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Quarterly Statement 9M | 2016

January 1 to September 30, 2016

va-Q-tec reports on first nine months of 2016

Highlights

- Successful IPO, raising € 46.1 million of growth capital
- 54% revenue growth in 9M/2016 to € 24.3 million vs. € 15.8 million in 9M/2015 on a consolidated Group level
- Adjusted Group EBITDA margin for 9M/2016 increased to 16% vs. 12% in FY 2015
- On track to achieve 2016 targets, positive momentum for 2017
- Multibank loan agreement signed allowing for increased financial flexibility
- Manufacturing output significantly increased, yield improved

Dear shareholders,
Dear partners and friends of va-Q-tec,

The 2016 financial year has been extraordinary in many ways for us at va-Q-tec. We have experienced very strong growth in revenues and profitability, and we have successfully entered the public capital markets through an IPO in September. The IPO is a major step for us: it not only provided the company with substantial growth funding, but it also strengthens the visibility of our technology and the stance of our company as a trusted and viable partner in the market place.

We have continued innovating on new products and services which will be deployed across the industries we serve. We are particularly proud of the new thermal box rental business we ramped up this year, and that we believe will be a major driver of growth in the future. In addition, we have been able to establish our insulation products as state-of-the-art components to new applications such as hot water storage tanks and commercial refrigeration.

2016 has also seen an increase in our workforce. We have added talent throughout the organisation, with a focus on product engineers and sales teams. The quality and dedication of our people provide the foundation of our future success.

Key financial figures

in € million	01.01.-30.09.2016	01.01.-31.12.2015
Revenues	24.3	22.5
Total income	30.6	29.6
EBITDA[1]	5.0	3.6
EBITDA margin[1] (%)	16%	12%
EBIT[1]	0.9	0.4
EBIT margin[1] (%)	3%	1%
Equity ratio	58%	24%
Net cash / (Net debt)	19.4	-23.1

[1] 2016 figure adjusted for one-off items resulting from the IPO, in particular external advisory costs

Post-IPO we have started investing our equity proceeds as planned into manufacturing capacity, container & box fleets as well as unique technology development – paving the way for distinctive products and services and continued company growth.

On behalf of the Management Board of va-Q-tec AG

Dr. Joachim Kuhn
CEO and Chairman of the Management Board

Successful IPO in September 2016

On September 30, 2016 va-Q-tec AG successfully listed in the Prime Standard of the Frankfurt Stock Exchange. This was one of the very few high-tech IPO's of the past years in Germany and the first IPO by a member of Deutsche Börse's Venture Network.

The IPO generated gross equity proceeds of € 46.1 million for the company, enabling it to fund its plans for accelerated growth and product innovation over the coming years. The listing also allowed early stage investors who had supported the company's development over the past 15 years to successfully exit their investment. The stock now has a free float of roughly 51%. Our two founders, Joachim Kuhn und Roland Caps each still hold between 12-15% of the company which demonstrates their significant commitment going forward and aligns their interests with new shareholders.

At € 12.30 per share the IPO was priced in the middle of the price range announced prior to book-building. Due to high demand in the aftermarket the stock started trading at an initial price of €14 per share and has mostly been trading between €13.80 and € 14.10 since IPO. This performance reflects the attractiveness of va-Q-tec's business model and strategy aiming for continued growth and profitability improvements.

Via the IPO the company was able to attract a diversified group of high quality institutional investors with long-term investment horizons. The majority of new investors are based in UK, Germany and Switzerland.

The equity raised in the IPO has allowed us to significantly strengthen our balance sheet and increase our equity ratio to 58%. This will enhance our standing as a financially reliable partner for our customers, suppliers and banks.

Strong Q3 results with accelerating growth, on track to achieve 2016 targets

The Group increased its revenues for the first nine months of 2016 by 54% to € 24.3 million (9M 2015: € 15.8 million). This substantial growth is attributable to the successful development of all three major business lines of the Group, i.e. Products, Systems and Services. It comes as the result of years of seeding new markets and applications for our innovative products and services which are in many cases pioneering solutions in their respective markets.

Growth in our Products business – selling primarily vacuum insulation panels (VIPs) – has been driven by additional demand and new customers in the areas of domestic refrigeration and hot water storage. Products revenue grew to € 8.1 million in 9M / 2016 (39% higher than 9M / 2015 revenues of € 5.8 million). Our Systems business (selling thermal packaging systems) has grown as a result of increased demand from existing customers as well as the successful on-boarding of new pharma and logistics customers. Systems revenue grew to € 6.9 million in 9M / 2016 (92% higher than 9M / 2015 revenues of € 3.6 million). Finally, our Services business was propelled forward by higher numbers of container rentals in our UK operation as well as the highly successful ramp-up of our first box rental projects. As a result, Services revenue grew to € 8.9 million in 9M / 2016 (48% higher than 9M / 2015 revenues of € 6.0 million).

As we strengthened our Service business we manufactured and capitalized additional containers and boxes to expand our service fleets. This fleet expansion is reflected in total income which has grown to € 30.6 million for 9M / 2016 (vs. € 29.6 million in FY 2015).

The growth of higher margin Systems and Services revenue has led to a tangible increase in gross margin, which reached 62% in Q3 2016 and 59% for the first nine months, vs. 58% for the full year 2015. We have also been successful in reducing key cost ratios directly impacting adjusted EBITDA: in 9M / 2016 personnel expenses (adjusted for IPO stock option costs of € 168 thousand) declined to 28% of total income (FY 2015: 30%), and other OPEX (adjusted for IPO costs of € 1.5 million) declined to 14% of total income (2015: 16%). The improved cost structure is primarily due to improved economies of scale as revenue growth outpaces growth in personnel and overhead costs.

As a result of revenue growth and cost improvements, va-Q-tec has been able to generate € 5.0 million of adjusted EBITDA in the first nine months of the year, a number that is already 39% above the € 3.6 million achieved in the full year 2015. The adjustments to 9M / 2016 EBITDA comprise of one-off costs caused by the IPO, in particular personnel expenses for stock options valued at € 168 thousand and direct IPO costs of € 1.5 million accounted for in other OPEX.

Adjusted EBIT for 9M / 2016 increased to €0.9 million, significantly outperforming FY 2015 EBIT of € 0.4 million.

With this strong performance in the first nine months of 2016 we are well on track to achieve our revenue and profitability targets for 2016.

As a result of the IPO our balance sheet has also significantly strengthened. Our equity ratio has improved to 58% and, assuming the IPO cash proceeds had been transferred to our accounts by 30 September (i.e. on the day of the IPO), our net debt has moved from € 23.1 million as of 31 December 2015 to net cash of € 19.5 million post IPO.

Progress in manufacturing operations

As a manufacturing company by heart, we are very focused on improvements in our production technology and efficiency. In the first nine months of 2016, we have made tangible progress in this area. In particular, we have been able to substantially increase the output of our installed capacity through technology and process improvements. In addition, we have been able to visibly decrease our scrap rates on our serial production lines, allowing for efficiency gains and reduced manufacturing costs.

Multibank loan agreement signed

In addition to strengthening our equity via the IPO we also worked on building a scalable debt platform for the future. To this end, we structured and signed a multibank loan agreement with our house banks Commerzbank, Landesbank Baden-Württemberg, Santander and Sparkasse Mainfranken in September 2016. This agreement nearly doubles our available working capital funding to € 11 million and harmonizes relevant terms of our debt funding across banks. It is designed to allow growth over the coming years and will be regularly reviewed and adjusted to our evolving funding needs. The agreement reflects the strong commitment of our house banks to support the growth of va-Q-tec in the long term and represents a necessary complement to our capital structure.

Recent developments in Q4 2016

Q4 2016 has continued on a positive note with significant new customer orders, in particular in our Systems business. We have been able to secure large orders of multi-use boxes from logistics players for the distribution of temperature-sensitive pharma and biotech goods. In certain cases, we will also be offering on-going fulfilment services on these fleets of boxes.

A major win for va-Q-tec is a contract with Swiss Post. In January 2017, Swiss Post is launching its new offering "ThermoCare Ambient" in order to realize a regulatory compliant distribution of medicinal products across Switzerland. In a first step, va-Q-tec will supply a fleet of multi-use boxes based on va-Q-tec’s platform "va-Q-med®". These assets will ensure a temperature-controlled transport without deviation throughout the desired temperature range. For va-Q-tec, the cooperation with Swiss Post represents one of the largest individual contracts in the company's history and the start of a larger long-term partnership to serve the Swiss market. In turn, Swiss Post will benefit from va-Q-tec’s leading technological position and process experience in the field of temperature-controlled shipments.

In Q4 2016 we have also made progress in our Products and Services business lines, expanding the scope of our relationships with our existing customers and bringing new customers on board for 2017. Our offerings of VIPs in Appliance & Food (domestic and commercial refrigeration) and in Technics & Industry (hot water storage tanks) are meeting increasing levels of demand, permeating their respective markets and showing clear signs of further growth in 2017. In our Services business which addresses the logistics challenges of the global healthcare industry, we are continuously converting new customers to our box and container rental offerings and ramping up shipment volumes. We are observing a sustained shift from active transport solutions offered by our competitors to our often superior advanced passive solutions. We therefore expect continued growth in above our underlying market for healthcare logistics and from gains in market share.

With the tail wind of the IPO, we have also started investing our IPO proceeds as planned. In order to meet growing demand for our VIPs we have placed orders for additional manufacturing capacity to be installed in H1 2017. Furthermore, we have kicked off the planning process for two major expansion projects at our German manufacturing sites in Kölleda and Würzburg. These projects will allow us to substantially expand our manufacturing and services capacity, as well as our R&D over the coming years. Finally, we have used a small part of our IPO proceeds to push ahead our technology roadmap: In early November we increased our stake in the young materials company SUMTEQ GmbH which is developing highly differentiated insulation foams that we intend to deploy in our VIPs in the future. This investment is in line with our strategy of selectively investing in internal or external know-how along the value chain in order to secure product USPs.

Correction of the prospectus with regard to number of issued stock options

As mentioned in our historical financials and in our IPO prospectus the company has a virtual stock option plan, primarily to incentivize members of the management team towards an IPO. As a matter of precaution we would like to make the following clarifying correction to the information about the virtual stock option plan provided in our IPO prospectus dated 20 September 2016:

> ***"Correction for clarifying purposes according to section 23 (2) (4) of the German Securities Prospectus Act regarding the information provided in the securities prospectus of va-Q-tec AG dated September 20, 2016 concerning the virtual stock option plan of the company***
>
> With regard to the information provided in the securities prospectus of va-Q-tec AG dated 20 September 2016 concerning the virtual stock option plan of the company it has to be **clarified** that the figures quoted refer to the factual situation prior to the implementation of the capital increase from the company's financial resources on May 31, 2016. Upon the entry of the nominal capital increase into the commercial register on July 19, 2016 the dilution protection provision contained in the virtual stock option plan and mentioned in the securities prospectus came into effect. Pursuant to this provision the number of virtual stock options granted to a beneficiary shall be increased accordingly upon the occurrence of a capital increase from the company's financial resources.
>
> Since the share capital and the number of shares of va-Q-tec AG doubled as a result of the nominal capital increase, the number of virtual stock options held by Mr. Christopher Hoffmann also doubled in accordance with the dilution protection provision, so that as of September 20, 2016 **188,592 and not only 94,296 virtual stock options**, as set out in the securities prospectus[2], were allocated to him. In addition, on July 23, 2016 an amendment agreement to the virtual stock option plan was entered into between va-Q-tec AG and Mr. Hoffmann. According to this amendment agreement, payments made to Mr. Hoffmann under the virtual stock option plan are capped. However, as a result of the nominal capital increase the agreed cap on payments to Mr. Hoffmann doubled as well and amounted to **130,000 shares or an equivalent cash amount** as of September 20, 2016 **and not to 65,000 shares or an equivalent cash amount**, as set out in the securities prospectus[3].
>
> As of September 20, 2016, **94,296 and not only 47,148 virtual stock options**, as set out in the securities prospectus[4], were in total allocated to two key employees of the company.
>
> Simultaneously, as a result of the nominal capital increase the book value of each virtual stock option halved, so that as of September 20, 2016 the strike price per virtual stock option amounted to **EUR 3.865 and not to EUR 7.73**, as set out in the securities prospectus[5], for all beneficiaries."

It is important to note that the above clarifications and corrections refer exclusively to the description of the virtual stock option program in our securities prospectus. In our historical financial statements, all information on virtual stock options has been properly presented. The capital increase from the company's financial resources (stock split) had only an impact on the number of options granted, it did not however lead to any substantial increase in the value of the options. Accordingly, the company's asset, financial and earnings position has not been affected by the change in the number of options.

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[2] Section 1, subsection E.4, page 30, second last paragraph; section 2, subsection E.4, page 68, second last paragraph; section 6.2, page 124, second last paragraph; section 17.2.3, page 249, last paragraph; section 17.4, page 257, fourth paragraph; section 17.5, page 257, second paragraph.

[3] Section 6.2, page 124, second last paragraph; section 17.4, page 257, fourth paragraph; section 17.5, page 257, last paragraph.

[4] Section 17.5, page 257, second paragraph.

[5] Section 6.2, page 124, second last paragraph; section 17.4, page 257, fourth paragraph.

Since the costs of the stock option program are classified as one-off costs of the IPO they also have no impact on the adjusted profits of the company (EBITDA, EBIT or net profit).

Summary

In summary, va-Q-tec has enjoyed a very successful first nine months of 2016. Progress has been made in many areas of the business, from winning new business, through talent development and R&D, to laying the financial basis for future growth. As a technology pioneer in the field of high-performance insulation and cold chain logistics services we look forward to the challenges ahead.

Consolidated income statement

In EUR	**1.1. – 30.09.2016**	**2015**
Revenue	**24,274,409**	**22,543,223**
Change in inventory and finished goods	331,300	724,219
Other own work capitalized	3,654,328	4,870,963
Other operating income	2,355,381	1,419,330
Total Income	**30,615,417**	**29,557,735**
Cost of raw materials and services	-12,624,628	-12,354,411
Gross profit	**17,990,789**	**17,203,324**
Personnel expenses	-8,593,073	-8,853,712
Other operating expenses	-6,040,126	-4,751,021
EBITDA	**3,357,590**	**3,598,592**
Depreciation and amortization	-4,076,957	-3,169,484
Earnings before interest and taxes (EBIT)	**-719,367**	**429,108**
Result from equity accounted investments	**-47,989**	**-4,903**
Net finance costs	**-1,324,404**	**-1,058,831**
Earnings before taxes (EBT)	**-2,091,760**	**-634,626**
Income tax expense	-622,137	305,443
Net income	**-2,713,897**	**-329,183**
Of which attributable to controlling shareholders	**-2,652,774**	**-357,971**
Of which attributable to non-controlling shareholders	-61,123	28,787
Earnings per share - basic and diluted in EUR	**-0.30**	**-0.08**

Consolidated statement of comprehensive income

	1.1 – 30.09.2016	**2015**
Net Income	**-2,713,897**	**-329,183**
Other comprehensive income		
Foreign currency translation difference	7,971	-12,912
	7,971	-12,912
Total comprehensive income	**-2,705,926**	**-342,095**
Of which attributable to controlling shareholders	-2,644,803	-370,883

Of which attributable to non-controlling shareholders	-61,123	28,787

Consolidated statement of financial position

Assets, In EUR	**30.09.2016**	**31.12.2015**
Non-current assets		
Intangible assets	386,407	364,960
Property, plant and equipment	31,736,923	28,043,616
Investments accounted at equity method	322,108	370,097
Financial assets	50,568	46,214
Other non-financial assets	164,097	54,450
Deferred tax assets	2,094,035	2,146,935
Total non-current assets	**34,754,139**	**31,026,273**
Current assets		
Inventories	5,112,686	4,577,210
Trade accounts receivable	5,475,511	4,415,527
Other financial assets	41,286,002	16,107
Current tax assets	235,808	25
Other current assets	1,004,857	704,435
Cash and cash equivalents	4,003,178	1,186,045
Total current assets	**57,118,041**	10,899,349
Total Assets	**91,872,180**	**41,925,622**
Equity and Liabilities		
in EUR		
Equity		
Issued capital	12,955,036	4,578,187
Additional paid-in capital	46,262,055	9,030,470
Cumulative other comprehensive income	-13,405	-21,376
Retained earnings	-6,241,758	-3,588,984
Equity attributable to owners of parent company	52,961,928	9,998,298
Non-controling interest		-6,588
Total Equity	**52,961,928**	**9,991,709**
Non-current liabilities and provisions		
Long-term provisions	21,400	46,400
Bank liabilities	2,302,727	2,016,575
Other financial liabilities	4,503,935	5,108,042
Other non-financial liabilities	7,258,268	7,450,750
Deferred tax liabilities		
Total non-current liabilities and provisions	**14,086,330**	**14,621,766**
Current liabilities and provisions		
Provisions	5,778	77,000
Bank liabilities	10,887,538	6,893,775
Other financial liabilities	8,845,221	5,785,142
Trade accounts payable	2,154,808	1,633,172
Current tax liabilities	341,055	518,996
Other non-financial liabilities	2,589,523	2,404,061
Total current liabilities and provisions	**24,823,921**	**17,312,147**
Total Equity and Liabilities	**91,872,180**	**41,925,622**

Consolidated cash flow statement

In EUR	**1.1 – 30.09.2016**	**31.12.2015**

Cash flow from operating activities		
Net income	-2,713,897	-329,184
Current income taxes recognised in income statement	622,137	528,989
Income taxes paid	3,818	-32,341
Net finance costs recognised in income statement	**1,324,404**	**1,058,831**
Interest received	379,327	590
Interest paid	-541,843	-815,726
Non-cash losses from equity accounted investments	47,989	4,903
Depreciation, amortisation and impairment losses	4,077,157	3,169,484
Gain/loss from disposal of non-current assets	-219,095	-6,979
Change in other assets	-41,920,101	533,828
Change in other liabilities	2,487,822	551,103
Change in provisions	-96,222	26,915
Other non-cash expenses or income	40,674,497	-2,518,589
Cash flow from operating activities before working capital changes	4,125,993	2,171,824
Change in inventories	-765,044	-403,220
Change in trade receivables	-1,059,984	-1,021,600
Change in trade payables	521,635	-586,212
Net cash flow from operating activities	**2,822,600**	**160,792**
Cash flow from investing activities		
Payments for investment in intangible assets	-99,135	-308,083
Proceeds from disposal of property, plant and equipment	219,095	15,594
Payments for investments in property, plant and equipment	-4,698,389	-6,525,261
Payments for acquisition of interests in associates	-	-375,000
Net cash flow from investing activities	**-4,578,429**	**-7,192,750**
Cash flow from financing activities		
Proceeds from equity increases	3,750,000	-
Payments acquisition of treasury shares	-763,398	-
Payments for equity transaction costs	-2,401,623	-35,218
Proceeds from bank loans	4,593,763	4,290,732
Repayments of bank loans	-313,848	-640,764
Repayments of other financial liabilities	-	-
Proceeds from sale-and-finance-leaseback transactions	3,095,913	7,214,881
Proceeds from government grants	-	637,761
Net cash inflow from factoring	84,087	155,933
Payments for finance leases liabilities	-3,472,204	-4,648,670
Change in restricted cash	-	-
Net cash flow from financing activities	**4,572,690**	**6,974,655**
Net cash flows before exchange rate effects	**2,816,861**	**-57,303**
Effect of exchange rate changes on cash and cash equivalents	272	-360
Net change in cash and cash equivalents	**2,817,133**	**-57,663**
Cash and cash equivalents at start of period	**1,186,045**	**1,243,708**
Cash and cash equivalents at end of period	**4,003,178**	**1,186,045**

Financial calendar 2017

Full year 2016 Financials	2017 Q1 Results	2017 H1 Results	2017 Q3 Results
April 17	May 2017	September 17	October 2017

About va-Q-tec

va-Q-tec is a leading provider of highly efficient tech products and solutions in the field of thermal insulation. The Company develops, manufactures and sells innovative, thin vacuum insulation panels ("VIPs") and phase change materials ("PCMs") for reliable and energy efficient temperature control and insulation. Furthermore, by optimally integrating VIPs and PCMs, va-Q-tec manufactures passive thermal packaging solutions (containers and boxes), which offer constant temperature conditions between 24 and over 200 hours without using external energy sources. Within its rental services business, the company has built a global partner network to provide for an extensive fleet of containers and boxes fulfilling highly demanding thermal protection standards in temperature sensitive supply chains. Besides Healthcare & Logistics as main market, va-Q-tec addresses additional markets such as Appliances & Food, Technics & Industry, Building and Mobility. The strongly growing Company was founded in 2001, and has its headquarters in Würzburg. More information on va-Q-tec under **www.va-q-tec.com**

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