DELTICOM

Europe‘s leading online tyre retailer

Results FY 2021

AGENDA

Content of Webcast

STRATEGIC ENVIRONMENT (1/4)
MILESTONES ACHIEVED SINCE 2020

- **Operational commissioning of a further warehouse location** in the border triangle of Germany, France and Switzerland to optimize transport routes to customers
- Significant **strengthening of equity** thanks to
  - successful **capital increases**
  - substantial **improvement in profitability**
- **Short-term financial debts** with banks **significantly reduced**
- Stringent **working capital management**
- **Follow-up financing secured**
- **US subsidiary sold, refocusing on the European core business completed**

STRATEGIC ENVIRONMENT (2/4)
SUCCESSFUL CAPITAL INCREASES

- 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 € 7.12;** increase of free float to 54.0%
- **Gross issue proceeds** totaling **€ 16.9 million**
- 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**

STRATEGIC ENVIRONMENT (3/4)
SUCCESSFULLY SECURING FOLLOW-UP FINANCING

- **Operational restructuring** already **successfully declared completed** in August last year
- **Conclusion of a syndicated loan agreement** on December 20, 2021 with a term of two years + option for one further year
- **Financing framework reduced by € 50 million**
  - Three out of six banks stayed engaged
- Purposes of new financing structure:
  - Intra-year financing to cover cashswings associated with seasonality
  - Repayment of the existing financial liabilities under the restructuring credit agreement of 13 December 2019
  - Financing of the general letter of credit and guarantee requirements
- **Financial restructuring completed** with the first payment under the syndicated loan agreement in January 2022

STRATEGIC ENVIRONMENT (4/4)
SUCCESSFUL SALE OF THE US BUSINESS

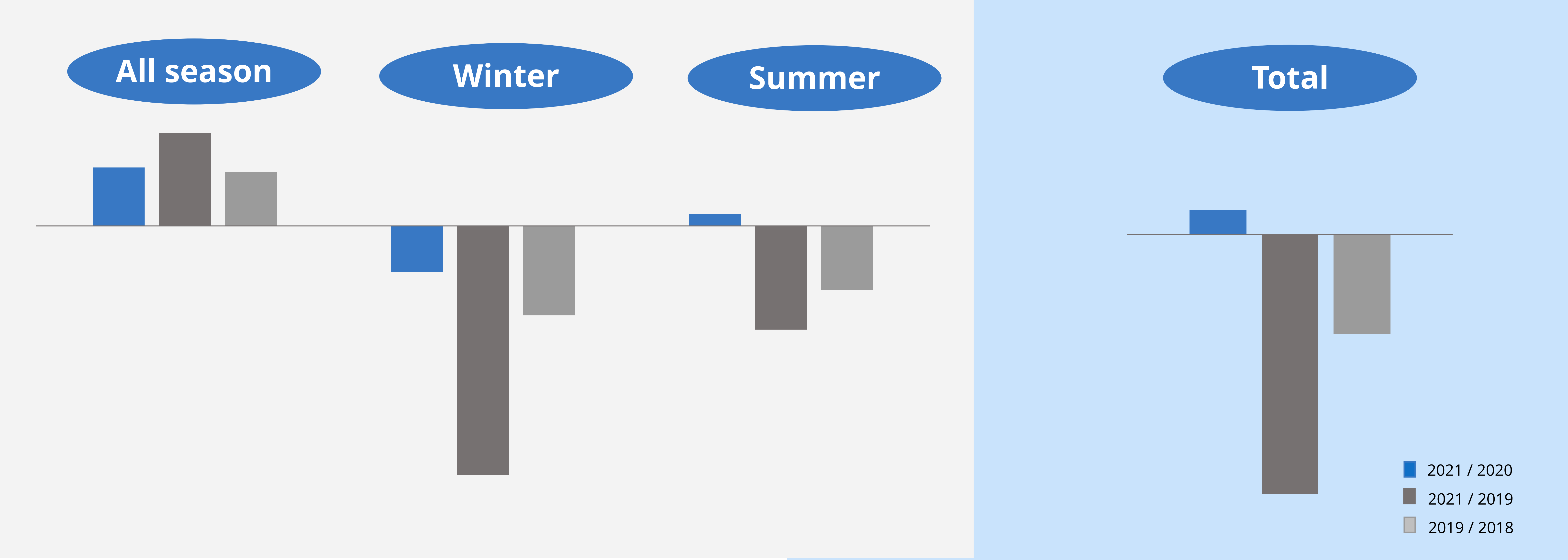
- **Conclusion of an agreement in January 2022** with an American investor **on the sale** of the companies 75 % share in **Delticom North America Inc.**
- US-business contributed **around € 70 million** to group sales in 2021 **at low profits** due to the different market structure compared with Europe
- **Purchase price** is subject to customary market adjustment mechanisms and amounts to **between $ 7 million and $ 8 million**
- **Cash inflow is planned to be reinvested** mainly into logistics systems to further reduce costs
- Focus **on expanding the market position in Europe** and **concentrate investments on European core business**

FY 2021: MARKET ENVIRONMENT (1/2)

- **COVID-19 related restrictions had been eased from Q2** due to increasing vaccination levels
- **Degree of recovery in the European replacement tyre business was uneven** across the individual countries in Europe, overall +0.2 % consumer tyres volume increase according to ETRMA compared with 2019
- According to ETRMA and WdK, **in Germany tyre sales for passenger cars grew by 1.7% in 2021** vs. 2020 but were still **8.9% below the pre-COVID 2019 level**
- European tyre industry faced with **rising raw material prices** in the course of the year
- E-commerce continues to grow strongly with **+19 % German e-commerce revenues increase** to more than 99 €bn in 2021 according to bevh

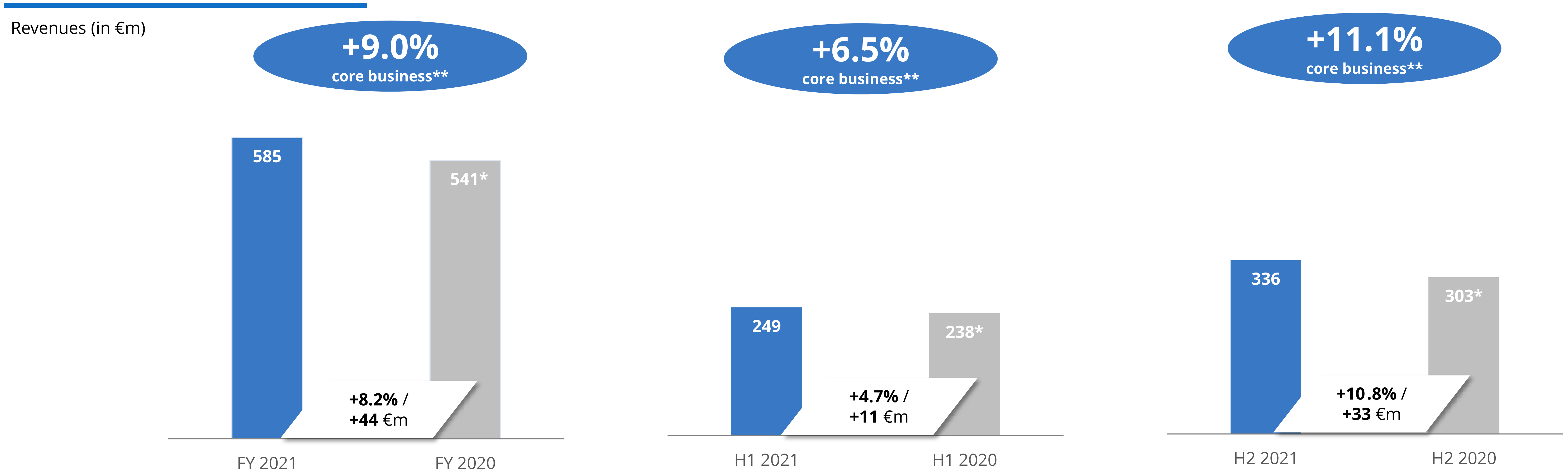
FY 2021: MARKET ENVIRONMENT (2/2)

Sales in passenger and 4x4 tyre business in Germany (change in million units)



- Sales volume in 2019 was already weaker than in 2018
- **Catch up potential** available if market volume swings back to pre-pandemic level
- **Trend to all-season tyres continues**

FY 2021: REVENUES DEVELOPMENT

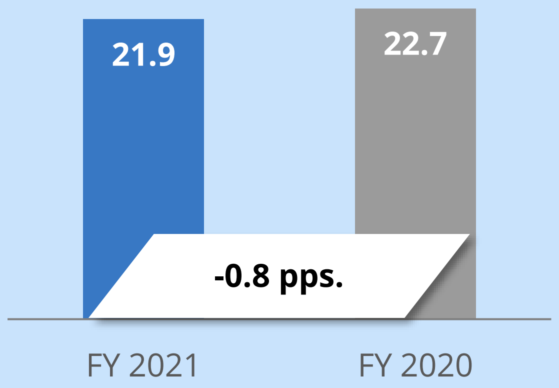


*Revenues 2020 includes revenues from discontinued operations: H1 20: 3.8 €m; H2 20: 0.7 €m
**Growth rate core business based on revenues 2020 adjusted by revenues from discontinued operations

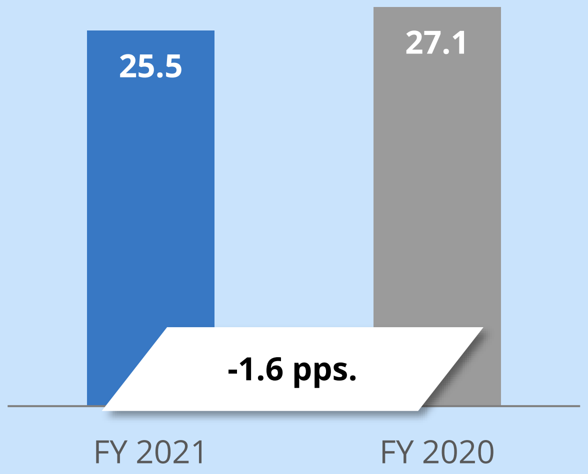
- H1 2020 sales contribution from closed businesses of ~€ 4 million, **H1 2021 core business sales up 6.5% yoy**
- **Strong Q4 with sales increase of 12.5 %**
- FY 2021 revenues in **core tyre business increased by 9.0%**
- **With € 585 million upper end of** FY revenues **guidance reached**

FY 2021: GROSS MARGIN & GROSS PROFIT MARGIN

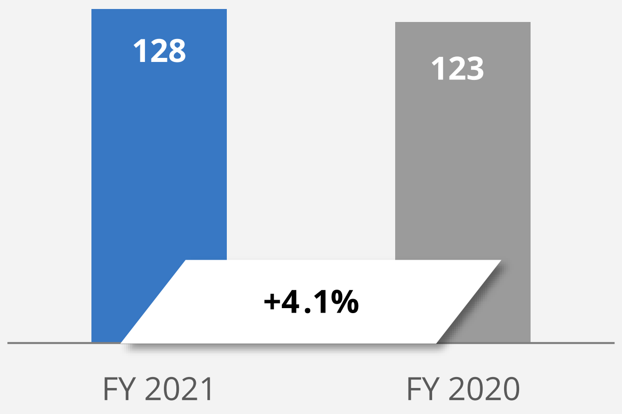
Gross margin simple
(Revenues less COGS;
in % of Revenues)



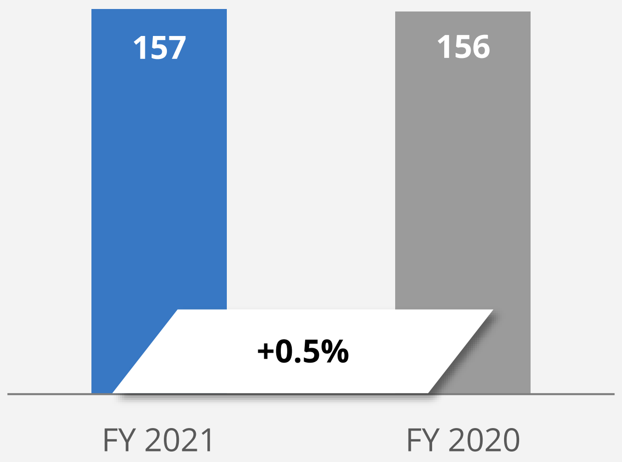
Gross profit margin
(Total income less COGS;
in % of Total income)



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

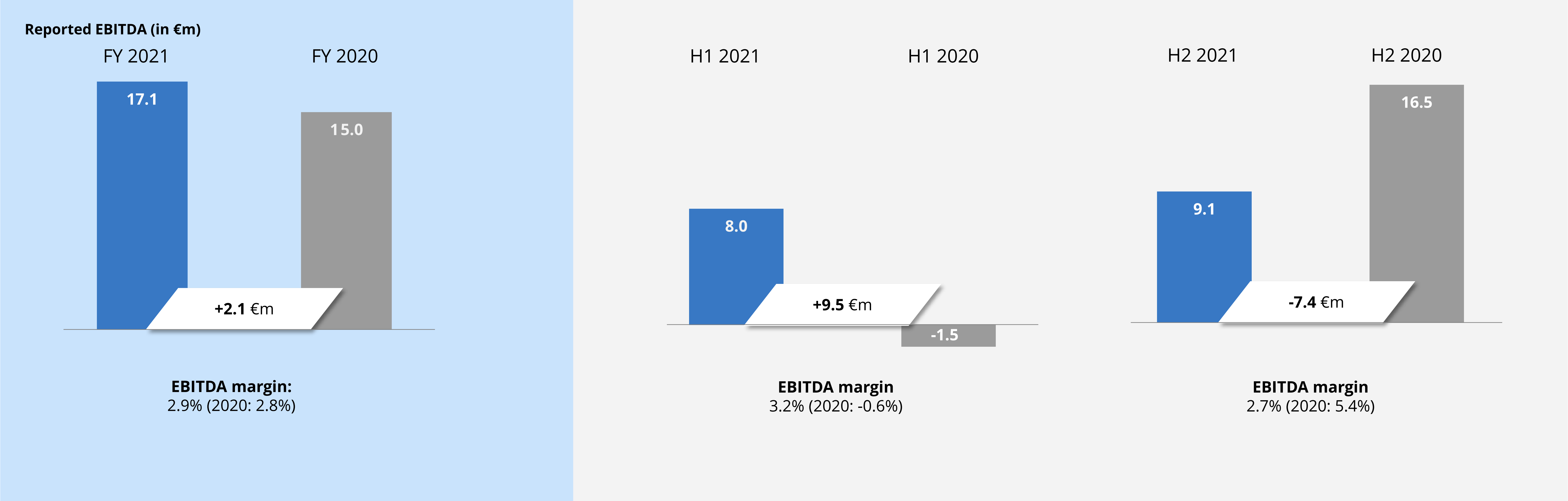


Gross profit
(Total income less COGS;
in €m)



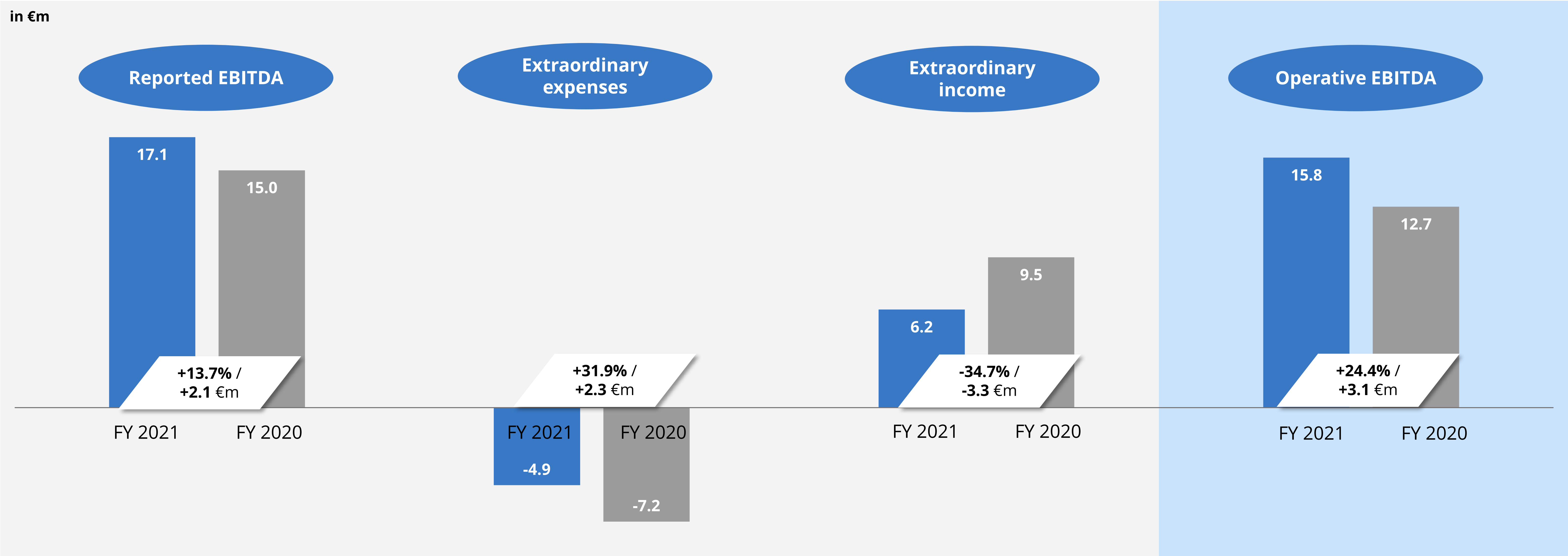
- Change **in cost recognition** in FY 2020: Parts of transportation costs now **included in COGS.**
- **Controlled** sales-price **effect in Q3 2021**: stimulated early winter season start and sales related mix effects
- **Q4 2021 gross margin with 21.6 % on par** with adjusted gross margin (Q4 2020 reported: 20.5 %)
- Extraordinary income decreased from € 9.5 million to € 6.2 million according to plan

FY 2021: EBITDA



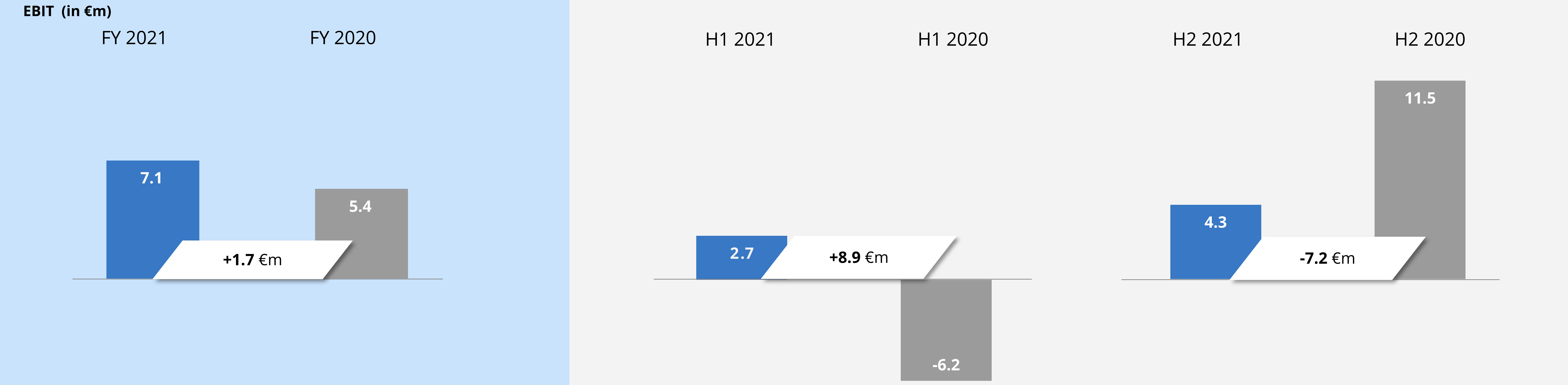
- **Significant improvement** of **EBITDA:** focus on profitability and consistent cost management
- Restructuring costs in H1 2021 of € 3 million (prior year: € 3.9 million) were largely offset by extraordinary income
- In FY 2020 extraordinary income from project business fully realized in Q4 (€ 9.5 million)
- € 1.3 million higher costs from restructuring and setting up the financing structure

FY 2021: FROM REPORTED TO OPERATIVE EBITDA



- **Reduced extraordinary EBITDA contribution effect** from € 2.3 million to € 1.3 million was **compensated**
- **Operative EBITDA increased** by more than 24 %

FY 2021: EBIT



EBIT margin:
1.2% (2020: 1.0%)

EBIT margin
1.1% (2020: -2.6%)

EBIT margin
1.3% (2020: 3.8%)

- **Depreciation of € 10 million (+3.7% yoy),** thereof € 6.8 million rights of use
- **Further improvement** of **EBIT**

FY 2021: P&L

	Unit	2021	2020	
Revenues	€m	**585.4**	541.3	+8.2%
Gross profit	€m	**156.6**	155.9	+0.5%
Personnel expenses	€m	13.4	14.3	-6.3%
Transportation costs	€m	53.6	50.1	+7.0%
Advertising costs	€m	18.8	18.9	-0.3%
Other operating expenses	€m	53.7	57.6	-6.7%
EBITDA	€m	**17.1**	15.0	+13.7%
Net income	€m	**6.8**	6.9	-0.8%

Revenues growth in core business: +9.0%

Extraordinary income reduced by 3.3 €m

Non-core businesses closed in 2020

Cost increases partly compensated

Marketing expense ratio 3.2% (2020: 3.5%)

Stringent cost management

Significant improvement achieved

On prior-year level

FY 2021: BALANCE SHEET: ASSETS (EXCERPT)

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	Unit	31.12.2021	31.12.2020
Non-current assets	€m	**111.5**	124.0
Fixed assets	€m	**88.2**	99.4
Other assets	€m	**23.2**	24.6
Current assets	€m	**92.7**	75.8
Inventories	€m	**46.6**	36.9
Trade receivables	€m	**16.5**	19.1
Liquidity	€m	**4.9**	5.6
Financial assets held for sale	€m	**13.3**	0.0

Amortization of rights of use according to IFRS 16

Advanced stockpiling for the summer tyre business

Net inflow € 0.3 million, cash and cash equivalents of € 1.1 million to be classified as "Assets held for sale"

▸ **Sustainable strengthening** of the financial and asset position

FY 2021: BALANCE SHEET: EQUITY & LIABILITIES (EXCERPT)

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	Unit	31.12.2021	31.12.2020
Equity	€m	**38.0**	14.8
Liabilities	€m	**170.1**	185.0
Long term liabilities	€m	**47.4**	50.0
Short-term liabilities	€m	**122.7**	135.0
Short-term provisions	€m	**3.6**	2.7
Financial liabilities held for sale	€m	**9.4**	0

Successful capital increases in the reporting period and improvement in profitability

Lease obligations according to IFRS 16

Repayment of loans and significant reduction in credit line utilization vs. increase in payables

- Significant **strengthening of equity; equity ratio** increased to **17.5%** (31.12.2020: 7.4%)
- **No long-term debts with banks** but only lease obligations

FY 2021: FINANCIAL LIABILITIES (1/2)

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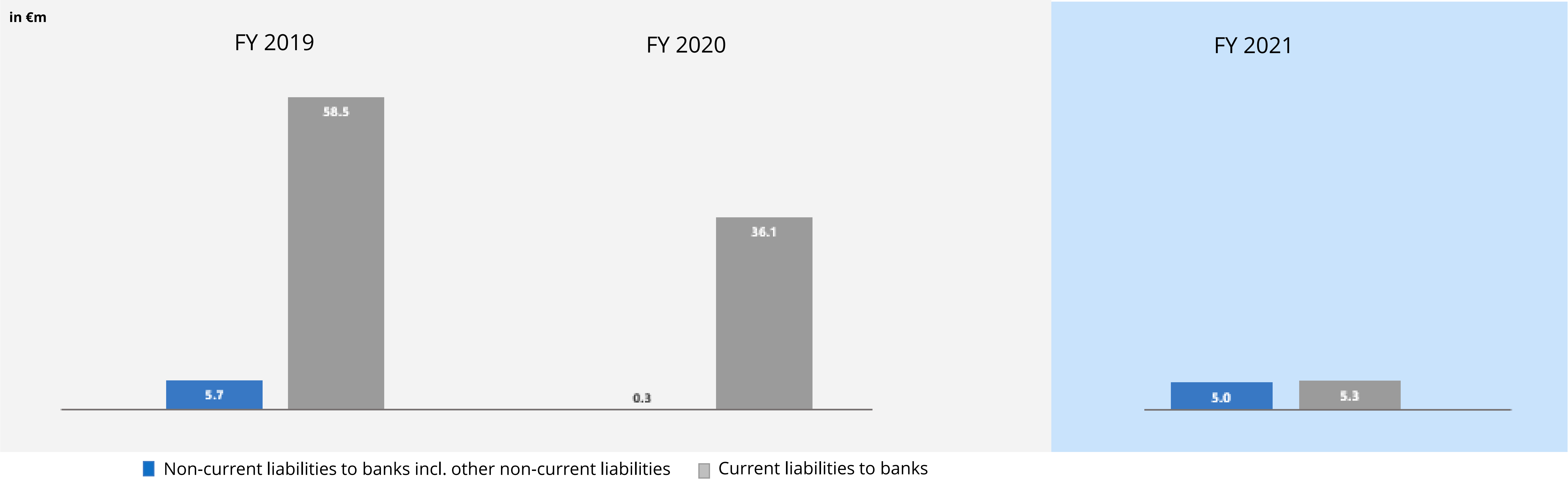
in €m	31.12.2019	31.12.2020	31.12.2021
Non-current liabilities	29.8	50.0	**47.4**
Non-current financial liabilities	28.8	49.6	**42.3**
thereof lease liability IFRS 16	23.4	49.6	**42.3**
thereof financial liabilities to banks	5.4	0.0	**0.0**
Other non-current liabilities	0.3	0.3	**5.0**
Remaining	0.7	0.1	**0.1**

in €m	31.12.2019	31.12.2020	31.12.2021
Current liabilities	149.9	135.0	**122.7**
Accounts payable	69.4	68.8	**84.6**
Current financial liabilities	64.4	44.5	**13.9**
thereof current financial liabilities to banks	58.5	36.1	**5.3**
thereof current component liability IFRS 16	5.9	8.4	**8.6**
Remaining	16.1	21.7	**24.2**

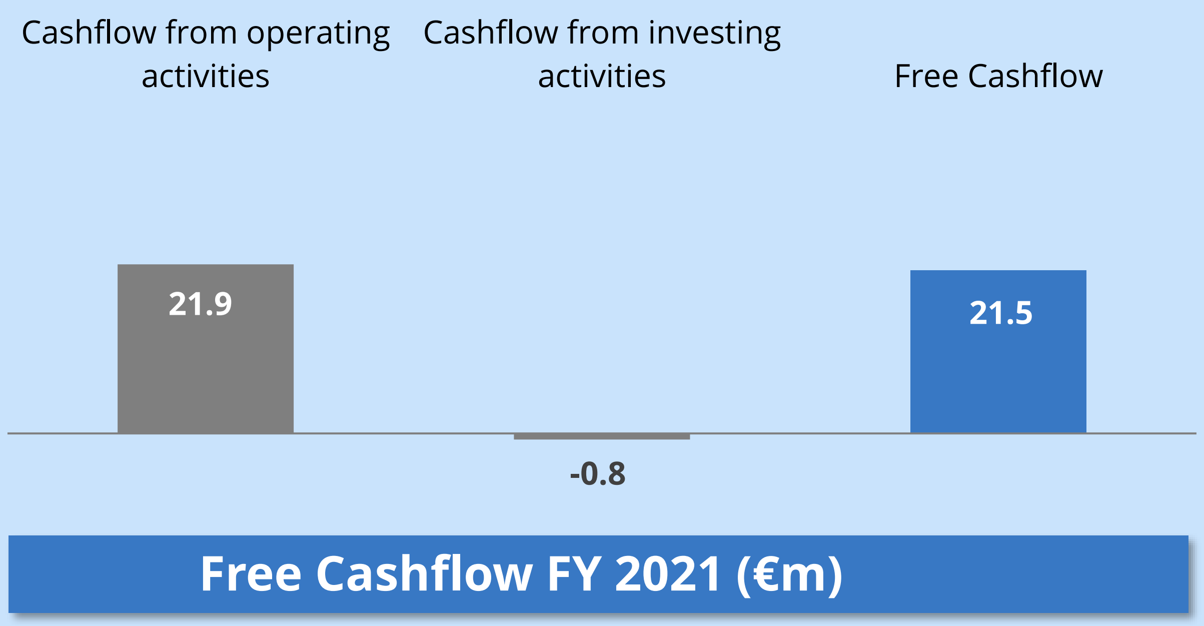
- Significant **increase in IFRS 16 lease obligations in 2020** due to the **rent of the new warehouse location**
- **€ 5 million** medium-term loan raised outside the banking syndicate at the end of 2021
- **Current financial liabilities** include the **current portion of lease obligations** arising from rental agreements
- Short-term financial **debts with banks reduced** by more than **€ 30 million**

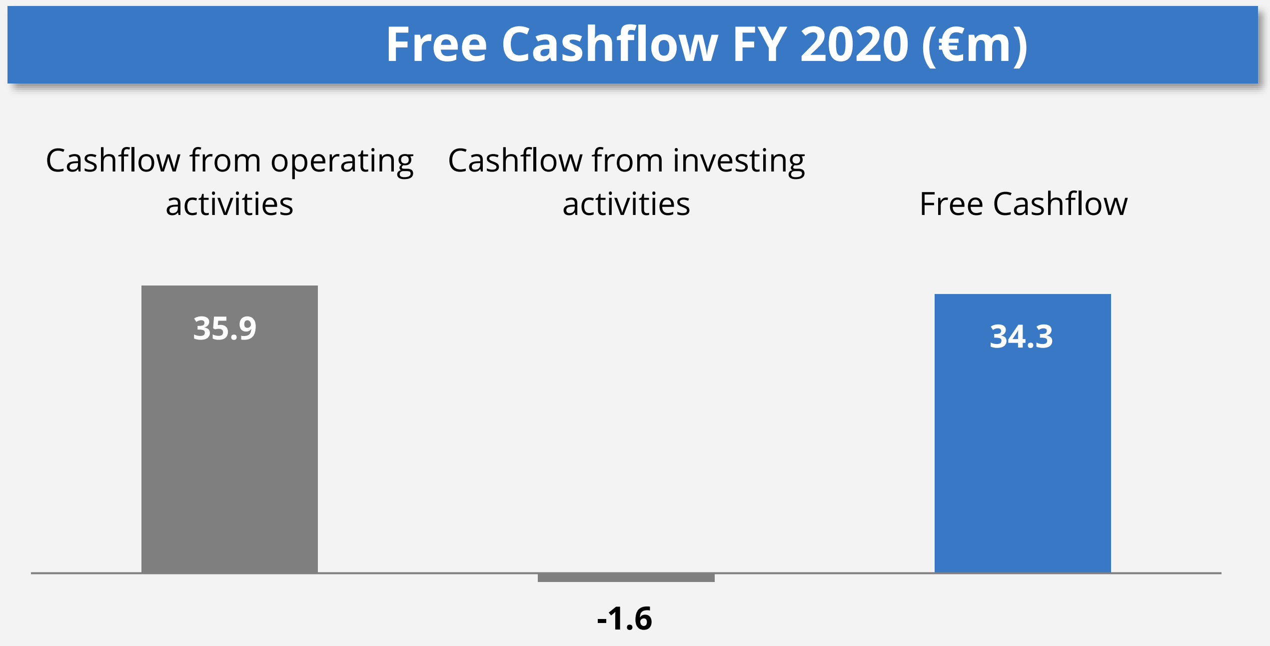
FY 2021: FINANCIAL LIABILITIES (2/2)



- Syndicated loan **agreement signed in December 2021 for 2 years** with extension option
- Financing **framework € 60 million** includes current account liabilities, guarantees and letters of credit
- **Financial restructuring completed in January 2022** with the first disbursement under the new agreement

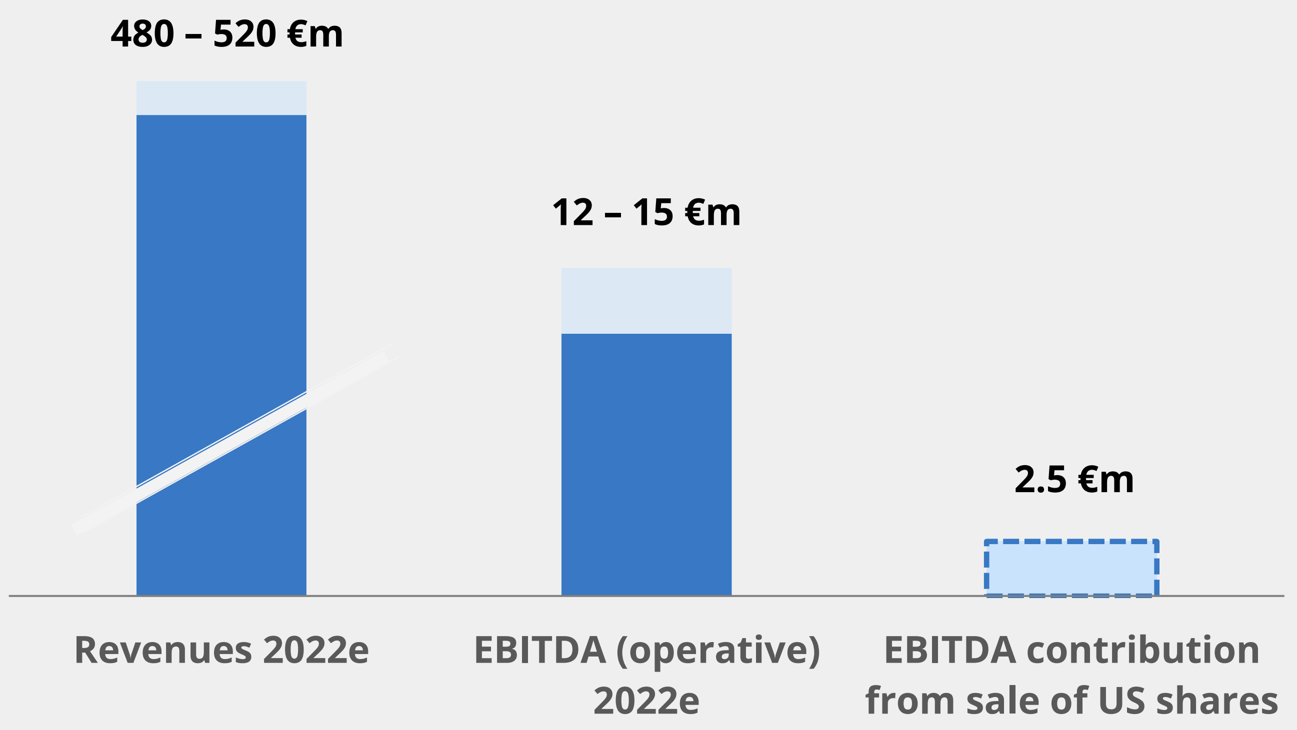
FY 2021: FREE CASHFLOW





- Reduced operating cashflow mainly due to the **advanced summer stockpiling**
- **The assets and liabilities held for sale** at the balance sheet date **included in the cash flow statement**
- Free Cashflow **> € 20 million significantly higher than forecasted** - at least € 10 million

OUTLOOK FY 2022: REVENUES AND EBITDA GUIDANCE



At least **€ 10 million Free Cashflow** from operating activities

➔ Deconsolidation of the US business (~ € 70 million in sales 2021)

➔ Conservative sales estimation due to high uncertainty regarding market developments

➔ Continued focus on profitability in 2022

➔ Adoption of a strategic roadmap for profitable growth

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Q&A

A firm grip on the road to success