

Interim Report | **H1 2020** (IFRS)



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Gender reference

For the reason of better readability, we consistently avoid gender-differentiating formulations (e.g. "his/her" or "he/she"). The corresponding terms apply to all genders for the purposes of equal rights. This is done solely for editorial purposes and does not imply a judgment of any kind.

1 ABOUT VA-Q-TEC

va-Q-tec is a pioneer in highly efficient products and solutions in the area of thermal insulation (super heat insulation) and temperature-controlled logistics (TempChain logistics). The company develops, produces and markets vacuum insulation panels (VIPs) as well as phase change materials (PCMs) for reliable and energy-efficient temperature controlling. In addition, va-Q-tec produces passive thermal packaging systems (containers and boxes) through optimally integrating VIPs and PCMs – these maintain constant inner temperatures, depending on type, for up to 240 hours without external energy input, irrespective of surrounding temperatures, whether extremely low, or high. In order to implement temperature-sensitive logistics chains, va-Q-tec – within a global partner network – operates a fleet of rental containers and boxes meeting high thermal protection standards, such as in the case of constant-temperature transports in the pharmaceuticals industry. Along with Healthcare & Logistics as the main market, va-Q-tec addresses the following further markets: Appliances & Food, Technics & Industry, Building and Mobility. The high-growth company, which was founded in 2001, is based in Würzburg, Germany.

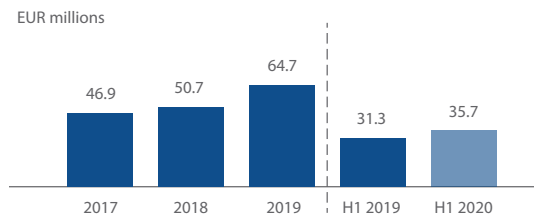
Further information is available at: www.va-q-tec.com

2 SIGNIFICANT EVENTS IN H1 2020

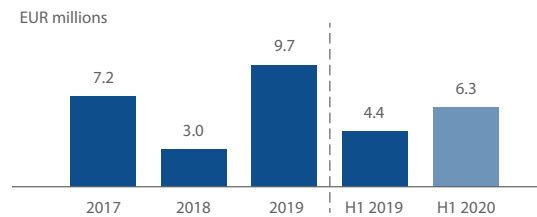
- Revenue growth of +14% in H1 2020 to EUR 35.7 million
- Systems division (sale of thermal packaging systems) makes particularly strong contribution to revenue growth at +77%
- Healthcare sector's revenue share markedly higher at 77% in H1 2020 (H1 2019: 63%)
- EBITDA outstrips top-line growth and jumps 44% to EUR 6.3 million
- EBITDA margin improves further to 18% of revenue and 15% of total income (previous year: 14% and 13%)
- Positive EBIT at EUR 0.2 million in H1 (previous year: EUR -1.6 million)
- Specification of FY 2020 forecast: Revenue growth of 10 – 15% with slightly improved EBITDA margin

3 GROUP KEY INDICATORS

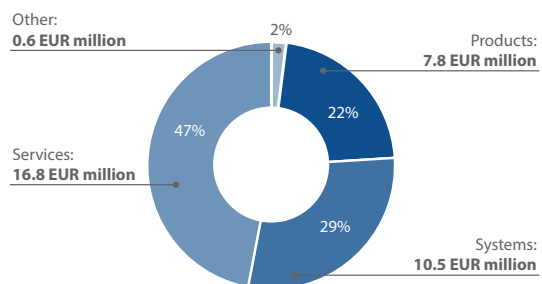
Revenue 2017 – H1 2020



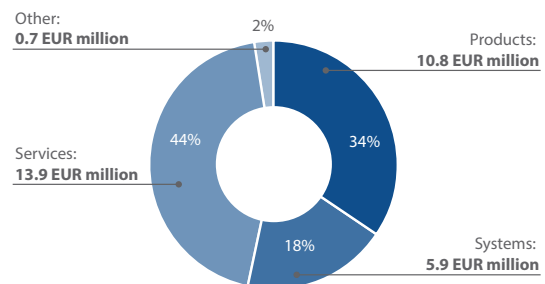
EBITDA 2017 – H1 2020



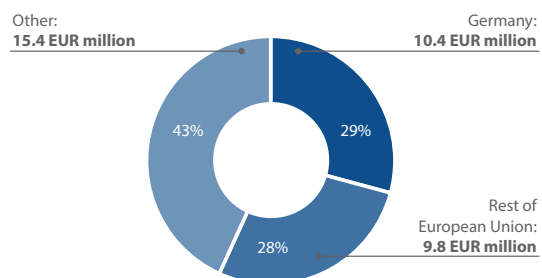
Revenue by Segments H1 2020



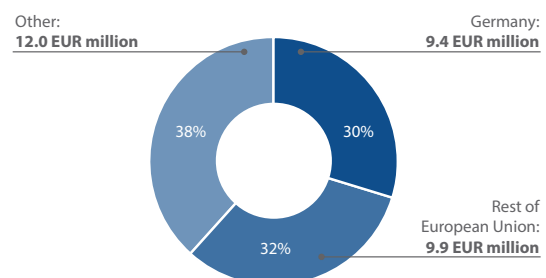
Revenue by Segments H1 2019



Revenue by Regions H1 2020



Revenue by Regions H1 2019



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,

Given the coronavirus pandemic, the presentation of our results for the first half of 2020 occurs in exceptional economic and social circumstances. At va-Q-tec, too, we have implemented various measures in order to protect the health of our employees and partners. No short-time working was implemented at va-Q-tec. As a provider of solutions for the healthcare and life science industries, we work for numerous customers that are considered system-relevant, and whose products are required worldwide. Accordingly, this growing customer base was not affected by plant closures, and continuing high demand from the healthcare industry for our products and solutions has ensured that to date we have come through the CoVid-19 pandemic very well in business terms.

The coronavirus crisis has had some impact in our Products business (sales of vacuum insulation panels), mainly due to plant closures at customers, which led to a temporary decline in demand. However, we more than offset this effect with our other business units – our Services business (rental of thermal containers and boxes) and our Systems business (sale of integrated thermal packaging). For example, to date we continue to receive many orders for the rental of containers for the worldwide shipment of CoVid-19 test kits, which are particularly temperature-sensitive. Thanks to va-Q-tec, several million test kits have already been shipped worldwide in the first half of 2020 in a temperature-stable and secure manner. We are glad that we can play our part in fighting the CoVid-19 pandemic. For this reason, we have weathered the coronavirus crisis well to date, thanks also to all the necessary hygiene and safety measures at our sites, and since the start of June we have been trying to find our way back to a “new normality” step by step.

Overall, “TempChain logistics” – in other words, temperature-stable and safe transport solutions for healthcare customers and their temperature-sensitive products such as drugs – contributed 77% to our revenue in the first half of the year (prior-year period: 63%). Our partners depend on global and secure “TempChains”. During the coronavirus crisis we confirmed once again that we can enable this quickly and safely anywhere in the world – which did not go unnoticed. Numerous well-known media reported on the role va-Q-tec plays in the transport of CoVid test kits, and in the future potentially also vaccines and drugs. For the UK’s Financial Times, va-Q-tec even represents a prime example of “German ingenuity”. Overall, we expect the coronavirus crisis to continue to fuel demand from the pharmaceutical industry in the medium term.

Consequently, the first half of 2020 proved successful for va-Q-tec, despite the challenging macroeconomic circumstances. Revenues continued to grow dynamically at a rate of 14%, thereby maintaining the clear growth trend from the first quarter. At the same time va-Q-tec's profitability improved significantly: EBITDA outstripped the rate of top-line growth to jump by 44% to EUR 6.3 million, which corresponds to a significant improvement in the margin to 18%, measured in terms of revenues (and 15% in relation to total income). EBIT was positive to the tune of EUR 0.2 million (previous year: EUR -1.6 million).

With these results, va-Q-tec ranks as one of the very few companies that achieved both double-digit growth and a margin improvement during the coronavirus to date.

After a strong first half of 2020, combined with a good outlook – especially in the TempChain logistics area, mainly for pharmaceutical and healthcare customers – we will maintain our growth momentum for the rest of the year. For this reason, we are specifying our previous qualitative forecast of moderate to medium-strong revenue growth in the 10–15% range. Due to the possible additional costs and potential revenue losses arising from the CoVid-19 pandemic, the company had not previously expected any margin improvement compared to 2019 (13% full-year EBITDA margin). Based on the very positive trend in the first half of the year, the Management Board now expects a slight improvement in the EBITDA margin for the year as a whole, provided that the coronavirus situation does not regain momentum globally in the second half of 2020 ("second wave"). This figure can be exceeded if va-Q-tec benefits from potential CoVid-19 vaccine transports.

In our view, the long-term trend towards sustainability and energy efficiency will not be diminished by the CoVid-19 pandemic. Climate change will remain a central challenge for mankind worldwide. Many economic stimulus packages are geared towards greater sustainability. We can benefit from this with our products and solutions for greater energy efficiency. For this reason, we continue to look with great optimism to the market potential for our technology, and thereby for va-Q-tec.

We would like to take this opportunity to pay special tribute once again to the achievements of our Deputy Chairman of the Supervisory Board, Uwe H. Lamann, who passed away at the end of July 2020. With his great professional expertise and human greatness, he has helped shape the Supervisory Board of va-Q-tec AG since 2014 – especially during the IPO. We are very sad about this loss – we will miss his commitment, his advice and his knowledge. Our thoughts are with his wife and family.

The Management Board would like to thank all investors, partners, customers as well as suppliers, and naturally also its employees, for their trust and confidence, and for our constructive discussions and good collaboration during at times challenging conditions in the first half of the year.

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

Worldwide, the outbreak of the CoVid-19 virus combined with restrictive measures to contain the pandemic led to an unprecedented economic downturn. After economic forecasts worldwide had to be downgraded in March and April at a faster and stronger rate than ever before, the outlook has now largely stabilized. Since the start of the pandemic, central banks have implemented numerous measures to prevent the recession from triggering an additional financial crisis. In addition, extensive fiscal programs to combat the crisis have been adopted worldwide. Moreover, the easing of severe restrictions on everyday and economic life in many countries has already commenced somewhat earlier than had been expected as recently as at the end of March, for example. Nevertheless, the continuing rise in the number of infections, the risk of a "second wave" and the still very tense situation in some countries, such as in the USA and Brazil, continue to weigh on the economic outlook.

The International Monetary Fund (IMF) expects the global economy to shrink by -4.9% in 2020. As a globally active Group, va-Q-tec consequently also sees itself as exposed to macroeconomic risks.

The main sales revenue driver in the first half of 2020 was temperature-managed logistics in the end-market of Healthcare & Logistics. The second largest share of revenues is generated by the Appliances & Food division. Together these account for 90% of Group revenues.

With its solutions, va-Q-tec addresses the market for thermal packaging systems for the global healthcare industry as the most important customer industry. Market research agency MarketsandMarkets takes an optimistic view of market growth over the coming years: over the 2016 to 2021 period, MarketsandMarkets expects an average annual growth rate of 9.1%, whereby va-Q-tec assumes the relevant market subsegments (high-performance packaging systems) will grow faster. More stringent regulatory requirements made of cold-chain logistics (according to "Good Distribution Practice") are making ever more efficient packaging systems necessary for pharmaceutical industry customers. Market studies show that 70 of the current 100 top-selling medications worldwide will require TempChain logistics. va-Q-tec is convinced it can grow faster than the market for thermal packaging systems for the global healthcare industry with its high-quality system solutions for sale as well as rental solutions ("Serviced Rental" of thermal packaging systems). With groundbreaking rental solutions, va-Q-tec aims especially to enter markets that conventional thermal packaging systems have served to date.

Germany alone has almost 20,000 pharmacies that are subject to increasingly stringent regulations for transport and temperature logistics. Our va-Q-tec transport solutions, e.g. based on va-Q-med technology, guarantee secure last mile logistics directly to the recipient without temperature deviations. With the va-Q-med-Box, va-Q-tec has the opportunity to play a crucial role in shaping the future of pharmacy and last-mile logistics.

After the healthcare industry, manufacturers of refrigeration and freezing equipment are the second most important customer. According to an estimate by ResearchAndMarkets, the market for vacuum insulation panels will grow by 20% annually between 2019 and 2026.

Overall, va-Q-tec addresses growing markets with its product business with VIPs. In Germany, approximately 60% of primary energy is harnessed for thermal purposes – refrigeration or heating in other words – according to the Working Group on Energy Balances (AGEB). 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 is increasing to invest in energy efficiency. The economic stimulus packages in the wake of the coronavirus crisis are also strongly geared towards sustainability and energy efficiency, which should create fiscal incentives for investment in these two areas. This is leading to very interesting business opportunities for va-Q-tec products.

5.1.2 Business trends

In the first quarter, the global spread of the CoVid-19 virus and the necessary countermeasures had already significantly restricted economic activity worldwide. This trend intensified initially in the second quarter. va-Q-tec supports the global efforts to combat the CoVid-19 virus with its high-tech insulation boxes and containers, and offers reliable transport solutions for temperature-sensitive test kits as well as for urgently needed (CoVid-19) drugs. The company provides both high-tech boxes and containers for international long-distance transport as well as solutions for short-distance transport on the last mile to the end customer. Demand for such solutions for the temperature-controlled shipping of pharmaceutical products is increasing significantly during the coronavirus crisis. With the help of va-Q-tec solutions, several million CoVid-19 test kits have already been shipped worldwide by air freight, e.g. from South Korea via Frankfurt to Brazil, and from Singapore to Mongolia and Sri Lanka. Treating ill people as quickly as possible in a targeted manner necessitates fast and reliable tests in large numbers, and worldwide. Test kits are not available in sufficient numbers in all regions. Fast and safe transports by air freight, which in turn is severely hampered, are consequently necessary in order to bring tests to where they are urgently needed.

The CoVid-19 crisis impressively demonstrates the importance of stable and secure supply chains. This is especially true for the pharmaceutical industry – as the reliable transport of numerous drugs requires reliable transport solutions with stable temperatures. va-Q-tec generated 77% of its revenues in the healthcare sector in the first half of 2020 (previous year: 63%). This is also where particularly great potential lies in the coming years. TempChain logistics include not only cooling, but the entire range of secure transport solutions for temperature-sensitive products, such as medicines, in a wide variety of temperature ranges. With its extensive product portfolio, va-Q-tec can precisely meet temperature stability requirements, thereby contributing significantly to product safety and quality.

Overall, business in the first half of 2020 performed well, including thanks to a portfolio that is in demand in times of crisis. Dynamic revenue growth continued with a 14% growth rate. Compared to the same period of the previous year, earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 44% from kEUR 4,368 to kEUR 6,291. The margin thereby rose from 13% to 15% in terms of total income and from 14% to 18% in terms of revenues.

Although the actual macroeconomic consequences due to CoVid-19 are still uncertain, va-Q-tec remains on track in 2020: despite CoVid-19 effects, the Management Board is therefore specifying its previous qualitative forecast of moderate to medium-strong revenue growth in the 10–15% range, and now expects a slight improvement in the EBITDA margin, to the extent that the coronavirus situation does not regain momentum globally in the second half of 2020 (“second wave”). Opportunities will arise if va-Q-tec benefits from potential CoVid-19 transports.

Systems division (sale of thermal packaging systems)

In the Systems division (thermal packaging), revenues grew by 77% year-on-year, from kEUR 5,908 to kEUR 10,463. Large orders from Scandinavia for several thousand thermoboxes based on va-Q-med® technology were especially important for va-Q-tec in H1 2020. The boxes have been additionally adapted to customer requirements for the special application: in order to integrate the thermal packaging into local operating procedures and to be able to utilize it in the severe Scandinavian winters without problems, modifications were made to the thermal design as well as to the boxes’ format in response to customer wishes. va-Q-med® technology ensures reliably constant temperatures during drug distribution, so that customers in Finland and Sweden receive temperature-sensitive drugs in top quality.

The orders join the ranks of further last-mile projects in Germany (kohlpharma), Switzerland (Swiss Post), Singapore and many other countries, and underscore growing international recognition for va-Q-tec’s thermal expertise and customized solutions. The “last mile” – the last mile from the wholesaler to the pharmacy, or from the (online) pharmacy directly to the patient – presents suppliers worldwide with major challenges. The TempChain required for drug logistics must be stringently adhered to and documented in order to ensure that medications are effective.

The logistics for CoVid-19 diagnostic kits must also ensure absolute temperature stability along the TempChain during transport over several days, including in unforeseen situations, and to sometimes remote and particularly hot or cold regions of the world. Only in this way can the tests' functionality be ensured. In its Systems division, va-Q-tec has developed its own special transport solution within a very short time in order to supply also these difficult-to-reach destinations with drugs and diagnostic kits: the va-Q-pal SI. This pallet-size solution is available at short notice and has a very good temperature holding period: for example, it can maintain the frequently required temperature range of -20 °C required for CoVid-19 diagnostic kits for 124 hours, including in tough conditions, without being dependent on external energy input and dry ice. Due to acute global demand and reduced airfreight capacities as a consequence of airlines' limited or even interrupted operations in the coronavirus crisis, airfreight logistics are both challenging and time-critical.

Services division (Serviced Rental of thermal packaging systems)

va-Q-tec's Services business comprise the container and box rental business for the transportation of temperature-sensitive goods, predominantly products from the pharmaceuticals and biotech areas. In H1 2020, this segment recorded an increase of 21% to kEUR 16,779 compared to the same period of the previous year (H1 2019: kEUR 13,852). Overall, the customer base continued to broaden. The expansion of the Services division will continue in the future and is considered a key growth factor for va-Q-tec. Furthermore, the Services division benefited from a large number of international shipments of diagnostic kits.

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

In the Products division (sale of vacuum insulation panels and phase change materials), revenues of kEUR 7,774 were down compared with the prior-year basis (previous year: kEUR 10,802). Firstly, CoVid-19-related closures of customers' production plants in the refrigeration area already had a negative impact on va-Q-tec's business towards the end of the first quarter. Some of these interruptions to operations lasted until the end of May. At the same time, va-Q-tec's European customers have been experiencing increasing competitive pressure from Asia and Eastern Europe in consumer markets for refrigerators and freezers since 2019. Accordingly, revenues in this division decreased more sharply than planned at the start of the year. At the end of Q2, the sale of vacuum insulation panels reported some catch-up effects, which will continue into the third quarter of 2020. However, no return to the previous year's level is expected. Strategically and commercially significant projects, such as in the Technics & Industry (e.g. insulation of line pipes) and Mobility (e.g. projects in the aviation industry) sectors are nonetheless in sight. These special developments also hold out the prospect of a better margin.

5.1.3 Business results and analysis of the financial position and performance

Results of operations

kEUR unless stated otherwise	H1 2020 (IFRS)	H1 2019 (IFRS)	Δ 20 / 19
Revenues	35,651	31,263	14 %
Total income	41,385	34,498	20 %
Cost of materials and services	-16,573	-13,839	20 %
Gross profit	24,812	20,659	20 %
Personnel expenses	-12,607	-10,872	16 %
Other operating expenses	-5,914	-5,419	9 %
EBITDA	6,291	4,368	44 %
EBITDA margin on total income	15 %	13 %	
EBITDA margin on revenues	18 %	14 %	
Depreciation, amortisation and impairment losses	-6,089	-5,938	3 %
EBIT	202	-1,570	
Result from the measurement of equity accounted investments	-	-68	
Result from fair value measurement of investments	-	1,771	
Net financial result	-552	-530	-4 %
EBT	-350	-397	12 %

Overall, revenue in the first half of 2020 reported strong growth of 14 % year-on-year to a level of kEUR 35,651. The revenue growth was especially fueled by the "Systems" and "Services" divisions. In the Systems division (sale of thermal packaging systems), revenue increased by kEUR 4,555 from kEUR 5,908 to kEUR 10,463 (+77 %). The "Services" segment (Serviced Rental of thermal containers and boxes) recorded year-on-year growth of 21 % in H1 2020 to kEUR 16,779 (H1 2019: kEUR 13,852). In the business with vacuum insulation panels (Products division), va-Q-tec generated revenues of kEUR 7,774 in the first half of 2020 (previous year: kEUR 10,802).

The German segment (va-Q-tec AG) contributed kEUR 16,844 to consolidated revenue (previous year: kEUR 17,158), the UK segment (va-Q-tec UK) kEUR 14,796 (previous year: kEUR 11,547), and the Other segment kEUR 4,011 (previous year: kEUR 2,558).

Total income in the first half of 2020 reported faster growth than the rate of revenue growth, and was up by 20 % to kEUR 41,385. This increase derives mainly from higher other own work capitalized, including the continued expansion of the self-produced container and box fleets.

The cost of materials and purchased services rose by 20 % from kEUR 13,839 in the previous year to kEUR 16,573, in line with the growth in total income. Despite the sharp rise in air freight costs due to CoVid-19, the ratio of material costs and purchased services remained stable at 40 %. Similarly, the gross profit ratio in H1 2020 remained constant at 60 % in relation to total revenues.

Personnel expenses were up from kEUR 10,872 in the previous year to kEUR 12,607 in the first half of 2020 (kEUR +1,735), thereby decreasing slightly to 31 % of total income (previous year: 32 %). In addition to the usual wage and salary increases, the rise mainly reflects the year-on-year increase in the average number of employees by 41 individuals.

Other operating expenses rose at a slower rate than the rate of growth of total income, by 9 % from kEUR 5,419 in the previous year to kEUR 5,914 (kEUR +495) in the reporting period. Measured against total income, this results in a considerably lower other operating expense ratio of 14 % (previous year: 16 %).

As a consequence of the aforementioned developments in the first half of 2020, earnings before interest, tax, depreciation and amortisation (EBITDA) reported very marked growth of 44 %, or of kEUR 1,923, from kEUR 4,368 to kEUR 6,291, leading to an improvement in the EBITDA margin to a level of 15 % of total income (previous year: 13 %). In terms of revenues, this represents an improvement from 14 % in H1 2019 to 18 % in H1 2020.

Depreciation, amortisation and impairment losses reported a slight increase of 3 % to kEUR 6,089 (previous year: kEUR 5,938).

Earnings before interest and taxes (EBIT) subsequently improved very significantly from kEUR -1,570 to kEUR 202 (kEUR 1,772) and are now in positive territory.

The net financial result amounted to kEUR -552 after kEUR -530 in the previous year and was thereby only slightly lower than in the previous year.

A reduced pre-tax loss (EBT) of kEUR -350 is incurred for the first half of 2020, compared with kEUR -397 in the prior-year period. However, the previous year's figure was affected by the one-off income of kEUR 1,771 resulting from the change from at-equity to fair value accounting for the investment in SUMTEQ GmbH.

The reporting segments performed as follows in the first half of 2020:

German reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2020 (IFRS)	H1 2019 (IFRS)	Δ 20 / 19
Revenues	23,721	20,781	+14 %
EBITDA	1,448	-7	
Average number of employees	425	387	38

In the **German reporting segment** (va-Q-tec AG), revenue grew by kEUR 2,940 (+14 %), from kEUR 20,781 in the previous year to kEUR 23,721 in H1 2020. The increase in revenue occurred primarily thanks to higher sales to the UK subsidiary of containers produced in-house, and the growing business with systems (integrated thermal packaging). EBITDA reported a significant increase to kEUR 1,448 (previous year: kEUR -7). The average number of employees rose by 38 to 425 (previous year: 387).

UK reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2020 (IFRS)	H1 2019 (IFRS)	Δ 20 / 19
Revenues	15,398	12,217	+26 %
EBITDA	5,474	3,733	+47 %
Average number of employees	46	43	3

The **UK reporting segment** comprises mainly the rental of temperature-controlled containers for the global pharmaceuticals industry. Sales revenues in this segment were up by 26% from kEUR 12,217 in the previous year to kEUR 15,398 in the first half of 2020. The business benefited from a significant broadening of the customer base and an expansion of business activities with a large number of smaller existing customers. EBITDA reported very marked growth of kEUR 1,741 (+47 %), from kEUR 3,733 in the previous year to kEUR 5,474 in H1 2020. The average number of employees rose from 43 to 46.

Other reporting segment

kEUR unless stated otherwise	H1 2020 (IFRS)	H1 2019 (IFRS)	Δ 20 / 19
Revenues	4,683	3,131	+50 %
EBITDA	21	-63	
Average number of employees	27	27	-

The subsidiaries in Singapore, Korea, Switzerland, Japan, Uruguay and the USA, which together form the **Other reporting segment**, also contributed to the increase in Group revenues. This occurred mainly thanks to the significant growth in own revenues in the regions. The subsidiaries in Korea and Uruguay have performed particularly well and are making substantial revenue contributions. All subsidiaries in the Other reporting segment are particularly important for local presence, the expansion of regional operating activities, and the perception of va-Q-tec as a reliable global and regional partner. Revenue increased by kEUR 1,552 (+50 %), from kEUR 3,131 in the previous year to kEUR 4,683 in H1 2020. EBITDA amounted to kEUR 21 in the first half of 2020, compared with kEUR -63 in the previous year. The average number of staff stood at 27 (previous year: 27).

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 were optimized continuously in terms of their rate of interest. Overall, va-Q-tec has satisfactory liquidity as of 30 June 2020, with bank balances plus open credit lines totaling EUR 11.3 million, including in view of the CoVid-19-related uncertainty in financial markets.

Liquidity

kEUR	H1 2020	H1 2019
Net cash flow from operating activities	2,290	328
Net cash flow from investing activities	-4,519	-3,677
Net cash flow from financing activities	5,061	-1,085
Net change in cash and cash equivalents	2,782	-4,437
Cash and cash equivalents	10,272	7,717

Net cash flow from operating activities including working capital changes amounted to kEUR 2,290 in H1 2020, kEUR 1,962 above the adjusted level of kEUR 328 in the prior-year period.

Before working capital changes, va-Q-tec generated a positive cash flow from operating activities of kEUR 4,572 as of the balance sheet date, compared with kEUR 1,411 in H1 2019.

Cash flow from investing activities changed from EUR -3,677 in the prior-year period to EUR -4,519 in the first half of 2020. The purchase of property, plant and equipment amounted to kEUR -3,956, compared with kEUR -3,505 in the previous-year period. It is true that the investments already made in previous years (mainly in 2017 and 2018) form the basis for the further expansion of the company towards a revenue volume of EUR 100 million. However, due to higher global demand for the transport of healthcare products in va-Q-tec containers in the wake of the CoVid-19 pandemic, va-Q-tec made additional short-term investments in self-produced containers for the global fleet.

Cash flow from financing activities in the amount of kEUR 5,061 (prior year: kEUR -1,085) derives from the scheduled drawing down of liabilities to both banks and leasing companies.

Net assets and capital structure

Assets kEUR	30/06/2020	31/12/2019
Non-current assets		
Intangible assets	1,776	2,233
Property, plant and equipment	67,412	68,879
Investment property	1,614	1,614
Contract assets	187	158
Financial assets	2,475	2,474
Other non-financial assets	1,744	1,100
Deferred tax assets	2,320	2,319
Total non-current assets	77,528	78,777
Current assets		
Inventories	12,182	10,676
Trade receivables	8,823	6,666
Other financial assets	875	586
Tax assets	237	230
Other non-financial assets	1,750	1,364
Cash and cash equivalents	10,272	7,490
Total current assets	34,139	27,012
Total assets	111,667	105,789

Compared with 31 December 2019, property, plant and equipment decreased slightly by a total of kEUR 1,467 to a level of kEUR 67,412 as of 30 June 2020. Total non-current assets reduced by kEUR 1,249 to kEUR 77,528 as of 30 June 2020.

Inventories increased by kEUR 1,506 from kEUR 10,676 as of 31 December to kEUR 12,182 as a consequence of the general expansion of business and initial equipping of foreign companies with inventories. Trade receivables increased by kEUR 2,157 to kEUR 8,823 as of 30 June 2020 compared to 31 December 2019. Current other financial assets rose by kEUR 289, from kEUR 586 as of 31 December 2019 to kEUR 875 as of the first half of 2020. Total current assets rose from kEUR 27,012 as of 31 December 2019 to kEUR 34,139 as of the end of the first half of 2020. Total assets grew from kEUR 105,789 to kEUR 111,667 over the same period.

Equity and liabilities kEUR	30/06/2020	31/12/2019
Equity		
Issued share capital	13,090	13,090
Treasury shares	-54	-54
Additional paid-in capital	46,158	46,158
Cumulative other comprehensive income	-13	-26
Retained earnings	-16,811	-16,461
Total equity	42,370	42,707
Non-current liabilities and provisions		
Provisions	76	73
Bank borrowings	27,251	22,840
Other financial liabilities	4,500	5,333
Other non-financial liabilities	5,551	6,547
Total non-current liabilities and provisions	37,378	34,793
Current liabilities and provisions		
Provisions	217	130
Bank borrowings	13,527	11,404
Other financial liabilities	6,977	6,867
Contractual liabilities	44	308
Trade payables	6,075	4,485
Tax liabilities	31	42
Other non-financial liabilities	5,048	5,053
Total current liabilities and provisions	31,919	28,289
Total equity and liabilities	111,667	105,789

Consolidated equity amounted to kEUR 42,370 as of 30 June 2020, which continues to correspond to a high equity ratio of 38% of total equity and liabilities (31 December 2019: kEUR 42,707 or 40%).

Non-current bank borrowings decreased by kEUR 4,411, from kEUR 22,840 to kEUR 27,251, reflecting scheduled financing measures. Current bank borrowings increased from kEUR 11,404 to kEUR 13,527 owing to a greater utilization of existing overdraft lines.

Non-current other financial liabilities reduced from kEUR 5,333 to kEUR 4,500. Non-current other non-financial liabilities decreased by kEUR 996, from kEUR 6,547 to kEUR 5,551. Current other non-financial liabilities remained almost constant at kEUR 5,048 (previous year: kEUR 5,053).

Bank borrowings plus plant leasing of kEUR 45,703 comprised 41 % of total equity and liabilities (31 December 2019: kEUR 40,195; 38%). Current liabilities and provisions stood at kEUR 31,919 in the first half of 2020, representing 29 % of total equity and liabilities (previous year: kEUR 28,289; 27%). The Group's non-current liabilities amounted to kEUR 37,378, corresponding to 33 % of total equity and liabilities (previous year: kEUR 34,793; 33%). Trade payables totaled kEUR 6,075, compared with kEUR 4,485 in the previous year.

Overall statement on business progress

va-Q-tec looks back on a very successful first half of 2020, despite CoVid-19. At the beginning of the pandemic, the company decided on and implemented various measures to protect its employees and partners, such as hygiene concepts and the possibility of working from home. No short-time working or restrictions were implemented within the operations of the globally operating Group. Among other matters, a record number of shipments in the global container rental business were managed completely from home offices by the logistics team of va-Q-tec Ltd. Despite the distortions in air freight capacity, the company also succeeded in meeting all customer orders while keeping costs under control. The high rate of growth in revenue and earnings was maintained overall, and profitability improved significantly further. Consolidated revenues continue to show clear double-digit growth of 14 % to kEUR 35,651. By far the strongest revenue growth was again achieved in thermal packaging, particularly for life science applications (Systems division) and in the "Serviced Rental" of thermal containers and boxes. In total, the revenue share of these two divisions, which mainly address healthcare customers, amounts to 77 %, and increased considerably compared to the same period of the previous year (63 % revenue share). The CoVid-19 crisis demonstrates the importance of stable and secure supply chains, especially in the pharmaceutical industry. va-Q-tec is contributing to the fight against CoVid-19 with thermal transports, for example for drugs and test kits. This has also significantly enhanced the public perception of va-Q-tec as a reliable partner for the life science industry. Customer demand remains high without interruption, in a market that is growing by around 10 % annually. As a technology and innovation leader, va-Q-tec benefits from this to a disproportionate extent. The Group is setting the trend towards passive, energy-efficient and CO₂-saving thermal transport solutions. The coronavirus crisis had made itself felt most clearly in the Products business (sale of VIPs and PCMs). Despite restrictions on travel and trade fairs, however, va-Q-tec more than offset this effect with its other business units – our Services business (rental of thermal containers and boxes) and our Systems business (sale of integrated thermal packaging).

Despite CoVid-19-related additional expenses, EBITDA again outstripped the rate of top-line growth, jumping by 44 % to kEUR 6,291. The EBITDA margin in relation to total revenues improved by two percentage points to 15 %. EBIT was positive at kEUR 202. As a consequence, profitability improved significantly overall, despite CoVid-19. Net cash flow from operating activities reported a further very considerable improvement to kEUR 2,290.

5.2 FORECAST

5.2.1 Outlook

The following forecasts for the trend in management metrics were made under the assumption of the relatively uncertain macroeconomic conditions for 2020 described previously. They are also based on the expected medium-term positive growth prospects in the market for VIPs and insulation materials overall. 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 market research institutes IMARC and ResearchAndMarkets, which already expect growth in the low double-digit percentage range (see 5.1.1 Macroeconomic environment and Group-specific conditions). va-Q-tec expects to continue to benefit to an above-average extent from the megatrends of energy efficiency, regulation of cold chains (product safety), and the globalization of value chains, including in the context of CoVid-19.

Overall statement

After a strong first half of 2020, combined with a good outlook – especially in the TempChain logistics area, mainly for pharmaceutical and healthcare customers – we will maintain our growth momentum for the rest of the year. For this reason, we are specifying our previous qualitative forecast of moderate to medium-strong revenue growth in the 10 – 15 % range. This figure can be exceeded if va-Q-tec benefits from potential vaccine transports. Due to the possible additional costs and potential revenue losses arising from the CoVid-19 pandemic, the company had not previously expected any margin improvement compared to 2019 (13 % full-year EBITDA margin). Based on the very positive trend in the first half of the year, the Management Board now expects a slight improvement in the EBITDA margin on a full-year basis, to the extent that the coronavirus does not regain momentum globally in the second half of the year (“second wave”).

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.

This document is an English translation of an original German document; in the event of discrepancies, the original German version shall prevail and take precedence over the English translation of the document.

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

6 REPORT ON OPPORTUNITIES AND RISKS

Within the framework of the risk management system, which is established as an early risk detection system, va-Q-tec analyses and evaluates the risks pertaining to the company's its associated 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.

Coronavirus (CoVid-19)

In contrast to other industries, va-Q-tec's supply chain is less designed for just-in-time processes. Short-term disruptions in the supply chain are, and have been, partially offset as a consequence. Developments such as factory closures and restrictions on public life in response to the spread of the coronavirus virus represent a specific risk that has already materialized in part in the "Products" area. Due to the pandemic outbreak of the virus, the Group's factories or network stations might be closed if its own employees or partner companies in the supply chain are affected by quarantine measures. As a provider of solutions for the healthcare and life science industry, va-Q-tec works for numerous customers that are considered system relevant and whose products are required worldwide. Accordingly, this growing customer base was not affected by plant closures and the continuing high demand from the healthcare industry has ensured that va-Q-tec has to date weathered the CoVid-19 pandemic very well in business terms. Based on an assessment of the related consequences, the Management Board views this risk in a differentiated manner and continues to assess it as a major risk overall, taking into consideration the risks identified to date. Increasing deliveries of diagnostic kits, medications and vaccines due to the coronavirus outbreak provides va-Q-tec with a great opportunity to enjoy higher demand in the healthcare and logistics sector. As a consequence, a medium risk due to coronavirus (CoVid-19) remains in the overall picture. Current developments and restrictions will continue to be closely monitored together with our employees, customers, suppliers and partners.

Brexit

The current developments and negotiations and possible consequences for va-Q-tec are still being closely monitored by a Brexit team spanning both divisions and countries. Overall, va-Q-tec assesses the risks associated with a Brexit as low.

Furthermore, the interim management report for the half-year does not contain comprehensive and complete information on the reports on the forecast and on opportunities and risks. An extensive review of the risk situation was performed as of 30 June 2020.

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 2019 Group management report.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR H1 2020

CONSOLIDATED INCOME STATEMENT

kEUR	H1 2020	H1 2019
Revenues	35,651	31,263
Change in inventories	680	-537
Work performed by the company and capitalised	2,903	1,517
Other operating income	2,151	2,255
Total Income	41,385	34,498
Cost of materials and services	-16,573	-13,839
Gross profit	24,812	20,659
Personnel expenses	-12,607	-10,872
Other operating expenses	-5,914	-5,419
EBITDA	6,291	4,368
Depreciation, amortisation and impairment losses	-6,089	-5,938
Earnings before interest and taxes (EBIT)	202	-1,570
Result from at equity accounted investments	-	-68
Result from fair value valuation of investments	-	1,771
Finance income	7	8
Finance expenses	-559	-538
Net financial result	-552	-530
Earnings before tax (EBT)	-350	-397
Income tax	-	-383
Net income	-350	-780
Consolidated net income attributable to owners of va-Q-tec AG	-350	-780
Earnings per share - basic / diluted in EUR	-0.03	-0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	H1 2020	H1 2019
Net Income	-350	-780
Consolidated other comprehensive income		
Currency translation differences	13	-1
Total other comprehensive income that will be reclassified to profit or loss	13	-1
Consolidated total comprehensive income	-337	-781
Consolidated total comprehensive income attributable to owners of va-Q-tec AG	-337	-781

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

kEUR	30/06/2020	31/12/2019
Non-current assets		
Intangible assets	1,776	2,233
Property, plant and equipment	67,412	68,879
Investment property	1,614	1,614
Contract assets	187	158
Financial assets	2,475	2,474
Other non-financial assets	1,744	1,100
Deferred tax assets	2,320	2,319
Total non-current assets	77,528	78,777
Current assets		
Inventories	12,182	10,676
Trade receivables	8,823	6,666
Other financial assets	875	586
Current tax assets	237	230
Other non-financial assets	1,750	1,364
Cash and cash equivalents	10,272	7,490
Total current assets	34,139	27,012
Total assets	111,667	105,789

Equity and liabilities

kEUR	30/06/2020	31/12/2019
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	-13	-26
Retained earnings	-16,811	-16,461
Total equity	42,370	42,707
Non-current liabilities		
Provisions	76	73
Bank borrowings	27,251	22,840
Other financial liabilities	4,500	5,333
Other non-financial liabilities	5,551	6,547
Total non-current liabilities	37,378	34,793
Current liabilities		
Provisions	217	130
Bank borrowings	13,527	11,404
Other financial liabilities	6,977	6,867
Liabilities from contracts with customers	44	308
Trade payables	6,075	4,485
Tax liabilities	31	42
Other non-financial liabilities	5,048	5,053
Total current liabilities	31,919	28,289
Total Equity and liabilities	111,667	105,789

CONSOLIDATED STATEMENT OF CASH FLOWS

kEUR	H1 2020	H1 2019
Cash flow from operating activities		
Net income	-350	-780
Current income taxes recognised in income statement	3	66
Income taxes paid	-	-65
Net finance costs recognised in income statement	552	530
Interest paid	-522	-508
Depreciation on contract assets	9	9
Non-cash losses from equity accounted investments	-	68
Non-cash gain from fair value valuation of investments	-	-1,771
Depreciation, amortisation and impairment losses	6,039	5,938
Gain/loss from disposal of non-current assets	-32	-254
Change in other assets	-468	-672
Change in other liabilities	932	67
Change in provisions	90	66
Other non-cash expenses or income	-1,681	-1,284
Cash flow from operating activities before working capital changes	4,572	1,411
Change in inventories	-1,453	415
Change in trade receivables	-2,157	-908
Change in trade payables	1,328	-590
Net cash flow from operating activities	2,290	328
Cash flow from investing activities		
Payments for investment in intangible assets	-710	-519
Proceeds from disposal of property, plant and equipment	184	366
Payments for investments in property, plant and equipment	-3,956	-3,505
Payments for investments in contract assets	-37	-19
Net cash flow from investing activities	-4,519	-3,677

kEUR	H1 2020	H1 2019
Cash flow from financing activities		
Proceeds from bank loans	12,037	5,655
Repayments of bank loans	-5,506	-5,287
Proceeds from government grants	57	-
Payments for finance leases liabilities	-1,527	-1,453
Net cash flow from financing activities	5,061	-1,085
Change in cash and cash equivalents before exchange rate effects	2,832	-4,434
Effect of exchange rate changes on cash and cash equivalents	-50	-3
Net change in cash and cash equivalents	2,782	-4,437
Cash and cash equivalents at start of period	7,490	12,154
Cash and cash equivalents at end of period	10,272	7,717

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other com- prehensive income	Equity attributable to parent company owners	Total equity
					Currency translation reserves		
01/01/2019	13,090	-54	46,158	-13,895	-39	45,260	45,260
Net income	-	-	-	-780	-	-780	-780
Consolidated other comprehensive income	-	-	-	-	-1	-1	-1
Consolidated total comprehensive income	-	-	-	-780	-1	-781	-781
Purchase of treasury shares	-	-	-	-	-	-	-
Issue of treasury shares	-	-	-	-	-	-	-
30/06/2019	13,090	-54	46,158	-14,675	-40	44,479	44,479
01/01/2020	13,090	-54	46,158	-16,461	-26	42,707	42,707
Net income	-	-	-	-350	-	-350	-350
Consolidated other comprehensive income	-	-	-	-	13	13	13
Consolidated total comprehensive income	-	-	-	-350	13	-337	-337
Purchase of treasury shares	-	-	-	-	-	-	-
Issue of treasury shares	-	-	-	-	-	-	-
30/06/2020	13,090	-54	46,158	-16,811	-13	42,370	42,370

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. Along with 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”, the “va-Q-tec Group” or the “company”). va-Q-tec is a technologically leading provider of highly efficient products and solutions in the thermal insulation area. 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: Appliances & Food, Technics & Industry, Building, and Mobility.

These interim consolidated financial statements of va-Q-tec for the first half of the 2020 financial year were approved for publication by the Management Board on 12 August 2020.

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 2019, 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 2020 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 2020, 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 2020 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

No changes occurred in the fully consolidated subsidiaries of va-Q-tec in the first half of 2020.

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 2019.

The following standards and amendments to standards have become effective as of 1 January 2020 and exert no effect on the company's 2020 half-year report.

Standard	Title	Mandatory application for financial years commencing from
Annual Improvements to IFRSs	Cycle 2016 – 2018	1 January 2020
Amendments to IFRS 3	Definition of a Business	1 January 2020
IFRS 17	Insurance Contracts	1 January 2020
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2020

2 ACCOUNTING POLICIES

As a matter of principle, the interim consolidated financial statements of va-Q-tec AG apply the same accounting policies as in the IFRS consolidated financial statements as of 31 December 2019. The standards adopted by the EU have not been applied early. The notes to the 2019 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 very positively year-on-year, increasing by around 20.0% to kEUR 41,385. Overall, the revenue that total income includes reported year-on-year growth of 14.0% to reach kEUR 35,651 in the first half of the year. The significantly higher other own work capitalised in the first half of 2020 compared with the previous year in the amount of kEUR 2,903 (previous year: kEUR 1,517) arose primarily from the production of additional containers for the Group's own container fleet thanks to the strong growth of the container rental business. A significant increase was recorded in changes in inventories of kEUR 680 compared to a decrease of kEUR -537 in the same period of the previous year. Other operating income of kEUR 2,151 (previous year: kEUR 2,255) derived mainly from the continuous releasing of the special item deriving from container sale-and-leaseback transactions. In the past (until the end of 2018), this special liability items arose 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.

3.1.2 Cost of materials and services

The cost of materials, including the cost of purchased services, rose by kEUR 2,734 to kEUR 16,573 (19.8%) in line with the growth in total income. The cost of materials ratio¹ thereby remained almost constant, reporting a slight reduction from 40.1% to 40.0%, as a consequence of which the gross profit margin of 60.0% was also at the same level as in the previous year.

3.1.3 Personnel expenses

Personnel expenses increased by 16.0% compared with the previous year's period, rising from kEUR 10,872 to kEUR 12,607. The absolute rise is mainly attributable to the hiring of new staff to support the planned growth wage and salary increases. The personnel expense ratio² decreased from 31.6% to 30.5%.

¹ Cost of materials ratio in% = cost of materials / total income x 100

² Personnel expense ratio in% = personnel expenses / total income x 100

3.1.4 Other operating expenses

Other operating expenses rose by kEUR 495, or 9.1 %, to kEUR 5,914. The increase is mainly due to significantly higher freight costs as well as patent and license fees. Despite the absolute increase, however, the operating expenses ratio³ decreased from 15.7 % to 14.3 %, not least thanks to cost savings achieved as part of the "Power 20+" program.

3.1.5 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses rose slightly, by kEUR 151, to kEUR 6,089. Now that the investments made for va-Q-tec's future orientation in the years 2017 and 2018 have essentially been completed, the slight increase in depreciation, amortisation and impairment losses derives from the expansion of the container fleet as well as contract additions and changes in the portfolio of leasing contracts. The minor deviations from the previous year also reflect the postponement of investments in the wake of the CoVid-19 pandemic. The depreciation and amortisation ratio⁴ decreased from 17.2 % to 14.7 % overall.

3.1.6 Net financial result

The net financial result decreased slightly by kEUR 22 compared to the previous year, as financing for planned investments increased in the first half of 2020. Interest expenses increased accordingly by kEUR 21 year-on-year to kEUR 559 year (previous year: kEUR 538).

3.1.7 Income taxes

Due to the sustained profits in va-Q-tec UK Ltd. in the first half of 2020, deferred taxes on loss carryforwards at this subsidiary were capitalised in the amount of kEUR 230. As a consequence, due to a loss before taxes (EBT) of kEUR -350 (previous year: kEUR -397), va-Q-tec incurred no tax expense (previous year: tax expense of kEUR -383) as of the first half of the year.

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 circumstances exist at present entailing dilutive effects.

Earnings per share are as follows:

	H1 2020	H1 2019
Consolidated net result after non controlling interests (kEUR)	-350	-780
Weighted average number of shares	13,075,936	13,075,936
Earnings per share (in EUR)	-0.03	-0.06

³ Depreciation and amortisation rate in % = depreciation and amortisation expenses / total income x 100

⁴ Depreciation and amortisation ratio in % = depreciation and amortisation expenses / total income x 100

3.2 STATEMENT OF FINANCIAL POSITION

3.2.1 Intangible assets

Compared with the 31 December 2019 reporting date, intangible assets decreased by kEUR 457 to kEUR 1,776. The amount arises mainly from amortisation of intangible assets.

3.2.2 Property, plant and equipment

Property, plant and equipment decreased by kEUR 1,467 to kEUR 67,412. The year-on-year reduction in property, plant and equipment reflects not only regular depreciation but also, and in particular, restrained investment activity arising from the ongoing worldwide state of emergency in connection with the spread of the CoVid-19 virus.

3.2.3 Inventories

Inventories rose by kEUR 1,506 to kEUR 12,182 due to the general expansion of business and the CoVid-19-related increase in safety stocks.

3.2.4 Trade receivables

As of the balance sheet date, the inventories position increased by kEUR 2,157 to kEUR 8,823 due to the higher revenue.

3.2.5 Other financial assets

Non-current financial assets remained almost constant at kEUR 2,475 (previous year: kEUR 2,474). These include the interest in SUMTEQ GmbH, which is reported at fair value, in the amount of kEUR 2,283.

Current financial assets rose by kEUR 289 to kEUR 875. This reflects, in particular, claims for grant funds and advance payments made.

3.2.6 Tax assets

Tax assets increased by kEUR 7 to kEUR 237 and result primarily from advance payments for trade tax and corporation tax of the parent company.

3.2.7 Other non-financial assets

Other current and non-current non-financial assets mainly increased by kEUR 1,030 to kEUR 3,494 due to advance payments for intangible assets, as well as an increase in VAT receivables.

3.2.8 Cash and cash equivalents

Cash and cash equivalents rose by kEUR 2,782, from kEUR 7,717 to kEUR 10,272.

3.2.9 Equity

Compared to 31 December 2019, equity reduced by kEUR 337 to kEUR 42,370. Due to the simultaneous increase in total assets, the equity ratio decreased by 2 % to 38 % (31 December 2019: 40 %).

3.2.10 Non-current and current bank borrowings

Current bank borrowings rose by kEUR 2,123 to kEUR 13,527. Non-current bank borrowings also increased by kEUR 4,411 to kEUR 27,251.

3.2.11 Other non-current and current financial liabilities

Overall, other non-current and current financial liabilities reduced by kEUR 723 to kEUR 11,477. After the recognition of liabilities from operating leases due to the first-time application of IFRS 16 in the previous year, in the current year scheduled lease payments of kEUR 1,527 had a significant effect. This was offset, in particular, by a deposit of kEUR 200 in connection with the lease of the Blaue Halle to Würzburg City Theater, and an increase in accruals for outstanding invoices of kEUR 400.

3.2.12 Other non-current and current non-financial liabilities

Other non-current and current non-financial liabilities decreased by 8.6% to kEUR 10,599. This change arises mainly from the change incurred in previous years in the special item for deferred gains from sale and finance leaseback transactions as part of expanding the container fleet. In addition, the special item for grants reduced by kEUR 117 to kEUR 3,976.

Overall, the special item for grants and deferred container gains from sale and finance leaseback transactions amounts to kEUR 7,907 (previous year: kEUR 9,304) and accounts for around 74.6% of the total item (previous year: 80.2%).

3.2.13 Trade payables

Trade payables rose by kEUR 1,590 to kEUR 6,075 (previous year: kEUR 4,485).

3.3 FINANCIAL INSTRUMENTS

The following table presents financial instruments with their carrying amounts and fair values, analysed by IFRS 9 measurement categories. 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 2019 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 of 30/06/2020

kEUR	Meas- urement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value				
		30/06/2020	30/06/2020	30/06/2020	Level 1	Level 2	Level 3
Financial Assets							
Investments	FVtPL	-	2,283	2,283	-	2,283	-
Trade accounts receivables	AC	7,510	-	7,510	-	-	-
Trade accounts receivables	FVtPL	-	1,314	1,314	-	1,314	-
Other financial assets	AC	1,066	-	1,061	-	-	-
Cash and cash equivalents	AC	10,272	-	10,272	-	-	-
Total		18,848	3,597	22,440			
Financial liabilities							
Bank borrowings	AC	40,778	-	41,519	-	41,519	-
Trade payables	AC	6,075	-	6,075	-	-	-
Other financial liabilities	-	-	-	-	-	-	-
of which: derivative financial instruments without hedging relationship	FVtPL	-	12	12	-	12	-
of which: miscellaneous other financial liabilities	AC	4,620	-	4,615	-	4,615	-
Total		51,473	12	52,221			

Of which aggregated by measurement category as per IFRS 9

kEUR		Carrying amount	Fair value
Amortised Cost (asset)	AC	18,848	18,843
At fair value through P&L (asset)	FVtPL	3,597	3,597
Amortised Cost (liability)	AC	51,473	52,209
At fair value through P&L (liability)	FVtPL	12	12

Values by measurement categories as of 31/12/2019

kEUR	Meas- urement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value				
		31/12/2019	31/12/2019	31/12/2019	Level 1	Level 2	Level 3
Financial Assets							
Investments	FVtPL	-	2,283	2,283	-	2,283	-
Trade accounts receivables	AC	5,228	-	5,228	-	-	-
Trade accounts receivables	FVtPL	-	1,438	1,438	-	1,438	-
Other financial assets	AC	777	-	772	-	-	-
Cash and cash equivalents	AC	7,490	-	7,490	-	-	-
Total		13,495	3,721	17,211			
Financial liabilities							
Bank borrowings	AC	34,244	-	35,008	-	35,008	-
Trade payables	AC	4,485	-	4,485	-	-	-
Other financial liabilities	-	-	-	-	-	-	-
of which: derivative financial instruments without hedging relationship	FVtPL	-	19	19	-	19	-
of which: miscellaneous other financial liabilities	AC	4,352	-	4,340	-	4,340	-
Total		43,082	19	43,852			

Of which aggregated by measurement category as per IFRS 9

kEUR		Carrying amount	Fair value
Amortised Cost (asset)	AC	13,495	13,490
At fair value through P&L (asset)	FVtPL	3,721	3,721
Amortised Cost (liability)	AC	43,082	43,833
At fair value through P&L (liability)	FVtPL	19	19

The investment in SUMTEQ GmbH was measured at fair value at the time of acquisition. As observable market data could be used for the valuation, the investment was classified as Level 2. The valuation was based on a business transaction between independent business partners that occurred immediately before the balance sheet date.

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.

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 30/06/2020

Measurement category as per IFRS 9/IFRS 16 kEUR	Interest income	Interest expense	Impairment losses	Subsequent fair value measure- ment	Currency translation
Amortised Cost (asset)	-	-	-	-	-46
At fair value through (assets)	-	-	-	-	-
Amortised Cost (liability)	-	-377	-	-	1
At fair value through P&L (liability)	-	-	-	7	-
IFRS 16	-	-182	-	-	-
Other	-	-	-	-	-42
Total	-	-559	-	7	-87

Net results from 30/06/2019

Measurement category as per IFRS 9 / IFRS 16 kEUR	Interest income	Interest expense	Impairment losses	Subsequent fair value measure- ment	Currency translation
Amortised Cost (asset)	-	-	-	-	32
At fair value through (assets)	-	-	-	1.779	-
Amortised Cost (liability)	-	-344	-	-	-
At fair value through P&L (liability)	-	-	-	-	-
IFRS 16	-	-	-	-	-
Other	-	-31	-	-	-
Total	-	-375	-	1.779	32

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 based on 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".

The reporting and reporting management of the individual segments at va-Q-tec is directly according to IFRS. Insofar they are material, the supply and service relationships between the reporting segments are presented on a consolidated basis.

Segment reporting H1 2020

	va-Q-tec AG	va-Q-tec Ltd. (UK)	Other	Operating divisions, total	Consolida- tion	Group
kEUR	IFRS	IFRS	IFRS			
External revenue	16,844	14,796	4,011	35,651	-	35,651
Internal revenue	6,877	602	672	8,151	-8,151	-
Total sales revenue	23,721	15,398	4,683	43,802	-8,151	35,651
At a point in time	22,384	-	3,329	25,713	-6,842	18,871
Over time	1,337	15,398	1,354	18,089	-1,309	16,780
Total income	27,143	15,706	4,717	47,566	-6,181	41,385
Cost of materials and services	-10,712	-6,815	-2,861	-20,388	3,815	-16,573
Personnel expenses	-10,503	-1,521	-1,065	-13,089	482	-12,607
Other operating expenses	-4,480	-1,896	-770	-7,146	1,232	-5,914
EBITDA	1,448	5,474	21	6,943	-652	6,291
Depreciation, amortisation and impairment losses	-2,326	-4,056	-302	-6,684	595	-6,089
EBIT	-878	1,418	-281	259	-57	202
Result from at equity accounted investments	-	-	-	-	-	-
Result from fair value valuation of investments	-	-	-	-	-	-
Financial income	141	-	-	141	-134	7
Financial expenses	-386	-279	-28	-693	134	-559
EBT	-1,123	1,139	-309	-293	-57	-350
Investments as of 30/06/2020	2,539	3,970	356	6,865	-1,928	4,937
Assets 30/06/2020	105,614	30,945	5,866	142,425	-30,758	111,667
Non-current assets 30/06/2020	54,410	18,596	1,339	74,345	-5,157	69,188
Liabilities 30/06/2020	50,037	25,186	6,510	81,733	-12,436	69,297
Employees	425	46	27	498	-	498

Segment reporting H1 2019

	va-Q-tec AG	va-Q-tec Ltd. (UK)	Other	Operating divisions, total	Consolida- tion	Group
kEUR	IFRS	IFRS	IFRS			
External revenue	17,158	11,547	2,558	31,263	-	31,263
Internal revenue	3,623	670	573	4,866	-4,866	-
Total sales revenue	20,781	12,217	3,131	36,129	-4,866	31,263
At a point in time	18,895	-	2,037	20,932	-3,521	17,411
Over time	1,886	12,217	1,094	15,197	-1,345	13,852
Total income	22,626	12,417	3,157	38,200	-3,702	34,498
Cost of materials and services	-9,291	-5,935	-1,834	-17,060	3,221	-13,839
Personnel expenses	-9,134	-1,222	-772	-11,128	256	-10,872
Other operating expenses	-4,208	-1,527	-614	-6,349	930	-5,419
EBITDA	-7	3,733	-63	3,663	705	4,368
Depreciation, amortisation and impairment losses	-2,212	-3,808	-190	-6,210	272	-5,938
EBIT	-2,219	-75	-253	-2,547	977	-1,570
Result from at equity accounted investments	-	-	-	-	-68	-68
Result from fair value valuation of investments	-	-	-	-	1,771	1,771
Financial income	146	-	-	146	-138	8
Financial expenses	-360	-295	-22	-677	139	-538
EBT	-2,433	-370	-275	-3,078	2,681	-397
Investments as of 30/06/2019	3,780	1,897	1,113	6,790	-646	6,144
Assets 30/06/2019	103,967	26,694	3,960	134,621	-25,987	108,634
Non-current assets 30/06/2019	54,833	18,752	1,242	74,827	-2,496	72,330
Liabilities 30/06/2019	45,407	23,032	3,990	72,429	-8,273	64,156
Employees	387	43	27	457	-	457

The revenues are distributed geographically as follows:

kEUR	H1 2020	H1 2019
Germany	10,415	9,362
Rest of European Union	9,849	9,928
Other	15,387	11,973
Group, total	35,651	31,263

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 7,774 (previous year: kEUR 10,802) were generated with Products (vacuum insulation panels and individually sold heating storage components) in the first half of 2020. The Group reported kEUR 10,463 of sales revenue with systems (thermal packaging and related components) in the the first half of 2020 (previous year: kEUR 5,906). Services, which comprise the container and box rental business, generated kEUR 16,779 of revenues in the first half of 2020 (previous year: kEUR 13,852). Other sales revenues amounted to kEUR 635 in the first half of 2020 (previous year: kEUR 702).

4.2 RELATED PARTIES

During the first six months of 2020, no transactions with related parties occurred that had a significant influence on the Group's financial position and performance.

5 EVENTS AFTER THE REPORTING DATE

No events occurred after the end of the reporting period that could have a material impact on the financial position and performance of va-Q-tec.

Würzburg, 12 August 2020

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, 12 August 2020

va-Q-tec AG

The Management Board



Dr. Joachim Kuhn



Stefan Döhmen

IMPRINT

PUBLISHER

va-Q-tec AG

Alfred-Nobel-Straße 33
97080 Würzburg
Germany

Tel.: +49 (0)931 35 94 2-0
Fax: +49 (0)931 35 94 2-10

email: ir@va-Q-tec.com
www.va-q-tec.com

IR-CONTACT

va-Q-tec AG

Felix Rau

Tel.: +49 (0)931 35 94 2-2973
email: ir@va-Q-tec.com

LAYOUT & DESIGN

cometis AG

Unter den Eichen 7
65195 Wiesbaden
Germany

Tel.: +49 (0)611 20 58 55-0
Fax: +49 (0)611 20 85 55-66

email: info@cometis.de
www.cometis.de

EDITORIAL

va-Q-tec AG

Alfred-Nobel-Straße 33
97080 Würzburg
Germany

Tel.: +49 (0)931 35 942 0
Fax: +49 (0)931 35 942 10

email: ir@va-Q-tec.com
www.va-q-tec.com

PICTURE CREDITS

va-Q-tec AG

FINANCIAL CALENDAR

14/08/2020	Virtual annual general meeting
12/11/2020	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.

va-Q-tec AG

Alfred-Nobel-Straße 33
97080 Würzburg
Germany

Tel.: +49 (0)931 35 942 0
Fax: +49 (0)931 35 942 10

email: ir@va-q-tec.com
www.va-q-tec.com