

## 3 CONSOLIDATED FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR THE 2020 FINANCIAL YEAR

### CONSOLIDATED INCOME STATEMENT

kEUR	Notes	2020	2019
<b>Revenues</b>	<b>4.1.1</b>	<b>72,106</b>	<b>64,667</b>
Change in inventories		978	-295
Work performed by the company and capitalised	4.1.2	6,379	3,947
Other operating income	4.1.3	4,669	4,498
<b>Total Income</b>		<b>84,132</b>	<b>72,817</b>
Cost of materials and services	4.1.4	-32,751	-28,993
<b>Gross profit</b>		<b>51,381</b>	<b>43,824</b>
Personnel expenses	4.1.5	-26,111	-22,389
Other operating expenses	4.1.6	-13,871	-11,762
<b>EBITDA</b>		<b>11,399</b>	<b>9,673</b>
Depreciation, amortization and impairment losses	4.1.7	-12,299	-12,232
<b>Earnings before interest and tax (EBIT)</b>		<b>-900</b>	<b>-2,559</b>
<b>Result from equity accounted investments</b>		<b>-</b>	<b>-68</b>
<b>Result from fair value valuation of investments</b>	<b>4.1.8</b>	<b>647</b>	<b>1,771</b>
Finance Income		12	16
Finance expenses		-1,271	-1,079
<b>Net financial result</b>	<b>4.1.9</b>	<b>-1,259</b>	<b>-1,063</b>
<b>Earnings before tax (EBT)</b>		<b>-1,512</b>	<b>-1,919</b>
Income tax	4.1.10	77	-647
<b>Net income</b>		<b>-1,435</b>	<b>-2,566</b>
<b>Consolidated net income attributable to owners of va-Q-tec AG</b>		<b>-1,435</b>	<b>-2,566</b>
<b>Earnings per share - basic / diluted in EUR</b>	<b>4.1.11</b>	<b>-0.11</b>	<b>-0.20</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

kEUR	Notes	2020	2019
<b>Net Income</b>		<b>-1,435</b>	<b>-2,566</b>
Consolidated other comprehensive income	4.2.2.1		
Currency translation differences		129	13
Derivative financial instruments			
Unrealized gains/losses (pre-tax)		-208	-
Taxes on unrealized gains/losses and on reclassifications		63	-
Derivative financial instruments (after tax)		-145	-
<b>Total other comprehensive income that will be reclassified to profit or loss</b>		<b>-16</b>	<b>13</b>
<b>Consolidated total comprehensive income</b>		<b>-1,451</b>	<b>-2,553</b>
<b>Consolidated total comprehensive income attributable to owners of va-Q-tec AG</b>		<b>-1,451</b>	<b>-2,553</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

kEUR	Notes	31/12/2020	31/12/2019
<b>Non-current assets</b>			
Intangible assets	4.2.1.1	2,955	2,233
Property, plant and equipment	4.2.1.2	69,636	68,879
Investment property	4.2.1.3	1,614	1,614
Contract assets	4.2.1.8	73	158
Financial assets	4.2.1.4	3,503	2,474
Other non-financial assets	4.2.1.5	1,056	1,100
Deferred tax assets	4.1.11	2,471	2,319
<b>Total non-current assets</b>		<b>81,308</b>	<b>78,777</b>
<b>Current assets</b>			
Inventories	4.2.1.6	11,615	10,676
Trade receivables	4.2.1.7	6,532	6,666
Other financial assets	4.2.1.4	927	586
Current tax assets		3	230
Other non-financial assets	4.2.1.5	1,549	1,364
Cash and cash equivalents	4.2.1.9	17,134	7,490
<b>Total current assets</b>		<b>37,760</b>	<b>27,012</b>
<b>Non-current assets held for sale</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>119,068</b>	<b>105,789</b>

**Equity and liabilities**

kEUR	Notes	31/12/2020	31/12/2019
<b>Equity</b>	<b>4.2.2.1</b>		
Issued share capital		13,090	13,090
Treasury shares		-54	-54
Additional paid-in capital		46,158	46,158
Consolidated total other comprehensive income		-42	-26
Retained earnings		-17,896	-16,461
<b>Total equity</b>		<b>41,256</b>	<b>42,707</b>
<b>Non-current liabilities</b>			
Provisions	4.2.2.2	96	73
Bonds issued	4.2.2.3	22,064	-
Bank borrowings	4.2.2.4	25,170	22,840
Other financial liabilities	4.2.2.5	3,857	5,333
Other non-financial liabilities	4.2.2.6	5,425	6,547
<b>Total non-current liabilities</b>		<b>56,612</b>	<b>34,793</b>
<b>Current liabilities</b>			
Provisions	4.2.2.2	190	130
Bank borrowings	4.2.2.4	3,919	11,404
Other financial liabilities	4.2.2.5	6,434	6,867
Liabilities from contracts with customers	4.2.2.8	40	308
Trade payables	4.2.2.7	5,978	4,485
Tax liabilities		44	42
Other non-financial liabilities	4.2.2.6	4,595	5,053
<b>Total current liabilities</b>		<b>21,200</b>	<b>28,289</b>
<b>Total equity and liabilities</b>		<b>119,068</b>	<b>105,789</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

kEUR	2020	2019
<b>Cash flow from operating activities</b>		
Net income	-1,435	-2,566
Current income taxes recognised income statement	25	3
Income taxes paid	-17	-161
Net finance costs recognised income statement	1,259	1,063
Interest paid	-1,147	-1,055
Depreciation on contract assets	126	70
Non-cash losses from equity accounted investments	-	68
Non-cash gain from fair value valuation of investments	-647	-1,771
Depreciation, amortisation and impairment losses	12,299	12,232
Gain/loss from disposal of non-current assets	-518	-555
Change in other assets	-1,311	-644
Change in other liabilities	1,037	1,702
Change in provisions	83	61
Other non-cash expenses or income	-3,009	-2,639
<b>Cash flow from operating activities before working capital changes</b>	<b>6,745</b>	<b>5,808</b>
Change in inventories	-981	333
Change in trade receivables	24	920
Change in trade payables	1,617	127
<b>Net cash flow from operating activities</b>	<b>7,405</b>	<b>7,188</b>
<b>Cash flow from investing activities</b>		
Payments for investment in intangible assets	-1,257	-1,162
Proceeds from disposal of property, plant and equipment	830	1,037
Payments for investments in property, plant and equipment	-11,351	-8,746
Payments for investments in contract assets	-41	-71
<b>Net cash flow from investing activities</b>	<b>-11,819</b>	<b>-8,942</b>
<b>Cash flow from financing activities</b>		

kEUR	2020	2019
Proceeds from bonds	23,059	-
Payments for bonds transaction costs	-1,099	-
Proceeds from bank loans	13,328	9,375
Repayments of bank loans	-18,413	-9,270
Proceeds from government grants	265	-
Payments for leases liabilities	-3016	-3,077
<b>Net cash flow from financing activities</b>	<b>14,124</b>	<b>-2,972</b>
<b>Change in cash and cash equivalents before exchange rate effects</b>	<b>9,710</b>	<b>-4,726</b>
Effect of exchange rate changes on cash and cash equivalents	-66	62
<b>Net change in cash and cash equivalents</b>	<b>9,644</b>	<b>-4,664</b>
<b>Cash and cash equivalents at start of period</b>	<b>7,490</b>	<b>12,154</b>
<b>Cash and cash equivalents at end of period</b>	<b>17,134</b>	<b>7,490</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

kEUR	Issued share capital	Treasury shares	Additional paid-in capital
<b>01/01/2019</b>	<b>13,090</b>	<b>-54</b>	<b>46,158</b>
Net income	-	-	-
Consolidated other comprehensive income	-	-	-
<b>Consolidated total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31/12/2019</b>	<b>13,090</b>	<b>-54</b>	<b>46,158</b>
<b>01/01/2020</b>	<b>13,090</b>	<b>-54</b>	<b>46,158</b>
Net income	-	-	-
Consolidated other comprehensive income	-	-	-
<b>Consolidated total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31/12/2020</b>	<b>13,090</b>	<b>-54</b>	<b>46,158</b>

	Retained earnings	Cumulative other comprehensive income		Equity attributable to parent company owners	Total equity
		Currency translation reserves	Derivative financial instruments		
	<b>-13,895</b>	<b>-39</b>	-	<b>45,260</b>	<b>45,260</b>
	-2,566	-	-	-2,566	-2,566
	-	13	-	13	13
	<b>-2,566</b>	<b>13</b>	-	<b>-2,553</b>	<b>-2,553</b>
	<b>-16,461</b>	<b>-26</b>	-	<b>42,707</b>	<b>42,707</b>
	<b>-16,461</b>	<b>-26</b>	-	<b>42,707</b>	<b>42,707</b>
	-1,435	-	-	-1,435	-1,435
	-	129	-145	-16	-16
	<b>-1,435</b>	<b>129</b>	<b>-145</b>	<b>-1,451</b>	<b>-1,451</b>
	<b>-17,896</b>	<b>103</b>	<b>-145</b>	<b>41,256</b>	<b>41,256</b>



# 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 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 optimally combining 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 consolidated financial statements of va-Q-tec for the financial year from 1 January to 31 December 2020 were approved for publication by the Management Board on 26 March 2021.

## 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 has been listed on the stock market since 30 September 2016 and has consequently been capital market oriented since this date. Despite falling short of the size criteria pursuant to Section 293 of the German Commercial Code (HGB), it is obligated pursuant to Section 293 (5) HGB to prepare consolidated financial statements as a consequence. va-Q-tec prepares its consolidated financial statements as of 31 December 2020 based on International Financial Reporting Standards (IFRS), as applicable in the EU, and the commercial law regulations to be applied additionally pursuant to Section 315e (1) HGB. The term IFRS also comprises all still valid International Accounting Standards (IAS) as well as all interpretations and amendments of the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and of the former Standing Interpretations Committee (SIC).

These consolidated financial statements were prepared on the basis of historical cost. Exceptions to this include derivative financial instruments and investments that were recognised at fair value on the reporting date. The corresponding note is provided as part of the respective accounting policies.

Historical cost is generally based on fair value, which represents the consideration rendered in exchange for the asset.

Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies irrespective of whether the price is directly observable, or has to be estimated by applying a valuation method.

The fair value that is to be determined for certain disclosures and calculation methods is not always available as a market price. Frequently, it has to be calculated on the basis of various measurement parameters. Depending on the availability of observable parameters and the significance of such parameters for fair value measurement overall, the fair value is allocated to one of the levels 1, 2 or 3 (fair value hierarchy). This allocation is implemented on the following basis:

- Level 1 inputs comprise quoted prices (unadjusted) on active markets for identical assets or liabilities to which va-Q-tec can access at the measurement date.
- Level 2 inputs comprise inputs other than Level 1 quoted prices, for which the value of the asset or liability is either directly observable, or can be derived indirectly from other prices.
- Level 3 inputs are unobservable inputs for the asset or liability.

As a rule, the Group classifies assets and liabilities as current if they will be realised or settled prospectively within twelve months after the reporting date. If assets and liabilities comprise both a current and a non-current element, they are divided into their term components and reported as current and non-current assets or liabilities in accordance with the balance sheet structure.

The consolidated income statement is prepared according to the nature of expense method.

The consolidated financial statements are prepared in thousands of euros (kEUR), which is both the functional and the reporting currency of va-Q-tec. Differences of up to one unit (EUR, %) relate to arithmetic rounding differences.

### 1.3 EFFECTS OF NEW ACCOUNTING STANDARDS

The va-Q-tec Group has applied uniform accounting methods for all the periods presented in its IFRS consolidated financial statements. These comply with IFRS entailing mandatory application in the EU in the 2020 financial year.

The accounting policies applied correspond to those applied in the previous year, as a matter of principle.

The following new standards and interpretations or amendments to existing standards and interpretations required mandatory application for financial years commencing from 1 January 2020, and were applied for the first time by the company.

Standard	Title	Mandatory application for financial years commencing from
Amendments to IFRS 3	Definition of a Business	1 January 2020
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest Rate Benchmark Reform	1 January 2020
Amendments to IFRS 16	Amendment relating to Covid-19-Related Rent Concessions	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Revision of the framework and changes to cross-references to the framework in various IFRS		1 January 2020

All new accounting policies presented in the table did not have a material effect on the consolidated financial statements.

The following standards and interpretations and amendments to existing standards and interpretations were approved by both the IASB and the EU, and come into force for financial years commencing after 1 January 2021. The company has not applied these regulations early.

<b>Standard</b>	<b>Title</b>	<b>Mandatory application for financial years commencing from</b>
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

All standards listed are applied by va-Q-tec only from the date of mandatory first-time adoption. According to the analyses that have been conducted, no significant effects arise for accounting and measurement for the 2021 financial year.

The following standards will become effective in the forthcoming years, but have not yet been endorsed by the EU:

<b>Standard</b>	<b>Title</b>	<b>Mandatory application for financial years commencing from</b>
Annual Improvements to IFRSs	Cycle 2018 – 2020	1 January 2022
Amendments to IFRS 3, IAS 16 and IAS 37		1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023

The company is currently examining the potential effects on va-Q-tec's consolidated financial statements from standards or amendments to standards that have not yet been endorsed by the EU.

## 1.4 ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the accounting policies, the Group's management has made discretionary decisions that affect the amounts reported in the consolidated financial statements. Accordingly, assumptions and estimates are to be made to a certain extent when preparing consolidated financial statements that affect the amount and the reporting of recognized assets and liabilities, income and expenses, and contingent liabilities in the reporting period.

The assumptions and estimates are based on premises that in all cases reflect the currently available status of information at the time of each case. The expected future business trend also particularly reflects the circumstances prevailing at the time when the consolidated financial statements were prepared, as well as a realistically imputed future trend in the environment. As a result of developments in these overall conditions differing from the management's assumptions and lying outside its sphere of influence, the resultant amounts can differ from the originally expected estimated values.

The estimates and assumptions that are applied are presented in the notes to the individual items of the statement of financial position and income statement in section 3 "Accounting policies". The main effects impacting the amounts arise in the following areas:

- Determining useful economic lives for intangible assets and for property, plant and equipment, including assets leased as part of finance leases.
- Assessment of the lease term and determination of the relevant discount rate for the accounting treatment of leases.
- Impairment testing of assets based on appraisal of identifiable risks.
- Impairment testing of deferred tax assets in relation to tax loss carryforwards.
- Assessing the derecognition criteria of trade receivables as part of factoring agreements.
- Estimating market yield curves as part of measuring derivative financial instruments.
- Best possible estimate of the most probable settlement amount as part of the recognition and measurement of provisions.
- Assessing any requirement to separate, and measuring, embedded derivatives.
- Recognition of additional costs during the period of initiation of contracts with customers.
- Determination of the expected credit loss using the simplified approach for trade receivables and contract assets.

## 2 CONSOLIDATION

### 2.1 CONSOLIDATION SCOPE

The consolidation scope is derived by applying IFRS 10 (Consolidated Financial Statements). In the consolidated financial statements of va-Q-tec AG as of 31 December 2020, the following subsidiaries were fully consolidated:

Name	Headquarters	Equity interest 31/12/2020	Equity interest 31/12/2019
va-Q-tec Limited (UK)	Rochester, UK	100 %	100 %
va-Q-tec Inc. (USA)	East Rutherford, NJ, USA	100 %	100 %
va-Q-tec Ltd. (Korea)	Joong-gu, Incheon, Republic of Korea	100 %	100 %
va-Q-tec Switzerland AG (Switzerland)	Zürich, Switzerland	100 %	100 %
va-Q-tec Japan G.K. (Japan)	Tokyo, Japan	100 %	100 %
va-Q-tec Uruguay S.A. (Uruguay)	Montevideo, Uruguay	100 %	100 %
va-Q-tec SG PTE. Ltd. (Singapore)	Singapur, Singapur	100 %	100 %

va-Q-tec AG and its subsidiaries together form the va-Q-tec Group. Please refer to the segment reporting for key financial information about the subsidiaries.

### 2.2 CONSOLIDATION SCOPE CHANGES AND OTHER ACQUISITIONS AND DISPOSALS

No changes occurred in the fully consolidated subsidiaries of va-Q-tec in the 2020 financial year.

The interest held in SUMTEQ GmbH, which is reported at fair value under financial assets, decreased to 15.00% (previous year: 15.22%) due to a further capital increase by the company, in which va-Q-tec AG did not fully participate.

The interest of 15.00% (previous year: 0.00%) in ING3D GmbH acquired by va-Q-tec in the financial year for strategic reasons is recognised accordingly at fair value under financial assets. va-Q-tec AG does not exert any significant influence over the company.

### 2.3 CONSOLIDATION PRINCIPLES

The consolidated financial statements are based on uniform accounting principles. The annual financial statements of the companies included in the consolidation scope were adjusted where required in order to align them with the accounting policies applied in the Group. All of the annual financial statements of the companies included in the consolidated financial statements are prepared on the basis of the reporting date of the consolidated financial statements.

Subsidiaries are those companies where the Group holds existing rights that endow it with the current capability to manage the companies' relevant activities. Relevant activities are those activities that significantly affect the companies' profitability. For this reason, control exists if the Group is exposed to variable returns from its relationship to a company, and as a result of its power over the relevant activities it has the capability to influence these returns. In the va-Q-tec Group, the ability of control is based in all cases on a direct voting majority held by va-Q-tec AG. Inclusion of companies in the consolidated financial statements of va-Q-tec AG begins on the date from which the possibility of control exists. It ends if such control ceases.

As part of capital consolidation (consolidation of the investment account), the carrying amounts of the participating interests are offset with the subsidiary's proportional equity. As all subsidiaries comprise companies that va-Q-tec has founded, initial consolidation has not resulted in any differential amount.

Intragroup transactions are fully adjusted. This entails the offsetting of significant receivables, liabilities and provisions between the consolidated companies, and the elimination of intercompany profits and losses. Intragroup revenues are offset with the corresponding expenses. Tax deferrals required pursuant to IAS 12 are applied to any temporary differences on consolidation.

An associate is a company where va-Q-tec exerts significant influence. Significant influence is defined here as the ability to collaborate in the financial and business policy decisions of the participating interest without controlling it, or managing it jointly. If va-Q-tec AG directly or indirectly holds between 20% and 50% of the voting rights in the participating interest, the assumption exists that significant influence can be exercised. Given a directly or indirectly held voting rights interest of less than 20%, no significant influence is assumed unless it can be proven clearly.

Equity accounted investments are initially recognised at acquisition cost, before being recognised in subsequent periods at the proportionate value of their amortised net assets. This entails increasing or reducing the carrying amounts annually to reflect the proportionate profits and losses, dividend distributions, and all further equity changes. Unrealised gains based on transactions with associates are eliminated against the carrying amount of the participating interest according to the scope of the va-Q-tec interest. Unrealised losses are eliminated in the same manner, although only to the extent that no indications of impairment exist. Goodwill is not reported separately, but is instead included in the valuation of the participating interest. Goodwill is not amortised. Disclosed hidden reserves are amortised. Impairment losses are applied to equity accounted investments if their recoverable amount falls below their carrying amount.

## 2.4 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements have been prepared in accordance with the functional currency concept. The functional currency of va-Q-tec AG is the primary currency of the economic environment in which the va-Q-tec Group operates. This corresponds to the euro, which also corresponds to the reporting currency for the consolidated financial statements. The functional currency of the subsidiaries in the USA, South Korea, Switzerland, Japan and Singapore is in each case the national currency, as these subsidiaries conduct their business independently in their respective markets. The functional currency of the UK company corresponds to the euro. The functional currency of the subsidiary in Uruguay is the US dollar.

In the financial statements of each Group company, business transactions denominated in foreign currencies are translated into the functional currency applying the rates valid on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated applying the rate prevailing on each reporting date. Non-monetary assets and liabilities measured at cost are translated at the exchange rate prevailing on the date when they are initially recognised on the statement of financial position. The foreign currency gains and losses arising from these translations are recognised in the consolidated income statement under other operating income or other operating expenses.

To prepare the consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries whose functional currency is not the euro are translated into euros applying the exchange rates on the reporting date. Income and expenses are translated at the average rate for the period, unless translation exchange rates during the period are subject to sharp fluctuations. In such cases, the exchange rates on the transaction date would be applied. Translation differences from the translation of foreign operations into the Group currency are recognised under consolidated other comprehensive income, and accumulated within equity.

The exchange rates into euros for the significant currencies in the Group applied for the translation are presented in the following table:

	Closing rate		Average rate	
	31/12/2020	31/12/2019	2020	2019
British pound	0.8990	0.8508	0.8887	0.8773
US dollar	1.2271	1.1234	1.1396	1.1196
South Korean won	1,336.0000	1,296.2800	1,344.3756	1,304.8974
Swiss Francs	1.0802	1.0854	1.0702	1.1127
Japanese Yen	126.4900	121.9400	121.7004	122.0561
Singapore dollar	1.6218	1.5111	1.5726	1.5272

## 3 ACCOUNTING POLICIES

### 3.1 CONSOLIDATED INCOME STATEMENT

#### Revenues

Revenue from the sale of goods is recognized when an asset is transferred and the customer obtains control of the asset, a transaction price has been agreed or can be determined, and payment is probable. Sales revenues from services are recognised to the extent that the service has been rendered, and the amount of the revenue can be measured reliably. Payments for unreturned thermal boxes in connection with rental services rendered are reported as revenue. Rebates, bonuses, VAT and other taxes associated with the service are deducted from sales revenues. All reported revenues represent revenues from contracts with customers.

Sales revenues are recognised at the transaction price of the consideration received or to be received, and reflect the amounts that are to be received for goods and services as part of ordinary business activity.

Sector-typical payment terms with customers not include any significant financing components. Warranty obligations under contracts between the company and its customers do not constitute separate performance obligations and are recognised as a provision.

With regard to the opening and closing balances and impairments of receivables from contracts with customers, we refer to the notes on trade receivables. For the composition of revenues by business segment, please refer to the notes on revenues, and for the composition by region please refer to the segment reporting.

#### Net financial result

Interest income and interest expenses reported under the net financial result are deferred and accrued in accordance with their respective terms, taking the outstanding loan sum and the applicable interest rate into account. The effective interest method is applied in this context.

#### Income taxes

The expense for taxes on income represents the sum of current income tax expense and deferred tax. The current income tax expense is calculated on the basis of taxable income for the year. Taxable earnings differ from the earnings before tax reported in the consolidated income statement, as these do not include income and expense items that were taxable or tax-deductible in other years, as well as items on which no tax is generally incurred, or which are generally not tax-deductible.

Deferred taxes are recognised in accordance with the balance sheet liability method as presented in IAS 12 (Income Taxes). This entails forming deferred tax items for temporary differences between tax valuations and valuations on the consolidated balance sheet, as well as for tax loss carryforwards. Deferred tax assets are only taking into consideration if it is probable that the corresponding tax benefits will also be realised. Loss carryforwards for which deferred tax assets have been formed are expected to be utilised within the five-year planning period. The carrying amount of deferred tax assets is reviewed each year on the reporting date, with an impairment loss being applied if it is no longer probable that sufficient taxable income will be available to fully or partially realise the asset.

Deferred tax liabilities are formed for taxable temporary differences arising from interests in subsidiaries, unless the Group can control the reversal of the temporary differences, and it is probable that the temporary difference will not reverse within the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset to the extent that they relate to the same taxpayer, and exist in relation to the same tax authority.

To measure deferred tax, future years' tax rates are applied if the related legislation has already been enacted, or the legislative process has essentially been concluded. Deferred taxes are recognised in profit or loss, as a matter of principle. To the extent that the charges or reliefs underlying deferred taxes are carried directly to equity, the formation or release of deferred taxes also occurs directly in equity.



### Earnings per share

Earnings per share (basic earnings per share) are calculated on the basis of IAS 33 (Earnings Per Share). Basic earnings per share are calculated by dividing the after-tax profits attributable to the parent company shareholders by the weighted average number of shares in issue during the financial year under review. At the end of the financial year under review, as in the previous year, only ordinary shares were issued, so that the consolidated net income does not have to be allocated to different classes of shares. Diluted earnings per share are not shown separately as, as in the previous year, no potentially diluting instruments were outstanding as of 31 December 2020.

## 3.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 3.2.1 Assets

#### Intangible assets

Pursuant to IAS 38, intangible assets are capitalised if a future economic benefit is expected from utilisation of the asset, and the costs of the asset can be calculated reliably.

Individually purchased intangible assets are recognised at purchase cost on initial recognition, and intangible assets that the company has generated itself are recognised at production cost. In subsequent periods, intangible assets are measured at cost less cumulative amortisation and any cumulative impairment losses. Research costs are expensed in the period in which they are incurred.

Intangible assets with limited useful life are amortised straight-line over their useful life, and impairment-tested as soon as any indications emerge that they might have become impaired. The estimated useful life and amortisation method are reviewed at the end of the annual reporting period, and any changes to the estimated value are taken into account in subsequent measurement. Amortisation is based on the following useful lives:

Software	3 – 5 years
Internally generated intangible assets	6 years

Gains or losses on the derecognition of intangible assets are calculated as the difference between net disposal proceeds and the asset's carrying amount, and recognised in profit or loss within other operating income or other operating expenses in the period in which the asset is derecognised.

An intangible asset arising from internal development (or the development phase of an internal project) is recognised if the corresponding criteria of IAS 38.57 are shown to have been met. Capitalised production costs of internally generated intangible assets comprise costs directly attributable to the development process, and development-related overheads

#### Property, plant and equipment

Property, plant and equipment are utilised for business purposes, and measured at cost less cumulative depreciation and cumulative impairment losses.

The purchase costs of an item of property, plant and equipment comprise all costs attributable to the purchase of the asset. Repair and maintenance charges are expensed in the income statement in the financial year in which they are incurred. Internally generated assets are initially measured at directly attributable production cost plus production-related overheads.

Borrowing costs that are directly attributable to the acquisition, construction or production of a so-called qualifying asset as part of the cost of that asset are capitalised as part of cost pursuant to IFRS.

Property, plant and equipment is depreciated straight-line in accordance with its type of use and duration of use. Property, plant and equipment is depreciated straight-line in accordance with its type of use and duration of use. Depreciation starts on the date on which the assets are available for their intended use. Depreciation is based mainly of the following useful lives:

Buildings, outdoor and other facilities	
Buildings	33 – 40 years
Outdoor and other facilities	5 – 20 years
Production equipment and machinery	
Production plants	8 – 21 years
Other production equipment and machinery	3 – 25 years
Operating and office equipment	3 – 15 years
Container fleet	5 years
Box fleet	2 – 5 years

If any indications of impairment exist, property, plant and equipment are tested for potential impairment accordingly.

Gains or losses arising from the disposal or derecognition of an item of property, plant and equipment are calculated as the difference between disposal proceeds and the asset's carrying amount, and recognised in profit or loss among other operating income or other operating expenses.

#### Investment property

Investment property comprises land and buildings held to generate rental income and for the purposes of value appreciation, rather than being utilised for the company's own production, to deliver goods or render services, for administrative purposes or for sale as part of ordinary operating activities. Investment property is measured at cost less accumulated depreciation and impairment losses.

If indications of impairment exist, investment property is tested for potential impairment accordingly.

#### Contract assets

Contract assets include development costs that do not already meet the criteria for capitalisation in accordance with other standards. These are primarily customer-specific developments that are performed during the contract initiation period, are directly related to an expected contract, and are expected to recover the related costs. Firstly, such costs are incurred for the modification or qualification of products from the company's existing product range according to customer-specific requirements, and, secondly, for the implementation of va-Q-tec products or services into the customer's processes. In addition, these costs create new or improve existing resources for the company that will be used for the future fulfilment of performance obligations.

Additional costs for customer-specific developments during the contract initiation, for which the amortization period would not exceed one year are expensed immediately.

Capitalised contract assets are amortized simultaneously with the transfer of the goods or services to which the contract assets relate.

### **Impairment testing**

Intangible assets with indefinite useful lives, as well as intangible assets that are not yet ready for utilisation, are not amortised, but are instead tested annually for impairment. Assets that are amortised are impairment-tested where an indication exists that the asset's carrying amount may no longer be recoverable. An impairment loss is recognised equivalent to the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell, and its value in use. The value in use in this context is calculated on the basis of the estimated future cash flows from the utilisation and disposal of the asset, applying the discounted cash flow method. A pre-tax interest rate in line with market conditions is applied as the discounting rate in this context. If no recoverable amount can be calculated for an individual asset, the recoverable amount is calculated for the smallest identifiable group of assets (cash-generating unit) to which the respective asset can be allocated.

If the reasons for the impairment loss no longer apply at a later date, a reversal of the impairment loss is realised up to the level of the new recoverable amount, as a matter of principle. Such reversals of impairment losses are limited to the amortised carrying amount that would have arisen without the impairment loss applied in the past.

No indicators of potential impairment were identified. Accordingly, no impairment losses or reversals of impairment losses pursuant to IAS 36 were applied in either the period under review, or in the previous year.

### **Leases**

#### ***Leasing***

Leases comprise all agreements that transfer the right to use a specific asset for a fixed period of time in return for payment. This also applies to contracts where the transfer of such a right is not expressly described. As a lessee, va-Q-tec uses real estate and vehicles, in particular.

#### ***Group as lessee***

Based on the opportunities and risks associated with a leased asset, an assessment was made until 31 December 2018 as to whether economic ownership of the leased asset was attributable to the lessee (so-called finance leases) or the lessor (so-called operating leases) in accordance with IAS 17.

In the case of an operating lease, the lease instalments or rental payments were expensed straight-line in the income statement. Assets accounted for under a finance lease are recognized at the inception of the lease at the lower of the present value of the lease payments or the fair value of the leased property or equipment, and, in subsequent periods, less accumulated depreciation and other accumulated impairment losses. Depreciation was calculated applying the straight-line method, taking into account the asset's residual value. The payment obligations resulting from the future lease installments were discounted and carried under financial liabilities.

As of 1 January 2019, the Group as lessee generally recognizes rights of use for leased assets in property, plant and equipment and liabilities for payment obligations entered into at present values under other financial liabilities. The leasing liabilities include the following leasing payments:

- fixed payments, including de facto fixed payments, less lease incentives still to be paid by the lessor,
- variable payments linked to an index or interest rate,
- expected amounts that are likely to be paid due to residual value guarantees,
- the exercise price of a purchase option, if exercise is considered sufficiently certain, and
- contractual penalties for terminating the lease, if the assumed term of the lease takes into account that a termination option is exercised.

Lease payments are discounted at the marginal borrowing rate. The interest rate is calculated on the basis of the risk-free reference interest rate, taking into account the term of the leases in the relevant Group currency (in EUR thousands) plus a risk premium corresponding to va-Q-tec's rating. If necessary, country- and currency-specific adjustments to the base rate are applied. The risk premium is structured uniformly throughout the Group, as no significant differences in credit risk exist within the Group. In the financial year under review, leasing-specific adjustments were not necessary as, for example, collateral had no material impact on the interest rate. Changes in leases and revaluations of lease liabilities are generally recognised directly in equity against the right of use. The lease is recognised in the income statement if the carrying amount of the right of use has already been reduced to zero, or if it derives from a partial or early termination of the lease.

The right to use the leased asset was capitalized in proportion to the lease liability. At the start of the lease, the value of the right of use corresponds to the present value of the corresponding lease liability. In subsequent periods, the right of use is measured at amortised cost. The Group also conducts impairment tests if corresponding indicators exist.

The Group utilises 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 term of no more than twelve months are expensed at the time of payment in accordance with the option. In addition, va-Q-tec does not generally present the leasing and service components separately from one another in accordance with the option offered by the standard.

#### ***Sale-and-finance-leaseback transactions***

As part of sale-and-finance-leaseback transactions, until 31 December 2018 the Group sold containers to leasing companies, and then leased them back. As a result of the leaseback, the Group re-assumed all significant risks and rewards connected with ownership, and classified the lease as a finance lease. The revenues from these sale-and-finance-leaseback transactions were eliminated in full. As all containers are produced and leased back via sale-and-finance-leaseback transactions in the same period, the related additions from own work performed by the enterprise and capitalised were offset with the same disposals of equal amount, and reported under changes to the cost of the container fleet under property, plant and equipment. Initial recognition of the finance lease asset was according to the general regulations of IAS 17, and resulted in a capitalisation of the leased asset and the corresponding liability.

The excess of the cash accruing to va-Q-tec (sales price) resulting from the sale of containers over the carrying amount or the own work capitalised could not be recognised immediately in profit or loss in the case of sale-and-finance-leaseback transactions, but was instead recognised on the liabilities side of the balance sheet under non-financial liabilities as deferred income (special item for deferred container profits). This deferred income is released through profit or loss over the 5-year lease duration, and reported under other operating income in the consolidated income statement. The existing special item will be released by 31 August 2023.

Since 1 January 2019, a sale-and-leaseback transaction must first be examined on the basis of the criteria of IFRS 15 to determine whether the transfer of an asset constitutes a sale. If the transfer of an asset does not meet the requirements for accounting for a sale as set out in IFRS 15, the asset continues to be recognised, and the proceeds received are recognised as a financial liability, in accordance with IFRS 9. If the transfer of the asset constitutes a sale, the leased-back assets are recognised in the consolidated financial statements in accordance with the principles of lessee accounting described above.

#### ***Group as lessor***

The Group acts as lessor in operating leases. This concerns the rental of containers and boxes to third parties that is of a short-term nature as a rule. As part of these leases, the opportunities and risks associated with ownership are not transferred to the lessee, with the consequence that the leased containers and boxes are reported under non-current assets. Revenues from rentals are presented within revenues. Income from the temporary rental of premises not continuously used by the company is reported in other operating income.

**Inventories**

Inventories are measured at the lower of cost and net realisable value. When calculating purchase costs, ancillary purchase costs are added, and purchase price reductions are deducted. Production costs include direct materials and manufacturing costs, as well as the production-related share of fixed and variable overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The loss-free valuation entails applying inter alia discounts accounting for marketability.

**Financial instruments and financial assets**

Financial assets comprise especially receivables and cash. Recognition and measurement is performed in accordance with IFRS 9. Financial assets are recognised if the Group is contractually entitled to receive cash or other financial assets from third parties. Purchases and sales of financial assets are recognised as of the settlement date, as a matter of principle. Financial assets are initially recognised at fair value, plus transaction costs where relevant. Transaction costs of financial assets that are measured at fair value through profit or loss are expensed. Subsequent measurement is performed in accordance with allocation to the categories of financial assets pursuant to IFRS 9.

The classification and measurement of financial assets is based, firstly, on the so-called cash flow condition (exclusively cash flows from interest and capital repayments) in accordance with the specific form of the contractually agreed cash flows from an individual financial asset. Secondly, this also depends on the business model according to which portfolios of financial assets are managed. va-Q-tec's business model for managing portfolios of financial assets reflects how the company manages its financial assets to generate its cash flows. Depending on the business model, cash flows arise from the receipt of contractual cash flows, the sale of financial assets, or both.

On the basis of these criteria, va-Q-tec applies the following valuation categories for financial assets:

Financial assets measured at amortised cost include all assets whose contractual provisions result in cash flows at specified dates that exclusively represent interest and principal payments on the outstanding principal amount in accordance with the cash flow condition of IFRS 9, provided that such assets are held with the intention of receiving the contractual cash flows expected over their respective terms. Trade receivables, receivables included among other financial assets, and cash and cash equivalents are allocated to this measurement category. These assets are initially measured at fair value. This is regularly equal to the transaction price at the time of acquisition. Subsequent measurement through profit or loss is based on the effective interest method.

Financial assets at fair value through profit or loss include all financial assets whose cash flows are not collected via sale or that do not represent exclusively interest and principal payments in accordance with the cash flow condition established in IFRS 9. Changes to the fair values of financial assets in this category, including derivative financial instruments, are expensed. The gain or loss arising from measuring derivative financial instruments is expensed under the net financial result, unless the derivative is included as a hedging instrument as part of the hedge (hedge accounting), and is effective as such. In the year under review as well as in the previous year, no hedging transactions were carried out for financial assets.

Pursuant IFRS 9, individual financial assets are tested for potential impairment on each reporting date. If any objective indications of impairment exist, an impairment loss is expensed equivalent to the difference between the asset's carrying amount and the present value of its expected future cash flows, and recognised within a separate impairment account. If the level of the impairment reduces in subsequent periods due to events that have occurred objectively after the date when the impairment was recognised, the impairment is reversed in the equivalent amount through profit or loss. Impaired receivables are derecognised if they are assessed as uncollectible. In accordance with IFRS 9, the simplified approach is also applied to the determination of expected credit losses on trade receivables, and expected credit losses are recognized as an impairment loss over the entire term of the receivable. The Group also applies the simplified approach to contract assets.

The Group derecognises a financial asset if the contractual rights to the cash flows from an asset expire, or it receives rights to receive cash flows in a transaction in which all significant risks and opportunities connected with the ownership of the financial asset are also transferred. A portion of such transferred financial assets that originate or remain within the Group is recognised as a separate asset or separate liability.

### 3.2.2 Equity and liabilities

#### Equity

Equity comprises cash and non-cash capital contributions that substantiate a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the issue proceeds received, less directly attributable transaction costs. Transaction costs comprise costs that would not have been incurred without the issue of the equity instrument. These are deducted from additional paid-in capital taking all tax effects into account. The consolidated statement of changes in equity presents the development of the consolidated equity of the va-Q-tec Group for the 2020 and 2019 financial years.

#### Treasury shares

va-Q-tec applies the cost method to recognise the treasury shares it acquired for the first time in 2016, whereby the costs to purchase the treasury shares are reported within a separate item within equity.

#### Share-based payment

The company currently has no arrangements for equity-settled share-based payment transactions with employees. The "Other disclosures" section provides further information about share-based payment within the va-Q-tec Group.

#### Government grants

A government grant is not recognised until reasonable assurance exists that the company will comply with the conditions attaching to it, and that the grant will be received. They are recognised in profit or loss in the period in which the Group bears the corresponding expenses that are to be offset by the grants. Government grants whose most important condition is the purchase, construction or other type of acquisition of long-term assets are recognised as non-financial liabilities on the statement of financial position. They are released through profit or loss within other operating income based on the corresponding asset's useful life. In 2020, va-Q-tec AG received kEUR 265 of public grants to purchase non-current assets (previous year: kEUR 0).

#### Provisions

Provisions are reported if a current legal or constructive obligation has arisen for the Group from a past event that is likely to result in a future outflow of resources embodying economic benefits, and the level of this obligation can be estimated reliably.

The amount recognised as a provision corresponds to the best possible estimate of the consideration required to settle the current obligation as of the reporting date, whereby risks and uncertainties connected with the obligation are taken into account. All significant cost factors are included in the measurement of provisions. If the interest effect is material, non-current provisions with a remaining term of more than one year are reported at the discounted settlement amount as of the balance sheet date. If it is to be expected that the economic benefit required to settle an obligation for which a provision has been formed will be reimbursed wholly or partly by third parties, the receivable is recognised as an asset if it is as good as certain that the reimbursement will occur, and the level of the receivable can be measured reliably.

Provisions for warranties are formed on the date when the respective goods are sold, or the corresponding services are rendered. The level of the provision is based on historical trends, and an estimate of future warranty cases.

**Financial liabilities**

Financial liabilities comprise mainly bank borrowings, trade payables, and other financial liabilities. They are measured at fair value on initial recognition, and subsequently – except derivative financial instruments measured at fair value – at amortised cost applying the effective interest method, less directly attributable transaction costs where relevant.

To hedge foreign currency risks, certain derivative financial instruments are assigned to fixed obligations agreed in foreign currencies as hedging instruments in order to hedge the associated risk. These derivative financial instruments are recognized at fair value as other financial liabilities. The effective portion of changes in the fair value of derivative financial instruments designated as cash flow hedges and qualifying for hedge accounting in accordance with IFRS 9 is recognized directly in equity. Any ineffective portion of the change is recognized in profit or loss. The amount recognized in equity is recognized in the consolidated income statement in the period in which the hedged item affects profit or loss.

## 4 NOTES

### 4.1 CONSOLIDATED INCOME STATEMENT

#### 4.1.1 Revenues

The revenues are composed as follows:

kEUR	2020	2019
Products	18,303	18,440
Systems	19,520	15,054
Services	32,657	29,811
Other	1,626	1,362
<b>Group, total</b>	<b>72,106</b>	<b>64,667</b>

The product and system business comprises the production and sale of vacuum insulation panels and heat storage components. These products are sold in the following sectors: Healthcare & Logistics, Appliances & Food, Technics & Industry, Building, and Mobility. Revenues in this segment remained stable over the entire financial year. Although revenues initially decreased in the first half of the year due to pandemic-related closures of customers' production plants in the refrigeration equipment sector, the company grew its revenues in the second half of the year. However, the market for vacuum insulation panels recovered in the second half of the year.

The Systems division comprises the sale of thermal packaging to customers in the Healthcare and Logistics sector. The 30% increase in revenues in the Systems division was influenced in the financial year under review not only by the acquisition of new customers, but also particularly by major project business.

The Services division comprises the container and box rental business for the transportation of temperature-sensitive goods, predominantly products from the pharmaceuticals and biotech sectors. Compared to the previous year, the positive revenue trend was successfully continued. The expansion of the container and box rental business, together with a broadening of the customer base and the commissioning of further supply lines, led to further revenue growth of 10%. Pandemic-related effects such as the transport of test kits and initial vaccines also contributed to this trend. By contrast, the decrease in box rentals for clinical studies, including due to the pandemic, had a negative impact. Other revenues are generated through thermal consulting and government-subsidised research projects.

Compared with the previous year, the dynamic growth of 12% in the three main divisions of Products, Systems and Services Medium continued. The revenues of the Services division also include compensation payments from customers for thermal boxes unreturned within the rental network in an amount of kEUR 543 (previous year: kEUR 784). Please refer to the section on segment reporting for more information.

#### 4.1.2 Work performed by the company and capitalised

The following table shows the trend in work performed by the company and capitalised in the 2019 and 2020 financial years. Due to the further expansion of the container and box rental business and the Covid-19-related higher demand for these services, the investment volume in this area was increased again.



kEUR	2020	2019
Work performed by the company and capitalised arising from expansion of rental-container-fleet	3,827	2,173
Work performed by the company and capitalised arising from expansion of rental-boxes-fleet	1,101	806
Other work performed by the company and capitalised	1,451	968
<b>Group, total</b>	<b>6,379</b>	<b>3,947</b>

Of the total research and development costs of kEUR 2,694 incurred in 2020 (previous year: kEUR 2,417), a total of kEUR 359 (previous year: kEUR 300) meet IFRS capitalisation criteria. The other research and development costs were recognised in the corresponding items of the consolidated income statement, mainly under personnel expenses

#### 4.1.3 Other operating income

kEUR	2020	2019
Income from release of special item for deferred container profits	2,397	2,866
Exchange rate gains	512	417
Income from release of special item for grants	487	442
Gains on fixed asset disposals	287	213
Income from other accounting periods	263	235
Renewable energy subsidies	23	26
Other income	700	299
<b>Group, total</b>	<b>4,669</b>	<b>4,498</b>

Other operating income of kEUR 4,669 (previous year: kEUR 4,498) derives mainly from scheduled and continuous releases from the special item from sale-and-finance-leaseback transactions and government grants, as well as foreign currency transactions, gains on asset disposals, and income relating to other accounting periods.

#### 4.1.4 Cost of materials and services

kEUR	2020	2019
Cost of raw materials and supplies	19,645	16,351
Cost of purchased services	13,106	12,642
<b>Group, total</b>	<b>32,751</b>	<b>28,993</b>

The cost of materials was up from kEUR 28,993 to kEUR 32,751 (+13%), slightly less than the rate of total income growth, leading to a reduction in the cost of materials ratio of one percentage point to 39% (previous year 40%). Along with costs for raw materials and for purchased services, the cost of materials and services includes especially logistics services in the container rental business. The cost of purchased services includes expenses from short-term leasing agreements of kEUR 32.

#### 4.1.5 Personnel expenses

The following table shows the trend in personnel expenses in the 2020 and 2019 financial years:

kEUR	2020	2019
Wages and salaries	21,984	18,900
Social security contributions	4,127	3,489
<b>Group, total</b>	<b>26,111</b>	<b>22,389</b>

Personnel expenses decreased from kEUR 22,389 in the previous year to kEUR 26,111 in the 2020 reporting period (+17%), with the personal expense ratio in relation to total income thereby remaining constant at 31 %. The absolute increase is mainly due to new hires at va-Q-tec AG, higher bonuses and management bonuses based on the significantly improved results compared to the previous year, as well as salary updates of hires from 2019. Social security contributions contain mainly employer contributions to statutory social security. A defined contribution pension scheme exists as part of German statutory pension insurance for employees in Germany, to which the va-Q-tec Group is required to make payments at the contribution rate prevailing during the period under review of 9.3% (previous year 9.3%) (employer component) of pension compensation. The contributions rendered amounted to kEUR 1,426 in the reporting year (previous year: kEUR 1,269). In addition, va-Q-tec AG renders contributions of kEUR 120 (previous year: kEUR 119) to direct insurance as part of its company pension scheme. A defined contribution pension plan also exists at the subsidiaries in the UK, Korea, Japan and Singapore. Contributions of kEUR 82 (previous year: kEUR 69) were expensed at the UK company, kEUR 32 (previous year: kEUR 0) at the US company, kEUR 18 (previous year: kEUR 17) at the Korean company, kEUR 24 (previous year: kEUR 15) at the Japanese company, and kEUR 26 (previous year: kEUR 22) at the Singapore company. Defined contribution commitments have also existed for the Management Board members since 2014, for which kEUR 18 (previous year: kEUR 15) was paid into an external, congruently reinsured, pension fund in the current financial year. As a consequence, kEUR 1,746 (previous year: kEUR 1,526) of expenses for defined contribution pension plans were recognised. Wages and salaries for the 2020 financial year again do not include any costs from granting options to staff (previous year: kEUR 0). See section 5.3 for more information about share-based payment.

The average number of employees in the 2019 and 2020 financial years is presented below:

	2020	2019
Male employees	370	329
Female employees	149	135
<b>Group, total</b>	<b>519</b>	<b>464</b>

#### 4.1.6 Other operating expenses

kEUR	2020	2019
Legal, patents and consulting costs	3,053	2,322
Freight	2,436	1,421
Repair and maintenance	1,430	1,317
Exchange rate losses	1,333	342
Marketing and sales	1,182	1,904
Rent, leasing and other facility costs	1,035	984
IT and other office costs	812	846
Insurance and contributions	695	478
Other personnel expenses	514	520
Expense for asset disposal (boxes)	231	433
Supervisory Board compensation	161	155
Expenses relating to other accounting periods	84	217
Other	905	823
<b>Group, total</b>	<b>13,871</b>	<b>11,762</b>

Other operating expenses increased by 18% to kEUR 13,871 in the 2020 reporting period (previous year: kEUR 11,762). The main reasons for this were the worldwide, pandemic-related high price increases for freight costs and currency losses due to the change in the US dollar exchange rate. As a result of the company's growth and the expanding rental business with boxes, insurance and premiums also show an increase. Marketing and trade fair costs, in particular, developed in the opposite direction due to the Covid-19-related contact and travel restrictions. Other operating expenses include expenses from leasing contracts with a term of less than 12 months in the amount of kEUR 93 (previous year: kEUR 43), as well as kEUR 2 (previous year: kEUR 3) for low-value assets.

#### 4.1.7 Depreciation, amortisation and impairment losses

Depreciation and amortisation charges of kEUR 12,299 were expensed in the 2020 financial year (previous year: kEUR 12,232). No impairment losses or reversals of impairment losses occurred in either of these financial years. The depreciation on rights of use under leases amounted to kEUR 1,049 in the financial year under review (previous year: kEUR 976).

#### 4.1.8 Result from fair value measurement of investments

The gain recognized in profit or loss due to the change in the fair value of the investment in SUMTEQ GmbH as a result of a further capital increase of the company amounts to kEUR 647 (previous year: kEUR 1,771).

#### 4.1.9 Net financial result

kEUR	2020	2019
Income from derivative financial instruments	12	16
<b>Financial income</b>	<b>12</b>	<b>16</b>
Interest expense	-1,058	-770
Interest expense from finance lease	-213	-309
<b>Financial expenses</b>	<b>-1,271</b>	<b>-1,079</b>
<b>Net financial result</b>	<b>-1,259</b>	<b>-1,063</b>

The increase in interest expense is due to additional borrowings in the first half of 2020, and from the expense for interest accrued on the bond issued in November 2020.

#### 4.1.10 Income taxes

kEUR	2020	2019
<b>Actual tax expense (tax income)</b>		
Current period	34	3
Prior periods	-9	-
<b>Deferred tax expense (tax income)</b>	<b>-102</b>	<b>644</b>
<b>Group, total</b>	<b>-77</b>	<b>647</b>

Deferred tax is calculated applying tax rates that are valid or expected to be valid based on current legislation in the individual countries as of the realisation date.

The tax reconciliation account explains the connection between the expected tax expense and the actually reported tax expense, which derives from the IFRS consolidated result before income tax, applying a 30.3% income tax rate (previous year: 30.3%). In each case, the income tax rate applied corresponds to the average domestic tax rate of va-Q-tec AG comprised of corporation tax (plus the solidarity surcharge) and trade tax.

kEUR	2020	2019
<b>Consolidated earnings before tax</b>	<b>-1,511</b>	<b>-1,920</b>
Expected income tax expense	30.3%	30.3%
<b>Expected income tax expense (tax income)</b>	<b>-457</b>	<b>-581</b>
Tax-free income	-214	-526
Non-tax-deductible operating expenses	62	104
Non-capitalised deferred taxes on temporary differences and tax loss carryforwards	1,092	1,321
Not recognised deferred taxes for current income/loss (IAS 12.15b)	-59	-31
Effects from tax rate changes	-75	-1
Utilisation of non-capitalised loss carryforwards	-506	-
Reported tax expense	9	-10
Divergent foreign tax rates	59	377
Other effects	12	-6
<b>Reported tax expense (tax income)</b>	<b>-77</b>	<b>647</b>

The following overview shows to which balance sheet items the deferred tax assets and deferred tax liabilities are to be allocated:

kEUR	<b>Deferred tax assets 31/12/2020</b>	<b>Deferred tax liabilities 31/12/2020</b>
<b>ASSETS</b>		
Intangible assets	-	732
Property, plant and equipment	1,321	550
Contract assets	-	22
Interests in subsidiaries, joint ventures and associates	-	-
Non-current financial assets	-	44
Inventories	249	23
Trade receivables	-	-
Other current financial assets	-	-
Other current non-financial assets	-	-
<b>EQUITY AND LIABILITIES</b>		
Non-current provisions	-	-
Non-current bank liabilities	-	4
Other non-current financial liabilities	218	-
Other non-current non-financial liabilities	593	120
Current provisions	62	2
Current bank liabilities	-	2
Trade payables	-	-
Other current financial liabilities	135	-
Other current non-financial liabilities	509	-
Loss carryforwards	883	-
<b>Total before offsetting</b>	<b>3,970</b>	<b>1,499</b>
Offsetting	-1,499	-
<b>As reported</b>	<b>2,471</b>	<b>-</b>

kEUR	Deferred tax assets 31/12/2019	Deferred tax liabilities 31/12/2019
<b>ASSETS</b>		
Intangible assets	-	647
Property, plant and equipment	740	503
Contract assets	-	48
Interests in subsidiaries, joint ventures and associates	-	-
Non-current financial assets	-	50
Inventories	229	25
Trade receivables	-	-
Other current financial assets	-	-
Other current non-financial assets	-	-
<b>EQUITY AND LIABILITIES</b>		
Non-current provisions	-	-
Non-current bank liabilities	-	-
Other non-current financial liabilities	182	-
Other non-current non-financial liabilities	1,115	133
Current provisions	13	8
Current bank liabilities	-	2
Trade payables	-	-
Other current financial liabilities	98	-
Other current non-financial liabilities	740	-
Loss carryforwards	618	-
<b>Total before offsetting</b>	<b>3,735</b>	<b>1,416</b>
Offsetting	-1,416	-
<b>As reported</b>	<b>2,319</b>	<b>-</b>

Deferred tax assets are only recognised if such tax benefits can be realised. This entails taking into account all currently known positive and negative factors affecting future taxable results. Of the deferred tax assets, kEUR 883 (previous year: kEUR 618) are attributable to individual companies that have incurred tax losses in either the current reporting period or in the previous period. Due to the largely positive business trend, the Group generally assumes that its deferred tax assets can be utilised. Especially at the production company (va-Q-tec AG) and in the container service business (va-Q-tec Ltd. (UK)), extensive investments in personnel, technology and capacities were realised in the years from 2012 to 2019. These investments are prerequisites for growth. Sustained profitability is assumed in the medium term, thereby allowing the deferred tax assets to be utilised.

As of 31 December 2020, tax loss carryforwards for which no deferred taxes were capitalized decreased to kEUR 12,920 (previous year: kEUR 13,394). These tax loss carryforwards derive from the subsidiary in the USA as well as the German parent company. In 2020 at the UK subsidiary, deferred tax assets were formed in relation to tax loss carryforwards after offsetting with deferred tax liabilities in an amount of kEUR 292 (previous year: kEUR 58) based on the profit achieved in the financial year under review and the expectation of future profits.

The tax loss carryforwards at all companies can be utilised on an unlimited basis

#### 4.1.11 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.

Earnings per share were not diluted in the past financial year as there are currently no dilutive share options in va-Q-tec in circulation.

Earnings per share are as follows:

<b>Earnings per share</b>	<b>2020</b>	<b>2019</b>
<b>Consolidated net result (kEUR)</b>	<b>-1,435</b>	<b>-2,566</b>
Weighted average number of shares	13,075,936	13,075,936
Earnings per share (in EUR)	-0.11	-0.20

#### **Weighted average number of shares**

<b>in shares</b>	<b>2020</b>	<b>2019</b>
Shares issued as 1 January	13,075,936	13,075,936
Retrospective effect of capital increase from company funds (share split)	-	-
Effect of purchase of treasury shares	-	-
<b>Weighted average number of ordinary shares (undiluted/basic) / (diluted) as of 31 December</b>	<b>13,075,936</b>	<b>13,075,936</b>

Please refer to the remarks about equity in section 4.2.2.1 for information about the composition of issued share capital.



## 4.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 4.2.1 Assets

#### 4.2.1.1 Intangible assets

##### Non-current assets

kEUR	Aquisition and production cost					Balance on 31/12/2020
	Balance on 01/01/2020	Exchange rate differences	Additions	Reclassifications	Disposals	
1. Software and other purchased intangible asstes	1,593	-	414	-	-	2,007
2. Internally generated intangible assests	2,599	-	1,390	-	-	3,989
3. Internally generated intangible assests in production stage	-	-	49	-	-	49
<b>Intangible assets, total</b>	<b>4,192</b>	<b>-</b>	<b>1,853</b>	<b>-</b>	<b>-</b>	<b>6,045</b>

##### Non-current assets

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2020	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2020	Balance on 31/12/2020	Balance on 31/12/2019
1. Software and other purchased intangible assets	919	-	255	-	-	1,174	833	674
2. Internally generated intangible assests	1,040	-	876	-	-	1,916	2,073	1,559
3. Internally generated intangible assests in production stage	-	-	-	-	-	-	49	-
<b>Intangible assets, total</b>	<b>1,959</b>	<b>-</b>	<b>1,131</b>	<b>-</b>	<b>-</b>	<b>3,090</b>	<b>2,955</b>	<b>2,233</b>

**Non-current assets**

kEUR	Aquisition and production cost				
	Balance on 01/01/2019	Exchange rate differences	Additions	Disposals	Balance on 31/12/2019
1. Software and other purchased intangible assets	1,345	-	248	-	1,593
2. Internally generated intangible assests	2,137	-	462	-	2,599
3. Internally generated intangible assests in production stage	12	-	-	12	-
<b>Intangible assets, total</b>	<b>3,494</b>	<b>-</b>	<b>710</b>	<b>12</b>	<b>4,192</b>

**Non-current assets**

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2019	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclas-sifications	Dispo-sals	Balance on 31/12/2019	Balance on 31/12/2019	Balance on 31.12.2018
1. Software and other purchased intangible assets	669	-	250	-	-	919	674	676
2. Internally generated intangible assests	388	-	652	-	-	1,040	1,559	1,749
3. Internally generated intangible assests in production stage	-	-	-	-	-	-	-	12
<b>Intangible assets, total</b>	<b>1,057</b>	<b>-</b>	<b>902</b>	<b>-</b>	<b>-</b>	<b>1,959</b>	<b>2,233</b>	<b>2,437</b>

The additions to the internally generated intangible assets item include the company's product and software development work, which it has capitalised.

No indicators of potential impairment were identified. Accordingly, no impairment losses or reversals of impairment losses pursuant to IAS 36 were applied in either the period under review, or in the previous year.

#### 4.2.1.2 Property, plant and equipment

##### Non-current assets

kEUR	Aquisition and production cost					Balance on 31/12/2020
	Balance on 01/01/2020	Exchange rate differences	Additions	Reclassifications	Disposals	
1. Land and buildings	38,140	-96	1,638	634	223	40,093
2. Production equipment and machinery	21,036	-	952	2,062	7	24,043
3. Other plant, operating and office equipment	10,905	-65	2,923	232	766	13,229
4. Container fleet	29,609	1	4,034	-	387	33,257
5. Plant under construction	3,656	-	2,886	-2,928	8	3,606
<b>Property, plant and equipment, total</b>	<b>103,346</b>	<b>-160</b>	<b>12,433</b>	<b>-</b>	<b>1,391</b>	<b>114,228</b>

##### Non-current assets

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2020	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2020	Balance on 31/12/2020	Balance on 31/12/2019
1. Land and buildings	3,135	-38	1,201	6	139	4,165	35,928	35,005
2. Production equipment and machinery	9,639	-	1,756	1	7	11,389	12,654	11,397
3. Other plant, operating and office equipment	5,496	-24	2,041	-7	558	6,948	6,281	5,409
4. Container fleet	16,197	-	6,170	-	277	22,090	11,167	13,412
5. Plant under construction	-	-	-	-	-	-	3,606	3,656
<b>Property, plant and equipment, total</b>	<b>34,467</b>	<b>-62</b>	<b>11,168</b>	<b>-</b>	<b>981</b>	<b>44,592</b>	<b>69,636</b>	<b>68,879</b>

**Non-current assets**

kEUR	Aquisition and production cost					Balance on 31/12/2019
	Balance on 01/01/2019	Exchange rate differences	Additions	Reclassifications	Disposals	
1. Land and buildings	34,702	4	3,416	18	-	38,140
2. Production equipment and machinery	19,382	-	1,079	668	93	21,036
3. Other plant, operating and office equipment	8,602	13	3,150	124	984	10,905
4. Container fleet	33,140	-	2,404	-	5,935	29,609
5. Plant under construction	3,340	-	1,261	-810	135	3,656
<b>Property, plant and equipment, total</b>	<b>99,166</b>	<b>17</b>	<b>11,310</b>	<b>-</b>	<b>7,147</b>	<b>103,346</b>

**Non-current assets**

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2019	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2019	Balance on 31/12/2019	Balance on 31/12/2018
1. Land and buildings	1,790	-2	1,347	-	-	3,135	35,005	32,912
2. Production equipment and machinery	8,060	-	1,665	-	86	9,639	11,397	11,322
3. Other plant, operating and office equipment	4,313	2	1,806	-	625	5,496	5,409	4,289
4. Container fleet	15,613	-	6,512	-	5,928	16,197	13,412	17,527
5. Plant under construction	-	-	-	-	-	-	3,656	3,340
<b>Property, plant and equipment, total</b>	<b>29,776</b>	<b>-</b>	<b>11,330</b>	<b>-</b>	<b>6,639</b>	<b>34,467</b>	<b>68,879</b>	<b>69,390</b>

Additions to property, plant and equipment resulted primarily from investment in the further expansion of the container fleet and in the build-up of the thermal box fleet for the global rental business, as well as in the expansion of production capacity in Würzburg and in Kölleda. The composition of the rights of use and the change in the rights of use in the reporting period is presented in the following table:

**Non-current assets - Right-of-use**

kEUR	Aquisition and production cost					Balance on 31/12/2020
	Balance on 01/01/2020	Exchange rate differences"	Additions	Reclassifications	Disposals	
1. Land and buildings	1,520	-96	590	-	223	1,791
2. Production equipment and machinery	1,356	-	3	-	-	1,359
3. Other plant, operating and office equipment	1,632	-2	490	-	168	1,952
4. Container fleet	24,662	-	-	-	68	24,594
<b>Property, plant and equipment, total</b>	<b>29,170</b>	<b>-98</b>	<b>1,083</b>	<b>-</b>	<b>459</b>	<b>29,696</b>

**Non-current assets - Right-of-use**

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2020	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2020	Balance on 31/12/2020	Balance on 31/12/2019
1. Land and buildings	508	-39	543	-	139	873	918	1,012
2. Production equipment and machinery	318	-	130	-	-	448	911	1,038
3. Other plant, operating and office equipment	461	-2	505	-	153	810	1,142	1,171
4. Container fleet	14,462	-	4,700	-	-15	19,178	5,416	10,200
<b>Property, plant and equipment, total</b>	<b>15,749</b>	<b>-41</b>	<b>5,878</b>		<b>277</b>	<b>21,309</b>	<b>8,387</b>	<b>13,421</b>

**Non-current assets - Right-of-use**

kEUR	Aquisition and production cost					
	Balance on 01/01/2019	Exchange rate differences"	Additions	Reclassifications	Disposals	Balance on 31/12/2019
1. Land and buildings	-	5	1,515	-	-	1,520
2. Production equipment and machinery	2,428	-	13	-1,085	-	1,356
3. Other plant, operating and office equipment	-	3	1,674	-	45	1,632
4. Container fleet	30,573	-	-	-	5,911	24,662
<b>Property, plant and equipment, total</b>	<b>33,001</b>	<b>8</b>	<b>3,202</b>	<b>-1,085</b>	<b>5,956</b>	<b>29,170</b>

**Non-current assets - Right-of-use**

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2019	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2019	Balance on 31/12/2019	Balance on 31/12/2018
1. Land and buildings	-	-1	509	-	-	508	1,012	-
2. Production equipment and machinery	437	-	128	-247	-	318	1,038	1,991
3. Other plant, operating and office equipment	-	1	467	-	7	461	1,171	-
4. Container fleet	14,577	-	5,796	-	5,911	14,462	10,200	15,996
<b>Property, plant and equipment, total</b>	<b>15,014</b>	<b>-</b>	<b>6,900</b>	<b>-247</b>	<b>5,918</b>	<b>15,749</b>	<b>13,421</b>	<b>17,987</b>

The rights of use include assets from finance leases with a net carrying amount of kEUR 5,416 (previous year: kEUR 10,200) attributable to the container fleet as of 31 December 2020. Technical plant and machinery includes assets from finance leases with a net carrying amount as of 31 December 2020 of kEUR 911 (previous year: kEUR 1,038). Plant under construction decreased slightly to kEUR 3,606 as of the balance sheet date (previous year: kEUR 3,656).

The following items of property, plant and equipment serve to collateralise financial liabilities:

- All buildings and land in Kölleda serve as collateral for long-term bank loans (land charge of kEUR 6,672).
- The AN33 property in Würzburg serves as collateral for two long-term bank loans with a land charge of kEUR 14,300.
- The "Heuchelhof" buildings and land in Würzburg serves as collateral for two long-term bank loans with a land charge of kEUR 4,280.
- The photovoltaic plant and a production plant at the Kölleda site with a carrying amount of kEUR 911 (previous year: kEUR 1,038) serve as collateral for the financing from the bank and from the leasing company, respectively. Of the company's other technical plant and machinery, a proportion with a carrying amount of kEUR 9,235 (previous year: kEUR 8,010) serves as collateral for long-term bank loans.
- From the "Other equipment" category, assets amounting to kEUR 1,101 (previous year: kEUR 939) serve as collateral for the company's long-term bank loans.
- The block-type thermal power station at the Würzburg site with a carrying amount of kEUR 587 (previous year: kEUR 605) was pledged as security for the bank's long-term financing.
- The entire container fleet deriving from sale-and-finance-leaseback transactions serve the leasing companies as collateral for the financing they grant.

No indicators of potential impairment were identified. Accordingly, no impairment losses or reversals of impairment losses pursuant to IAS 36 were applied in either the period under review, or in the previous year.

#### 4.2.1.3 Investment property

##### Non-current assets

kEUR	Aquisition and production cost					Balance on 31/12/2020
	Balance on 01/01/2020	Ex-change rate diffe-rences	Addi-tions	Reclassifi-cations	Dispo-sals	
Investment Property	1,614	-	-	-	-	1,614

##### Non-current assets

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2020	Ex-change rate diffe-rences	Depreciati-on, amorti-sation and impairment losses in the fiscal year	Reclassifi-cations	Disposals	Balance on 31/12/2020	Balance on 31/12/2020	Balance on 31/12/2019
Investment Property	-	-	-	-	-	-	1,614	1,614

**Non-current assets**

kEUR	Aquisition and production cost					Balance on 31/12/2019
	Balance on 01/01/2019	Exchange rate differences	Additions	Reclassifications	Disposals	
Investment Property	1,614	-	-	-	-	1,614

**Non-current assets**

kEUR	Depreciation, amortisation and impairment losses					Carrying amount		
	Balance on 01/01/2019	Exchange rate differences	Depreciation, amortisation and impairment losses in the fiscal year	Reclassifications	Disposals	Balance on 31/12/2019	Balance on 31/12/2019	Balance on 31/12/2018
Investment Property	-	-	-	-	-	-	1,614	1,614

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 large plot of land along with existing production and administrative buildings was acquired in April 2017 in Alfred-Nobel-Strasse 33 in Würzburg, in order to use it to aggregate the Würzburg locations into a management, technology and logistics headquarters. The merger of the Würzburg locations was completed in 2018.

By contrast with the original planning, the undeveloped land plots acquired in 2016 are held for value appreciation purposes as of 31 December, as the company is currently examining to which future utilisation the land plots are to be allocated. For this reason, these land plots were recognised as of the balance sheet date as "investment property" with a carrying amount of kEUR 1,614. Due to the prices currently obtainable on the market for land of this type and contractual agreements with the City of Würzburg regarding repurchase and resale options, the fair value of the land corresponds to the carrying amount reported. The fair value of investment property is measured according to hierarchy Level 2 in the meaning of IFRS 13.

No indicators of potential impairment were identified. Accordingly, no impairment losses pursuant to IAS 36 were applied in the period under review.



#### 4.2.1.4 Other non-current and current financial assets

##### *Other financial assets*

kEUR	Non-current	Current	Balance on 31/12/2020
Investments	3,300	-	3,300
Suppliers with debit balances	-	85	85
Deposits	177	20	197
Miscellaneous	26	822	848
<b>Group, total</b>	<b>3,503</b>	<b>927</b>	<b>4,430</b>

##### *Other financial assets*

kEUR	Non-current	Current	Balance on 31/12/2019
Investments	2,283	-	2,283
Suppliers with debit balances	-	79	79
Deposits	165	20	185
Miscellaneous	26	487	513
<b>Group, total</b>	<b>2,474</b>	<b>586</b>	<b>3,060</b>

As of 31 December 2020, other financial assets include the investments in SUMTEQ GmbH recognized at fair value in the amount of kEUR 3,000 (previous year: kEUR 2,283) and ING3D GmbH in the amount of kEUR 300 (previous year: kEUR 0).

The other financial assets are neither overdue nor impaired.

#### 4.2.1.5 Other non-current and current non-financial assets

##### *Other financial assets*

kEUR	Non-current	Current	Balance on 31/12/2020
Advance payments on intangible assets	808	-	808
Advance payments on inventories	-	82	82
VAT receivables	-	928	928
Advance payments and accrued income	157	395	552
Miscellaneous	91	141	232
<b>Group, total</b>	<b>1,056</b>	<b>1,549</b>	<b>2,605</b>

**Other financial assets**

kEUR	Non-current	Current	Balance on 31/12/2019
Advance payments on intangible assets	813	-	813
Advance payments on inventories	-	40	40
VAT receivables	-	875	875
Advance payments and accrued income	200	355	555
Miscellaneous	87	94	181
<b>Group, total</b>	<b>1,100</b>	<b>1,364</b>	<b>2,464</b>

Besides prepayments rendered in relation to intangible assets, other non-financial assets comprise mainly claims to reimbursement of energy tax as well as claims arising from customer relationships.

**4.2.1.6 Inventories**

Inventories increased by a total of kEUR 939 (previous year: reduction of kEUR 248) due to va-Q-tec's greater level of business activities and the pandemic-related increase in reserve stocks

**Inventories**

kEUR	31/12/2020	31/12/2019
Raw materials and supplies	4,408	4,730
Work in progress	358	210
Finished products and goods	6,849	5,736
<b>Group, total</b>	<b>11,615</b>	<b>10,676</b>

Inventories as of 31 December 2020 include kEUR 681 of impairment losses (previous year: kEUR 679). All of the changes in valuation allowances were recognised in profit or loss under changes in inventories. No reversals of valuation allowances were applied in either the reporting year or the previous year. The carrying amount of inventories recognised at net realisable value stands at kEUR 1,069 as of 31 December 2020 (previous year: kEUR previous 1,051).

**4.2.1.7 Trade receivables**

Trade receivables decreased by kEUR 134, from kEUR 6,666 to kEUR 6,532, due to the expansion of va-Q-tec's factoring program to include the trade receivables of the UK subsidiary, despite the significant increase in revenues.

Where a risk of default relates to a customer, specific valuation allowances are applied. The respective business unit head assesses the risk level on the basis of an analysis of specific cases.

In addition, trade receivables are written down applying the simplified model of expected credit losses for receivables in accordance with IFRS 9.

**Changes in valuation allowances to trade receivables**

kEUR	2020	2019
<b>Balance at 1 January</b>	<b>171</b>	<b>134</b>
Consumption	-	-
Release	92	73
Addition	83	110
<b>Balance at 31 December</b>	<b>162</b>	<b>171</b>

A total of kEUR 86 (previous year: kEUR 105) of the impairment losses presented are impairment losses on receivables that are attributable to individual circumstances. Lifetime expected credit losses of trade receivables amounted to kEUR 76 as of the balance sheet date (previous year: kEUR 66).

va-Q-tec also sold trade receivables with a carrying amount of kEUR 2,893 (previous year: kEUR 632) to third parties on the basis of factoring agreements as part of the factoring program of the German parent company and the UK subsidiary, for which no significant opportunities and risks remain for the Group. These receivables were therefore derecognised in accordance with IFRS 9.3.2.6 (a). Temporary deposits are reported uniformly as other current financial assets in the amount of kEUR 476 as of 31 December 2020 (previous year: kEUR 154). Due to the short-term nature of the trade receivables sold, their fair value approximates to their carrying amount.

For further information about the trade receivables, please refer to the remarks concerning financial instruments (section 4.4) and risk management (section 4.6).

**4.2.1.8 Contract assets**

In the financial year under review, the company recognized contract assets as follows in addition to trade receivables for contract costs (contract fulfilment costs):

**Contract assets**

kEUR	31/12/2020	31/12/2019
<b>Contract assets</b>	<b>73</b>	<b>158</b>

Depreciation relating to contract assets amounted to kEUR 126 in the 2020 reporting period (previous year: kEUR 70). No indications existed of impairment to the capitalized assets on the balance sheet date. Due to the small number of individual circumstances, no value adjustment had to be made due to significant expected credit losses.

**4.2.1.9 Cash and cash equivalents**

The cash and cash equivalents comprise cash balances as well as cash accounts and short-term deposits at banks that had a remaining term of up to three months on addition.

kEUR	31/12/2020	31/12/2019
Current account balances	17,123	7,478
Savings account balances	10	10
Cash balances	1	2
<b>Group, total</b>	<b>17,134</b>	<b>7,490</b>

## 4.2.2 Equity and liabilities

### 4.2.2.1 Equity

The consolidated statement of changes in equity provides a separate presentation of the changes in equity and comprehensive income. The components of comprehensive income are presented on an aggregated basis in the statement of comprehensive income.

#### Issued share capital

The share capital of the parent entity va-Q-tec AG is reported as the issued share capital in the consolidated financial statements. The share capital of va-Q-tec AG amounts to kEUR 13,090 and is divided into 13,089,502 ordinary no par registered shares. The share capital is fully paid in. The shares are listed in the Prime Standard stock market segment of the Frankfurt Stock Exchange. All of the shares carry the same rights and obligations. Each share grants one vote at the general meeting of shareholders. Exceptions to this are shares that the company itself holds (treasury shares), from which no rights accrue to va-Q-tec AG, such as the right to vote at the general meeting of shareholders. As of the balance sheet date, va-Q-tec AG held 13,566 treasury shares. For this reason, the company's issued capital amounts to 13,075,936 shares as of the balance sheet date.

	Number of shares	Nominal value kEUR
Ordinary shares	13,089,502	13,090
<b>Balance on 31/12/2020</b>	<b>13,089,502</b>	<b>13,090</b>
Ordinary shares	13,089,502	13,090
<b>Balance on 31/12/2019</b>	<b>13,089,502</b>	<b>13,090</b>

#### Approved share capital

By resolution of the Annual General Meeting of 14 August 2020, the Management Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital by up to a total of kEUR 6,545 up to and including 13 August 2025 (Authorised Capital 2020/1), whereby shareholders' subscription rights may be excluded.

#### Contingent capital

Pursuant to Section 6.5 of the company's bylaws, the share capital is conditionally increased by kEUR 6,500 through issuing up to 6,500,000 new ordinary registered shares (Contingent Capital 2020/1). Contingent Capital 2020/1 increase serves exclusively to grant shares for the exercise of conversion and warrant rights, or upon fulfilment of conversion obligations, to the holders or creditors of convertible bonds, bonds with warrants and/or participating bonds (or combinations of such instruments) (collectively "bonds") issued on the basis of the authorisation resolution of the Annual General Meeting of 14 August 2020 under agenda item 7 letter b).

#### Treasury shares

No changes occurred to treasury shares in 2020 and the number remains at 13,566 shares.

#### Additional paid-in capital

Additional paid-in capital mainly comprises shareholders' cash and non-cash capital contributions. Additional paid-in capital amounted to kEUR 46,158 as of the balance sheet date (previous year: kEUR 46,158).

#### Consolidated total other comprehensive income

Consolidated total other comprehensive income includes the reserve arising from the foreign currency translation of the foreign subsidiaries' financial statements.

Furthermore, the effective portions of hedging relationships and the corresponding deferred taxes are recognized in other comprehensive income in the context of cash flow hedge accounting.

### Retained earnings

Retained earnings mainly comprise cumulative profits carried forward, differential amounts arising from the first-time application of IFRS, and the share of periodic consolidated earnings that is attributable to the owners of va-Q-tec AG.

#### 4.2.2.2 Non-current and current provisions

##### Provisions

kEUR	Warranties	Archiving	Litigation costs	Other	Total
Balance on 01/01/2020	20	17	72	94	203
Addition	2	-	136	32	170
Utilisation	2	-	-	16	18
Release	-	-	26	43	69
<b>Balance on 31/12/2020</b>	<b>20</b>	<b>17</b>	<b>182</b>	<b>67</b>	<b>286</b>
<b>Non-current</b>	<b>20</b>	<b>17</b>	<b>-</b>	<b>59</b>	<b>96</b>
<b>Current</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>8</b>	<b>190</b>

##### Provisions

kEUR	Warranties	Archiving	Litigation costs	Other	Total
Balance on 01/01/2019	35	17	45	44	141
Addition	20	-	72	50	142
Utilisation	35	-	45	-	80
Release	-	-	-	-	-
<b>Balance on 31/12/2019</b>	<b>20</b>	<b>17</b>	<b>72</b>	<b>94</b>	<b>203</b>
<b>Non-current</b>	<b>20</b>	<b>17</b>	<b>-</b>	<b>36</b>	<b>73</b>
<b>Current</b>	<b>-</b>	<b>-</b>	<b>72</b>	<b>58</b>	<b>130</b>

Provisions for litigation costs include the expected costs from both current and pending litigation. The other provisions are mainly provisions for pending losses arising from sales of products to customers where such sales have failed to cover their costs, and provisions for open services by suppliers.

The company refrained from discounting non-current provisions for reasons of materiality.

#### 4.2.2.3 Non-current and current liabilities from bonds issued

In November 2020, va-Q-tec issued a bond with a nominal volume of CHF 25 million. The bond carries a coupon of 3.75% p.a. and has a term of five years. The company recognized the bond at its fair value less directly attributable transaction costs on the trade date. Subsequent measurement is at amortised cost applying the effective interest method. The bond is translated at the closing rate.

va-Q-tec has hedged the currency risks with derivative hedging transactions (cross-currency swaps/CCS) for the portion of CHF 24 million over the term of the bond. The CCS thereby eliminate the EUR-CHF currency risk arising from the interest and redemption payments for the entire term of the bond for the secured portion. The company applies hedge accounting in accordance with IFRS 9 for these hedging transactions. The main parameters of the currency swaps are as follows:

kEUR	Nominal amount CHF	Nominal amount EUR	Start of term	Maturity date	Coupon CHF	Coupon EUR	Hedging rate CHF / EUR
Basic transaction	24,000	22,218	30/11/2020	30/11/2025	3.75 %		
CCS 1	12,000	11,059	01/12/2020	30/11/2025		4.06 %	1.08505
CCS 2	12,000	11,074	01/12/2020	30/11/2025		4.07 %	1.08360

The agreed CCSs are based directly on the underlying transaction. The term, interest payment dates and nominal volume match.

The bond serves further investments in the container and box fleets, the scheduled refinancing of existing financial liabilities and general financing purposes.

#### 4.2.2.4 Non-current and current bank borrowings

The bank borrowings consist of long-term investment loans to finance land, buildings and plants, and short-term current account overdrafts to finance current assets.

Non-current investment loans are secured through land charges and the collateral assignment of machinery and fixtures. Most of the long-term loans have terms of between 15 and 20 years with fixed interest rates. The risk arising from variable-interest loans was partly hedged through interest-rate swaps. Hedge accounting according to IFRS 9 is not applied in this context.

The existing multi-bank agreement of va-Q-tec AG with the principal banks was last extended in November 2020 under comparable conditions and is currently limited until 31 December 2023. This financing facility amounts to kEUR 11,000 and covers the overdrafts of both the parent company and the UK subsidiary.

The inventories of va-Q-tec AG serve as collateral for the credit lines. The company has also committed itself to maintaining a minimum equity ratio of 30% as well as minimum EBITDA metrics.

#### 4.2.2.5 Non-current and current financial liabilities

##### Financial liabilities

kEUR	Non-current	Current	Balance on 31/12/2020
Lease liabilities	3,410	2,635	6,045
Derivative financial instruments	144	-	144
Deferred liabilities for outstanding invoices	-	3,403	3,403
Accrued liability for financial auditors	-	87	87
Debtors with credit balance	-	173	173
Miscellaneous	303	136	439
<b>Group, total</b>	<b>3,857</b>	<b>6,434</b>	<b>10,291</b>

##### Financial liabilities

kEUR	Non-current	Current	Balance on 31/12/2019
Lease liabilities	5,254	2,883	8,137
Derivative financial instruments	19	-	19
Deferred liabilities for outstanding invoices	-	2,975	2,975
Accrued liability for financial auditors	-	114	114
Debtors with credit balance	-	155	155
Miscellaneous	60	740	800
<b>Group, total</b>	<b>5,333</b>	<b>6,867</b>	<b>12,200</b>

The leasing liabilities arise mainly from leases to finance the UK subsidiary's container fleet assets, which until the end of 2018 were financed chiefly through sale-and-finance-leaseback transactions, as well as production plants at the locations in Köllda and Würzburg. Also included are liabilities from leasing agreements for office and warehouse space and for company and service vehicles. The leased assets are reported as rights of use assets under non-current assets.

The derivative financial instruments item includes the negative market values from interest rate swaps to hedge variable-interest non-current bank borrowings in the amount of kEUR 7 (previous year: kEUR 19) as well as the negative market values from cross-currency swaps to hedge the currency risks in connection with the bond issued in Swiss francs in the amount of kEUR 137 (previous year: kEUR 0).

#### 4.2.2.6 Other non-current and current non-financial liabilities

##### Non-financial liabilities

kEUR	Non-current	Current	Balance on 31/12/2020
Special items for grants	4,185	385	4,570
Special items for deferred container profits	1,162	1,651	2,813
Employee bonuses	-	1,049	1,049
Liabilities for unutilised vacation	-	297	297
Prepayments received for orders	-	335	335
Liabilities from other taxes	-	265	265
VAT liabilities	-	65	65
Miscellaneous other non-financial liabilities	78	548	626
<i>Other personnel liabilities</i>	-	250	250
<i>Liabilities for social insurances</i>	-	128	128
<i>Miscellaneous</i>	78	170	248
<b>Group, total</b>	<b>5,425</b>	<b>4,595</b>	<b>10,020</b>

##### Non-financial liabilities

kEUR	Non-current	Current	Balance on 31/12/2019
Special items for grants	3,734	360	4,094
Special items for deferred container profits	2,813	2,397	5,210
Employee bonuses	-	880	880
Liabilities for unutilised vacation	-	147	147
Prepayments received for orders	-	443	443
Liabilities from other taxes	-	273	273
VAT liabilities	-	164	164
Miscellaneous other non-financial liabilities	-	389	389
<i>Other personnel liabilities</i>	-	246	246
<i>Liabilities for social insurances</i>	-	85	85
<i>Miscellaneous</i>	-	58	58
<b>Group, total</b>	<b>6,547</b>	<b>5,053</b>	<b>11,600</b>



### Government grants

Between 2017 and 2020, the company received investment grants from the government of Lower Franconia for investments in the new location in Würzburg. The investment grants served the construction investments, machinery and facilities as well as the overall investment for the building in Würzburg. In addition, the company received investment grants from Thüringische Aufbaubank between 2008 and 2020 for the various construction phases, machinery and equipment at the Kölleda site. These grants do not need to be repaid as long as the conditions are complied with, as expected.

### Special item for grants

kEUR	2020	2019
Balance at 1 January	4,094	4,536
Addition	961	-
Release	485	442
<b>Balance at 31 December</b>	<b>4,570</b>	<b>4,094</b>
- of which non-current	4,185	3,734
- of which current	385	360

### Deferred income from sale-and-finance-leaseback transactions

Until 31 December 2018, containers used in the container fleet were sold by means of sale-and-finance-leaseback transactions. Profit margins in excess of manufacturing costs arising from the sale of containers were recognised as deferred income under liabilities (special item for deferred container profits). Until the end of 2023, this deferred income will be released to other operating income over the containers' respective five-year useful life. With the application of the new standard on accounting for leases IFRS 16, no profits arose from 1 January 2019 that may be deferred as special items on the liabilities side.

#### 4.2.2.7 Trade payables

Trade payables are recognised at amortised cost. Their balance sheet values essentially correspond to their market values. They are due within one year.

#### 4.2.2.8 Liabilities from contracts with customers

In the financial year under review, the company accounted for obligations arising from contracts with customers as follows:

#### Liabilities from contracts with customers

kEUR	31/12/2020	31/12/2019
Liabilities from contracts with customers	40	308

Contract liabilities include in particular obligations from advance payments received and provisions for customer bonuses.

### 4.3 CONSOLIDATED STATEMENT OF CASH FLOWS

The cash flow statement shows how the cash position has changed at va-Q-tec over the course of the reporting year due to cash inflows and outflows. Pursuant to IAS 7 (Statement of Cash Flows), a distinction is drawn between cash flows from operating, investing and financing activities. The change in liquid assets due to changes in exchange rates is presented separately.

The cash and cash equivalents in the cash flow statement comprise all cash positions reported on the statement of financial position, as well as cash accounts and short-term deposits at banks that have a remaining term of up to three months on addition, are subject to only minor value fluctuations, and their availability is not restricted.

The cash inflows and outflows from investing and financing activities are presented in accordance with the direct method. The cash inflows and outflows from investing activities comprise additions to intangible assets as well as disposals of, or additions to, property, plant and equipment. Financing activities include cash inflows from real estate and plant financing, cash outflows from the repayment of bank borrowings, as well as ingoing and outgoing payments for finance leases. In the previous year, cash inflows from sale-and-finance-leaseback transactions as well as investment allowances and grants received are shown within separate items within cash flows from financing activities.

By contrast, cash inflows and cash outflows from operating activities are derived indirectly, starting from the consolidated net profit. To this end, the consolidated net profit is adjusted to reflect non-cash expenses and income, primarily depreciation, amortisation, impairment losses, deferred tax, the release of special items, the measurement of financial instruments, and changes in provisions. These adjustments are supplemented by changes in other assets and liabilities, as well as working capital.

Investing and financing processes that have not resulted in a change in cash and cash equivalents are not reflected in the cash flow statement.

#### *Reconciliation of liabilities from financing activities in accordance with IAS 7*

	Carrying amount 31/12/2019	Cash transactions	Non-cash transactions			Carrying amount 31/12/2020
			Currency translation	Change in valuation	Other	
kEUR						
Bonds	-	21,961	84	-	19	22,064
Bank borrowings	34,244	-5,085	-	-	-70	29,089
Leases	8,137	-3,026	-48	-	982	6,045
<b>Financial liabilities</b>	<b>42,381</b>	<b>13,850</b>	<b>36</b>	<b>-</b>	<b>931</b>	<b>57,198</b>

**Reconciliation of liabilities from financing activities in accordance with IAS 7**

kEUR	Carrying amount 31/12/2018	Cash transactions	Non-cash transactions			Carrying amount 31/12/2019
			Currency translation	Change in valuation	Other	
Bank borrowings	34,132	105	-	-	7	34,244
Leases	8,054	-3,077	-	-	3,160	8,137
<b>Financial liabilities</b>	<b>42,186</b>	<b>-2,972</b>	<b>-</b>	<b>-</b>	<b>3,167</b>	<b>42,381</b>

**4.4 FINANCIAL INSTRUMENTS**

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

Section 1.2 "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.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**Values by measurement categories per 31/12/2020**

kEUR	Meas- urement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value		Level 1	Level 2	Level 3
		31/12/2020	31/12/2020	31/12/2020			
<b>Financial Assets</b>							
Investments	FVtPL	-	3,300	3,300	-	3,300	-
Trade accounts receivables	AC	1,873	-	1,873	-	-	-
Trade accounts receivables	FVtPL	-	4,659	4,659	-	4,659	-
Other financial assets	AC	1,130	-	1,125	-	-	-
Cash and cash equivalents	AC	17,134	-	17,134	-	-	-
<b>Total</b>		<b>20,137</b>	<b>7,959</b>	<b>28,091</b>			

kEUR	Meas- urement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
		Aquisition cost	Fair value		Level 1	Level 2	Level 3
		31/12/2020	31/12/2020	31/12/2020			
<b>Financial liabilities</b>							
Bonds	AC	22,064	-	23,552	23,552	-	-
Bank borrowings	AC	29,089	-	29,760	-	29,760	-
Trade payables	AC	5,978	-	5,978	-	-	-
Other financial liabilities	-	-	-	-	-	-	-
of which: derivative financial instruments with hedging relationship	FVtOCI	-	137	137	-	137	-
of which: derivative financial instruments without hedging relationship	FVtPL	-	7	7	-	7	-
of which: miscellaneous other financial liabilities	AC	4,142	-	4,133	-	4,133	-
<b>Total</b>		<b>61,273</b>	<b>144</b>	<b>63,567</b>			

**Of which aggregated by measurement category as per IFRS 9**

kEUR		Carrying amount	Fair value
Amortised Cost (asset)	AC	20,137	20,132
At fair value through P&L (asset)	FVtPL	7,959	7,959
Amortised Cost (liability)	AC	61,273	63,423
At fair value through OCI (liability)	FVtOCI	137	137
At fair value through P&L (liability)	FVtPL	7	7

**Values by measurement categories per 31/12/2019**

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

**Of which aggregated by measurement category as per IFRS 9**

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

The fair value of the bond issued by va-Q-tec AG is determined on the basis of the quoted, unadjusted price on an active market and is therefore assigned to measurement Level 1.

The fair value of Level 2 interest-bearing bank borrowings and, in the previous year, finance lease liabilities is derived as the present value of the expected future cash flows. They are discounted at market interest rates on the balance sheet date. In the case of variable interest liabilities, the carrying amounts generally correspond to fair values. The fair value measurement of the investments in SUMTEQ GmbH and ING3D GmbH as of 31 December 2020 was based on closely related transactions in the financial year of the capital increases carried out by these companies and thereby on observable market prices (measurement Level 2).

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. The fair value of the cross-currency swaps assigned to measurement Level 2 is determined on the basis of the current reference rates of the European Central Bank applicable on the balance sheet date. This is realized by taking into account forward premiums and discounts for the respective remaining term of the contracts compared to the contracting foreign exchange rate.

#### 4.5 NET RESULT FROM FINANCIAL INSTRUMENTS

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

##### 2020 net results from

Measurement category as IFRS 9 / IFRS 16 in kEUR	Interest income	Interest expense	Impairment losses	Subsequent measurement at fair value	Currency translation
Amortised Cost (asset)	-	-	-	-	-771
At fair value through P&L (assets)	-	-	-	647	-
Amortised Cost (liability)	-	-888	-	-	-16
At fair value through P&L (liability)	-	-	-	12	-
IFRS 16	-	-383	-	-	-
Other	-	-	-	-	-34
<b>Total</b>	<b>-</b>	<b>-1,271</b>	<b>-</b>	<b>659</b>	<b>-821</b>

**2019 net results from**

Measurement category as IFRS 9 / IFRS 16 in kEUR	Interest income	Interest expense	Impairment losses	Subsequent measurement at fair value	Currency translation
Amortised Cost (asset)	-	-	-	-	104
At fair value through P&L (assets)	-	-	-	1,771	-
Amortised Cost (liability)	-	-705	-	-	-31
At fair value through P&L (liability)	-	-	-	16	-
IFRS 16	-	-309	-	-	-1
Other	-	-65	-	-	2
<b>Total</b>	<b>-</b>	<b>-1,079</b>	<b>-</b>	<b>1,787</b>	<b>74</b>

**4.6 RISK MANAGEMENT**

As a company active internationally, va-Q-tec is exposed to various risks during the course of its ordinary business activities, including credit, liquidity, and market risks. Market risks particularly result from changes to exchange rates and interest rates. Financial risk management measures are designed to manage and limit these market risks within the scope of operating and financial activities. Depending on the risk assessment, derivative hedging instruments are deployed, although generally only cash flow risks are hedged. Derivative financial instruments are used for operational hedging purposes, and are consequently not held for trading. To reduce default risk, hedging transactions are entered into only with financial institutions with excellent credit ratings. In individual cases, hedge accounting in accordance with IFRS 9 is applied in order to avoid fluctuations in earnings from changes in the market value of derivative financial instruments.

The basic principles of the financial policy are regularly controlled by the Management Board and monitored by the Supervisory Board.

**Credit risks**

Credit risk is the risk that business partners will not be able to meet their contractual obligations, and that the va-Q-tec Group will incur a financial loss as a consequence. In the course of its operating activities, the Group is exposed to default risk, especially in the case of trade receivables, as well as risks as part of its financing activities, including its derivative financial instruments.

The credit risk from trade receivables is managed at the company level (i.e. locally), and monitored constantly. Identifiable default risks applying to financial assets are reflected through impairment losses.

The maximum credit risk on the financial assets corresponds to the carrying amount recognised on the statement of financial position. The maximum credit risk stood at kEUR 7,662 as of the 31 December 2020 reporting date (previous year: kEUR 7,443).

In accordance with IFRS 9, valuation allowances for expected credit losses ("expected loss model") are recognised for all financial assets measured at amortized cost and for debt instruments measured at fair value through equity.

In principle, IFRS 9 provides for a three-stage procedure for this purpose. Risk provisions are formed either on the basis of the expected 12-month credit losses (stage 1) or on the basis of the expected credit losses over the term if the credit risk has increased significantly since initial recognition (stage 2) or if an impaired credit quality is determined (stage 3). For the majority of financial assets, including trade receivables that do not contain a significant financing component, the simplified procedure is applied. In this context, expected credit losses are always determined over the entire term of the financial instruments.

The application of the simplified procedure results in the following default risk classifications for the financial assets:

#### **Credit risk exposure of financial assets 2020**

kEUR	Trade receivables	Contract assets	Other financial assets	Cash and cash equivalents
credit risk rating grade 1	-	-	927	17,134
credit risk rating grade 2	6,617	73	203	-
credit risk rating grade 3	77	-	-	-
<b>Total</b>	<b>6,694</b>	<b>73</b>	<b>1,130</b>	<b>17,134</b>

#### **Credit risk exposure of financial assets 2019**

kEUR	Trade receivables	Contract assets	Other financial assets	Cash and cash equivalents
credit risk rating grade 1	-	-	586	7,490
credit risk rating grade 2	6,728	158	191	-
credit risk rating grade 3	109	-	-	-
<b>Total</b>	<b>6,837</b>	<b>158</b>	<b>777</b>	<b>7,490</b>

Individual value adjustments are made in the event of corresponding individual circumstances and risk indications. Both historical data, such as historical default rates, and forward-looking information, such as individual and macroeconomic conditions, are included in determining the amount of valuation allowances. For the initial determination of the default rates, data from external providers was utilised, and also determined based on actual defaults. In future, this information will be determined solely on the basis of expected defaults.

The default of a counterparty results in the value adjustment of all open positions with the counterparty. In this context, the default is determined on the basis of an individual assessment, for example in the event of conspicuous changes in payment behaviour or insolvency filing. A financial instrument is derecognised when a reasonable evaluation cannot assume that a financial asset will be recoverable in whole or in part, for example after insolvency proceedings have ended or subject to other local conditions.

For the unimpaired trade receivables, value adjustments were made in accordance with IFRS 9 in the amount of the expected credit losses of kEUR 76 (previous year: kEUR 66). The recoverability of receivables that are not overdue is regarded as very high. This assessment is due, above all, to the long-standing business relationships with most buyers, and our customers' credit ratings. The other financial assets are neither overdue nor impaired.

Due to the relatively high concentration of sales revenue on a few major customers, the sales function focuses to a great extent on acquiring new customers in all market areas addressed by va-Q-tec.



### Liquidity risks

Liquidity risk i.e. the risk that va-Q-tec is unable to meet its financial obligations, is limited through the creation of the requisite financial flexibility, and through an effective cash management system. To manage its future liquidity position, va-Q-tec employs corresponding liquidity planning instruments. No liquidity bottlenecks were identifiable as of the reporting date. Unutilised overdraft lines existed were available to a sufficient extent.

Specific liquidity risks for the Group arise from the relatively high proportion of individual major customers with which no long-term contracts exist, and such customers' theoretical default risks or risks of departure, as well as from potential repayment obligations to banks given non-compliance with covenants, and in relation to development agencies, given non-compliance with subsidy terms. The management steers these potential liquidity risks through targeted commercial, financial and organisational measures.

The following lists show the contractually agreed, undiscounted interest and principal payments for the non-derivative and derivative financial liabilities as per IFRS 7. If the maturity date is not fixed, the liability is related to the earliest due date. Interest payments with variable interest yield are taken into account according to the terms applicable as of the reporting date. We mainly assume that the cash outflows will not occur earlier than shown.

The following table includes the repayment amount (including assumed future interest payments to be rendered) at the respective stated maturity date:

#### 2020 | Repayment amounts on respective due date

kEUR	Other financial liabilities						Total
	Bonds	Bank borrowings	Lease liabilities	Derivative financial instruments	Miscellaneous other financial liabilities	Trade payables	
2021	865	6,411	2,755	4	4,107	5,973	20,115
2022	865	5,847	2,198	-	-	-	8,910
2023	865	1,857	1,001	-	-	-	3,723
2024	865	2,404	243	-	-	-	3,512
2025	23,924	1,310	46	-	-	-	25,280
2026 and later	-	14,663	-	-	-	-	14,663
<b>Total</b>							
<b>31/12/2020</b>	<b>27,384</b>	<b>32,492</b>	<b>6,243</b>	<b>4</b>	<b>4,107</b>	<b>5,973</b>	<b>76,203</b>

**2019 | Repayment amounts on respective due date**

kEUR	Other financial liabilities					Total
	Bank borrowings	Lease liabilities	Derivative financial instruments	Miscellaneous other financial liabilities	Trade payables	
2020	11,963	3,074	10	3,980	4,469	<b>23,496</b>
2021	3,997	1,880	4	60	-	<b>5,941</b>
2022	2,806	2,114	-	-	-	<b>4,920</b>
2023	1,854	1,052	-	-	-	<b>2,906</b>
2024	1,442	391	-	-	-	<b>1,833</b>
2025 and later	15,973	11	-	-	-	<b>15,984</b>
<b>Total 31/12/2019</b>	<b>38,035</b>	<b>8,522</b>	<b>14</b>	<b>4,040</b>	<b>4,469</b>	<b>55,080</b>

Collateral in the form of land charges on land and buildings at the Kölleda site and at the new headquarters in Würzburg, collateral assignments of machinery and installation items, as well as collateral for finance leases in the form of production plants exist for va-Q-tec loans and bank overdrafts utilised as of the reporting date. Above and beyond this, the UK subsidiary's containers, which are leased as part of the container fleet, are assigned as collateral for finance leases. The current account lines used under the multi-bank agreement are collateralised by inventories as of the balance sheet date. Furthermore, va-Q-tec AG has committed itself to maintaining a minimum equity ratio as well as minimum EBITDA metrics.

**Currency risks**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. va-Q-tec is exposed to this risk mainly from its operating activities (if revenues and/or expenses denominated in a currency differing from the functional currency of the respective Group company). Where financially feasible, va-Q-tec hedges its significant exchange rate risks by employing forward currency transactions. The hedging of value fluctuations of future cash flows from expected transactions involves planned costs denominated in foreign currency. Differences caused by exchange rates when financial statements are translated into the Group currency are not taken into consideration.

For the disclosure of market risks, IFRS 7 requires sensitivity analyses that show how changes to relevant risk variables (e.g. exchange rates, interest rates) might affect earnings and equity. To gauge periodic effects, a potential change in the risk variables is applied to the financial instruments position on the reporting date. This approach assumes that this year-end position is a representative for the financial year concerned.

The following sensitivity analysis is based on USD, GBP, CHF, SGD and KRW as the significant foreign currencies for the va-Q-tec Group. The analysis is based on the status as of 31 December 2020 of the positions of receivables, liquid assets and liabilities denominated in USD, GBP, CHF, SGD and KRW. Effects on consolidated results and equity were calculated that are derived from the simulated USD, GBP, CHF, SGD and KRW exchange rates as of the reporting date.

The following currency scenarios arise:

#### 2020 | Change in equity effectivities

kEUR	USD	GBP	CHF	KRW	SGD	Total
+ 100 basis points	255	25	40	28	46	<b>394</b>
- 100 basis points	-311	-31	-49	-35	-57	<b>-483</b>

#### 2019 | Change in equity effectivities

kEUR	USD	GBP	CHF	KRW	SGD	Total
+ 100 basis points	287	30	99	19	8	<b>443</b>
- 100 basis points	-287	-30	-99	-19	-8	<b>-443</b>

Based on the valuation as of 31 December 2020, a sensitivity analysis was performed to determine the change in equity in the event of a parallel shift in the foreign currency valuation of the Swiss franc by 100 basis points for each of the secured portion of the bond and the related hedges. An appreciation of the CHF against the EUR by 100 basis points as of the balance sheet date would reduce other comprehensive income by kEUR 2,562 without affecting profit or loss. A depreciation of the CHF against the EUR would increase other comprehensive income in equity by kEUR 1,942 without affecting profit or loss.

#### Interest rate risks

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The risk of fluctuations in market interest rates to which the Group is exposed results primarily from variable rate loans and overdrafts. To a minor extent, the Group manages its interest rate risk in relation to financial liabilities through employing interest rate derivatives in the form of interest rate swaps for long-term loans, whereby no hedge accounting is applied.

Interest rate risks according to IFRS 7 are calculated by means of a sensitivity analysis. The following sensitivity analysis includes both the effects on the net interest result due to variable interest financial instruments existing on the respective reporting date, and the value changes of the interest-rate swaps that have been concluded. The effects of variable market interest rates on consolidated results in equity were calculated.

If the market interest-rate level as of the reporting date had been 100 basis points higher, the consolidated profit/loss would have been kEUR 6 lower (previous year: kEUR 46 lower), and consolidated equity would have been kEUR 6 lower (previous year: kEUR 46 lower). If the market interest-rate level as of the reporting date had been 100 basis points lower, the consolidated profit/loss would have been kEUR 1 higher (previous year: kEUR 41 higher), and consolidated equity would have been kEUR 1 higher (previous year: kEUR 41 higher).

#### Capital management

The primary objective of capital management at va-Q-tec is the continuous and long-term enhancement and growth of the company's value, and the securing of its liquidity. A high credit rating and a good equity ratio represent important building blocks to this end. The Group manages its capital structure and implements adjustments while taking changes in economic conditions into account.

va-Q-tec regularly monitors its capital on the basis of various key figures. The equity ratio represents an important key indicator in this context. The Management Board has defined a range for the equity ratio of between 35 and 40% as the medium-term target. The equity ratio stood at 35% as of the balance sheet date (previous year: 40%), thereby meeting in the 2020 financial year the target set by the Management Board. According to current plans, it is assumed that the company's equity ratio will remain within the aforementioned 35-40% range.

With the bond issue and the current account overdrafts available as part of the multi-bank agreement that was extended in November 2020, va-Q-tec AG has created a solid liquidity basis for the next years' business planning.

As of 31 December 2020, financial liabilities of the parent company va-Q-tec AG in amount of kEUR 598 (previous year: kEUR 1,096) were subject to financial covenants relating to the separate and consolidated financial statements of va-Q-tec AG. The covenant regulations for the non-current loans require a minimum equity ratio of 30% in each case, in addition to land charges and other collateral. This covenant was complied with. Under the terms of the multi-bank agreement, va-Q-tec has made its inventories available to the syndicate banks as collateral for the credit lines, and has undertaken to maintain a minimum equity ratio of 30% as well as minimum EBITDA metrics. Financial liabilities of va-Q-tec Ltd. (UK) from finance leases and loans of kEUR 3,236 as of 31 December 2020 (previous year: kEUR 6,019) have been subject to a covenant based on the separate financial statements of va-Q-tec Ltd. (UK). This covenant requires equity as recognised on the balance sheet of at least kEUR 2,500 as of the balance sheet date. This covenant was met as of the balance sheet date, as in the previous year. In addition, the company has undertaken not to fall below a liquidity level of kEUR 5,000 for the term of the bond. As of the balance sheet date, the liquidity available at short notice, taking the unutilized current account line into account, amounts to kEUR 27,992, thereby fulfilling the commitment that has been entered into.

## 5 OTHER DISCLOSURES

### 5.1 SEGMENT INFORMATION

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

The activities of the German and UK reporting segments are unchanged compared with the previous year. A fulfilment centre (conditioning and cleaning of rental boxes) is operated in Switzerland. In addition to purchasing and sales services, the Korean subsidiary also generates independent third-party sales for the Group. In addition to sales services, the subsidiaries in the USA, Uruguay, Singapore and Japan generate independent third-party sales.

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.

Starting from the total sum of the reporting segments, intragroup transactions are eliminated in the "Consolidation" column, particularly taking into account effects from the sale-and-finance-leaseback transactions.

## Segment reporting FY 2020

	va-Q-tec AG	va-Q-tec Ltd. (UK)	Other	Operating divisions, total	Conso- lidation	Group
kEUR	IFRS	IFRS	IFRS			
External revenue	34,847	28,776	8,483	72,106	-	72,106
Internal revenue	14,516	1,262	1,285	17,063	-17,063	-
<b>Total sales revenue</b>	<b>49,363</b>	<b>30,038</b>	<b>9,768</b>	<b>89,169</b>	<b>-17,063</b>	<b>72,106</b>
At a point in time	46,719	-	7,228	53,947	-14,497	39,450
Over time	2,644	30,038	2,540	35,222	-2,566	32,656
Total income	56,698	30,918	9,831	97,447	-13,315	84,132
Cost of materials and services	-22,879	-12,386	-6,067	-41,332	8,581	-32,751
Personnel expenses	-21,797	-3,100	-2,125	-27,022	911	-26,111
Other operating expenses	-10,304	-4,084	-1,928	-16,316	2,445	-13,871
<b>EBITDA</b>	<b>1,718</b>	<b>11,348</b>	<b>-289</b>	<b>12,777</b>	<b>-1,378</b>	<b>11,399</b>
Depreciation, amortisation and impairment losses	-4,889	-8,131	-618	-13,638	1,339	-12,299
<b>EBIT</b>	<b>-3,171</b>	<b>3,217</b>	<b>-907</b>	<b>-861</b>	<b>-39</b>	<b>-900</b>
Result from equity accounted investments	-	-	-	-	-	-
Result from fair value valuation of investments	-	-	-	-	647	647
Financial income	271	-	-	271	-259	12
Financial expenses	-916	-562	-52	-1,530	259	-1,271
<b>EBT</b>	<b>-3,816</b>	<b>2,655</b>	<b>-959</b>	<b>-2,120</b>	<b>608</b>	<b>-1,512</b>
Investments 31/12/2020	8,849	8,282	963	18,094	-3,812	14,282
Assets 31/12/2020	115,812	27,936	6,776	150,524	-31,456	119,068
Non-current assets 31/12/2020	58,684	18,660	1,529	78,873	-6,282	72,591
Liabilities 31/12/2020	62,989	20,598	7,984	91,571	-13,758	77,813
Employees <sup>1)</sup>	440	49	30	519	-	519

<sup>1)</sup> The number of employees includes Management Board members and trainees (2020: 17; previous 17).

## Segment reporting FY 2019

	va-Q-tec AG	va-Q-tec Ltd. (UK)	Other	Operating divisions, total	Conso- lidation	Group
kEUR	IFRS	IFRS	IFRS			
External revenue	34,442	24,917	5,308	64,667	-	64,667
Internal revenue	9,586	1,338	1,203	12,127	-12,127	-
<b>Total sales revenue</b>	<b>44,028</b>	<b>26,255</b>	<b>6,511</b>	<b>76,794</b>	<b>-12,127</b>	<b>64,667</b>
At a point in time	40,232	-	3,979	44,211	-9,355	34,856
Over time	3,796	26,255	2,532	32,583	-2,772	29,811
Total income	48,717	26,790	6,635	82,142	-9,325	72,817
Cost of materials and services	-19,591	-12,171	-3,828	-35,590	6,597	-28,993
Personnel expenses	-18,772	-2,605	-1,601	-22,978	589	-22,389
Other operating expenses	-9,345	-3,349	-1,392	-14,086	2,324	-11,762
<b>EBITDA</b>	<b>1,009</b>	<b>8,665</b>	<b>-186</b>	<b>9,488</b>	<b>185</b>	<b>9,673</b>
Depreciation, amortisation and impairment losses	-4,636	-7,804	-526	-12,966	734	-12,232
<b>EBIT</b>	<b>-3,627</b>	<b>861</b>	<b>-712</b>	<b>-3,478</b>	<b>919</b>	<b>-2,559</b>
Result from equity accounted investments	-	-	-	-	-68	-68
Result from fair value valuation of investments	-	-	-	-	1,771	1,771
Financial income	282	-	-	282	-266	16
Financial expenses	-738	-559	-49	-1,346	267	-1,079
<b>EBT</b>	<b>-4,083</b>	<b>302</b>	<b>-761</b>	<b>-4,542</b>	<b>2,623</b>	<b>-1,919</b>
Investments 31/12/2019	7,298	7,825	1,557	16,680	-4,398	12,282
Assets 31/12/2019	101,723	27,649	5,004	134,376	-28,587	105,789
Non-current assets 31/12/2019	54,919	18,648	1,369	74,936	-3,824	71,112
Liabilities 31/12/2019	44,958	23,258	5,347	73,563	-10,480	63,083
Employees <sup>1)</sup>	398	41	25	464	-	464

<sup>1)</sup> The number of employees includes Management Board members and trainees (2019: 17; previous year: 16).

In the 2020 financial year, va-Q-tec AG did not have any customers accounting for more than 10% of total consolidated revenue. In the previous year, revenues of kEUR 8,425 were generated with one customer, whose share of total revenues thereby exceeded 10%.

The revenues are distributed geographically as follows:

kEUR	2020	2019
Germany	20,923	20,827
Rest of European Union	20,699	19,156
Other	30,484	24,684
<b>Group, total</b>	<b>72,106</b>	<b>64,667</b>

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 18,303 (previous year: kEUR 18,440) were generated with Products (vacuum insulation panels and individually sold heating storage components) in the financial year under review. The Group generated kEUR 19,520 of revenues with Systems (thermal packaging and related components) in the reporting year (previous year: kEUR 15,054). Revenues of kEUR 32,657 were generated from Services in the financial year under review (previous year: kEUR 29,811). Other revenues amounted to kEUR 1,626 in the financial year (previous year: kEUR 1,362).

## 5.2 CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

Other financial obligations exist that mainly arise from purchase commitments and marketing costs.

The due dates of the other financial obligations are as follows:

### *Other financial obligations (contingent liabilities)*

kEUR	31/12/2020	31/12/2019
<b>Group, total</b>	<b>10,246</b>	<b>1,746</b>
due within one year	7,627	1,207
due between one and five years	2,619	539
due after five years	-	-

Moreover, a bill guarantee line in an amount of kEUR 24 (previous year: kEUR 24) exists with Commerzbank AG, under which va-Q-tec AG is liable for lending to third parties.

The stock option program for va-Q-tec staff introduced in December 2017, which includes the rendering of part of the price paid for demonstrably purchased va-Q-tec shares, led to outgoing payments of kEUR 2 in 2020 (previous year: kEUR 8). The program was extended until 31 December 2021, which also leads to a minor scope of contingent liabilities in 2021. The "va-Q-share" share purchase program of va-Q-tec AG forms part of the additional benefits for company employees aimed at the company's sustained a positive development and growth with individual contractual target agreements. The va-Q-share Plus program creates a long-term incentive for participants to commit themselves to the company's performance and success. For this purpose, program participants are granted a monetary subsidy for them to independently purchase the company's shares in the market. The program has no material effects or payment obligations.

### 5.3 SHARE-BASED PAYMENT

va-Q-tec currently has no arrangements for equity-settled share-based payment transactions with employees.

### 5.4 RELATED PARTIES

IAS 24 requires the disclosure of the existence of related companies, and transactions with, and outstanding balances in relation to, related companies, if they are not already included as consolidated companies in the consolidated financial statements, as well as related individuals. va-Q-tec AG is the Group's ultimate parent entity.

As a matter of principle, key management personnel and their close relatives are regarded as related individuals at the va-Q-tec Group. Key management personnel comprised the members of the Management and Supervisory Boards of va-Q-tec AG, as well as the managing directors of the foreign subsidiaries in Korea and the UK.

Related companies within the va-Q-tec Group are regarded as those companies or groups of shareholders over which va-Q-tec AG, the Management and Supervisory Board members and their close family relatives, can at least exercise significant influence, or which, for their part, can exert significant influence over va-Q-tec.

#### Key management personnel of the va-Q-tec Group

<b>Management Board</b>	
Dr. Joachim Kuhn	since 01/04/2001
Stefan Döhmen	since 01/07/2017
<b>Supervisory Board</b>	
Dr. Gerald Hommel Chairman	since 27/06/2014
Uwe Lamann Deputy Chairman	from 27/06/2014 till 23/07/2020
Dr. Barbara Ooms-Gnauck Deputy Chairman	since 27/06/2014
Winfried Klar	since 20/03/2013
Uwe Krämer	since 01/10/2015
Dr. Eberhard Kroth	since 20/03/2013
<b>Managing Director of the subsidiaries in the UK, Korea and Japan</b>	
Insook Yoo – va-Q-tec Ltd. (Korea)	since 07/07/2011
Insook Yoo – va-Q-tec G.K. (Japan)	since 05/04/2017
Sven Larsen – va-Q-tec Ltd. (UK)	since 01/01/2017
Roland Rapp – va-Q-tec Ltd. (UK)	since 01/03/2018



### Shareholders with significant influence over va-Q-tec AG

Share pool of the families of Dr. Joachim Kuhn and Dr. Roland Caps

Interest in the share capital: 25.02 %

### Total compensation of key management members of the va-Q-tec Group

kEUR	2020	2019
short-term benefits	1,574	1,370
Post-employment benefits	25	24
<b>Total remuneration of key management personnel of the va-Q-tec Group</b>	<b>1,599</b>	<b>1,394</b>

### Management Board compensation

kEUR	2020	2019
short-term benefits	720	644
Post-employment benefits	16	15
<b>Total remuneration of the management board</b>	<b>736</b>	<b>659</b>

Compensation totalling kEUR 736 was paid to the Management Board in 2020 (previous year: kEUR 659). This compensation consisted of basic compensation of kEUR 470 (previous year: kEUR 416), performance-based one-year compensation of kEUR 41 (previous year: kEUR 47), multi-year variable compensation of kEUR 209 (previous year: kEUR 181) and contributions to the company's pension scheme. Defined contribution pension commitments have existed for the Management Board members since 2014. To this end, kEUR 16 (previous year: kEUR 15) was paid into an external reinsured pension fund in the year under review.

As in the previous year, no advances or loans were extended to Management Board members in the year under review.

As of 31 December 2020, one member of the Management Board had a personal guarantee outstanding to the Thüringer Aufbaubank in an amount of kEUR 200 (previous year: kEUR 200). This guarantee was issued in 2011 without consideration being granted in return by va-Q-tec AG.

va-Q-tec does not disclose the total compensation of the individual Management Board members specifying their names, as Section 314 (3) Clause 1, 286 (5) of the German Commercial Code (HGB) makes this expressly subject to a differing AGM resolution with a qualified majority of the share capital represented at the resolution. The AGM of va-Q-tec AG on 31 May 2016 passed a corresponding resolution with the requisite majority.

### Supervisory Board compensation

#### Total remuneration of the supervisory board 2020

kEUR	Remuneration	Expenses	consulting
Dr. Gerald Hommel	41	2	-
Winfried Klar	32	5	25
Uwe Andreas Krämer	18	-	-
Dr. Eberhard Kroth	23	1	19
Uwe Lamann	13	1	-
Dr. Barbara Ooms-Gnauck	23	2	-
<b>Total</b>	<b>150</b>	<b>11</b>	<b>44</b>

#### Total remuneration of the supervisory board 2019

kEUR	Remuneration	Expenses	consulting
Dr. Gerald Hommel	36	2	-
Winfried Klar	29	5	15
Uwe Andreas Krämer	15	-	-
Dr. Eberhard Kroth	17	1	25
Uwe Lamann	26	3	-
Dr. Barbara Ooms-Gnauck	19	2	-
<b>Total</b>	<b>142</b>	<b>13</b>	<b>40</b>

Compensation of kEUR 161 was granted to the Supervisory Board members for the 2020 financial year (previous year: kEUR previous 155). In both the previous year and in the year under review, compensation included only a short-term component, and consists of compensation for normal Supervisory Board activity and expenses. In addition, consultancy services in an amount of kEUR 44 (previous year: kEUR 40) were compensated, commissioned and rendered especially as part of the Power20+ program and in connection with the financing of va-Q-tec AG.

As of 31 December 2020, this Supervisory Board compensation generates kEUR 108 of payment obligations for the company (as of 31 December 2019; kEUR 36).

As in the previous year, no advances or loans were extended to Supervisory Board members in the year under review.

#### Interests held by the Management and Supervisory boards

As of the end of the 2020 financial year, the members of the Management Board, founders and members of the Supervisory Board held the following direct interests in the share capital of va-Q-tec AG:

Shareholder	Number of shares
CEO and founding families	3,496,044
CFO and Supervisory Board	58,281

### Other transactions with related parties

No transactions were realized with related parties in the 2020 financial year.

### 5.5 EVENTS AFTER THE REPORTING DATE

No reportable events of material significance to the Group's financial position and performance occurred after 31 December 2020.

### 5.6 AUDITOR FEES

The fees for the services of the auditor Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, of kEUR 218 (previous year: kEUR 168) comprise the following

kEUR	2020	2019
Financial statements audit (thereof previous years: 2 kEUR)	148	123
Other certification services	39	-
Tax advisory services (thereof previous years: 15 kEUR)	19	16
Other services	12	29
<b>Group, total</b>	<b>218</b>	<b>168</b>

### 5.7 STATEMENT OF CONFORMITY TO THE GERMAN CORPORATE GOVERNANCE CODE

The Management and Supervisory boards of va-Q-tec AG issued the declaration of conformity with the German Corporate Governance Code pursuant to Section 161 AktG. The declaration is permanently available on the website [www.va-q-tec.com](http://www.va-q-tec.com) in the Investor Relations section under:

<https://ir.va-q-tec.com/websites/vaqtec/German/530/erklaerung-zur-unternehmensfuehrung.html>

Würzburg, 26 March 2021

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, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes 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 expected development of the Group.

Würzburg, 26 March 2021



Dr. Joachim Kuhn  
(Management Board  
Chairman, CEO)



Stefan Döhmen  
(Management Board  
Chairman, CFO)

The auditor's report reproduced below also includes a "Report on the audit of the electronic reproductions of the financial statements and management report prepared for disclosure purposes in accordance with Section 317 (3b) HGB" ("ESEF Report"). The subject matter underlying the ESEF Note (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed or downloaded from the Federal Gazette following publication.

## INDEPENDENT AUDITOR'S REPORT

To va-Q-tec AG, Würzburg

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND GROUP MANAGEMENT REPORT

#### Audit opinions

We have audited the consolidated financial statements of va-Q-tec AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 budget including the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group management report of va-Q-tec AG, Würzburg, for the financial year from 1 January to 31 December 2020. In accordance with German legal requirements, we have not audited the content of the section "Corporate governance statement" in the Group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material aspects, this Group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks entailed in future development. Our audit opinion on the Group management report does not cover to the contents of the aforementioned parts of the group management report not included within the scope of our audit.

Pursuant to Section 322 (3) Clause 1 HGB, we declare that our audit has not led to any reservations concerning the legal compliance of the consolidated financial statements and the Group management report.

**Basis for the audit opinions**

We conducted our audit of the consolidated financial statements and of the Group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014, referred to hereinafter as the "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits as promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the Group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

**Key audit matters in the audit of the consolidated financial statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon we do not provide a separate audit opinion on these matters.

In our view, the matter presented below was the most significant as part of our audit.

**Periodic revenue recognition from contracts with customers**

- Reasons for designation as a particularly important audit subject

In the financial year under review, the va-Q-tec Group realized revenues of kEUR 72,106 (previous year: kEUR 64,667). This corresponds to a 12% increase in revenues at Group level, to which the Systems segment (sale of thermal transportation containers) made a disproportionately high contribution with a 30% increase in revenue to kEUR 19,520. The revenues of the va-Q-tec Group are heterogeneous and comprise the sale of thermal transport containers (systems), vacuum insulation panels and thermal energy storage components (products) as well as the short-term rental from a large number of network stations distributed worldwide of transport containers preset to order-specific temperatures (services). This is complemented by consulting and other services, which also form part of the sales and rental business. Given the heterogeneity and complexity of the business transactions, appropriately designed processes and controls that are implemented within them are necessary for the recognition of revenue on an accrual basis, and require special consideration in the audit.

In our view, the recognition of revenue on an accrual basis was of particular importance in the context of our audit.

- Our approach in the audit

We have analyzed the processes implemented for the sales and rental business throughout the Group. In doing so, we identified Group-wide control mechanisms for the accrual-based recognition of revenue in the sales process, assessed their appropriateness and performed functional tests. Moreover, we examined the accounting treatment of selected contracts with new customers and contract adjustments with existing customers for IFRS conformity. In addition to analytical audit procedures, we examined a selection of sales revenue transactions both during the year and shortly before and after the balance sheet date to determine whether they had been properly recognized. In order to evidence the existence of trade receivables and thereby the recognition of sales revenues, we obtained balance confirmations for a selection of customers, or assessed corresponding incoming payments or further documents. The determination of our selection was risk-oriented and based on qualitative and quantitative characteristics. Furthermore, we verified compliance with the reporting requirements of IFRS 15 in the notes to the consolidated financial statements.

- Reference to related information

For details, please refer to the section "Summary of significant accounting policies" in the notes to the consolidated financial statements. Information on sales revenues and receivables is provided in the sections "Revenues" and "Trade receivables" in the notes to the consolidated financial statements.

### **Other information**

The Management and Supervisory boards are responsible for the other information. The other information comprises:

- the statement on corporate governance in accordance with Section 289f HGB in conjunction with Section 315d HGB, to which reference is made in the "Corporate governance statement" section in the Group management report,
- the Supervisory Board's report,
- the confirmation pursuant to Section 297 (2) Clause 4 HGB regarding the consolidated financial statements and the confirmation pursuant to Section 315 (1) Clause 5 HGB regarding the Group management report,
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and Group management report, which has been audited in relation to its contents, and our auditor's report.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the statement pursuant to Section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code (DCGK), to which reference is made in the Group management report as part of the corporate governance statement. In all other respects, the legal representatives are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the Group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with disclosures in the Group management report whose content has been audited, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that a material misstatement of this other information exists, we are required to report such a fact. We have nothing to report in this context.

### **Management and Supervisory boards' responsibility for the consolidated financial statements and Group management report**

The Management Board members are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and for ensuring that the consolidated financial statements, in compliance with such requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the Management Board members are responsible for such internal controls as they have deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board members are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to the Company as a going concern. In addition, they are responsible for preparing the accounts on a going concern basis unless an intention exists to liquidate the Group, or to cease operations, or no realistic alternative exists.

Furthermore, the Management Board members are responsible for the preparation of the Group management report which, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board members are responsible for such arrangements and measures (systems) they have deemed necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

### **Auditor's responsibility for the audit of the consolidated financial statements and Group management report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and is consistent in all material respects with the consolidated financial statements and the knowledge obtained in the audit, complies with German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements and the Group management report, whether due to fraud or error, we design and perform audit procedures responsive to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal the internal control system relevant to the audit of the consolidated financial statements, and of arrangements and measures (systems) relevant to the audit of the Group management report, in order to design audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies applied by the Management Board members and the reasonableness of estimates made by the Management Board members as well as related disclosures.
- Conclude on the appropriateness of the Management Board members' application of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to be able to express audit opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the Management Board members in the Group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions applied by the Management Board members as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. A substantial unavoidable risk exists that future events will differ materially from the prospective information

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and therefore comprise the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## **Other legal and regulatory requirements**

### **Report on the audit of the electronic reproductions of the consolidated financial statements and the Group management report prepared for the purpose of disclosure in accordance with Section 317 (3b) HGB**

#### **Audit opinion**

In accordance with Section 317 (3b) HGB, we have performed a reasonable assurance engagement to determine whether the reproductions of the consolidated financial statements and the Group management report (hereinafter also referred to as "ESEF documents") contained in the attached file „va-Q-tec\_AG\_KA+KLB\_ESEF\_2020-12-31.zip“ (SHA256-Hashwert:91b381697cfee92b0c907315486112471601932c58464f29c39c6894a32d7662) and prepared for disclosure purposes comply in all material respects with the electronic reporting format ("ESEF format") requirements of Section 328 (1) HGB. In accordance with German legal requirements, this audit extends only to the conversion of the information contained in the consolidated financial statements and the Group management report into the ESEF format, and consequently neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the consolidated financial statements and the Group management report contained in the aforementioned attached file and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) HGB regarding the electronic reporting format. Other than this opinion and our opinions on the accompanying consolidated financial statements and on the accompanying Group management report for the financial year from 1 January to 31 December 2020, included in the "Report on the audit of the consolidated financial statements and Group management report" above, we do not express any opinion on the information included in these reproductions or on any other information included in the aforementioned file.

### **Basis for the audit opinion**

We conducted our audit of the reproductions of the consolidated financial statements and the Group management report contained in the aforementioned attached file in accordance with Section 317 (3b) HGB, taking into account the draft Auditing Standard of the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Audit of electronic reproductions of financial statements and management reports prepared for disclosure purposes in accordance with Section 317 (3b) HGB (IDW EPS 410). Our corresponding responsibility is further described in the section "Auditor's responsibility for the audit of the ESEF documents". Our auditing practice meets the requirements of the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1) were applied.

### **Management and Supervisory boards' responsibility for the ESEF documents**

The legal representatives are responsible for the preparation of the ESEF documents with the electronic reproductions of the consolidated financial statements and the Group management report in accordance with Section 328 (1) Clause 4 No. 1 HGB, and for the markup of the consolidated financial statements in accordance with Section 328 (1) Clause 4 No. 2 HGB.

Furthermore, the legal representatives are responsible for such internal control as they deem necessary in order to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the electronic reporting format requirements of Section 328 (1) HGB.

The legal representatives are also responsible for submitting to the operator of the German Federal Gazette (Bundesanzeiger) the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited Group management report, as well as other documents to be published.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### **Auditor's responsibility for the audit of the ESEF documents**

Our objective is to obtain reasonable assurance concerning whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material violations of the requirements of Section 328 (1) HGB, whether due to fraud or error, we design and perform audit procedures responsive to those risks, and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, albeit not for the purpose of expressing an opinion on the effectiveness of those controls.
- Assess the technical validity of the ESEF documentation, i.e. whether the file containing the ESEF documentation complies with the requirements of Delegated Regulation (EU) 2019/815, as amended at the reporting date, on the technical specification for that file.
- Assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited Group management report.
- Assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering.

**Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as Group auditor by the Annual General Meeting on 14 August 2020. We were engaged by the Supervisory Board on 15 December 2020. We have been the auditor of the separate annual financial statements of va-Q-tec AG, Würzburg, since the 2011 financial year and of its consolidated financial statements since the 2014 financial year.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

**German Public Auditor Responsible For The Engagement**

The German Public Auditor responsible for the engagement is Thomas Rattler.

Nuremberg, 26 March 2021

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Fehlauer  
(German Public Auditor)

Rattler  
(German Public Auditor)