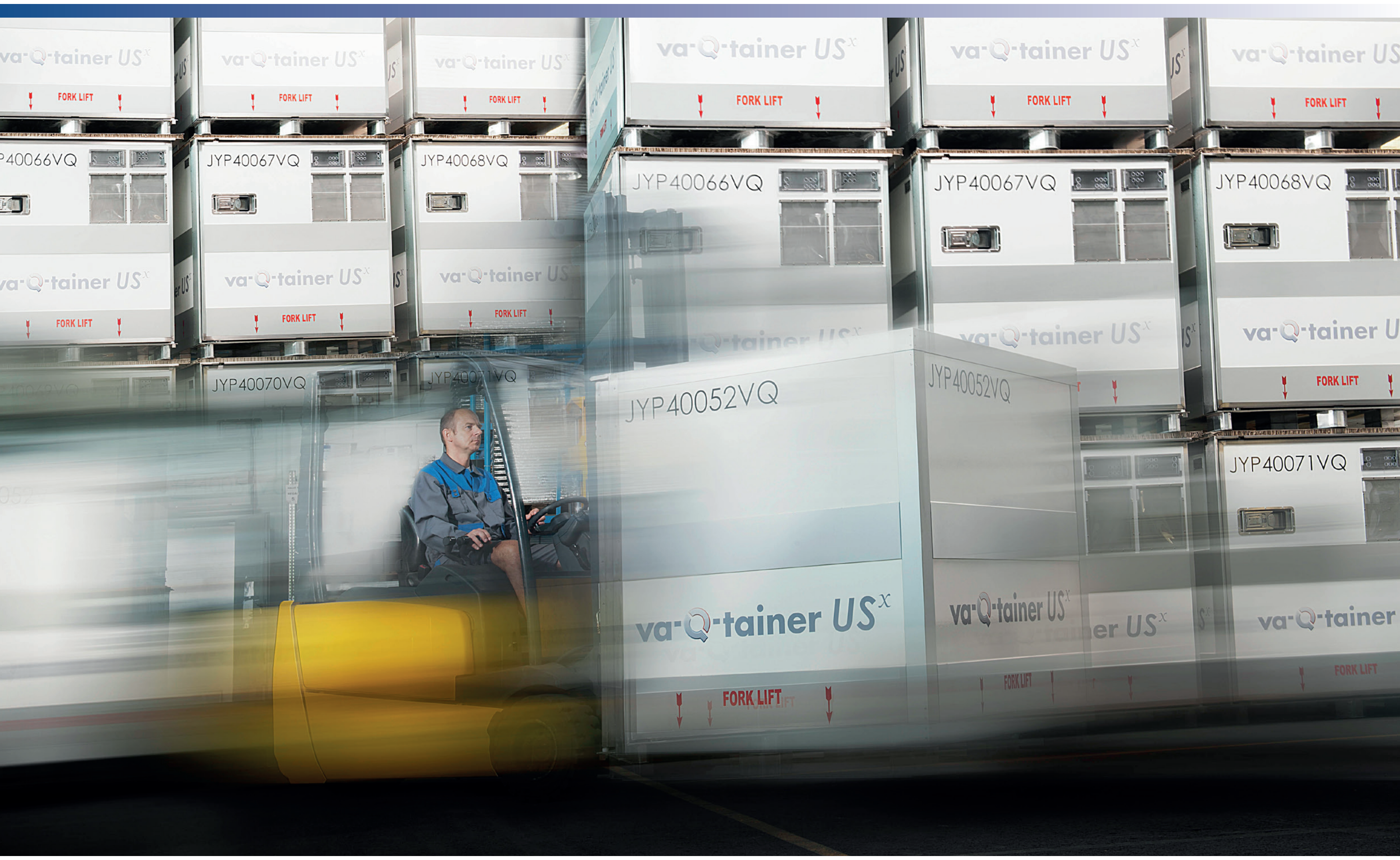
va-Q-tec
ALWAYS THE RIGHT TEMPERATURE



Half-year financial report H1 | 2017

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1 PROFILE

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

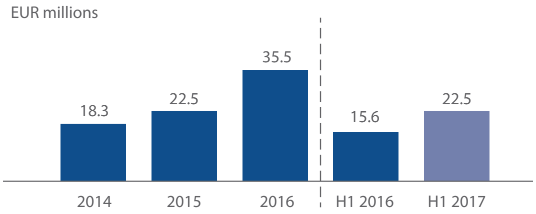
Further information is available at: **www.va-q-tec.com**

2 HIGHLIGHTS IN H1 2017

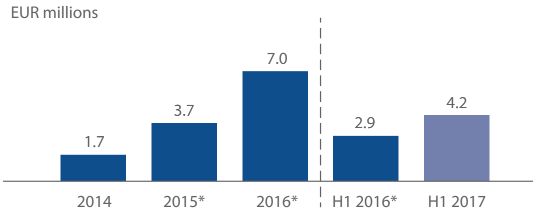
- **H1 2017 revenue: EUR 22.5 million compared with EUR 15.6 million in H1 2016 (+44 %)**
- **EBITDA H1 2017: EUR 4.2 million compared with EUR 2.9 million of adjusted EBITDA in H1 2016 (+45 %)**
- **Very strong product business and strong service business, in particular, contribute to growth**
- **Continued investments in capacities and processes**
- **New integrated production and logistics site acquired in Würzburg**
- **Founding of subsidiaries in Switzerland and Japan to expand service business and local presence in Asia**

3 GROUP KEY INDICATORS

Revenue 2014 – H1 2017

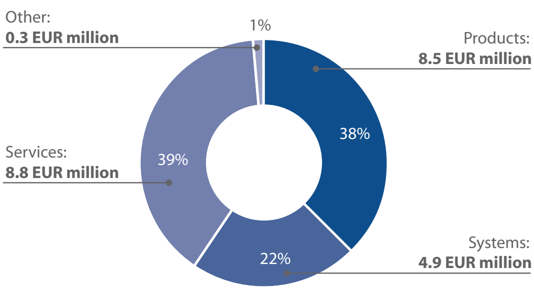


EBITDA 2014 – H1 2017

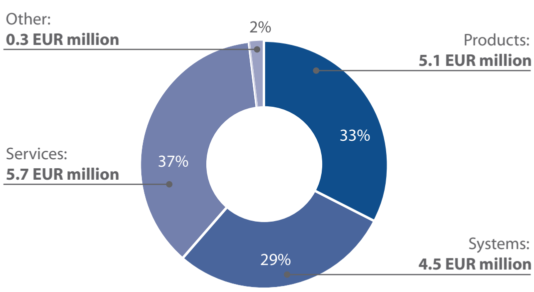


* Adjusted for IPO-related expanses

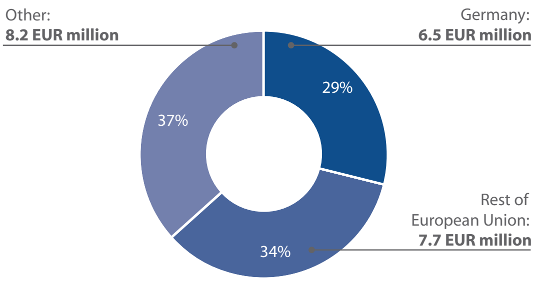
Revenue by Segments H1 2017



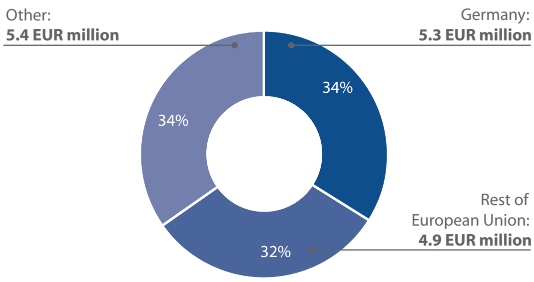
Revenue by Segments H1 2016



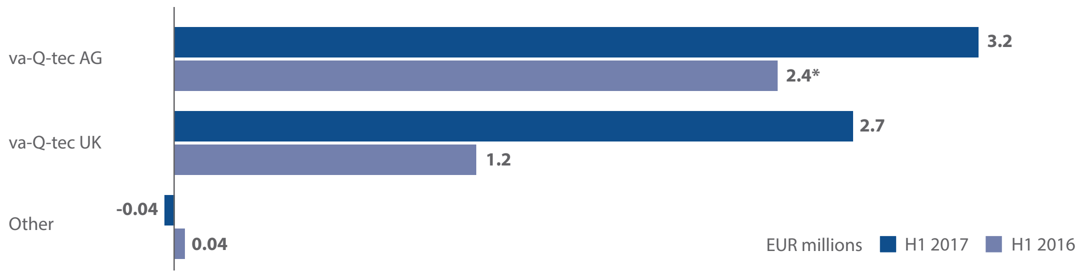
Revenue by Regions H1 2017



Revenue by Regions H1 2016



EBITDA by Reporting Segments



* Adjusted for IPO-related expanses

4 LETTER FROM THE MANAGEMENT BOARD

Dr. Joachim Kuhn

Stefan Döhmen

Christopher Hoffmann

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

The Management Board is pleased to report to you here on the first half of 2017. va-Q-tec continued its growth dynamic during this reporting period, growing its revenue by 44 % compared with the first half of 2016 to reach EUR 22.5 million. At the same time, EBITDA was up by 45 % to EUR 4.2 million. As was already becoming evident in Q1 2017, significant growth contributions were made in this context by a particularly strong product business (sale of VIPs) and a service business that continues to expand.

Important pillars for our further internationalisation and continued growth path were established in the first half year of 2017 with our newly founded national companies in Switzerland and Japan. In April, thanks to a favourable market opportunity, va-Q-tec acquired an already developed land plot in Würzburg. There, a start has been made with a headquarters with the integration of the five existing locations in Würzburg, from which we expect to derive considerable efficiency benefits. This property is to be developed into the central va-Q-tec site for sales, research and development, as well as for the production of small and medium series.

In June, the first public Annual General Meeting of shareholders since the IPO was held. Shareholders' great interest was also reflected in the very high presence of voting-entitled share capital: more than 70 % of the share capital was represented at the Ordinary AGM. All agenda items were approved with votes exceeding 95 %.

Along with 2016 operating trends and a detailed outlook of the company's further development and growth, a new allocation of responsibilities at Management Board level was also announced. Christopher Hoffmann, who has acted as CFO of va-Q-tec to date, will be responsible for international business development from 1 July 2017. This particularly includes coordinating and expanding the business in the USA, the UK as well as in Switzerland. Stefan Döhmen, who was previously CFO at Analytik Jena AG, is to assume the function of the Chief Financial Officer. Dr. Roland Caps, co-founder and previous Chief Development Officer of va-Q-tec, is stepping down from the Management Board, but will continue to be available to the company as Head of the Innovation and Quality Department.

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

With our products and solutions in the thermal insulation and cold chain logistics area, we are active in a very exciting future market that offers va-Q-tec immense growth potential. We look forward to the further positive development of va-Q-tec.

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

Dr. Joachim Kuhn | Stefan Döhmen | Christopher Hoffmann

5 INTERIM GROUP MANAGEMENT REPORT

5.1 ECONOMIC AND BUSINESS REPORT

5.1.1 Macroeconomic environment and Group-specific conditions

The International Monetary Fund (IMF) estimates that the world economy will grow by 3.5 % in 2017. For 2018, the IMF anticipates a stronger global growth dynamic reflected in a 3.6 % growth rate. It is currently very difficult to gauge the effects of the BREXIT decision in the United Kingdom, which presently affect the Group's operating activities to only a minor extent.

Key sales revenue drivers during the first half of 2017 include the two end-markets of Healthcare & Logistics as well as Appliances & Food, which together represent a 90 % share of consolidated revenue. According to external estimates, the market for thermal packaging systems remains a growth market with average annual growth of 9 % worldwide. With its German and UK segments, va-Q-tec is active in this market – particularly on behalf of the healthcare industry as the most important sales market for va-Q-tec. The company is convinced that it can grow faster than the market with its high-quality system solutions for sale as well as innovative rental solutions ("serviced rental" of thermal packaging systems). Especially with groundbreaking rental solutions, va-Q-tec aims to enter markets served to date by conventional thermal packaging systems.

The Group is also addressing a growth market with its products business (sale of VIPs): around 60 % of primary energy is utilised for thermal purposes, in other words, refrigeration or heating, in Germany, 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, and consequently in va-Q-tec products.

5.1.2 Business trends

During the first half of 2017, the company's business activities focused on the further realisation of the growth track and the creation of important organisational and construction preconditions for further business growth and development.

In the Products area of the German reporting segment, new customers were acquired in the target sectors of refrigeration equipment & food, and technology & industry, while at the same time business with existing customers was expanded further. This success reflects not only the high quality, performance and durability of VIPs, but also the capability of va-Q-tec to deliver efficiently in such markets that depend on reliable supplies. Overall, growth in the product business with VIPs exceeded expectations during the first half of the year, as was already evident in the first quarter.

In the Services division of the German reporting segment, operating activities deriving from the pan-European rental of thermal boxes from the hub in Dublin reported strong growth in the first half of 2017.

In February 2017, va-Q-tec founded a Swiss subsidiary, va-Q-tec Switzerland AG. This company renders services (conditioning and cleaning, "fulfilment services") for the Swiss Post in the cold chain logistics area. For va-Q-tec, this important milestone signifies the start of a strategic partnership with Swiss Post in its home market. Through its fleet of pharmacy distribution boxes, Swiss Post is making recourse to the leading technological position and process experience of va-Q-tec in the area of temperature-managed transportation of pharmaceutical products. With this subsidiary, the Group is thereby strengthening its local presence and market position in Switzerland, one of the most significant producer countries of pharmaceuticals worldwide. The subsidiary va-Q-tec Switzerland AG is allocated to the "Other" segment. The subsidiary in Japan, which was founded in April, also pursues the objective of enhancing the perception of va-Q-tec as a locally rooted and reliable provider in the world's third-largest economy.

In the UK reporting segment (Services division), activities with both new and existing customers from the healthcare industry reported significant growth. More than 30 new commercial routes with temperature-controlled air freight were added during the first half of 2017. Important new customers successfully concluded qualifications as part of "Serviced Rental" with test dispatches (albeit with delays in some cases), in turn prompting the expectation of further volume growth. The challenge in this area consists in rapidly achieving growing sales revenues with customers that have already implemented initial qualifications.

As described, new customers were gained for the "Serviced Rental" of containers and boxes in the Services business, which aims to address the challenges of the cold chain in the global pharmaceuticals industry. In this context, the fleet of rental containers for global "Serviced Rental" was expanded further in H1 2017 to create sufficient capacity for new customers. Investments were also realised in equipment for the fulfilment centre for box and container rental.

First customers were acquired in the first half of 2017 with the "va-Q-one" thermal box newly introduced in Q4 2016, a cost-efficient one-way solution. This product is particularly suitable for transports with no return transport for economic reasons.

The aforementioned progress achieved across the reporting segments has led to a positive trend in terms of the Group's overarching strategic goals of growth, profitability and technology leadership. Revenue and EBITDA reported significant year-on-year growth.

A start was also made in the first half with integrating the five current locations in Würzburg into a central technology and logistics headquarters. This step serves to boost operating efficiency, to expand capacities for production and logistics, and to bundle technological competencies. For this purpose, an already existing industrial property in Würzburg was acquired on a favourably priced basis. Work at the new site immediately commenced on development as well as realisation of the operationally ready status intended by the management. The partly unbuilt areas in Würzburg-Heuchelhof, where originally an integrated technology and logistics site was to be newly constructed, will be gradually sold by the company after the move of the fulfilment centre currently operating there. Such sales are to occur on standard market terms and prospectively during the coming financial year.

In June 2017, the company's first public Annual General Meeting since Its IPO on the Frankfurt Stock Exchange was held. Personnel changes to the Management Board were also announced as part of the AGM. As planned, Dr Roland Caps stepped down from the Management Board as of 30 June 2017. Christopher Hoffmann is switching from the role of Chief Financial Officer to the newly created role for business development and internationalisation. Stefan Döhmen succeeds Mr. Hoffmann as CFO.

The IPO has led to greater recourse to external consultancy services. Equally, IT consulting services that are indispensable for further growth have resulted in additional expenses, although these are independent of the operating business.

Overall, the company developed further in a very positive manner during the first half of 2017. Important characteristics of the reporting period included a very strong product business that outperformed expectations, and a strong service business. Along with legal and consultancy services, especially the marked appreciation of the euro in the second quarter of the financial year in relation to many currencies led to foreign currency expenses significantly above expectations, and consequently higher other operating expenses.

5.1.3 Explanation of business results and analysis of the financial position and performance

Results of operations

To better understand the operating results, the figures for the H1 2016 comparable period were adjusted for the IPO costs in the following section.

EUR millions unless stated otherwise	**H1 2017 (IFRS)**	H1 2016 (IFRS)	Adjustment	H1 2016 adjusted	Δ 17/16 adjusted
Revenue	22.5	15.6		15.6	44%
Total income	26.6	19.8		19.8	34%
Cost of materials and services	-11.0	-8.5		-8.5	29%
Gross profit	15.6	11.2		11.2	39%
Personnel expenses	-7.1	-5.7	0.2	-5.5	29%
Other operating expenses	-4.3	-3.4	0.6	-2.8	54%
EBITDA	4.2	2.2	0.7	2.9	45%
EBITDA margin	*15.8%*	*11.1%*		*14.6%*	
Depreciation, amortisation and impairment losses	-3.5	-2.6		-2.6	35%
EBIT	0.7	-0.4	0.7	0.3	133%
Result from equity accounted investments	-0.1	0.0		0.0	
Net financial result	-0.1	-0.6		-0.6	-83%
EBT	0.5	-1.1	0.7	-0.3	-267%
Number of employees	325	249		249	31%

Sales revenues grew very well overall. The revenue of va-Q-tec increased by 44%, from EUR 15.6 million in the previous year to EUR 22.5 million in the reporting period. The revenue growth in this context was driven to a particularly significant extent by the Products businesses, as well as by the Services business. The business with products was up by EUR 3.4 million, from EUR 5.1 million to EUR 8.5 million (+67%). In the Systems division, sales revenues grew by EUR 0.4 million, from EUR 4.5 million to EUR 4.9 million (+9%). With Services, the Group generated sales revenues of EUR 8.8 million, compared with EUR 5.7 million in the previous year (+54%). The order book position as of 30 June 2017 increased considerably compared with the previous year, supporting the company's positive outlook for the 2017 financial year.

EUR millions	**H1 2017**	H1 2016	Δ
Products	8.5	5.1	67 %
Systems	4.9	4.5	9 %
Services	8.8	5.7	54 %

Total income was up by 34 % to EUR 26.6 million in the financial year elapsed, reflecting the sales revenue growth. Work performed by the company and capitalised of EUR 2.5 million (previous year: EUR 3.2 million) in H1 2017 arose mainly from the continued expansion of the container and box fleets, as in the previous quarters. Other operating income of EUR 1.4 million (previous year: EUR 1.1 million) was generated from releasing the special item deriving from container sale and lease back transactions

The cost of materials was up from EUR 8.5 million to EUR 11.0 million, less than the rate of total operating revenue growth, and corresponding to an improved cost of materials ratio of 41 % (previous year: 43 %). This improvement reflects higher efficiency in purchasing, and optimised fleet management. Opposite effects arise from the sale of vacuum insulation panels, which are structurally more intensive in terms of cost of materials, but are reporting strong growth.

Personnel expenses increased from EUR 5.5 million (adjusted) in the prior-year period to EUR 7.1 million in the 2017 reporting period (+29 %); as a consequence, the personal expense ratio in relation to total income decreased from 28 % to 27 %. The absolute rise is mainly attributable to the hiring of new staff to support the planned growth and the further optimisation of business processes, as well as wage and salary increases.

Other operating expenses rose from EUR 2.8 million (adjusted) in the previous year to EUR 4.3 million in the reporting period. Reasons for the increase include, among other items, effects from foreign currency transactions as well as a higher level of costs as part of expanding business (IT consulting) and advisory services necessitated by the IPO. Measured against total income, this results in a higher other operating expense ratio 16 % in the first half the (previous year: 14 %).

In line with the sales revenue growth during the first of 2017, earnings before interest, tax, depreciation and amortisation (EBITDA) rose from EUR 2.9 million (adjusted) in the previous year to EUR 4.2 million, representing 45 % year-on-year growth and a 16 % EBITDA margin (previous year: 15 %). Profitability was improved further compared with the previous year as a consequence.

Consolidated depreciation, amortisation and impairment losses increased significantly, by 35 %, to level of EUR 3.5 million due to the continued buildup of the container and box fleet (previous year: EUR 2.6 million).

Earnings before interest and tax (EBIT) more than doubled from kEUR 346 (adjusted) to kEUR 716, representing an improved 3 % EBIT margin on total income (previous year: 2 %).

The net financial result improved from kEUR -620 in the previous year to kEUR -121, thanks to considerably better borrowing terms as well as, in particular, a one-off effect connected with the purchase of land and buildings for the new corporate headquarters in Würzburg. As part of the acquisition, obligations from existing mortgage loans were to be assumed with the purchase price. va-Q-tec AG subsequently refinanced these loans on more favourable terms as the result of successful negotiations, generating income of kEUR 359 overall.

The company achieved earnings before tax (EBT) of kEUR 541 for the first half of 2017 (previous year: kEUR -298 adjusted).

Reporting segment

The reporting segments performed as follows during the first half of 2017 (before consolidation):

German reporting segment (va-Q-tec AG)

EUR millions unless stated otherwise	H1 2017	H1 2016	Adjustment	H1 2016 adjustment	Δ
Revenue	20.7	13.6		13.6	52 %
EBITDA	3.2	1.6	0.7	2.4	33 %
Average number of employees	284	222		222	28 %

The **German reporting segment (va-Q-tec AG)** grew its revenues from EUR 13.6 million in the previous year to EUR 20.7 million in the reporting period. The sales revenue growth was mainly thanks to additional sales revenues from the sale of VIPs to manufacturers of refrigerators and boilers, as well as to the sale and rental of thermal packaging. The sale of containers to leasing companies and the UK subsidiary also boosted sales revenue. EBITDA in H1 2017 was up 33 % to EUR 3.2 million (previous year: EUR 2.4 million). The number of employees rose by 62 to 284 (previous year: 222).

UK reporting segment

EUR millions unless stated otherwise	H1 2017	H1 2016	Δ
Revenue	7.8	6.1	28 %
EBITDA	2.7	1.2	125 %
Average number of employees	33	22	50 %

The **UK reporting segment** comprises mainly the rental of temperature-managed containers for the global pharmaceuticals industry. Sales revenues in this segment grew by 28 % from EUR 6.1 million in the previous year to EUR 7.8 million in H1 2017. Pure sales revenues from container rental grew at a significantly stronger rate of 41 %, from EUR 4.9 million to EUR 6.9 million. Stringent cost management and improved profitability of the container rental business boosted EBITDA at a faster rate from EUR 1.2 million in H1 2016 to EUR 2.7 million in H1 2017. The number of employees rose by 50 % to 33 (previous year: 22).

Other reporting segment

EUR millions unless stated otherwise	H1 2017	H1 2016
Revenue	0.6	0.3
EBITDA	-0.04	0.04
Average number of employees	8	5

Apart from the Swiss subsidiary, the subsidiaries in Korea, Japan, Switzerland and the USA, which together comprise the **Other reporting segment**, realised no external revenues with third parties, as the business acquired by these companies is invoiced by either va-Q-tec AG or va-Q-tec Ltd (UK). The subsidiaries in the Other reporting segment are important for local presence and the perception of va-Q-tec as a reliable global and regional partner. The subsidiaries in the Other reporting segment report sales revenue growth overall, driven by a higher level of sales and purchasing commissions as well as the first-time inclusion of the Swiss subsidiary and the Japanese subsidiary. EBITDA amounted to EUR -0.04 million (previous year: EUR 0.04 million). The number of staff amounted to 8 (previous year: 5).

Financial position

Liquidity

EUR millions	H1 2017	H1 2016
Net cash flow from operating activities	0.9	1.5
Net cash flow from investing activities	-5.3	- 3.9
Net cash flow from financing activities	0.8	1.9
Net change in cash and cash equivalents	-3.6	- 0.5

Net cash flow from operating activities amounted to EUR 0.9 million in the first half of 2017, EUR 0.6 million above the previous year's level of EUR 1.5 million. Adjusted for EUR 0.6 million of additional expenses reported under net cash flow from operating activities in H1 2016 in connection with the IPO, net cash flow from operating activities reduced by EUR 1.2 million.

EUR millions	H1 2017	H1 2016
Net cash flow from operating activities (IFRS)	0.9	1.5
Adjustment	-	0.6
Net cash flow from operating activities (adjusted)	0.9	2.1

Cash flow from investing activities changed from EUR -3.9 million to EUR -5.3 million. This is mainly attributable to outgoing payments to purchase the new building complex in Würzburg and the establishment of the container and box fleets.

Net assets and capital structure

Assets EUR	30/06/2017	31/12/2016
Non-current assets		
Intangible assets	701,881	440,957
Property, plant and equipment	46,348,424	31,410,609
Equity accounted investments	382,832	435,918
Financial assets	143,107	66,770
Other non-financial assets	277,412	234,384
Deferred tax assets	2,385,830	2,839,618
Total non-current assets	**50,239,486**	**35,428,256**
Current assets		
Inventories	7,162,520	5,683,812
Trade receivables	8,024,130	7,141,968
Other financial assets - of which term deposits (6-12 months): 24,000,000 (previous year: 30,000,000)	24,219,076	30,183,591
Tax assets	986,226	377,839
Other non-financial assets	1,244,876	748,475
Cash and cash equivalents	988,820	4,600,437
Total current assets	**42,625,648**	**48,736,122**
Total assets	**92,865,134**	**84,164,378**

In February 2017, a plot of land including warehouse adjacent to the plot of land that was already acquired in 2016 was purchased in Würzburg to construct an integrated production and administration site there. Due to a market opportunity arising short-term, a further plot of land along with existing production and administrative buildings was acquired in April 2017. The company intends to use this portfolio property as the company's central and sole location in Würzburg. The investment volume for both properties amounted to a total of EUR 13.2 million. As in the previous year, the company made significant investments in its container and box fleets. This increased property, plant and equipment by EUR 14.9 million to EUR 46.3 million. Total non-current assets rose from EUR 35.4 million to EUR 50.2 million. Current other financial assets, which also include the IPO proceeds invested on a neutral-interest basis, reduced by EUR 6.0 million, from EUR 30.2 million to EUR 24.2 million. This was chiefly due to the aforementioned investments, for which the company also deployed equity.

Equity and liabilities EUR	30/06/2017	31/12/2016
Equity		
Issued share capital	13,089,502	13,089,502
Treasury shares	-497,116	-470,631
Additional paid-in capital	46,600,537	46,666,302
Cumulative other comprehensive income	-26,921	-32,969
Retained earnings	-5,217,911	-5,315,915
Equity attributable to parent company owners	**53,948,091**	**53,936,289**
Non-controlling interests	-	-
Total equity	**53,948,091**	**53,936,289**
Non-current liabilities and provisions		
Provisions	22,550	17,400
Bank borrowings	11,288,480	2,173,111
Other financial liabilities	2,622,374	4,012,249
Other non-financial liabilities	6,394,517	7,150,616
Total non-current liabilities and provisions	**20,327,921**	**13,353,377**
Current liabilities and provisions		
Provisions	119,279	37,329
Bank borrowings	5,196,796	5,410,141
Other financial liabilities	5,543,301	5,791,059
Trade payables	4,281,280	2,346,965
Tax liabilities	227,027	215,015
Other non-financial liabilities	3,221,439	3,074,202
Total current liabilities and provisions	**18,589,122**	**16,874,712**
Total assets	**92,865,134**	**84,164,378**

Current bank borrowings decreased by EUR 0.2 million to EUR 5.2 million, whereas non-current bank borrowings rose by EUR 9.1 million to EUR 11.3 million. The addition arises mainly from the financing of the newly acquired properties.

Trade payables increased by EUR 1.9 million to EUR 4.3 million (previous year: EUR 2.3 million). This rise reflects the general business expansion and investments in non-current assets and inventories.

Overall statement on business progress

Overall, the company assesses the course of business during the first half of 2017 as positive. All three divisions – Products, Systems and Services – respectively the underlying reporting segments – reported strong sales revenue growth in the first half of 2017 as a consequence of the expansion of business. As was already becoming evident during the first quarter, the Products and Service businesses reported particularly significant growth, whereas the Systems area reported only slight growth. The Group's gross profit also performed positively. Furthermore, the Group further enhanced its purchasing efficiency. Given strong year-on-year EBITDA growth, a higher level of extraordinary expenses for IT consulting, the further optimisation of business processes and currency exchange rate effects led at the same time to more restrained growth in the EBITDA ratio in relation to total income in H1 2017.

5.2 FORECAST

5.2.1 Outlook

The following forecasts for the trend in management metrics were made under the assumption of a continuation of robust macroeconomic growth in 2017. Moreover, they are also based on the expected positive growth rates in the market for VIPs and insulation materials overall. Furthermore, a high growth dynamic is expected in the market for thermal packaging and services, particularly in the high-performance thermal packaging segment. These assumptions are underpinned by estimates produced by various market research institutes, which already expect growth in the low double-digit percentage range. Above and beyond this, va-Q-tec expects to benefit to an above-average extent from the megatrends of energy efficiency, regulation of cold chains (product safety) and globalisation of value chains.

Overall statement

For the 2017 financial year, va-Q-tec expects strong sales revenue growth of 35-40 % in comparison to 2016. Significant sales revenue growth rates are especially anticipated in the Services business areas, and above all in the Products area. In addition, the Group assumes further sales revenue growth in the Systems business area in H2 2017.

In terms of earnings before interest, tax, depreciation and amortisation (EBITDA), the company expects a continuation of strong year-on-year growth for the 2017 financial year. For this reason, operating economies of scale as well as significant growth in higher-margin services will exert a positive effect on the EBITDA margin. Despite the higher than average rate of growth in the products business during the first half of the year – which generally achieves lower margins – the Group continues to anticipate a tangible improvement in the EBITDA margin overall compared with the previous year (2016: 15.8 %).

Overall, and by way of summary, the Group continues to expect sales revenue growth to outstrip the average rate of growth in its target markets, and at the same time to improve profitability. According to the Group's expectations, the number of employees will not increase as fast as the rate of sales revenue growth, and the equity ratio will reduce to 50-55 % by the end of the year thanks to the drawing down of debt funding.

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 that is set up as a risk early warning system, 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.

Non-current investments are also refinanced through equally long-term loans with fixed interest rates at the current low interest rate level. The currently favourable terms are to be exploited further to enhance planning security through fixed interest arrangements for new investment funds. For this reason, interest-rate risk is regarded as low at present.

Furthermore, the internationalisation of the business is leading the va-Q-tec Group to increasingly realise transactions denominated in foreign currencies, thereby generating foreign currency risk, as was evident in the marked increase in expenses in Q2 2017. Especially given the recent sharp appreciation in the euro in relation to almost all currencies, the company will review the hedging of such risks with a view to minimising them.

The rental business is increasingly requiring more efficient software solutions to manage complex logistics processes. The risks connected with a delayed development of such solutions are thereby becoming more significant in this area, but are of a minor extent overall.

With the exception of the aforementioned risks, the company identifies no change compared with the risks and opportunities identified in the Group management report of 27 April 2017 for the 2016 financial year. For more information about the risk management system and the specific opportunities risk profile, as well as in relation to the deployment of financial instruments, please refer to the "Report on opportunities and risks" in the 2016 Group management report.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR THE FIRST HALF OF 2017

CONSOLIDATED INCOME STATEMENT

EUR	H1 2017	H1 2016
Revenue	**22,479,233**	**15,620,219**
Change in inventories	124,024	-134,258
Work performed by the company and capitalised	2,543,550	3,204,039
Other operating income	1,446,246	1,062,347
Total income	**26,593,053**	**19,752,347**
Cost of raw materials and services	-11,024,188	-8,512,629
Gross profit	**15,568,865**	**11,239,718**
Personnel expenses	-7,133,402	-5,679,329
Other operating expenses	-4,261,789	-3,399,030
EBITDA	**4,173,674**	**2,161,359**
Depreciation, amortisation and impairment losses	-3,457,756	-2,590,627
Earnings before interest and tax (EBIT)	**715,918**	**-429,268**
Result from equity accounted investments	**-53,085**	**-23,834**
Financial income	375,638	35
Financial expenses	-497,099	-619,869
Net financial result	**-121,461**	**-619,834**
Earnings before tax (EBT)	**541,372**	**-1,072,936**
Income tax	-443,368	-69,307
Net income	**98,004**	**-1,142,243**
Consolidated net income attributable to owners of va-Q-tec AG	**98,004**	**-1,091,449**
Consolidated net income attributable to non-controlling interests	-	-50,794
Earnings per share - basic	**0.01**	**-0.12**
Earnings per share - diluted	**0.01**	**n/a**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR	H1 2017	H1 2016
Net Income	**98,004**	**-1,142,243**
Consolidated other comprehensive income	-	-
Currency translation differences	6,047	5,864
Total other comprehensive income that will be reclassified to profit or loss	**6,047**	**5,864**
Consolidated total comprehensive income	**104,051**	**-1,136,379**
Consolidated total comprehensive income attributable to owners of va-Q-tec AG	**104,051**	**-1.085,585**
Consolidated total comprehensive income attributable to non-controlling interests	-	-50,794

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

EUR	30/06/2017	31/12/2016
Non-current assets		
Intangible assets	701,881	440,957
Property, plant and equipment	46,348,424	31,410,609
Equity accounted interest	382,832	435,918
Financial assets	143,107	66,770
Other non-financial assets	277,412	234,384
Deferred tax assets	2,385,830	2,839,618
Total non-current assets	**50,239,486**	**35,428,256**
Current assets		
Inventories	7,162,520	5,683,812
Trade receivables	8,024,130	7,141,968
Other financial assets - of which deposits (6 - 12 months): 24,000,000 (previous year: 30,000,000)	24,219,076	30,183,591
Current tax assets	986,226	377,839
Other current assets	1,244,876	748,475
Cash and cash equivalents	988,820	4,600,437
Total current assets	**42,625,648**	**48,736,122**
Total assets	**92,865,134**	**84,164,378**

Equity and Liabilities

EUR	30/06/2017	31/12/2016
Equity		
Issued share capital	13,089,502	13,089,502
Treasury shares	-497,116	-470,631
Additional paid-in capital	46,600,537	46,666,302
Cumulative other comprehensive income	-26,921	-32,969
Retained earnings	-5,217,911	-5,315,915
Equity attributable to parent company owners	**53,948,091**	**53,936,289**
Non-controling interests	-	-
Total equity	**53,948,091**	**53,936,289**
Non-current liabilities		
Provisions	22,550	17,400
Bank borrowings	11,288,480	2,173,111
Other financial liabilities	2,622,374	4,012,249
Other non-financial liabilities	6,394,517	7,150,616
Total non-current liabilities	**20,327,921**	**13,353,377**
Current liabilities		
Provisions	119,279	37,329
Bank borrowings	5,196,796	5,410,141
Other financial liabilities	5,543,301	5,791,059
Trade payables	4,281,280	2,346,965
Tax liabilities	227,027	215,015
Other non-financial liabilities	3,221,439	3,074,202
Total current liabilities	**18,589,122**	**16,874,712**
Total equity and liabilities	**92,865,134**	**84,164,378**

CONSOLIDATED STATEMENT OF CASH FLOW

EUR	H1 2017	H1 2016
Cash flow from operating activities		
Net income	98,004	-1,142,243
Current income taxes recognised income statement	-1,526	56,361
Income taxes paid	-	-112,264
Net finance costs recognised income statement	121,461	619,834
Interest received	64	35
Interest paid	-976,731	-584,326
Non-cash losses from equity accounted investments	53,085	23,834
Depreciation, amortisation and impairment losses	3,456,955	2,590,627
Gain / loss from disposal of non-current assets	8,836	-37,915
Change in other assets	-1,247,692	-496,247
Change in other liabilities	289,838	418,851
Change in provisions	87,100	-54,285
Other non-cash expenses or income	-487.599	-579,563
Cash flow from operating activities before working capital changes	**1.401.795**	**702,699**
Change in inventories	-1,580,155	-240,712
Change in trade receivables	-882,162	-268,668
Change in trade payables	1,934,315	1,291,361
Net cash flow from operating activities	**873.793**	**1,484,680**
Cash flow from investing activities		
Payments for investment in intangible assets	-372,179	-38,423
Proceeds from disposal of property, plant and equipment	-8,836	37,915
Payments for investments in property, plant and equipment	-10.946.023	-3,919,466
Proceeds from reversal of short-term deposits	6,000,000	-
Net cash flow from investing activities	**-5.327.038**	**-3,919,974**

EUR	**H1 2017**	H1 2016
Cash flow from financing activities		
Payments to purchase treasury shares	-92,250	-763,398
Payments for equity transaction costs	-	-468,244
Proceeds from bank loans	6.301.849	2,508,777
Repayments of bank loans	-3.569.344	-184,232
Proceeds from sale-and-finance-leaseback transactions	571.922	3,095,913
Net cash inflow from factoring	-	81,765
Payments for finance leases liabilities	-2,370,549	-2,331,302
Net cash flow from financing activities	**841.628**	**1,939,279**
Change in cash and cash equivalents before exchange rate effects	**-3,611,617**	**-496,015**
Effect of exchange rate changes on cash and cash equivalents	-	575
Net change in cash and cash equivalents	**-3,611,617**	**-495,440**
Cash and cash equivalents at start of period	**4,600,437**	**1,186,045**
Cash and cash equivalents at end of period	**988,820**	**690,605**

CONSOLIDATED CHANGES IN EQUITY

EUR	Issued share capital	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Non-controlling interests	Total equity
				Currency translation reserves			
01/01/2016	**4,578,187**	**9,030,470**	**-3,588,984**	**-21,376**	**9,998,297**	**-6,588**	**9,991,709**
Net income	-	-	-1,091,449	-	-1,091,449	-50,794	-1,142,243
Consolidated other comprehensive income	-	-	-	5,864	5,864	-	5,864
Consolidated total comprehensive income	**-**	**-**	**-1,091,449**	**5,864**	**-1,085,585**	**-50,794**	**-1,136,379**
Purchase of treasury shares	-127,233	-636,165	-	-	-763,398	-	-763,398
Sale of treasury shares	60,000	1,487,190	-	-	1,547,190	-	1,547,190
Issue of stock options	-	168,796	-	-	168,796	-	168,796
Equity transaction costs	-	-329,442	-	-	-329,442	-	-329,442
30/06/2016	**4,510,954**	**9,720,849**	**-4,680,433**	**-15,512**	**9,535,858**	**-57,382**	**9,478,476**

EUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Non-controlling interests	Total equity
					Currency translation reserves			
01/01/2017	**13,089,502**	**-470,631**	**46,666,302**	**-5,315,915**	**-32,969**	**53,936,289**	**-**	**53,936,289**
Net income	-	-	-	98,004	-	98,004	-	98,004
Consolidated other comprehensive income	-	-	-	-	6,047	6,047	-	6,047
Consolidated total comprehensive income	**-**	**-**	**-**	**98,004**	**6,047**	**104,051**	**-**	**104,051**
Use / issuance of treasury shares	-	65,765	-65,765	-	-	-	-	-
Purchase of treasury shares	-	-92,250	-	-	-	-92,250	-	-92,250
30/06/2017	**13,089,502**	**-497,116**	**46,600,537**	**-5,217,911**	**-26,921**	**53,948,091**	**-**	**53,948,091**

1 GENERAL INFORMATION

1.1 INFORMATION ABOUT THE COMPANY

The company va-Q-tec AG, which has its headquarters in Germany, 97080 Würzburg, Alfred-Nobel-Strasse 33, is entered in the commercial register of Würzburg under commercial register sheet number 7368. Besides va-Q-tec AG itself, the interim consolidated financial statements of va-Q-tec AG also include its subsidiaries (hereinafter also referred to as “va-Q-tec”, “va-Q-tec Group” or “company”). The company develops, produces and sells innovative products for reliable and energy-efficient temperature controlling and insulation – vacuum insulation panels (“VIPs”) and phase change materials (“PCMs”). va-Q-tec also produces passive thermal packaging systems (containers and boxes) through optimally combining 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 2017 financial year were approved for publication by the Management Board on 22 August 2017.

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 consolidated financial statements for both the smallest and largest group of companies. va-Q-tec AG is the Group’s ultimate parent entity. 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 2016, 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 to date in the 2017 financial year 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 2017, disclosures 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 disclosures in the notes to the consolidated financial statements are made in euros (EUR). 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 2017 have been neither audited nor reviewed by an auditor in the meaning of auditing standards IDW PS 900 or ISRE 2400 and / or 2410.

1.3 CHANGE IN CONSOLIDATION SCOPE

In February 2017, va-Q-tec founded a subsidiary in Switzerland. This subsidiary is to initially render ancillary services for Swiss Post in the cold chain logistics area, and is responsible for local organisation of thermal packaging sales. Local presence also bolsters the market position of va-Q-tec in Switzerland, one of the most significant pharmaceutical manufacturing countries in the world. Moreover, va-Q-tec founded a subsidiary in Japan in April 2017. A stronger local presence to support commercial activities in Japan is to be established with this company. No significant revenues have yet been generated with the two companies, and no significant effects on results arise.

1.4 EFFECTS OF NEW ACCOUNTING STANDARDS

In the interim consolidated financial statements, the same accounting policies were applied as in preparing the consolidated financial statements as of 31 December 2016.

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

Standards of IFRS adopted into EU law, but not applied by the company

Standard	Title	Mandatory application for financial years commencing from
IFRS 9	Financial instruments	01/01/2018
IFRS 15	Revenue from Contracts with Customers	01/01/2018

Notes

The following standards have not yet been adopted into EU law:

Standards of IFRS not yet adopted into EU law

Standard	Title	Mandatory application for financial years commencing from
IFRS 16	Leases	01/01/2019
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	01/01/2017
Amendments to IAS 7	Consolidated statement of cash flows	01/01/2017
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions	01/01/2018
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01/01/2018
Amendments to IFRS 15	Clarifications to IFRS 15	01/01/2018
Amendments to IAS 40	Transfers of Investment Property	01/01/2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	01/01/2018
Improvements to IFRS (2014-2016)	Annual Improvements 2012-2014	01/01/2018
Improvements to IFRS (2014-2016)	Annual Improvements 2010-2012	01/01/2017

2 ACCOUNTING POLICIES

As a matter of principle, 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 2016. The standards adopted by the EU have not been applied early. The annual improvements to IFRS also have no significant effect on the consolidated financial statements. The notes to the 2016 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 34.6 % to EUR 26,593,053. This is mainly due to the good growth in sales revenues, which increased due to a 43.9 % expansion in business with both existing customers and acquired new customers. Own work produced by the company and capitalised amounted to EUR 2,543,550, and was consequently significantly below the previous year's level of EUR 3,204,039. Own work produced by the company comprises mainly the expansion of the container fleet and rental boxes constructed by the company itself. Other operating income has increased significantly through the release of the special item.

3.1.2 Cost of materials and services

The costs of materials rose by EUR 2,511,559 to EUR 11,024,188 (+29.5 %). The cost of materials ratio reduced from 43.1 % to 41.5 %, with a corresponding 38.5 % year-on-year improvement in gross profit.

3.1.3 Personnel expenses

Personnel expenses increased by 25.6 % compared with the previous year's period, rising from EUR 5,679,329 to EUR 7,133,402. The absolute rise is mainly attributable to the hiring of new staff to support the planned growth as well as wage and salary increases. The personnel expense ratio reduced from 28.8 % to 26.8 %.

3.1.4 Other operating expenses

Other operating expenses increased by EUR 862,759 to EUR 4,261,789. This rise chiefly reflects effects from foreign currency receivables, foreign currency transactions and a higher level of costs incurred in expanding the business and expenses for investor relations in course of the stock exchange listing.

3.1.5 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses increased by EUR 867,129 to EUR 3,457,756. The higher level of depreciation is attributable to the container and box fleets. The container fleet has been expanded significantly over the past twelve months, with depreciation for these assets rising by EUR 332,266 year-on-year. The depreciation and amortisation rate reported only a minor change from 13.1 % to 13.0 %.

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

3.1.6 Net financial result

The net financial result is mainly characterised by a one-off effect connected with the purchase of land and buildings for the new corporate headquarters in Germany. The obligations assumed by the buyer as part of the purchase agreement, valued at fair value of EUR 7,023,789, were reduced as part of the subsequent refinancing negotiations with the banks. Hereby, a net income of EUR 359,411 was achieved in the second quarter. The reduction in finance lease interest expenses also exerted a positive effect. The container fleet previously had been funded chiefly from sale-and-finance-leaseback transactions. Funding year to date has occurred mainly from equity.

3.1.7 Income tax

The change in the income tax expense in the first half of 2017 reflects the release of deferred tax assets on the loss carryforward of va-Q-tec AG. Due to the positive performance, the deferred tax receivable was reduced by EUR 465,525. The income tax expense rose from EUR 69,307 to EUR 443,368 overall.

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.

The calculation of diluted 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, after adjusting for all dilution effects deriving from potential ordinary shares. The section on equity provides more information on this topic.

Earnings per share are as follows:

	H1 2017	H1 2016
Consolidated net result after non controlling interests (EUR)	**98,004**	**-1,091,449**
Weighted average number of shares	13,078,029	9,071,784
Earnings per share (in EUR)	0.01	-0.12
Weighted average number of shares - diluted	13,078,029	n/a
Earnings per share -diluted (in EUR)	0.01	n/a

3.2 STATEMENT OF FINANCIAL POSITION

3.2.1 Intangible assets

Intangible assets increased, mainly thanks to the capitalisation of software produced by the company itself in the amount of EUR 319,197, by EUR 260,924 to EUR 701,881.

3.2.2 Property, plant and equipment

Property, plant and equipment rose by EUR 14,937,815 to EUR 46,348,424. As in the previous year, capital expenditure was characterised by the buildup of the container fleet in an amount of EUR 2,507,579 (previous year: EUR 3,095,913) and of the box fleet in an amount of EUR 301,247 (previous year: EUR 867,206). The parent company has also acquired an existing industrial property in Würzburg for the company's future operating expansion. The costs to purchase the land and buildings, including incidental purchase costs, amount to EUR 10,631,569, and comprise cash payments of EUR 3,607,780 and the fair value of EUR 7,023,789 of a liability assumed from the seller's original financing. Previously, in February 2017, a plot of land including warehouse in the Heuchelhof industrial zone adjacent to the plot of land that was already acquired in 2016 was purchased for EUR 2,609,250 million to construct an integrated production and administration site there. The depreciation on property, plant and equipment stands at a total of EUR 3,345,700 (previous year: EUR 2,539,934).

Obligations of EUR 1,092,589 arising from order commitments for property, plant and equipment continue to exist as of the reporting date (previous year: EUR 0), mainly for additional production equipment in Kölleda and the reorganisation of the new site in Würzburg.

3.2.3 Inventories

Inventories increased by EUR 1,478,708 to EUR 7,162,520. This is mainly attributable to accumulation of raw materials and supplies, which rose by EUR 1,286,415, driven by growth in the product and service business.

3.2.4 Trade receivables

The receivables position has increased by EUR 882,162 to EUR 8,024,130, reflecting the sales revenue growth of the past months.

3.2.5 Other financial assets

The reduction in other financial assets of EUR 5,964,515 to EUR 24,219,076 is chiefly attributable to the temporary financing of additions to assets (real estate, containers, boxes) through assets that can be liquidated at short notice.

3.2.6 Tax assets

Current tax assets increased from EUR 377,839 to EUR 986,226. This arises mainly from prepayments for trade and corporation tax for the parent company.

3.2.7 Other non-financial assets

Other non-financial assets rose by EUR 43,028 to EUR 234,384, due to the increase in VAT receivables and the change in prepayments and accrued income in the reporting period.

3.2.8 Cash and cash equivalents

Cash and cash equivalents reduced by EUR 3,611,617, from EUR 4,600,437 to EUR 988,820, reflecting the investments described in the section on non-current assets.

3.2.9 Equity

The 18,790 stock options exercised by two senior employees as part of a stock option program were serviced by va-Q-tec AG from its holding of 134,466 treasury shares. A total of 11,290 shares were transferred to the employees after offsetting with the wage tax that was incurred. The exercise of the options diminishes additional paid-in capital in parallel with the reduction of treasury shares in an amount of EUR 65,765. In turn, treasury shares increased by EUR 92,250 through taking back 7,500 shares to offset the wage tax. For the options still outstanding, the exercise period was extended until 30 September 2017.

In the first half of 2016, an EGM authorised the company to realise a defined share repurchase of 127,233 ordinary shares from a shareholder for a total amount of EUR 763,398. A resolution was also passed to create up to EUR 150,000 of approved capital, which was subsequently raised to EUR 300,000.

The Ordinary AGM also passed a resolution to increase the company's share capital to EUR 9,156,374 from company funds through issuing 4,578,187 new shares (stock split). In addition, further approved share capital was established of up to EUR 4,278,187 against cash and / or non-cash capital contributions, as well as contingent capital of up to EUR 1,000,000 to grant shares on the exercise of conversion or warrant rights.

The plot of land at the Würzburg-Heuchelhof site acquired for a purchase price of EUR 1,547,190 was paid for with 60,000 treasury shares of va-Q-tec AG.

3.2.10 Non-current and current bank borrowings

Current bank borrowings decreased by EUR 213,345 to EUR 5,196,796, whereas non-current bank borrowings rose by EUR 9,115,369 to EUR 11,288,480. The addition arises mainly from the financing of the newly acquired properties.

3.2.11 Other non-current and current financial liabilities

Overall, other non-current and current financial liabilities reduced by EUR 1,637,633 to EUR 8,165,675. The decrease is mainly due to the EUR 3,593,072 change in lease liabilities. These funds served to finance the expansion of the container fleet. This was offset by an increase in liabilities for outstanding invoices in an amount of EUR 652,218.

3.2.12 Other non-current and current non-financial liabilities

Other non-current and current non-financial liabilities reduced by 5.95 % to EUR 9,570,956. This change arises mainly from the change in the special item for profits from sale-and-finance-leaseback transactions as part of expanding the container fleet. The special item for grants also reduced by EUR 215,608 to EUR 3,404,242.

Overall, the special item for grants and container profits from sale-and-finance-leaseback transactions amounts to EUR 5,048,577 (previous year: EUR 5,542,483) and accounts for around 52.5 % of the total item (previous year: 54.2 %).

3.2.13 Trade payables

Trade payables increased by EUR 1,934,315 to EUR 4,281,280 (previous year: EUR 2,346,965). This rise reflects the business expansion and investments in non-current assets and inventories.

3.3 FINANCIAL INSTRUMENTS

The following table presents financial instruments with their carrying amounts and fair values, analysed by IAS 39 and IAS 17 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 2016 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 year or the previous year.

Values by measurement categories 2017

EUR	Measurement category as per IAS 39 / IAS 17	Carrying amount	Valuation balance sheet		Fair value by level		
			Amortised cost	Fair value			
		30/06/2017	30/06/2017	30/06/2017	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	LaR	8,024,130	8,024,130				
Other financial assets							
of which: derivative financial instruments	HtM	24,000,000	24,000,000				
of which: miscellaneous financial assets	LaR	362,183	362,183				
Cash and cash equivalents	LaR	988,820	988,820				
Total		**33,375,133**	**33,375,133**				
Financial liabilities							
Bank borrowings	FLAC	16,485,276	16,487,420			16,487,420	
Trade payables	FLAC	4,281,280	4,281,280				
Other financial liabilities							
of which: finance lease liabilities	IAS 17	6,078,455	6,349,480			6,349,480	
of which: derivative financial instruments without hedging relationship	FVtPL	63,539		63,539		63,539	
of which: miscellaneous other financial liabilities	FLAC	2,023,682	2,118,552			2,118,552	
Total		**28,932,232**	**29,236,732**	**63,539**			

Of which aggregated by measurement category as per IAS 39

EUR		Carrying amount	Fair value
Loans and Receivables	LaR	9,375,133	9,375,133
Held to Maturity	HtM	24,000,000	24,000,000
Financial liabilities measured at amortised cost	FLAC	22,790,238	22,887,252
At fair value through P&L (liability)	FVtPL	63,539	63,539

Values by measurement categories 2016

EUR	Measurement category as per IAS 39 / IAS 17	Carrying amount	Valuation balance sheet		Fair value by level		
			Amortised cost	Fair value			
		31/12/2016	31/12/2016	31/12/2016	Level 1	Level 2	Level 3
Financial assets							
Trade receivables	LaR	7,141,968	7,141,968				
Other financial assets							
of which: derivative financial instruments	HtM	30,000,000	30,000,000				
of which: miscellaneous financial assets	LaR	250,361	250,361				
Cash and cash equivalents	LaR	4,600,437	4,600,437				
Total		**41,992,766**	**41,992,766**				
Financial liabilities							
Bank borrowings	FLAC	7,583,253	7,583,235			7,583,235	
Trade payables	FLAC	2,346,965	2,346,965				
Other financial liabilities							
of which: finance lease liabilities	IAS 17	7,877,082	7,877,082			8,360,901	
of which: derivative financial instruments without hedging relationship	FVtPL	79,700		79,700		79,700	
of which: dormant investment	FLAC						
of which: miscellaneous other financial liabilities	FLAC	1,846,527	1.846.527			1,846,527	
Total		**19,733,527**	**19,653,827**	**79,700**			

Of which aggregated by measurement category as per IAS 39

EUR		Carrying amount	Fair value
Loans and Receivables	LaR	11,992,767	11,992,767
Held to Maturity	HtM	30,000,000	30,000,000
Financial liabilities measured at amortised cost	FLAC	11,776,745	11,776,728
At fair value through P&L (liability)	FVtPL	79,700	79,700

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

The fair value of Level 2 interest-rate swaps is calculated by discounting expected future cash flows on the basis of market interest rates valid on the respective reporting date for the contracts' remaining terms. To measure the currency options, recognised option pricing models are utilised that reflect the volatility of the respective exchange rate and the underlying basis interest rates, among other inputs. The presentation in terms of IAS 39 measurement categories was supplemented to include the "amortised cost" column in the current year for better overview.

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 30/06/2017 from

Measurement category as per IAS 39 / IAS 17	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent fair value measure-ment	Currency translation
LaR	-	-	-	-	-	-243,865
FVtPL	16,161	-	-	-	-	-
FLAC	359,411	-203,012	-	-	-	-28,174
IAS 17	-	-293,858	-	-	-	-
others	66	-229	-	-	-	-3,546
Total	**375,638**	**-497,099**	**-**	**-**	**-**	**-275,585**

Net results 30/06/2016 from

Measurement category as per IAS 39 / IAS 17	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent fair value measure-ment	Currency translation
LaR	35	-	-	9,042	-	-127,917
FVtPL	-	-	-	-	-3,753	-
FLAC	-	-233,982	-	-	-	-6,731
IAS 17	-	-382,134	-	-	-	-
Total	**35**	**-616,116**	**-**	**9,042**	**-3,753**	**-134,648**

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 operating segments of "va-Q-tec AG", "va-Q-tec Ltd. (UK)" and "Other".

The reporting of va-Q-tec occurs on the basis of the respective local accounting principles. To ensure comparability with these IFRS consolidated financial statements, a reconciliation between internal reporting and IFRS has been performed for each operating segment. Insofar they are material, the supply and service relationships between the operating segments are reported on a consolidated basis.

The notes to the 2016 consolidated financial statements provide a detailed description of the individual operating segments. The "Other" area additionally comprises the newly founded subsidiaries in Japan and Switzerland. No significant revenues have yet been generated by the two companies, however, and no significant effects on results arise.

Segment reporting H1 2017

	va-Q-tec AG			va-Q-tec Ltd. (UK)		
EUR	Local GAAP	Recon-ciliation	IFRS	Local GAAP	Recon-ciliation	IFRS
External revenue	15,873,079	-	15,873,079	7,028,518	-	7,028,518
Internal revenue	5,086,351	-306,984	4,779,367	728,250	-	728,250
Total sales revenue	**20,959,430**	**-306,984**	**20,652,446**	**7,756,768**	**-**	**7,756,768**
Total income	21,383,858	237,293	21,621,151	7,988,718	43,759	8,032,477
Cost of materials and services	-9,212,327	-46,212	-9,258,539	-2,898,770	-	-2,898,770
Personnel expenses	-6,086,283	40,000	-6,046,283	-982,788	-	-982,788
Other operating expenses	-3,329,389	236,246	-3,093,143	-1,418,889	-	-1,418,889
EBITDA	**2,755,859**	**467,327**	**3,223,186**	**2,688,271**	**43,759**	**2,732,030**
Depreciation, amortisation and impairment losses	-1,362,826	6,415	-1,356,411	-2,227,435	-	-2,227,435
EBIT	**1,393,033**	**473,742**	**1,866,775**	**460,836**	**43,759**	**504,595**
Result from at equity accounted investments	**-**	**-**	**-**	**-**	**-**	**-**
Financial income	58,140	375,572	433,712	-	-	-
Financial expenses	-678,838	494,860	-183,978	-361,436	-	-361,436
EBT	**772,335**	**1,344,174**	**2,116,509**	**99,400**	**43,759**	**143,159**
Investments H1 2017	14,530,219	1,613,450	16,143,669	5,052,590	-	5,052,590
Assets 30/06/2017	87,691,529	539,073	88,230,602	21,117,350	-	21,117,350
Non-current assets 30/06/2017	32,121,419	1,391,197	33,512,616	16,052,210	-	16,052,210
Equity accounted investments	-	-	-	-	-	-
Liabilities 30/06/2017	23,648,880	1,082,265	24,731,145	17,824,341	-	17,824,341
Employees H1 2016	284	-	284	33	-	33

Segment reporting H1 2017

	Other			Operating divisions, total	Consoli-dation	Group
EUR	Local GAAP	Recon-ciliation	IFRS	Local GAAP	Recon-ciliation	IFRS
External revenue	149,627	-	149,627	23,051,224	-571,992	22,479,233
Internal revenue	440,721	-	440,721	5,948,338	-5,948,338	-
Total sales revenue	**590,348**	**-**	**590,348**	**28,999,562**	**-6,520,330**	**22,479,233**
Total income	592,341	-2,807	589,534	30,243,162	-3,650,110	26,593,052
Cost of materials and services	-40,685	3,441	-37,244	-12,194,553	1,170,365	-11,024,188
Personnel expenses	-146,355	-	-146,355	-7,175,426	42,024	-7,133,402
Other operating expenses	-442,967	-166	-443,133	-4,955,165	693,376	-4,261,789
EBITDA	**-37,666**	**468**	**-37,198**	**5,918,018**	**-1,744,345**	**4,173,673**
Depreciation, amortisation and impairment losses	-3,561	-	-3,561	-3,587,407	129,653	-3,457,754
EBIT	**-41,227**	**468**	**-40,759**	**2,330,611**	**-1,614,692**	**715,919**
Result from at equity accounted investments	**-**	**-**	**-**	**-**	**-53,085**	**-53,085**
Financial income	66	-	66	433,778	-58,140	375,638
Financial expenses	-9,929	-	-9,929	-555,343	58,245	-497,098
EBT	**-51,090**	**468**	**-50,622**	**2,209,046**	**-1,667,672**	**541,374**
Investments H1 2017	8,245	-	8,245	21,204,504	-2,456,648	18,747,856
Assets 30/06/2017	643,477	144,159	787,636	110,135,588	-17,270,454	92,865,134
Non-current assets 30/06/2017	30,552	-	30,552	49,595,378	-2,545,072	47,050,306
Equity accounted investments	-	-	-	-	382,832	382,832
Liabilities 30/06/2017	625,934	-3,687	622,247	43,177,733	-4,260,689	38,917,044
Employees H1 2016	8	-	8	325	-	325

Segment reporting H1 2016

	va-Q-tec AG			va-Q-tec Ltd. (UK)		
EUR	Local GAAP	Recon-ciliation	IFRS	Local GAAP	Recon-ciliation	IFRS
External revenue	12,973,066	-	12,973,066	5,730,046	-	5,730,046
Internal revenue	630,648	-	630,648	331,237	-	331,237
Total sales revenue	**13,603,714**	**-**	**13,603,714**	**6,061,283**	**-**	**6,061,283**
Total income	15,974,462	-20,433	15,954,029	6,061,283	-	6,061,283
Cost of materials and services	-6,606,879	-29,216	-6,636,095	-3,024,917	-	-3,024,917
Personnel expenses	-4,857,118	-	-4,857,118	-777,602	-	-777,602
Other operating expenses	-3,337,378	481,985	-2,855,393	-1,059,104	10,015	-1,049,089
EBITDA	**1,173,087**	**432,337**	**1,605,424**	**1,199,660**	**10,015**	**1,209,675**
Depreciation, amortisation and impairment losses	-957,119	-8,707	-965,826	-1,675,284	-	-1,675,284
EBIT	**215,968**	**423,630**	**639,598**	**-475,624**	**10,015**	**-465,609**
Result from at equity accounted investments	**-**	**-**	**-**	**-**	**-**	**-**
Financial income	33,991	-	33,991	-	-	-
Financial expenses	-249,948	-5,603	-255,551	-350,204	-35,937	-386,141
EBT	**11**	**418,027**	**418,038**	**-825,828**	**-25,922**	**-851,750**
Investments H1 2016	3,359,586	-	3,359,586	3,132,794	-	3,132,794
Assets 30/06/2016	35,171,610	253,890	35,425,500	16,099,352	52,588	16,151,940
Non-current assets 30/06/2016	19,016,144	50,504	19,066,648	13,573,752	-43,759	13,529,993
Equity accounted investments	-	-	-	-	-	-
Liabilities 30/06/2016	18,294,149	1,794,015	20,088,164	13,705,318	109,392	13,814,710
Employees H1 2016	222	-	222	22	-	22

Segment reporting H1 2016

EUR	Other Local GAAP	Other Recon-ciliation	Other IFRS	Operating divisions, total Local GAAP	Consoli-dation Recon-ciliation	Group IFRS
External revenue	13,020	-	13,020	18,716,132	-3,095,913	15,620,219
Internal revenue	252,564	-	252,564	1,214,449	-1,214,449	-
Total sales revenue	**265,584**	**-**	**265,584**	**19,930,581**	**-4,310,362**	**15,620,219**
Total income	270,185	-4,109	266,076	22,281,388	-2,529,041	19,752,347
Cost of materials and services	-	-	-	-9,661,012	1,148,383	-8,512,629
Personnel expenses	-87,902	-	-87,902	-5,722,622	43,293	-5,679,329
Other operating expenses	-135,949	-971	-136,920	-4,041,402	642,372	-3,399,030
EBITDA	**46,334**	**-5,080**	**41,254**	**2,856,353**	**-694,994**	**2,161,359**
Depreciation, amortisation and impairment losses	-3,137	-	-3,137	-2,644,247	53,620	-2,590,627
EBIT	**43,197**	**-5,080**	**38,117**	**212,106**	**-641,374**	**-429,268**
Result from at equity accounted investments	**-**	**-**	**-**	**-**	**-23,834**	**-23,834**
Financial income	35	-	35	34,026	-33,991	35
Financial expenses	-14,619	1,890	-12,728	-654,421	34,552	-619,869
EBT	**28,613**	**-3,190**	**25,423**	**-408,289**	**-664,647**	**-1,072,936**
Investments H1 2016	1,148	-	1,148	6,493,528	505,554	6,999,082
Assets 30/06/2016	217,790	-1,551	216,239	51,793,679	-4,952,894	46,840,785
Non-current assets 30/06/2016	30,912	-5,211	25,701	32,622,342	311,838	32,934,180
Equity accounted investments	-	-	-	-	346,263	346,263
Liabilities 30/06/2016	480,700	-6,171	474,529	34,377,403	2.984,906	37,362,309
Employees H1 2016	5	-	5	249	-	249

The revenues are distributed geographically as follows:

EUR	**30/06/2017**	30/06/2016
Germany	6,509,050	5,321,993
Rest of European Union	7,740,596	4,940,743
Other EU countries	8,229,587	5,357,484
Group, total	**22,479,233**	**15,620,220**

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 EUR 8,547,444 (previous year: EUR 5,138,200) were generated with products (vacuum insulation panels and individually sold heating storage components) in the first half of 2017. The Group reported EUR 4,945,585 of sales revenue with systems (thermal packaging and related components) in the the first half of 2017 (previous year: EUR 4,492,394). Sales revenues of EUR 8,771,553 were generated from services in the first half of 2017 (previous year: EUR 5,724,578). Other sales revenues amounted to EUR 304,651 in the first half of the year (previous year: EUR 265,047).

4.2 SHARE-BASED PAYMENT

In the first half of 2016, two senior employees in key positions were granted a total of 47,148 (post stock split: 94,296) virtual options with an exercise price of EUR 7.73 (post stock split: EUR 3.87) from the existing stock option program. The fair value on the grant date was calculated applying a standard option valuation model (Black-Scholes). This entailed imputing a share price of EUR 19.66 (post stock split: EUR 9.83), a term of four years, a yield rate of 0 %, a matched maturity risk-free rate of -0.2 % and a volatility of 25 %. This volatility was assumed on the basis of the historical sales revenue and earnings trend, and the still early development stage of va-Q-tec. The calculation generated a fair value of EUR 11.93 (post stock split: EUR 5.97) per option. Of the newly allocated options, a total of 14,144 were vested as of 30 June 2016 (post stock split: 28,288), for which personnel expenses of EUR 168,796 were recognised in the reporting period. A total of 141,444 virtual options have been allocated since the stock option program was set up in 2013. Of these, 128,400 still can be exercised as of 31 December 2016. The implementation of the IPO in September 2016 triggered an exit event making it possible to exercise the options and ending the option program. No further allocation of options will occur under this program above and beyond the options allocated and vested up until this exit event. The options that have not been allocated to date, and options that have not been vested to date, expire without replacement. A total of 18,790 stock options were exercised in February 2017. As of 30 June 2017, 109,610 stock options are open with an exercise period until 30 September 2017.

4.3 RELATED PARTIES

During the first six months of 2017, 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

As of 1 July 2017, a new allocation of responsibilities at Management Board level was announced. Christopher Hoffmann, previous Chief Financial Officer of va-Q-tec, will be responsible for international business development. Stefan Döhmen, who was previously CFO at Analytik Jena AG, is to assume the responsibilities as the Chief Financial Officer. Roland Caps, co-founder and Chief Development Officer of va-Q-tec to date, is stepping down from the Management Board, and will continue to bear operational responsibility for the technological development of va-Q-tec as head of the innovation and quality department.

On 7 July 2017, the groundbreaking ceremony was held for the new construction of an additional production hall with a space of 5,000 m^2 in Kölleda. Commissioning of the new construction is planned for the first quarter of 2018. As with past investments in Kölleda, the planned site expansion is being supported by grant funds from the Thüringer Aufbaubank.

On 14 July 2017, va-Q-tec concluded a convertible loan agreement with SUMTEQ GmbH. This agreement makes provision whereby va-Q-tec makes available to SUMTEQ GmbH a twelve-month loan up to a maximum amount of EUR 450,000 given the achievement of certain milestones. Under certain circumstances, va-Q-tec AG is entitled to call for the partial or full conversion of the loan into new shares in SUMTEQ GmbH.

In accordance with the in-house investment horizon of Zouk Capital / Cleantech Europe II Luxembourg S.à.r.l., as of 13 July 2017 this entity reduced its interest in va-Q-tec AG to below 10 % of the share capital of va-Q-tec AG.

Würzburg, 22 August 2017

va-Q-tec AG

The Management Board

Dr. Joachim Kuhn | Stefan Döhmen | Christopher Hoffmann

RESPONSIBILITY STATEMENT

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

Würzburg, 22 August 2017

va-Q-tec AG

The Management Board

Dr. Joachim Kuhn | Stefan Döhmen | Christopher Hoffmann

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va-Q-tec AG

FINANCIAL CALENDAR

16/11/2017	Publication quarterly financial report (call-date Q3)

REMARKS

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

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