Semi-Annual Report 2022

DELTICOM
Aktiengesellschaft

Profile

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

The product portfolio for private and business customers comprises an unparalleled range of more than 600 brands and over 40,000 tyre models for cars and motorcycles. Complete wheels and rims complete the product range. The company operates 270 online shops and online distribution platforms in 72 countries, serving around 18 million customers.

As part of the service, the ordered products can be sent to one of Delticom's around 34,000 partner garages in Europe for mounting at the customer's request.

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

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

In fiscal year 2021, Delticom AG generated revenues of around € 585 million. At the end of last year, the company employed 174 people.

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

Key Figures

		01.01.2022 30.06.2022	01.01.2021 30.06.2021	-/+ (%, %p)
Revenues	€ million	219.7	249.3	-11.9
Total income	€ million	238.9	265.8	-10.1
Gross margin[1]	%	21.2	22.9	-1.6
Gross profit[2]	€ million	65.9	73.5	-10.4
EBITDA	€ million	8.9	8.0	+10.4
EBITDA-Marge	%	4.0	3.2	+0.8
EBIT	€ million	4.3	2.7	+56.1
Net income	€ million	2.8	1.0	+172.8
Earnings per share	%	0.19	0.08	+133.6
Total assets	€ million	231.2	239.0	-3.3
Inventories	€ million	84.0	68.3	+23.0
Investments[3]	€ million	1.2	0.6	+114.9
Equity	€ million	39.6	32.2	+22.9
Equity ratio	%	17.1	13.5	+3.6
Return on equity	%	7.2	3.2	+3.9
Liquidity position[4]	€ million	4.8	4.8	-1.4

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

Highlights H1 2022

Revenues

€ 220 million

H1 2021: € 249 million

Revenues in core business

+2.5 %

yoy

Improvement of EBITDA to

€ 8.9 million

H1 2021: € 8.0 million

Increase of EBIT margin to

2.0 %

H1 2021: 1.1 %

Net income amounted to

€ 2.8 million

H1 2021: € 1.0 million

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Economic Environment

Macroeconomic developments

Global economy

The global recovery from the Corona crisis lost considerable momentum after the turn of the year. After signs of an easing in global production networks in the fall and winter of last year, the lockdowns imposed by China since the beginning of the year against the backdrop of a strict zero-covid policy again led to supply bottlenecks and logistical problems in recent months. The sanctions imposed on Russia as a result of the war of aggression on Ukraine also had an impact on global production chains, with the automotive industry being particularly affected by the disruptions. Against the background of these developments, inflation has also risen sharply worldwide in recent months. The decline in real wages in many countries also dampened private consumption.

Euro area

After commodity prices had already risen across the board last year, Russia's invasion of Ukraine led to a further price surge this year. The sharp rise in global demand due to the economic situation is being met by reduced supply of both oil and natural gas in Europe, not least as a result of the sanctions imposed by the EU against Russia. While economic output in the euro zone still grew by 0.6 % in the first quarter despite the negative impact of the pandemic, particularly at the beginning of the year, and increasing uncertainty over the Ukraine conflict, the recovery is increasingly stalling in view of the economic and geopolitical developments. Most recently, private consumption in the euro zone was around 3 % below the pre-crisis level in the fourth quarter of 2019. In June, due to the rapid rise in energy prices, the inflation rate in the euro zone reached a record level of 8.6 %, which was exceeded once again in July at 8.9 %. This means that the inflation rate in the euro zone in July was even higher than in Germany.

Germany

Experts believe that consumer spending in Germany more or less stagnated in the second quarter following the recovery at the beginning of the year. It is true that the catch-up process in the contact-intensive service sectors continued at a rapid pace. However, setbacks in retail sales in April and a marked deterioration in consumer confidence in private households point to a weaker overall trend. Inflation in Germany has been above 7 % since March and reached 7.9 % in May, almost a record high since the data were recorded. High inflation reduces the purchasing power of disposable incomes and accordingly counteracted higher consumption momentum. Irrespective of this, the situation on the labor market remained stable in the first half of 2022. In May 2022, for example, the unemployment rate fell by 428,000 year-on-year from 5.9 % to 4.9 %.

Sectoral developments

Tyre trade

According to estimates by the European Tyre & Rubber Manufacturers' Association (ETRMA) and the German Rubber Industry Association (WdK), a total of 1.0 % fewer passenger car tyres were sold by retailers to consumers in Germany in the first six months of the current year compared with the corresponding prior-year period. A 6.0 % decrease in business with summer tyres compared with the first half of 2021 contrasted with a 9.3 % increase in business with all-season tyres. Unit sales of winter tyres were 3.3 % lower than in the first six months of 2021.

Although ETRMA's market data for the tyre industry show that demand for tyres in the consumer tyre segment (passenger cars, SUVs and light trucks), the largest by volume, increased by 7.3 % in the first half of the year compared with the first six months of 2021, growth slowed slightly in the second quarter compared with the January-March period, when it had been 8.8 % higher. Sales of summer passenger car tyres were down 5 %, while all-season and winter tyre sales each increased by almost a third (27 % and 28 % respectively). These market figures are the sales from industry to trade (sell-in).

Online trade

In view of rising living and energy costs as a result of the war in Ukraine, general consumer sentiment in Germany deteriorated noticeably in the first six months of the current year. According to the German E-Commerce and Distance Selling Trade Association (bevh), this also affected online retailing in Germany in the first half of the year. While the first three months of the current year saw a year-on-year increase in revenues of 8.2 % to € 23 billion, the second quarter 2022 saw a year-on-year decrease in revenues of 9.6 %. Overall, e-commerce revenues in Germany in the first six months of the current year were down 1.3 % on the previous year.

According to the bevh, consumers in Germany are cutting back significantly on goods or services they do not need due to rising living and energy costs. The development of sales in Q2 varied according to the types of mail order companies. While online-only retailers posted a 5.6 % decline, the 9.7 % drop in sales at online marketplaces was in line with the market. Multichannel retailers (stores with an additional online pillar) lost significantly more than the market (-14.6 %), which the industry association believes could also reflect a return of customers to the companies' brick-and-mortar stores.

Business performance and earnings situation

Revenues

Group

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

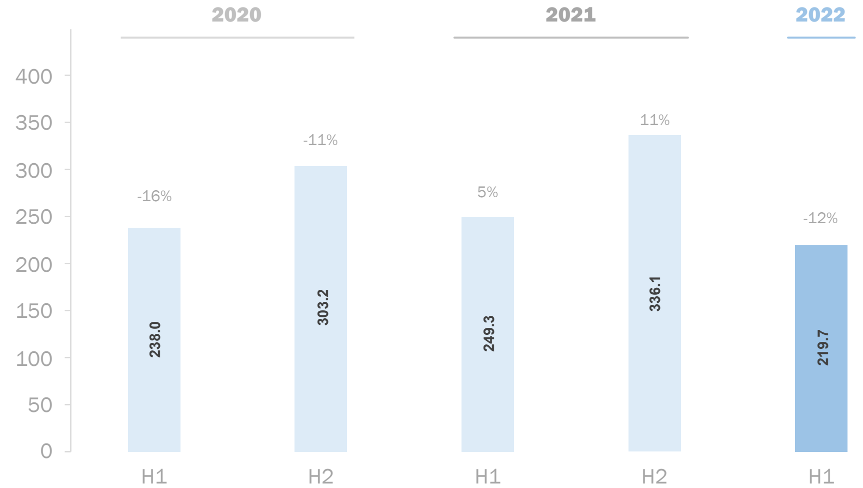
In the first six months of the current fiscal year, the Delticom Group generated revenues of € 220 million, a decrease of 11.9 % after € 249 million in H1 2021. In the corresponding prior-year period, the US business, which was sold at the beginning of the current financial year, contributed around € 35 million to consolidated sales. Accordingly, the company was able to achieve revenues growth of 2.5 % in its European core tyre business in H1 2022.

Seasonality

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

Revenues trend

half-year revenues in € million



Q1

In total, the Delticom Group generated revenues of € 91 million in the first quarter of the current fiscal year (Q1 2021: € 102 million, –11.5 %). The year-on-year decrease results from the sale of the US shares at the beginning of the year. In Q1 2021, the US subsidiary had contributed around € 16 million to Group revenues. Consequently, revenues growth of 4.4 % was achieved in the European core tyre business in the first three months of this year. Despite plenty of sunshine, the first decade of March was still relatively cold in Germany, with frosty nights almost all over the country. Towards the end of the month, colder air masses from the north led to a change in the weather, in some cases resulting in fresh snow.

Due to the weather, the summer tyre business did not benefit from an early start to the season, in contrast to the previous year. In addition, Easter fell in mid-April this year, two weeks later than in the previous year.

Q2

In the second quarter, the company generated revenues of € 129 million, a year-on-year decline of 12.1 % (Q2 2021: € 147 million). In the prior-year quarter, the US subsidiary had generated sales of around € 19 million. In Q2 2022, sales growth of 1.1 % was achieved accordingly in the European core tyre business. Unlike in H1 2021, the seasonal peak in the summer tyre business this year was not until May. Overall, against the backdrop of economic and geopolitical developments, motorists in Europe appear to be delaying tyre purchases where possible.

Regional split

The Group offers its product range in 72 countries. In H1 2022 revenues in EU countries totalled € 180 million (H1 2021: € 175 million, +3.1 %). Across all non-EU countries the revenue contribution for H1 2022 was € 39 million (H1 2021: € 74 million, –47.1 %). The decline in the non-EU countries resulted primarily from the sale of shares in the US subsidiary in January of this year. Excluding US sales in H1 2021, sales generated in non-EU countries during the first six months are on prior year level.

Revenues by region
in € thousand

	H1'22	%	+%	H1'21	%	+%	H1'20	%
Revenues	**219,725**	**100.0**	**-11.9**	**249,270**	**100.0**	**4.7**	**238,032**	**100.0**
Regions								
EU countries	180,422	82.1	3.1	174,982	70.2	3.9	168,338	70.7
Non-EU countries	39,303	17.9	-47.1	74,288	29.8	6.6	69,694	29.3

Customer numbers

The following customer numbers are the customer numbers in our core business - the online trade with tyres in Europe. In the first six months of 2022 a total of 281 thousand **existing customers** (H1 2021: 331 thousand, –15.1 %) have once again purchased tyres in one of the Delticom Group's online shops. Existing customers are counted only once during the reporting period, regardless of the number of purchases made during that period.

A total of 379 thousand (H1 2021: 455 thousand, –16.8 %) new customers were acquired in Europe in H1 2022. Since the company was founded, more than 18 million customers have made purchases in our online shops. Over the half-year period, the number of **active buyers** (new customers and repeat customers) is 16.1 % lower than in the same period of the previous year.

Key expense positions

Cost of goods sold

The cost of goods sold (COGS) is the largest expense item; it considers the purchase price of sold products (mainly tyres). Group COGS decreased by 10.0 % from € 192 million in H1 2021 to € 173 million in H1 2022. The year-on-year decrease is exclusively due to the discontinuation of the US business. In the European core tyre business, the cost of materials increased year-on-year due to price developments in recent months. The cost of materials ratio (cost of materials as a percentage of revenues) was 78.8 % in H1 2022 (H1 2021: 77.1 %).

Personnel expenses

On average, the company employed 182 staff in the first six months of the current fiscal year (H1 2021: 176). On the reporting date 30.06.2022, a total of 178 employees worked for the Group (30.06.2021: 179). Personnel expenses amounted to € 7.1 million in the reporting period (H1 2021: € 7.0 million, +1.5 %). The personnel expense ratio (ratio of personnel expenses to revenues) in H1 2022 amounted to 3.2 % (H1 2021: 2.8 %).

Transportation costs

The largest single item within other operating expenses is transport costs. These amounted to € 17.9 million after € 23.7 million in the comparative period. The decrease of 24.4 % is partly due to the discontinuation of the US business. Weaker sales development compared to the previous year and shorter delivery routes due to the decentralized warehouse infrastructure also contributed to the downward trend. Transportation costs as a percentage of revenues amounted to 8.2 % (H1 2021: 9.5 %).

Warehousing

The inventory costs were € 6.0 million, after € 4.3 million in H1 2021. The 38.6 % increase was mainly due to the commissioning of the new warehouse location in Alsace, France. The warehouse was gradually put into operation in Q1 of last year. The cost increase also results from a different organizational and cost structure compared to the warehouse location in Hanover. At the domestic location, a core team in the warehouse is responsible for smooth operations. Wages and salaries are included in personnel expenses. The facility in Alsace is mainly managed and controlled from Hanover. The on-site activities are outsourced to specialist companies. The corresponding costs for temporary and contract workers are recognized under warehousing costs

Rents and operating costs

Rents and operating costs mainly relate to operating costs. The 4.9 % increase in the reporting period from € 1.3 million in the previous year to € 1.4 million is mainly due to the service and maintenance contract concluded in H2 2021 for a new warehouse technology, which will be used at the Alsace site from the coming winter season in order to further automate processes and to reduce personnel requirements at peak times of the season.

Marketing

In the reporting period, € 6.2 million (H1 2021: € 8.9 million, –30.6 %) was spent on marketing. The significant decline resulted to a large extent from the discontinuation of the US business. Due to weaker demand in the European core business in Q2, marketing expenses were also adjusted in line with the circumstances. Marketing expenses as a percentage of group revenues were 2.8 % (H1 2021: 3.6 %).

Depreciation

Depreciation and amortization amounted to € 4.6 million in the reporting period, compared with € 5.3 million in H1 2021 (–13.3 %). The decrease is mainly due to the disposal of software and the discontinuation of the corresponding depreciation and amortization compared with the previous year.

Financial and Legal

Financial and legal expenses in the reporting period amounted to € 3.3 million, after € 6.0 million in the previous year. The decrease of 44.8 % is due to the discontinuation of restructuring costs. These totalled € 3.0 million in H1 2021. Delticom classifies the costs directly or indirectly related to the follow-up financing within legal and consulting fees in the amount of approximately € 1.0 million in H1 2022 as non-operating and eliminates them accordingly for the calculation of operating EBITDA.

Earnings position

Gross margin

The company achieved a gross margin simple (gross margin excluding other operating income) of 21.2 % in the reporting period, after 22.9 % in the corresponding prior-year period. Due to the development on the raw material markets, purchasing prices are rising. Procurement costs for tyres produced outside Europe are also rising. This development has led to a change in the mix in the summer tyre business compared with the previous year. Higher-priced tyres tend to show a lower margin as a percentage. The positive development of sell-in demand in Europe, together with the discontinuation of the US business, led to an increase in the share of sales from the business with commercial end customers in H1 2022 compared with the previous year. Although margins are lower in business with commercial end customers, this part of the business also has a lower cost structure than business with private end customers.

Other operating income

Other operating income increased in the reporting period by 16.5 % to € 19.2 million (H1 2021: € 16.5 million). They include the earnings contribution generated from the sale of the US company shares, which in turn compensates for the absence of earnings contributions realized in H1 2021 from project business and a land sale. Marketing subsidies, proceeds from transport losses and other income are regularly generated from operating activities. The increase in other operating income in the reporting period resulted mainly from foreign exchange gains. They amounted to € 3.6 million (H1 2021: € 2.0 million, +82.2 %). FX losses are accounted for in the other operating expenses. In H1 2022 the FX losses amounted to € 3.6 (H1 2021: € 1.5 million). In the period under review, the balance from FX gains and losses was € –14.9 thousand (H1 2021: € 0.4 million).

Gross profit

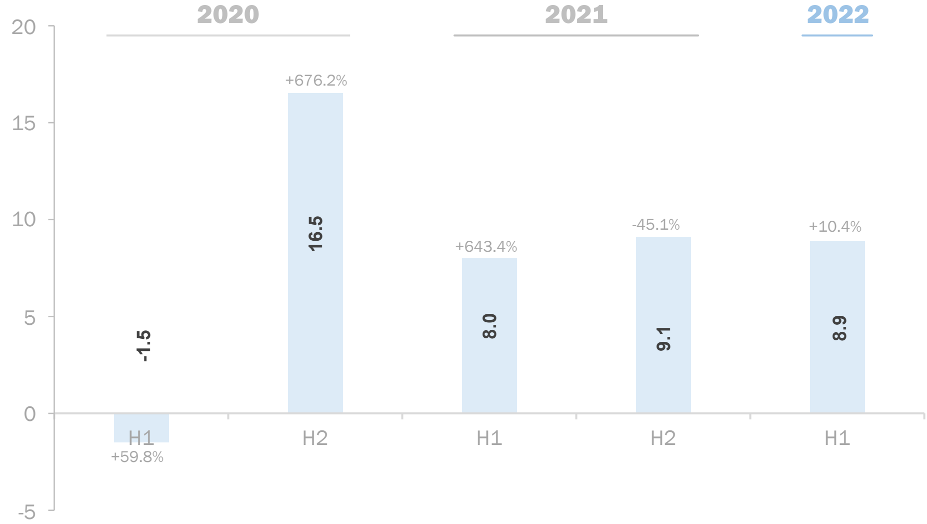
Gross profit for the reporting period amounted to € 65.9 million, after € 73.5 million including US business the previous year (–10.4 %). Gross profit in relation to total income of € 239 million (H1 2021: € 266 million) amounted to 27.6 % (H1 2021: 27.7 %). For the European core business, excluding the US contribution to earnings and the non-recurring effects generated last year, the year-on-year gross profit margin was 26.5 % (H1 2021: 27.7 %).

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter stood at € 7.1 million (Q2 2021: € 7.0 million, +2.5 %) and was significantly higher than in the previous quarter (Q1 2022: € 1.7 million, Q1 2021: € 1.1 million). EBITDA amounted to € 8.9 million in the reporting period (H1 2021: € 8.0 million, +10.4 %). This corresponds to an EBITDA margin of 4.0 % (H1 2021: 3.2 %). Operating EBITDA after elimination of U.S. earnings contributions and non-operating expenses, primarily in connection with the follow-up financing, amounted to € 6.7 million for the reporting period.

EBITDA

half-year, in € million



EBIT

In view of the increase in profitability and reduced depreciation and amortization earnings before interest and taxes (EBIT) amounted to € 4.3 million –

after € 2.7 million in H1 2021 (+56.1 %). The return on sales margin (EBIT as a percentage of revenues) was 2.0 % (H1 2021: 1.1 %). Earnings before interest and taxes for the second quarter were positive at € 5.0 million (Q2 2021: € 4.4 million, +13.2 %), after € –0.7 million in Q1 2022 (Q1 2021: € –1.7 million, +57.3 %).

Financial result

Financial income for the first six months amounted to € 755 thousand (H1 2021: € 46 thousand). Following the conclusion of the syndicated loan agreement at the beginning of the year, a rental collateral deposited for the new warehouse location was replaced by a rental guarantee. The interest income results primarily from this exchange. Financial expenses were € 0.8 million (H1 2021: € 1.2 million). Due to the reduced financing requirements and the associated relief on credit lines, the interest burden from financial liabilities was reduced in the reporting period. At € –0.1 million, the financial result is correspondingly significantly higher than in the previous year (H1 2021: € –1.2 million).

Income taxes

The tax result for the first six months was € –1.4 million (H1 2021: € –0.5 million). The positive pre-tax result leads to a corresponding tax expense.

Net income

Consolidated net income in the first half of the year totalled € 2.8 million after € 1.0 million in H1 2021 (+172.8 %). This corresponds to earnings per share (EPS) of € 0.19 (H1 2021: € 0.08).

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

Abridged P+L statement

in € thousand

	H1'22	%	+%	H1'21	%	+%	H1'20	%
Revenues	**219,725**	100.0	-11.9	**249,270**	100.0	4.7	**238,032**	100.0
Other operating income	19,219	8.7	16.5	16,491	6.6	86.1	8,859	3.7
Total operating income	**238,944**	108.7	-10.1	**265,761**	106.6	7.6	**246,891**	103.7
Cost of goods sold	-173,052	-78.8	-10.0	-192,245	-77.1	5.9	-181,573	-76.3
Gross profit	**65,892**	30.0	-10.4	**73,516**	29.5	12.6	**65,318**	27.4
Personnel expenses	-7,093	-3.2	1.5	-6,992	-2.8	-7.2	-7,531	-3.2
Other operating expenses	-49,934	-22.7	-14.6	-58,497	-23.5	-1.3	-59,264	-24.9
EBITDA	**8,865**	4.0	10.4	**8,028**	3.2	-643.4	**-1,477**	-0.6
Depreciation	-4,580	-2.1	-13.3	-5,283	-2.1	12.7	-4,688	-2.0
EBIT	**4,286**	2.0	56.1	**2,745**	1.1	-144.5	**-6,166**	-2.6
Net financial result	-54	-0.0	-95.5	-1,203	-0.5	-1.6	-1,223	-0.5
EBT	**4,231**	1.9	174.5	**1,542**	0.6	-120.9	**-7,389**	-3.1
Income taxes	-1,393	-0.6	177.8	-501	-0.2	-132.7	1,533	0.6
Consolidated net income	**2,839**	1.3	172.8	**1,040**	0.4	-117.8	**-5,856**	-2.5

Financial and assets position

Balance sheet

As of 30.06.2022 the balance sheet total amounted to € 231.2 million (31.12.2021: € 217.5 million, 30.06.2021: € 239.0 million).

Fixed Assets

The decrease in fixed assets in the reporting period from € 88.2 million at 31.12.2021 by € 0.6 million to € 87.6 million is mainly due to the amortisation of rights of use in accordance with IFRS 16.

Inventories

Among the current assets, inventories are the biggest line item. Since the beginning of the year, stock has increased by € 37.4 million to € 84.0 million (31.12.2021: € 46.6 million). By closing-date comparison, inventories are € 15.7 million higher (30.06.2021: € 68.3 million). The year-on-year increase is mainly due to the fact that winter stockpiling yet again was brought forward by a few weeks compared with the previous year due to the continued inflationary price trend. As of 30.06.2022, the share of inventories in the balance sheet total amounted to 36.3 % (31.12.2021: 21.4 %, 30.06.2021: 28.6 %).

Receivables and other assets

Trade receivables usually follow the seasons, but reporting date effects are often unavoidable. At the reporting date, receivables amounted to € 39.4 million (31.12.2021: € 41.2 million, 30.06.2021: € 47.8 million). The reduction in the reporting date comparison is mainly due to miscellaneous other receivables. As the payment of the proceeds from the rights issue last year did not take place until the beginning of July, there were corresponding receivables as of the balance sheet date at that time. Trade accounts receivable totalled € 20.4 million on the balance sheet date (31.12.2021: € 16.5 million, 30.06.2021: € 19.5 million).

Payables

Trade accounts payable have been increased by € 13.2 million from € 85 million at the beginning of the year to € 98 million. In a closing date comparison trade payables are € 13.9 million higher (30.06.2021: € 83.9 million). The year-on-year increase is due to the fact that winter stockpiling yet again was brought forward while the cost prices were significantly higher than in the previous year. Trade payables accounted for 42.3 % of the balance sheet total (31.12.2021: 38.9 %, 30.06.2021: 35.1 %).

Abridged balance sheet

in € thousand

	30.06.22	%	+%	31.12.21	%	30.06.21	%
Assets							
Non-current assets	102,933	44.5	-7.7	111,488	51.3	118,001	49.4
Fixed assets	87,616	37.9	-0.7	88,242	40.6	92,984	38.9
Other non-current assets	15,317	6.6	-34.1	23,246	10.7	25,018	10.5
Current assets	128,227	55.5	38.4	92,661	42.6	120,954	50.6
Inventories	84,024	36.3	80.3	46,593	21.4	68,326	28.6
Receivables	39,433	17.1	-4.3	41,200	18.9	47,788	20.0
Liquidity	4,770	2.1	-2.0	4,868	2.2	4,840	2.0
Financial assets held for sale	0	0.0	0.0	13,310	6.2	0	0.0
Assets	**231,160**	**100.0**	**6.3**	**217,459**	**100.0**	**238,956**	**100.0**
Equity and Liabilities							
Long-term funds	87,123	37.7	2.1	85,345	39.2	77,566	32.5
Equity	39,557	17.1	4.1	37,982	17.5	32,183	13.5
Long-term debt	47,566	20.6	0.4	47,363	21.8	45,383	19.0
Provisions	181	0.1	57.5	115	0.1	115	0.0
Liabilities	41,385	17.9	-2.0	42,248	19.4	45,268	18.9
OtherNonCurrentLiabilities	6,000	2.6	20.0	5,000	2.3	0	0.0
Short-term debt	144,037	62.3	17.4	122,739	56.4	161,390	67.5
Provisions	3,107	1.3	-35.5	4,813	2.2	4,834	2.0
Liabilities	140,930	61.0	19.5	117,925	54.2	156,555	65.5
Financial liabilities held for sale	0	0.0	0.0	9,375	4.4	0	0.0
Equity and Liabilities	**231,160**	**100.0**	**6.3**	**217,459**	**100.0**	**238,956**	**100.0**

Liquidity position

Liquidity as of 30.06.2022 totalled € 4.8 million (31.12.2021: € 4.9 million, 30.06.2021: € 4.8 million). On 30.06.2022, the company's net cash position (liquidity less liabilities from current accounts) amounted to € –19.4 million (31.12.2021: € –9.0 million, 30.06.2021: € –50.1 million). In addition to the utilization of credit lines, current financial debt also includes the current portion of lease obligations from long-term leases amounting to € 8.6 million (31.12.2021: € 8.6 million, 30.06.2021: € 8.5 million).

Equity

Equity amounted to € 39.6 million on the balance sheet date (31.12.2021: € 38.0 million, 30.06.2021: € 32.2 million). The equity ratio of the company at the balance sheet date stood at 17.1 % (31.12.2021: 17.5 %, 30.06.2021: 13.5 %).

Cash flow

Operating cash flow

Cash flow from operating activities for H1 2022 amounted to € –11.2 million (H1 2021: € –15.6 million). In addition to the improvement in earnings, the year-on-year improvement resulted in particular from working capital. Reduced receivables in connection with project business and reduced refunds of sales tax receivables, together with the increase in trade accounts payable, helped to partly offset the higher capital tied up in inventories.

Investments

In the reporting period, Delticom invested € 1.2 million into property, plant and equipment (H1 2021: € 0.4 million). This mainly relates to investments in equipment for our warehouses. The sale of the US shares resulted in a cash inflow of € 6.4 million. Cash flow from investment activities totalled € 5.2 million (H1 2021: € 0.2 million). In the previous year, the proceeds from the sale of a subsidiary's land offset the investments made during H1 2021.

Financing activities

The cash flow from financing activities totaled € 5.9 million in the reporting period (H1 2021: € 14.6 million). The year-on-year decline is due to the absence of the net inflow from the capital increase without subscription rights. Since the beginning of the year, credit lines have been extended by € 10.2 million (H1 2021: € 10.4 million) in connection with the inventory build-up. Furthermore, lease liabilities of € 4.3 million (H1 2021: € 4.3 million) were repaid as scheduled in connection with the application of IFRS 16.

Organisation

Legal structure

The following section lists the subsidiaries that are fully consolidated in the consolidated financial statements as of 30.06.2022:

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

At the beginning of the current fiscal year, Delticom AG sold its 75 % interest in Delticom North America Inc. In this context, non-recurring income of € 2.5 million was realized, as well as an additional € 0.9 million from the disposal of minority interests in equity.

Gourmondo Food GmbH was deleted from the commercial register and deconsolidated on April 8, 2022.

Delticom AG repurchased all shares in Extor GmbH, Hanover (Extor), from Mr. von der Lippe and NBank Capital Beteiligungsgesellschaft mbH, Hanover, as part of the exercise of a call option. With effect from 30.06.2022, Delticom AG thus acquired a controlling interest in the company.

Significant events after the reporting date

There were no events of particular importance after the end of the period under review.

Risk Report

As a company that operates internationally, Delticom is exposed to varying types of risk. In order to be able to identify, evaluate and respond to such risks in a timely fashion, Delticom put in place a risk management system early on. The system is based on corporate guidelines for the early risk detection and risk management. An outline of the risk management process is presented in Annual Report for fiscal year 2021 on pages 63ff, together with a list of key individual risks and opportunities.

Compared to the Annual Report 2021, the risk situation has not changed materially.

Outlook

Macroeconomic developments

Global economy

Following the strong increase last summer, the Kiel Institute for the World Economy (IfW) expects the global economy to expand only modestly in the current year. Both in the advanced economies and in many emerging markets, high inflation is causing real wages to fall. The resulting dwindling purchasing power of labor income is in turn putting the brakes on private consumption. The tightening of monetary policy also had a dampening effect on the global economy. A normalization of economic activity in areas where, despite economic recovery, there has not yet been a return to a normal level of business activity, for example in some people-related services such as international tourism, could in turn give a boost to global economic growth. Overall, the experts at the IfW expect global gross domestic product to increase by 3.0 % in the current year. Compared with March, the forecast has thus been lowered by 0.5 %.

Euro area

Economic activity in the euro zone is also expected to remain subdued for the rest of the year. The war in Ukraine has led to additional price increases for energy and food, which increases inflationary pressure globally and results in a reduction in private purchasing power. In addition, the ongoing growth slowdown in the USA is exacerbating the economically negative consequences of the zero COVID policy pursued by China. The euro zone economy remains particularly vulnerable to developments on the energy markets. Weakening global growth is also affecting foreign demand. All in all, the IfW expects gross domestic product in the euro zone to increase by 3.1 % in the year as a whole.

Germany

The recovery of economic activity in Germany is expected to regain momentum in the second half of the year. According to the experts at the IfW, this will be conditional on supply bottlenecks gradually easing and the still good order situation at companies resulting in a corresponding increase in production. In addition, the recovery in the consumer-related service sectors is expected to continue despite high inflation. However, there are risks associated with the war in Ukraine and the associated uncertainties, particularly with regard to the further development of raw material prices. It is also unclear at present how the corona pandemic will develop in the coming months and what the political response to the infection will be. Overall, the IfW expects German gross domestic product to increase by 2.1 % for 2022.

Sectoral developments

Tyre Trade

Although European demand for replacement tyres recovered overall in the first six months of the current year, in Germany, the largest single market in Europe, sales of replacement passenger car tyres from retailers to consumers were more or less on a par with the previous year on a six-month basis, according to the German Rubber Industry Association (wdk) and the European Tyre & Rubber Manufacturers' Association (ETRMA). In this respect, hopes rest on a further recovery in demand for replacement tyres in the further course of the year.

Geopolitical uncertainties due to the Ukraine war, disrupted supply chains, massive price increases for raw materials, semi-finished products, energy and logistics, as well as the resurgence of Covid in China are increasingly challenging producers. A stabilization of global supply chains in the second half of the year would accordingly also be beneficial for the tyre industry.

E-Commerce

Whereas the German E-Commerce and Distance Selling Trade Association (bevh) had forecast at the end of January 2022 that e-commerce sales in Germany would increase by 12 % this year, it became increasingly clear in the months that followed that online retailing would not be able to completely escape the effects of economic developments and the disruption of the consumer climate. In a special survey conducted by bevh, almost one in four online customers surveyed (24.8 %) stated that they intended to spend less money online in the future. In the first quarter, only 18.4 % said this. The restrained consumer mood is also reflected in the change in the date of the last purchase. Within the last 7 days, only 40.7 % of respondents had bought online in the 2nd quarter. In Q1, as in the prior-year quarters, this figure was still 46.6 %. Before the Corona crisis, this figure had been around or below 40 %. According to bevh, customer satisfaction in e-commerce remains high, so further developments remain to be seen. It cannot be ruled out that growth in online retail will swing back to a normalized level after the pandemic-related growth spurt.

Revenues

For the core business Tyre Europe, we continue to forecast consolidated sales in a range of € 480 million to € 520 million for the full year 2022. This confirms the conservative estimate made in March. At the end of the first half and in view of the economic conditions in Europe, it is currently assumed that European consumers will continue to be reluctant to spend in the second half of the year, particularly with regard to purchases that can be postponed due to inflation rates and rising energy prices. Against this backdrop, it cannot be ruled out that motorists will postpone tyre purchases despite low tread depth, especially in the event of a mild winter. The company currently has no sales activities in Ukraine or Russia. There is therefore no direct impact on sales from the war in Ukraine and the sanctions imposed on Russia in this context.

EBITDA

We also confirm operating EBITDA for the full year in a range between € 12 million and € 15 million. In connection with the sale of the US shares in Delticom North America Inc. at the beginning of the year, non-recurring income of € 2.5 million was realized. The disposal of the minority interests in equity resulted in an additional earnings effect of € 0.9 million, which is also classified as extraordinary income and thus as non-operating. A possible reinvestment of the earnings contributions from the US sale in the current year cannot be ruled out. The exceptional income from the US sale is also partly offset by expenses for the full year which the company classifies as non-operating. In addition to the costs incurred directly or indirectly in connection with the follow-up financing, these also include non-recurring expense items relating to the optimization and automation of the warehouse infrastructure.

New customers

Thanks to our multi-shop approach, we address different customer groups in order to optimally exploit the market potential. Due to the decline in new customer figures in the first half of the year, a continuation of the reluctance of European consumers to spend as to be expected in H2 2022, and correspondingly adjusted marketing activities in business with private end customers, it cannot be ruled out that the number of new customers of more than 1 million targeted by us at the beginning of the year will not be achieved in the year as a whole.

Repeat customers

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

Liquidity

In line with our sales and liquidity planning for the current year, we will build up or reduce inventories in the coming quarters. Close control of working capital management will continue to play a central role. For the current year, we continue to plan a positive free cash flow of at least € 10 million. At the beginning of the year, the sale of the U.S. shares resulted in a cash inflow of around € 6 million after the agreed retention of parts of the purchase price for any guarantees and indemnification claims. Delticom plans to invest this cash inflow in future projects. The planned free cash flow of at least € 10 million is therefore to be generated from operating activities.

Consolidated Interim Financial Statements of Delticom AG

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Consolidated Income Statement

in € thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Revenues	**219,725**	**249,270**
Other operating income	19,219	16,491
Total operating income	**238,944**	**265,761**
Cost of goods sold	-173,052	-192,245
Gross profit	**65,892**	**73,516**
Personnel expenses	-7,093	-6,992
Deprication of intangible assets, Rights of use and property, plant and equipment	-4,580	-5,283
Bad debt losses and one-off loan provisions	-1,486	-1,641
Other operating expenses	-48,448	-56,856
Earnings before interest and taxes (EBIT)	**4,286**	**2,745**
Financial expenses	-810	-1,250
Financial income	755	46
Net financial result	**-54**	**-1,203**
Earnings before taxes (EBT)	**4,231**	**1,542**
Income taxes	-1,393	-501
Consolidated net income	**2,839**	**1,040**
Thereof allocable to:		
Non-controlling interests	0	53
Shareholders of Delticom AG	2,839	986
Earnings per share (basic)	0.19	0.08
Earnings per share (diluted)	0.19	0.08

Statement of Recognised Income and Expenses

in € thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Consolidated Net Income	**2,839**	**1,040**
Changes in the financial year recorded directly in equity		
Other comprehensive income for the period	**-309**	**67**
Income and expense that will be reclassified to the statement of income at a later date		
Changes in currency translation	-309	67
Total comprehensive income for the period	**2,530**	**1,107**
Attributable to non-controlling interests	0	80
Attributable to shareholders of the parent	2,530	1,027

Consolidated Balance Sheet

Assets

in € thousand	30.06.2022	31.12.2021
Non-current assets	**102,933**	**111,488**
Intangible assets	37,578	37,984
Rights of use	41,377	42,482
Property, plant and equipment	8,659	7,775
Financial assets	2	2
Deferred taxes	10,277	11,637
Other receivables	5,040	11,609
Current assets	**128,227**	**92,661**
Inventories	84,024	46,593
Accounts receivable	20,360	16,465
Other current assets	18,908	24,579
Income tax receivables	165	157
Cash and cash equivalents	4,770	4,868
Financial assets held for sale	**0**	**13,310**
Assets	**231,160**	**217,459**

Shareholders' Equity and Liabilities

in € thousand	30.06.2022	31.12.2021
Equity	**39,557**	**37,982**
Equity attributable to Delticom AG shareholders	**39,557**	**36,998**
Subscribed capital	14,831	14,831
Share premium	47,667	47,667
Stock option plan	222	193
Other components of equity	-496	-187
Retained earnings	200	200
Net retained profits	-22,867	-25,706
Non-controlling interests	**0**	**984**
Liabilities	**191,603**	**170,101**
Non-current liabilities	**47,566**	**47,363**
Long-term borrowings	41,346	42,248
Non-current provisions	181	115
Deferred tax liabilities	39	0
Other Non Current Liabilities	6,000	5,000
Current liabilities	**144,037**	**122,739**
Provisions for taxes	1,239	1,249
Other current provisions	1,868	3,565
Accounts payable	97,769	84,608
Short-term borrowings	24,162	13,874
Other current liabilities	18,999	19,444
Financial liabilities held for sale	0	9,375
Shareholders' equity and liabilities	**231,160**	**217,459**

Consolidated Cash Flow Statement

in € thousand	01.01.2022 - 30.06.2022	01.01.2021 - 30.06.2021
Earnings before interest and taxes (EBIT)	**4,286**	**2,745**
Depreciation of intangible assets and property, plant and equipment	4,580	5,283
Changes in other provisions	-1,631	1,312
Other non-cash expenses and income	1,636	-1,788
Gain (–) / loss (+) from the disposal of non-current assets	0	445
Changes in inventories	-37,431	-31,461
Changes in receivables and other assets not allocated to investing or financing activity	5,355	-4,572
Changes in payables and other liabilities not allocated to investing or financing activity	12,761	14,356
Interest received	53	46
Interest paid	-810	-1,558
Income tax paid	0	-384
Cash flow from operating activities	**-11,201**	**-15,576**
Cash inflow from the disposal of property, plant and equipment	0	770
Payments for investments in property, plant and equipment	-1,199	-371
Payments for investments in intangible assets	0	-187
Cash inflow from the sale of subsidaries	6,374	0
Cash inflow from the acquisition of a subsidiary	40	0
Cash flow from investing activities	**5,215**	**212**
Cash inflow from capital increases	0	8,425
Cash inflow of financial liabilities	10,172	10,398
Cash outflow of financial liabilities	-4,286	-4,255
Cash flow from financing activities	**5,886**	**14,568**
Changes in cash and cash equivalents due to currency translation	2	1
Cash and cash equivalents at the start of the period	4,868	5,635
Changes in cash and cash equivalents	-100	-795
Cash and cash equivalents - end of period	**4,770**	**4,840**

Statement of Changes in Shareholders' Equity

in € thousand	Sub-scribed capital	Share premium	Reserve from currency translation	Stock op-tion plan	Retained earnings	Net retained profits	Total	Non control-ling interests	Total equity
as of 1 January 2021	**12,463**	**33,739**	**-280**	**214**	**200**	**-32,529**	**13,807**	**994**	**14,801**
Stock option plan	0			-21			-21	0	-21
Change in minority interests						51	51	-51	0
Capital increase	2,368	13,928					16,296		16,296
Net Income						986	986	54	1,040
Other comprehensive income			67			-27	40	26	66
Total comprehensive income			**67**			**959**	**1,027**	**80**	**1,107**
as of 30 June 2021	**14,831**	**47,667**	**-213**	**193**	**200**	**-31,517**	**31,160**	**1,023**	**32,183**
as of 1 January 2022	**14,831**	**47,667**	**-187**	**193**	**200**	**-25,706**	**36,998**	**984**	**37,982**
Stock option plan	29			29			29	0	0
Change in minority interests						0	0	-984	-984
Net income						2,839	2,839	0	2,839
Other comprehensive income			-309			0	-309	0	-309
Total comprehensive income			**-309**			**2,839**	**2,530**	**0**	**2,530**
as of 30 June 2022	**14,831**	**47,667**	**-496**	**222**	**200**	**-22,867**	**39,557**	**0**	**39,557**

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Reporting companies

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

Delticom is Europe’s leading online retailer of tyres and complete wheels. The range of tyres offered to retail and commercial customers includes over 600 brands and more than 40,000 models for cars and motorbikes as well as complete wheel sets. Customers are also able to have the ordered products sent to one of the around 34,000 partner garages of Delticom AG in Europe.

Detailed information on the reporting company is presented in the Management Report of the Annual Report 2021 in the section Business activities as well as in the section Organization.

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

Employees

From 01.01.2022 to 30.06.2022 Delticom had an average of 181 employees.

Seasonal effects

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

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

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

These half-year financial statements for 30.06.2022 were prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reporting adopted by the International Accounting Standards Board (IASB), as applicable in the European Union (EU). All IFRS standards, in particular IAS 34 (Interim Financial Reporting), that were valid and mandatory on the reporting date were applied.

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

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

These interim financial statements do not contain all clarifications and information required for Group annual financial statements, and should therefore be read in conjunction with the annual financial statements as of 31.12.2021 of Delticom Group. The Annual Report 2021 is made available on the Delticom website in the section Investor Relations or can be downloaded directly using the following link:

www.delti.com/Investor_Relations/Delticom_AnnualReport_2021.pdf

The fair value of the existing financial instruments corresponds approximately to the carrying amount for all balance sheet items. The financial instruments in the category of "financial assets held for trading" in the amount of € 954 thousand (31.12.2021: € 96 thousand) and in the category of "financial liabilities held for trading" in the amount of € 0 thousand (31.12.2021: € 0 thousand) are classified in level 2 of the fair value hierarchy. As in previous years, there are no fair values in hierarchy level 3. Changes in fair values were recognised in the income statement. The valuation takes into account current ECB reference rates and forward premiums or discounts.

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

Group of consolidated companies

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

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

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

At the beginning of the current fiscal year, Delticom AG sold its 75 % interest in Delticom North America Inc. In this context, non-recurring income of € 2.5 million was realized, as well as an additional € 0.9 million from the disposal of minority interests in equity.

Gourmondo Food GmbH was deleted from the commercial register and deconsolidated on April 8, 2022.

Delticom AG repurchased all shares in Extor GmbH, Hanover (Extor), from Mr. von der Lippe and NBank Capital Beteiligungsgesellschaft mbH, Hanover, by exercising a call option. With effect from June 30, 2022, Delticom AG has thus gained control over the company.

If the acquisition had occurred on January 1, 2022, management estimates that revenues before consolidation of Extor would have been €0.6 million and Extor's contribution to earnings (before consolidation) would have been €-0.6 million by the half-year. On consolidation, there would have been no revenue and a loss of €1.2 million.

The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

	'In Tausend €
Acquired assets	
Technical equipment and machinery	381
Factory and office equipment	49
Inventories	581
Trade accounts receivable	228
Other assets	44
Cash and cash equivalents	40
Prepaid expenses and deferred charges	11
	1,334
Assumed liabilities	
Accrued taxes	6
Other accrued liabilities	38
Advance payments received	498
Liabilities to banks	1
Trade accounts payable	288
Other liabilities	490
	1,321
Net assets acquired	13
Purchase price (in €)	2
Negative goodwill	-13

All of the above fair values were measured on a provisional basis within the meaning of IFRS 3.45. The income from the acquisition is reported under other operating income.

Changes in significant accounting policies

The accounting and valuation methods applied in these interim financial statements correspond to those used in the consolidated financial statements of the Company as of 31.12.2021.

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

Detailed information with regards to business trends and the profit and loss statement can be found in the chapter *Business performance and earnings situation* of the interim management report. The chapter *Financial and assets position* presents additional information concerning the balance sheet and the cash flow statement.

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

Notes to the income statement

Revenues

Revenue relates almost exclusively to revenue from the supply of goods to customers for the period from 01.01.2022to 30.06.2022, of which €105,518 thousand (H1 2021: €95,538 thousand) is domestic revenue.

Other operating expenses

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

in € thousand	H1'22	H1'21
Transportation costs	17,943	23,731
Warehousing costs	5,960	4,299
Credit card fees	1,474	1,768
Marketing costs	6,182	8,904
Operations centre costs	4,830	4,423
Rents and overheads	1,384	1,319
Financial and legal costs	3,305	5,993
IT and telecommunications	1,117	1,421
Expenses from exchange rate differences	3,600	1,532
Other	2,654	3,465
Summe	48,448	56,856

Earnings per share

Basic earnings per share amount to € 0.19 (H1 2021: € 0.08). Diluted earnings also amount to € 0.19 (H1 2021: € 0.08).

Calculation of earnings per share

In accordance with IAS 33, basic earnings per share are calculated as the quotient of net income for the period after taxes of € 2,838,580.53 (H1 2021: € 1,040,454.27) and the weighted average number of ordinary shares outstanding during the financial year of 14,831,361 (H1 2021: 12,701,519).

No stock options were exercised in the reporting period. The vesting period for all stock options granted is four years starting on the respective issue date. In principle, all shares issued must be taken into account for the calculation of diluted EPS if the stock options have a dilutive effect. This is the case if the issue price of the new shares is lower than the average market price of the ordinary shares outstanding during the period under review. There is no dilutive effect in H1 22.

Dividends

No dividend was paid for the past fiscal year 2021 (previous year: € 0).

Related parties disclosure

Related parties within the meaning of IAS 24 are the Managing Board and Supervisory Board of Delticom AG (category persons in key positions) as well as Binder GmbH and Prüfer GmbH (category significant influence on the reporting company).

In January 2022, Mr. Rainer Binder granted Delticom AG, via Binder GmbH, a bullet loan of EUR 1.0 million with a term of 24 months, an interest rate of 7.25% and a signing fee of 4.0% of the loan amount.

All transactions with related parties have been contractually agreed and executed on terms that are also customary with unrelated third parties.

Contingent liabilities and other financial commitments

There were no material changes in other financial obligations compared to 31.12.2021.

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

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

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

German Corporate Governance Codex

The website https://www.delti.com/de/investor-relations/corporate-governance/entsprechungserk-laerung/ shows the current statements made by the Management and the Supervisory Board of Delticom AG pursuant to Section 161 of the German Public Limited Companies Act (AktG).

Responsibility Statement

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

Hanover, 10.08.2022

(The Management Board)

Review Report

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

To Delticom AG, Hanover

We have reviewed the condensed consolidated interim financial statements – comprising the condensed consolidated balance sheet, condensed statement of comprehensive income, condensed consolidated cash flow statement, condensed statement of changes in shareholder's equity and selected explanatory notes – and the interim management report of Delticom AG, Hanover, for the period from 1 January 2022 to 30 June 2022 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Hanover, 11 August 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Jens Wedekind ppa. Martin Sochor

German Public Auditor German Public Auditor

The Delticom Share

WKN	514680
ISIN	DE0005146807
Reuters / Bloomberg	DEXGn.DE / DEX GR
Index membership	CDAX, CLXP, D1BL, 4N83, CXPR, 4N9U, I1RC, PXAP, NX20
Type of shares	No-par value, registered
Transparency level	Prime Standard
10.11.2022	Q3-Notification
28. - 30.11.2022	German Equity Forum Frankfurt

		01.01.2022 - 30.06.2022	01.01.2021 - 31.12.2021
Number of shares	shares	14,831,361	14,831,361
Share price on the first trading day[1]	€	6.62	6.24
Share price on the last trading day of the period[1]	€	2.63	6.40
Share performance[1]	%	-60.3	+2,6
Share price high/low[1]	€	6.78 / 2.49	10.35 / 6.16
Market capitalisation[2]	€ million	39.0	94.9
Average trading volume per day (XETRA)	shares	16,412	18,772
EPS (undiluted)	€	0.19	0.49
EPS (diluted)	€	0.19	0.49

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

				Estimates for 2022					Estimates for 2023				
Broker	Analyst	Recom-mendation	Target price	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)	Sales (€m)	EBITDA (€m)	EBIT (€m)	EBIT (%)	EPS (€)
Metzler	Jürgen Pieper	Hold	3.30	480.0	12.0	6.0	1.3	0.26	500.0	17.0	10.0	2.0	0.49
Quirin	Daniel Kukalj	Buy	8.50	490.0	12.0	3.0	0.6	0.10	515.0	16.0	7.0	1.4	0.30
		Average	5.90	485.0	12.0	4.5	1.0	0.18	507.5	16.5	8.5	1.7	0.40

as of May 17, 2022

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