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1 Group management report

1.1 Basis of the va-Q-tec Group

1.1.1 Business model, target markets, and strategic orientation

1.1.1.1 Business model and target markets in the 2023 financial year

va-Q-tec (va-Q-tec AG together with its consolidated subsidiaries referred to as “va-Q-tec” or “the Group”) is a leading global technology provider of highly efficient products and total solutions in the area of vacuum insulation and TempChain logistics. va-Q-tec offers customers from a wide range of industries insulation solutions that enable them to significantly enhance their energy efficiency. The Group’s offerings are divided into three divisions: “Products”, “Systems”, and “Services”.

In the **“Products” division**, va-Q-tec develops, produces, and sells energy-efficient, thin vacuum insulation panels (“VIPs”) for insulation as well as thermal energy storage components (Phase Change Materials – “PCMs”) for the reliable and energy-efficient storage of thermal energy. The Group’s **“Systems” division** develops, produces, and sells passive thermal packaging, containers, and boxes by combining VIPs and PCMs, which can constantly maintain a defined temperature range for up to 200 hours without the supply of external energy.

With its high-performance thermal transport solutions, va-Q-tec’s **“Services” division (Serviced Rental)** ensures temperature stability during the transport, production, and storage of temperature-sensitive life science products. In order to realize temperature-sensitive logistics chains, the Group operates a fleet of rental containers and boxes that maintain secure TempChains worldwide.

Customers from the following target markets were addressed with the offerings in these three divisions in the reporting year:

- Healthcare & Logistics, such as the transport and storage of medicines, vaccines, investigational medicinal products, and clinical samples, as well as further pharmaceutical and biotechnological products of all kinds, including last-mile logistics
- Food, such as the dispatch of a wide variety of foods, such as dough pieces, fruit and vegetables, and meat and fish, at constant temperatures
- Building, such as building insulation (façades, roofs, floors)
- Technics and Industry, such as insulating water boilers, pipelines, and laboratory equipment
- Mobility, such as insulation in refrigeration trucks, electric cars, trains, and aircraft
- Domestic and laboratory appliances, such as energy-saving measures in the refrigerator and freezer market

1.1.1.2 Strategic orientation

According to the Management's Board assessment, the Group operates in a dynamic, innovation-driven, and global market environment. In order to consolidate and expand its position as one of the world's leading providers of highly efficient products and solutions in the area of thermal insulation and TempChain logistics, va-Q-tec is pursuing the three strategic focus areas of technology leadership, growth, and profitability.

In order to be a technology leader, va-Q-tec is continuously working on innovative technologies, process innovations, and new business models that can change or improve not only temperature chain logistics, but also thermal insulation in many industries, such as mobility and technology. The focus on growth is reflected in the efforts to align processes, the organization, and the business model in such a way that economies of scale and growth opportunities can be leveraged. Operating EBITDA profitability, the third focus area, is a key

factor in corporate management and is essential for the company's success and competitiveness.

In addition, in December 2022 the course was set for a strategic partnership with global investment company EQT Private Equity and Envirotainer AB ("Envirotainer"), a Swedish provider of temperature-controlled, active logistics solutions for the pharmaceutical industry. This strategic decision is intended to secure and leverage growth opportunities in the long term. To this end, the plan is to focus the Group's business activities in the areas of pharmaceutical TempChain and thermal energy efficiency within two independent companies (PharmaCo and va-Q-tec 2.0) during the course of the 2024 financial year. A detailed description of the background to the strategic decision and its strategic and corporate structural implications as well as the commercial and financial expectations for 2024 can be found in this report in the sections "Corporate structural changes" and "Forecast".

Group structure, employees, investments, and steering

A total of 12 companies formed the va-Q-tec Group as of the end of the reporting period, consisting of the German parent company (va-Q-tec ASG) and eleven foreign subsidiaries. The eleven foreign subsidiaries comprise va-Q-tec Ltd. (UK), va-Q-tec Ltd. (South Korea), va-Q-tec Inc. (USA), va-Q-tec Switzerland AG (Switzerland), va-Q-tec Japan G.K. (Japan), va-Q-tec Uruguay S.A. (Uruguay), va-Q-tec SG Pte. Ltd. (Singapore), VA-Q-TEC INDIA PRIVATE LIMITED (India), VA-Q-TEC DO BRASIL PARTICIPAÇÕES LTDA. (Brazil), va-Q-tec Shanghai Ltd. (China), and va-Q-tec France S.a.r.l. (France).

Group steering

During the reporting period, the Group was controlled and supervised by the management both individually and from an overarching Group perspective on the basis of detailed and regular reports. The management steers the allocation of resources based on this information and institutes countermeasures where performance falls short of target. A

streamlined Group structure ensures the Group management can effectively control and coordinate the subsidiaries' important business decisions.

In the 2023 financial year, key performance indicators used by management for the management of the Group included revenues, earnings before interest, tax, depreciation, and amortization (EBITDA), as well as the equity ratio.

The following overview shows the changes in the relevant performance indicators.

<i>kEUR unless stated otherwise</i>	2023	2022	23/22
Revenues	106,124	111,833	-5 %
EBITDA (IFRS)	-1,724	7,736	-122%
EBITDA margin (IFRS)	-2%	6%	-8 pp
Equity ratio	36%	27%	+9 pp
Year-average number of employees	609	616	-7

The number of employees, including members of the Management Board, managing directors, trainees, and interns, amounts to 646 (previous year: 649).

Adjusted for the transaction costs of kEUR 5,300 expensed in connection with the current takeover offer until 31 December 2023, the relevant performance indicators show the following changes:

<i>kEUR unless stated otherwise</i>	2023	2022	23/22
Revenues	106,124	111,833	-5%
EBITDA (IFRS)	3,576	15,692	-77%
EBITDA margin (IFRS)	3%	13%	-10 pp
Equity ratio	39%	34%	+5 pp
Year-average number of employees	609	616	-7

A detailed analysis of the key figures can be found in the section "Financial position and performance".

1.1.2 Research and development

The focus of va-Q-tec's business model is on developing and marketing a world-leading technology portfolio in energy-efficient and space-saving VIPs, high-performance PCMs,

and thermal packaging systems. The research and development (R&D) area is of strategic importance to secure and further extend the company's technology leadership in the thermal insulation areas. This area operates on a cross-Group basis, developing technologies for future-viable products and solutions for the Group companies. To this end, va-Q-tec conducts internal and external research and development projects with partner companies and institutes. These projects are not only utilized for basic research on VIPs but are also geared towards the requirements of va-Q-tec's target markets. The past years' successful R&D activities have created a portfolio of patents which is reflected in the technology platform.

The company continued to invest in research and development in the year under review. Expenditure in this area amounted to kEUR 4,481, which corresponded to the previous year's level (kEUR 4,528). Research and development costs totaling kEUR 669 (previous year: kEUR 398) were capitalized in the reporting period.

1.1.3 Corporate structural changes

In 2022, va-Q-tec initiated a process with the aim of identifying potential options for the financing and implementation of the company's growth strategy in the long term. After completing a careful analysis of the options and weighing all related advantages and disadvantages, va-Q-tec signed a Business Combination Agreement in December 2022 relating to the terms and conditions of a strategic partnership with Fahrenheit AcquiCo GmbH ("Bidder") and its sole shareholder, each controlled by EQT X Fund (together with the Bidder "EQT Private Equity"), and in relation to a voluntary public takeover offer by EQT Private Equity.

With regard to the planned strategic partnership, the merger agreement provided, among other things, for the part of va-Q-tec's Services and Systems businesses focused on the pharmaceutical industry to be merged with Envirotainer AB ("Envirotainer") (together the "New Pharma Group"). Envirotainer is a Swedish provider of temperature-controlled, active logistics solutions for the pharmaceutical industry, in which EQT Private Equity already

held an indirect majority interest at the time when the merger agreement was signed. With strategic and financial support from EQT Private Equity, va-Q-tec's business in the area of thermal energy efficiency and non-pharmaceutical thermal boxes is to be further developed in the long term within an independent, new company ("va-Q-tec 2.0") and expanded to include new applications for vacuum insulation technology.

In addition, the Business Combination Agreement provides that EQT Private Equity would subscribe to a cash capital increase from approved capital equivalent to 10% of the share capital without subscription rights at EUR 26.00 per share immediately after the successful completion of the takeover offer.

On 16 January 2023, EQT Private Equity, with the support of co-investors Mubadala Investment Company ("Mubadala") and the Sixth Cinven Funds ("Cinven"), published a voluntary public takeover offer to the shareholders of va-Q-tec AG to acquire all no-par-value registered shares of va-Q-tec AG against payment of a cash consideration of EUR 26.00 per va-Q-tec share. The takeover offer provided for standard market closing conditions, including a minimum acceptance rate of 62.5% and regulatory approvals. As of the end of the extended acceptance period on 7 March 2023, the acceptance rate amounted to 85.75% and on 30 June 2023 all necessary official approvals had been received, as a consequence of which all conditions for the completion of the takeover offer were met. The offer price was paid to the shareholders upon completion of the takeover offer on 6 July 2023. Following the completion of the takeover offer, EQT Private Equity subscribed for new va-Q-tec shares amounting to a total of 10% of the share capital at an issue price of EUR 26.00 per new va-Q-tec share as part of a capital increase in accordance with the Business Combination Agreement, thereby providing va-Q-tec with equity of around EUR 35 million.

Following the successful completion of the takeover offer, EQT Private Equity made a public delisting tender offer to the shareholders of va-Q-tec AG by publishing the offer document on 2 August 2023. On 25 August 2023, va-Q-tec was informed by the Frankfurt Stock Exchange that the revocation of the admission of va-Q-tec's shares to trading on the Regulated Market of the Frankfurt Stock Exchange and simultaneously in the sub-segment of

the Regulated Market of the Frankfurt Stock Exchange with additional post-admission obligations (Prime Standard), as applied for by the company, would take effect at the end of 30 August 2023. The Bidder is convinced that long-term growth can best be achieved through a delisting and thereby within a private sector environment outside the short-term focus and volatility of the capital markets. The delisting will enable va-Q-tec to make decisions with a long-term perspective, regardless of the short-term expectations of the capital market. Due to the special regulations to which listed companies are subject, the delisting will also enable a reduction in the regulatory burden and administrative costs associated with maintaining the listing of va-Q-tec shares.

As described above, the Bidder intends to generate synergies in the relevant specific growth area of the New Pharmaceutical Group by combining va-Q-tec's pharmaceutical segment with the Envirotainer Group and to enable the New Pharmaceutical Group to provide a broader product offering for the benefit of its customers. Moreover, the Bidder intends to enable va-Q-tec 2.0 to realize, on both a better and more rapid basis, product improvements as well as volume, performance, and cost reductions in the remaining priority growth areas, especially in the development, production, and distribution of VIPs, PCMs, and temperature-controlled boxes, on both a better and more rapid basis. Furthermore, it is intended that the New Pharmaceutical Group and va-Q-tec 2.0 will enter into agreements for the exclusive supply of products (VIPs, PCMs, and boxes) and the provision of research and development services. The Bidder has undertaken to reasonably consider (i) providing va-Q-tec with back-up lines and (ii) otherwise providing sufficient additional liquidity if and to the extent that va-Q-tec requires additional funds for refinancing (in addition to the funds provided by the capital increase), or if additional funds are required for other reasons in connection with the Preceding Transaction, the carve-out, and/or the Business Combination, and these funds cannot be obtained through debt financing on reasonable terms. For further information about the planned financing and further background information, please see the Bidder's offer document.

At the Annual General Meeting on 29 August 2023, the conclusion of a domination and profit and loss transfer agreement between EQT Private Equity and va-Q-tec was approved, which came into force on 1 January 2024.

The Management and Supervisory boards of va-Q-tec AG intend to pass a resolution to implement a separation under corporate structural law of the “Products” division and production operations of va-Q-tec AG, and to spin these off into a newly formed company (“va-Q-tec 2.0”) as part of this process. Following the spin-off, all shares in the subsidiary and all properties located in Germany that are relevant to the “Products” division and production operations are to be divested. The spin-off and the divestitures are to be completed by September 2024. These form part of the strategic partnership entered into with EQT Private Equity and Envirotainer AB in December 2022 as well as part of the plan to implement the Business Combination Agreement between va-Q-tec AG and EQT Private Equity dated December 2022. The “Systems” and “Services” divisions will remain with va-Q-tec. In the current 2024 financial year, the assets and liabilities associated with va-Q-tec 2.0 are to be reported as held for sale in accordance with IFRS 5.

The remarks about the business model relate to the period until the spin-off and divestiture of the “Products” division and production operations take effect in the current financial year.

Any effects of the takeover proceedings and the delisting of the va-Q-tec shares on the annual and consolidated financial statements of va-Q-tec AG for the 2023 financial year are presented in the section explaining the business results and analyzing the Group’s financial position and performance.

1.2 Business report

1.2.1 Macroeconomic environment and Group-specific conditions

In its current publication from January 2024, the International Monetary Fund (IMF) expects global gross domestic product (GDP) to expand by 3.1% in 2023.¹ According to the IMF, the economic recovery from the Covid-19 pandemic, the Russian war of aggression against Ukraine, and the significant rise in inflation has been slow and unsteady, although the global economy is proving to be unexpectedly robust. The IMF notes that, after peaking in 2022, the inflation rate fell more rapidly, and the negative impact was less than originally expected. Further, the IMF notes that, at the same time, high interest rates to combat inflation and a reduction in fiscal support due to high debt levels continued to weigh on economic growth.

Growth in Europe, in particular, was subdued in 2023. In addition to weak consumer sentiment, persistently high energy prices, and the impact of high interest rates on corporate investment also contributed to the lack of economic momentum.

Despite the fact that va-Q-tec's target markets are driven by the general trend towards greater energy efficiency and an increasing number of temperature-sensitive pharmaceuticals, many customers across all sectors saw a reduction in business activity due to the macroeconomic situation. This was also directly reflected in the revenue growth reported by va-Q-tec AG. In addition, the effects were particularly evident in increases in material costs for box and container components, which suppliers almost always attributed to high energy costs, as well as further negative factors such as higher interest rates on variable-rate loans, and higher personnel costs.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

1.2.2 Business trends

In order to leverage the potential inherent in pharmaceutical TempChain logistics to an even greater extent, in 2023 va-Q-tec and Sartorius pushed ahead with a partnership to optimize logistics for shipping bulk drug substances (BDSs), which was announced in April 2023. BDSs are very temperature-sensitive and high-quality goods. The aim of the partnership is to enhance the efficiency and security of BDS transport throughout the sector. The partnership is the result of years of collaboration between Sartorius and va-Q-tec, exploiting the established position and respective expertise of both companies in this area. This partnership combines Sartorius's new Celsius disposable solutions for BDS management with va-Q-tec's va-Q-tainer. This solution provides the biopharmaceutical industry with a complete common platform for protecting hundreds of liters of frozen BDS shipments from external temperatures as well as mechanical and thermal stresses. The solution makes the use of hazardous dry ice superfluous. It reduces carbon dioxide emissions during transport and helps make the TempChain more climate-compatible.

Business with the food industry in the TempChain segment continued to perform well in 2023. With the va-Q-tray, temperature-sensitive foods can be transported and stored securely and at a constant temperature for several hours without external energy supply. The va-Q-tray also helps to enhance sustainability: by using the passive solution, companies can, for example, dispense with the very energy- and maintenance-intensive operation of freezer cabinets in stores. In addition to these energy savings, the volume of packaging waste produced can also be radically reduced.

Overall, however, revenue and earnings performance in the 2023 financial year was unsatisfactory. In addition to the ongoing difficult macroeconomic conditions caused by the war in Ukraine, inflation, interest rate hikes, and price increases in the commodities and energy sectors, the comparative 2022 year was still very much characterized by the coronavirus pandemic. Momentum in va-Q-tec's key end markets was correspondingly subdued in 2023, particularly in the pharmaceutical TempChain segment.

“Products” division (sale of vacuum insulation panels and phase change materials)

In the “Products” division (sale of vacuum insulation panels and phase change materials), revenues decreased slightly to kEUR 21,878 compared with the prior-year base (previous year: kEUR 22,297). After revenues had risen in the first half of the year, the economic environment for heating and building modernizations deteriorated considerably in the second half of the year, which slowed momentum in the business relating to the insulation of hot water tanks, refrigerators, and buildings. In general, it should be emphasized that VIP technology is becoming increasingly important due to the new EU energy efficiency labels for refrigerators and freezers which have been in force since 1 March 2021. Business in other end markets also remains promising, especially in the Technics & Industry segment. Business with the innovative “va-Q-shell pipe” insulation solution, which was developed in cooperation with Finnish partner Uponor, warrants special mention in this context. This innovative solution makes a significant contribution to enhancing the energy efficiency of piping, both in industrial plants and building installations as well as in the local and district heating sector. It is suitable both for insulating pipes that are not insulated at the factory, as well as for retrofitting. Thanks to outstanding material properties, this insulation solution leads to an improvement in energy efficiency of up to 50%, while at the same time reducing insulation thickness. Given rising energy prices and increasing energy-saving efforts, va-Q-tec believes that this product is particularly well positioned. Overall, revenues in this area were slightly below the previous year’s level and, given the weak second half of the year due to the economic situation, below the Management Board’s expectations.

“Systems” division (sale of thermal packaging systems)

In the “Systems” division (thermal packaging), revenues increased by 4% year-on-year, from kEUR 35,046 to kEUR 36,452. While the previous year’s figure continued to be positively characterized by business with va-Q-pal for coronavirus vaccines, the overall market for thermal boxes stagnated following the boom in previous years, resulting in a reduction in pharmaceutical business at va-Q-tec. By contrast, sales in the food thermal box segment performed very well in 2023, leading to slight growth in the Systems division overall.

“Services” division (Serviced Rental of thermal packaging systems)

va-Q-tec’s Services division, which comprises the container and box rental business for the transport of temperature-sensitive goods, mainly from the pharmaceutical and biotech sectors, recorded a year-on-year decrease of 12% in 2023 to kEUR 45,619 (previous year: kEUR 52,090). This area also continued to be characterized by a strong prior-year basis, with a good portion of revenues still attributable to the coronavirus business. Although the rental of small, insulated boxes for “last mile” transport recorded significant growth, this growth was unable to fully offset the reduction in the coronavirus business.

Compared to 2022, adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) decreased sharply in 2023 to kEUR 3,576 (previous year: kEUR 15,692, 77%). As a consequence, the margin decreased significantly from 13% to 3%, in relation to total income. Earnings before interest and tax (EBIT) decreased by kEUR 13,739, from kEUR 692 to kEUR -13,047. Earnings before tax (EBT) also reduced to kEUR -16,387 (previous year: kEUR -1,380). The overall earnings trend was significantly influenced by the discontinuation of coronavirus revenues. Furthermore, higher personnel expenses due to the expansion planned in the previous year to support further growth, higher other operating expenses (transaction costs as part of the takeover offer), higher energy costs, and a renewed rise in travel and trade fair costs had an additional negative impact on earnings.

Overall, business trends in 2023 were very disappointing within a macroeconomic environment that remained challenging, very subdued end-market momentum, a comparison with the previous year that was still very much characterized by vaccine shipments, and the ongoing takeover process, including the antitrust review, which tied up considerable capacities within the company.

1.2.3 Group business results and analysis of the financial position and performance

In December 2022, va-Q-tec AG signed a Business Combination Agreement (for a detailed description, see section 1.3) and passed a resolution to focus its existing business activities in the pharmaceutical TempChain and thermal energy efficiency areas within two independent companies (PharmaCo and va-Q-tec 2.0). Unless otherwise stated, reporting on business and financial trends in 2023 will still be based on the current corporate structure.

Results of operations

<i>kEUR</i>	2023	2022	Δ 23/22
Revenues	106,124	111,833	-5%
Total income	116,117	122,803	-5%
Cost of materials and services	-49,644	-46,701	+6%
Gross profit	66,453	76,102	-13%
Personnel expenses	-38,380	-37,587	+2%
Other operating expenses**	-29,797	-30,779	-3%
EBITDA	-1,725	7,736	-122%
<i>EBITDA margin on total income</i>	-2%	6%	
Depreciation, amortization and impairment losses	-15,432	-15,000	+11%
EBIT	-17,157	-7,264	
Result from fair value measurement of participating interests	-1,191	530	
Net financial result	-3,340	-2,602	
EBT	-21,688	-9,336	

Certain cost items in other operating expenses in 2023 are not attributable to operating activities. These are non-recurring costs of kEUR 5,300 (previous year: kEUR 6,657) in connection with the public takeover offer by EQT Private Equity, and tax arrears of kEUR 0 (previous year: kEUR 1,299) in various countries deferred in 2023 (previous year: kEUR 2,069 of tax arrears included on other operating expenses, and kEUR 326 of customs duties arrears included in the cost of materials) (see also "Adjusted earnings" below).

Overall new order intake in the 2023 financial year was below the previous year's level. Given this, revenues decreased by 5% to kEUR 106,124 in the 2023 financial year. The revenue reduction was mainly driven by the "Services" division and to a lesser extent by the

“Products” division, while the “Systems” division grew slightly overall despite the waning of the coronavirus boom.

The German reporting segment (va-Q-tec AG) contributed kEUR 64,026 of revenues (previous year: kEUR 72,278), the UK reporting segment (va-Q-tec UK) kEUR 36,344 (previous year: kEUR 45,107), and the “Other” reporting segment kEUR 21,390 (previous year: kEUR 22,493).

In the 2023 financial year, revenues generated with Products (sale of vacuum insulation panels) were down by kEUR 22,297, from kEUR 419 to kEUR 21,878 (-2%). In the Systems division (sale of thermal packaging), revenues decreased year-on-year by kEUR 1,406, from kEUR 35,046 to kEUR 36,452 (+4%). The Group generated revenues of kEUR 45,619 with Services (Serviced Rental of thermal packaging), compared with kEUR 52,090 in the previous financial year (kEUR -6,471; -12%).

Total income decreased by kEUR 6,686 to kEUR 116,117 in the reporting period (previous year: kEUR 122,803). This was primarily due to the reduction in own work capitalized and a lower level of changes in inventories (stock accumulation).

The cost of materials and purchased services rose by 6% from kEUR 46,701 in the previous year to kEUR 49,664. The increase is primarily due to the less favorable product mix (reduction in the cost of materials in the Services business). Overall, the cost of materials ratio in relation to total income rose from 38% in the previous year to 43% in 2023. At the same time, the gross profit ratio decreased to 57% in 2023 (previous year: 62%).

Personnel expenses in 2023 were up slightly by kEUR 793 year-on-year, rising from kEUR 37,587 to kEUR 38,380 (+2%). Measured in terms of total income, this corresponds to a ratio of 33% (previous year: 31%). In addition to usual wage and salary increases, the rise in absolute terms mainly reflects the year-on-year increase in the average number of employees.

Other operating expenses decreased by kEUR 981, from kEUR 30,779 in the prior-year period to kEUR 29,798 in 2023 (-3%). The reduction was primarily due to the lower transaction costs incurred in 2023 (kEUR 5,300, compared with kEUR 6,657 in the previous year). Measured in terms of total income, this corresponds to an other operating expense ratio of 26% (previous year: 25%).

Overall, earnings before interest, tax, depreciation, and amortization (EBITDA) was down by kEUR 9,460, from kEUR 7,736 in the previous year to kEUR -1,725 (-122%). This corresponds to an EBITDA margin of -2% in 2023 compared with 6% in 2022, measured in terms of total income. Due to the one-off costs of kEUR 5,300 in connection with the public takeover offer by EQT Private Equity, and the unsatisfactory operating performance, particularly in the Services division, the EBITDA margin fell well short of the guidance.

Depreciation and amortization increased by 3% from kEUR 15,000 to EUR 15,431 due to the significant reduction in investment activity compared with the previous year.

The operating result (EBIT) amounted to kEUR -17,157 in 2023. This represents a significant deterioration in EBIT of kEUR -9,893 compared with the previous financial year (previous year: kEUR -7,264) due to the reasons explained above and under “Adjusted earnings” below.

The fair value measurement of investments resulted in a loss of kEUR -1,191 (previous year: a gain of kEUR 530).

The net financial result amounted to kEUR -3,340 compared with kEUR -2,602 in the previous year and reflects the slightly higher utilization of borrowed capital, particularly until the successful implementation of the capital increase, as well as the higher interest rate level.

For the 2023 financial year, earnings before tax (EBT) decreased sharply to kEUR -21,688 compared with the previous financial year (previous year: kEUR -9,336) for the reasons

mentioned above and, like earnings after tax, remained significantly in the negative range at kEUR -22,742, and compares with kEUR -11,664 in the previous year.

Adjusted earnings

<i>kEUR</i>	2023 adjusted	2022 adjusted	Δ 23/22
Revenues	106,124	111,833	-5%
Total income	116,117	122,803	-5%
Cost of materials and services	-49,664	-46,701	+6%
Gross profit	66,453	76,102	-13%
Personnel expenses	-38,380	-37,587	+2%
Other operating expenses	-24,498	-22,823	+7%
EBITDA	3,576	15,692	-77%
<i>EBITDA margin on total income</i>	3%	13%	
Depreciation, amortization and impairment losses	-15,432	-15,000	+3%
EBIT	-11,856	692	
Result from fair value measurement of participating interests	-1,191	530	
Net financial result	-3,340	-2,602	
EBT	-16,387	-1,380	

Significant cost items in other operating expenses in both 2023 and 2022 are not attributable to operating activities. These relate to the one-off costs of kEUR 5,300 incurred in 2023 in connection with the public takeover offer by EQT Private Equity (previous year: kEUR 6,657), combined with the capital increase of around EUR 34.9 million to be carried out immediately after the closing of the transaction in order to strengthen the financing position and capital structure and to secure the growth potential of va-Q-tec AG. In the table above and in the following remarks, we have adjusted the earnings to reflect these cost items, in order to improve comparability of operating costs.

Secondly, these relate to the tax and customs arrears payments in various countries for which provisions of kEUR 0 were formed in 2023 (previous year: kEUR 1,299). With regard to these adjustments, please refer to the detailed explanations in section 6.3 in the notes to the financial statements. After careful analysis and consideration, we decided to adjust the earnings in the table above as well as the following remarks relating to these cost items in order to improve comparability of operating costs with the previous year.

Adjusted for the aforementioned amount, other operating expenses would have grown by kEUR 1,674, from kEUR 22,823 in the previous year to kEUR 24,497 (+7%). Measured against total income, this leads to a one percentage point higher other operating expense ratio of 21% (previous year: 19%). The main negative factors were higher energy expenses (ancillary building costs) and a year-on-year increase in marketing and sales activities.

Adjusted for the one-off costs not attributable to the operating business, EBITDA would have decreased by kEUR 12,116, from kEUR 15,692 in the previous year to kEUR 3,576 (-77%). This would correspond to an adjusted EBITDA margin of 3% in 2023 (2022: 13%), measured in terms of total income.

Adjusted for the one-off costs not attributable to the operating business, EBIT would have changed by kEUR -13,739, from kEUR +692 in the previous year to kEUR -11,856.

Adjusted for the one-off costs not attributable to the operating business, EBT amounted to kEUR -16,388, compared with kEUR -1,380 in the previous financial year.

German reporting segment (va-Q-tec AG)

<i>kEUR unless stated otherwise</i>	2023 (IFRS)	2022 (IFRS)	Δ 23/22
Revenues	64,026	72,278	-11%
EBITDA	-7,649	-10,364	-26%
Equity ratio	41%	30%	+11 pp
Average number of employees	524	534	-10

In the German reporting segment (va-Q-tec AG), revenues decreased by kEUR 8,252 (-11%), from kEUR 72,278 in the previous year to kEUR 64,026 in 2023. While the Products business with VIPs performed modestly as described, deliveries, in particular, were down. EBITDA reported a significant decrease to kEUR -7,649 (previous year: kEUR -10,634).

Earnings were again very strongly impacted by the non-recurring transaction costs in the other operating expenses that cannot be allocated to the operating business.

Adjusted for the non-recurring other operating expenses not attributable to the operating business, EBITDA would have decreased from kEUR -3,707 in the previous year to kEUR -2,349, and the equity ratio from 35% to 45%.

The average number of employees including members of the Management Board, trainees, and interns reduced by 10 year-on-year to 524 (previous year: 534).

UK reporting segment (va-Q-tec UK Ltd)

<i>kEUR unless stated otherwise</i>	2023 (IFRS)	2022 (IFRS)	Δ 23/22
Revenues	36,344	45,107	-19%
EBITDA	9,721	15,521	-37%
Equity ratio	44%	35%	+9 pp
Average number of employees	53	54	-1

The UK reporting segment comprises mainly the rental of temperature-controlled containers for the global pharmaceuticals industry. Revenues in this segment were down by 19% from kEUR 45,107 in the previous year to kEUR 36,344 in 2023. This was again negatively impacted by the loss of coronavirus business, which has not yet been fully offset by non-coronavirus business. EBITDA reported a marked reduction of kEUR 6,019, from kEUR 15,521 in the previous year to kEUR 9,721 in 2023. The average number of employees remained almost constant at 53 (previous year: 54).

Other reporting segment

<i>kEUR unless stated otherwise</i>	2023 (IFRS)	2022 (IFRS)	Δ 23/22
Revenues	21,390	22,493	-5%
EBITDA	-2,076	51	-4,170%
Equity ratio	-31%	-11%	-20 pp
Average number of employees	68	61	+7

The subsidiaries in Switzerland, China, India, Brazil, Singapore, Korea, Japan, Uruguay, the USA, and France together form the “Other” reporting segment. Despite a slight reduction in revenues, this segment’s revenue share rose to 18% in 2023 (2022: 16%). All subsidiaries in the “Other” reporting segment are important for local presence, the expansion of regional operating activities, and the perception of va-Q-tec as a reliable global and regional partner. The average number of employees amounted to 68 (previous year: 61).

Financial position

Liquidity

<i>kEUR</i>	2023	2022
Net cash flow from operating activities	-4,969	9,681
Net cash flow from investing activities	-8,749	-8,664
Net cash flow from financing activities	21,557	-1,557
Change in cash and cash equivalents	7,709	-429
Cash and cash equivalents as of 31 December 2023	17,090	9,381

Before changes in working capital, va-Q-tec generated cash flow from operating activities of kEUR -7,052 in 2023, compared with kEUR 7,350 in 2022 (-196%), due to the deterioration in EBITDA.

Net cash flow from operating activities, including working capital changes, amounted to kEUR -4,969 in 2023 and was thereby kEUR 14,650 lower than the level of kEUR 9,681 in the same period of the previous year. This is due to the very significant reduction in consolidated net income, which also had a negative impact on operating cash flow.

Adjusted for the cash flows in connection with the one-off costs of the takeover offer not attributable to the operating business and the associated capital increase, net cash flow from operating activities including working capital changes in the 2023 financial year would have been kEUR 9,704 lower at kEUR 331 (previous year: kEUR 10,035).

Cash flow from investing activities rose from kEUR -8,664 in the same period of the previous year to kEUR -8,749 in 2023 and was thereby at the previous year's level. The purchase of property, plant and equipment led to cash flow of kEUR -7,120 compared with kEUR -8,272 in the same period of the previous year.

The cash flow from financing activities of kEUR 21,557 (previous year: kEUR -1,557) primarily reflects the proceeds from the issuance of shares, which generated cash inflows of kEUR 34,879 (previous year: kEUR 0).

Net assets and capital structure

Assets		
kEUR	31/12/2023	31/12/2022
Non-current assets		
Intangible assets	5,455	6,036
Property, plant and equipment	77,943	80,645
Investment property	1,020	1,020
Capitalized contract costs	136	48
Financial assets	8,616	7,752
Other non-financial assets	1,824	1,307
Deferred tax assets	1,372	875
Total non-current assets	96,366	97,683
Current assets		
Inventories	16,761	18,838
Trade receivables	8,161	7,733
Other financial assets	2,086	6,734
Tax assets	164	-
Other non-financial assets	2,495	2,145
Cash and cash equivalents	17,090	9,381
Total current assets	46,757	44,831
Total assets	143,123	142,514

Property, plant and equipment decreased by a total of kEUR 2,702, from kEUR 80,645 as of 31 December 2022 to kEUR 77,943 as of 31 December 2023. Total non-current assets

reduced by kEUR 1,317, from kEUR 97,683 to kEUR 96,366 as of 31 December 2023. This reduction is primarily due to the decrease in property, plant and equipment, and in intangible assets.

Inventories decreased by kEUR 2,077 to kEUR 16,761 (previous year: kEUR 18,838) due to the reduction in revenues, which is also attributable to a reduced level of safety stocks due to more reliable supply chains and shorter delivery times. Trade receivables increased slightly by kEUR 428 to kEUR 8,161 as of 31 December 2023 (previous year: kEUR 7,733). Other current financial assets decreased by kEUR 4,648, from kEUR 6,734 to kEUR 2,086 as of 31 December 2023, after the previous year's figure was very significantly influenced by the charging for technical reasons via va-Q-tec AG of a service on behalf of a subsidiary. Current non-financial assets remained almost constant at kEUR 2,495 (previous year: kEUR 2,145). Cash and cash equivalents increased by kEUR 7,709, from kEUR 9,381 to kEUR 17,090, as a result of the payment from the capital increase. For the aforementioned reasons, total current assets increased significantly from kEUR 44,831 as of 31 December 2022 to kEUR 46,757 as of 31 December 2023. Total assets decreased slightly from kEUR 142,514 as of 31 December 2022 to kEUR 143,123 as of 31 December 2023 for the reasons mentioned above.

Investments

The focus of investment activity in 2023 was on the continued investment in production capacities in Würzburg and Kölleda, the significantly reduced increase in the container fleet for the global container rental business following the expansion of previous years, and the expansion of the thermal box fleet. As planned, investment activity reduced sharply from the high level of previous years and in the wake of the weak business performance. Capital expenditure of kEUR 1,746 was attributable to intangible assets (previous year: kEUR 3,457). A total of kEUR 12,085 (previous year: kEUR 12,374) was invested in property, plant and equipment, of which kEUR 1,213 was invested in the container fleet (previous year: kEUR 2,998). In addition, these investments already include additions to rights of use in accordance with IFRS 16 of kEUR 4,791 (previous year: kEUR 3,567).

After depreciation and other movements, property, plant and equipment decreased by 3% from kEUR 80,645 to kEUR 77,943. Following the completion of the capacity expansion in previous years, investment activity was significantly reduced in 2023.

Equity and liabilities		
kEUR	31/12/2023	31/12/2022
Equity		
Issued share capital	14,757	13,415
Treasury shares	-54	-54
Additional paid-in capital	87,557	54,020
Cumulative other comprehensive income	335	378
Retained earnings	-51,696	-29,060
Total equity	50,899	38,699
Non-current liabilities and provisions		
Provisions	159	208
Liabilities from bonds issued	26,744	-
Bank borrowings	19,777	25,319
Other financial liabilities	7,764	5,307
Other non-financial liabilities	4,885	4,753
Total non-current liabilities and provisions	59,329	35,587
Current liabilities and provisions		
Provisions	1,354	3,188
Liabilities from bonds issued	-	24,821
Bank borrowings	6,062	12,180
Other financial liabilities	8,075	11,732
Contractual liabilities	1,778	65
Trade payables	6,421	7,130
Tax liabilities	62	973
Other non-financial liabilities	9,143	8,139
Total current liabilities and provisions	32,895	68,228
Total equity and liabilities	143,123	142,514

The Group's equity increased by kEUR 12,200 to kEUR 50,899 due to the capital increase. Due to the parallel only slight decrease in total assets, the unadjusted equity ratio increased to 36% as of 31 December 2023 (31 December 2022: 27%). The consolidated net income for the year includes significant costs of kEUR 5,300 (previous year: kEUR 6,657) that are not attributable to operating activities but are related to the public takeover offer by EQT

Private Equity and the capital increase of approximately EUR 34.9 million, which was realized immediately after the closing of the transaction and which is intended to strengthen the financial capacity and capital structure as well as to secure the growth potential of va-Q-tec AG. Due to the capital increase, the equity ratio has risen well above 30% again.

Liabilities from bonds issued amount to kEUR 26,744 (previous year: kEUR 24,821). These were again classified as non-current, as the covenants were complied with as of 31 December 2023. Non-current bank borrowings decreased significantly from a total of kEUR 25,319 to kEUR 19,777. At the same time, current bank borrowings decreased by kEUR 6,118, from kEUR 12,180 to kEUR 6,062.

Non-current other financial liabilities rose from kEUR 5,307 to kEUR 7,764. Within this item, lease liabilities, in particular, increased from kEUR 4,982 to kEUR 7,447. Non-current other non-financial liabilities remained almost constant at kEUR 4,885 (previous year: kEUR 4,753).

Current provisions decreased from kEUR 3,188 as of 31 December 2022 to kEUR 1,354 as of 31 December 2023. Other current financial liabilities reduced by a total of kEUR 3,657, from kEUR 11,732 to kEUR 8,075, mainly due to a significant decrease in accrued liabilities for outstanding invoices. Trade payables decreased from kEUR 7,130 in the previous year to kEUR 6,421 as of 31 December 2023. Other current non-financial liabilities increased by a net kEUR 1,004 to kEUR 9,143 (31 December 2022: kEUR 8,139). Within this item, pre-payments received on orders, in particular, increased. At the same time, the special item for deferred container profits reduced, as planned, by kEUR 184 to kEUR 0.

As a consequence, bank borrowings plus asset leasing of kEUR 25,916 accounted for 18% of total assets (31 December 2022: kEUR 38,181, 27%). For this reason, the total volume of finance leases decreased further by kEUR -605, from kEUR 683 in the 2022 financial year to kEUR 78 in the past 2022 financial year. Current liabilities and provisions decreased to kEUR 32,895 in the financial year under review, corresponding to 23% of total assets (31 December 2022: kEUR 68,228, 48%). Similarly, the Group's non-current liabilities and

provisions rose to kEUR 59,329, equivalent to 41% of total assets, as of 31 December 2023 (31 December 2022: kEUR 35,587, 25%). Trade payables decreased by kEUR 709 to kEUR 6,421, compared with kEUR 7,130 in the previous year.

Overall statement on business progress

va-Q-tec looks back on a 2023 financial year that was disappointing overall within a very challenging macroeconomic environment. Consolidated revenues were down by 5% to kEUR 106,123. Given the unfavorable market environment, the rate of revenue growth decreased significantly and revenues of EUR 106 million fell short of the original revenue guidance range of between EUR 120 million and EUR 135 million. Demand for qualified thermal transport solutions for coronavirus vaccines decreased considerably more than announced by the business partners and accordingly expected by the Management Board. The financial year under review was characterized by a downturn in Covid-19 business, and the market for pharmaceutical TempChain solutions failed to perform satisfactorily overall.

Earnings deteriorated significantly due to the lower revenue level and rising input costs, as well as due to the non-recurring costs of kEUR 5,300 in connection with the public takeover offer by EQT Private Equity that are not attributable to operating activities.

Unadjusted EBITDA decreased to kEUR -1,725. The EBITDA margin in relation to total income decreased by ten percentage points to -1%, compared with the original guidance of a significantly rising EBITDA margin compared with 2022.

Unadjusted EBIT was considerably negative at kEUR -17,157. Unadjusted EBT was also clearly negative at EUR -21,688 thousand.

If these key figures are adjusted for the aforementioned non-recurring costs of kEUR 5,300 in total that are not attributable to operating activities, va-Q-tec would have generated EBITDA of kEUR 3,576 in 2023, which corresponds to a 3% margin on total income. Adjusted EBIT amounts to kEUR -13,047 and adjusted EBT is clearly negative at kEUR -16,387, although also better than without the adjustment of the figures.

Due to the capital increases that were carried out, the equity ratio rose in the 2023 financial year in line with the guidance.

1.2.4 Non-financial performance indicators

Employees at va-Q-tec

As a technology company, va-Q-tec ascribes particular significance to its staff and their qualifications. The employees' knowledge, skills, further development, and commitment are essential for va-Q-tec's further success and performance. Staff received both inhouse and external training measures during the year under review. Along with corresponding functional training sessions for employees, the focus was on the cross-functional topic of project management. va-Q-tec employs a high number of students, especially in research and development. A total of 17 working students were employed at va-Q-tec (previous year: 18). The average number of employees decreased by 7 in the 2023 financial year, from 616 in the previous year to 609. Including the members of the Management Board, managing directors, trainees, and interns in the Group, the average number of employees reduced from 649 in the 2022 financial year to 646 in 2023. As a consequence, the change in the number of employees was in line with the communicated expectation of a slight decrease in the 2023 financial year.

1.3 Forecast

1.3.1 Outlook

As a consequence of the successful takeover offer and the conclusion of a domination and profit and loss transfer agreement between EQT Private Equity and va-Q-tec, va-Q-tec AG will undergo extensive structural changes in the 2024 financial year. The Business Combination Agreement with EQT Private Equity already described in detail in the section on

corporate structural changes provides for the merger of parts of va-Q-tec's Services and Systems businesses for the pharmaceutical sector ("PharmaCo") focused on the pharmaceutical sector with Envirotainer AB ("Envirotainer"), in which EQT Private Equity already holds an indirect majority interest. The business in the area of thermal energy efficiency ("Products business") and with thermal boxes for non-pharmaceutical applications is to be spun off within an independent, new company ("va-Q-tec 2.0"), and is to be expanded to include new application possibilities for vacuum insulation technology.

The structural changes at va-Q-tec AG on the basis of the Business Combination Agreement with EQT Private Equity are expected to be legally completed by 30 September 2024. As the assets and liabilities associated with va-Q-tec 2.0 are reported as held for sale, the following guidance relates only to the future business of the new company PharmaCo, which focuses on va-Q-tec's pharmaceutical business.

The Management Board's forecasts are based on the assumption that agreements have been concluded between va-Q-tec or the New Pharma Group and va-Q-tec 2.0 concerning the exclusive supply of products (VIPs, PCMs, and boxes) and the provision of research and development services. If such an agreement were not to remain in place in the long term, this may have unexpected effects on the Group's financial and commercial position both during and after the forecast period.

1.3.2 Macroeconomic environment and Group-specific trends

Although the IMF is now more confident about global economic growth, growth of just 3.1% is once again forecast for 2024. Global growth would thereby remain well below the long-term average of 3.8%. According to the IMF's economists, the main risks include higher commodity prices due to geopolitical and weather-related shocks, disruptive moves towards budget consolidation due to rising debt ratios, a slowdown in economic growth in

China, and a persistently high inflation rate requiring central banks to maintain a tight monetary policy stance.²

The market for temperature-controlled packaging systems in the pharmaceutical sector is characterized by sustainable trends worldwide. For example, more stringent regulatory requirements made of TempChain logistics (according to “Good Distribution Practice”) are making ever more efficient packaging systems necessary for pharmaceutical industry customers. At the same time, pharmaceutical manufacturers are also facing increasing demands in terms of sustainability and waste avoidance.

Further growth potentials derive from the increasing globalization of clinical research and pharmaceutical production. Public perception of this future market has certainly changed since the outbreak of the coronavirus: novel mRNA vaccines played a significant role in controlling the global pandemic, and also offer promising future approaches to cancer immunotherapies as well as other diseases such as multiple sclerosis. va-Q-tec expects demand for suitable, high-performance transport solutions for both large-volume, international transport and the distribution of smaller quantities to continue and to resume growth following the Covid-related correction.

Overall statement

In the 2024 financial year, va-Q-tec will, subject to approval by the AGM and the shareholders’ meeting of va-Q-tec 2.0, implement the spin-off of the entirety of the Products division agreed as part of the Business Combination Agreement, and of the “Food Boxes” and “Last Mile” business activities from the Services and Systems divisions, by way of a spin-off pursuant to Section 123 (3) No. 1 in conjunction with Sections 124 ff., 138 ff., 141 ff. of the German Corporate Reorganization Act (UmwG), to va-Q-tec 2.0 against the granting of new shares in the newly formed va-Q-tec 2.0.

² <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

The planned spin-off of the aforementioned business activities to va-Q-tec 2.0s forms part of the intended reorganization of the va-Q-tec Group with the aim of further developing and growing all of va-Q-tec's business areas in the long term.

Following the completion of the spin-off, va-Q-tec's interest in va-Q-tec 2.0 is to be divested and transferred to a company held by the shareholders of Fahrenheit AcquiCo (the "Products AcquiCo") at fair value and on arm's length terms; in addition, the properties held by va-Q-tec are to be transferred separately to va-Q-tec 2.0 in temporal and factual proximity to the spin-off.

With regard to the business activities remaining at va-Q-tec, mainly the Services and Systems divisions, a business combination with Envirotainer AB, based in Sollentuna, Sweden, is planned following the completion of the spin-off. To this end, it is planned that the shareholders of Fahrenheit AcquiCo will divest their interest in this company to the Envirotainer Group at market value and on normal market terms in return for a corresponding interest in the Envirotainer Group, or contribute it to the Envirotainer Group. Envirotainer, a company in which EQT AB, based in Stockholm, Sweden, indirectly holds a majority interest, is a global supplier of containers with active temperature control and air transport solutions for temperature-sensitive pharmaceuticals, while va-Q-tec is active in the complementary market segment for passive temperature control chains.

The spin-off agreement stipulates that va-Q-tec bear all costs arising from the preparation, conclusion, and execution of the spin-off agreement.

The spin-off does not directly affect the legal position of va-Q-tec's shareholders. The ownership structure in va-Q-tec remains identical. As a matter of principle, the spin-off also does not indirectly affect the shareholders' interest in va-Q-tec. Upon completion of the spin-off, they will hold only an indirect interest in the assets to be spun off via the interest in va-Q-tec 2.0. However, the increase in the value inherent in the interest in va-Q-tec 2.0 as a consequence of the spin-off corresponds to the value of the assets to be spun off to va-Q-tec 2.0.

The business performance of va-Q-tec AG in the 2024 financial year is difficult to compare with previous business activities due to the planned changes described above. This applies to revenues as well as earnings before interest, tax, depreciation and

amortization (EBITDA), earnings before tax (EBT), cash flow from operating activities and, last but not least, the number of employees. All key figures for the non-spun-off business units to be merged with Envirotainer in the course of the financial year will tend to be significantly lower overall than the key figures for the past financial year, as the company is spinning off significant parts of its business.

Considering solely the key figures of the non-spin-off business areas, va-Q-tec is not planning any significant revenue growth in the coming financial year given the experience of the last two financial years, but rather a very low growth trend.

The company expects earnings before interest, tax, depreciation, and amortization (EBITDA) for the 2024 financial year and the business areas not to be spun off to improve disproportionately compared with the previous year due to significantly lower personnel costs and other operating expenses, excluding the one-off costs that will continue to be incurred in the financial year.

The one-off costs for consultants and lawyers required to implement the cost-cutting measures and carry out the planned transactions will again have a negative impact on the 2024 financial year before the measures have a sustained positive effect in the financial year and subsequent years.

In the Management Board's opinion, the equity and equity ratio of va-Q-tec AG will increase significantly in the 2024 financial year due to the divestiture of the divisions to be spun off at fair value.

In 2024, the number of employees at va-Q-tec AG will decrease significantly in line with the Management Board's expectations, given the planned cost-cutting measures, which also include personnel measures and also affect the divisions that are not to be spun off.

The Management Board of va-Q-tec AG consequently anticipates constant to slightly growing revenues overall in 2024 and significantly improved EBITDA profitability for the non-spin-off divisions compared with 2023 due to the planned cost-cutting measures. Along with operating trends, the key figures of va-Q-tec AG in 2024 will again be considerably influenced by one-off costs as part of the planned transactions, as well as by the proceeds from the divestiture of the division to be spun off.

1.3.3 Forward-looking statements

This report includes forward-looking statements based on current assumptions and forecasts of the management of va-Q-tec AG. Such statements are subject to risks and uncertainties. The actual development of va-Q-tec may diverge both positively and negatively from our guidance due to the opportunities and risks described below, or in the event that our expectations and assumptions do not materialize. The company assumes no obligation of any kind to update such forward-looking statements and adjust them to reflect future events or developments.

This document is an English translation of an original German document; in the event of discrepancies, the original German version shall be authoritative and take precedence over the English translation of the document. For technical reasons, formatting differences may arise between the accounting documents contained in this document and those published due to legal requirements.

For reasons of better readability, the masculine form is predominantly used in this annual report. Nevertheless, the information refers to persons of any gender.

1.4 Report on opportunities and risks

1.4.1 Risk management and internal control system

Risk management va-Q-tec is based on three main aspects:

- a risk-aware corporate culture
- a formalized risk management system
- the internal control system

Anchoring risk awareness within the corporate culture

All successful business activity is connected with the conscious assumption of risks. It is crucial to the corporate governance of va-Q-tec that existing and newly added risks be handled in such a way to enable them to be managed actively, and incur as few losses as possible. Opportunities in a business sense should also be leveraged to enhance the company's value for all stakeholders. va-Q-tec is highly "risk aware", with such risk awareness being communicated openly and transparently.

1.4.2 Operating risks

va-Q-tec measures risks based on their estimated event probabilities and potential effects on the company's financial position and performance, as well as reputation. Measurement of risk loss levels and event probabilities leads to the following examples of key risk indicators.

Event probability	Loss level in EUR	Risk indicator
Very low	0 - 50,000	1
Low	50,000 - 500,000	4
Medium	500,000 - 1,000,000	9
High	1,000,000 - 5,000,000	16
Very high	> 5,000,000	25

The Management Board applies the following scheme to measure the characteristic of a risk based on its risk indicator:

Risk indicators	Risk characteristic
0 – 5	Low
5 – 15	Medium
> 15	High

Overall, the following section presents risks after instituting countermeasures.

Risks from the investment in a majority interest by Fahrenheit AquiCo GmbH ("EQT Private Equity" or "Bidder") and resultant changes in corporate structures

This risk arises from the planned significant changes to structures in connection with the integration and spin-off of va-Q-tec's pharmaceutical and non-pharmaceutical businesses.

This risk also includes increased costs, missed financial or performance targets, in particular the loss of qualified personnel, the loss of (cost) synergies, and loss of confidence on the part of customers and investors. The Management Board is closely monitoring the effects of the takeover on the company and its employees. This includes, for example, actively monitoring employee turnover rates and implementing appropriate countermeasures, as well as increasing active dialog with employees, such as via several “town hall meetings” including question-and-answer sessions. For va-Q-tec AG as a whole, the considerable strategic transformation and the related strain on personnel resources nevertheless pose a medium risk at present.

Risks in the value chain

As a manufacturing company, va-Q-tec has to make recourse to suppliers for intermediate products. va-Q-tec procures the main raw materials, consumables, and intermediate products from a limited number of key suppliers worldwide. Global trade and supply chains are vulnerable to disruption. In this respect, va-Q-tec could be exposed to the risk of delays and interruptions in the supply chain as a consequence of global economic and geopolitical dynamics (including inflation), extreme events (including pandemics and wars such as currently in Ukraine), cyber incidents or financial difficulties at suppliers, in particular if it is not possible to establish alternative sources of supply or transport options in a timely manner, or at all. In addition, the Group is dependent on the supply of certain raw materials. Global demand, availability, and pricing of these commodities have been volatile recently, and we expect them to continue to fluctuate in the future, including in the wake of stronger carbon pricing. As in previous years, in 2023 the company continued to newly qualify and select second and third tier suppliers for intermediate products and materials. The company also purposely includes international suppliers in its selection in order to avoid regional dependency. For va-Q-tec AG as a whole, a medium risk exists due to the limited number of suppliers and noticeable cost inflation for preliminary products and services.

The “Serviced Rental” business is particularly dependent on external logistics providers, which are responsible for operational processes in the network stations. This can lead to

interruptions to operations, loss compensation claims, and damage to reputation. Auditing and close-meshed controlling by the company's own logistics specialists serve to assure the quality of Serviced Rental for the pharmaceuticals industry globally. For this reason, the Management Board gauges this risk as medium.

Personnel risks

The company's operating activities and performance depend on qualified managerial and key personnel. The well-trained staff have developed specific knowledge, skills, and commercial contacts over their many years with the company. The risks to which va-Q-tec is exposed due to a change of key staff are appraised as medium level risks.

Market and competition risks

The Group in its business activities has a strong focus on major industrial customers. This initially leads to a higher level of customer concentration. The company is constantly reducing the resultant risk through its growing number of customers, as well as diversification. Further protection exists thanks to a high level of customer loyalty, especially in the healthcare industry. The Group generally endeavors to establish and maintain a close, trusting, and sustainable business relationship with all partners, employees, and customers, and consequently gauges such risk as medium, and as a risk that can be reduced further.

As a fast-growing company, va-Q-tec might potentially be unable to effectively advance and shape its growth. The Group has almost completed a period of heavy investment in personnel, sales activities, rental fleets, infrastructure, and research and development, and is also adapting agilely to short-term opportunities. To this extent, were actual growth to prove lower than planned, the risk exists of a negative effect on operating earnings. A sense of proportion and the early recognition of market trends through regular coordination with the sales divisions is an important risk-mitigation tool which enables the timely recognition

of requisite capacity adjustments. The Management Board assesses the residual risk as medium.

The intensification of the competitive environment also represents a significant risk. This may lead to greater pressure on prices and margins or a loss of market share. Existing competitors, known potential competitors, and barriers to market entry are constantly monitored, and strategies and measures are adapted accordingly. Overall, the Group gauges the risk due to newly emerging competitors or a more aggressive competitive situation as medium.

Cyclical target markets

Especially the target markets of Appliances & Food, Technics & Industry, and Building are dependent on the economic situation. The Management Board gauges this risk as medium, as the underlying drivers of va-Q-tec's business (increasing regulation and energy efficiency) are less susceptible to economic cycles. By contrast, macroeconomic upheavals (inflation, rising interest rates) may lead to a continued poorer investment climate, which could limit demand for relatively high-priced insulation solutions.

Cybersecurity

We observe a continued increase in cybersecurity threats worldwide and a higher level of professionalism in cybercrime, particularly during the coronavirus pandemic. With its business in the TempChain area, va-Q-tec's products, solutions, and services are exposed to a particular cyber risk. However, the number and criticality of attacks on va-Q-tec have not changed significantly. va-Q-tec places great emphasis on cybersecurity to protect customers and the Group itself from cyberattacks. For this reason, a package of measures was developed centrally with the involvement of an external service provider, involving all relevant areas of the company and integrating cybersecurity resources, specialist knowledge, and expertise within a central team. Overall, the Management Board assesses the risk from cyber attacks as medium.

Adherence to laws, compliance, and legal risks

In connection with its global business activities, va-Q-tec must ensure compliance with patent law, antitrust and competition law, anti-corruption laws, data protection regulations, and other laws such as tax and customs regulations. In order to comply with requirements, the Group has established compliance, participation, and risk management systems. Nevertheless, no guarantee exists that we can avoid all risks in every jurisdiction with these systems. Risks exist here, for example, in the form of customs and tax regulations in connection with new subsidiaries or the global rental services, as well as in relation to product liability and similar matters. Furthermore, va-Q-tec is occasionally involved in patent disputes both as plaintiff and defendant. Since the financial year before last, patent litigation has been pending in Germany concerning the alleged infringement of a patent by va-Q-tec AG, and the action was upheld in the first instance. Even though va-Q-tec AG immediately appealed the first-instance ruling and filed a nullity suit against the patent in question, it cannot be completely ruled out that the courts will ultimately rule in the plaintiff's favor.

For this reason, the Management Board considers the risk from compliance incidents and legal risks to be medium.

Financial risks

va-Q-tec's central finance department utilizes revolving liquidity plans to monitor liquidity risk. The Group was, and is, solvent at all times. Interest risks deriving from existing long-term lending facilities are partly hedged through interest-rate swaps. The Group is exposed to interest-rate risk on its short-term overdrafts.

va-Q-tec is an internationally active company whose assets, liabilities, revenues, costs, and profits are denominated in various currencies, with the US dollar (USD), the British pound (GBP), the Swiss franc (CHF), and the South Korean won (KRW) currently representing the most important foreign currencies. Currency risks are limited due to the fact that most invoicing occurs in euros (the company's functional currency) as well as by way of the

company's internationalization. Significant changes in exchange rates could nevertheless have material effects on va-Q-tec's financial position and performance, which is reported in euros.

The currency risks arising from the issue in 2020 of the Swiss franc bond were hedged by derivative hedging transactions (cross-currency swaps/CCSs) for the portion of CHF 24 million over the bond's term. The CCSs thereby eliminate the EUR-CHF currency risk resulting from the interest and redemption payments for the entire term of the bond for the secured portion.

Overall, the Group gauges risks in its financial area as medium risks.

Liquidity was secured at all times in the 2023 financial year and was adequate for the needs of a rapidly growing company. As part of the takeover offer, the Bidder subscribed to a 10% capital increase. Overall, the Management Board gauges liquidity risk as a low risk at present.

In an overall view of risks, va-Q-tec is predominantly exposed to general business risks (performance risks) and financial risks. For the reasons explained in the previous sections, the Management Board does not identify any individual or cumulative risks as going concern risks at present. Strategically as well as financially, the company is positioned in such a way that the business opportunities that present themselves can be leveraged, especially as EQT Private Equity successfully completed the investment initiated for this reason.

1.4.3 Future development opportunities

va-Q-tec possesses extensive knowledge relating to compliance with rules and regulations in relevant countries and regions. Laborious and expensive qualification measures at healthcare industry customers – along with corresponding quality assurance and process documentation – provide the requisite expertise for the successful implementation of packaging solutions for customers. Only a few companies are currently capable of successfully

combining the necessary characteristics of thermal packaging within a complex, reliable, and at the same time user-friendly offering. With its technology platform, va-Q-tec is one of the few companies worldwide to meet the high requirements. Increasingly complex regulation makes it necessary for a company to constantly further develop itself and research new technologies. In such an environment, high barriers to entering the market for thermal packaging are beneficial for va-Q-tec.

Demand for VIPs is also increasing in the other target markets as a consequence of regulations: customers in the “Technology and Industry” target market are currently facing a change in the regulatory environment in important core markets. Like many household appliances, hot water tanks for heating systems are now subject to the “Ecodesign Directive”, in other words, their energy efficiency is made transparent to end consumers via a labelling system in energy efficiency classes. Moreover, equipment with high energy consumption and a low energy efficiency class is excluded from the European domestic market. Customers of va-Q-tec currently use VIPs mainly to position premium boilers in the highest efficiency classes. In future, and with more stringent regulation, we believe VIP-insulated boilers from the premium segment will also encounter demand in the mass market.

Since it was founded, va-Q-tec has worked on developing new products and services that open up additional markets and application possibilities for vacuum insulation, thereby also supporting carbon emission reduction. The transition to a decarbonized economy consequently represents an opportunity for va-Q-tec. Along with basic research and product pre-development – such as VIPs for entirely new temperature ranges – examples here include food logistics and the mobility area.

The company expects the Business Combination Agreement with EQT Private Equity to make it possible to accelerate growth in all business areas with a financially strong partner with which such potential can be developed and realized to an even greater extent. A key point for va-Q-tec in this context is also the capital increase which was implemented immediately after the successful takeover, which significantly reduces the company’s financial risks and at the same time significantly improves its growth opportunities.

By way of summary, the Management Board is of the opinion that the opportunities pertaining to the development and growth of the business outweigh the aforementioned risks.

1.4.4 Risk reporting on the deployment of financial instruments

The Group is exposed to various financial risks due to its operating activities. The Group's risk management aims to minimize the potential negative effects on the Group's financial position. Financial instruments are deployed to only a limited extent at va-Q-tec.

In the German reporting segment, 76% of revenues and approximately 97% of purchases were processed in euros. Sales in foreign currencies mainly relate to intercompany transactions. In the UK reporting segment, some revenues were generated in US dollars. The costs attributable to such revenues are largely also incurred in US dollars. Risk-reducing natural hedging consequently exists for the US dollar. Significant foreign currency losses could nevertheless occur in the event of stronger exchange rate fluctuations. For this reason, the Management Board gauges the remaining currency risk relating to the US dollar as medium.

Interest rate hedging instruments continue to be in place in order to hedge interest payments on long-term loans at a standard market interest rate level. The cross-currency swap concluded to hedge the currency risks resulting from the CHF bond is shown as hedge accounting in accordance with IFRS. The real estate loans taken out in 2018 were largely financed on a long-term basis with fixed interest rates over the term on the basis of the current, low interest rate level. No interest-rate hedge was arranged for existing variable interest overdrafts.

No separate financial instruments are held to hedge against default on receivables. The risk of defaults on receivables is relatively low due to the high credit standing of the customer base. To further improve liquidity, the factoring implemented in 2019 at va-Q-tec AG and additionally at the UK subsidiary va-Q-tec Ltd. in 2021 was continued in 2023. Reverse

factoring is currently only implemented for a small number of customers with long receivables terms (such as in Italy) as is customary in the market.

Above and beyond the financial instruments described here, the Group holds no further financial instruments that are important for appraising the Group's position or prospective development. Please refer to the sections on "Financial instruments" and "Risk management" in sections 7.4 and 7.6 of the notes to the consolidated financial statements for more details.

Würzburg, 24 April 2024

va-Q-tec AG

The Management Board

Dr. Joachim Kuhn

Stefan Döhmen