Interim Report | **H1 2019** (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 and 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 passivethermal packaging systems (containers and boxes) through optimally integrating VIPs and PCMs – these maintain constant inner temperatures, depending on type, up to 200 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 highthermal 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.

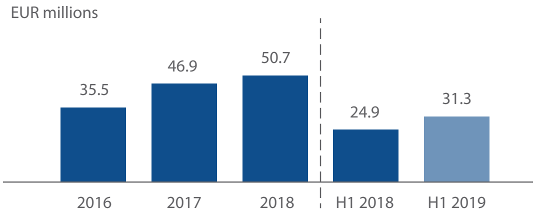
Further information is available at: **www.va-q-tec.com**

2 SIGNIFICANT EVENTS IN H1 2019

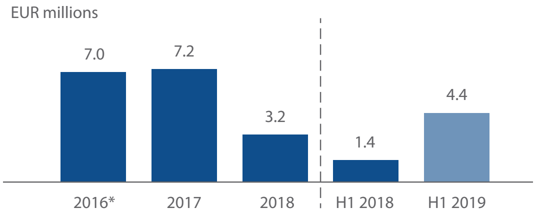
- Very strong revenue growth of 26 % to EUR 31.3 million in H1 2019 compared to EUR 24.9 million in H1 2018
- Especially significant revenue growth in the Services division of 69 % to EUR 13.9 million compared to EUR 8.2 million in H1 2018
- EBITDA more than triples year-on-year to EUR 4.4 million
- Specification of FY 2019 revenue and earnings forecast at upper end of range

3 GROUP KEY INDICATORS

Revenue 2016 – H1 2019

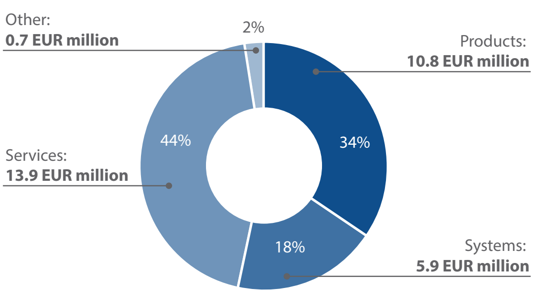


EBITDA 2016 – H1 2019

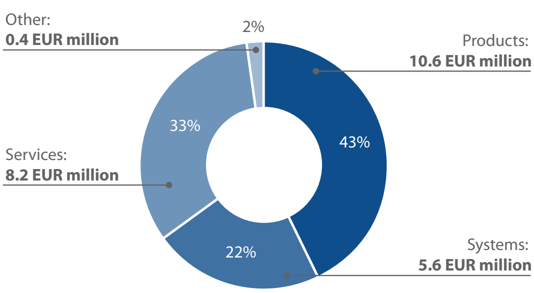


* Adjusted for IPO-related expanses

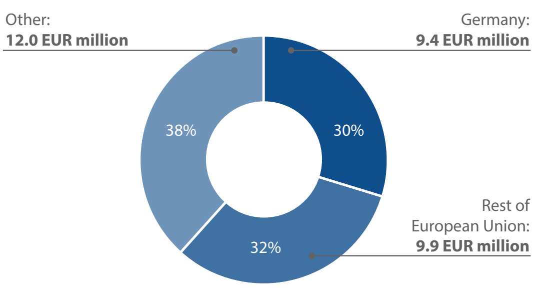
Revenue by Segments H1 2019



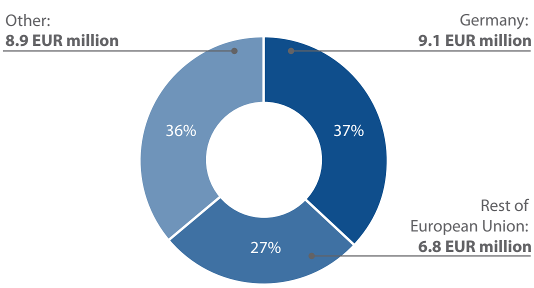
Revenue by Segments H1 2018



Revenue by Regions H1 2019



Revenue by Regions H1 2018



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,

We look back on a strong first half of the year. After having completed the major investments for the next growth step in 2018, va-Q-tec increased its revenues in the first half of 2019 by 26% compared to the first half of 2018 to reach EUR 31.3 million. At the same time, EBITDA more than tripled to EUR 4.4 million.

This positive business performance is based on fundamental trends such as climate protection and energy efficiency, which are of greater concern to society today than ever before. For us as pioneers in the energy efficiency area thanks to our vacuum insulation technology, we see the greatest potential in the short and medium term in the area of "TempChain Logistics" – in other words, safe transport solutions for temperature-sensitive products. This includes, for example, medicines, and equipment for the semiconductor industry. The trend here is towards increasingly secure and global temperature-controlled logistics chains, also known as "TempChains". In the first half of 2019, our Services division – in other words, the rental of our containers and boxes – grew accordingly by an outstanding 69%, or by EUR 5.7 million. This corresponds to a 44% share of our overall revenue.

In 2018, we achieved significant milestones in the company's development. Since the IPO in September 2016, we have invested around EUR 70 million in our business expansion and internationalization. With this foundation, we can now concentrate fully on expanding and improving the efficiency of our operating business. In 2018, we initiated the "Power 20+" program for this purpose. This initiative has two clear strategic priorities: firstly, the focus on profitable sales growth, such as by optimizing sales processes in the Services business, and, secondly, the focus on continuous cost efficiency, such as in purchasing. More than 60 projects and measures were in place in the first half of 2019 for these two strategic priorities. Our significantly improved profitability in the first half of 2019 underscores the fact that we are on the right track. During the remainder of the year, "Power 20+" will continue to make its contribution to a successful 2019 financial year.

We continued on our internationalization course in the first half of 2019. The subsidiaries in the USA and Switzerland have performed particularly well and are making growing contributions to revenue and earnings. Our two new subsidiaries founded last year in Uruguay and Singapore are already contributing more than expected to Group revenue. Overall, we have expanded our international network to seven subsidiaries, thereby positioning ourselves globally in many important markets.

The very significantly improved business results in the first half of 2019 underscore our very good position as a technology and market leader in our structurally growing markets. After a very positive start to the first half of the year, we look to the remainder of the financial year with great optimism. We will maintain our growth momentum for the remainder of the year and will therefore specify our forecast for the 2019 financial year at the upper end of the previous forecast of mediumstrong to strong sales growth. We now assume strong revenue growth of around 20 % year-on-year. In addition, we expect an EBITDA margin of 11 % – 14 % for the 2019 financial year, and thereby also at the upper end of previous expectations, thanks to the very positive performance in the first half of the year.

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

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

Dr. Joachim Kuhn Stefan Döhmen

5 INTERIM GROUP MANAGEMENT REPORT

5.1 ECONOMIC AND BUSINESS REPORT

5.1.1 Macroeconomic environment and Group-specific conditions

The International Monetary Fund (IMF) expects the global economy to grow by 3.5 % in 2019. Developing and emerging economies will make an above-average contribution to global growth, according to the forecast. As in the previous year, the IMF identifies macroeconomic uncertainties lying in the economic consequences of the UK's decision to leave the European Union ("Brexit"). va-Q-tec continues to expect no significant negative effects from Brexit. This also applies especially for the business in the UK operating segment where, although operative management occurs from the UK, actual value creation is achieved through the globally distributed container fleet. As a globally active Group, va-Q-tec consequently sees itself exposed to both opportunities and risks in macroeconomic terms.

Key sales revenue drivers during the first half of 2019 include the end-markets of Healthcare & Logistics as well as Appliances & Food, which together comprise an 84 % share of consolidated revenue.

According to external estimates, the market for thermal packaging systems remains a growth market with a worldwide average annual growth rate of 9 %, with va-Q-tec assuming that the sub-segment of the market relevant to the company (high-performance packaging systems) will grow at a faster rate. 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. Moreover, market research agency IMARC assumes that 27 of the 50 top-selling medications worldwide will require cold chain logistics in the 2 – 8°C range by 2020. va-Q-tec is convinced it can outpace the market with its high-quality system solutions for sale as well as rental solutions ("Serviced Rental" of thermal packaging systems). Especially with contemporary rental solutions, va-Q-tec aims to enter markets that conventional thermal packaging systems, such as Styropor boxes, have served to date.

After the healthcare industry, manufacturers of refrigeration and freezing equipment are the second most important customer. The market for vacuum insulation panels in refrigeration and freezing equipment has been growing and is continuing to grow at an annual rate of almost 21 % in the 2014-2019 period, according to an estimate by LUX Research. Thanks to its particularly durable and high-quality products, va-Q-tec expects to command a very good market presence. However, the outlook in this area is currently clouded by the economic situation and declining demand for durable consumer goods such as refrigerators.

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. This leads to very interesting new business potentials for va-Q-tec products.

5.1.2 Business trends

After a strong start to the year, the Group's dynamic growth continued unabated in the second quarter, with the result that revenue for the first half of 2019 as a whole increased by 26 % (EUR +6.4 million). The company benefited in particular from a significant expansion of its customer base in its strategically important service business.

Some successes have been achieved as part of the "Power 20+" program during the first half of the year, with cost efficiency improving in areas such as purchasing, network management and production. In addition to accelerated growth in the high-margin Services business, this contributed to the considerable earnings improvement in H1 2019. In addition, the one-time costs associated with the high level of capital expenditure and relocations were no longer incurred in the reporting period compared with the prior years. EBITDA rose from EUR 1.4 million in the previous year to EUR 4.4 million, with a significant increase in margins from 5 % to 13 %.

Products division (sale of vacuum insulation panels and phase change materials)
In the Products division (sale of vacuum insulation panels and phase change materials) va-Q-tec benefited from increasing energy efficiency requirements, e.g. for refrigerators or hot water storage tanks. Business with existing customers was further expanded and customers from new industries such as aviation were acquired. Revenue reported a slight increase compared with the previous year's strong basis of 2 % to EUR 10.8 million.

Systems division (sale of thermal packaging systems)
In the Systems business (thermal packaging), which is often influenced by large projects in individual quarters, revenue rose to EUR 5.9 million. Larger as well as strategically important project orders will materialize in the second half of the year.

Services division (Serviced Rental of thermal packaging systems)
The Services division presented a very positive picture in the reporting period: va-Q-tec recorded revenue of EUR 13.9 million in H1 2019, an increase of 69 % compared to H1 2018. In this area, business with once small or new customers for the "Serviced Rental" of containers and boxes was significantly expanded. The company benefited in particular from a significant expansion of its customer base. After the start and ramp-up in Q4 2018, the planned run rate for the rental of small thermal transport boxes to a new customer on the US East Coast was also achieved in Q1 2019. Accordingly, this customer made its first full contribution to revenue and earnings in Q2 2019.

National and international business trends
In H1 2019, va-Q-tec made strategic progress in extending its technological leadership. The innovative insulation solutions of va-Q-tec are meeting with growing interest not only in the traditional regions and end markets of Appliances & Food (refrigerators and commercial refrigeration) and Technics & Industry (hot water tanks). The attractiveness for other areas, e.g. for mobility applications and in the construction sector, not only opens up additional growth prospects but also potential for technological differentiation. This development was underlined in H1 2019, for example, by the joint application with Airbus Operations GmbH for the Crystal Cabin Award, an international innovation award for outstanding concepts in the aircraft cabin interiors area. Here, too, va-Q-tec vacuum insulation panels ensure innovative solutions and significantly improved energy efficiency.

In addition, the company continued on its internationalization track in the first half of 2019. The subsidiaries in the USA and Switzerland have performed particularly well and are making substantial contributions to revenue and earnings. Our two new subsidiaries founded just last year in Uruguay and Singapore are already contributing more than expected to Group revenue. Overall, va-Q-tec has expanded its international network to seven subsidiaries and has thereby established strong positions for itself in important global markets.

In May 2019, the Annual General Meeting was held for the first time on our company premises in Würzburg. va-Q-tec presented itself to more than 350 participants at its new site in Würzburg. A very high presence of shareholders also attended this year, representing 66% of the share capital. All items on the agenda were accepted with significant approval by the shareholders present.

The Group added to its workforce in the first half of 2019, hiring a total number of 44 individuals to take the total number of individuals employed from an average of 413 in the first half of 2018 to an average of 457 in the first half of 2019. Both experienced specialists and young career starters have been taken on worldwide to support the company's current and planned growth.

5.1.3 Business results and analysis of the financial position and performance

Results of operations

kEUR unless stated otherwise	**H1 2019 (IFRS)**	H1 2018 (IFRS)	Δ 19/18
Revenues	31,263	24,860	26%
Total income	34,498	30,959	11%
Cost of materials and services	-13,839	-14,192	-2,5%
Gross profit	20,659	16,767	23%
Personnel expenses	-10,872	-9,843	10%
Other operating expenses	-5,419	-5,537	-2%
EBITDA	4,368	1,387	215%
EBITDA margin	*13%*	*5%*	
Depreciation, amortization and impairment losses	-5,938	-4,589	
EBIT	-1,570	-3,202	
Result from the measurement of equity accounted investments	-68	-51	
Result from fair value measurement of investments	1,771	-	
Net financial result	-530	-364	
EBT	-397	-3,617	

Overall, revenue in the first half of 2019 reported very strong growth of 26% year-on-year to a level of kEUR 31,263. Revenue growth was particularly strong in the Services business segment ("Serviced Rental" of thermal packaging systems). In the Systems division (thermal packaging systems), revenues grew by kEUR 285, from kEUR 5,621 to kEUR 5,907 (+5%). Compared with a very strong prior-year basis, the business with Products was up by kEUR 163 in the first half of 2018, from kEUR 10,639 to kEUR 10,802 (+2%).

The German segment (va-Q-tec AG) contributed kEUR 17,158 to consolidated revenue (previous year: kEUR 17,810), the UK segment (va-Q-tec UK) kEUR 11,547 (previous year: kEUR 6,468), and the Other segment kEUR 2,558 (previous year: kEUR 582).

Total income in the first half of 2019 reported weaker growth than the rate of revenue growth, and was up by 11 % to kEUR 34,498. Work performed by the company and capitalized (which is included in total income) of kEUR 1,517 in the first half of 2019 was generated mainly from the continued expansion of internally produced box fleets (previous year: kEUR 3,326). Other operating income of kEUR 2,255 (previous year: kEUR 1,787) was generated mainly from releasing the special item deriving from container sale-and-leaseback transactions. In the past, 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. It represents the difference between the market price of the container and the production costs, and is released over a five-year depreciation period and allocated to other operating income. (For further information, please refer to Section 3.2.1 "Sale-and-finance-leaseback transactions" in the notes to the consolidated financial statements).

The cost of materials was down from kEUR 14,192 to kEUR 13,839, leading to a cost of materials ratio of 40 % (previous year: 46 %). The reason for the decline in the cost of materials and the improved cost of materials ratio was the significantly improved product mix in favor of the "Serviced Rental" business, which operates with a structurally lower cost of materials. At the same time, the cost of purchased services as part of the cost of materials rose by kEUR 1,664 to kEUR 6,120 (previous year: kEUR 4,456), mainly due to the necessary repositioning of empty air freight containers in the course of the strong expansion of business in this area.

Personnel expenses were up from kEUR 9,843 in the previous year to kEUR 10,872 in the first half of 2019 (kEUR +1,029), thereby remaining stable at 31 % in relation to total income (previous year: 32 %). The absolute year-on-year increase is attributable to the hiring of new employees to realize the current and planned growth both in Germany and abroad, and the recruitment of highly qualified specialist personnel to further optimize business processes.

Other operating expenses reduced from kEUR 5,537 in the previous year to kEUR 5,419 (kEUR -118) in the reporting period. Measured against total income, this results in a lower other operating expense ratio of 16 % (previous year: 18 %). The reason for the reduction was optimized cost control as part of the "Power 20+" program. In addition, the double and relocation costs incurred in the previous year in connection with the move to the new corporate headquarters in Würzburg and to the new production hall in Kölleda were eliminated in 2019.

As a consequence of the aforementioned developments in the first half of 2019, earnings before interest, tax, depreciation and amortization (EBITDA) reported very considerable growth of kEUR 2,981, from kEUR 1,387 to kEUR 4,368, leading to an equally significant improvement in the EBITDA margin to a level of 13 % (previous year: 5 %).

Depreciation and amortization increased significantly by 29 % to kEUR -5,938 thousand (previous year: kEUR -4,589 thousand) due to the considerable investments made in previous years.

For this reason, earnings before interest and tax (EBIT) improved by kEUR 1,632, from kEUR -3,202 to kEUR -1,570.

The attractiveness of the investment in SUMTEQ GmbH is clearly illustrated by the change from equity accounting to fair value accounting: in H1 2019, this results in non-recurring income of kEUR 1,771. The change was necessary because va-Q-tec AG is no longer able to exercise significant influence over the investment company following the entry of new shareholders with, in some cases, higher shareholdings, changes in the articles of association of SUMTEQ GmbH, and the termination of the chairmanship of the advisory board of SUMTEQ GmbH.

The net financial result amounted to kEUR -530 after kEUR -364 in the previous year, which is attributable to the increased use of external financing.

For the first half of 2019, a significantly reduced pre-tax loss (EBT) of kEUR -397 compared to kEUR -3,617 in the same period of the previous year also remains due to the aforementioned one-time effect in connection with the accounting of the SUMTEQ investment.

The reporting segments performed as follows in the first half of 2019:

German reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2019 (IFRS)	H1 2018 (IFRS)	Δ 19/18
Revenues	20,781	24,019	-3,238
EBITDA	-7	1,848	-1,855
Average number of employees	387	360	27

In the German reporting segment (va-Q-tec AG), revenue fell by kEUR 3,238 (-13 %), from kEUR 24,019 in the previous year to kEUR 20,781 in the first half of 2019. The decline in revenue was mainly attributable to the sharp reduction in the sale of containers to leasing companies and the UK subsidiary at the beginning of the year. EBITDA amounted to kEUR -7 (previous year: kEUR 1,848). The average number of employees rose by 27 to 387 (previous year: 360).

UK reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2019 (IFRS)	H1 2018 (IFRS)	Δ 19/18
Revenues	12,217	7,148	5,069
EBITDA	3,733	1,243	2,490
Average number of employees	43	40	3

Sales revenues in this segment were up by 71 % from kEUR 7,148 in the previous year to kEUR 12,217 in the first half of 2019. The UK reporting segment benefited from a significant broadening of the customer base and an expansion of business activities with a large number of smaller existing customers. In addition, service revenue generated with a major pharmaceutical customer, for which revenue was still declining in 2018, strengthened again. EBITDA was up by kEUR 2,490, from kEUR 1,243 in the previous year to kEUR 3,733 in the first half of 2019. The average number of employees rose from 40 to 43.

Other reporting segment

kEUR unless stated otherwise	H1 2019 (IFRS)	H1 2018 (IFRS)	Δ 19/18
Revenues	3,131	1,341	1,790
EBITDA	-63	-30	-33
Average number of employees	27	13	14

The subsidiaries in Uruguay, Korea, Japan, Switzerland, Singapore and the USA – which together form the Other reporting segment – reported a significant increase in revenue overall. This is fed by higher sales and purchasing commissions and mainly by significantly growing own revenues in the regions. After the start and ramp-up in Q4 2018, the US subsidiary achieved its planned run rate in Q1 2019 for the rental of small thermal transport boxes to a new customer on the US East Coast. The subsidiaries in the USA and Switzerland have performed particularly well and are now making growing contributions to revenue and earnings. Our two new subsidiaries founded just last year in Uruguay and Singapore are already contributing more than expected to Group revenue. 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. EBITDA decreased to kEUR -63 in the first half of 2019, compared with kEUR -30 in the previous year. The average number of staff amounted to 27 (previous year: 13).

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 grants. Existing credit lines were optimized continuously in terms of their rate of interest. Overall, va-Q-tec had comfortable liquidity as of 30 June 2019 with bank balances plus open credit lines totaling EUR 10.7 million. Together with further financing facilities of up to EUR 6 million, which are in final negotiations, the financial scope would amount to almost EUR 17 million.

Liquidity

kEUR	**H1 2019**	H1 2018
Net cash flow from operating activities	328	-3,890
Net cash flow from investing activities	-3,677	-4,370
Net cash flow from financing activities	-1,085	8,411
Net change in cash and cash equivalents	-4,437	198

Before working capital changes, va-Q-tec generated a positive cash flow from operating activities of kEUR 1,411 as of the balance sheet date, compared with kEUR -290 in H1 2018. Net cash flow from operating activities including working capital changes amounted to kEUR 328 in H1 2019, kEUR 4,218 above the adjusted level of kEUR -3,890 in the prior-year quarter. The change in working capital is chiefly attributable to the reduction in inventories, which were accumulated in the previous year especially to ensure that the company was capable of making deliveries during the move-related standstill in the production lines, and partly to raise security stocks of materials required for production and to initially equip the subsidiaries abroad. While trade payables decreased significantly in the reporting period by kEUR 590 in parallel to inventories , trade receivables increased sharply (kEUR +908) as a result of the increase in revenue as of the reporting date.

Cash flow from investing activities changed from kEUR -4,370 in the prior-year period to kEUR -3,677 in the first half of 2019. The previous year's figure was influenced by the release of short-term time deposits (kEUR 9,000). The purchase of property, plant and equipment incurred kEUR -3,505, compared with kEUR -13,389 in the previous-year period. The reason for this decrease is the decline in investments, since the most important investments and initiatives for further growth towards EUR 100 million in revenue were largely completed faster than originally planned in 2018. The cash flow from financing activities of kEUR -1,085 (previous year: kEUR 8,411) results from the scheduled higher repayment of liabilities to banks and leasing companies compared with new borrowings for the financing of long-term investments and working capital requirements.

Net assets and capital structure

Assets kEUR	30/06/2019	31/12/2018
Non-current assets		
Intangible assets	2,531	2,437
Property, plant and equipment	69,799	69,390
Investment property	1,614	1,614
Capitalized contract costs	168	157
Equity accounted investments	-	580
Financial assets	2,471	184
Other non-financial assets	619	647
Deferred tax assets	2,645	2,961
Total non-current assets	**79,847**	**77,970**
Current assets		
Inventories	10,670	10,924
Trade receivables	8,475	7,557
Other financial assets	688	334
Tax assets	67	135
Other non-financial assets	1,170	1,073
Cash and cash equivalents	7,717	12,154
Total current assets	**28,787**	**32,177**
Total assets	**108,634**	**110,147**

Compared with 31 December 2018, property, plant and equipment increased by a total of kEUR 409 to kEUR 69,799 as of 30 June 2019. Total non-current assets rose by kEUR 1,877 to kEUR 79,847 as of 30 June 2019. This is primarily due to the necessary change in accounting for the SUMTEQ investment from equity accounted to the fair value method, as a significant influence on the financial and business policy decisions of the investment can no longer be clearly demonstrated following the changes in the agreements under company law and the entry of new shareholders in the context of a capital increase. From 7 June 2019, the investment will instead be recognized at fair value under financial assets. The fair value measurement results in the investment being recognized on the balance sheet in the amount of kEUR 2,283 compared with an equity accounted valuation of kEUR 580 as of 31 December 2018, which highlights the attractiveness of the investment in SUMTEQ GmbH.

Inventories decreased by kEUR -254 from kEUR 10,924 in the first half of 2019 to kEUR 10,670 in the first half of 2019, due to the normalization of the higher inventories in Würzburg prior to the interruption of production and the initial stockpiling of foreign subsidiaries. Trade receivables rose to kEUR 8,475 as of 30 June 2019, compared with 31 December 2018 as a result of the expansion of business (previous year: kEUR 7,557). Current other financial assets rose by kEUR 354, from kEUR 334 as of 31 December 2018 to kEUR 688 as of the first half of 2019. Total current assets decreased from kEUR 32,177 as of 31 December 2018 to kEUR 28,787 as of the end of the first half of 2019. In the same period, total assets decreased from kEUR 110,147 to kEUR 108,634 despite the first-time capitalization of rights of use in accordance with IFRS 16 in the amount of kEUR 2,139.

Investments

After the previous years' significant investments, investments declined significantly in the first half of the year, as planned. Capital expenditure in the first half of 2019 focused on continuing investment in our Würzburg headquarters and on expanding our fleet of thermo-boxes and containers. A total of kEUR 3,505 gross was invested in property, plant and equipment. After depreciation and other movements, property, plant and equipment increased net from kEUR 69,390 to kEUR 69,799. An amount of kEUR 519 was invested in intangible assets (previous year: kEUR 206).

Equity and liabilities kEUR	**30/06/2019**	31/12/2018
Equity		
Issued share capital	13,090	13,090
Treasury shares	-54	-54
Additional paid-in capital	46,158	46,158
Cumulative other comprehensive income	-40	-39
Retained earnings	-14,675	-13,895
Total equity	**44,479**	**45,260**
Non-current liabilities and provisions		
Provisions	127	79
Bank borrowings	23,415	24,732
Other financial liabilities	6,370	6,814
Other non-financial liabilities	8,548	9,310
Total non-current liabilities and provisions	**38,460**	**40,935**
Current liabilities and provisions		
Provisions	81	62
Bank borrowings	11,088	9,400
Other financial liabilities	5,491	4,873
Contractual liabilities	35	19
Trade payables	3,962	4,594
Tax liabilities	57	79
Other non-financial liabilities	4,981	4,925
Total current liabilities and provisions	**25,695**	**23,952**
Total assets	**108,634**	**110,147**

Consolidated equity amounted to kEUR 44,479 as of 30 June 2019, which continues to correspond to a high equity ratio of 40.9 % of total assets (31 December 2018: kEUR 45,260 or 41.1 %).

Non-current bank borrowings decreased by kEUR 1,317, from kEUR 24,732 to kEUR 23,415, reflecting scheduled repayments. Current bank borrowings increased from kEUR 9,400 to kEUR 11,088 reflecting greater utilization of existing overdraft lines.

Non-current other financial liabilities reduced from kEUR 6,814 to kEUR 6,370. Non-current other non-financial liabilities decreased by kEUR -762, from kEUR 9,310 to kEUR 8,548. Current other non-financial liabilities increased slightly from kEUR 4,925 to kEUR 4,981.

Bank borrowings plus plant leasing of kEUR 43,637 comprised 40 % of total equity and liabilities (31 December 2018: kEUR 42,193; 38 %). The total volume of finance leases, including the first-time application effect of IFRS 16 on operating leases, rose by kEUR 1,069, from kEUR 8,054 as of 31 December 2018 to kEUR 9,123 in the first half of 2019. Current liabilities and provisions stood at kEUR 25,695 in the first half of 2019, representing 24 % of total equity and liabilities (previous year: kEUR 23,952; 22 %). The Group's non-current liabilities amounted to kEUR 38,460, corresponding to 35 % of total assets previous year: kEUR 40,935; 37 %). Trade payables totaled kEUR 3,962, compared with kEUR 4,594 in the previous year.

Overall statement on business progress
va-Q-tec continues on its track of growth with a very successful first half-year. The Group reported very strong revenue growth year-on-year. The Services business segment ("Serviced Rental" of thermal packaging systems) is driving this growth to a very significant extent. The Products division maintained its previous year's high level, and further growth, including influenced by projects, is expected in the Systems division.

EBITDA improved significantly year on year thanks to growing Services revenues with a high EBITDA margin and disciplined cost management thanks to the "Power 20+" program. Particularly noteworthy is the fact that the operating cash flow is clearly positive.

5.2 FORECAST

5.2.1 Outlook

The following forecasts for the trend in management metrics were made under the assumption of a continuation of robust macroeconomic trends in 2019. Moreover, they are also based on the expected positive growth rates in the market for VIPs and insulation materials overall. High growth momentum is also expected in the market for thermal packaging and services. va-Q-tec continues to expect to benefit disproportionately from the megatrends of energy efficiency, regulation of cold chains (product safety) and globalization of value chains.

Overall statement
Following the very strong improvement in the first half of 2019, coupled with a healthy outlook, particularly for Services (Serviced Rental), we will maintain our growth momentum for the remainder of the year and are therefore specifying our forecast for the 2019 financial year at the upper end of the previous forecast of medium-strong to strong revenue growth. We are now assuming strong revenue growth of around 20 % year-on-year. In addition, va-Q-tec expects an EBITDA margin of 11 % – 14 % for the 2019 financial year, after an EBITDA margin of 5 % in the 2018 financial year, and thereby also at the upper end of previous expectations, thanks to the very positive performance in the first half of the year.

5.2.2 Forward-looking statements

This report includes forward-looking statements based on current assumptions and forecasts of the management of va-Q-tec AG. Such statements are subject to risks and uncertainties. These and other factors can lead the company's actual results, financial position, development, or performance to differ significantly from the estimates provided here. The company assumes no obligation of any kind to update such forward-looking statements and adjust them to future events or developments.

6 REPORT ON OPPORTUNITIES AND RISKS

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

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 2019. In the area of operative, strategic, financial and default risks, no significant changes occurred compared with 31 December 2018.

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 2018 Group management report.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR H1 2019

CONSOLIDATED INCOME STATEMENT

kEUR	**H1 2019**	H1 2018
Revenues	**31,263**	**24,860**
Change in inventories	-537	986
Work performed by the company and capitalised	1,517	3,326
Other operating income	2,255	1,787
Total Income	**34,498**	**30,959**
Cost of materials and services	-13,839	-14,192
Gross profit	**20,659**	**16,767**
Personnel expenses	-10,872	-9,843
Other operating expenses	-5,419	-5,537
EBITDA	**4,368**	**1,387**
Depreciation, amortization and impairment losses	-5,938	-4,589
Earnings before interest and tax (EBIT)	**-1,570**	**-3,202**
Result from at equity accounted investments	**-68**	**-51**
Result from fair value valuation of investments	**1,771**	**-**
Finance income	8	11
Finance expenses	-538	-375
Net financial result	**-530**	**-364**
Earnings before tax (EBT)	**-397**	**-3,617**
Income tax	-383	290
Net income	**-780**	**-3,327**
Consolidated net income attributable to owners of va-Q-tec AG	**-780**	**-3,327**
Earnings per share - basic / diluted in EUR	**-0.06**	**-0.25**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

kEUR	H1 2019	H1 2018
Net Income	**-780**	**-3,327**
Consolidated other comprehensive income	-	-
Currency translation differences	-1	-
Total other comprehensive income that will be reclassified to profit or loss	**-1**	-
Consolidated total comprehensive income	**-781**	**-3,327**
Consolidated total comprehensive income attributable to owners of va-Q-tec AG	**-781**	**-3,327**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

kEUR	**30/06/2019**	31/12/2018
Non-current assets		
Intangible assets	2,531	2,437
Property, plant and equipment	69,799	69,390
Investment property	1,614	1,614
Contract assets	168	157
Equity accounted interests	-	580
Financial assets	2,471	184
Other non-financial assets	619	647
Deferred tax assets	2,645	2,961
Total non-current assets	**79,847**	**77,970**
Current assets		
Inventories	10,670	10,924
Trade receivables	8,475	7,557
Other financial assets	688	334
Current tax assets	67	135
Other non-financial assets	1,170	1,073
Cash and cash equivalents	7,717	12,154
Total current assets	**28,787**	**32,177**
Total assets	**108,634**	**110,147**

Equity and liabilities

kEUR	**30/06/2019**	31/12/2018
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	-40	-39
Retained earnings	-14,675	-13,895
Total equity	**44,479**	**45,260**
Non-current liabilities		
Provisions	127	79
Bank borrowings	23,415	24,732
Other financial liabilities	6,370	6,814
Other non-financial liabilities	8,548	9,310
Total non-current liabilities	**38,460**	**40,935**
Current liabilities		
Provisions	81	62
Bank borrowings	11,088	9,400
Other financial liabilities	5,491	4,873
Liabilities from contracts with customers	35	19
Trade payables	3,962	4,594
Tax liabilities	57	79
Other non-financial liabilities	4,981	4,925
Total current liabilities	**25,695**	**23,952**
Total Equity and liabilities	**108,634**	**110,147**

CONSOLIDATED STATEMENT OF CASH FLOWS

kEUR	**H1 2019**	H1 2018
Cash flow from operating activities		
Net income	-780	-3,327
Current income taxes recognised income statement	66	-1
Income taxes paid	-65	-
Net finance costs recognised income statement	530	364
Interest received	-	2
Interest paid	-508	-364
Depreciation on contract assets	9	30
Non-cash losses from equity accounted investments	68	51
Non-cash gain from fair value valuation of investments	-1,771	-
Depreciation, amortisation and impairment losses	5,938	4,589
Gain / loss from disposal of non-current assets	-254	-52
Change in other assets	-672	-182
Change in other liabilities	67	384
Change in provisions	66	-28
Other non-cash expenses or income	-1,284	-1,756
Cash flow from operating activities before working capital changes	**1,411**	**-290**
Change in inventories	415	-2,377
Change in trade receivables	-908	2
Change in trade payables	-590	-1,225
Net cash flow from operating activities	**328**	**-3,890**
Cash flow from investing activities		
Payments for investment in intangible assets	-519	-206
Proceeds from disposal of property, plant and equipment	366	225
Payments for investments in property, plant and equipment	-3,505	-13,389
Proceeds from disposals of financial assets	-	9,000
Payments for investments in contract assets	-19	-
Net cash flow from investing activities	**-3,677**	**-4,370**

kEUR	**H1 2019**	H1 2018
Cash flow from financing activities		
Proceeds from bank loans	5,655	9,243
Repayments of bank loans	-5,287	-1,689
Proceeds from sale-and-finance-leaseback transactions	-	2,786
Payments for leases liabilities	-1,453	-1,929
Net cash flow from financing activities	**-1,085**	**8,411**
Change in cash and cash equivalents before exchange rate effects	**-4,434**	**151**
Effect of exchange rate changes on cash and cash equivalents	-3	47
Net change in cash and cash equivalents	**-4,437**	**198**
Cash and cash equivalents at start of period	**12,154**	**5,201**
Cash and cash equivalents at end of period	**7,717**	**5,399**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Total equity
					Currency translation reserves		
01/01/2019 before applying new accounting standards	**13,090**	**-54**	**46,158**	**-13,895**	**-39**	**45,260**	**45,260**
Carry over due to new accounting standards	-	-	-	-	-	-	-
01/01/2019 after application of new accounting standards	**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**

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Total equity
					Currency translation reserves		
01/01/2018	**13,090**	**-54**	**46,158**	**-6,174**	**-28**	**52,992**	**52,992**
Net income	-	-	-	-3,327	-	-3,327	-3,327
Consolidated other comprehensive income	-	-	-	52	-	52	52
Consolidated total comprehensive income	-	-	**-**	**-3,275**	-	**-3,275**	**-3,275**
Purchase of treasury shares	-	-	-	-	-	-	-
Issue of treasury shares	-	-	-	-	-	-	-
30/06/2018	**13,090**	**-54**	**46,158**	**-9,449**	**-28**	**-49,717**	**-49,717**

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 2019 financial year were approved for publication by the Management Board on 14 August 2019.

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 2018, 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 2019 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 2019, 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 2019 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 2019. As of the 30 June 2019 reporting date, the investment in SUMTEQ GmbH was no longer classified as an associated company and is equity accounted in the consolidated financial statements. A significant influence on the financial and business policy decisions of the investment can no longer be clearly demonstrated following the changes in the agreements under company law and the entry of new shareholders in the context of a capital increase. From 7 June 2019, the investment will instead be recognized at fair value under financial assets.

1.4 EFFECTS OF NEW ACCOUNTING STANDARDS

Im 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 2018.

IFRS 16 (Leases) was applied for the first time as of 1 January 2019. The following section states the effects from the first-time application of IFRS 16.

IFRS 16 is the new standard relating to the accounting treatment of leases, which va-Q-tec AG has applied retrospectively for the first time without restating the previous year‘s figures as of 1 January 2019.

Since 1 January 2019, payment obligations from contracts previously classified as operating leases have been discounted at the weighted average incremental borrowing rate (IBR) of 2 % as of 31 December 2018, recognized as a lease liability and amortized applying the effective interest method. The interest rate is determined on the basis of the average, risk-free reference interest rate for the relevant maturity bands of the leasing contracts in the relevant Group currency (kEUR) plus a risk premium corresponding to va-Q-tec‘s rating. Leasing-specific adjustments were not necessary as, for example, collateral had no material impact on the interest rate.

The right to use the leased asset is capitalized in proportion to the lease liability. At the time of initial application, the value of the right of use corresponds to the present value of the corresponding lease liability and is amortized straight-line over the term of the lease agreement.

The Group has utilized the relief provisions of IFRS 16 for short term leases (leases with terms of less than 12 months) and low-value assets. A benchmark of kEUR 5 is applied for low-value assets. Payments from leasing obligations with a remaining term of no more than twelve months as of 31 December 2018 were expensed at the time of payment in accordance with the option. Moreover, va-Q-tec did not present the leasing and service components separately in accordance with the option in the standard.

As part of the transition to IFRS 16, assets of EUR 2.5 million and lease liabilities of the same amount were recognized for rights to use leased assets at the time of first-time application as of 1 January 2019. Based on the operating lease obligations as of 31 December 2018, the following reconciliation arose in relation to the opening balance of the lease liabilities as of 1 January 2019:

Reconciliation lease liabilities

kEUR	01/01/2019
Obligations from contracts classified as operating leases as of 31 December 2018 [1)]	2,642
Current leases	25
Leases on assets of minor value	8
Discounting of incremental borrowing rate at the first application of IFRS 16	121
Lease liabilities newly accounted due to IFRS 16 as of 1 January 2019	**2,488**
Existing finance lease liabilities as of 31 December 2018	8,054
Total lease liabilities	**10,542**

[1)] Adjusted value

The right to use the leased asset in question is reported under the same item of property, plant and equipment as the underlying asset would have been reported if it had been acquired. The rights of use recognized relate to the following types of assets:

Right-of-uses and lease liabilities

kEUR	30/06/2019	01/01/2019
Land and buildings		
Land and buildings - right-of-use	1,196	1,383
Production equipment and machinery		
Production equipment and machinery - right-of-use	786	838
Other plant, operating and office equipment		
Other plant, operating and office equipment - right-of-use	943	1,105
Container fleet		
Container fleet - Finance Lease	13,013	15,996
Total right-of-use assets	**15,938**	**19,322**
of which first-time application due to IFRS 16	**2,139**	**2,488**

kEUR	30/06/2019	01/01/2019
Non-current financial liabilities Lease liabilities newly accounted due to IFRS 16	1,366	1,730
Existing lease liabilities from finance leases	4,917	5,942
Current financial liabilities Lease liabilities newly accounted due to IFRS 16	784	758
Existing lease liabilities from finance leases	2,056	2,112
Total lease liabilities	**9,123**	**10,542**
of which first-time application due to IFRS 16	**2,150**	**2,488**

Along with IFRS 16, the following standards and amendments to standards have become effective and exert no effect on the company's 2019 half-year report.

Standard	Title	Mandatory application for financial years commencing from
Annual Improvements to IFRS	Cycle 2015 – 2017	1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 28	Investments in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019

2 ACCOUNTING POLICIES

Apart from the first-time application of IFRS 16, the interim Group report of va-Q-tec AG applies the same accounting policies as in the IFRS consolidated financial statements as of 31 December 2018, as a matter of principle. The standards adopted by the EU have not been applied early. The notes to the 2018 consolidated financial statements provide a detailed description of the accounting policies.

3 NOTES

3.1 CONSOLIDATED INCOME STATEMENT

3.1.1 Total income

Total income performed positively year-on-year, increasing by around 11.4 % to kEUR 34,498. Overall, the revenue that total income includes reported very strong year-on-year growth of 25.8 % to reach kEUR 31,263 in the first half of the year. Work performed by the enterprise and capitalised in the amount of kEUR 1,517 (previous year: kEUR 3,326), which was significantly lower than in the previous year, in the first half of 2019 arose primarily from the continued expansion of the self-manufactured box fleets, whereas own work for self-manufactured containers fell well short of the previous year's figure. Changes in inventories also remained well below the previous year's figure, with a decline of kEUR -537 compared with an increase of kEUR 986 in the same period of the previous year. Other operating income of kEUR 2,255 (previous year: kEUR 1,787) derived mainly from releasing the special item deriving from container sale-and-leaseback transactions. In the past, 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 decreased by kEUR 353 to kEUR 13,839 (-2.5 %). The cost of materials ratio[1] reduced from 45.8 % to 40.1 %, leading to a 23.2 % increase in gross profit, after taking into consideration the growth in total income.

3.1.3 Personnel expenses

Personnel expenses increased by 10.5 % compared with the previous year's period, rising from kEUR 9,843 to kEUR 10,872. The absolute rise is mainly attributable to the hiring of new staff in the second half of 2018 in order to support the planned growth, as well as to wage and salary increases. The personnel expense ratio[2] reduced from 31.8 % to 31.5 %.

[1] Cost of materials ratio in% = cost of materials / total income x 100
[2] Personal expense ratio in% = personnel expenses / total income x 100

3.1.4 Other operating expenses

Other operating expenses decreased by kEUR 118 to kEUR 5,419. The decline, despite a sharp rise in revenue, is attributable to cost savings from the "Power 20+" program and the absence of one-off costs in connection with the move to the new corporate headquarters in Würzburg as well as the move to the new production hall in Kölleda.

3.1.5 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses rose by kEUR 1,349 to kEUR 5,938. The increase in depreciation and amortisation is attributable, firstly, to investments in the container and box fleets, which reduced significantly in the last 24 months, so that depreciation and amortisation on these items rose by kEUR 404 compared with the same period in the previous year. Secondly, the completion of the conversion of the Würzburg headquarters and the new building in Kölleda in the second half of 2018 increased depreciation on land and buildings by kEUR 457 compared with the prior-year period. The depreciation and amortisation ratio[3] rose from 14.8 % to 17.2 % overall.

3.1.6 Result from fair value measurement of investments

The income from the valuation of the investment in SUMTEQ GmbH totalling kEUR 1,771 arises from the write-up in the context of the change from at-equity measurement in accordance with IAS 28 to fair value measurement in accordance with IFRS 9 due to the loss of the significant influence of va-Q-tec over the participating interest's financial and business policy decisions.

3.1.7 Net financial result

The net financial result decreased by kEUR 166 compared to the previous year, as especially the refinancing of investments realised in previous years with equity funds from the IPO was progressed in the second half of 2018. Interest expenses increased by kEUR 163 year-on-year to kEUR 538 (previous year: kEUR 375).

3.1.8 Income taxes

Due to the loss carried forward from previous years, no deferred taxes were capitalized in the first half of 2019. As a consequence, despite a loss before taxes of kEUR -397 (previous year: kEUR -3,617), va-Q-tec had a tax expense of kEUR -383 (previous year: tax income of kEUR 290) in the first half.

3.1.9 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 existed present entailing dilutive effects.

Earnings per share are as follows:

	H1 2019	H1 2018
Consolidated net result after non controlling interests (kEUR)	**-780**	**-3,327**
Weighted average number of shares	13,075,936	13,0753,936
Earnings per share (in EUR)	-0.06	-0.25

[3] Depreciation and amortisation rate 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 2018 reporting date, intangible assets rose by kEUR 94 to kEUR 2,531. The amount arises mainly from acquired intangible assets.

3.2.2 Property, plant and equipment

Property, plant and equipment increased by kEUR 409 to kEUR 69,799. The moderate increase compared to the previous year was mainly due to the completion of the conversion of the Würzburg headquarters and the new Kölleda plant in the second half of 2018, thereby almost completing the expansion of capacity begun after the IPO.

3.2.3 Inventories

Inventories reduced by kEUR 254 to kEUR 10,670. This was mainly due to the normalization of the previous year's higher level of inventories due to relocation prior to the interruption of production in Würzburg and the initial equipping of foreign subsidiaries with inventories.

3.2.4 Trade receivables

As of the balance sheet date, the inventories position increased by kEUR 918 to kEUR 8,475 due to the higher revenue.

3.2.5 Other financial assets

The increase in non-current financial assets by kEUR 2,287, from kEUR 184 to kEUR 2,471, derives from the change from the at-equity valuation of SUMTEQ GmbH to valuation at fair value due to the loss of the significant influence of va-Q-tec AG over SUMTEQ GmbH. This led to a reclassification of kEUR 512 from equity accounted investments to financial assets and a total write-up of kEUR 1,771.

Current financial assets rose by kEUR 354 to kEUR 688. This particularly reflects claims for grants.

3.2.6 Tax assets

Tax assets decreased by kEUR 68 to kEUR 67 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 increased by kEUR 69 to kEUR 1,789 in line with a rise in VAT receivables.

3.2.8 Cash and cash equivalents

Cash and cash equivalents reduced by kEUR 4,437, from kEUR 12,154 to kEUR 7,717.

3.2.9 Equity

Compared to 31 December 2018, equity reduced by kEUR 781 to kEUR 44,479. Due to the likewise lower balance sheet total, the equity ratio remained virtually unchanged at 40.9 % (31/12/2018: 41.1 %) .

3.2.10 Non-current and current bank borrowings

Current bank borrowings rose by kEUR 1,688 to kEUR 11,088. By contrast, non-current bank borrowings reported a reduction of kEUR 1,317 to kEUR 23,415.

3.2.11 Other non-current and current financial liabilities

Overall, other non-current and current financial liabilities rose by kEUR 174 to kEUR 11,861. The recognition of liabilities from operating leases of kEUR 2,488 due to the first-time application of IFRS 16 had the opposite effect to scheduled lease payments of kEUR 1,418. In addition, the realization of an investment had a positive effect on financial liabilities, for which an investment grant of kEUR 697 had already been received in the previous year. Since the realisation of the investment, this investment grant has no longer been recognised as a financial liability but as a non-financial liability under the special item for grants.

3.2.12 Other non-current and current non-financial liabilities

Other non-current and current non-financial liabilities decreased by 5.0 % to kEUR 13,529. This change arises mainly from the change incurred in previous years in the special item for profits from sale and finance leaseback transactions as part of expanding the container fleet. By contrast, the special item for grants rose by kEUR 479 to kEUR 5,014.

Overall, the special item for grants and container profits from sale and finance leaseback transactions amounts to kEUR 11,624 (previous year: kEUR 12,612) and accounts for around 85.9 % of the total items (previous year: 88.6 %).

3.2.13 Trade payables

Trade payables decreased by kEUR 632 to kEUR 3,962 (previous year: kEUR 4,594).

3.3 FINANCIAL INSTRUMENTS

The following table presents financial instruments with their carrying amounts and fair values, analysed according to IFRS 9. 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 2018 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 30/06/2019**

kEUR	Measurement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value				
		30/06/2019	30/06/2019	30/06/2019	Level 1	Level 2	Level 3
Financial Assets							
Participations	FVtPL		2,283	2,283		2,283	
Trade accounts receivables	AC	8,475		8,475			
Other financial assets	AC	876		871			
Cash and cash equivalents	AC	7,717		7,717			
Total		**17,068**	**2,283**	**19,351**			
Financial liabilities							
Bank borrowings	AC	34,503		33,715		33,715	
Trade payables	AC	3,962		3,962			
Other financial liabilities							
of which: derivative financial instruments without hedging relationship	FVtPL		27	27		27	
of which: miscellaneous other financial liabilities	AC	3,556		3,559		3,559	
Total		**42,021**	**27**	**41,263**			

** Notes regarding fair values of finance lease liabilities are obsolete as of Jan 1, 2019 due to IFRS 16*

Of which aggregated by measurement category as per IFRS 9

kEUR		Carrying amount	Fair value
Amortised Cost (asset)	AC	17,068	17,063
Amortised Cost (liability)	AC	42,021	41,236
At fair value through P&L (asset)	FVtPL	2.283	2.283
At fair value through P&L (liability)	FVtPL	27	27

The investment in SUMTEQ GmbH was measured at fair value due to the change in status 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 30/06/2019

Measurement category as per IFRS 9 kEUR	Interest income	Interest expense	Impairment losses	Subsequent fair value measure-ment	Currency translation
Amortised Cost (asset)	-	-	-	-	32
At fair value through P&L	-	-	-	1,779	-
Amortised Cost (liability)	-	-344	-	-	-7
Other	-	-31	-	-	9
Total	**-**	**-375**	**-**	**1,779**	**34**

Net results from 30/06/2018

Measurement category as per IAS 39 / IAS 17 kEUR	Interest income	Interest expense	Impairment losses	Subsequent fair value measure-ment	Currency translation
Amortised Cost (asset)	-	-	-	-	69
At fair value through P&L	-	-	-	9	-
Amortised Cost (liability)	2	-193	-	-	-26
IAS 17	-	-182	-	-	-
Other	-	-	-	-	-1
Total	**2**	**-375**	**-**	**9**	**42**

4 OTHER DISCLOSURES

4.1 SEGMENT INFORMATION

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

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.

The comparability of the segment reporting with the previous period is not affected by the inclusion of the new subsidiary va-Q-tec SG PTE Ltd., as to date this has had no significant influence on the company's financial position and performance. The notes to the 2018 consolidated financial statements provide a detailed description of the individual operating segments.

Segment reporting H1 2019

kEUR	va-Q-tec AG IFRS	va-Q-tec Ltd. (UK) IFRS	Other IFRS	Operating divisions, total	Consolida-tion	Group
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**
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
Equity accounted investments 30/06/2019	-	-	-	-	-	-
Liabilities 30/06/2019	45,407	23,032	3,990	72,429	-8,273	64,156
Employees	387	43	27	457	-	457

Segment reporting H1 2018

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

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

Revenue recognition

kEUR	**H1 2019**	H1 2018
recognition at a point	17,411	16,663
recognition over time	13,852	8,197
Group, total	**31,263**	**24,860**

The revenues are distributed geographically as follows:

kEUR	**H1 2019**	H1 2018
Germany	9,362	9,126
Rest of European Union	9,928	6,798
Other	11,973	8,936
Group, total	**31,263**	**24,860**

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: revenues of kEUR 10,802 (previous year: kEUR 10,639) were generated with Products (vacuum insulation panels and individually sold heating storage components) in the first half of 2019. The Group reported kEUR 5,907 of revenue with Systems (thermal packaging and related components) in the first half of 2019 (previous year: kEUR 5,621). Services, which comprise the container and box rental business, generated kEUR 13,852 of revenue in the first half of 2019 (previous year: kEUR 8,198). Other revenue amounted to kEUR 702 in the first half of 2019 (previous year: kEUR 402).

4.2 RELATED PARTIES

During the first six months of 2019, 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, 14 August 2019

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, 14 August 2019

va-Q-tec AG

The Management Board

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