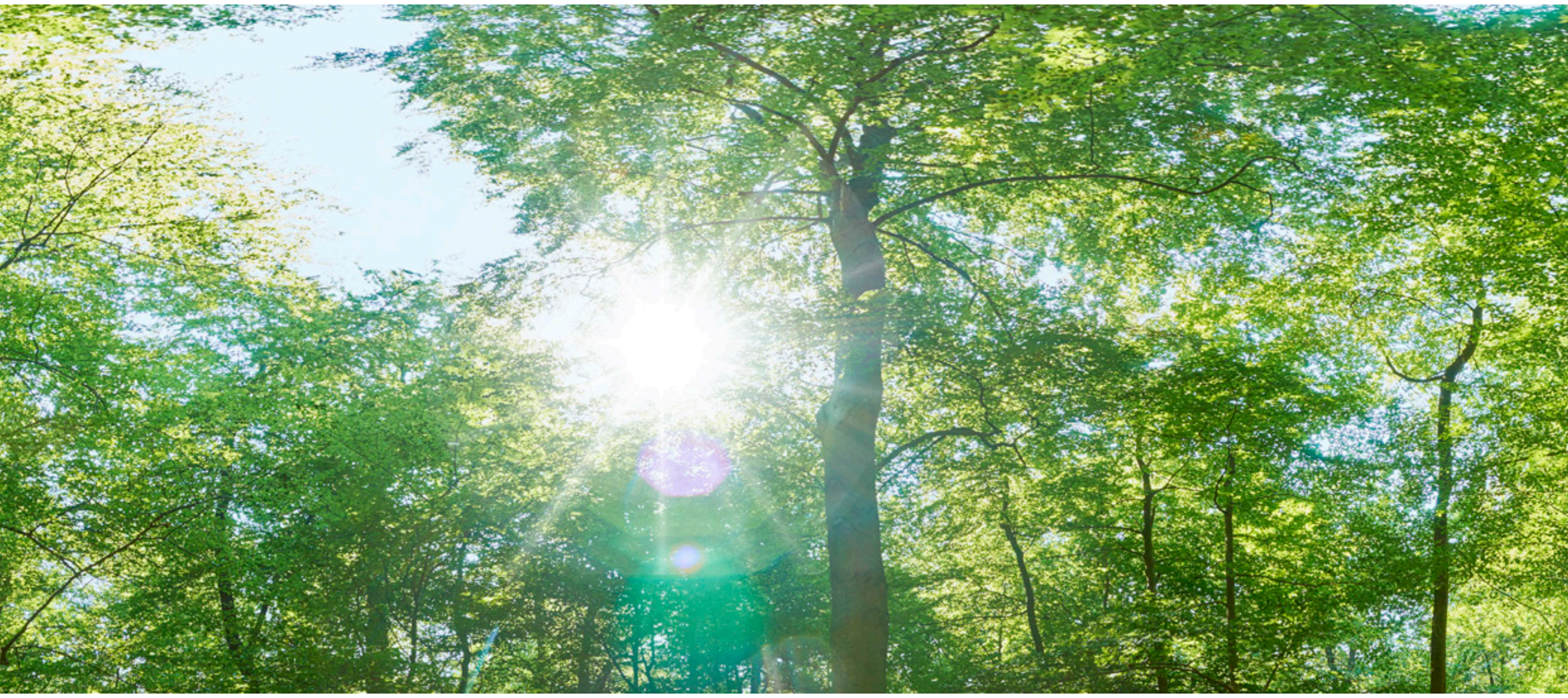
Delignit
AKTIENGESELLSCHAFT



Annual Report 2021

www.delignit.com

Annual Report 2021

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 CO_2-neutral raw material wood.

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

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

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

Automotive target market:

The Automotive target market is divided into the product groups light commercial vehicles (LCV), motor caravans and passenger cars. The business activity focuses on the manufacture and sale of cargo bay protection systems and security systems (interior) for the light commercial vehicle (LCV) class. For example, these systems are used extensively by leading manufacturers of light commercial vehicles as original equipment (original equipment manufacturers (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)	2021 IFRS	2020 IFRS	Δ 2021/ 2020
Earnings figures	**€ thousand**	**€ thousand**	**%**
Revenue	**68,328**	**58,693**	**16.4 %**
Operating revenue	70,728	57,414	23.2 %
Cost of materials	-40,639	-31,119	30.6 %
Staff costs	-17,744	-15,398	15.2 %
Other operating expenses	-6,704	-5,278	27.0 %
EBITDA	5,641	5,619	0.4 %
EBITDA margin	*8.0 %*	*9.8 %*	*-1.8 %**
EBIT	3,315	3,030	9.4 %
EBIT margin	*4.7 %*	*5.3 %*	*-0.6 %**
EBT	3,167	2,779	14.0 %
EBT margin	*4.5 %*	*4.8 %*	*-0.4 %**
Consolidated net income	**2,337**	**2,083**	**12.2 %**
Number of shares	8,193,900	8,193,900	0.0 %
EPS in €	0.29	0.25	12.2 %*

Statement of financial position figures	**€ thousand**	**€ thousand**	**%**
Non-current assets	17,426	18,257	-4.6 %
Current assets	22,140	19,593	13.0 %
Cash and cash equivalents contained therein	241	4,898	-95.1 %
Issued capital (share capital)	8,194	8,194	0.0 %
Other equity	15,609	13,477	15.8 %
Total equity	23,803	21,671	9.8 %
Equity ratio	*60.2 %*	*57.3 %*	*2.9 %**
Non-current liabilities and provisions	4,927	6,527	-24.5 %
Current liabilities and provisions	10,836	9,652	12.3 %
Total assets	**39,566**	**37,850**	**4.5 %**
Net financial debt (net debt (-)/net cash (+))	-6,430	-3,658	75.8 %

Employees (as at 31/12)			
Germany	391	370	5.7 %

* Change in percentage points, differences due to commercial rounding

Greetings from the Management Board

Dear shareholders,
Dear employees,

It is with great concern that we are watching the events in Ukraine. We see the unbearable suffering of the civil population affected in the daily reporting. We stand in solidarity with these people at these difficult times. We hope that the diplomatic efforts of the international community of states will bring about a quick and lasting resolution to the conflict.

The success of the Delignit Group as an export-oriented company is closely linked to global economic developments. However, the 2021 fiscal year has also showed that we are capable of continuing our growth even under difficult circumstances. With consolidated revenue of € 68.3 million, we are pleased to have outperformed the forecast that was published in March 2021. The previous year's revenue of € 58.7 million was very comfortably exceeded by 16 % and a new record was achieved for revenue. Despite higher costs for raw materials and business interruptions at OEM customers affected by the semiconductor shortage, EBITDA held stable at around € 5.6 million (previous year: € 5.6 million). The EBITDA margin is around 8.0 % (previous year 9.8 %) and thus slightly lower than the forecast figure of 9 %.

As in the previous year of 2020, itself a challenging year, the Delignit Group's economic environment varied considerably throughout 2021. The first half of the year was mainly defined by the rapid economic upswing as COVID restrictions were gradually eased. The Delignit Group also benefited considerably from the strong backlog effects in the automotive industry and ended the first half of the year with a new record in revenue and a significant increase in profitability as against the previous year. However, the economic recovery clearly ran out of steam as the year progressed. On the one hand, this was due to the exacerbation of global supply chain problems, which made it virtually impossible for the industry to work off the high level of orders it had on its books. On the other, the situation was made more difficult by the rapid spread of the new delta and omicron COVID variants, which prompted many governments to backpedal the easing of restrictions and to once again shut down a large number of high-contact service sectors.

The automotive industry especially was hit hard by turbulence on global supply chains. Above all, the extremely difficult supply situation for semiconductors again proved to be the automotive industry's Achilles' heel, and repeatedly caused mostly abrupt production disruptions for nearly all manufacturers. This led to severe fluctuations in call-off numbers, also for us, and the need to halt production at short notice and to rely on reduced working hours at times. This low planning reliability inevitably led to high efficiency losses at our plants and had a detrimental effect on the Group's earnings. Besides the tougher situation for customers, our profitability was also impacted by dynamic price increases on the international raw materials markets. While these cost increases can typically be based on to consumers, this is often only possible with a delay, meaning that profitability will at least temporarily be reduced.

This was countered by an ongoing positive trend over the whole of the 2021 fiscal year in the serial supply contract for motor caravans. Spurred by the unabated rise in market demand for individual and autonomous forms of transport, recreational vehicle business grew significantly year-on-year, at least partially compensating for the weaker call-off situation in light commercial vehicles caused by the shortage of semiconductors.

Thus ended another highly challenging fiscal year, fully equal to its predecessor in changeability. The year therefore again demanded especially high levels of flexibility and endurance on the part of our workforce. Thanks to the great commitment and extraordinary dedication of all our staff, our customers were again able to count on the Delignit Group at all times. For this I once again offer all our employees our thanks.

A high degree of uncertainty is engrained into the outlook for the 2022 fiscal year. We began the year with an excellent order book once again, and we remain optimistic that we will be able to tap further market potential thanks to our innovative and ecologically sustainable product developments. Nonetheless, the ongoing Russia/Ukraine war is weighing heavily on the European economy, which was already grappling with the after-effects of the pandemic, and therefore has the potential to affect our business performance as well. In light of the extraordinarily high uncertainty, while we are still projecting slight revenue growth, we expect that our EBITDA margin will be somewhat lower than in previous years. As soon as a more reliable assessment of the impact of the Delignit Group is possible, we will update our guidance accordingly.

Despite the many challenges in the past and the current fiscal year, we intend to leverage the opportunities of the economic transformation and continue our past successes. We would be delighted if you, our shareholders, would accompany us on this journey.

Blomberg, March 2022

Kind regards,

Markus Büscher
CEO

Thorsten Duray
CSO

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. Since 2001, he has largely built up the Commercial Vehicle Equipment unit as the Team Leader for Sales. He became the Director of Sales and Marketing in 2006. Since 1 January 2007, he has been a member of the Management Board of Blomberger Holzindustrie GmbH.

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

Report of the Supervisory Board

1. Reporting

In accordance with its duties and responsibilities imposed 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 that 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 by regular personal talks between the Chairman of the Supervisory Board and the members of the Management Board and at the meetings of the Supervisory Board held on 16 March 2021, 15 June 2021, 14 September 2021 and 16 November 2021, which were attended by all members of the Supervisory Board in person. At its individual meetings, the Supervisory Board analysed ongoing business developments and discussed strategy with the Management Board. If 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 these transactions. The discussions extended to the economic situation of Delignit AG and that of the individual subsidiaries. Furthermore, all members of the Supervisory Board were kept informed of business developments by the Management Board at all times outside meetings. 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.

In conjunction with their ongoing dialogue, the Supervisory Board and the Management Board particularly discussed the effects of the COVID-19 pandemic, the rise in the prices of raw materials and the stoppages at OEM customers affected by the semiconductor shortage in the 2021 fiscal year. The issues discussed included ongoing aspects and activities to protect the health of the workforce, the status of the international markets and their anticipated ongoing development, and the status and effectiveness of the activities to best maintain the company's economic substance.

Furthermore, the Supervisory Board addressed the equal participation of women and men in management positions in the past fiscal year and discussed this with the Management Board. At present, all the members of the Supervisory Board of Delignit AG (three) and its Management Board (two) are men. The Supervisory Board firmly believes that the key criteria for selecting management personnel must be professional and personal suitability. Nonetheless, there will be a stronger focus on diversity for new appointments moving ahead. This objective will be taken into account accordingly in the nominations for the forthcoming elections for the Supervisory Board of Delignit AG at the 2022 Annual General Meeting.

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. For this reason, the Supervisory Board has not formed any committees to date. The members of the Supervisory Board of Delignit AG are Mr Anton Breitkopf, Mr Gert-Maria Freimuth and Dr Christof Nesemeier. The Supervisory Board was elected in its current composition when the company became a public limited company on 9 July 2007, and was re-elected with the same members at the Annual General Meeting of 20 June 2017. The Supervisory Board elected Dr Christof Nesemeier as its Chairman and Mr Gert-Maria Freimuth as the Deputy Chairman on 20 June 2017. There were personnel changes at the meeting of the Supervisory Board on 15 June 2021. At the meeting immediately after the 2021 Annual General Meeting, the members elected Mr Gert-Maria Freimuth as their Chairman. Mr Freimuth succeeded Dr Christof Nesemeier, who wished to resign as CEO in conjunction with a reorganisation of activities at Delignit AG's main shareholder, MBB SE in Berlin. The Supervisory Board also elected Mr Anton Breitkopf as its Deputy Chairman. All three members of the Supervisory Board have been appointed until the end of the Annual General Meeting that adopts the resolution on formal approval of their actions for the 2021 fiscal year.

3. Annual financial statements

The Supervisory Board duly engaged Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, which was elected by the Annual General Meeting, to audit the annual financial statements and the consolidated financial statements for the 2021 fiscal year. The auditor has submitted a declaration of independence to the Supervisory Board.

The annual financial statements of Delignit AG as at 31 December 2021 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 2021 were prepared in accordance with International Financial Reporting Standards (IFRS) and audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, 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 25 March 2022 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 Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, and issued with an unqualified audit opinion on 25 March 2022.

The Supervisory Board 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 in accordance with Sections 171 and 314 AktG, discussed them in detail with the auditor at the meeting of the Supervisory Board on 29 March 2022 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 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 Group management report, the dependent company report, the declaration by the Management Board concerning relations with affiliated companies or the consolidated financial statements. The annual financial statements and the consolidated financial statements were approved by the Supervisory Board on 29 March 2022. The annual financial statements of Delignit AG are thus adopted. The Supervisory Board shares the opinion of the Management Board as expressed in the Group management report and the consolidated financial statements, and approves the proposal by the Management Board on the appropriation of net retained profits.

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 high level of commitment in the extraordinarily challenging 2021 fiscal year.

Blomberg, 29 March 2022

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 alongside Dr Nesemeier.

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.

Dr Christof Nesemeier
Member of the Supervisory Board

Dr Christof Nesemeier is a member of the Supervisory Board of Delignit AG. He is the Executive Chairman (Chairman of the Board and Managing Director) of MBB SE, Berlin, the Chairman of the Supervisory Board of Friedrich Vorwerk Group SE, Tostedt, and Friedrich Vorwerk Management SE, Tostedt, and a member of the Supervisory Board of Aumann AG, Beelen. Dr Nesemeier studied economics at the University of Münster and received his doctorate at the University of St. Gallen, Switzerland. With Mr Freimuth, he is a founding shareholder of MBB SE.

Gert-Maria Freimuth
Chairman of the
Supervisory Board

Anton Breitkopf
Deputy Chairman of the
Supervisory Board

Dr Christof Nesemeier
Member of the
Supervisory Board

Group management report for the 2021 fiscal year
Delignit AG, Blomberg

1. General description of the company

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

2. Business and general conditions

Following the recession caused by the pandemic in 2020 and the resulting 3.4 % year-on-year decline in global gross domestic product (GDP), the global economy began a recovery in 2021, achieving clearly positive growth in GDP of 5.9 % (source: World Bank, German Federal Ministry of Economics and Technology). Global stimulus programs focusing on the European Union (EU) and the US, as well as a labour market that had since adjusted to the pandemic, ensured that the global upturn that had commenced at the end of 2020 was able to continue. A key contribution to the positive economic performance came from vaccines, which were approved in the first countries from December 2020 and rolled out globally, in some cases at a rapid pace.

Meanwhile, the virtually simultaneous economic recovery around the world posed substantial challenges for global industry. A rapid rise in the demand curve and high incoming orders were met with international logistics chains that were still highly disrupted and curbed production capacity. The effects were felt in the form of far-reaching supply shortages and, at times, massive price spirals for a number of industrial intermediate products and raw materials. In particular, the global shortage of semiconductor products slammed the brakes on industrial production, above all in the automotive industry. The upswing in industrial production, which was already reeling as a result of this, was dealt another blow by the rapid spread of the delta coronavirus variant from July 2021, and then the omicron variant as well from December, which caused infection numbers to rise again in many places, and severely impacted international maritime trade as a result of the restrictive measures taken to curb the disease in China. Combined, these factors caused the global economic recovery to lose steam in the second half of the year despite continued positive demand.

In the European Union as well, the economy recovered with unexpected speed in 2021 after the severe slump caused by the pandemic in 2020, though the rate of growth varied considerably over the year. The economy remained mired at the level of the fourth quarter of 2020 in the first quarter of 2021. It was not until the second and third quarters that clearly positive growth momentum emerged, with rates of 2.1 % and 2.2 % as against the respective previous quarters, as further progress was made with vaccination campaigns and social distancing restrictions were gradually eased. The European economy was thus almost able to return to pre-crisis levels. The fourth quarter was increasingly impacted by global supply chain shortages and disruption, with the result that economic growth slowed significantly here to 0.4 % as against the previous quarter. For the year as a whole, Eurostat is forecasting economic growth of 5.2 % year-on-year for both the European Union and the euro area (source: Eurostat). The rapid economic upswing and the associated shortages of resources and materials sparked historically high inflation in the European Union and in other major economic areas. The annual inflation rate in the European Union was 5.3 % in December 2021 after 5.2 % in November. One year previously it had been just 0.3 % (source: Eurostat). The biggest contribution to annual inflation came from energy prices, which experienced dramatic price increases at times during the year, climbing by a European average of 26 % (source: Eurostat).

Gross domestic product in Germany rose by 2.7 % in 2021, after a decline of 4.6 % in the previous year (source: German Federal Ministry of Economics and Technology). It therefore has not yet returned to pre-crisis levels despite the economic recovery. Besides a contraction in economic performance in the first quarter (-1.7 % as against the previous quarter), a key factor in the relatively low overall growth – compared to the rest of Europe – was a surprisingly weak fourth quarter (-0.7 % as against the previous quarter) (source: Eurostat). The reasons for this include the reintroduction of social distancing restrictions due to the advancing spread of the omicron variant on the one hand and the lingering production difficulties in industry on account of the ongoing supply shortages on the other. In particular, the shortage of key intermediate products and raw materials painfully slowed the economic upswing in German industry despite very high order levels. According to a survey conducted by the ifo Institute in November 2021, almost 75 % of the industrial companies questioned claimed to be affected by production cutbacks due to shortages of raw materials and intermediate products (source: ifo Institute/Destatis). The ongoing shortages and the sharp rise in energy prices led to steep inflation in Germany as well. Inflation climbed to 5.3 % in December 2021, thus hitting its highest level since June 1992. Over 2021 as a whole, the average rate of inflation was 3.1 % (source: German Federal Ministry of Economics and Technology).

The special target markets of the Delignit Group, i.e. the markets in the automotive sector and the engineered wood industry, also performed positively overall in the past year. Both commercial vehicles as a class and the engineered wood industry reported positive growth in 2021, at least partially making up for the significant declines in the previous year. At the same time, both markets were highly volatile on account of the global supply chain problems, with the result that they performed very differently over the year.

There was significant year-on-year growth of 8.5 % in light commercial vehicle registrations in the European Union in 2021, bringing the number of vehicles registered to approximately 1.6 million (previous year: 1.4 million). While this development is generally positive, it should be noted that the baseline is very low following a 17.6 % decline in registrations as against the previous year in 2020 on account of the COVID-19 pandemic. The European markets for light commercial vehicles experienced very different changes in 2021. While most of the major markets, like France (up 7.5 %) or Italy (up 14.7 %), reported significant year-on-year increases in registration numbers at times, numbers were down on other major markets, like Spain (by 4.0 %) or Germany (by 0.8 %). Overall, the trend in the European Union grew visibly flatter as the year progressed. After highly dynamic growth in registration figures in the first half of 2021 of 38.1 % as against the same period of the previous year, the second half of the year experienced a highly negative development with a decline in registration figures of 14.0 % as against the same period of the previous year. This was essentially due to the shortage of semiconductors and other intermediate products, which was especially apparent in the segment of light commercial vehicles and forced vehicle makers to implement significant cutbacks in production in the second half of the year (source: European Automobile Manufacturers' Association).
In the period from January to December 2021, the number of new registrations of light commercial vehicles in Germany, the largest single market for the Delignit Group, decreased by 0.8 % as against the previous year. Here, too, after a strong first half of the year (up 23 % year-on-year), registration numbers declined sharply in the second half of the year (down 18.5 %), with the result that the German market reported slightly negative growth overall for the year as a whole (source: European Automobile Manufacturers' Association). New car registrations also slumped by 2.4 % in the European Union and 10 % in Germany over 2021 as a whole. Once again, the acute unavailability of intermediate products, especially semiconductors, resulted in substantial production cutbacks and a slump in sales figures (source: VDA).

In the wood trade, revenue was significantly higher than in the previous year in the period from January to November 2021 with growth of 22.9 %. In the wood-based materials segment as well, there was a clearly positive trend over the first eleven months of 2021, which saw revenue grow by 23.5 % as against the previous year. After an already positive first quarter, revenue rose sharply in the second and third quarters in particular, achieving significant double-digit growth both in Germany and abroad. A key factor in this was the dramatic rise in raw material prices over the course of 2021 (source: Main Association of the German Wood Industry). Against the backdrop of a rapid rise in demand for wood, in particular from the international construction industry, and various temporary disruptions and capacity bottlenecks along the international supply chain, at times there were massive breakdowns in supply and price increases on the global timber market in the second quarter of 2021, which only gradually stabilised as the second half of the year progressed.

3. Market environment of the Delignit Group

The business performance of the Delignit Group was very different in the two halves of the year compared to the previous year. While revenue increased by more than 40 % in the first half of the year as COVID restrictions were gradually eased and the associated economic recovery began, the second half of the year was slightly lower than in the previous year with a decline of 3.2 %. In particular, the downward trend is due to the semiconductor shortage in the automotive industry, which repeatedly caused unexpected plant closures for key customers of the Delignit Group in the field of light commercial vehicles over the year. Furthermore, the advancing spread of the new delta and omicron COVID variants clearly affected the Delignit Group as well from the summer of 2021, leading to a sharp uptick in sick rates and thus an occasionally substantial reduction in production performance. The weaker trend in the second half of the year was at least partially cushioned by the motor caravan solutions product area, which generated significant growth as against the previous year throughout the entire year. Despite the weaker second half of the year, revenue increased by 16.4 % cumulatively over the year as a whole to € 68,328 thousand (previous year: € 58,693 thousand), setting a new record for the Delignit Group.

Thanks to the strong revenue growth in 2021, the Delignit Group's revenue has increased by an average of 9.3 % per year since the 2010 fiscal year:

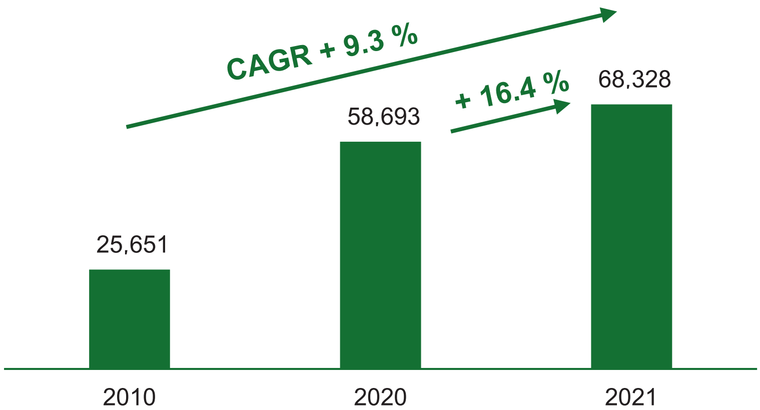


Fig. I: Revenue since 2010 for the Delignit Group in € thousand

On the Automotive target market, the revenue of the Delignit Group increased by 17.9 % to € 60,227 thousand in 2021 after a reduction caused by the pandemic of 7.1 % in the previous year (€ 51,064 thousand). In particular, the clear growth is thanks to a very strong first half of the year, in which the significant backlog effects from the COVID-19 pandemic that began towards the end of the previous year continued and led to high call-offs from OEM customers. As at the end of the first half of 2021, revenue on the Automotive target market was therefore 48 % higher than the previous year's level. However, the global shortage of key intermediate products – semiconductors in particular – worsened in the second half of the year, repeatedly causing very abrupt production stoppages and plant closures for almost all OEM customers of the Delignit Group. The widespread and unpredictable fluctuations in call-offs caused by this led to substantial productivity and revenue losses for the Delignit Group in spite of the prompt adjustment of its production programme and the use of reduced working hours. Despite these serious impediments, the second half of the year ended only around 4 % below the strong previous year, thanks in particular to consistent and sound growth in the motor caravan solutions product area.

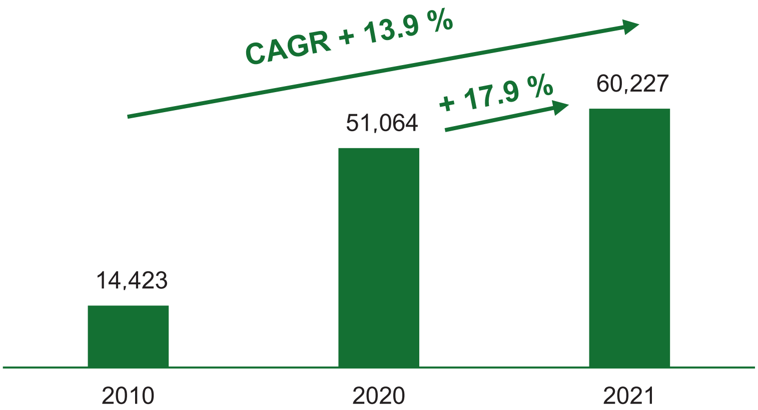


Fig. II: Revenue in Automotive target market since 2010, in € thousand

On the Technological Applications target markets, minor revenue growth was achieved following a significant decline of 18.8 % in the previous year. Revenue increased by 6.2 % from € 7,629 thousand to € 8,101 thousand over the year as a whole. A key driving force in the positive performance was significant growth in the Building Equipment product group, which primarily develops and manufactures flooring solutions for automotive manufacturing plants or goods distribution centres. The Compressed Wood product group enjoyed a positive performance as well, thereby contributing to revenue growth. With year-on-year growth of 7.8 % in the first half of the year and 4.4 % in the second, unlike the Automotive target market, the Technological Applications target markets achieved a positive performance in both halves of the year.

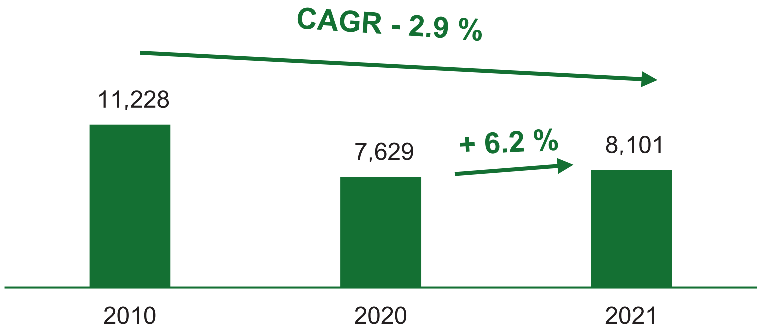


Fig. III: Revenue in Technological Applications target market since 2010, in € thousand

Export revenue increased by 18.0 % to € 37,933 thousand in the 2021 fiscal year (previous year: € 32,153 thousand) as a result of increased demand from international markets. This trend was driven in particular by another substantial expansion of US business. Overall, the export ratio of the Delignit Group thus grew from 54.8 % in the previous year to 55.5 %.

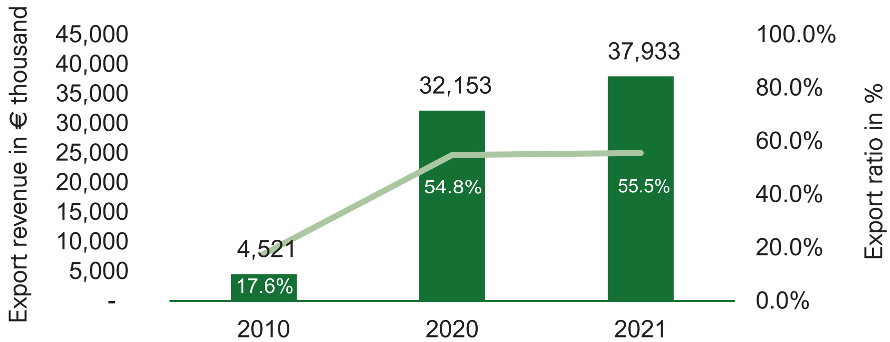


Fig. IV: Exports in € thousand

In summary, in a market environment heavily defined by the repercussions of the COVID-19 pandemic, in particular as regards the functionality and reliability of international supply chains, the development in the revenue of Delignit Group was relatively positive. This is true both for the most important target market – Automotive – and for the Technological Applications target market.

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.

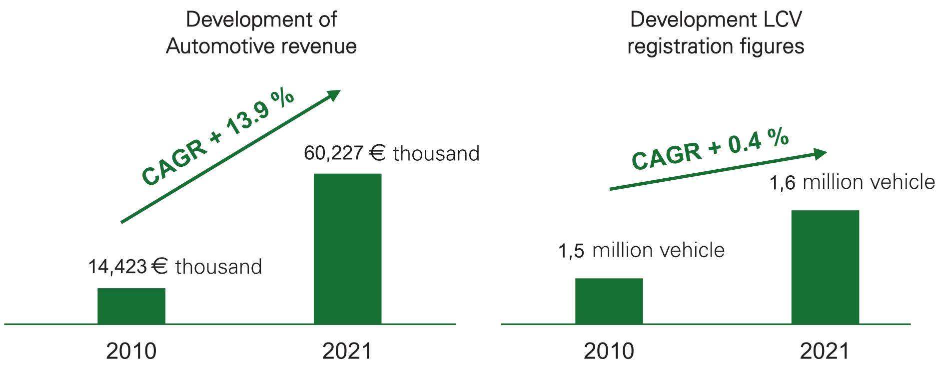


Fig. V: Revenue Automotive / Development LCV registration figures EU without UK

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 carbon dioxide: 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 Dr Christof Nesemeier. It was elected for the first time in its current composition when the company was founded on 9 July 2007 and was re-elected at the Annual General Meetings on 10 July 2012 and 20 June 2017. The Supervisory Board elected Mr Gert-Maria Freimuth as its Chairman (previous year: Dr Christof Nesemeier) 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 2021 fiscal year.

b. The Management Board

The responsibilities of the Management Board are allocated as follows:

CEO Markus Büscher is responsible for the areas of Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D and Investor Relations. 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 2023.

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

c. Shareholdings

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

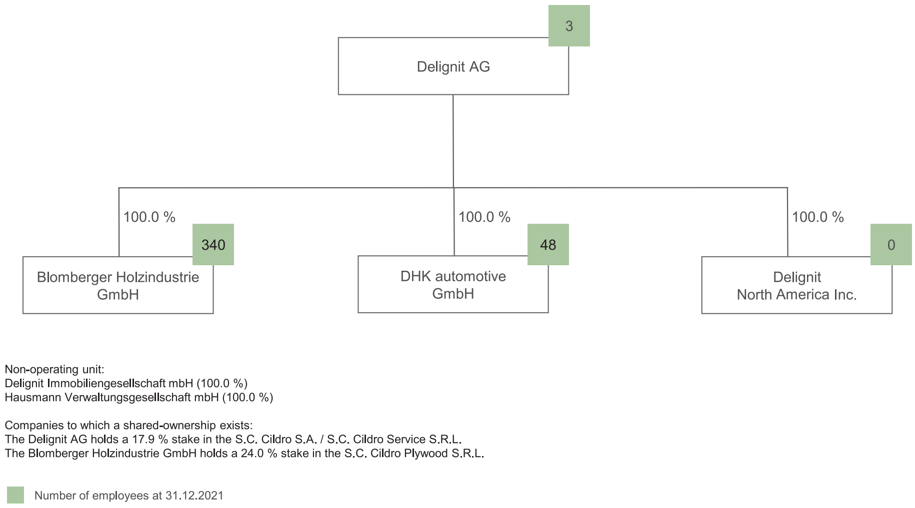


Fig VI: Organisation chart of the Delignit Group

d. Employees

The temporary plant closures for OEM customers caused by the shortage of electronics components led to fluctuations production capacity utilisation and, in the second half of the fiscal year in particular, the implementation of reduced working hours at times. Reflecting the rise in revenue and the operating revenue, the headcount was increased from 370 employees at the start of the year to 391. In addition, up to 60 temporary staff (previous year: 51) were hired to allow a flexible response to production bottlenecks depending on delivery dates. Other peak order periods were covered by outsourcing contract manufacturing orders to external companies.

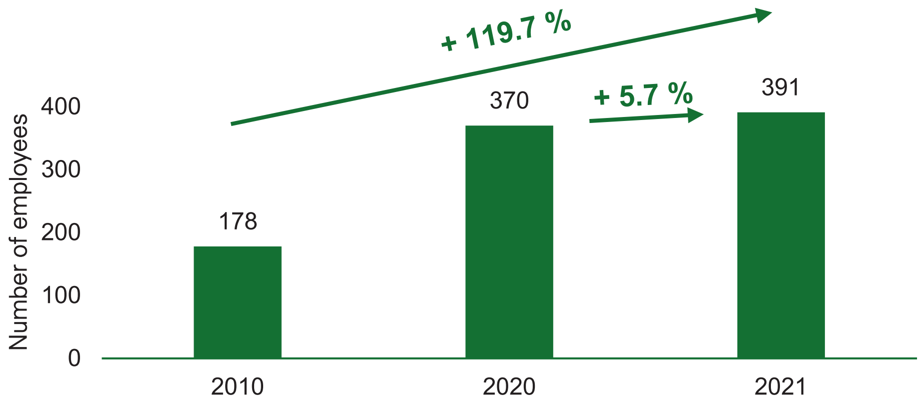


Fig. VII: Staff levels since 2010

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. This process was continued with intensive integration of the workforce in the 2021 fiscal year. Training continued at the companies of the Delignit Group in the 2021 fiscal year, and this key tool for attracting qualified employees will continue to be used and systematically expanded.

5. Net assets, financial position and results of operation

The Delignit Group had a challenging 2021 fiscal year. While adjusting capacity in line with the dynamic growth in demand had been a top priority at the start of the year, the focus shifted to ongoing price increases and production stoppages due to plant closures for many OEMs as a result of the shortage of electronics components as time went on.

Results of operations

The Delignit Group generated revenue of € 68,328 thousand in 2021 (previous year: € 58,693 thousand), an increase of 16.4 % as at the end of the reporting period. The revenue of the pre-COVID year of 2019 was thus outperformed by € 3,968 thousand or 6.2 %. Operating revenue, including other operating income and changes in inventories, amounts to € 70,728 thousand and thus rose by 23.2 % (previous year: € 57,414 thousand).

The cost of materials accounted for 57.5 % of operating revenue, an increase on the prior-year level of 54.2 %. The reasons for this include the dynamic developments on the international raw materials markets, where a number of raw materials were hit by steep price increases, on the one hand, and a change in the product mix on the other.

Staff costs amounted to € 17,744 thousand after € 15,398 thousand in the previous year. They thus increased by € 2,346 thousand, though the staff costs ratio was reduced by 1.7 percentage points to 25.1 % of operating revenue (previous year: 26.8 %). Reducing working hours were implemented only to a minor extent in 2021.

Other operating expenses climbed by € 1,427 thousand year-on-year. This development is due in particular to a sharp increase in maintenance expenses. The ratio of other operating expenses rose slightly from 9.2 % in the previous year to 9.5 %.

EBITDA amounted to € 5,641 thousand in the past fiscal year (previous year: € 5,619 thousand), an increase of just 0.4 % despite the rise in revenue (previous year: increase of 16.6 %). This corresponds to an EBITDA margin of 8.0 % of operating revenue, after 9.8 % in the previous year. In particular, factors contributing to this included higher procurement prices, increased maintenance work, inefficiencies in production as a result of shut-downs that became necessary at short notice and the increase in inventories of finished goods and work in progress with a cost of € 1,759 thousand (previous year: € -1,864 thousand).

Depreciation and amortisation was slightly lower than in the previous year at € 2,326 thousand in the 2021 fiscal year (€ 2,589 thousand). While there had been no significant investment in the previous year, investment amounted to € 1,663 thousand in the fiscal year, essentially for technical equipment and machinery.

EBIT thus rose to € 3,315 thousand in the reporting period after € 3,030 thousand in the previous year.

Product development costs – an investment in the future – remained at a high level in the 2021 fiscal year. Costs of € 243 thousand (previous year: € 151 thousand) were recognised for external development contracts and certification. There were also internal testing and validation expenses plus the costs of the development department. Given the general character of development activities in the past fiscal year, these costs were not capitalised but rather expensed directly.

Net assets

Non-current assets, including goodwill, amounted to € 16,435 thousand (previous year: € 17,098 thousand) as at the end of the reporting period. This essentially includes the values of land and machines. Inventories climbed to € 15,933 thousand after € 11,101 thousand in the previous year. The increase of € 2,031 thousand to € 5,188 thousand in current receivables was caused by the high level of revenue in the last two months of the fiscal year. Other receivables climbed by € 341 thousand year-on-year to € 778 thousand.

Current provisions were essentially recognised for uncertain obligations and staff costs. Current liabilities primarily include liabilities from taxes and from wages and salaries. The equity of the Delignit Group amounts to € 23,803 thousand as at the end of the reporting period (previous year: € 21,671 thousand), resulting in an equity ratio of 60.2 % (previous year: 57.3 %). The figure below shows the changes in equity:

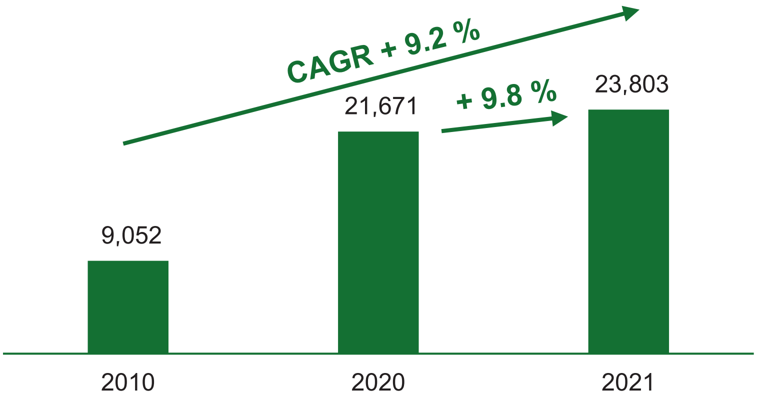


Fig. VIII: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group's cash and cash equivalents amount to € 241 thousand as at the end of the reporting period (previous year: € 4,898 thousand). Total liabilities to banks amount to € 4,056 thousand (previous year: € 5,341 thousand), € 2,973 thousand of which are current. Net debt amounted to € 6,430 thousand as at the end of the reporting period (previous year: € 3,658 thousand). The increase in net debt despite the higher net income is essentially due to the significant growth in inventories.

While investing activities had been scaled back considerably in the previous year, 2021 again saw extensive investment in connection with the expansion of additional production capacity. Net cash used in investing activities amounted to € 1,663 thousand in 2021 after € 469 thousand in the previous year.

In total, EBITDA and the increase in working capital resulted in negative cash flow from operating activities of € 1,073 thousand (previous year: positive cash flow of € 6,264 thousand).

The Delignit Group has sufficient lines of credit to finance working capital. The company was able to meet its financial obligations 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 receives 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 financial position and financial performance 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**
  Against the backdrop of the expansive monetary and fiscal policy around the world over the last few years and as a result of the global backlog in demand as a result of the COVID-19 pandemic, acute materials shortages and energy price hikes can cause inflation projections to rise further, which would result in the recent increases in inflation in our relevant economic areas stabilising or continuing to climb. Price increases can lead to elevated production costs, and at the same time rising prices can stifle purchasing power and thus demand for business products. Overall, persistently high inflation can slow the general economic development and impact our business success in the form of rising costs for materials sourcing and personnel, as well as weaker demand in the medium term.

- **Russia/Ukraine war**
  The recent outbreak of war between Russia and Ukraine has gravely altered the economic framework for the 2022 fiscal year. While the impact on the economy cannot be fully assessed at this time due to the rapidly shifting nature of the situation, and given that its will depend to a large extent on how the war progresses and how the international community responds, we already anticipate the risk that future business will be negatively affected by the repercussions of the dispute, for example in the form of disrupted supply chains or further energy price hikes.

- **COVID-19 pandemic**
  At the start of 2022, as the infection situation is stabilising, there are signs that social distancing and other restrictions are being considerably eased in public life. A resurgence of the threat posed by the COVID-19 pandemic, for example due to the emergence of new virus variants and the associated intensification of public containment measures at both national and international level, could have a significant and negative impact on the overall economic situation, even leading to a recession, and thus pose a risk to the business success of the Delignit Group.

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 our 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.

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. Also, 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 financial position and financial performance of the Delignit Group.

  In particular, with international supply chains still struggling in the wake of the COVID-19 pandemic, we anticipate an elevated procurement risk for the 2022 fiscal year, for ourselves and our key OEM customers alike. However, the recent escalation of the Russia/Ukraine war also harbours the potential for a lasting disruption of international supply chains, whether due to sanctions or other impediments, and thereby to drastically influence both the availability and prices of the goods we and our customers require. For example, we expect the supply of round timber – a key material for our operations – to be subject to rising costs moving ahead and an at least temporary scarcity. Any repercussions of the Russia/Ukraine war will encounter an already tough market situation – itself as a result of damage to forests caused by extreme weather events and bark beetle infestation in recent years, as well as an increasingly short harvest season. On top of this, there is the prospect of the growing significance of timber as an energy source, which is in competition with its technological use and thus leading to a further shortage of supply. While the prices for the Delignit Group are secure for the fiscal year, we nonetheless anticipate substantial price increases for transport in particular. This notwithstanding, we feel that we have a good supply of round timber thanks to a diversified procurement base and a high share of beech, which is less affected by climate damage. Given the recent dramatic price developments on the energy markets and the possibility of an oil and natural gas shortage as a result of the Russia/Ukraine war, we also predict not only further significant hikes in energy prices, but also the risk of bottlenecks and price increases for the gluing and surface film systems that we use, as well as for all other crude oil-based products or energy-intensive basic materials.

- **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 weather 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.

- **(Management) personnel risk**
  Demographic developments can result in staff shortages and the unavailability of skilled workers if capacity utilisation continues to increase. Furthermore, a higher number of collective bargaining agreements could affect staff costs. It may be possible to pass these on to the markets either onlx 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.

- **Extraordinary costs**
  Given the increased number of series start-ups, rising complexity can also result in greater costs that cannot be (immediately) passed on to customers. Examples of such issues include unexpected production interruptions (internal and external), increased rejects, necessary additional work and purchased consulting services.

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.

- **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. fleet carbon 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 2022 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 good reputation on the market to achieve further market penetration, which will result in increased planning security at the same time.

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

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

Figure 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.

10. Sustainability / Financial and non-financial performance indicators

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

- Innovations and new technologies are an essential component of the strategic evolution of the Group. Work on this is undertaken constantly as part of an existing continuous improvement process.

- Employees are qualified through intensive training of young people, continuing 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.

- It uses revenue and the EBITDA margin as the key financial performance indicators for controlling and measuring the performance of the Delignit Group. Non-financial performance indicators are not used for direct operational management.

11. 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 to us 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.

12. Other information

The issued capital of € 8,193,900.00 is divided into 8,193,900 no-par value bearer shares, each with a notional share of € 1.00 in the share capital of the company.

The Supervisory Board determines the number of and appoints the members of the Management Board, enters into contracts with them and revokes their appointment. The Supervisory Board is also authorised to make amendments to the Articles of Association that relate to its wording only.
In accordance with the resolution of the Annual General Meeting on 25 August 2020, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions by a total of up to € 4,096,950.00 in the period until 24 August 2025 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital 2020). The authorisation resolved by the Annual General Meeting of Delignit AG on 26 August 2015 (Authorised Capital 2015) expires when this new authorisation becomes effective (Authorised Capital 2020) to the extent that the existing authorisation (Authorised Capital 2015) has not yet been utilised.

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 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 € 4,096,950 in total, 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.

13. Report on expected developments

- Framework conditions

Despite the considerable repercussions of the COVID-19 pandemic for the international supply chains, in particular in the automotive industry, the Delignit Group generated revenue of € 68,328 thousand with an EBITDA margin (relative to operating revenue) of 8.0 % in the 2021 fiscal year. This means that the revenue forecast of more than € 67 million published in March 2021 was achieved, though the Group fell slightly short of its projected margin of more than 9.0 %.

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 development of key markets. The statements made below are based on the state of knowledge at the beginning of 2022.

- Economic environment

While the general economic outlook in Europe and Germany is still largely positive for 2022, the situation has become considerably bleaker following Russia's unexpected attack on Ukraine and is still subject to high risk and uncertainty.

In its Winter 2022 Economic Forecast, the European Commission anticipates that the gross domestic product of the EU and of the euro area will grow by 4.0 % year-on-year in 2022 (source: Winter Economic Forecast of the European Commission). Assuming that the infection curve continues to flatten and that the supply shortages will gradually work themselves out, economic growth is expected to pick up significantly in the second half of the year in particular. However, this assessment does not take into account the impact of the ongoing Russia/Ukraine war, hence the actual growth could be significantly less. In Germany as well, the outbreak of war means that the return to pre-COVID levels will be notably slower. While the German government still expects gross domestic product to increase by 3.6 % in its annual projection for 2022, thus achieving slightly stronger growth than in 2021, the growth forecasts have now been revised downwards, in some cases significantly, owing to Russia's invasion of Ukraine (source: Annual Economic Report of the German Federal Ministry of Economics and Technology). The Kiel Institute for the World Economy (IfW Kiel) estimates the economic costs of the Russia/Ukraine war for Germany in 2022 and 2023 at around € 90 billion in total, which significantly reduces the economic growth originally forecast for 2022 from 4.0 % to 2.1 %. The loss of production is not expected to be partially recovered until next year, resulting in projected economic growth for 2023 of 3.5 % (source: ifW Kiel).

Both the European and the German economies are currently exposed to highly contrary forces. The powerful recovery and backlog effects in the wake of an anticipated gradual easing of the COVID infection rate over the year are offset by the substantial turbulence of the Russia/Ukraine, the longevity of which still cannot be fully estimated at this time. In particular, the duration and extent of the supply problems and materials shortages further exacerbated by the war will have a considerable effect on the rate of growth in 2022. A further prolongation or even amplification of the supply chain problems or the shortages of key intermediate products or energy sources could painfully slow the growth of the European economy in the longer term. The further course of the COVID-19 pandemic remains highly uncertain as well. On the one hand, the steady vaccination progress in most countries of the European Union should lead to a gradual reduction in infection rates. But on the other, if there are further waves of infection and restrictions on key branches of industry later in the year – for instance due to the emergence of new variants – this could signify a fresh setback for the economic situation. A further risk to general economic developments within the European Union lies in accelerated inflation. In its Winter 2022 Economic Forecast, the European Commission forecasts inflation of 3.9 % in 2022 (source: Winter Economic Forecast of the European Commission). However, inflation projections have already increased again significantly since the start of the Russia/Ukraine war, in particular as a result of the recent further sharp rise in energy prices. IfW Kiel is now estimating inflation of 5.8 %, the highest level since German reunification (source: ifW Kiel).

- Guidance of the Delignit Group

The outlook for the Delignit Group is still positive, though it also entails a high degree of uncertainty. The company began 2022 with an excellent order book and registered consistently high demand for ecological materials and system solutions across all its target markets. Against this backdrop, the Management Board feels that the economic conditions are good for the Group to continue its success with annual double-digit revenue growth and a steady increase in its EBITDA margin.

Nonetheless, the ongoing Russia/Ukraine war is weighing heavily on the European economy, which was already grappling with the after-effects of the pandemic, and therefore has the potential to affect the business performance of the Delignit Group as well. The effects could be negative, for instance in the form of general economic uncertainty, an exacerbation of the existing supply chain problems or further price increases for raw materials and energy sources. But they could also be positive, for instance the opportunity to cultivate new strategic sales markets now facing long-term supply shortages as a result of the war. In light of the extraordinarily high uncertainty, while the Management Board is still projecting slight revenue growth, it expects that the EBITDA margin will be somewhat lower than in previous years. As soon as a more reliable assessment of the impact of the Delignit Group is possible, the Management Board will update its guidance accordingly.

Blomberg, 25 March 2022

Markus Büscher CEO	Thorsten Duray CSO

IFRS consolidated statement of financial position of Delignit AG as at 31 December 2021

ASSETS

	Note	31/12/2021 € thousand	31/12/2020 € thousand
A. Current assets			
1. Inventories	III. 1.	15,933	11,101
2. Trade receivables	III. 2.	5,187	3,157
3. Receivables from affiliated companies	III. 3.	1	0
4. Other current receivables/assets	III. 4.	778	437
5. Cash and cash equivalents	III. 5.	241	4,898
Current assets		**22,140**	**19,593**
B. Non-current assets			
1. Goodwill	III. 6.	2,178	2,178
2. Other intangible assets	III. 7.	922	1,096
3. Property, plant and equipment	III. 8.	13,335	13,824
4. Other non-current financial assets	III. 10.	702	846
5. Deferred tax assets	III. 11.	289	313
Non-current assets		**17,426**	**18,257**
Assets, total		**39,566**	**37,850**

LIABILITIES

	Note	31/12/2021 € thousand	31/12/2020 € thousand
A. Current liabilities			
1. Other current provisions	III. 12./14.	2,445	2,059
2. Current financial liabilities	III. 13.	2,973	3,627
3. Trade payables	III. 13.	3,651	2,180
4. Other current liabilities	III. 15.	1,767	1,786
Current liabilities and provisions		**10,836**	**9,652**
B. Non-current liabilities			
1. Provisions for pensions	III.16.	1,013	1,100
2. Other non-current provisions	III.12.	80	174
3. Deferred tax liabilities	III.11.	669	865
4. Non-current financial liabilities	III.13.	1,083	1,714
5. Other non-current liabilities	III.15.	2,082	2,674
Non-current provisions and liabilities		**4,927**	**6,527**
C. Equity			
1. Issued capital	III. 17.	8,194	8,194
2. Capital reserves	III. 18.	1,063	1,063
3. Retained earnings	III. 19.	4,000	3,000
4. Amounts recognised directly in equity		-609	-594
5. Currency translation reserve		33	-20
6. Profit carryforward		11,122	10,028
Equity		**23,803**	**21,671**
Liabilities, total		**39,566**	**37,850**

IFRS consolidated statement of comprehensive income of Delignit AG for the 2021 fiscal year

		Note	2021 € thousand	2020 € thousand
1.	Revenue	IV. 1.	68,328	58,693
2.	Other operating income	IV. 2.	641	585
3.	Changes in inventories		1,759	-1,864
4.	Cost of materials	IV. 3.	-40,639	-31,119
5.	Staff costs	IV. 4.	-17,744	-15,398
6.	Amortisation and depreciation on intangible assets and property, plant and equipment	IV. 5.	-2,326	-2,589
7.	Other operating expenses	IV. 6.	-6,704	-5,278
8.	**Earnings before interest and taxes (EBIT)**		**3,315**	**3,030**
9.	Interest expenses	IV. 7.	-148	-251
10.	Financial result		-148	-251
11.	**Earnings before tax (EBT)**		**3,167**	**2,779**
12.	Income taxes	IV. 8.	-764	-630
13.	Other taxes	IV. 8.	-66	-66
14.	**Consolidated net income**		**2,337**	**2,083**
15.	**Earnings per share in €**	**IV. 9.**	**0.29**	**0.25**
16.	Consolidated net income		2,337	2,083
17.	Actuarial gains/losses from pension obligations	II. 15.	-15	7
18.	**Other consolidated net income**		**-15**	**7**
19.	**Consolidated net income including OCI**		**2,322**	**2,090**

		Note	2021 € thousand	2020 € thousand
20.	Actuarial gains/losses from pension obligations		15	-7
21.	**Total net income excluding OCI**		**2,337**	**2,083**
22.	Profit carryforward		10,028	7,946
23.	Transfer to retained earnings		-1,000	0
24.	Dividend payment		-246	0
25.	Amounts recognised directly in equity		3	0
26.	**Total comprehensive income including carryforward**		**11,122**	**10,029**

IFRS consolidated statement of changes in equity of Delignit AG, Blomberg, as at 31 December 2021

	Issued capital € thousand	Capital reserves € thousand	Retained earnings € thousand	Reserve for pensions (OCI) € thousand	Currency translation € thousand	Profit carryforward € thousand	Total equity € thousand
As at 31 December 2019	**8.194**	**1.063**	**3.000**	**-601**	**1**	**7.945**	**19.602**
Dividend payment	0	0	0	0	0	0	0
Amounts recognised directly in equity (after tax) [OCI]	0	0	0	7	-21	0	-14
Consolidated net income	0	0	0	0	0	2.083	2.083
Total comprehensive income	**0**	**0**	**0**	**7**	**-21**	**2.083**	**2.069**
As at 31 December 2020	**8.194**	**1.063**	**3.000**	**-594**	**-20**	**10.028**	**21.671**
Dividend payment	0	0	0	0	0	-246	-246
Amounts recognised directly in equity (after tax) [OCI]	0	0	0	-15	53	3	41
Consolidated net income	0	0	0	0	0	2.337	2.337
Transfer to retained earnings	0	0	1.000	0	0	-1.000	0
Total comprehensive income	**0**	**0**	**1.000**	**-15**	**53**	**1.094**	**2.132**
As at 31 December 2021	**8.194**	**1.063**	**4.000**	**-609**	**33**	**11.122**	**23.803**

IFRS consolidated statement of cash flows as at 31 December 2021 of Delignit AG, Blomberg

	2021 € thousand	2020 € thousand
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	3,315	3,030
Depreciation and amortisation on non-current assets	2,326	2,589
Decrease (-)/increase (+) in provisions	736	31
Other non-cash income and expenses	-82	-60
Subtotal	**6,295**	**5,590**
Change in working capital:		
Decrease (+)/increase (-) in inventories, trade receivables and other assets	-7,194	3,460
Decrease (-)/increase (+) in trade payables and other liabilities	1,159	-2,596
Subtotal	**-6,035**	**864**
Income tax payments	-1,333	-190
Cash flow from operating activities	**-1,073**	**6,264**
2. Cash flow from investing activities		
Investments (-) in intangible assets	-2	-16
Investments (-) in property, plant and equipment	-1,661	-453
Cash flow from investing activities	**-1,663**	**-469**
3. Cash flow from financing activities		
Payments for dividends	-246	0
Payments for the repayment of financial loans	-1,285	-1,903
Payments for the principal portion of the lease	-243	-242
Interest payments	-148	-251
Cash flow from financing activities	**-1,922**	**-2,396**
Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (total of individual cash flows)	-4,658	3,399
Cash and cash equivalents at the beginning of the reporting period	4,898	1,499
Cash and cash equivalents at the end of the reporting period	**241**	**4,898**
Composition of cash and cash equivalents		
Cash and bank balances	241	4,898
Cash and cash equivalents at the end of the period	**241**	**4,898**

Delignit AG, Blomberg
Notes to the consolidated financial statements for the 2021 fiscal year

I. Methods and principles

Basic accounting information

1. Corporate information

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 2021 are expected to be approved by the Supervisory Board of Delignit AG on 29 March 2022 and subsequently cleared for publication. The financial statements of Delignit AG will be included in the financial statements of the parent company (largest consolidated group), MBB SE, Berlin, HRB 165458, Berlin-Charlottenburg District Court.

2. Accounting policies

Basis of preparation

The consolidated financial statements as at 31 December 2021 have been prepared voluntarily exercising the option under Section 315e HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the EU and effective at the end of the reporting period. The term IFRS also 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 valid. The requirements of Section 315a HGB have also been taken into account.

Delignit AG has applied all standards and interpretations that were effective as at 31 December 2021.

Application of new and amended standards

The following IAS/IFRS/IFRIC standards or amendments to these standards, which were effective for the first time under EU law in the 2021 fiscal year or that were adopted voluntarily, were assessed in preparing the consolidated financial statements of Delignit AG and applied to the consolidated financial statements where relevant.

The following amendments have been reviewed and, where mandatory, taken into account in the consolidated financial statements of Delignit AG:

Effective from 01/01/2021:

Standard/Interpretation		Effective in the fiscal year	Endorsed by the EU Commission	Effects
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16	Interest Rate Benchmark Reform – Phase 2	2021	Yes	None
IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	2021	Yes	None

No other standards with a material impact on the consolidated financial statements were adopted for the first time for the 2021 fiscal year.

Effective from 01/01/2022 or later:

Standard/Interpretation		Effective in the fiscal year	Endorsed by the EU Commission	Effects
IFRS 3	Reference to the Conceptual Framework	2022	Yes	None
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	2022	Yes	None
IAS 16	PP&E: Proceeds before Intended Use	2022	Yes	None
AIP 2018 – 2020	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	2022	Yes	None
IFRS 17	Including Amendments to IFRS 17	2023	Yes	None
IAS 1, IFRS Practice Statement 2	Classification of Liabilities as Current or Non-current including Deferral of Effective Date, Accounting Methods	2023	Yes	None
IAS 8	Definition of estimates	2023	Yes	None
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	2023	Yes	None
IFRS 10, IAS 28	Sales or contributions of assets between an investor and its associate/joint venture	Pending	Yes	None

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 2021 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 %
Blomberger Holzindustrie GmbH	Blomberg	100
With its subsidiary Hausmann Verwaltungsgesellschaft mbH	Blomberg	100
Delignit Immobiliengesellschaft mbH	Blomberg	100
DHK automotive GmbH	Oberlungwitz	100
Delignit North America Inc.	Atlanta, Georgia, USA	100

The investments in the following companies 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, Romania	24	11,730,462	816,627
S.C. CILDRO S.A.	Drobeta Turnu Severin, Romania	18	23,758,830	298,732
With its subsidiary S.C. Cildro Services S.R.L.	Drobeta Turnu Severin, Romania	100	2,393,230	559,955

*Provisional, unaudited figures for the 2021 fiscal year

Consolidation principles

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, under which the acquisition cost of the acquired shares is offset against the proportion of the acquired subsidiary's equity attributable to the parent company at the acquisition date. All identifiable assets, liabilities and contingent liabilities are recognised at fair value and included in the consolidated statement of financial position. 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. If this bargain purchase remains after another review of the purchase price allocation/determination of the fair value of the acquired assets, liabilities and contingent liabilities, it must be recognised in profit or loss immediately.

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 1.1326. The average exchange rate was USD 1.1827.

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 4.9490. The average exchange rate was RON 4.9215.

4. Intangible assets

In accordance with IAS 38, intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will be received by the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are initially carried at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any cumulative amortisation and cumulative impairment losses (reported under amortisation). Intangible assets (not including goodwill) are amortised on a straight-line basis over their estimated useful life. The suitability of the amortisation period and the amortisation method is reviewed at the end of each fiscal year.

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.

Costs for research are charged as expenses in the period in which they are incurred.

Costs for development activities for projects are capitalised as internally generated intangible assets if all the following criteria are met: The completion of the project must be technically feasible. The company must intend and be able to complete the intangible asset and to use or sell it. An intangible asset is capitalised if it is assumed that the intangible asset is likely to generate a future economic benefit. Moreover, Delignit AG must have the technical, financial and other resources to complete the development work and it must be able to reliably determine the expenses directly attributable to the project.

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

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.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's cash-generating units, starting from the acquisition date.

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.

The cost of an item of property, plant and equipment consists of the purchase price and other non-refundable purchase taxes incurred in connection with the purchase as well as all directly attributable costs incurred to bring the asset to its location and to bring it to working condition for its intended use. Subsequent expenditure, such as servicing and maintenance costs, that is incurred after the non-current asset is put into operation is expensed in the period in which it is incurred. If it is likely that expenditure will lead to additional future economic benefits to the company in excess of the originally assessed standard of performance of the existing asset, the expenditure is capitalised as the subsequent cost of the property, plant and equipment.

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:	5 to 16 years
Computer hardware:	3 years
Other office equipment:	5 to 14 years

The useful life, depreciation method and the residual values of property, plant and equipment are reviewed periodically. The useful life of one item of technical equipment and machinery was increased from 15 to 16 years as a result of investment in 2021, and that of other office equipment from 13 to 14 years. A maximum useful life of 25 years was reported for buildings and exterior installations in the past, though the useful life of individual assets was 30 or 50 years. The correction of this disclosure has no financial impact.

The recoverability of property, plant and equipment items is regularly reviewed on the basis of cash-generating units. If necessary, appropriate impairment losses are recognised in accordance with IAS 36.

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.

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 calculation interval was changed from monthly to daily in 2021. The resulting differences can be considered immaterial. The present value from the lease payments is recognised as a discounted liability. Interest rates of between 0.09 % and 1.52 % 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.

8. Impairment of assets

No impairment losses or reversals of impairment losses were recognised on non-current assets in the 2021 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. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. 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. 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 were recognised for inventory risks from storage periods and reduced usability. Intragroup profits on inventories at the US company were eliminated for the first time in the 2020 fiscal year. This did not take place in previous years due to immateriality.

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

Cash and cash equivalents shown in the statement of financial position comprise cash in hand, bank balances and short-term deposits with an original term of less than three months.

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 (legal or constructive) 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.

Provisions are reviewed at the end of each reporting period, adjusted to the current best estimate and always carried at present value. If the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. The increase in the provision over time is recognised in borrowing costs.

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 0.8 % (previous year: 0.6 %) was applied. Actuarial gains and losses are recognised in other comprehensive income (OCI) in each period. This has had the following effects:

€ thousand	31/12/2021	Change 2021	31/12/2020	Change 2020	31/12/2019
Actuarial gain (+)/loss (-)	-870	-22	-848	10	-858
Tax effect	261	7	255	-2	257
Result to be recognised in OCI:	-609	-15	-594	7	-601

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 recognition criteria 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 revenue

Interest revenue 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 taxes are recognised using the liability method for temporary differences as at the end of the reporting period between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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 the carry forward of unused tax credits and unused tax losses can be utilised. This does not apply to the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is tested at the end of each reporting period and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be at least partly utilised. Unrecognised deferred tax assets are tested at the end of each reporting period and recognised to the extent that it has become probable that taxable result in future will allow the realisation of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Future changes in the tax rates must be taken into account at the end of the reporting period if the material conditions for validity in a legislative process are fulfilled.

Deferred taxes are reported as tax income or tax expense in the statement of comprehensive income unless they relate to items reported directly in equity, in which case the deferred taxes are also reported 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 3.37 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.

III. Notes to the consolidated statement of financial position

Current assets

1. Inventories

Inventories break down as follows:

	31/12/2021 € thousand	31/12/2020 € thousand
Raw materials, consumables and supplies	7,911	5,078
Work in progress	4,812	3,315
Finished goods	3,210	2,708
	15,933	11,101

In the fiscal year, as in the previous year, appropriate write-downs were recognised for inventories. 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:

	31/12/2021 € thousand	31/12/2020 € thousand
Trade receivables	5,296	3,796
less specific valuation allowances	-100	-624
less adjustment in accordance with IFRS 9	-9	-15
	5,187	3,157

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.

In the past, risks arising from warranties were recognised as payment risks under specific valuation allowances on receivables. These specific valuation allowance were reduced to € 100 thousand in 2021 (previous year: € 624 thousand). A provision for warranty risks was recognised for the first time in 2021 in the amount of € 396 thousand (previous year: € 0 thousand).

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

3. Receivables from affiliated companies

Receivables from affiliated companies consist of a receivable from OBO Werke, Stadthagen, of € 1 thousand (previous year: € 0 thousand).

4. Other current receivables/assets

Other current receivables/assets break down as follows:

	31/12/2021 € thousand	31/12/2020 € thousand
Receivables from factoring	263	110
Income tax receivables	121	255
Prepaid expenses	68	58
Miscellaneous other assets	326	14
	778	437

The increase in current receivables/assets essentially results from receivables from VAT prepayments, coronavirus compensation, short-time allowances and factoring.

5. Cash and cash equivalents

Cash funds of € 241 thousand essentially 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 the impairment test, goodwill was allocated to the Plywood cash-generating unit (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 approved by the Management Board. 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 9.3 % (previous year: 9.0 %) 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 three to ten years.

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.

An inventory of assets was taken in 2021. Assets no longer in use with an original cost of € 4,324 thousand were derecognised. The net carrying amount was € 0 thousand.

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 30 September 2026.

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.

	31/12/2021 € thousand	31/12/2020 € thousand
Assets from building leases	848	1,026
Assets from vehicle leases	172	135
	1,020	1,161
Lease liabilities (current)	244	231
Lease liabilities (non-current)	796	947
	1,040	1,178

	31/12/2021 € thousand	31/12/2020 € thousand
Depreciation/amortisation in the fiscal year	247	242
Interest expense in fiscal year	15	18
	262	260

10. Other non-current financial assets

Other non-current assets relate to advance payments to two OEM customers for non-current supply contracts. The financial assets will be recognised as expenses over the term of the contracts, based on the agreed supply volumes. Expenses of € 144 thousand were incurred in the 2021 fiscal year.

11. Deferred taxes

The deferred tax assets and liabilities by line item as at 31 December 2021 are shown in the table below:

	31/12/2021 € thousand Asset	31/12/2021 € thousand Liability
Deferred taxes due to temporary differences		
- Provisions for pensions/partial early retirement	241	0
- Other provisions	0	3
- Impairment losses	3	14
- Inventories	38	0
- Receivables	0	8
- Non-current assets	7	644
	289	669

The deferred tax assets and liabilities by line item as at 31 December 2020 were reported as follows:

	31/12/2020 € thousand Asset	31/12/2020 € thousand Liability
Deferred taxes due to temporary differences		
- Provisions for pensions/partial early retirement	265	0
- Other provisions	0	155
- Impairment losses	0	6
- Inventories	36	0
- Non-current assets	12	744
	313	865

12. Provisions

Current and non-current provisions developed as follows:

	As at 01/01/2021 € thousand	Utilisation € thousand	Addition € thousand	As at 31/12/2021 € thousand
Non-current provisions				
Anniversaries	22	5	6	23
Partial early retirement	152	139	44	57
	174	144	50	80
Tax provisions (current provisions)				
Trade tax	509	403	15	121
Corporation tax	374	214	71	231
	883	617	86	352
	1,057	761	136	432

	As at 01/01/2020 € thousand	Utilisation/ reversal € thousand	Addition € thousand	As at 31/12/2020 € thousand
Non-current provisions				
Anniversaries	16	0	6	22
Partial early retirement	111	0	41	152
	127	0	47	174
Tax provisions (current provisions)				
Trade tax	206	109	412	509
Corporation tax	132	128	370	374
Other	4	4	0	0
	342	240	781	883
	469	240	828	1,057

The anniversary provision is formed for legally committed employee benefits. Employees are entitled to a monetary benefit after 10, 25, 40 or 50 years with the company.

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 € thou-sand	Be-tween one and five years € thou-sand	More than five years € thou-sand	Total € thou-sand
Liabilities to banks	2,973	1,083	0	4,056
Trade payables	3,651	0	0	3,651
Accrued liabilities	2,093	0	0	2,093
Other liabilities	1,767	2,082	0	3,849
As at 31/12/2021	10,484	3,165	0	13,649

Tax provisions of € 352 thousand and provisions with the nature of a liability are combined under "Other current provisions" in the IFRS consolidated statement of financial position.

	up to one year € thousand	Between one and five years € thousand	More than five years € thousand	Total € thousand
Liabilities to banks	3,627	1,714	0	5,341
Trade payables	2,180	0	0	2,180
Accrued liabilities	1,176	0	0	1,176
Other liabilities	1,786	2,444	230	4,460
As at 31/12/2020	8,769	4,158	230	13,157

Liabilities to banks bear interest at between 0.5 % and 3.3 % (previous year: between 0.5 % and 3.3 %). Land and buildings, machinery, inventories and trade receivables were pledged as collateral. The carrying amount of the pledged assets is € 7,823 thousand as at the end of the reporting period (previous year: € 8,432 thousand).

14. Provisions with the nature of a liability

Current provisions with the nature of a liability consist of the following:

	31/12/2021 € thousand	31/12/2020 € thousand
Uncertain obligations	867	96
Warranty provisions	396	0
Outstanding invoices	381	465
Wages and salaries	243	380
Holiday entitlements	101	123
Costs for financial statements and audits	95	85
Bonuses	10	27
	2,093	1,176

Provisions for uncertain obligations include provisions for the virtual stock option programme for management in accordance with IFRS 2 of € 796 thousand (previous year: € 40 thousand).

A provision for warranties was recognised for the first time in 2021 in the amount of € 396 thousand (previous year: € 0 thousand). In the past, risks arising from warranties were recognised as payment risks under specific valuation allowances on receivables. These were reduced to € 100 thousand in 2021 (previous year: € 624 thousand).

15. Other liabilities

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

	31/12/2021 € thousand	31/12/2020 € thousand
Short-term		
Lease liabilities	656	692
Wages and salaries	633	554
Payroll tax	370	357
Other debtors	73	151
VAT	34	32
Other	1	0
	1,767	1,786
Long-term		
Lease liabilities	1,960	2,523
Provident fund	122	151
	2,082	2,674
	3,849	4,460

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 2019 mortality tables.

	31/12/2021 € thousand	31/12/2020 € thousand
Pension provisions at the beginning of the fiscal year	1,100	1,220
- Utilisation	-115	-117
+ Addition to provisions	6	7
-/+ Actuarial gains/losses	22	-10
Pension provisions at the end of the fiscal year	1,013	1,100

The following actuarial assumptions were applied:

	31/12/2021 %	31/12/2020 %
Interest rate	0.80	0.60
Pension trend	2.00	2.00
Salary trend	0.00	0.00

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 0.3 % and a pension increase of 2.0 percentage points, the obligation amounts to € 1,045 thousand, i.e. the obligation changes by € 32 thousand if the interest rate is changed by half a percentage point.

At an interest rate of 0.8 % and a pension increase of 2.5 percentage points, the obligation amounts to € 1,042 thousand, i.e. the obligation changes by € 29 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 publication of the amendments to IAS 19 by the IASB has affected the recognition and measurement of defined benefit pension plans in the consolidated financial statements. 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 € 594 thousand, with the result that the pension reserve developed as follows:

Pension reserve as at 31/12/2020:	€ 594 thousand
Actuarial loss:	€ 22 thousand
Deferred taxes:	€ -7 thousand
Pension reserve as at 31/12/2021:	€ 609 thousand

The expected pension payments from the pension plans for 2022 amount to € 117 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 share capital of Delignit AG is reported as issued capital. The issued capital of € 8,193,900.00 is divided into 8,193,900 no-par value bearer shares, each with a notional share of € 1.00 in the share capital of the company.

In accordance with the resolution of the Annual General Meeting on 25 August 2020, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital of the company on one or more occasions by up to € 4,096,950.00 in total in the period until 24 August 2025 by issuing new no-par value bearer shares in exchange for cash or non-cash contributions (Authorised Capital 2020).

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 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, subject to the specific conditions of the bonds.

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.

Please see the "IFRS consolidated statement of changes in consolidated equity as at 31 December 2021" for information on the development of equity.

The shares are held as follows:

MBB SE:	75.5 %
Free float:	24.5 %

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.

19. Retained earnings

By way of resolution of the Annual General Meeting of 15 June 2021, € 1,000,000 of net retained profits as at 31 December 2020 were transferred to retained earnings.

IV. Income statement disclosures

1. Revenue

Revenue breaks down among the following regions:

	31/12/2021 € thousand	31/12/2020 € thousand
Germany	30,395	26,540
EU	29,387	27,432
Other	8,546	4,721
	68,328	58,693

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

	2021	2020
Germany	44.5 %	45.2 %
EU	43.0 %	46.7 %
Other	12.5 %	8.1 %
	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 40.8 % with the largest OEM customer (previous year: 36.2 %) and 32.7 % with the second-largest OEM customer (previous year: 32.9 %).

The Group recognises revenue from the transfer of goods at a point in time. For reasons of materiality, revenue is not recognised over time. The Delignit Group typically does not manufacture products tailored to a specific customer in such a manner that these products can be used exclusively for that customer.

However, one OEM customer had a specific call-off obligation for special products as at the end of the reporting period. However, as there were no complete delivery volumes ready for call-off as at the end of the reporting period, the Delignit Group did not recognise any revenue over time in accordance with IFRS 15 from products completed but not yet delivered.

2. Other operating income

Other operating income breaks down as follows:

	2021 € thousand	2020 € thousand
Income from the reversal of impairment losses	421	59
Other income	136	334
Income from re-charging	69	83
Income from investment grants and allowances	9	54
Income from previous fiscal years	6	9
Income from the reversal of provisions with the nature of a liability	0	46
	641	585

3. Cost of materials

The cost of materials breaks down as follows:

	2021 € thousand	2020 € thousand
Expenses for raw materials	26,005	19,727
Merchandise	4,831	4,328
Freight costs	3,358	2,934
Purchased services	2,775	1,431
Other materials and energy	3,670	2,699
	40,639	31,119

4. Staff costs

Staff costs break down as follows:

	2021 € thousand	2020 € thousand
Wages and salaries	14,662	12,642
Social security contributions and expenses for pensions	3,082	2,756
	17,744	15,398

The expenses for wages and salaries include additions to provisions and the utilisation of the virtual stock option programme for management of € 756 thousand (previous year: € 3 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:

	2021 € thousand	2020 € thousand
Depreciation of property, plant and equipment	2,150	2,374
Amortisation of intangible assets	176	215
	2,326	2,589

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 2021.

6. Other operating expenses

Other operating expenses break down as follows:

	2021 € thousand	2020 € thousand
Maintenance expenses	3,325	1,814
Purchased services	812	652
Legal and consulting	759	495
Insurance	352	259
Administrative expenses	294	337
IT costs	254	159
Research and development costs	243	151
Travel expenses/vehicle expenses	106	89
Rent, leasehold, lease	78	94
Fees and contributions	73	74
Telephone, postage, remote data transmission	54	50
Advertising expenses	52	48
Incidental transaction costs	33	33
Addition to impairment losses	25	458
Other	244	565
	6,704	5,278

7. Interest expenses

	2021 € thousand	2020 € thousand
Bank interest	122	183
Other interest	26	68
	148	251

8. Taxes

Taxes break down as follows:

	2021 € thousand	2020 € thousand
Income taxes	764	630
Other taxes	66	66
	830	696

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 2021 and 2020 fiscal years is as follows:

	2021 € thousand	2020 € thousand
Earnings before income taxes	3,167	2,779
Theoretical income tax expense (30.0 %)	-950	-834
Tax additions/reductions	186	204
	-764	-630

Income taxes include refunds for previous years of € 37 thousand (previous year: € 125 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 ordinary shares outstanding during the year.

	2021	2020
Net income attributable to the holders of ordinary shares of the parent company	€ 2,337,000	€ 2,083,000
Weighted average number of ordinary shares used to calculate earnings per share	8,193,900	8,193,900
Earnings per share	€ 0.29	€ 0.25

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 consist of cash, trade receivables and other receivables. The carrying amount of the financial assets less impairment losses represents the maximum exposure to credit risk; this totalled € 6,668 thousand in the year under review (previous year: € 4,440 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 not recognised for trade receivables that were past due at the end of the reporting period if no material changes in the customer's creditworthiness were observed and it is assumed that the outstanding amount will be paid.

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 2021 or 2020.

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 € 1,363 thousand (previous year: € 3,000 thousand) as at the end of the reporting period. If, all else being equal and assuming corresponding average indebtedness, interest rates had been two percentage points higher (lower), pre-tax earnings would have been € 27 thousand lower (higher).

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

The Management Board

The following persons were members of the Management Board of Delignit AG in the 2021 fiscal year:

- Markus Büscher, business economist, CEO
  (Strategic Development, Controlling, Human Resources, Legal, Purchasing, IT, Production, R&D, 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 2021 fiscal year:

- Gert-Maria Freimuth,
  Chairman of the Supervisory Board (since 15 June 2021, previously Deputy 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, and Deputy Chairman of the Supervisory Board of Friedrich Vorwerk Group SE, Tostedt (until 10 February 2021) and Friedrich Vorwerk Management SE, Tostedt (until 10 February 2021)

- Dr Christof Nesemeier,
  Member of the Supervisory Board (until 15 June 2021, Chairman of the Supervisory Board)
  (also: Chairman of the Board of MBB SE, Berlin, member of the Supervisory Board of Aumann AG, Beelen, Chairman of the Supervisory Board of Friedrich Vorwerk Group SE, Tostedt, and Friedrich Vorwerk Management SE, Tostedt)

- 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, member of the Supervisory Board of Friedrich Vorwerk Group SE, Tostedt (until 10 February 2021) and Friedrich Vorwerk Management SE, Tostedt (until 10 February 2021)

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 receives 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 are currently 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. By 31 December 2021, the Management Board members had exercised 290,000 stock options in total, hence there is a remaining entitlement of 10,000 shares under Stock Option Programme I. Based on a starting price of € 1.30 and a relevant exercise price of € 9.4635 as at 31 December 2021, the stock option programme has a remaining value of € 81,634.92.

	Total	Allo-cated	Exercis-able	Exer-cised	Re-main-ing
Number of virtual shares granted	300,000	300,000	300,000	290,000	10,000
Starting price					€ 1.3000
Exercise price as at 31 December 2021					€ 9.4635
Difference between starting price and exercise price as at 31 December 2021					€ 8.1635
Value of Stock Option Programme I as at 31 December 2021					€ 81,634.92

Stock Option Programme II (2017 Management Board contracts)

As at 31 December 2021, 240,000 of the 300,000 virtual stock options granted under the virtual Stock Option Programme II (2017 Management Board contracts) were allocated and 195,000 stock options were exercisable (pro rata). By 31 December 2021, the Management Board members had not exercised any of the eligible stock options, hence there is a remaining entitlement of 195,000 shares under Stock Option Programme II. Based on a starting price of € 5.82 and a relevant exercise price of € 9.4635 as at 31 December 2021, the stock option programme is currently valued at € 710,480.95.

	Total	Allocated	Exercisable (pro rata)	Exercised	Remaining
Number of virtual shares granted	300,000	240,000	195,000	0	195,000
Starting price					€ 5.8200
Exercise price as at 31 December 2021					€ 9.4635
Difference between starting price and exercise price as at 31 December 2021					€ 3.6435
Value of Stock Option Programme II as at 31 December 2021					€ 710,480.95

The fair value of the two virtual stock option programmes in accordance with IFRS 2 was therefore € 792,115.87 in total as at 31 December 2021. After deducting the provisions calculated and recognised in the previous year as at 31 December 2020 in the amount of € 40,104.92, the cumulative increase in provisions for Stock Option Programmes I and II amounts to € 752,010.95 in the 2021 fiscal year. The provisions for the remaining options of the two Management Board members is recognised under provisions for uncertain obligations. The increase in the provision is shown in the income statement as an expense from claims under the stock option programmes in the 2021 fiscal year (previous year: expense of € 2,896.53).

	2021 € thousand	2020 € thousand
Fixed salary	430	380
Fiscal year bonus	193	189
Virtual stock option programme	752	3
Total remuneration of the Management Board	1,375	572

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) The 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 2021 fiscal year. The fixed remuneration is distributed among the members as follows:

The members of the Supervisory Board received the following remuneration for 2021:

- Chairman, Mr Gert-Maria Freimuth, € 17.5 thousand
- Deputy Chairman, Anton Breitkopf, € 12.5 thousand
- Member, Dr Christof Nesemeier, € 15 thousand

4. Number of employees

The average number of employees in the 2021 fiscal year was as follows:

	2021	2020
Employees	386	379

The Delignit Group employed 391 people in Germany as at the end of the reporting period.

5. Auditor's fees

The auditor's fees recognised in the 2021 fiscal year break down as follows:

	2021 € thousand	2020 € thousand
a) Audit of financial statements:	56	54
b) Tax advisory services:	24	23
	80	77

6. Events after the end of the reporting period

The outbreak of war in Ukraine was accompanied by further disruptions to supply chains. These disruptions are causing OEM customers in particular to alter their ordering practices. The financial impact of these disruptions cannot be quantified at the current time. 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 2021 in the amount of € 2,318,272.57 at the meeting of the Supervisory Board on 29 March 2022. Given the currently considerable economic uncertainty stemming from the Russia/Ukraine war, the Management Board proposes to carry the net retained profits available of € 2,318,272.57 forward to new account.

8. Responsibility statement

To the best of our knowledge, and in accordance with the generally accepted principles of proper Group financial reporting, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the fiscal year.

Blomberg, 25 March 2022

Markus Büscher
CEO

Thorsten Duray
CSO

Statement of changes in IFRS consolidated non-current assets as at 31 December 2021 of Delignit AG, Blomberg

	Total cost € thousand	Additions in the fiscal year € thousand	Disposals in the fiscal year € thousand	Total depreciation/amortisation € thousand	Disposals depreciation/amortisation in the fiscal year € 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
I. Intangible assets								
1. Concessions, industrial and similar rights and assets and licenses in such rights and assets	2,124	2	174	1,030	174	922	1,096	176
2. Capitalised development costs	761	0	0	761	0	0	0	0
3. Goodwill	1,000	0	0	1,000	0	0	0	0
4. Consolidated goodwill	2,178	0	0	0	0	2,178	2,178	0
	6,063	2	174	2,791	174	3,100	3,274	176
II. Property, plant and equipment								
1. Land, land rights and buildings, including buildings on third-party land	15,925	14	1	10,466	1	5,471	5,688	230
2. Technical equipment and machinery	26,386	23	1,814	18,730	1,814	5,865	6,949	1,108
3. Other equipment, operating and office equipment	8,730	460	2,335	6,020	2,335	835	1,188	813
4. Advance payments and assets under construction	0	1,164	0	0	0	1,164	0	0
	51,040	1,661	4,150	35,217	4,150	13,335	13,824	2,150
	57,103	1,663	4,324	38,008	4,324	16,435	17,098	2,326

INDEPENDENT AUDITOR'S REPORT

To Delignit AG, Blomberg

Audit opinions

We have audited the consolidated financial statements of Delignit AG, Blomberg, and its subsidiaries (the Group) – consisting of the consolidated statement of financial position as at 31 December 2021, 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 to 31 December 2021 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, Blomberg, for the fiscal year from 1 January to 31 December 2021.

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 2021 and its results of operations for the fiscal year from 1 January to 31 December 2021 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.

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.

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 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 – intentional or unintentional – misstatement 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 violations or inaccuracies, 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 that material misstatements are not detected is greater for violations than for inaccuracies, as violations can include fraud, falsification, intentional omissions, misrepresentation or the invalidation 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.

Cologne, 25 March 2022

Rödl & Partner GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Stramitzer	Wiethe
Wirtschaftsprüfer	*Wirtschaftsprüfer*
(German Public Auditor)	(German Public Auditor)

Condensed annual financial statements of Delignit AG for the 2021 fiscal year

Statement of financial position

Assets	31/12/2021 € thousand	31/12/2020 € thousand
Financial assets	6,062	6,062
Non-current assets	**6,062**	**6,062**
Receivables and other assets	11,133	9,713
Cash and bank balances	232	473
Current assets	**11,365**	**10,186**
Total assets	**17,427**	**16,248**

Liabilities		
Equity	15,501	14,502
Provisions	1,104	949
Other liabilities	822	797
Total assets	**17,427**	**16,248**

Income statement	31/12/2021 € thousand	31/12/2020 € thousand
Revenue	1,400	1,092
Other operating income	26	37
Staff costs	1,465	672
Other operating expenses	633	493
Income from profit transfer agreements	2,249	1,759
Interest and similar income	143	119
Interest and similar expenses	10	5
Taxes on income and earnings	464	491
Earnings after taxes/net income for the year	**1,245**	**1,347**
Profit carried forward from the previous year	2,319	972
Transfer to retained earnings	-1,000	0
Distribution to shareholders	246	0
Net retained profits	**2,318**	**2,319**

Financial calendar

Annual Report 2021:

April 2022

2022 Annual General Meeting:

2 June 2022

2022 half-year financial report:

August 2022

End of the 2022 fiscal year:

31 December 2022

Contact

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