
Pension provisions at the end of the fiscal year	**768**	**835**

The following actuarial assumptions were applied:

	31.12.2023	31.12.2022
	%	%
Interest rate	3,69	3,30
Pension trend	2,00	2,00
Salary trend	0,00	0,00

The interest expense for pension obligations amounted to € 26 thousand in the year under review (previous year: € 8 thousand).

Sensitivity analysis

The sensitivity analysis for pension obligations shows the extent to which changes, e.g. in interest rates or pension increases, affect the pension obligation:

At an interest rate of 4.19 % and a pension increase of 2.0 percentage points, the obligation amounts to € 750 thousand, i.e. the obligation changes by € -18 thousand if the interest rate is changed by 0.5 percentage points.

At an interest rate of 3.3 % and a pension increase of 2.5 percentage points, the obligation amounts to € 786 thousand, i.e. the obligation changes by € 17 thousand if the pension rate is changed by half a percentage point.

The liabilities are equal to the obligation (DBO). The post-employment benefit plans are unfunded. The DBO had the following maturity structure at the reporting date:

	Up to one year	Between one and five years	More than five years	**31.12.2023** Total
	€ thousand	€ thousand	€ thousand	€ thousand
Pension provisions at the end of the fiscal year	117	581	70	768
As at 31/12/2023	**117**	**581**	**70**	**768**

Actuarial gains and losses are recognised in equity in other comprehensive income (OCI) (also referred to below as the pension reserve). The pension reserve for the past was carried forward at € 561 thousand, with the result that the pension reserve developed as follows:

Pension reserve as at 31/12/2022:	561 T€
Actuarial loss:	25 T€
Deferred taxes:	-8 T€
Pension reserve as at 31/12/2023:	**578 T€**

The expected pension payments from the pension plans for 2024 amount to € 120 thousand.

There is also a provident fund. The pension scheme was closed on 30 May 1994. The corresponding obligations are reported under other non-current liabilities.

Equity

17. Issued capital

The issued capital of € 10,242,375.00 is divided into 10,242,375 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. As a result of the utilisation of Authorised Capital 2020 that was resolved by the Supervisory Board on 12 July 2023 and entered in the commercial register on 17 July 2023, the number of dividend-bearing ordinary shares increased by 2,048,475, from 8,193,900 at the end of the previous year to 10,242,375 at the end of the 2023 fiscal year.

According to the resolution of the General Meeting of 25 August 2020, the Management Board is now 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 € 2,048,475.00 against cash deposits or contributions in kind by issuing new no-par value bearer shares (Authorised Capital 2020).

Furthermore, the Annual General Meeting on 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 volume of up to € 81,939,000.00 and a maximum term of ten years in the period until 24 August 2025, and to grant the holders of these bonds conversion rights for new no-par value bearer shares of Delignit AG with a proportionate interest in the share capital of up to a total of € 4,096,950.00, subject to the specific conditions of the bonds (Contingent Capital 2020).

By way of resolution of the Annual General Meeting on 04 June 2019, the company was authorised in accordance with Section 71(1) no. 8 AktG to purchase and sell treasury shares equivalent to up to 10 % of the share capital as at the authorisation date while upholding the principle of equal treatment (Section 53a AktG) in the period until 03 June 2024. The authorisation can be exercised in full or in part, and on one or more occasions. The purchase can also be carried out by dependent Group companies or by third parties for the account of the company. The authorisation cannot be used for the purposes of trading in treasury shares.

Please see the “IFRS consolidated statement of changes in consolidated equity as at 31 December 2023” for information on the development of equity.

The shares are held as follows:

MBB SE:	60.37 %
Free float:	39.63 %

18. Capital reserves

The capital reserves include the net issuing proceeds of € 5,250 thousand from the capital increase on 26 September 2007 in conjunction with the initial listing in the Entry Standard of the Frankfurt Stock Exchange. The IPO costs of € 442 thousand were offset against the capital reserves. Moreover, the capital reserves include the share premium from the acquisition of 18.3 % of the limited partner’s shares in Blomberger Holzindustrie GmbH (before transformation on 18 February 2015: Blomberger Holzindustrie B. Hausmann GmbH & Co. KG) in the amount of € 2,516 thousand. Following the capital increase resolved on 8 November 2010, issuing proceeds in excess of the share capital of € 198 thousand, less the expenses for the capital increase of € 41 thousand, were transferred to the capital reserves.

By way of resolution of the Management Board of 28 October 2011, the net accumulated loss as at 31 December 2010 was offset against the capital reserves in the financial statements as at 31 December 2011.

Capital reserves increased by € 5,941 thousand as a result of the utilisation of Authorised Capital 2020 that was resolved by the Supervisory Board on 12 July 2023 and entered in the commercial register on 17 July 2023. At the same time, the transaction costs of € 442 thousand incurred in connection with the capital increase were offset against capital reserves.

IV. Income statement disclosures

1. Revenue

Revenue breaks down among the following regions:

	2023	2022
	€ thousand	€ thousand
Germany	37,940	29,555
EU	38,799	36,703
Other	9,311	9,100
	86,050	**75,358**

In percentage terms, this results in the following breakdown of revenue by region:

	2023	2022
	%	%
Germany	44.1%	39.2%
EU	45.1%	48.7%
Other	10.8%	12.1%
	100.0%	**100.0%**

The Delignit Group generates revenue that accounts for more than 10.0 % of total consolidated revenue with two OEM groups, with deliveries made and invoiced to different companies within these groups. The revenue results from different products and model series within the OEM groups. Revenue with these two groups amounts to 39.9 % with the largest OEM customer (previous year: 37.3 %) and 34.5 % with the second-largest OEM customer (previous year: 33.5 %).

The Group recognises revenue from the transfer of goods at a point in time. For reasons of materiality, revenue is not recognised over time.

2. Other operating income

Other operating income breaks down as follows:

	2023 € thousand	2022 € thousand
Income from oncharging	67	56
Income from currency translation	35	139
Income from investment grants and allowances	24	4
Income from the reversal of accrued liabilities	0	413
Income from previous fiscal years	0	2
Other income	34	189
	159	**802**

3. Cost of materials

The cost of materials breaks down as follows:

	2023 € thousand	2022 € thousand
Expenses for raw materials	34,709	29,749
Merchandise	6,476	4,732
Freight costs	4,624	4,481
Purchased services	3,498	2,264
Other materials and energy	3,419	4,241
	52,727	**45,467**

4. Staff costs

Staff costs break down as follows:

	2023 € thousand	2022 € thousand
Wages and salaries	15,640	13,993
Social security contributions and expenses for pensions	3,290	3,128
	18,930	**17,121**

The expenses for wages and salaries include reversals of provisions and the utilisation of the virtual stock option programme for management of € 20 thousand (previous year: € 567 thousand). Please refer to the information on the remuneration of the Management Board in Section VII (Other mandatory disclosures) for more details.

5. Depreciation of property, plant and equipment and amortisation of intangible assets

Depreciation and amortisation break down as follows:

	2023 € thousand	2022 € thousand
Depreciation of property, plant and equipment	2,130	2,234
Amortisation of intangible assets	206	179
	2,335	**2,413**

As in the previous year, there were no value adjustments resulting from impairment or the reversal of impairment on assets in accordance with IAS 36 in 2023.

6. Other operating expenses

Other operating expenses break down as follows:

	2023 € thousand	2022 € thousand
Maintenance expenses	3,582	2,592
Legal and consulting	758	671
Purchased services	747	462
Research and development costs	487	196
Administrative expenses	447	378
Insurance	393	357
IT costs	328	256
Travel expenses/vehicle expenses	219	170
Rent, leasehold, lease	177	89
Fees and contributions	108	55
Advertising expenses	76	170
Telephone, postage, remote data transmission	54	45
Addition to impairment losses	36	10
Incidental transaction costs	34	41
Other	155	287
	7,603	**5,781**

7. Interest expenses and income

	2023 € thousand	2022 € thousand
Bank interest	138	154
Other interest	107	55
Interest expenses	**246**	**209**
Interest received	55	0
Net interest income	**191**	**209**

8. Taxes

Taxes break down as follows:

	2023 € thousand	2022 € thousand
Income taxes	1,225	1,090
Other taxes	64	65
	1,290	**1,155**

Details of deferred tax assets and liabilities can be found in the previous section. Deferred taxes are calculated on the basis of a standard tax rate of 30.0 % for the Group companies.

The reconciliation of income tax expense and the accounting net profit multiplied by the Group's applicable tax rate for the 2023 and 2022 fiscal years is as follows:

	2023 € thousand	2022 € thousand
Earnings before taxes	4,529	3,992
Theoretical income tax expense (30.0 %)	-1,359	-1,198
Tax additions/reductions	133	108
	-1,225	**-1,090**

Income taxes include subsequent payments for previous years of € 105 thousand (previous year: refunds of € 8 thousand).

9. Earnings per share

Earnings per share are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of dividend-bearing ordinary shares outstanding during the year. The number of shares as at 31 December 2022 was 8,193,900. This increased by 2,048,475 to 10,242,375 shares as a result of the capital increase in the year under review. As the new shares issued in connection with the capital increase in 2023 have the same class and pay a dividend with effect from 1 January 2022, earnings per share are reported accordingly. Diluted earnings per share are equal to basic earnings per share.

	2023	**2022**
Net income attributable to the holders of ordinary shares of the parent company	3,239 k€	2,772 k€
Weighted average number of dividend-bearing ordinary shares used to calculate earnings per share	10,242,375	10,242,375
Earnings per dividend-bearing share	**0.32 €**	**0.27 €**

10. Related party transactions

In addition to Supervisory Board remuneration, the following transactions took place in the year under review:

MBB SE received remuneration of € 359,863.47 in 2023 for services rendered in connection with the 2023 annual financial statements, the General Meeting, IT and insurance, as well as general consulting services, accounting support and transaction support for a capitalisation measure.

In the year under review, DTS IT AG, Herford, received € 22,147.90 via its subsidiary DTS Systeme GmbH, Herford, for IT services rendered.

V. IFRS consolidated statement of cash flows

Notes to the IFRS consolidated statement of cash flows

The IFRS consolidated statement of cash flows shows how the cash funds of the Delignit Group changed in the fiscal year as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from the ongoing operating, investing and financing activities.

The net financial position considered in the IFRS consolidated statement of cash flows includes all cash funds reported in the statement of financial position and bank balances if they are available within three months (counting from the date of acquisition) without significant fluctuations in value. Cash flows from investing and financing activities are calculated directly, i.e. based on payments. By contrast, the cash flow from operating activities is derived indirectly from profit or loss.

As in the previous year, the Group did not perform any non-cash investing or financing activities in the fiscal year.

VI. Objectives and methods of financial risk management

1. Financial assets and financial liabilities

The Group's financial liabilities mainly include current and non-current liabilities to banks, current trade payables and other current and non-current liabilities. The material financial assets of the Group at risk of default consist of trade receivables and other receivables. The carrying amount of the financial assets less impairment losses represents the maximum exposure to credit risk; this totalled € 5,894 thousand in the year under review (previous year: € 8,089 thousand). Business relationships are only entered into with partners of good credit standing. The financial information available and trading records are used to assess credit, especially for major customers. Trade receivables relate to a number of customers in various industries and regions. Credit assessments are carried out continuously regarding the financial status of receivables. Payment terms of 30 days without deduction are usually granted. Impairment was recognised for trade receivables that were past due at the end of the reporting period if material changes in the customer's creditworthiness had been observed, outstanding items had been contested by customers or, based on an internal assessment, it was no longer assumed that the outstanding amounts would be paid, e.g. following unsuccessful dunning proceedings.

Please see II.13. "Liabilities" for details of the maturities of financial liabilities.

The measurement of the financial assets and liabilities of the Delignit Group is shown under II. 11 "Financial assets held as current assets" and II. 16. "Financial liabilities" in the notes on the general accounting policies.

The Group does not exercise the fair value option. The Group does not have any financial assets held for trading or financial assets or liabilities at fair value through profit or loss at the end of either the current reporting period or the previous reporting period. Derivatives and hedging transactions were not entered into. There were no reclassifications in either 2023 or 2022.

2. Capital risk management

The Group manages its capital (equity plus liabilities less cash and cash equivalents) with the aim of achieving its financial goals while simultaneously optimising its finance costs by way of financial flexibility. In this respect, the overall strategy is the same as in the previous year. Management reviews the capital structure at least once every half-year. The cost of capital, the collateral provided, open lines of credit and available credit facilities are reviewed. The Group is not subject to any externally regulated capital requirements.

3. Financial risk management

Financial risk is monitored centrally by management. The individual financial risks are reviewed at least four times per year.

The material Group risks arising from financial instruments include market, liquidity and credit risks. Credit risk is managed by the fact that business relationships are only entered into with partners of good credit standing. Moreover, assessments from independent rating agencies, other financial information and trading records are used to assess credit, especially for major customers. Credit risks are managed using limits per contractual partner, which are reviewed and approved annually. In addition, the amounts of receivables are monitored on an ongoing basis, hence the Delignit Group is not exposed to any significant credit risk. The maximum default risk is limited to the respective carrying amounts of the assets reported in the statement of financial position.

The Group manages liquidity risks by maintaining appropriate reserves, credit lines with banks and monitoring and maintaining loan agreements. Cash flows are carefully planned and actual and forecast cash inflows and outflows are reconciled. Management expects the Group to be able to meet its other financial obligations from operating cash flows and from the inflow of maturing financial assets.

4. Market risks

Market risks can result from changes in exchange rates (exchange rate risks) or interest rates (interest rate risks). Given the minimal relevance of exchange rate risks within the Group, exchange rate risks were not hedged using derivative financial instruments. These risks are managed through continuous monitoring. The Group's invoices are essentially issued in euro or the respective local currency, thereby largely avoiding exchange rate risks.

The Group is exposed to interest rate risks as a result of borrowing at floating interest rates. The Delignit Group manages these risks by maintaining an appropriate ratio between fixed and floating interest rate agreements. There is no hedging involving derivatives (e.g. interest rate swaps or interest rate futures). The Group had liabilities with floating interest rates in the amount of € 0 thousand (previous year: € 78 thousand) as at the end of the reporting period.

5. Fair value risk

The financial instruments of the Delignit Group that are not carried at fair value are primarily cash, trade receivables, other current assets, liabilities to banks, trade payables and other liabilities.

The carrying amount of cash is extremely close to fair value on account of the short terms of these financial instruments. For receivables and liabilities with normal credit conditions, the carrying amount based on historical cost is also extremely close to fair value.

VII. Other mandatory disclosures

1. Other mandatory disclosures

Management Board

The following persons were members of the Management Board of Delignit AG in the 2023 fiscal year:

- Markus Büscher, business economist, CEO (Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D and Investor Relations)
- Thorsten Duray, industrial manager, CSO (Marketing and Sales)

Supervisory Board

The following persons were members of the Supervisory Board of Delignit AG in the 2023 fiscal year:

- Gert-Maria Freimuth, Chairman of the Supervisory Board (also: Deputy Chairman of the Board of MBB SE, Berlin, Chairman of the Supervisory Board of DTS IT AG, Herford, Chairman of the Supervisory Board of Aumann AG, Beelen)
- Anton Breitkopf, Deputy Chairman of the Supervisory Board (also: member of the Board of MBB SE, Berlin, and Deputy Chairman of the Supervisory Board of DTS IT AG, Herford)
- Bettina Hausmann, member of the Supervisory Board

2. Remuneration of the Management Board

The remuneration of the Management Board consists of fixed and variable components. The Management Board also receives reimbursement of expenses against receipt. Furthermore, the Management Board is insured by a Group D&O insurance policy with a deductible and an accident insurance policy, and its members receive a subsidy for private health insurance and long-term care insurance. Moreover, each member of the Management Board uses a company car. The members of the Management Board also receive continued pay for up to six weeks in the event of illness. No other benefits (e.g. pension entitlements, direct commitments or severance payments) have been agreed.

Virtual stock option programme

There were two virtual stock option programmes for members of the Management Board:

- Stock Option Programme I (2013 Management Board contracts)
- Stock Option Programme II (2017 Management Board contracts)

Stock Option Programme I (2013 Management Board contracts)

All the 300,000 virtual stock options originally granted under the virtual Stock Option Programme I (2013 Management Board contracts) were allocated and exercisable as at the end of the 2018 fiscal year. Up to and including 31 December 2022, the Management Board members had exercised 290,000 stock options in total, meaning there was a remaining entitlement of 10,000 shares under Stock Option Programme I. In May 2023, the Management Board realised the last 10,000 stock options at a price of € 5.05 per share. Accordingly, the 2013 Stock Option Programme no longer has a remaining value as at the end of 2023.

Stock Option Programme II (2017 Management Board contracts)

All the 300,000 virtual stock options originally granted under the virtual Stock Option Programme II (2017 Management Board contracts) were allocated and exercisable as at the end of the 2023 fiscal year. The Management Board members had exercised 60,000 stock options by 31 December 2023, meaning there is a remaining entitlement of 240,000 shares under Stock Option Programme II. Based on a starting price of € 5.82 and a relevant exercise price of € 4.05 as at 31 December 2023, the stock option programme is currently valued at € 0.00.

	Total	**Allocated**	**Exercisable (pro rata)**	**Exercised**	**Remaining**
Number of virtual shares granted	300,000	300,000	300,000	60,000	240,000
Starting price					5.82 €
Exercise price as at 31 December 2023					4.05 €
Difference between starting price and exercise price as at 31 December 2023					< € 0.00
Value of Stock Option Programme II as at 31 December 2023					**0.00 €**

The fair value of the two virtual stock option programmes in accordance with IFRS 2 was therefore € 0.00 in total as at 31 December 2023. After deducting the provisions calculated and recognised in the previous year as at 31 December 2022 in the amount of € 70,405.00 and taking into account the 10,000 stock options realised and exercised in the 2023 fiscal year (at an exercise price of € 5.05 and a distribution amount of € 50,524.00), the cumulative reduction in provisions for Stock Option Programmes I and II in the 2023 fiscal year amounted to € 70,405.00 The reduction in the provision for claims under the stock option programmes recognised in profit or loss was recognised in the income statement as an expense in the amount of € 19,881.00 (previous year: income of € 567,399.00).

	2023 € thousand	2022 € thousand
Fixed salary	480	480
Fiscal year bonus	236	241
Virtual stock option programme	-20	-567
Total remuneration of the Management Board	**697**	**154**

3. Related party transactions

a) Related parties

Delignit AG is a dependent company as defined by Section 17 AktG. The controlling company is MBB SE, Berlin (HRB 165458, Berlin-Charlottenburg District Court). A controlling agreement does not exist.

Subsidiaries are considered to be related companies irrespective of whether they are included in the consolidated financial statements or not. Transactions between the company and its subsidiaries are eliminated in consolidation and are not shown in this note, or are of subordinate significance and typical for the industry.

b) Management Board

Reference is made to the comments concerning the remuneration of the Management Board. Other than the remuneration cited above, no business was transacted with the Delignit Group.

c) Members of the Supervisory Board of Delignit AG

The members of the Supervisory Board received fixed remuneration of € 45 thousand in the 2023 fiscal year. The fixed remuneration is distributed among the members as follows:

The members of the Supervisory Board received the following remuneration for 2023:

- Chairman, Gert-Maria Freimuth, € 20 thousand
- Deputy Chairman, Anton Breitkopf, € 15 thousand
- Member, Bettina Hausmann, € 10 thousand

4. Number of employees

The average number of employees in the 2023 fiscal year and the number of employees at the reporting date were as follows:

	2023	2022
Employees [average]	471	433
Employees [reporting date]	467	457

Headcount includes temporary staff, who numbered 36 at the reporting date and 51 as an average for the year as a whole. The number of people employed directly by the company in the 2023 fiscal year was 306 at the reporting date and 307 as an average for the year as a whole.

5. Auditor’s fees

The auditor’s fees recognised in the 2023 fiscal year break down as follows:

	2023 € thousand	2022 € thousand
a) Audit of financial statements	62	59
b) Tax advisory services	0	0
	62	**59**

6. Events after the end of the reporting period

There are currently no significant events that are expected to have a substantial unexpected financial impact on the course of business. Please refer to the comments in the management report.

7. Appropriation of profits

The Management Board and the Supervisory Board will discuss the appropriation of the net retained profits of Delignit AG for 2023 in the amount of € 2,135,103.83 at the meeting of the Supervisory Board on 19 March 2024. On 11 March 2024, the Management Board resolved to propose to the General Meeting and the Supervisory Board that the available net retained profits of € 2,135,103.83 be distributed to shareholders in the amount of € 819,390.00 and carried forward to new account in the amount of € 1,315,713.83. This corresponds to a dividend of eight cents per dividend-bearing share.

Blomberg, 19 March 2024

Markus Büscher   Thorsten Duray

Statement of changes in IFRS consolidated non-current assets as at 31 December 2023 of Delignit AG, Blomberg

	Total cost € thousand	Additions in the fiscal year € thousand	Transfer € thousand	Disposals in the fiscal year € thousand	Total depreciation/ amortisation € thousand	Carrying amount at the end of the fiscal year € thousand	Carrying amount at the end of the previous year € thousand	Depreciation/ amortisation in the fiscal year € thousand	Total depreciation/ amortisation at the end of the previous year € thousand
I. Intangible assets									
1. Concessions, industrial and similar rights and assets and licenses in such rights and assets	1,985	36	0	0	1,396	625	776	187	1,209
2. Capitalised development costs	951	273	0	0	780	443	189	19	761
3. Goodwill	1,000	0	0	0	1,000	0	0	0	1,000
4. Consolidated goodwill	2,178	0	0	0	0	2,178	2,178	0	0
5. Advance payments	0	0	0	0	0	0	0	0	0
	6,114	**309**	**0**	**0**	**3,176**	**3,246**	**3,144**	**206**	**2,970**
II. Property, plant and equipment									
1. Land, land rights and buildings, including buildings on third-party land	16,057	104	0	0	10,773	5,388	5,354	72	10,701
2. Technical equipment and machinery	27,129	350	0	37	21,682	5,760	7,201	1,753	19,929
3. Other equipment, operating and office equipment	7,874	378	0	0	7,124	1,127	1,053	304	6,821
4. Advance payments and assets under construction	9	1,461	0	0	0	1,470	9	0	0
	51,067	**2,293**	**0**	**37**	**39,580**	**13,745**	**13,617**	**2,129**	**37,451**
Financial assets	0	0	0	0	0	0	0	0	
	57,180	**2,602**	**0**	**37**	**42,756**	**16,991**	**16,760**	**2,335**	**40,421**

Independent auditor's report

To Delignit AG, Blomberg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of Delignit AG and its subsidiaries (the Group), consisting of the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year from 1 January 2023 to 31 December 2023 and the notes to the consolidated financial statements including a summary of the significant accounting policies. Furthermore, we have audited the Group management report of Delignit AG for the fiscal year from 1 January 2023 to 31 December 2023. In accordance with the provisions of German law, we have not audited the content of the elements set out in the "Other information" section of our auditor's report.

In our opinion, based on the findings of our audit

- the attached consolidated financial statements, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, and give a true and fair view of the net assets and financial position of the Group in accordance with these requirements as at 31 December 2023 and its results of operations for the fiscal year from 1 January 2023 to 31 December 2023 in accordance with these provisions; and
- as a whole, the attached Group management report provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements and with German legal requirements, and accurately presents the risks and opportunities of future development. Our audit opinion on the Group management report does not extend to the content of the elements of the Group management report set out in the "Other information" section.

In accordance with Section 322(3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements or the Group management report.

Basis for audit opinions

We conducted our audit in accordance with Section 317 of the Handelsgesetzbuch (HGB – German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW – German Institute of Public Auditors). Our responsibility under these provisions and policies is described further in the section of our audit report entitled "Auditor's responsibility for the audit of the consolidated financial statements and the Group management report". We are independent from the Group companies in accordance with the commercial and professional regulations of German law and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the Group management report.

Other information

The company's management is responsible for the other information. The other information comprises:

- other parts of the annual report, with the exception of the audited consolidated financial statements, the Group management report and our auditor's report
- the comments in the management report in section 10 "Sustainability and non-financial performance indicators"

Our audit opinions on the consolidated financial statements and the Group management report do not extend to the other information, and accordingly we do not offer any audit opinion or any other form of audit conclusion on it.

In connection with our audit, we have the responsibility to read the other information and to assess whether the other information

- contains material inconsistencies with the consolidated financial statements, the Group management report or our findings from the audit; or
- is otherwise materially misrepresented.

If, on the basis of our work, we conclude that this other information is materially misrepresented, we are obliged to report on this fact. We have nothing to report in this respect.

Responsibilities of management and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that, in all material respects, comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law in accordance with Section 315e(1) HGB, and that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. In addition, management is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (e.g. manipulation of accounts, misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for the accounting on the basis of the going concern principle, unless there is the intention to liquidate or discontinue the Group, or there is no realistic alternative.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides a suitable view of the Group's position and, in all material respects, is consistent with the consolidated financial statements, audit findings and German legal requirements, and accurately presents the risks and opportunities of future development, and to issue an audit report containing our audit opinions on the consolidated financial statements and the Group management report.

Reasonable assurance is a high degree of assurance, but not a guarantee that an audit performed in accordance with Section 317 HGB and the German generally accepted standards for the audit of financial statements promulgated by the IDW will always reveal a material misstatement. Misstatements can result from fraud or error and are considered material if they could reasonably be expected, individually or collectively, to influence the economic decisions that users make on the basis of these consolidated financial statements and the Group management report.

We exercise due discretion and maintain a critical approach. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting material misstatements resulting from fraud is greater than the risk of not detecting material misstatements resulting from error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e(1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for designing, monitoring and performing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions;

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Düsseldorf, 19 March 2024

Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

…………………….	…………………….
Grote	Elpel
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Condensed annual financial statements of Delignit AG for the 2023 fiscal year

Assets	31.12.2023 k€	31.12.2022 k€
Financial assets	6,062	6,062
Non-current assets	**6,062**	**6,062**
Receivables and other assets	13,225	12,060
Cash and bank balances	8,038	382
Current assets	**21,263**	**12,442**
Total assets	**27,325**	**18,504**
Liabilities		
Equity	25,625	16,947
Provisions	575	987
Other liabilities	1,125	569
Total assets	**27,325**	**18,504**

Income statement

	2023 k€	2022 k€
Revenue	1,293	1,194
Other operating income	19	19
Staff costs	-628	-586
Other operating expenses	-976	-502
Income from profit and loss transer agreements	1,708	1,840
Interest and similiar income	520	168
Interest and similiar expenses	-9	-9
Taxes on income and earnings	-726	-678
Earnings after taxes / net income of the year	**1,201**	**1,446**
Profit carried forward from the previous year	1,446	2,318
Transfer to retained earnings	0	-2,318
Distribution to shareholders	-512	0
Net retained profits	**2,135**	**1,446**

Financial calendar

2023 Annual Report:

April 2024

2024 Annual General Meeting:

6 June 2024

2024 half-year financial report:

August 2024

End of the 2024 fiscal year

31 December 2024

Contact

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