Results H1 2021

DELTICOM

Europe's leading online tyre retailer


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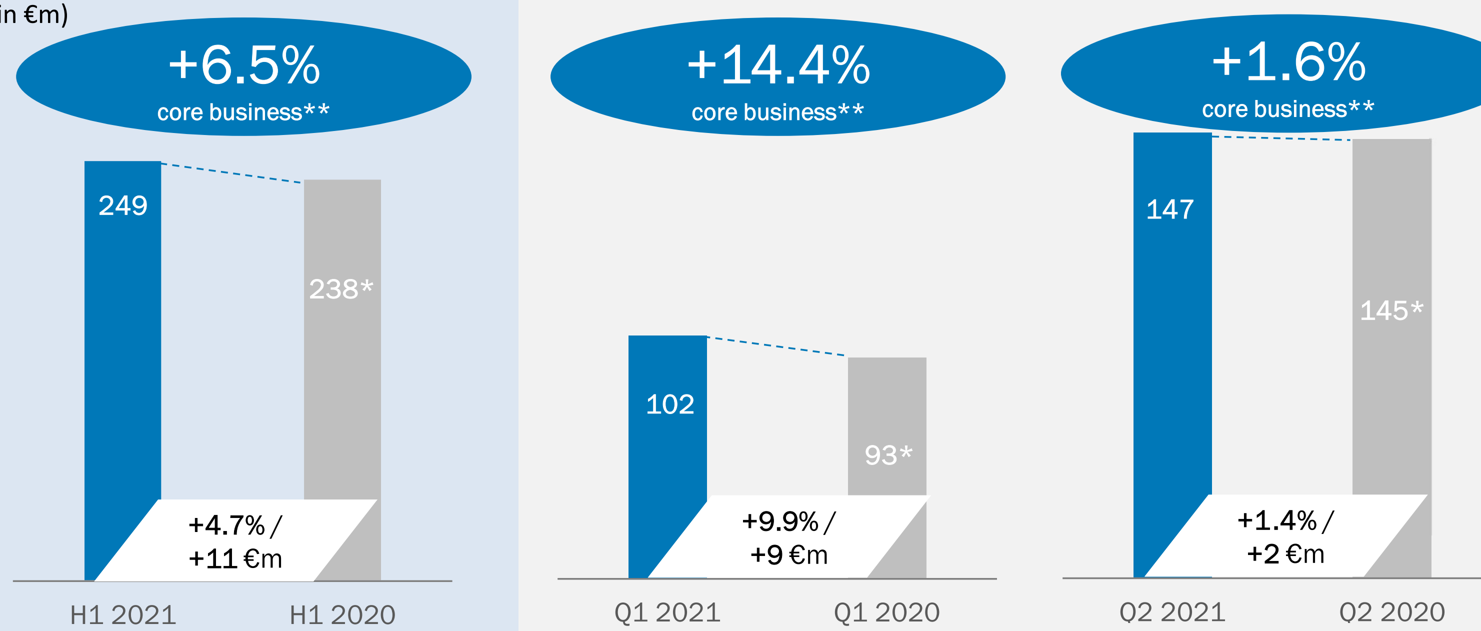
Delticom AG – Company Presentation

H1 2021: MARKET ENVIRONMENT

- COVID-19 related restrictions ease due to increasing vaccination levels but business volume known from pre-crisis times not yet reached
- Tyre sales increase year-on-year in the first half of 2021, but remain well below pre-COVID 19 levels
- According to ETRMA and WdK, in Germany tyre sales for passenger cars grew by 8.4% year-on-year in H1 2021 but were still 13.5% below the pre-COVID level observed in H1 2019
- European tyre industry saw significantly higher demand after massive slump of more than 20% in H1 2020; sales of consumer tyres in H1 2021 were 1.9% below H1 2019 levels
- E-commerce continues to grow strongly with German e-commerce Revenues increasing by 23.2% to more than 45 €bn in H1 2021 according to bevh

H1 2021: REVENUES DEVELOPMENT

Revenues (in €m)

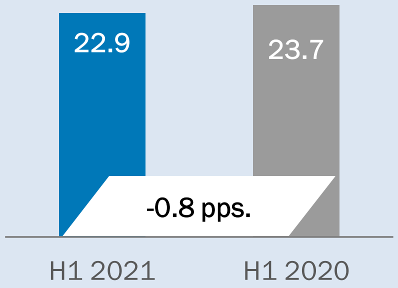


*Revenues 2020 includes revenues from discontinued operations. Q1 20: 3.5 €m; Q2 20: 0.5 €m.
**Growth rate core business based on revenues 2020 adjusted by revenues from discontinued operations.

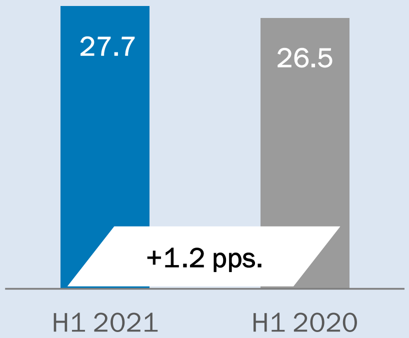
- Healthy and growing core business with particular strong growth in Q1 2021 due to early Easter holidays accompanied by strong business volume in the classic retrofit countries in March 2021.
- Weather related shift-effects not unusual in tyre trade
- Recovery in individual countries was uneven; demand in selected countries remained comparatively weak

H1 2021: GROSS MARGIN & GROSS PROFIT MARGIN

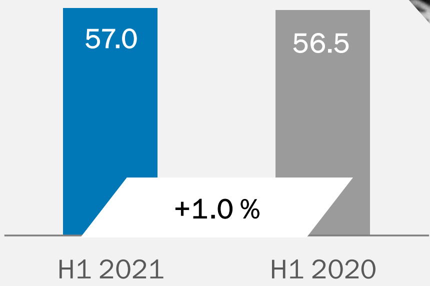
Gross margin simple
(Revenues less COGS;
in % of Revenues)



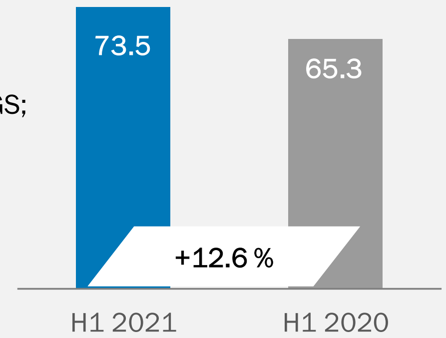
Gross profit margin
(Total income less COGS;
in % of Total income)



Gross profit simple
(Revenues less COGS;
in €m)



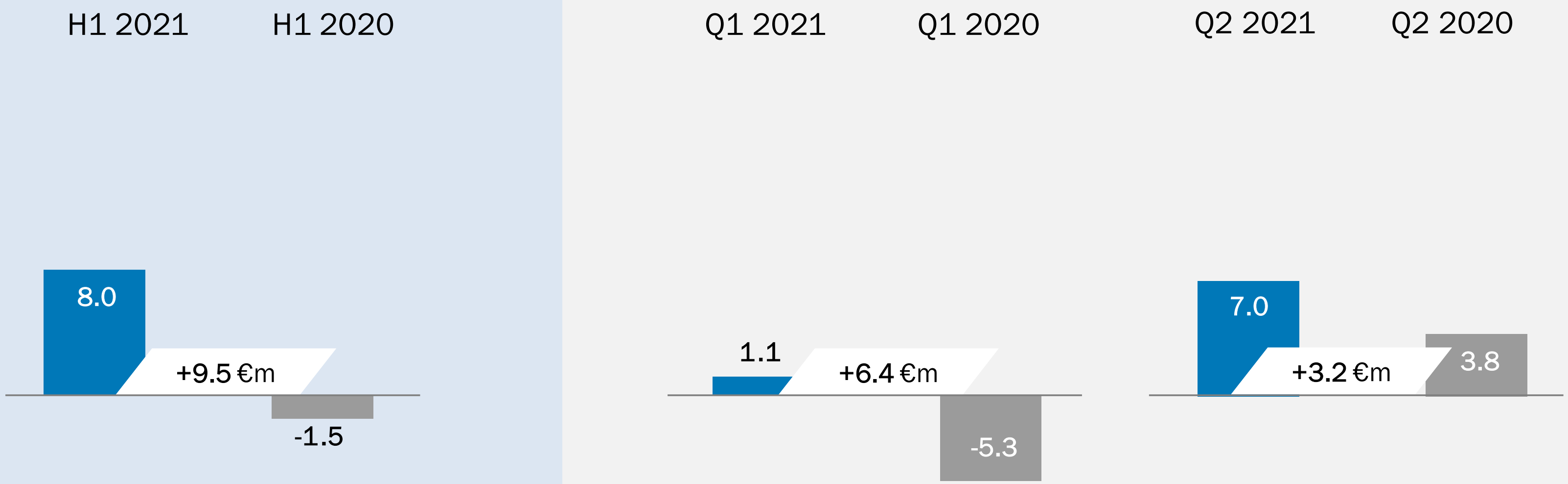
Gross profit
(Total income less COGS;
in €m)



- H1 21: Negative impact from change in cost recognition: Parts of transportation costs now included in COGS
- Decline in gross margin simple not of operational nature
- 2.8 €m extraordinary effect in ooi almost fully offset 3 €m cost burden from restructuring

H1 2021: EBITDA

Reported EBITDA (in €m)



EBITDA margin:
3.2% (H1/20: - 0.6 %)

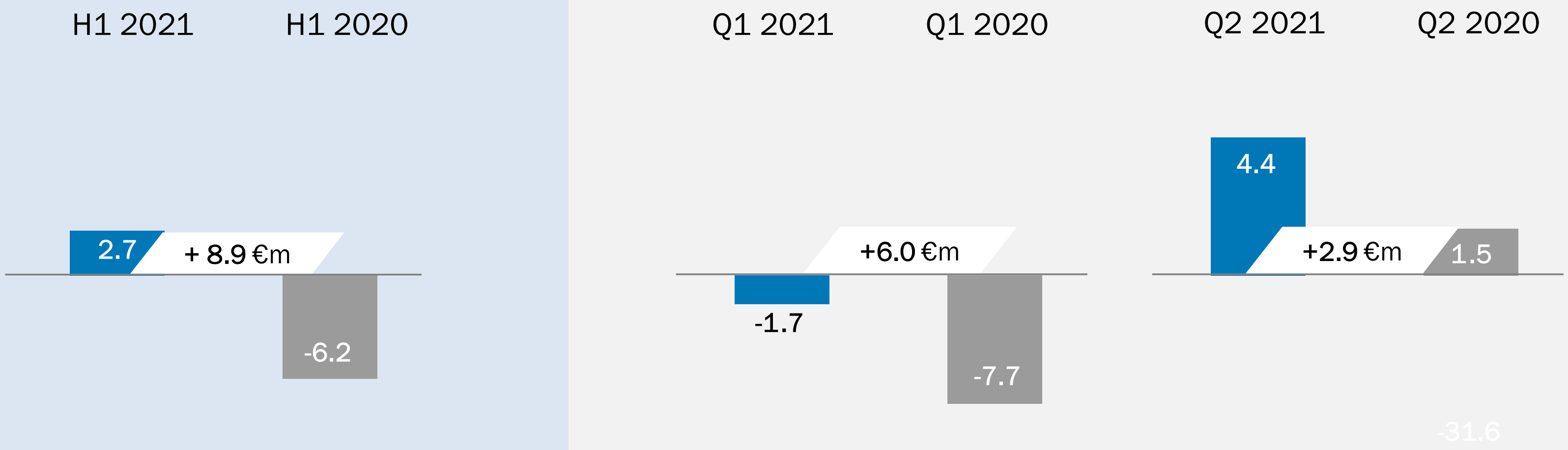
EBITDA margin
1.1% (Q1/20: -5.7 %)

EBITDA margin
4.7% (Q2/20: 2.6 %)

- EBITDA for the first half-year turned into positive
- Stringent cost management in place
- Continued focus on generating sufficient profitable sales

H1 2021: EBIT

EBIT (in €m)



EBIT margin:
1.1 % (H1/20: - 2.6 %)

EBIT margin:
- 1.6 % (Q1/20: - 8.3 %)

EBIT margin:
3.0 % (Q2/20: - 1.0 %)

- Positive EBIT after first 6 months
- Cost savings from restructuring compensate increase in depreciation from 4.7 €m to 5.3 €m stemming from the newly opened warehouse

DELTICOM Aktiengesellschaft

H1 2021: P&L

	Unit	H1 2021	H1 2020	
Revenue	€m	**249.3**	238.0	+4.7%
Gross profit	€m	**73.5**	65.3	+12.6%
Personnel expenses	€m	7.0	7.5	-7.2%
Advertising costs	€m	8.9	8.4	+6.1%
Transportation costs	€m	23.7	24.1	-1.7%
Other operating expenses	€m	25.9	26.7	-3.2%
EBITDA	€m	**8.0**	-1.5	+643.4%
Net result	€m	**1.0**	-5.9	+117.8%

- Revenues growth in core business: +6.5% (H1 20 incl. 4 €m Revenue from disc. ops.)
- H1 21: Positive one-off effects in other operating income included (2.8 €m)
- Termination of non-profitable businesses in 2020 and associated staff reductions
- Increase in marketing expenses in line with revenues growth
- Decline due to change in recognition: parts of transp. costs included in COGS since H1 21
- -0,9 €m restructuring costs vs. costs from capital increase and higher audit costs
- Significant improvement achieved
- Positive earnings on group level already after first six moths

H1 2021: BALANCE SHEET

ASSETS (EXCERPT)

	Unit	30.06.2021	31.12.2020	30.06.2020
Non-current assets	€m	118.0	124.0	86.8
Fixed assets	€m	93.0	99.4	72.8
Other assets	€m	25.0	24.6	14.0
Current assets	€m	121.0	75.8	89.9
Inventories	€m	68.3	36.9	61.5
Receivables	€m	47.8	33.3	23.5
Liquidity	€m	4.8	5.6	4.8

Amortization of rights of use according to IFRS 16 during reporting period

Stockpiling for winter season started earlier due to current market situation

At balance sheet date incl. receivables from capital increase with subscription rights

At b. s. date cash inflow from capital increase with subscription rights not included

- Strengthening of Delticom's financial position through successful capital market transactions in H1 21 is partly reflected in the increase in the receivables position
- Net inflow of 7.6 €m (gross issue proceeds after deduction of commissions and costs) was outstanding as of 30.06.2021

H1 2021: BALANCE SHEET

EQUITY & LIABILITIES (EXCERPT)

	Unit	30.06.2021	31.12.2020	30.06.2020
Equity	€m	32.2	14.8	2.4

+16.3 €m resulting from successful capital increases in the reporting period

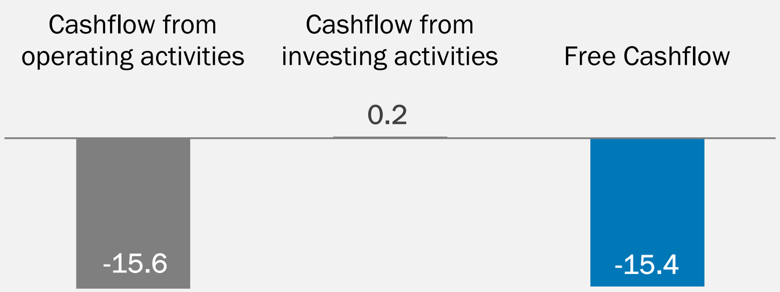
	Unit	30.06.2021	31.12.2020	30.06.2020
Liabilities	€m	206.8	185.0	173.9
Long term liabilities	€m	45.4	50.0	27.2
Short-term liabilities	€m	156.6	131.4	142.2
Short-term provisions	€m	4.8	3.5	4.8

Repayment of IFRS 16 lease obligations

Higher payables due to early winter stocking & expansion of credit lines due to seasonality

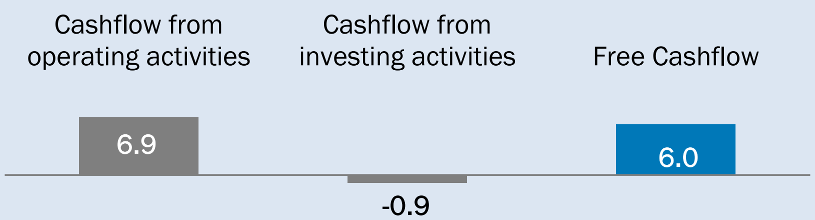
- Equity ratio increased to 13.5% due to successful capital increases (Dec 31, 2020: 7.4%).

H1 2021: FREE CASHFLOW



Free Cashflow H1 2021 (€m)

Free Cashflow H1 2020 (€m)



- Negative operating cashflow due to early start of stockpiling for winter season
- Positive cashflow from investment due to cash inflow from the disposal of property, plant and equipment

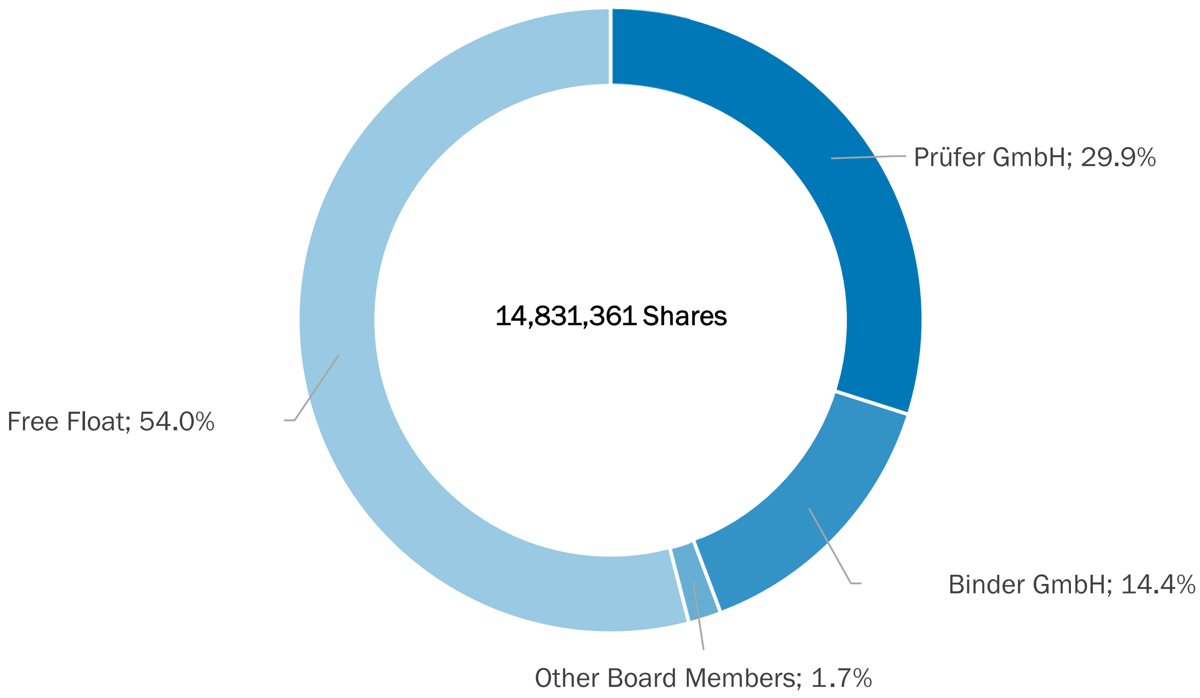
REFOCUSING ON CORE BUSINESS:
UPDATE ON TURNAROUND PROCESS

Refocusing on core business in Europe: Continuation of US-business, profitable growth opportunities	✓	Non-core businesses stopped
Financing: Financing secured until end of 2021	✓	Follow-up financing under way in close exchange with banks
Financing: Capital increase	✓	Successfully executed in June 2021 (see next page)
Operational business: ● Review of current shop concept	✓	Plan in place and part of daily operations
● Margin improvements by better procurement conditions, optimized use of market places and more specific pricing	✓	Solidification

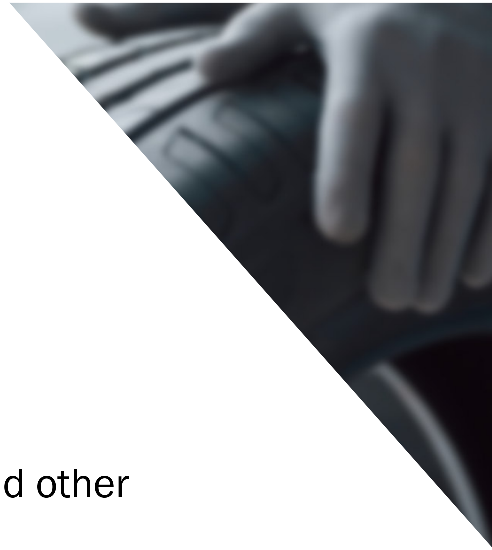
SUCCESSFUL CAPITAL INCREASES IN JUNE:
STRENGTHENING THE COMPANY'S EQUITY

- Capital increase without subscription rights on June 2, 2021 and
  Capital increase with subscription rights on June 24, 2021:
- Issue of 1,246,333 + 1,121,697 new no-par value registered shares at a placement price of EUR 7.12
- Gross issue proceeds totaling EUR 16.9 million
- High interest from investors: Strong demand clearly confirms that the right measures for a successful turnaround have been taken
- Important step in the restructuring process: Strengthening of the company's equity, repayment of loans and creating new financing and growth scope for the future

CURRENT SHAREHOLDER STRUCTURE

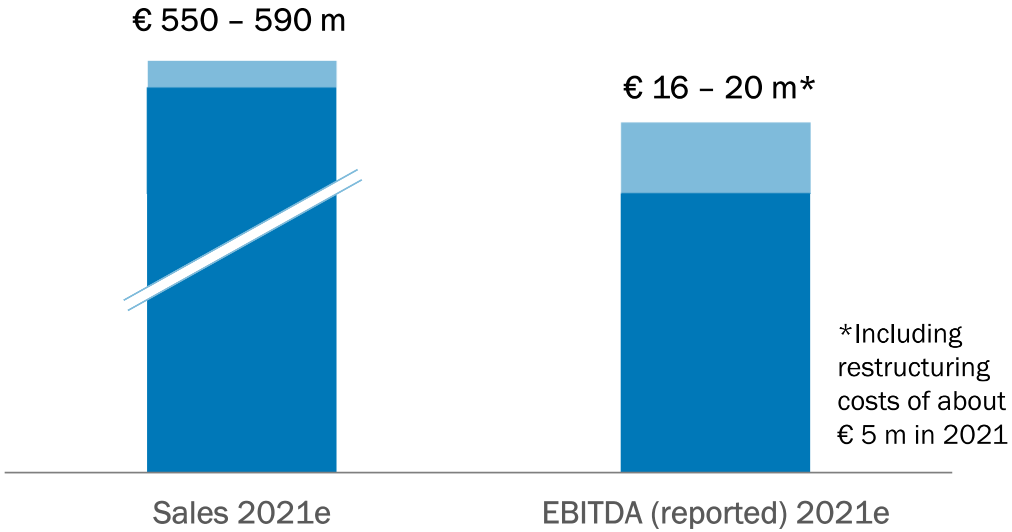


AGREEMENT ON FOLLOW-UP FINANCING WELL ON TRACK



- Constructive dialogue between management and future financing partners
- Cash inflow from the successful capital increases helps to further reduce credit lines
- Likewise the positive operational development, the optimized working capital management and other restructuring measures already completed
- The financing requirements for the coming years will be significantly reduced accordingly
- Update of Delticom's medium-term planning on the basis of the H1/2021 audited financial statements under way
- Based on the revised medium-term planning the restructuring needs to be declared as complete by the restructuring consultant before the follow-up financing can be further advanced and finalized
- Management expects the follow-up financing to be successfully concluded by the end of FY 2021

OUTLOOK FY2021:
SALES AND EBITDA GUIDANCE



➔ Further increase in e-commerce penetration expected in replacement tyre business

➔ lower end of revenues guidance needs a moderate growth in the core business

➔ Strong focus on profitability: Further improvement of EBITDA

Q&A

A firm grip on the road to success