



Half-year Report 2020

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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 CO₂-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. 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 LCV class. For example, these systems are used extensively by leading manufacturers of light commercial vehicles as original equipment (OEM) and retrofit equipment (after-sales) as cargo bay floors, walls and partition walls. Interior furnishings, such as cabinet systems, are supplied for the motor caravan sector. In the passenger car sector, for example, trunk covers are used by well-known OEMs.

Technological Applications target market:

The products of the Technological Applications target market are divided into the product groups Building Equipment, Compressed Wood, Railfloor and Special Applications. In the Building Equipment business, for example, flooring solutions for automotive manufacturing plants, as well as for goods distribution centres and beech multiplex assortments are supplied via 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 half-year (01/01 - 30/06)	2020	2019	Δ 2020/
	IFRS	IFRS	2019
Earnings figures	€ thousand	€ thousand	%
Revenue	25,633	32,279	-20.6 %
Operating income	25,472	34,777	-26.8 %
Cost of materials	-14,026	-21,113	-33.6 %
Staff costs	-7,792	-8,432	-7.6 %
Other operating expenses	-2,077	-2,818	-26.3 %
EBITDA	1,577	2,414	-34.7 %
<i>EBITDA margin</i>	6.2 %	6.9 %	-0.8 %*
EBIT	269	1,321	-79.6 %
<i>EBIT margin</i>	1.1 %	3.8 %	-2.7 %*
EBT	124	1,213	-89.8 %
<i>EBT margin</i>	0.5 %	3.5 %	-3 %*
Consolidated net income for the first half of the year	48	813	-94.1 %
Number of shares	8,193,900	8,193,900	0.0 %
EPS in €	0.01	0.10	-94.1 %
Statement of financial position figures	€ thousand	€ thousand	%
Non-current assets	19,603	21,163	-7.4 %
Current assets	20,930	23,564	-11.2 %
Cash and cash equivalents contained therein	1,103	373	195.7 %
Subscribed capital (share capital)	8,194	8,194	0.0 %
Other equity	11,456	10,855	5.5 %
Total equity	19,650	19,049	3.2 %
<i>Equity ratio</i>	48.5 %	42.6 %	5.9 %*
Non-current liabilities and provisions	7,375	6,382	15.6 %
Current liabilities and provisions	13,508	19,296	-30.0 %
Total assets	40,533	44,727	-9.4 %
Net financial debt (net debt (-)/net cash (+))	-11,976	-10,528	13.8 %
Employees (as of 30/06)			
Germany	380	375	1.3 %

*Change in percentage points, differences due to commercial rounding

Greetings from the Management Board

Dear shareholders,

The first half of fiscal year 2020 was shaped by the COVID-19 pandemic and is therefore impossible to compare. The Delignit Group's very good economic situation at the start of the year changed drastically within a few weeks as a result of the COVID-19 pandemic and the associated restrictions.

The financial figures for the first half of the year are therefore heavily influenced by the impact of the pandemic and especially the resulting drop in demand: Group revenue fell by 20.6 % to € 25.6 million in the first six months compared with € 32.3 million in the same period of the previous year. With EBITDA, i.e. earnings before interest, taxes, depreciation and amortisation, of € 1.6 million (PY: € 2.4 million), operating earnings were clearly positive thanks to the immediate cost reduction measures. Earnings per share were also kept positive at € 0.01.

The development of the Automotive target market was particularly affected by the coronavirus crisis in the first half of 2020. The number of new registrations of light commercial vehicles (LCV), which was already in moderate decline at the start of the year, was hit hard over the course of the first half of the year by the uncertainty and the global measures in connection with the COVID-19 pandemic and ended the first half of the year down nearly 32 %.

The number of call-offs under the serial supply contract in the motor caravan market likewise fell well short of our planning assumptions. At the same time, we improved the cost structure of the project with the optimisation measures that we took in the middle of last year, so the negative effects on earnings in the first half of 2020 were significantly reduced.

Demand declined again in Technological Applications, and our revenue in this target market fell by 25.8 % against the same period of the previous year.

After our end customers' announcements of plant closures, we immediately adjusted production capacity at our plants, utilising the opportunities of short-time work and even stopping our own production in line with demand. We also implemented short-time work for large sections of the company's administrative staff. In addition, we quickly took measures to continue operating under more difficult conditions. The protection of the health of the staff, our customers and business partners was always the top priority.

The coronavirus pandemic will continue to strongly influence business performance as the year progresses. In the Automotive target market, however, we are currently seeing a stabilisation in orders for the rest of the fiscal year. Assuming that the economic recovery continues in the second half of the year and there is no renewed escalation of the COVID-19 pandemic, we expect Group revenue of € 51 million to € 56 million for fiscal year 2020. Given the high degree of uncertainty over the further development of costs, however, it is not yet possible to provide a reliable estimate of consolidated net income in the current fiscal year.

In these extraordinary times, with all their adversities, we would like to nevertheless take the opportunity to close with an optimistic assessment. We believe that the general conditions for the Delignit Group are fundamentally good. The currently ample financial flexibility, our strong order book secured by long-term serial supply contracts, and our persistently high capacity for innovation – in which we continued to invest while plants were closed – make us confident that we will be able to continue the Delignit Group's growth strategy.

We would like to thank all employees for their commitment in the past half-year and for the rigorous implementation of the necessary coronavirus measures that we took at an early stage.

We would also like to thank you, dear shareholders, for your confidence in Delignit AG.

Blomberg, August 2020

Kind regards,



Markus Büscher
CEO



Thorsten Duray
CSO

Group management report for the fiscal half-year from 1 January to 30 June 2020 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 CO₂ 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.

2. Business and framework conditions

The COVID-19 pandemic has hit the German economy hard. Although the spread of coronavirus did not significantly harm German economic output in January and February 2020, the effects for the first quarter of 2020 were severe. Compared with the fourth quarter of 2019 – adjusted for price, seasonal and calendar effects – German gross domestic product shrank by 2.2 %. This was by far the biggest decline since the 2008/2009 financial and economic crisis and the second-biggest decline since German reunification. Private consumer spending dipped sharply in the first quarter of 2020. Investments in equipment (machinery, apparatus and vehicles) also decreased significantly. Investments in buildings had a stabilising effect and prevented an even greater decline in gross national income. In foreign trade, both exports and imports shrank dramatically compared with the final quarter of 2019 (source: press conference of the German Federal Statistical Office on 15 May 2020 in Berlin).

The ifo Institute's Business Climate Index fell to an historic low, dropping from 85.9 points in March to 74.3 points in April 2020. This was the biggest decline ever seen in a single month. Companies had never before been as pessimistic about the coming months as they were in April 2020 (source: results of the ifo business surveys in April 2020).

However, the Business Climate Index rose considerably in the ifo business survey in June 2020, reaching 86.2 points again. This was due to a substantial improvement in industrial companies' expectations. In manufacturing, however, a large majority of businesses rate the current situation as poor (source: results of the ifo business surveys in April 2020). In its press release of 13 July 2020 on the economic situation in Germany in July 2020, the Federal Ministry for Economic Affairs and Energy states that economic activity bottomed out after an unprecedented slump in the coronavirus crisis in April and that things improved in May. The relaxations of measures to protect against infections in Germany and abroad are

permitting demand and supply to rise. The industrial sector reported an increase in output of 10.3 % between April and May 2020. There was a particularly sharp rise in the production index for vehicles and vehicle parts. According to the German Association of the Automotive Industry (VDA), further increases are expected in June: 18 % in new registrations and 84 % in production (source: press release of the German Federal Ministry for Economic Affairs and Energy dated 13 July 2020).

In its Spring 2020 Economic Forecast, the European Commission concludes that the COVID-19 pandemic represents a major shock for the global and EU economies, with very severe socio-economic consequences. Despite the swift and comprehensive policy response at both EU and national level, the EU economy will experience a recession of historic proportions in 2020. The European Commission projects that the euro area economy will contract by a record 7.8 % in 2020 (source: European Commission's Spring 2020 Economic Forecast).

The special target markets of the Delignit Group, i.e. the markets in the automotive sector and the engineered wood industry, declined in the first six months of the year.

In the first six months of 2020, the number of new registrations of light commercial vehicles in Europe fell by 31.8 % year on year. A similar reduction was recorded in the number of new registrations in all European LCV markets. In the biggest European LCV markets, France and Spain, new registrations decreased by 31.2 % and 45.7 %, respectively. The number of new registrations of light commercial vehicles in the Delignit Group's most important market, Germany, fell by a below-average rate of -25.1 % year on year (source: ACEA).

In the first six months of the year, the number of new registrations of passenger cars in Europe fell by 38.1 % year on year. A decline of 34.5 % was reported in Germany (source: ACEA).

In the engineered wood industry, revenue increased by an average of 3.4 % in the first quarter of 2020. There were substantial revenue losses here, too, in the subsequent months. For example, revenue fell by -17.8 % year on year in April and by -21.7 % in May. Total revenue in the first five months is an average of -6.1 % lower than in the previous year (source: German Federal Statistical Office, Monthly Report for the Manufacturing Sector).

The engineered wood industry saw even greater revenue losses with regard to foreign revenue. While foreign revenue increased by an average of 4.0 % in the first quarter of 2020, revenue dropped by 27.6 % and 29.8 % in April and May 2020, respectively. On average in the first five months, foreign revenue in the engineered wood industry thus declined by 9.7 % year on year (source: German Federal Statistical Office, Monthly Report for the Manufacturing Sector).

3. Market environment of the Delignit Group

In the first half of 2020, revenue in the Delignit Group decreased by a considerable 20.6 % after an increase of 10.0 % in the previous year. The revenue generated thus amounted to € 25,633 thousand after € 32,279 thousand in the previous year. In a multi-year comparison, revenue has nevertheless still increased by an average of 6.5 % per year since the first half of 2010.

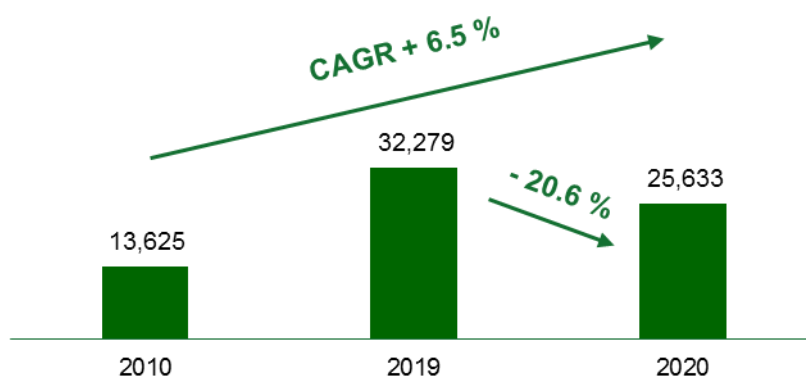


Figure I: Half-year revenue of the Delignit Group since 2010 in € thousand

In the Automotive target market, revenue decreased by 19.6 % in the first half of 2020, after revenue growth of 19.7 % in the same period of the previous year. This was due to the production shutdowns of all major OEM customers in response to the COVID-19 pandemic. Deliveries to OEM customers stopped almost completely from March 2020, which also resulted in production downtime and plant shutdowns in the Delignit Group, leading to considerable revenue losses and a significant decline in operating income. Due to the introduction of short-time work and the cutback of temporary workers, further personnel measures were avoided.

Due to a customer's production shutdown, the effects of coronavirus were likewise keenly felt in the NAFTA business from the end of March until production slowly restarted in May.

The new major order in the field of transport fastening reported at the start of 2020 was amended by our customer and is now much smaller than we expected in terms of volume. Furthermore, the order from the pick-up market for a Delignit cargo securing systems package expired early due to the discontinuation of a model.

In the motor caravan sector, revenue was increased by € 1.2 million year on year to € 3.1 million in the first half of 2020. Our customer's production shutdown in response to the COVID-19 pandemic likewise led to revenue losses, so revenue is much lower than we expected.

In the Technological Applications target markets, revenue declined again in the first half of 2020 as against the same period of the previous year, falling by 25.8 % (PY: -21.2 %). The clearly positive development of the building equipment product group did not compensate for the contrasting development of the other product groups. In particular, the revenue decline already planned for in the rail vehicle equipment product group proved significantly larger than expected due to a lack of follow-up orders.

The wood-based products of the Delignit Group are characterised by special technical and mechanical properties (e.g. abrasion and wear resistance, dimensional stability and breaking load), but also by ecological aspects.

Wood products are long-term repositories for climate-damaging CO₂: One cubic metre of wood absorbs almost one tonne of carbon dioxide. The revenue volume achieved compared with the development in the target markets over several years is evidence of the Delignit Group's good market position. Despite the setback in the current fiscal year, the Delignit Group has created an excellent framework for further growth based on material expertise, coupled with application and system expertise that is higher than what is customary on the market.

4. Organisation

a. Supervisory Board

The Supervisory Board of Delignit AG comprises Dr Christof Nesemeier, Gert-Maria Freimuth and Anton Breikopf. The Supervisory Board was elected in its current composition when the company was founded on 9 July 2007 and was re-elected in its current composition at the General Meetings on 10 July 2012 and 20 June 2017. The Supervisory Board has elected Dr Christof Nesemeier as chairman and Gert-Maria Freimuth as his deputy. The term in office ends at the close of the Annual General Meeting that decides on formal approval of the actions of the members of the Supervisory Board for fiscal year 2021.

b. Management Board

The Management Board responsibilities are allocated as follows:

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

Rules of procedure for the Management Board were adopted by a resolution of the Supervisory Board of 13 July 2007. 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 jointly by two members of the Management Board or by one member of the Management Board in conjunction with an authorised signatory. The members of the Management Board are also responsible for management in all Group companies together with the local management of these companies.

c. Shareholdings

As at the end of the reporting period, Delignit AG had a direct or indirect stake in the following companies:

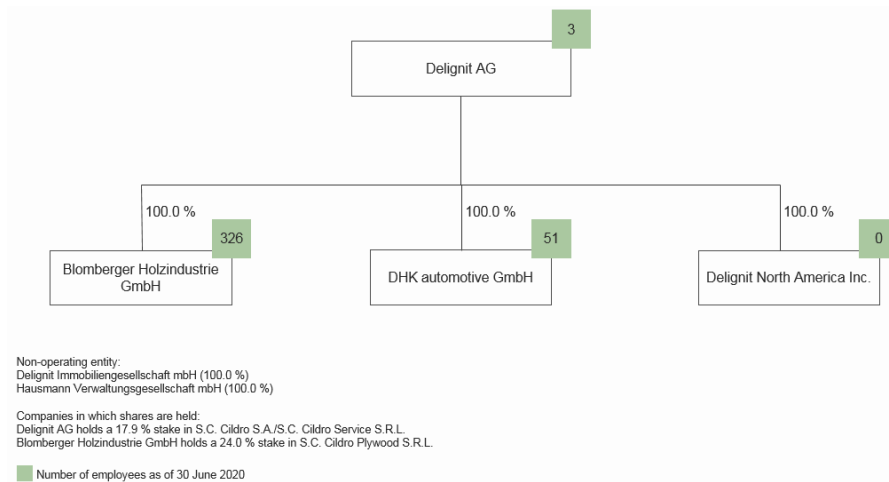


Figure II: Organisation chart of the Delignit Group

d. Employees

Due to the diminished revenue and thus lower operating income, the number of personnel was reduced from 390 employees at the beginning of the year to 380. In addition, temporary work was stopped completely for a time. A further cutback of employees was avoided by introducing short-time work in all parts of the business. The Delignit Group's primary goal is to retain qualified personnel even in times of crisis and to avoid the loss of important know-how.

The companies of the Delignit Group are well-known training companies, which 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 flows. This process was continued with intensive integration of the workforce in the first half of 2020. The companies of the Delignit Group continued to provide training in the first half of 2020 and will also take on this responsibility in subsequent years.

5. Results of operations, financial position and net assets

The Delignit Group experienced a challenging first half of 2020. In the first two months, revenue was higher than in the previous year. Thereafter, the primary goal was to immediately adapt capacity to the abrupt change in market and economic conditions as a result of the coronavirus crisis. To this end, holiday and overtime were first used up in all areas of the business. Short-time work was introduced from the end of March 2020 in order to avoid redundancies and thus the loss of qualified personnel. In addition, temporary work was cut back completely for a time. To reduce fixed costs, all cost types were analysed, and measures were taken, if possible, to reduce costs immediately.

Results of operations

In the first half of 2020, the Delignit Group saw a revenue decline of 20.6 % to € 25,633 thousand (PY: € 32,279 thousand). Operating income, including other operating income and inventory changes, came to € 25,472 thousand (PY: € 34,777 thousand).

The cost of materials amounted 55.1 % of operating income, compared with 60.7 % in the previous year, and was thus reduced considerably relative to operating income. The reasons for this are essentially the insourcing of purchased services, the reduction of temporary workers in production and an altered product mix, which was primarily shaped by the temporary, almost total disappearance of the OEM business.

Personnel costs were € 7,792 thousand after € 8,432 thousand in the previous year. The decline in personnel costs is primarily due to the introduction of short-time work from March 2020. The positive effect of short-time work is smaller than the decline in operating income, as the significant reduction in temporary workers is recognised in the cost of materials. The personnel costs ratio therefore increased from 24.2 % in the previous year to 30.6 %. This is offset by refunds of the employer's contribution to social security of € 220 thousand, which are recognised under other operating income.

Other operating expenses fell by 26.3 % year on year. This was due to lower maintenance expenses as a result of the lower utilisation of machinery and a consistent reduction in overheads during the plant shutdowns. The other operating expenses ratio was reduced in proportion with operating income and at 8.2 % almost equals the previous year's figure of 8.1 %.

EBITDA amounted to € 1,577 thousand (PY: € 2,414 thousand) and thus decreased by 34.7 % year on year. Due to the considerable decline in operating income, the absolute margin to cover fixed costs decreased at a greater rate and was not fully compensated for despite the early cost reduction measures. The EBITDA margin came to 6.2 % after 6.9 % in the previous year.

In the first half of 2020, depreciation and amortisation increased from € 1,092 thousand in the same period of the previous year to € 1,308 thousand. Higher depreciation and amortisation in the fiscal year resulted from the extensive capital expenditure on machinery and technical equipment in 2018 and 2019.

For the stated reasons, EBIT decreased to € 269 thousand in the reporting period after € 1,321 thousand in the previous year.

Net assets

Inventories amounted to € 14,511 thousand after € 15,088 thousand in the previous year. As of 30 June 2020, fixed assets amounted to € 18,096 thousand (PY: € 19,767 thousand) and essentially included land and machinery. Current provisions were primarily recognised for uncertain liabilities and personnel costs. Other current liabilities essentially include liabilities from taxes, as well as from wages and salaries.

As of 30 June 2020, the Delignit Group's equity rose to € 19,650 thousand (PY: € 19,049 thousand) and resulted in an equity ratio of 48.5 % (PY: 42.6 %) due to the decrease in total assets.

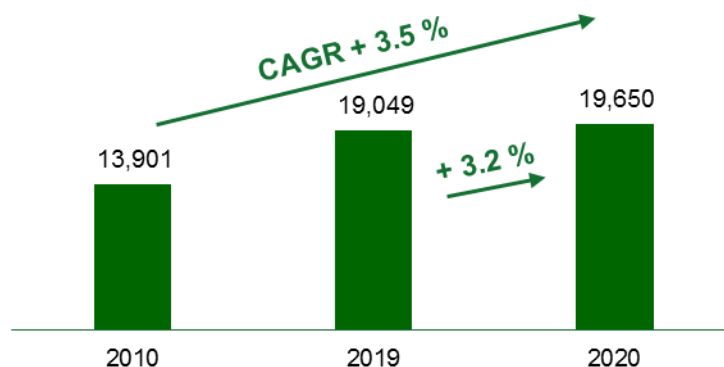


Figure III: Changes in equity since 2010 in € thousand

Financial position

The Delignit Group's cash and cash equivalents amounted to € 1,103 thousand as of the end of the reporting period (PY: € 373 thousand). In total, current liabilities to banks amounted to € 7,541 thousand and non-current liabilities to banks to € 2,028 thousand. Net debt increased by € 1,448 thousand compared with the first half of the previous year to € 11,976 thousand. The increase in net debt is due primarily to the recognition of hire-purchase liabilities in net debt in the second half of 2019.

As a precaution, an additional credit facility was negotiated with the financing banks to cover potential cash outflows due to the effects of the coronavirus crisis. The Delignit Group has sufficient lines of credit to finance working capital. In the Delignit Group's estimation, the company was and is 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 settles in a foreign currency only for services obtained in the USA. Since the balance of non-hedged foreign currency positions in the Group due to transactions with foreign companies outside of the euro zone has taken on only a minimal volume to date, the Delignit Group has not pursued any active exchange rate hedging relative to other currencies.

7. Risk report

The risks to business development of the Delignit Group are described in detail in the Group management report for fiscal year 2019, which can be viewed on Delignit AG's website.

However, incalculable risks have arisen as a result of the global proliferation of coronavirus infections and the unforeseeable future course of the pandemic. It is not currently possible to conclusively estimate the influence of the COVID-19 pandemic on the Delignit Group.

8. Strategic orientation and opportunities of the Delignit Group

The corporate strategy continues to be based on megatrends in the technological target markets. The Delignit Group recognises two ecologically-driven trends:

- Firstly, the endeavour to use renewable raw materials, insofar as these materials are technologically competitive, as a substitute for finite products.
- Secondly, undiminished pressure to develop system solutions that are as weight-optimised as possible.

Furthermore, the Delignit Group is increasingly focused on providing technological answers to urgent user questions, partly resulting from new legislation, and developing appropriate system solutions. Consequently, the Delignit Group is continuing this successful strategy of combining material, application and system expertise in a targeted manner.

This is being achieved via 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. In the current fiscal year, intensive efforts will again be undertaken in product development. 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 Germany in the sector of cargo bay securing systems for light commercial vehicles and to transfer this know-how into other markets. The successes achieved in internationalisation in recent years are to be continued accordingly. In parallel, the product groups of the Technological Applications target market are to be marketed worldwide. To do this, the Sales organisation will be further expanded and support provided for our customers' globalisation efforts.
 - **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. In particular, development activity is currently focusing on the target markets of light commercial vehicles (LCV) in line with the "more revenue per vehicle" strategy and of the railway industry.
- 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 know-how 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 IV: Strategic orientation of the Delignit Group

9. Non-financial performance indicators

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

- Innovations and new technologies are an essential component of the strategic evolution of the Group. Work on this is undertaken constantly as part of an existing continuous improvement process.
- Employees are qualified through intensive training of young people, continuing education in all Group areas, high standards of occupational health and safety and the targeted promotion of future managers.
- The Management Board has stipulated environmental and climate protection as an important corporate target. 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.

10. Events after the reporting period

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

11. Other information

The subscribed equity of € 8,193,900.00 is divided into 8,193,900 no-par value bearer shares (shares without a nominal amount), each with a calculated share of € 1.00 in the share capital of the company.

The Supervisory Board determines the number of and appoints Management Board members, concludes their employment contracts and revokes the appointments. The Supervisory Board is also authorised to make amendments to the Articles of Association that relate only to wording.

According to the resolution of the General Meeting of 26 August 2015, the Management Board is authorised, by revoking the resolution on Agenda Item 5 of the General Meeting of 17 August 2011, to increase the share capital of the company with the approval of the Supervisory Board on one or several occasions until 25 August 2020 by up to a total of € 4,096,950.00 against cash deposits and/or contributions in kind by issuing new no-par value bearer shares (approved capital 2015).

In addition, the General Meeting of 26 August 2015 authorised the Management Board, with the approval of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or warrant bonds with a total amount of up to € 81,939,000.00 and a term of no longer than ten years until 25 August 2020 and to grant the creditors of these bonds conversion rights to new no-par value bearer shares of Delignit AG with a pro rata share in the share capital of up to a total of € 4,096,950.00, subject to the specific conditions of the bonds (conditional capital 2015).

By resolution of the General Meeting of 4 June 2019, the company was authorised in accordance with section 71 (1) no. 8 of the German Stock Corporation Act (AktG) to purchase and sell treasury shares in the period until 3 June 2024 in accordance with the principle of equal treatment (section 53a AktG) up to an amount of 10 % of the share capital at the date of this authorisation. 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 on the company's account. The authorisation may not be used for the purpose of trading in treasury shares.

No treasury shares had been purchased by 30 June of the current fiscal year.

12. Guidance

Framework conditions

As a result of the COVID-19 pandemic, the Delignit Group's revenue declined by 20.6 % year on year in the first half of 2020. Because of the resulting margin decline and the disproportionately low drop in fixed costs, the EBITDA margin narrowed to 6.2 % of operating income after 6.9 % in the previous year.

Economic environment of the guidance section

The outlook for economic development remains subject to considerable uncertainty. In particular, the further progression of the pandemic is of major importance. If the number of new infections is not kept low, if the easing of restrictions is not continued and if companies' and households' uncertainty is not reduced, the period of weak economic development can be expected to last a lot longer (source: German Council of Economic Experts' Economic Outlook 2020 and 2021 of 23 June 2020).

In its Spring 2020 Economic Forecast, the European Commission projects that the EU economy will contract by 7.5 % in 2020 and grow by 6.0 % in 2021. The expected progressive easing of containment measures should set the stage for a recovery. However, the EU economy is not expected to have fully made up for this year's losses by the end of 2021. Investment will remain subdued and the labour market will not have completely recovered (source: European Commission's Spring Economic Forecast of 6 May 2020).

In the first half of 2020, the coronavirus pandemic left a deep mark on the Delignit Group's business. The current development, the uncertainty over potential further outbreaks of the COVID-19 pandemic and the accompanying restrictions pose major challenges for the Delignit Group. In particular, future business performance can hardly be estimated to a sufficient degree of precision. The further course of the pandemic will be crucial and depends on whether the number of new infections increases or even a second wave emerges in the coming autumn and winter months.

This could result in further restrictions and adverse effects on the economy and consumption in Germany, Europe and the world in the second half of the year, which would impact the Delignit Group's revenue and income. The economic impact already made might also lead to as yet unforeseen effects such as supplier and customer insolvencies or stoppages in supply chains.

Based on the European Commission's forecasts for the European Union and no exacerbation of the COVID-19 pandemic, the Management Board of the Delignit Group currently expects the economy to stabilise, with revenue of € 51 million to € 56 million for 2020 as a whole. Given the high degree of uncertainty over the further development of costs, however, it is not yet possible to provide a reliable estimate of consolidated net income in the current fiscal year.

Blomberg, August 2020



Markus Büscher
CEO



Thorsten Duray
CSO

**IFRS consolidated interim statement of financial position
of Delignit AG (unaudited) as of 30 June 2020**

A S S E T S	30/06/2020 € thousand	30/06/2019* € thousand
A. Current assets		
1. Inventories	14,511	15,088
2. Trade receivables	3,774	5,361
3. Due from affiliated companies	1	0
4. Other current receivables/assets	1,541	2,742
5. Cash and cash equivalents	1,103	373
Current assets	20,930	23,564
B. Non-current assets		
1. Goodwill	2,178	2,178
2. Other intangible assets	1,221	1,518
3. Property, plant and equipment	14,697	16,071
4. Other non-current financial assets	1,211	1,118
5. Deferred tax assets	296	278
Non-current assets	19,603	21,163
Assets, total	40,533	44,727

*Because the statement of financial position has been restructured into current and non-current, the comparability of the figures as of 30 June 2019 with Delignit AG's IFRS consolidated interim statement of financial position as of 30 June 2019 is limited.

LIABILITIES	30/06/2020 € thousand	30/06/2019* € thousand
A. Current liabilities		
1. Other current provisions	2,573	3,912
2. Current financial liabilities	7,541	8,143
3. Trade liabilities	1,983	6,264
4. Other current liabilities	1,411	977
Current liabilities and provisions	13,508	19,296
B. Non-current liabilities		
1. Provisions for pensions	1,250	1,115
2. Other non-current provisions	141	109
3. Deferred tax liabilities	975	1,044
4. Non-current financial liabilities	2,028	2,758
5. Other non-current liabilities	2,981	1,356
Non-current provisions and liabilities	7,375	6,382
C. Equity		
1. Subscribed capital	8,194	8,194
2. Capital reserves	1,063	1,063
3. Revenue reserves	3,000	3,000
4. Amounts recognised directly in equity	-601	-568
5. Result carried forward	7,946	6,547
6. Consolidated net income	48	813
Equity	19,650	19,049
Liabilities, total	40,533	44,727

*Because the statement of financial position has been restructured into current and non-current, the comparability of the figures as of 30 June 2019 with Delignit AG's IFRS consolidated interim statement of financial position as of 30 June 2019 is limited.

IFRS consolidated interim statement of comprehensive income (unaudited) for the fiscal half-year from 1 January to 30 June 2020 of Delignit AG

	30/06/2020 € thousand	30/06/2019 € thousand
1. Revenue	25,633	32,279
2. Other operating income	454	771
3. Inventory changes	-615	1,727
4. Cost of materials	-14,026	-21,113
5. Staff costs	-7,792	-8,432
6. Depreciation of property, plant and equipment and amortisation of intangible assets	-1,308	-1,092
7. Other operating expenses	-2,077	-2,819
8. Earnings before interest and tax (EBIT)	269	1,321
9. Interest expenses	-145	-108
10. Financial result	-145	-108
11. Earnings before tax (EBT)	124	1,213
12. Income taxes	-43	-373
13. Other taxes	-33	-27
14. Consolidated net income for the first half of the year	48	813
15. Earnings per share in €	0.01	0.10

Disclosures on accounting

The consolidated financial statements as of 30 June 2020 have been voluntarily prepared while exercising the option specified in section 315e of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) valid at the end of the reporting period and as applicable in the EU.

The accounting policies applied comply with the IFRS standards and interpretations valid as of 30 June 2020. The half-year financial statements of the companies included in Delignit AG's consolidated financial statements are based on uniform accounting policies. They were prepared as of the same reporting date as these consolidated financial statements. In accordance with IFRS 1.51, the consolidated statement of financial position was structured according to current and non-current assets and liabilities. The income statement is prepared in accordance with the nature of expense method.

Financial calendar

End of the fiscal year

31 December 2020

Deutsches Eigenkapitalforum 2020

17 - 18 November 2020

mkk - Munich Capital Market Conference 2020

8 - 9 December 2020

Annual report 2020

May 2021

Contact

Investor Relations

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