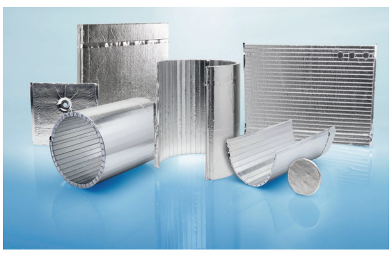

Interim report | H1 2018

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1 ABOUT VA-Q-TEC

va-Q-tec is a leading supplier of high-performance products and solutions in thermal insulation and cold chain logistics. The company develops, produces and markets innovative vacuum insulation panels (VIPs) as well as phase change materials (PCMs) for the reliable and energy-efficient controlling and insulation of temperature. In addition, va-Q-tec produces passive thermal packaging systems (containers and boxes) through optimally integrating VIPs and PCMs, which can maintain constant temperatures, depending on type, between 24 and more than 200 hours, without external energy input. To implement temperature-sensitive logistics chains, va-Q-tec – within a global partner network – operates a fleet of rental containers and boxes meeting demanding thermal protection standards. Along with Healthcare & Logistics, va-Q-tec serves the following markets: Appliance & Food, Technics & Industry, Building and Mobility. The high-growth company, which was founded in 2001, is based in Würzburg, Germany.

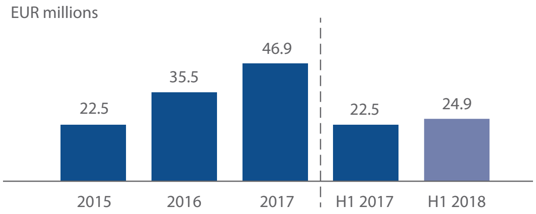
Further information is available at: **www.va-q-tec.com**

2 SIGNIFICANT EVENTS IN H1 2018

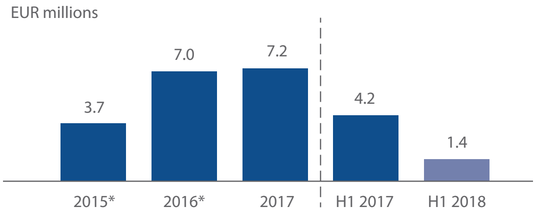
- **H1 2018 revenue: EUR 24.9 million compared with EUR 22.5 million in H1 2017 (+11 %)**
- **EBITDA H1 2018: EUR 1.4 million compared with EUR 4.2 million in H1 2017 (-67 %)**
- **Very strong product business and strong service business, in particular, contribute to growth**
- **Continued investments in personnel, production capacities, processes and container fleet**
- **New integrated production and logistics site established in Würzburg**
- **Opening of subsidiaries in USA and network station in Uruguay to expand service business and local presence in North and South America**

3 GROUP KEY INDICATORS

Revenue 2015 – H1 2018

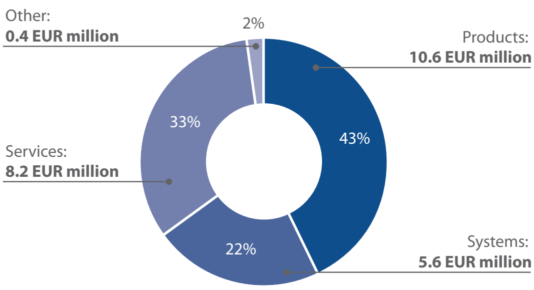


EBITDA 2015 – H1 2018

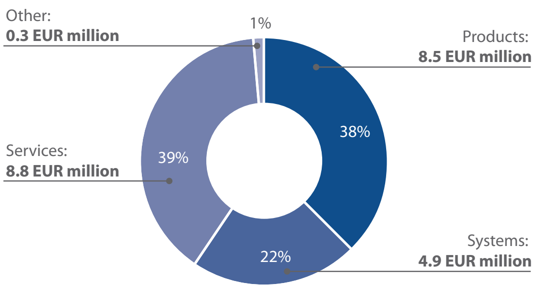


* Adjusted for IPO-related expanses

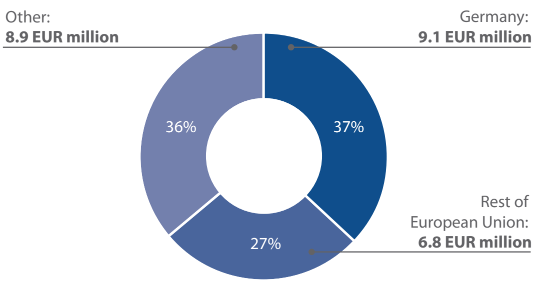
Revenue by Segments H1 2018



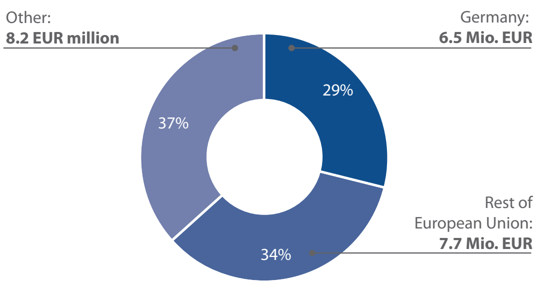
Revenue by Segments H1 2017



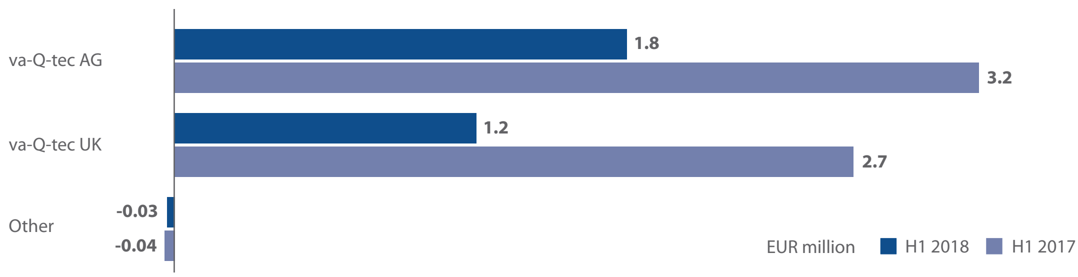
Revenue by Regions H1 2018



Revenue by Regions H1 2017



EBITDA by Reporting Segments



4 LETTER FROM THE MANAGEMENT BOARD

Dr. Joachim Kuhn (CEO), Stefan Döhmen (CFO)

Dear shareholders,
dear employees, partners, friends, supporters and customers of va-Q-tec,

The first six months of the year were significantly affected by continued investments in growth and internationalisation, such as through moving to the new central production and administrative site in Würzburg as well as the official opening of the new plant in Kölleda. The move to the new property in Würzburg has been successfully concluded since the end of the reporting period with the relocation of the production lines and the relinquishing of the previous production site in Würzburg.

Since the IPO in September 2016, va-Q-tec has invested a total of more than EUR 65 million in capacities, new products and new processes. The production sites and administration in Würzburg and Kölleda were considerably expanded in terms of both space and personnel, and centralised. At the same time, the fleet of containers and rental boxes in the Services division was significantly developed.

Along with the broadening of production possibilities, the Management Board thereby also anticipates significant efficiency benefits compared with the previous situation. In-house logistics and production processes can be structured more efficiently, for example. Based on the internationalisation strategy, especially of the Services division, investments were made in new or already existing subsidiaries in the UK, the USA, Uruguay, Japan, Korea and Switzerland. Particularly in the UK, the local management was supplemented by experienced industry experts, in order to also improve the visibility and controlling processes in container rental. As a consequence, the investments announced as part of the IPO, which can lead the Group to further strong growth in the coming years, have already been largely realised, and will be concluded in the following year. At the same time, the strategic investment spending affected the financial development of the entire organisation, which impacted profitability during the first half of the current financial year.

va-Q-tec grew its revenue by 11 % compared with the first half of 2017, to reach EUR 24.9 million. In relation to the second quarter of 2017, revenue growth amounts to 14 %. At the same time, EBITDA decreased by 67 % to EUR 1.4 million, reflecting not only one-off expenses and double costs due to the production relocation but also a temporary shift in the product mix as well as a higher cost base (hiring, network costs). As already in Q1 2018, a particularly strong Products business (sale of VIPs) and a growing Systems business made significant contributions to revenue growth. In the Services business, various factors led to a dip in revenue. For instance, we implemented an optimisation program with a major customer for long-term customer loyalty purposes. Currency exchange rate effects as well as the temporary absence of a major customer from the network station in Puerto Rico, which continued to exert an effect during the first half the year, also prevented a positive revenue trend. Furthermore, some processes to acquire tradelanes in the rental network for va-Q-tainers in the first half of 2018 proved more time-consuming than originally expected.

Nonetheless, from our perspective, the general market trend towards renting our high-performance packaging systems based on the va-Q-tec technology platform is stable and solidly positive on a medium to long-term view. This confidence was corroborated in recent weeks by many conversations with both new and existing customers and partners. Our underlying core market for healthcare logistics continues to report further strong growth of 9 % p.a., and our existing customers appreciate va-Q-tec as a reliable partner. Interest from new customers from the healthcare industry continues unabated. Products and systems are becoming ever more temperate-sensitive in other sectors too. For this reason, we continue to anticipate future growth in the high-margin Services business at a rate outpacing the growth in our other business areas. In order to be equipped to meet the expected high demand, va-Q-tec further expanded its fleet of rental containers and boxes during the first half of the year, and augmented local management to include experienced logistics specialists.

In June 2018, the second Ordinary Annual General Meeting of shareholders since the IPO was held. The significant interest on the part of shareholders is also reflected in the high presence of voting-entitled capital: more than 300 individuals and in excess of 73 % of the share capital were represented at the AGM. All resolutions were passed with approval rates between 94 % and 99 %. In particular, all Supervisory Board members were re-elected for a further five-year period of office.

The Management Board would like to thank all investors, partners, customers and suppliers, as well as its employees, for our constructive discussions and good collaboration.

A company's development in new markets is not always straight-line, and requires occasional adjustments and innovative approaches. va-Q-tec has had this instinct in its gene set since it was founded and knows how to respond accordingly. It has thereby achieved growth of more than 30 % p.a. over the past ten years, despite some periods failing to meet expectations, although being good.

With our products and solutions in the thermal insulation and cold chain logistics area, we are active in a very exciting future market that offers va-Q-tec immense growth potential. We look forward to leveraging these opportunities together with you.

The Management Board members of your va-Q-tec AG

Dr. Joachim Kuhn

Stefan Döhmen

5 INTERIM GROUP MANAGEMENT REPORT

5.1 ECONOMIC AND BUSINESS REPORT

5.1.1 Macroeconomic environment and Group-specific conditions

The International Monetary Fund (IMF) estimates that the world economy expanded by 3.9 % in 2018. As in the previous year, the IMF identifies macroeconomic uncertainties lying in the economic consequences of the UK's decision to leave the European Union ("Brexit"). va-Q-tec continues to expect no significant negative effects from Brexit. This also applies especially for the business in the UK operating segment where, although operative management occurs from the UK, actual value creation is achieved through the globally distributed container fleet.

Key sales revenue drivers during the first half of 2018 include the end-markets of Healthcare & Logistics as well as Appliances & Food, which together represent an 82 % share of consolidated revenue.

According to external estimates, the market for thermal packaging systems remains a growth market, reporting global annual average growth of 9 %. With its German and UK segments, va-Q-tec operates in this market – especially for the tightly regulated and controlled global healthcare industry and its high requirements in terms of temperature-stable logistics solutions. The company is convinced that it can grow faster than the market with its high-quality system solutions for sale, as well as its innovative rental solutions ("serviced rental" of thermal packaging systems). Especially with ground-breaking rental solutions, va-Q-tec aims to enter markets that only conventional thermal packaging systems have served to date.

With its Products business (sale of VIPs), the Group also operates in a growth market: in Germany, approximately 60 % of primary energy is utilised for thermal purposes – refrigeration or heating in other words – according to the Working Group on Energy Balances (AGEB), a statistical office established by seven German energy sector associations. With a worldwide increase in primary energy prices for consumers, greater awareness among customers about energy saving and more stringent statutory regulation, the economic and political incentive to invest in energy efficiency, and consequently in va-Q-tec products, is rising.

5.1.2 Business trends

During the first half of the year, the Group continued to focus on creating the important personnel, organisational and construction preconditions for existing and further expected business growth and development.

The company also advanced the internationalisation of its business as well as the expansion of its production capacities and the container fleet to comprise 1,750 rental containers.

During the first half of 2018, the company's revenue growth continued at a slight double-digit percentage rate. As far as the customer base is concerned, va-Q-tec continued to make progress in the first half of 2018, expanded relationships with existing customers and acquired new customers. The innovative insulation solutions of va-Q-tec are encountering growing interest in the areas of Appliances & Food (refrigerators and industrial cooling) as well as Technics & Industry (heat storage), promising further growth for 2018. New customers were acquired for the "Serviced Rental" of containers and boxes in the Services business, which aims to address the challenges of the cold chain in the global healthcare industry.

Earnings before interest, tax, depreciation and amortisation (EBITDA) were down compared with the strong previous-year period, from kEUR 4,174 to kEUR 1,387, due to the continued strong demand in the Products business, which is more intensive in terms of cost of materials, as well as higher expenses incurred from the repositioning in the container network, start-up costs in establishing the international business, and hiring, driven by the expected future growth. At the same time, the ramp-up of several projects in the high-margin Services business took longer than originally expected.

Products division (sale of VIPs)
In the Products division, we acquired new customers in the end-markets of Appliances & Food and Technics & Industry, and further expanded the base of existing customers. This success reflects not only the high quality, performance and durability of VIPs, but also the favourable effect of regulatory changes on the business. Hot water tanks in heating systems with volumes up to 2,000 litres have formed part of Europe-wide energy efficiency labelling since September 2017, as has already been standard for refrigerators for some years. The currently highest energy efficiency class of A+ is technically feasible only with VIPs in this context. Boilers with energy efficiency classes below the "C" category can no longer be produced.

Systems division (sale of thermal packaging systems)
New customers were acquired in the first half of 2018 with the "va-Q-one" thermal box, a cost-efficient one-way solution for secure temperature-sensitive freight transportation. This product is particularly suited to transports with no return transport for economic or logistical reasons. At the same time, the business with existing major customers proved stable, reporting good growth.

Services division (rental and pre-cooling of thermal packaging systems)
Overall, the Services division presented a mixed picture in the reporting period:

In the temperature-controlled air freight transportation area, in January 2018 va-Q-tec successfully launched a project with a leading supplier of systems for the semiconductor industry. This enabled a reference customer exerting a major impact on the entire industry to be acquired. These extremely complex production machines play an important role in microchip manufacturing. The customer utilises the va-Q-tec service to transport temperature-sensitive optical and mechanical systems more securely and more cost-efficiently between production sites in Europe and Asia than previously. The va-Q-tec technology ensures the stability of these temperature-sensitive supply chains, including in extreme temperature conditions.

In the area of temperature-controlled air freight containers, revenue reduced slightly overall. In order to secure a customer relationship long-term, va-Q-tec successfully conducted a logistics optimisation program with a major customer. This program led to faster container processing and consequently reduced rental durations short-term. New business in the first half of 2018 failed to fully offset exchange rate effects as well as temporary revenue losses with a major customer in Puerto Rico.

National and international business trends
In the first half of the year, the aggregation of the three remaining Würzburg sub-locations into one technology and logistics headquarters was further progressed. This step serves to boost operating efficiency, expand capacities for production and logistics, and bundle technological competencies. Considerable rental and transport costs are thereby eliminated in the future. In the second quarter, all production lines at the former main premises of va-Q-tec AG were dismantled and transported to the new production site, where they were recommissioned. The warehouse was also completely transferred to the new location. A total of approximately 500 truckloads of material were moved from the old to the new production site. In this context, the employees of va-Q-tec (and our partners) performed outstanding work in organisational, technical and logistical terms. With considerable personal commitment, uninterrupted deliveries to our customers were enabled, despite high capacity utilisation. Significant costs were naturally also incurred in this connection, affecting the profitability of va-Q-tec AG during the first half of the year. The company nonetheless continued to invest in production capacities and personnel in order to secure the continuation of the dynamic growth path of va-Q-tec. Internal resources were significantly strengthened for this purpose, such as the IT, marketing and sales areas.

With the opening of a new branch operation in the USA in January 2018, va-Q-tec reached an important milestone in its internationalisation overall and in the expansion of its business in North America in particular. Especially the production of small thermal boxes and sales operations are to occur locally from the USA in the future. The new fulfilment centre in Langhorne, Pennsylvania, forms a central element of the va-Q-tec growth strategy, as its location adjacent to Philadelphia, New York and Boston and their renowned biotechnology, healthcare and pharmaceutical hubs provides ideal infrastructures. This close proximity enables the company to offer its customers even faster and more reliable service. The company sees high demand for high-performance thermal transport boxes in the USA and, with its new fulfilment centre, is becoming a full-service provider in the temperature-controlled transportation of high-quality products in North America. Furthermore, the new head office in the USA comprises a network station for container rental, which will serve as the basis to supply customers with pre-cooled containers. Based on these potentials, the North American business is to be increased further.

In the second quarter, va-Q-tec further expanded its international presence with the establishment of a new Latin American national company with head office and network station in Uruguay. The new location in Montevideo will function in the future as a central hub for the rental business of va-Q-tec in Latin America and as a fulfilment station. Over the coming years, va-Q-tec will invest further in its market expansion in Latin America. Uruguay is a central logistics node for Latin America, with modern airport facilities and good connections to the country's most important roads, as well as being situated directly adjacent to other pharmaceutical centres in Latin America. The branch operations in Uruguay also strengthen our position in Latin America's growing pharmaceuticals industry.

The Group added considerably to its workforce in the first half of 2018, hiring a total number of 55 individuals to take the total number of individuals employed from 358 in the first half of 2017 to 413 in the first half of 2018. This resulted in TEUR 2,710 (38 %) higher personal expenses compared with the first half of 2017. Both experienced specialists and young career starters have been taken on worldwide to support the company's growth. Talented young individuals from the ranks of former working students from the University of Würzburg have also been recruited.

5.1.3 Business results and analysis of the financial position and performance

Results of operations

kEUR unless stated otherwise	**H1 2018 (IFRS)**	H1 2017 (IFRS)	Δ 18/17
Revenue	24,860	22,479	11 %
Total income	30,959	26,593	16 %
Cost of materials and services	-14,192	-11,024	29 %
Gross profit	16,767	15,569	8 %
Personnel expenses	-9,843	-7,133	38 %
Other operating expenses	-5,537	-4,262	30 %
EBITDA	1,387	4,174	-67 %
EBITDA margin	*4,5 %*	*15,7 %*	
Depreciation, amortisation and impairment losses	-4,589	-3,458	33 %
EBIT	-3,202	716	-347 %
Result from equity accounted investments	-51	-53	-4 %
Net financial result	-364	-121	201 %
EBT	-3,617	541	-569 %

Overall, revenue in the first half of the year reported slight double-digit year-on-year growth of 11% to a level of kEUR 24,860. In some areas, this reflected growth at va-Q-tec that was less than originally expected. This revenue growth was achieved in the Products (sale of VIPs) and Systems (thermal packaging systems) divisions. The business with Products was up by kEUR 2,182, from kEUR 8,457 to kEUR 10,639 (+26 %). In the Systems division, revenues grew by kEUR 675, from kEUR 4,946 to kEUR 5,621 (+14 %). With Services, the Group generated revenues of kEUR 8,196, compared with kEUR 8,772 in the previous year (kEUR -574; -7 %). The Services area thereby improved in the second quarter by kEUR 776 compared with the first quarter, although overall it still fell short of the previous year's levels. New business failed to fully offset negative special effects (including currency effects, natural catastrophe, optimisation program) in the magnitude of approximately 30.0 %.

The German segment (va-Q-tec AG) contributed kEUR 17,810 to consolidated revenue (previous year: kEUR 15,873), and the UK segment (va-Q-tec Ltd. UK) kEUR 6,468 (previous year: kEUR 7,029). Total income in the first half of 2018 reported slightly faster growth than the rate of revenue growth, and was up by 16 % to kEUR 30,959. Work performed by the company and capitalised (which is included in total income) of kEUR 3,326 in the first half of 2018 was generated mainly from the continued expansion of the container and box fleets (previous year: kEUR 2,544). Other operating income of kEUR 1,787 (previous year: kEUR 1,446) was generated from releasing the special item deriving from container sale-and-leaseback This special liability item arises from the sale of self-produced containers by the parent company va-Q-tec AG or by va-Q-tec UK Ltd to leasing companies, and subsequent finance leaseback by the UK subsidiary. It represents the difference between the market price of the container and its production cost, and is released over a five-year depreciation period and added to other operating income (please see note 3.2.1 "Sale and finance leaseback transactions" in the notes to the consolidated financial statements for more information).

The cost of raw materials and services, referred to in beef as the "cost of materials", was up from kEUR 11,024 to kEUR 14,192, faster than the rate of total income growth and leading to a cost of materials ratio of 46 % (previous 41 %).

The cost of purchased services also formed part of cost of materials, and increased by kEUR 1,170 to kEUR 4,456 (previous year: EUR 3,286). Along with the significantly greater utilisation of warehousing, logistics and fulfilment services at partner companies as part of "Serviced Rental", this also reflects higher repositioning costs (air freight rates) for empty thermal containers. Our customers themselves bear air freight costs incurred during the rental duration, whereas the company bears the cost of repositioning within the network. The cost ratio is burdened by the temporary change in the product mix, despite greater efficiency in purchasing. The effects from producing VIPs – which is intensive in terms of cost of materials – outweighed due to the continued strong growth in the Products division.

Personnel expenses were up from kEUR 7,133 in the previous year to kEUR 9,843 in the first half of 2018 (+38 %), thereby rising to 32 % in relation to total income (previous 27 %). The absolute year-on-year increase is attributable to the hiring of new employees to realise the planned growth and the recruiting of highly qualified specialist personnel to further optimise business processes. The biggest step by far in personnel development has thereby been concluded in this corporate phase.

Other operating expenses rose from kEUR 4,262 in the previous year to kEUR 5,537 (+30 %) in the reporting period. Along with the growth-related increase, this rise reflected higher expenses as part of business expansion (IT projects), as well as double and removal costs incurred at times or on a one-off basis due to the move to the new Group headquarters, as well as costs incurred as part of returning the former site. At the same time, greater recourse was made to temporary help labour during the transfer, in order to handle both demand peaks as well as the move. Measured against total income, this results in a slightly higher other operating expense ratio of 18 % for the first half of 2018 (previous 17 %).

As a consequence of the aforementioned developments in the first half of 2018, earnings before interest, tax, depreciation and amortisation (EBITDA) decreased from kEUR 4,174 in the previous year to kEUR 1,387, representing a 4 % EBITDA margin (previous year: 16 %).

Depreciation, amortisation and impairment losses recorded a marked increase of 33 % to kEUR -4,589 (previous year: kEUR -3,458), reflecting a continued strong level of investment in containers and boxes with respectively short useful lives in accounting terms.

Earnings before interest and tax (EBIT) reduced from kEUR 716 to kEUR 3,202. This is attributable not only to the higher level of depreciation and amortisation charges incurred in line with the business expansion and the higher level of cost of materials, but also an increase in other operating expenses.

The net financial result amounted to kEUR -364, compared with kEUR -121 in the previous year. In the previous year, the company generated financial income of kEUR 359 as part of the acquisition and refinancing of loans assumed for the new location in Würzburg, which reduced borrowing costs accordingly in the previous year. After adjusting for this effect, the net financial result in the prior-year period would have been kEUR -480.

A pre-tax loss (EBT) of kEUR -3,617 is incurred for the first half of 2018, compared with a profit of kEUR 541 in the prior-year period.

The reporting segments performed as follows in the first half of 2018:

German reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2018 (IFRS)	H1 2017 (IFRS)	Δ 18/17
Revenue	24,019	20,652	16 %
EBITDA	1,848	3,223	-43 %
Average number of employees	360	284	76

The German reporting segment (va-Q-tec AG) grew its revenues by kEUR 3,367 (+16 %), from kEUR 20,652 in the previous year to kEUR 24,019 in the first half of 2018. The sales revenue growth was generated mainly thanks to additional revenues from the sale of VIPs to manufacturers of refrigerators, hot water storage units, boilers and other equipment, as well as the sale and rental of thermal packaging. The sale of containers to leasing companies and the UK subsidiary additionally boosted sales revenue. The establishment of box fleets was reflected in a significantly higher level of work performed by the company and capitalised. EBITDA was down by 43 % to kEUR 1,848 (previous year: kEUR 3,223). Among other items, this reflected renovation, removal and restructuring costs in an amount of several hundreds of thousands of euros. The average number of employees rose by 76 to 360 (previous 284).

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

kEUR unless stated otherwise	H1 2018 (IFRS)	H1 2017 (IFRS)	Δ 18/17
Revenue	7,148	7,757	-8 %
EBITDA	1,243	2,732	-55 %
Average number of employees	40	33	+7

Sales revenues in this segment decreased by 8 % from kEUR 7,757 in the previous year to kEUR 7,148 in the first half of 2018. Pure sales revenues from container rental reduced at a faster rate of 7 %, from kEUR 6,924 to kEUR 6,432. Although the absolute number of rentals continued to report a further increase compared with the prior-year period, rental durations shortened in some cases, as was already evident in the first quarter, for example due to faster application of customs tariffs to va-Q-tainers, which are becoming increasingly familiar worldwide. Moreover, an optimisation program was implemented with a major customer for long-term customer loyalty purposes. Currency exchange rate effects as well as the temporary absence of a major customer from the network station in Puerto Rico also burdened revenue and earnings. Furthermore, some processes to acquire tradelanes in the rental network for va-Q-tainers in the first half of 2018 continued to prove more time-consuming on the customer side than originally expected. This concerns projects with both new and existing customers. EBITDA was down by 55 %, from kEUR 2,732 in the previous year to kEUR 1,243. The average number of employees rose from 33 to 40. Given the current business situation – characterised by the constant expansion of the container fleet and the operating business – it is anticipated that the parent company will continue to provide support for the capital backing of the UK subsidiary for two more years.

Other reporting segment

kEUR unless stated otherwise	H1 2018 (IFRS)	H1 2017 (IFRS)	Δ 18/17
Revenue	1,341	590	127 %
EBITDA	-30	-37	-19 %
Average number of employees	13	8	

The subsidiaries in Uruguay, Korea, Japan, Switzerland and the USA together comprise the Other reporting segment. The subsidiaries in Switzerland and Korea generate sales revenues with third parties, whereas the business in Japan and the USA is billed almost exclusively by va-Q-tec AG or va-Q-tec Ltd (UK). The 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 Other reporting segment reports higher revenue overall, deriving from service revenues (Swiss subsidiary) as well as an increase in sales and purchasing commissions. EBITDA rose to kEUR -30 in the first half of 2018 (previous year: kEUR -37). The negative EBITDA is mainly attributable to personnel expenses and the establishment of the national companies. The average number of staff amounted to 13 (previous: 8).

Financial position

Principles and goals of financial management

The financing strategy of va-Q-tec is oriented to providing the funds required for strong growth. Recourse is made in this context to various financing instruments such as loans, leasing, factoring, overdrafts and government subsidies. Existing credit lines are optimised continuously in terms of their rate of interest. va-Q-tec is sufficiently liquid in this context thanks to unutilised credit lines of kEUR 6,649. In addition, cash inflows from committed loans and public-sector subsidies for investments that have already been realised are expected. Furthermore, the very high level of working capital deriving from stocks held in reserve for the company's move will prospectively normalise with a cash inflow effect during the course of the second half of the year. Interest-rate risks and some currency risks are hedged with corresponding swaps.

Liquidity

kEUR	H1 2018	H1 2017
Net cash flow from operating activities	-3,890	874
Net cash flow from investing activities	-4,370	-5,327
Net cash flow from financing activities	8,411	842
Net change in cash and cash equivalents	198	-3,612

Net cash flow from operating activities before working capital changes stood at kEUR -290 in the period under review. In the prior-year period, this figure was kEUR 1,692 lower at kEUR 1,402. Including working capital changes, total net cash flow from operating activities reduced to kEUR -3,890 (previous year: kEUR 874). The increase in working capital is chiefly attributable to the kEUR 2,378 rise in inventories as of the reporting date, which were accumulated especially to ensure that the company was capable of making deliveries during the move-related standstill in the production lines, and partly to raise security stocks of materials required for production and to initially equip the subsidiaries abroad. While trade receivables hardly changed during the reporting period, trade payables report a marked reduction as of the reporting date (kEUR -1,225).

Cash flow from investing activities changed from EUR -5,327 in the prior-year period to EUR -4,370 in the first half of 2018. This includes kEUR 9,000 of proceeds from liquidating short-term deposits (previous year: kEUR 6,000). The purchase of property, plant and equipment generated kEUR -13,389 of this amount, compared with kEUR -10,946 in the previous-year period. This is particularly attributable to outgoing payments to purchase the new building complexes in Würzburg and Kölleda and to establish the container and box fleets. Cash flow from financing activities of kEUR 8,411 (previous year: kEUR 842) derives from the scheduled net increase in bank borrowings to finance the long-term investments in buildings as well as plant and machinery.

Net assets and capital structure

Assets kEUR	30/06/2018	31/12/2017
Non-current assets		
Intangible assets	971	885
Property, plant and equipment	66,059	55,402
Investment property	1,614	1,614
Capitalised contract costs	150	-
Equity accounted investments	306	357
Financial assets	286	283
Other non-financial assets	801	634
Deferred tax assets	3,151	2,880
Total non-current assets	**73,338**	**62,055**
Current assets		
Inventories	11,066	8,942
Trade receivables	8,002	8,005
Other financial assets - of which term deposits (6-12 months): (previous year: kEUR 9,000)	569	9,117
Tax assets	101	67
Other non-financial assets	1,785	2,104
Cash and cash equivalents	5,399	5,201
Total current assets	**26,622**	**33,436**
Total assets	**100,260**	**95,491**

To construct an integrated production and administration site at the Würzburg Heuchelhof location, a space including warehouse hall was acquired in February 2017, adjoining the plot of land already acquired in 2016. Due to a market opportunity arising short-term, a further plot of land along with existing production and administrative buildings was acquired in Alfred-Nobel-Strasse 33 in Würzburg in 2017. During the reporting period, this portfolio property was renovated further as a central and sole location for the company in Würzburg. Production machines were installed, and the property was almost fully occupied by the end of the reporting period. Investments were also made in a second plant at the main production site in Kölleda (Thuringia). The official opening was held in May 2018. The investment volume for both properties amounted to a total of kEUR 7,538 in the first half of 2018. Secondly, significant growth continued in the financial year elapsed in the container fleet of the UK reporting segment and the box fleets of the German reporting segment to meet growing demand and expected future demand. Compared with 31 December 2017, this increased property, plant and equipment by kEUR 10,657 to kEUR 66,059 as of 30 June 2018. Total non-current assets rose by kEUR 11,283 to kEUR 73,338 as of 30 June 2018.

Inventories reported a significant rise of kEUR 2,124, from kEUR 8,942 to kEUR 11,066 as of the end of the first half of 2018, which is attributable not only to the strong revenue growth but also to a higher level of security stocks and preproduction for the planned, move-related production interruption in Würzburg as well as the initial equipping of the foreign subsidiaries with warehouse stocks. Trade receivables were unchanged compared with 31 December 2017 at kEUR 8,002 as of 30 June 2018 (previous year: kEUR 8,005). Current other financial assets, which also include the IPO proceeds invested on a neutral-interest basis, reduced by kEUR -8,847, from kEUR 9,117 as of 31 December 2017 to kEUR 269 as of the end of the first half of 2018. This is chiefly attributable to the aforementioned investments, for which temporarily predominantly the company's own funds were deployed. Total current assets rose from kEUR 33,436 as of 31 December 2017 to kEUR 26,622 as of the end of the first half of 2018. Total assets grew from kEUR 95,491 to kEUR 100,260 over the same period.

The cash inflow from the IPO in the 2016 financial year led initially to a marked increase in liquid assets, which were invested on an interest-neutral basis as deposits with terms of between six and twelve months. These were gradually invested in accordance with the IPO plans. Overall, the Group's liquidity position improved thanks to the better refinancing terms, reflecting the IPO. The high level of the company's growth investments during the reporting period also led to significant cash outflows.

In the period under review, the company's high level of growth investments led to considerable cash outflows, which have yet to be partially compensated by investment loans and public sector subsidies in Würzburg and Kölleda, which have yet to be disbursed. Further liquidity-improving effects are anticipated from the normalisation of working capital.

Investments

Capital expenditure during the first half of 2018 focused on continued investments in the headquarters in Würzburg and the main production site in Kölleda as well as the expansion of the container fleet for the global container rental business and establishing the thermal box fleet. A total of kEUR 17,180 gross was invested in property, plant and equipment, with property, plant and equipment thereby rising from kEUR 55,402 to kEUR 66,059 net after depreciation and other movements. The existing production capacities at both plants in Würzburg and Kölleda were almost fully utilised, especially in peak periods, reflecting higher demand in all target sectors – and especially thanks to the very high demand in the Products area. For this reason, planning for, and some of the realisation of, new capacities was already launched in 2017 and further continued in the 2018 reporting period. To this extent, the increase in property, plant and equipment is mainly affected by the rise in plant under construction, which was up by kEUR 9,499 in the period under review. The almost completed new construction in Kölleda and the well-advanced renovation and aggregation of the Würzburg sites into one central location in Würzburg represented the main drivers. A total of kEUR 6,207 was invested in the container fleet (previous year: kEUR 2,507). An amount of kEUR 207 was invested in intangible assets that the company itself has created (previous year: kEUR 372).

Equity and liabilities kEUR	30/06/2018	31/12/2017
Equity		
Issued share capital	13,090	13,090
Treasury shares	-54	-54
Additional paid-in capital	46,158	46,158
Cumulative other comprehensive income	-28	-28
Retained earnings	-9,449	-6,174
Equity attributable to parent company owners	49,717	52,992
Total equity	**49,717**	**52,992**
Non-current liabilities and provisions		
Provisions	42	39
Bank borrowings	15,299	11,146
Other financial liabilities	5,422	3,949
Other non-financial liabilities	8,619	8,438
Total non-current liabilities and provisions	**29,382**	**23,572**
Current liabilities and provisions		
Provisions	7	38
Bank borrowings	6,361	2,958
Other financial liabilities	5,736	6,507
Contractual liabilities	88	-
Trade payables	4,019	5,244
Tax liabilities	28	15
Other non-financial liabilities	4,922	4,165
Total current liabilities and provisions	**21,161**	**18,927**
Total assets	**100,260**	**95,491**

Consolidated equity amounted to kEUR 49,717 as of 30 June 2018, which continues to correspond to a high equity ratio of 50 % of total assets (31 December 2017: kEUR 52,992 or 55 %).

Non-current bank borrowings rose from kEUR 11,146 to kEUR 15,299 due to new loans to finance machinery and plant in the new property in Würzburg. Current bank borrowings increased from kEUR 2,958 to kEUR 6,361 reflecting greater utilisation of existing overdraft lines.

Non-current other financial liabilities rose from kEUR 3,949 to kEUR 5,422. Non-current other non-financial liabilities increased by kEUR 181, from kEUR 8,438 to kEUR 8,619. Current other non-financial liabilities rose from kEUR 4,165 to kEUR 4,922 as a consequence of the further appreciation of the special item for container profits.

Bank borrowings plus plant leasing of kEUR 28,712 comprised 29 % of total equity and liabilities (31 December 2017: kEUR 21,220; 22 %). At the level of the UK reporting segment, further container-sale-and-leaseback transactions were concluded as part of expanding the container fleet. The overall finance lease volume nonetheless reduced by kEUR 66 overall, from kEUR 7,117 as of 31 December 2017 to kEUR 7,051 at the end of the first half of 2018. Current liabilities and provisions stood at kEUR 21,161 in the first half of 2018, representing 21 % of total equity and liabilities (previous year: kEUR 18,928; 20 %). The Group's non-current liabilities amounted to kEUR 29,382, corresponding to 29 % of total assets (previous year: kEUR 23,572; 25 %). Trade payables totalled kEUR 4,019, compared with kEUR 5,244 in the previous year. Due to the strengthened equity backing, lending terms for newly drawn borrowings, especially finance leasing, improved significantly.

The multibank agreement for general business financing for a total of kEUR 11,000, which already existed before the IPO and ran until 31 December 2017, has been extended in 2018 with improved terms until 31 December 2020. The agreements meanwhile include an adaptation to the more moderate business trend during the first half of 2018. An amount of kEUR 4,351 was drawn from the credit facility as of 30 June 2018.

Overall statement on business progress

Overall, from the perspective of the Management Board, much progress was achieved in the first half of 2018, although expectations have not yet been met in some sub-areas, or are delayed in fulfilment. Massive investments in the future over the past 18 months and related additional expenses and start-up costs have exerted a significant effect on profitability in the current financial year. Greater utilisation of external advisory services and of IT consulting services, which are indispensable to further growth, as well as expenses incurred as part of the international business expansion, led to additional costs for the development of future business, some of which are independent of the operating business. Strong demand in the Products business as well as the preproduction of contracts ahead of the move of the production lines and related capacity utilisation (peak utilisation) additionally incurred higher expenses, such as in the temporary help labour area. The significant increase in the number of employees – indispensable to the future growth trend – also generated higher personal expenses. However, as most of the planned investments and related additional expenses as well as hiring and internationalisation have meanwhile reached their targeted level, results are also expected to improve as revenues grow again. Very strong demand in the Products area (sale of VIPs) and the marked growth in the Systems business contributed to the revenue growth overall. In the Services business, the company serves a high-growth market. Fleet capacities were further expanded, and the company advanced its internationalisation. Operative topics nevertheless led to a temporary dip in revenue. Routes for some major customers have not yet achieved their full revenue volume. Other customers are in differing phases of the demanding qualification process with their routes, but bear growth potential for following years. Gross profit proved unsatisfactory given the current product mix with lower-margin Products revenues, one-off and double costs due to the move, and the temporarily elevated cost situation in the Services business. Overall, however, the Management Board continues to appraise the target markets of va-Q-tec as highly attractive, and regards the company as well positioned to leverage the growth opportunities on offer thanks to the investments in personnel and infrastructure it has already completed.

5.2 FORECAST

5.2.1 Outlook

The following forecasts for the trend in management metrics were made under the assumption of a continuation of robust macroeconomic growth in 2018. Moreover, they are also based on the expected positive growth rates in the market for VIPs and insulation materials overall. Furthermore, a high growth dynamic is expected in the market for thermal packaging and services, particularly in the high-performance thermal packaging segment. These assumptions are underpinned by estimates produced by various market research institutes, which already expect growth in the low double-digit percentage range. va-Q-tec continues to expect to benefit to an above-average extent from the megatrends of energy efficiency, regulation of cold chains (product safety) and globalisation of value chains.

Overall statement

For the 2018 financial year, the Management Board had originally expected further strong revenue growth compared with 2017 in a consolidated revenue range between EUR 56 million and EUR 63 million, mainly driven by significant revenue expansion in the Services and Products divisions. For earnings before interest, tax, depreciation and amortisation (EBITDA), the Management Board had anticipated a strong year-on-year increase for the 2018 financial year thanks to operating economies of scale and a changed product mix, with a greater proportion of higher-margin services.

Given the development during the first half of 2018 – projects in the high-margin Services business taking longer to start than expected due to complex decision-making processes at major customers, accompanied at the same time by considerable strategic investment spending for the targeted business expansion over the coming years – the Management Board now forecasts for the 2018 financial year consolidated revenue in a range between EUR 51 million and EUR 56 million, which corresponds to growth in the double-digit range. For EBITDA in 2018, va-Q-tec anticipates a marked reduction compared with the previous year. On a relative basis, compared with the level for the first half of 2018, it sees a slightly improved EBITDA margin.

5.2.2 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. These and other factors can lead the company’s actual results, financial position, development, or performance to differ significantly from the estimates provided here. The company assumes no obligation of any kind to update such forward-looking statements and adjust them to future events or developments.

6 REPORT ON OPPORTUNITIES AND RISKS

As part of the risk management system, which is established as an early warning system for risks, va-Q-tec analyses and assesses the company's risks and related business environment. It also comprises an internal control system (ICS) as well as a compliance system, thereby additionally ensuring compliance with relevant statutory and industry-specific framework conditions. The Group's risk management function regards managing and monitoring internal financing requirements as a central task, as well as ensuring the overall company's financial independence. Financial risks are monitored by reporting, and managed by rolling financial and liquidity planning.

In the foreign trade area, newly added national companies and the further internationalisation of the operating activities require the optimisation of business processes. Although risks in this area are becoming more important, they are of minor extent overall.

Due to the new data protection legislation, va-Q-tec is exposed to a new risk entailed in the secure storage and further processing of customer-related data in the IT area. The Group has appointed a data and IT security manager, and gauges this risk as low overall.

Since the IPO, the company has invested more than EUR 65 million in the rental fleets for containers and boxes, further product development, real estate and machinery plant for capacity expansion, the internationalisation of the business and general business development.

Important growth investments, especially in real estate and in plant and machinery, having initially been financed from equity in order to save on interest payments. However, they are to be financed by long-term bank loans and public-sector subsidies for Würzburg and Kölleda, which have not yet been disbursed, but which have been committed or are in conclusive negotiations. This refinancing will reduce capital employed and enable the funds that are released to be utilised for the further development of the company. Should these long-term debt financing facilities not be disbursed in the intended scope or within the intended timeframe – contrary to expectations – the current investment pace would have to be curbed for prudential reasons, in order to remain sufficiently liquid at all times. According to the Management Board's current assessment, however, a slowdown in the investment pace would exert only an insignificant effect on the targeted growth, as around 80 % of the planned business expansion investments have already been realised and completed since the IPO.

As part of the multibank agreement, discussions have been initiated in order to adapt, if required, the terms and covenants to the more moderate business growth.

Current liquidity is sufficient at more than kEUR 6,000. Furthermore, the Management Board currently gauges the liquidity risk as minor as it anticipates considerable cash inflows from investment loans and subsidies as well as from the aforementioned reduction of the high level of inventories.

With the exception of the aforementioned risks as well as the factors described in the „Forecast" section, the company identifies no change compared with the risks and opportunities identified in the Group management report of 9 April 2018 for the 2017 financial year. For more information about the risk management system and the specific opportunities risk profile, as well as in relation to the deployment of financial instruments, please refer to the „Report on opportunities and risks" in the 2017 Group management report.

CONSOLIDATED FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR H1 2018

CONSOLIDATED INCOME STATEMENT

kEUR	H1 2018	H1 2017
Revenues	**24,860**	**22,479**
Change in inventories	986	124
Work performed by the company and capitalised	3,326	2,544
Other operating income	1,787	1,446
Total Income	**30,959**	**26,593**
Cost of materials and services	-14,192	-11,024
Gross profit	**16,767**	**15,569**
Personnel expenses	-9,843	-7,133
Other operating expenses	-5,537	-4,262
EBITDA	**1,387**	**4,174**
Depreciation, amortization and impairment losses	-4,589	-3,458
Earnings before interest and tax (EBIT)	**-3,202**	**716**
Result from equity accounted investments	**-51**	**-53**
Finance Income	11	376
Finance expenses	-375	-497
Net financial result	**-364**	**-121**
Earnings before tax (EBT)	**-3,617**	**541**
Income tax	290	-443
Net income	**-3,327**	**98**
Earnings per share – basic in EUR	**-0.25**	**0.01**
Earnings per share – diluted in EUR	**-**	**-**

CONSOLIDATED STATEMENT OF COMPEHENSIVE INCOME

kEUR	H1 2018	H1 2017
Net Income	**-3,327**	**98**
Consolidated other comprehensive income	-	-
Currency translation differences	-	6
Total other comprehensive income that will be reclassified to profit or loss	**-**	**6**
Consolidated total comprehensive income	**-3,327**	**104**
Consolidated total comprehensive income attributable to owners of va-Q-tec AG	**-3,327**	**104**
Consolidated total comprehensive income attributable to non-controlling interests	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

kEUR	30/06/2018	31/12/2017
Non-current assets		
Intangible assets	971	885
Property, plant and equipment	66,059	55,402
Investment property	1,614	1,614
Assets from contracts with customers	150	-
Equity accounted interests	306	357
Financial assets	286	283
Other non-financial assets	801	634
Deferred tax assets	3,151	2,880
Total non-current assets	**73,338**	**62,055**
Current assets		
Inventories	11,066	8,942
Trade receivables	8,002	8,005
Other financial assets - of which deposits (6 - 12 months): 0 kEUR (previous year: 9.000 kEUR)	569	9,117
Current tax assets	101	67
Other non-financial assets	1,785	2,104
Cash and cash equivalents	5,399	5,201
Total current assets	**26,922**	**33,436**
Total assets	**100,260**	**95,491**

Equity and liabilities

kEUR	30/06/2018	31/12/2017
Equity		
Issued share capital	13,090	13,090
Treasury shares	-54	-54
Additional paid-in capital	46,158	46,158
Consolidated total other comprehensive income	-28	-28
Retained earnings	-9,449	-6,174
Total equity	**49,717**	**52,992**
Non-current liabilities		
Provisions	42	39
Bank borrowings	15,299	11,146
Other financial liabilities	5,422	3,949
Other non-financial liabilities	8,619	8,438
Total non-current liabilities	**29,382**	**23,572**
Current liabilities		
Provisions	7	38
Bank borrowings	6,361	2,958
Other financial liabilities	5,736	6,507
Liabilities from contracts with customers	88	-
Trade payables	4,019	5,244
Tax liabilities	28	15
Other non-financial liabilities	4,922	4,165
Total current liabilities	**21,161**	**18,927**
Total Equity and liabilities	**100,260**	**95,491**

CONSOLIDATED STATEMENT OF CASH FLOWS

kEUR	**H1 2018**	H1 2017
Cash flow from operating activities		
Net income	-3,327	98
Current income taxes recognised income statement	-1	-2
Net finance costs recognised income statement	364	121
Interest received	2	-
Interest paid	-364	-977
Amortisation and impairment losses on assets from contracts with customers	30	-
Non-cash losses from equity accounted investments	51	53
Depreciation, amortisation and impairment losses	4,589	3,457
Gain/loss from disposal of non-current assets	-52	9
Change in other assets	-182	-1,247
Change in other liabilities	384	290
Change in provisions	-28	87
Other non-cash expenses or income	-1,756	-487
Cash flow from operating activities before working capital changes	**-290**	**1,402**
Change in inventories	-2,377	-1,580
Change in trade receivables	2	-822
Change in trade payables	-1,225	1,934
Net cash flow from operating activities	**-3,890**	**874**
Cash flow from investing activities		
Payments for investment in intangible assets	-206	-372
Proceeds from disposal of property, plant and equipment	225	-9
Payments for investments in property, plant and equipment	-13,389	-10,946
Proceeds from the release from of short-term deposits	9,000	6,000
Net cash flow from investing activities	**-4,370**	**-5,327**

kEUR	**H1 2018**	H1 2017
Cash flow from financing activities		
Payments to purchase treasury shares	-	-92
Proceeds from bank loans	9,243	6,302
Repayments of bank loans	-1,689	-3,569
Proceeds from sale-and-finance-leaseback transactions	2,786	572
Payments for finance leases liabilities	-1,929	-2,371
Net cash flow from financing activities	**8,411**	**842**
Change in cash and cash equivalents before exchange rate effects	**151**	**-3,611**
Effect of exchange rate changes on cash and cash equivalents	47	-
Net change in cash and cash equivalents	**198**	**-3,611**
Cash and cash equivalents at start of period	**5,201**	**4,600**
Cash and cash equivalents at end of period	**5,399**	**989**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Non-controlling interests	Total equity
					Currency translation reserves			
01/01/2018 before application of new accounting standards	**13,090**	**-54**	**46,158**	**-6,174**	**-28**	**52,992**	**-**	**52,992**
effect on carry-forward due to changes of accounting standards	-	**-**	**-**	**52**	**-**	**52**	**-**	**52**
01/01/2018 after application of new accounting standards	**13,090**	**-54**	**46,158**	**-6,122**	**-28**	**53,044**	**-**	**53,044**
Net income	-	-	-	-3,327	-	-3,327	-	-3,327
Consolidated total comprehensive income	-	-	**-**	**-3,327**	-	**-3,327**	**-**	**-3,327**
30/06/2018	**13,090**	**-54**	**46,158**	**-9,449**	**-28**	**49,717**	**-**	**49,717**

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Non-controlling interests	Total equity
					Currency translation reserves			
01/01/2017	**13,090**	**-471**	**46,666**	**-5,316**	**-33**	**53,936**	**-**	**53,936**
Net income	-	-	-	98	-	98	-	98
Consolidated other comprehensive income	-	-	-	-	6	6	-	6
Consolidated total comprehensive income	**-**	**-**	**-**	**98**	**6**	**104**	**-**	**104**
Purchase of treasury shares	-	-92	-	-	-	-92	-	-92
Issue of treasury shares	-	66	-66	-	-	-	-	-
30/06/2017	**13,090**	**-497**	**46,600**	**-5,218**	**-27**	**53,948**	**-**	**53,948**

1 GENERAL INFORMATION

1.1 INFORMATION ABOUT THE COMPANY

The company va-Q-tec AG, which has its headquarters at Alfred-Nobel-Strasse 33, 97080 Würzburg, Germany, is entered in the commercial register of Würzburg under commercial register sheet number 7368. Besides va-Q-tec AG itself, the interim consolidated financial statements of va-Q-tec AG also include its subsidiaries (hereinafter also referred to as "va-Q-tec", "va-Q-tec Group" or the "company"). The company develops, produces and markets innovative products for reliable and energy-efficient temperature control and insulation – vacuum insulation panels ("VIPs") and phase change materials ("PCMs"). Furthermore, va-Q-tec produces passive thermal packaging systems (containers and boxes) through the optimal combination of VIPs and PCMs. To implement temperature-sensitive logistics chains, va-Q-tec offers within a global partner network the rental of containers and boxes that meet demanding thermal protection standards. Along with healthcare & logistics as the main market, va-Q-tec addresses the following further markets: Appliance & Food, Technics & Industry, Building and Mobility.

These interim consolidated financial statements of va-Q-tec for the first half of the 2018 financial year were approved for publication by the Management Board on 22 August 2018.

1.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

va-Q-tec AG is the ultimate parent company of the va-Q-tec Group and consequently prepares the consolidated financial statements for the smallest and largest group of companies. va-Q-tec AG is a listed company. Despite falling short of the size criteria pursuant to Section 293 of the German Commercial Code (HGB), it is obligated on the basis of Section 293 (5) HGB to prepare consolidated financial statements.

Pursuant to Section 37w of the German Securities Trading Act (WpHG), the half-year financial report of the va-Q-tec Group comprises interim consolidated financial statements, an interim Group management report and a responsibility statement. The interim consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS) for interim reporting and in accordance with the regulations of International Accounting Standard (IAS) 34, as applicable in the EU, and the interim Group management report was prepared in compliance with the applicable regulations of the German Securities Trading Act (WpHG). All of the IFRS issued by the International Accounting Standards Board (IASB) and applicable in the European Union when the interim consolidated financial statements were prepared were applied by va-Q-tec AG.

The interim consolidated financial statements are to be read in conjunction with the consolidated financial statements of va-Q-tec AG as of 31 December 2017, as not all of the information required for consolidated financial statements as of the financial year-end is provided. In the Management Board's view, all adjustments that are to be applied currently and that are required for an appropriate presentation of the Group's financial position and performance are included.

As part of preparing the condensed interim consolidated financial statements for interim financial reporting pursuant to IAS 34, the Management Board must make judgements, estimates and assumptions that affect the application of accounting policies within the Group, and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from such estimates. The results achieved in the 2018 financial year to date do not necessarily allow predictions to be made about trends during the further course of business.

In the interim consolidated financial statements as of 30 June 2018, figures in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity, segment report and figures in the notes to the consolidated financial statements are presented in thousands of euros (kEUR). All amounts are commercially rounded. Minor deviations relate to rounding differences.

The condensed interim consolidated financial statements and the interim Group management report for the first half of 2018 have been neither audited nor reviewed by an auditor in the meaning of auditing standards IDW PS 900 or ISRE 2400 and / or 2410.

1.3 CHANGE IN CONSOLIDATION SCOPE

In the first half of 2018, va-Q-tec AG founded a company in the Montevideo free-trade zone, Uruguay. A stronger local presence to support commercial activities in South America is to be established with va-Q-tec Uruguay S.A.

No significant revenues have yet been generated with this company. No significant effects on results arose.

1.4 EFFECTS OF NEW ACCOUNTING STANDARDS

Apart from the financial accounting regulations applied for the first time during the current financial year, the same accounting policies were applied in the interim consolidated financial statements as in the preparation of the consolidated financial statements for the financial year ending 31 December 2017.

As of 1 January 2018, IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) were applied for the first time. The following section states the effects from the first-time application of IFRS 9 and IFRS 15.

IFRS 9 is the new standard relating to the accounting treatment of financial instruments, which va-Q-tec AG has applied retrospectively for the first time without restating the previous year's figures as of 1 January 2018. No conversion effects arose for va-Q-tec AG from the classification and measurement and financial instruments as of the first-time application date.

In May 2014, the IASB published IFRS 15 "Revenue from Contracts with Customers", and in April 2016 published further clarifications of this standard. The new standard fully replaces the previous revenue recognition regulations, consisting of the standards IAS 18 and IAS 11 as well as various standard interpretations, and is to be applied from 1 January 2018. It determines uniform basic principles applicable for all sectors and for all categories of sales revenue transactions. The level and timing, or period, for which revenue is to be recognised is to be assessed in future based on a five-step model. According to IFRS 15, those amounts are to be recognised as revenue that the company expects as consideration for the transfer of goods or for the rendering of services to a customer. Revenue is recognised if (or as soon as) the company transfers the power of disposal over goods or services to a customer either over a period or at a given time. Furthermore, IFRS 15 provide specific detail on the allocation of individual matters to (new) balance sheet items, individual functional expenses in the income statement, and their gross versus net presentation.

va-Q-tec AG introduced IFRS 15 based on the modified retrospective method, so that all the conversion effects as of 1 January 2018 were recognised cumulatively in retained earnings, and the comparable period was presented in accordance with previous regulations. va-Q-tec decided to apply the standard retroactively exclusively to contracts that are unfulfilled contracts as of the first-time application date, and also to present in aggregated form the effects of contractual amendments occurring before the first-time application date.

The application of IFRS 15 led to the following effects:

As remarked upon in the notes to the consolidated financial statements in the 2017 annual report, no significant effects arise from the first-time application of IFRS 15. As of the first-time application date, total assets as well as equity increased due to the capitalisation of contract costs (contract fulfilment costs) in the case of contracts that were not yet fully completed. Contract costs whose amortisation periods would not amount to more than one year are expensed immediately, as a matter of principle. Including deferred tax of kEUR 23, the conversion as of 1 January 2018 generates a cumulative increasing effect that is to be recognised, totalling kEUR 52.

First-time application of IFRS 15 also leads to an amended reporting of liabilities as well as provisions for customer bonuses or prepayments received from customers, which to date have been recognised under other financial liabilities. As part of the conversion as a 1 January 2018, a modified reporting of such liabilities under contract liabilities occurs totalling an amount of kEUR 340.

Assets kEUR	31 / 12 / 2017	IFRS 15 Effects	**01/01/2018 incl. IFRS 15 Effects**
Non-current assets			
Intangible assets	885		885
Property, plant and equipment	55,402		55,402
Investment property	1,614		1,614
Assets from contracts with customers	-	75	75
Equity accounted interests	357		357
Financial assets	283		283
Other non-financial assets	634		634
Deferred tax assets	2,880	(23)	2,857
Total non-current assets	**62,055**	**52**	**62,107**
Current assets			
Inventories	8,942		8,942
Trade receivables	8,005		8,005
Other financial assets - of which deposits (6 - 12 months): 0 kEUR (previous year: 9,000 kEUR) “	9,117		9,117
Current tax assets	67		67
Other non-financial assets	2,104		2,104
Cash and cash equivalents	5,201		5,201
Total current assets	**33,436**		**33,436**
Total assets	**95,491**	**52**	**95,543**

Equity and liabilities in kEUR	31/12/2017	IFRS 15 Effects	01/01/2018 incl. IFRS 15 Effects
Equity			
Issued share capital	13,090		13,090
Treasury shares	-54		-54
Additional paid-in capital	46,158		46,158
Consolidated total other comprehensive income	-28		-28
Retained earnings	-6,174	52	-6,122
Total equity	**52,992**	**52**	**53,044**
Non-current liabilities			
Provisions	39		39
Bank borrowings	11,146		11,146
Other financial liabilities	3,949		3,949
Other non-financial liabilities	8,438		8,438
Total non-current liabilities	**23,572**		**23,572**
Current liabilities			
Provisions	38		38
Bank borrowings	2,958		2,958
Other financial liabilities	6,507	(340)	6,167
Liabilities from contracts with customers	-	340	340
Trade payables	5,244		5,244
Tax liabilities	15		15
Other non-financial liabilities	4,165		4,165
Total current liabilities	**18,927**		**18,927**
Total Equity and liabilities	**95,491**	**52**	**95,543**

The following standards and amendments to standards have become effective and exert no effect on the company's 2018 half-year report.

Standard	Title	Mandatory application for financial years commencing from
Improvements to IFRS (2014-2016)	Annual Improvements to IFRS, Cycle 2014-2016	01/01/2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01/01/2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01/01/2018

The company has not made early application of the following standards that were adopted into EU law:

Standard	Title	Mandatory application for financial years commencing from
Amendments to IFRS 9	Prepayment Features with Negative Compensation	01/01/2019
IFRS 16	Leases	01/01/2019

On 13 January 2016, the IASB published IFRS 16 Leases, which was adopted by the EU and also published on 9 November 2017. This standard must be applied for the first time for financial years beginning on or after 1 January 2019. The Group is utilising the transition option and is also not applying IFRS 16 until from this date.

This new standard abolishes the differentiation between finance leases and operating leases, leading to a standard lease accounting model for all lessees. Accordingly, all leases with a term of more than 12 months and leases for low-value assets must be recognised at the lessee.

With the introduction of IFRS 16, the Group anticipates significant effects on parts of the consolidated financial statements and the presentation of the financial position and performance:

- Consolidated statement of financial position: First-time application will lead to a considerable increase in both non-current assets and financial liabilities. This balance sheet lengthening will reduce the consolidated equity ratio and increase net debt accordingly.

- Consolidated income statement: In contrast to previous reporting, amortisation of right-of-use assets and interest expenses deriving from the reversal of discounts applied to lease liabilities will be recognised in the future. This leads to an improvement in EBIT. The interest expense from the lease payment initially affects earnings before tax. Assuming constant interest payments, earnings before tax are lower in the first years compared to an expense recognised straight-line pursuant to IAS 17 (Operating Lease).

- Consolidated statement of cash flows: The modified reporting of lease expenses leads to improvements in cash flows from operating activities and a deterioration in cash flows from financing activities.

- Notes to the consolidated financial statements: Expanded disclosures (leasing expense for low-value assets, leasing expense for current assets, interest payments on the lease liability). Moreover, a term analysis of the lease liabilities is to be implemented separately from other financial liabilities.

- In the lessor balance sheet, IFRS 16 does not differ significantly from the previous IAS 17. Lessors continued to differentiate between finance leases and operating leases.

The company is currently preparing the first-time application of IFRS 16 and analysing the precise effects on the financial position and performance. No more precise disclosures can be made until the conclusion of the preparations and analyses, which will occur in the third quarter of 2018.

2 ACCOUNTING POLICIES

Apart from the first-time application of IFRS 9 and IFRS 15, the interim Group report of va-Q-tec AG applies the same accounting policies as in the IFRS consolidated financial statements as of 31 December 2017, as a matter of principle. The standards adopted by the EU have not been applied early. The annual improvements to IFRS also have no significant effect on the consolidated financial statements. The notes to the 2017 consolidated financial statements provide a detailed description of the accounting policies.

3 NOTES

3.1 CONSOLIDATED INCOME STATEMENT

3.1.1 Total income

Total income performed positively year-on-year, increasing by around 16.4 % to kEUR 30,960. This is due, firstly, to the good growth in sales revenues, which increased due to a 10.6 % expansion in business with both existing customers and acquired new customers. Secondly, own work produced by the company rose by 30.7 %, and amounted to kEUR 3,326 as of the reporting date. Own work produced by the company comprises mainly the expansion of the container fleet and rental boxes constructed by the company itself. Other operating income has increased significantly through the release of the special item.

3.1.2 Cost of materials and services

The cost of materials rose by kEUR 3,168 to kEUR 14,192 (+28.7 %). The cost of materials[1] rose from 41.5 % to 45.8 %, leading to a 7.7 % increase in gross profit, after taking into consideration the growth in total income.

3.1.3 Personnel expenses

Personnel expenses increased by 38.0 % compared with the previous year's period, rising from kEUR 7,133 to kEUR 9,843. The absolute rise is mainly attributable to the hiring of new staff to support the planned growth wage and salary increases. The personnel expense ratio[2] rose from 26.8 % to 31.8 %.

3.1.4 Other operating expenses

Other operating expenses increased by kEUR 1,275 to kEUR 5,537. This rise mainly reflects effects from the move to the new corporate headquarters and related logistics and IT expenses, as well as an increase in costs incurred as part of business expansion.

3.1.5 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses rose by kEUR 1,131 to kEUR 4,589. The higher level of depreciation is attributable to the container and box fleets. The container fleet has been expanded significantly over the past twelve months, with depreciation for these assets rising by kEUR 1,021 year-on-year. The depreciation and amortisation rate[3] rose from 13.0 % to 14.8 %.

3.1.6 Net financial result

The net financial result reduced by he kEUR 243 year-on-year, as a one-off effect in connection with the financing of the acquisition of the land plot and buildings in Würzburg exerted a positive effect in the prior-year period. The interest expense reduced further, however, in line with the scheduled repayment of bank borrowings and the financing of investments from the company's own funds in the previous year. As of the end of the half-year, the expense amounts to kEUR 375 (previous year: kEUR 497).

[1] Cost of materials ratio in % = cost of materials / total income x 100
[2] Personal expense ratio in % = personnel expenses / total income x 100
[3] Depreciation and amortisation rate in % = depreciation and amortisation expenses / total income x 100

3.1.7 Income tax

Due to the pre-tax loss incurred in the first half of 2018, income from taxes of kEUR 290 is reported. The receivable deriving from deferred tax has increased by kEUR 765 in accordance with the present earnings position of va-Q-tec AG.

3.1.8 Earnings per share

The calculation of basic (undiluted) earnings per share is based on the earnings attributable to the holders of ordinary shares and a weighted average of the number of ordinary shares in issue.

A dilution of earnings per share is not reported, as no stock options exist at present.

Earnings per share are as follows:

	H1 2018	H1 2017
Consolidated net result after non controlling interests (kEUR)	**-3,327**	**98**
Weighted average number of shares	13,075,936	13,078,029
Earnings per share (in EUR)	-0.25	0.01
Weighted average number of shares – diluted	-	13,078,029
Earnings per share – diluted (in EUR)	-	0.01

3.2 STATEMENT OF FINANCIAL POSITION

3.2.1 Intangible assets

Intangible assets rose by kEUR 86 to kEUR 971. The amount arises mainly from internally generated intangible assets under construction.

3.2.2 Property, plant and equipment

Property, plant and equipment increased by kEUR 10,657 to kEUR 66,059, reflecting mainly plant under construction, which was up by kEUR 9,499. This includes the almost completed new construction in Kölleda, as well as the advancing renovation of the building in Würzburg acquired in 2017 and related integration of the Würzburg sites.

3.2.3 Inventories

Inventories rose by kEUR 2,124 to kEUR 11,066. This is attributable, firstly, to accumulation of raw materials and supplies, which increased by kEUR 1,112, driven by growth in the Products and Systems businesses. Furthermore, finished products and merchandise rose by kEUR 1,032, as stocks were accumulated ahead of the move of the production plants in Würzburg in order to avoid bottlenecks in sales and supplies.

3.2.4 Trade receivables

The receivables position reduced slightly by kEUR 3 to kEUR 8,002 as of the balance sheet date.

3.2.5 Other financial assets

The reduction in other current financial assets of kEUR 8,548 to kEUR 569 is chiefly attributable to the temporary financing of additions to assets (real estate, containers, boxes) through assets that can be liquidated at short notice. This was offset by the utilisation of the convertible loan of the associated company SUMTEQ in an amount of kEUR 300.

Non-current financial assets were almost unchanged, by contrast, reporting an increase of kEUR 3 to kEUR 286.

3.2.6 Tax assets

Current tax assets increased from kEUR 67 to kEUR 101. This arises mainly from prepayments for trade and corporation tax for the parent company.

3.2.7 Other non-financial assets

Other non-financial assets reduced by kEUR 319 to kEUR 1,785 due to the decrease in VAT receivables.

3.2.8 Cash and cash equivalents

Cash and cash equivalents rose by kEUR 198, from kEUR 5,201 to kEUR 5,399.

3.2.9 Equity

For information about changes deriving from the new IFRS 15, please refer to the remarks in section 1.4 "Effects of new accounting standards".

As part of the first exercising of stock options that occurred in February 2017, 18,790 treasury shares were issued for all the exercisable options of two senior employees. As of the end of the exercise period on 30 September 2017, all further still-outstanding stock options were served through issuing 109,610 treasury shares, so that no more options were outstanding as of 31 December 2017. No further allocation of options will occur under this program above and beyond the options allocated and vested up until this exit event. The options not allocated and not vested to date have lapsed without replacement.

3.2.10 Non-current and current bank borrowings

Current bank borrowings rose by kEUR 3,403 to kEUR 6,361. Non-current bank borrowings also reported an increase of kEUR 4,153 to kEUR 15,299. The arise derives mainly from the financing of new constructions and renovation works as well as the increase in working capital.

3.2.11 Other non-current and current financial liabilities

Overall, other non-current and current financial liabilities rose by kEUR 702 to kEUR 11,158. The addition is chiefly attributable to the kEUR 669 increase in the deductible for construction services.

3.2.12 Other non-current and current non-financial liabilities

Other non-current and current non-financial liabilities increased by 7.4 % to kEUR 13,541 (previous year: kEUR 12,604). This change arises mainly from the change in the special item for profits from sale and finance leaseback transactions as part of expanding the container fleet. The special item for grants also reduced by kEUR 198 to kEUR 3,786.

Overall, the special item for grants and container profits from sale and finance leaseback transactions amounts to kEUR 11,642 (previous year: kEUR 11,133) and accounts for around 86.0 % of the total item (previous year: 88.3 %).

3.2.13 Trade payables

Trade payables decreased by kEUR 1,225 to kEUR 4,019 (previous year: kEUR 5,244).

3.3 FINANCIAL INSTRUMENTS

The following table presents financial instruments with their carrying amounts and fair values, analysed by measurement category pursuant to IFRS 9 and IAS 17 (previous year: pursuant to IAS 39 and IAS 17). All of the fair values are allocated to one of the measurement levels of the fair value hierarchy. Where no corresponding allocation has occurred, it is assumed that the carrying amount corresponds to fair value. This relates mainly to trade receivables, cash and cash equivalents, miscellaneous current financial assets, trade payables and miscellaneous current financial liabilities, all of which have short remaining terms.

Section 1.2 of the 2017 consolidated financial statements "Basis of preparation of the financial statements" provides a definition of the fair value hierarchy levels. All allocations to levels are reviewed at the end of the reporting period. No reclassifications between levels occurred in either the reporting period or in the previous reporting period.

Values by measurement categories as at 31 / 12 / 2017

	Measu-rement category as per IFRS 9 / IAS 17	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value				
kEUR		30/06/2018	30/06/2018	30/06/2018	Level 1	LTotal	Level 3
Financial Assets							
Trade accounts receivables	AC	8,002		8,002			
Other financial assets							
of which: held to maturity	AC	114		114			
of which: miscellaneous financial assets	AC	441		441			
Cash and cash equivalents	AC	5,399		5,399			
Total		**13,956**		**13,956**			
Financial liabilities							
Bank borrowings	AC	21,660		21,905		21,905	
Trade payables	AC	4,019		4,019			
Other financial liabilities							
of which: finance lease liabilities	IAS 17	7,051		7,130		7,130	
of which: derivative financial instruments without hedging relationship	FVtPL		44	44		44	
of which: miscellaneous other financial liabilities	AC	4,151		4,246		4,246	
Total		**36,881**	**44**	**37,344**			

Of which aggregated by measurement category as per IFRS 9

kEUR		Carrying amount	Fair value
Amortised Cost (asset)	AC	13,956	13,956
At fair value through P&L (asset)	FVtPL	-	-
Amortised Cost (liability)	AC	29,830	30,170
At fair value through P&L (liability)	FVtPL	44	44

Values by measurement categories as at 30/06/2018

in TEUR	Measurement category as per IFRS 39/IAS 17	Carrying amount: Aquisition cost 31/12/2017	Carrying amount: Fair value 31/12/2017	Fair value 31/12/2017	of which: fair value Level 1	of which: fair value Level 2	of which: fair value Level 3
Financial Assets							
Trade accounts receivables	LaR	8,005		8,005			
Other financial assets							
of which: held to maturity	HtM	9,115		9,115			
of which: miscellaneous financial assets	LaR	286		286			
Cash and cash equivalents	LaR	5,201		5,201			
Total		**22,607**		**22,607**			
Financial liabilities							
Bank borrowings	FLAC	14,104		14,320		14,320	
Trade payables	FLAC	5,244		5,244			
Other financial liabilities							
of which: finance lease liabilities	IAS 17	7,117		7,338		7,338	
of which: derivative financial instruments without hedging relationship	FVtPL		52	52		52	
of which: miscellaneous other financial liabilities	FLAC	3,287		3,260		3,260	
Total		**29,752**	**52**	**30,214**			

Of which aggregated by measurement category as per IFRS 39

kEUR		Carrying amount	Fair value
Loans and Receivables	LaR	13,492	13,492
Held to Maturity	HtM	9,115	9,115
Financial liabilities measured at amortised cost	FLAC	22,635	22,824
At fair value through P&L (liability)	FVtPL	52	52

The fair value of Level 2 interest-bearing bank borrowings and finance lease liabilities is derived as the present value of the expected future cash flows. Discounting is applied on the basis of interest rates prevailing on the reporting date. In the case of variable interest liabilities, the carrying amounts generally correspond to fair values.

The fair value of Level 2 interest-rate swaps is calculated by discounting expected future cash flows on the basis of market interest rates valid on the respective reporting date for the contracts' remaining terms. To measure the currency options, recognised option pricing models are utilised that reflect the volatility of the respective exchange rate and the underlying basis interest rates, among other inputs.

3.4 NET RESULT FROM FINANCIAL INSTRUMENTS

The net result relating to financial instruments as presented in the consolidated income statement is composed as follows:

Net results from 30/06/2018

Measurement category as per IFRS 9/IAS 17 kEUR	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent fair value measure-ment	Currency translation
Amortised Cost (asset)	0	0	0	0	0	69
FVtPL	0	0	0	0	9	0
Amortised Cost (liability)	2	-193	0	0	0	-26
IAS 17	0	-182	0	0	0	0
other	0	0	0	0	0	-1
Total	**2**	**-375**	**0**	**0**	**9**	**42**

Net results from 30/06/2017

Measurement category as per IFRS 39/IAS 17 kEUR	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent fair value measure-ment	Currency translation
LaR	0	0	0	0	0	-244
FVtPL	16	0	0	0	0	0
FLAC	360	-203	0	0	0	-28
IAS 17	0	-294	0	0	0	0
other	0	0	0	0	0	-3
Total	**376**	**-497**	**0**	**0**	**0**	**-275**

4 OTHER DISCLOSURES

4.1 SEGMENT INFORMATION

For the purpose of segment reporting, the activities of the va-Q-tec Group are separated by operating segments on the basis of the regulations of IFRS 8 (Operating segments). The structure is based on internal management and reporting on the basis of legal entities. The va-Q-tec Group operates in the three reporting business areas of "va-Q-tec AG", "va-Q-tec Ltd (UK)" and "Other".

Reporting and va-Q-tec occurs on the basis of IFRS and not, as in the past, according to the respective local accounting policies. As a consequence, this dispenses with the need for a reconciliation to the internal reporting, in order to enable comparability with these IFRS consolidated financial statements. Insofar they are material, the supply and service relationships between the operating segments are reported on a consolidated basis.

The comparability of the segment reporting with the previous period is not affected by the inclusion of the new subsidiary va-Q-tec Uruguay S.A., as to date this has had no significant influence on the company's financial position and performance.

The notes to the 2017 consolidated financial statements provide a detailed description of the individual operating segments.

Segment reporting H1 2018

kEUR	va-Q-tec AG IFRS	va-Q-tec Ltd. (UK) IFRS	Other IFRS	Operating divisions, total	Consoli-dation	Group
External revenue	17,810	6,468	582	24,860	-	24,860
Internal revenue	6,209	680	759	7,648	-7648	-
Total sales revenue	**24,019**	**7,148**	**1,341**	**32,508**	**-7,648**	**24,860**
Total income	26,699	7,371	1,349	35,419	-4,460	30,959
Cost of materials and services	-11,587	-3,774	-457	-15,818	1,626	-14,192
Personnel expenses	-8,401	-1,150	-384	-9,935	92	-9,843
Other operating expenses	-4,863	-1,204	-538	-6,605	1,068	-5,537
EBITDA	**1,848**	**1,243**	**-30**	**3,061**	**-1,674**	**1,387**
Depreciation, amortisation and impairment losses	-1,643	-3,217	-26	-4,886	297	-4,589
EBIT	**205**	**-1,974**	**-56**	**-1,825**	**-1,377**	**-3,202**
Result from equity accounted investments	**-**	**-**	**-**	**-**	**-51**	**-51**
Financial income	79	-	-	79	-68	11
Financial expenses	-189	-244	-10	-443	68	-375
EBT	**95**	**-2,218**	**-66**	**-2,189**	**-1,428**	**-3,617**
Investments 30/06/2018	10,678	9,528	55	20,261	-2,874	17,387
Assets 30/06/2018	96,344	26,373	1,740	124,457	-24,197	100,260
Non-current assets 30/06/2018	48,158	20,768	260	69,186	-2,156	67,030
Equity accounted investments 30/06/2018	-	-	-	-	306	306
Liabilities 30/06/2018	31,754	23,411	1,587	56,752	-6,208	50,544
Employees	360	40	13	413	-	413

Segment reporting H1 2017

kEUR	va-Q-tec AG IFRS	va-Q-tec Ltd. (UK) IFRS	Other IFRS	Operating divisions, total	Consoli-dation	Group
External revenue	15,873	7,029	150	23,052	-572	22,479
Internal revenue	4,779	728	440	5,947	-5,947	-
Total sales revenue	**20,652**	**7,757**	**590**	**28,999**	**-6,520**	**22,479**
Total income	21,621	8,032	589	30,243	-3,650	26,593
Cost of materials and services	-9,259	-2,899	-37	-12,195	1,170	-11,025
Personnel expenses	-6,046	-983	-146	-7,175	42	-7,133
Other operating expenses	-3,093	-1,418	-443	-4,955	694	-4,261
EBITDA	**3,223**	**2,732**	**-37**	**5,918**	**-1,744**	**4,174**
Depreciation, amortisation and impairment losses	-1,356	-2,227	-4	-3,587	130	-3,457
EBIT	**1,867**	**505**	**-41**	**2,331**	**-1,615**	**716**
Result from equity accounted investments	**-**	**-**	**-**	**-**	**-53**	**-53**
Financial income	434	-	-	434	-58	376
Financial expenses	-184	-362	-10	-556	58	-498
EBT	**2,117**	**143**	**-51**	**2,209**	**-1,668**	**541**
Investments 31/12/2017	25,400	16,467	216	42,083	-4,934	37,149
Assets 31/12/2017	90,718	24,742	934	116,394	-20,902	95,493
Non-current assets 31/12/2017	39,202	18,359	225	57,786	-1,499	56,287
Equity accounted investments 31/12/2017	-	-	-	-	357	357
Liabilities 31/12/2017	26,239	21,049	714	48,002	-5,503	42,501
Employees	317	32	9	358	-	358

The company's revenues are subdivided according to their recognition at a date or over a period as follows:

Revenue recognition

in kEUR	**H1 2018**	H1 2017
recognition at a point	16,663	13,708
recognition over time	8,197	8,771
Group, total	**24,860**	**22,479**

The revenues are distributed geographically as follows:

in kEUR	**H1 2018**	H1 2017
Germany	9,126	6,509
Rest of European Union	6,798	7,741
Other	8,936	8,229
Group, total	**24,860**	**22,479**

The allocation of revenues with external customers to a geographic region is based on the customer's location. The geographic allocation of non-current assets is based on the domicile of the asset's owner, and is shown in the segment reporting according to legal entities presented above.

The allocation of revenues to products, systems and services is as follows: Sales revenues of kEUR 10,639 (previous year: kEUR 8,457) were generated with Products (vacuum insulation panels and individually sold heating storage components) in the first half of 2018. The Group reported kEUR 5,621 of sales revenue with systems (thermal packaging and related components) in the the first half of 2018 (previous year: kEUR 4,946). Services, which comprise the container and box rental business, generated kEUR 8,198 of revenues in the first half of 2018 (previous year: kEUR 8,772). Other sales revenues amounted to kEUR 403 in the first half of 2018 (previous year: kEUR 304).

4.2 RELATED PARTIES

During the first six months of 2018, no transactions with related parties occurred that had a significant influence on the Group's financial position and performance.

On 14 July 2017, va-Q-tec concluded a convertible loan agreement with SUMTEQ GmbH. This agreement makes provision whereby va-Q-tec makes available to SUMTEQ GmbH a twelve-month loan up to a maximum amount of kEUR 450 given the achievement of certain milestones. Under certain circumstances, va-Q-tec AG is entitled to call for the partial or full conversion of the loan into new shares in SUMTEQ GmbH. In January 2018, va-Q-tec AG provided a part of the loan in an amount of kEUR 300.

5 EVENTS AFTER THE REPORTING DATE

In July 2018, va-Q-tec AG converted into new shares the loan repayment claims arising from the convertible loan with SUMTEQ GmbH of 14 July 2017, which was provided in an amount of kEUR 300 in January 2018, plus interest incurred as well as an additional payment of kEUR 22 as part of the capital increase of SUMTEQ GmbH. The conversion occurred as part of the Series B financing round of SUMTEQ GmbH, in connection with which to new long-term oriented investors also acquired interests in the company.

On 20 August 2018 va-Q-tec AG has announced that CEO Dr. Joachim Kuhn and the Supervisory Board decided to extend the Management Board mandate of Dr. Kuhn by a period of five years.

On 21 August 2018, va-Q-tec AG adjusted its revenue and earnings forecast for the full 2018 financial year. Whereas consolidated revenue of between EUR 56 million and EUR 63 million and strong year-on-year EBITDA growth had been expected previously, the Management Board now forecasts for the 2018 financial year consolidated revenue in a range between EUR 51 million and EUR 56 million, corresponding to growth in the double-digit range. For EBITDA in 2018, va-Q-tec anticipates a marked reduction compared with the previous year. On a relative basis, compared with the level for the first half of 2018, it sees a slightly improved EBITDA margin.

Würzburg, 22 August 2018

va-Q-tec AG

The Management Board

Dr. Joachim Kuhn

Stefan Döhmen

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's net assets, financial position and results of operations, and the group interim management report provides a fair review of the development and performance of the business and the position of the Group together with a description of the principal opportunities and risks associated with the Group's expected development during the remainder of the financial year.

Würzburg, 22 August 2018

va-Q-tec AG

The Management Board

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va-Q-tec AG

FINANCIAL CALENDAR

14 / 11 / 2018	Publication quarterly financial report (call-date Q3)

REMARKS

This report can include 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. These and other factors can lead the company's actual results, financial position, development or performance to differ significantly from the estimates provided here. The company assumes no obligation of any kind to update such forward-looking statements and adjust them to future events or developments.

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