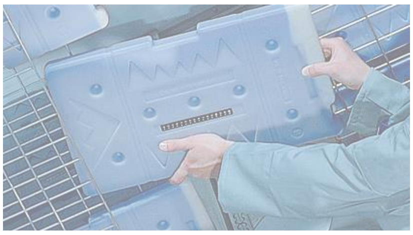
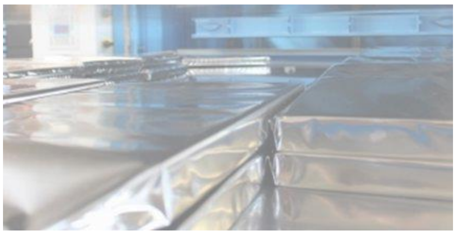
Interim report | H1 2023





1 Interim Group management report

1.1 Economic and business report

1.1.1 Macroeconomic environment and Group-specific conditions

In its latest forecast, the International Monetary Fund (IMF) notes that in 2023 several crises are exerting a negative impact on the global economy, which has already been weakened by the coronavirus pandemic. This contrasted with a general economic recovery following the removal of coronavirus restrictions in most countries worldwide. For va-Q-tec AG, the effects were felt primarily in the increases in the cost of materials for vacuum insulation panels (VIPS) and other components of boxes and containers, which suppliers almost universally justified with high energy costs, as well as all the other negative aspects of high inflation, such as higher interest rates on variable-interest loans, personnel costs, etc.

For 2023, the IMF forecasts global economic growth of 3.0 %. The main risks here continue to comprise persistent geopolitical uncertainties and high inflationary pressure.

The market for temperature-controlled packaging systems in the pharmaceutical sector is influenced worldwide by sustainable trends, which have tended, and will tend, to accelerate further due to the coronavirus pandemic. Many life sciences products require temperature-controlled storage and distribution. Of the 100 top-selling drugs in the world, around 70 are temperature-sensitive. Regulation of transport chains is increasing while at the same time drugs are being developed and produced in many countries worldwide. At the same time, demands made of pharmaceutical manufacturers with regard to sustainability and waste avoidance are also rising, which puts reusable rental solutions, such as from va-Q-tec, in a particularly attractive position in the area of thermal boxes and containers.

va-Q-tec is convinced that it can outpace the rate of market growth with both its high-quality system solutions for sale as well as its rental solutions (“Serviced Rental” of thermal packaging systems). Especially with groundbreaking rental solutions, va-Q-tec aims to enter markets that only conventional thermal packaging systems have served to date.

After the healthcare industry, manufacturers of refrigeration and freezing equipment rank as the second largest customer. According to an estimate by ResearchAndMarkets, the market for vacuum insulation panels will expand by 5.5 % per year on average between 2021 and 2026.

Overall, va-Q-tec addresses structural growth markets with its products business and its VIPs. In Germany, approximately 60 % of primary energy is harnessed for thermal purposes – refrigeration or heating in other words – according to the Working Group on Energy Balances (AGEB).

1.1.2 Business trends

In order to better leverage the potential in TempChain logistics, va-Q-tec and Sartorius founded a partnership to optimize logistics for bulk drug substance (BDS) shipments in H1 2023, and announced it in April 2023. BDS are very temperature-sensitive and high-value goods. The goal of the partnership is to enhance efficiency and security in the transportation of BDS across the entire sector. The partnership is the result of years of cooperation between Sartorius and va-Q-tec and leverages the two companies' established positions and respective expertise in this area. This partnership combines Sartorius' new Celsius disposable solutions for BDS management and va-Q-tec's va-Q-tainer. This solution provides the biopharmaceutical industry with a complete common platform for protecting hundreds of liters of frozen BDS shipments from outside temperatures, as well as mechanical and thermal stresses. The solution eliminates the need for hazardous dry ice. It reduces carbon dioxide emissions during transport and helps make the TempChain more climate-compatible.

The expansion of business with the food industry in the TempChain segment continued on a very positive trend in the first half of 2023. With the va-Q-tray, temperature-sensitive foods can be transported and stored securely and at a constant temperature for several hours without external energy supply. The va-Q-tray also helps to enhance sustainability: by using the passive solution, companies can dispense with the very energy- and maintenance-intensive operation of freezer cabinets in its stores. In addition to these energy savings, the volume of packaging waste generated can also be drastically reduced.

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

In the Products division (sales of vacuum insulation panels and phase change materials), revenues of kEUR 13,028 posted very dynamic growth compared to the previous year's basis (previous year: kEUR 10,597, +23 %). This growth was driven especially by higher revenues in the Appliances (refrigerators) area. In general, it is worth highlighting that VIP technology is becoming increasingly important due to the new EU energy efficiency labels for refrigerators and freezers that came into force on 1 March 2021. Business in the other end markets, particularly in the technology and industrial sectors, continued to record positive trends. Business with the innovative insulation solution "va-Q-shell pipe", which was developed in cooperation with Finnish partner Uponor, warrants particular mention in this context. This innovative solution contributes significantly to enhancing pipeline energy efficiency, not only in industrial plants and building installations but also in the area of local and district heating. It is suitable both for insulating uninsulated pipes in the factory as well as for retrofitting.

Thanks to outstanding material properties, this insulation solution leads to an impressive improvement in energy efficiency of up to 50 %, while at the same time reducing insulation thickness. Given rising energy prices and increasing efforts to save energy, va-Q-tec believes that this product is particularly well positioned.

Systems division (sale of thermal packaging systems)

In the Systems division (thermal packaging), revenues were down by 17 % to kEUR 14,467 compared with the strong prior-year basis of kEUR 17,411. The previous year was decisively characterized by the coronavirus business with the va-Q-pal SI (SI for SuperInsulation). A significant recovery and greater momentum is expected over the further course of the year.

Services division (Serviced Rental of thermal packaging systems)

va-Q-tec's Services division, which comprises the container and box rental business for the transport of temperature-sensitive goods, mainly from the pharmaceutical and biotech sectors, recorded a year-on-year decrease of 9 % in 2023 to kEUR 23,483 (previous year: kEUR 25,869). This area also continued to be characterized by a strong prior-year base, with a large part of the revenues attributable to coronavirus business. Although the rental of small thermal boxes for transports "on the last mile" recorded significant growth, it could not fully compensate for the reduction in the coronavirus business. Nevertheless, va-Q-tec will continue to drive the expansion of the Service division in the future, as this division is regarded as a crucial growth factor and value driver for the company.

Earnings trends

Unadjusted earnings before interest, tax, depreciation and amortization (EBITDA) decreased sharply compared to the same period last year to kEUR 209 (previous year: kEUR 9,128, -98 %). The margin was thereby down significantly from 14 % to 0.4 % in terms of total income, and from 16 % to 0.4 % in terms of revenues. Earnings before interest and tax (EBIT) reduced by kEUR -9,197, from kEUR 1,812 to kEUR -7,385. Earnings before tax (EBT) also decreased to kEUR -9,154 (previous year: kEUR 535). The overall trend in the results was significantly influenced by the loss of coronavirus revenues, which could not yet be fully offset compared to the strongly influenced prior-year period. In addition, slightly higher personnel expenses due to the hiring planned in the previous year to support further growth, a higher level of other operating expenses (including transaction costs in the context of the takeover offer), increased energy costs, a further rise in travel and trade fair costs as well as foreign currency losses also burdened the result.

Overall, business trends in H1 2023 were very mixed within a macroeconomic environment that remains challenging, a year-on-year comparison still very much influenced by vaccine shipments, and with the ongoing takeover process including the antitrust review tying up considerable capacities at the company. However, the Management Board expects the revenue and results trends to gain momentum over the course of the year.

Continuation of strategic measures to secure and exploit the growth opportunities of va-Q-tec AG in the long term

For information about the short-term effects and background of the strategic measures and the Takeover Offer by Fahrenheit AcquiCo GmbH (the “Bidder”) on va-Q-tec AG, please also see the comments in the 2022Annual Report and the Quarterly Report for Q1 2023.

On 30 June 2023, the Austrian Federal Competition Authority declared its waiver of a further review, whereby the Voluntary Public Takeover Offer is deemed to have received regulatory approval. After the approval of the German Federal Cartel Office had already been granted on 12 June 2023, all conditions for the execution of the Takeover Offer have thereby been fulfilled. The offer price was paid to the shareholders upon completion of the Takeover Offer on 6 July 2023. In addition, upon completion of the Takeover Offer, the Bidder subscribed by way of a capital increase for a volume of new va-Q-tec shares equivalent to 10 % of the current share capital at an issue price of EUR 26.00 per new va-Q-tec share.

The Bidder (Fahrenheit AcquiCo GmbH) also published its decision to make a Public Delisting Acquisition Offer on 30 June 2023. On 2 August 2023, the Bidder made a Public Delisting Acquisition Offer in the form of a cash offer to the shareholders of va-Q-tec AG by publishing the Offer Document. The Management and Supervisory boards of va-Q-tec AG issued their joint reasoned statement about the Bidder’s Public Delisting Acquisition Offer on 11 August 2023. After careful and thorough examination of the offer document published on 2 August 2023, the Management and Supervisory boards of va-Q-tec AG recommend that the shareholders accept the Offer. Furthermore, the plan exists to pass a resolution concerning the conclusion of a domination and profit and loss transfer agreement between the Bidder and va-Q-tec at this year’s Annual General Meeting on 29 August 2023.

1.1.3 Business results and analysis of the financial position and performance

The following overview presents the main items of the income statement of the va-Q-tec Group, in each case in comparison with the first half of the previous year.

Results of operations

kEUR unless stated otherwise	H1 2023 (IFRS)	H1 2022 (IFRS)	Δ 23/22
Revenues	52,264	55,421	*-6%*
Total income	57,892	65,608	*-12%*
Cost of materials (including purchased services)	-24,882	-25,268	*-2%*
Gross profit	33,010	40,340	*-18%*
Personnel expenses	-19,442	-18,608	*+4%*
Other operating expenses	-13,359	-12,604	*+6%*
EBITDA	209	9,128	*-98%*
EBITDA margin on total income	0.4%	14%	*-14 pp*
EBITDA margin on revenue	0.4%	16%	*-16 pp*
Depreciation, amortization and impairment losses	-7,594	-7,316	*+4%*
EBIT	-7,385	1,812	*-508%*
EBIT margin	*-13%*	*3%*	*-16 pp*
Net financial result	-1,769	-1,277	*-39%*
EBT	-9,154	535	*-1,811%*

Total revenues in the first half of 2023 decreased by 6 % year-on-year to a level of kEUR 52,264. This reduction was largely due to the Systems (sale of thermal packaging) and Services ("Serviced Rental" of boxes and containers) divisions and is mainly attributable to the very sharp drop in revenues in connection with COVID-19 vaccine shipments.

In the business with vacuum insulation panels (Products division), va-Q-tec generated revenues of kEUR 13,028 in the first half of 2023 (previous year: kEUR 10,597, +23 %). In the Systems division (sale of thermal packaging systems), revenues decreased by kEUR 2,944 from kEUR 17,411 to kEUR 14,467 (-17 %). The Services division (Serviced Rental of thermal containers and boxes) recorded a -9 % year-on-year reduction in revenues in H1 2023 to kEUR 23,483 (previous year: kEUR 25,869).

Overall, the course of the first half of the 2023 financial year was not satisfactory in terms of revenues. The healthcare area, which is reflected in the Systems and Services businesses, currently accounts for 72 % of revenues (previous year: 78 %).

The German segment (va-Q-tec AG) contributed kEUR 30,545 to non-consolidated revenues (previous year: kEUR 39,313), the UK segment (va-Q-tec UK) kEUR 19,278 (previous year: kEUR 22,408), and the Other segment kEUR 10,374 (previous year: kEUR 9,667).

Total income decreased by 12 % from kEUR 65,608 to kEUR 57,892 in the first half of 2023, and thereby at a greater rate than the rate of reduction in revenues, mainly due to own work capitalized decreasing by kEUR -938, from kEUR 3,854 to kEUR 2,916 and other operating income diminishing by kEUR -3,060, from kEUR 4,748 to kEUR 1,688. The reduction in this item is primarily due to the significant decrease in income from the reversal of the special item from container sale-and-leaseback transactions, which will expire in the current financial year, the one-off gains from the disposal of assets in the previous year and year-on-year significantly lower currency gains (partly offset by corresponding offsetting items in other operating expenses).

The cost of materials and purchased services decreased by -2 % from kEUR 25,268 in the previous year to kEUR 24,882 and thereby at a disproportionately slower rate compared to the decrease in total income. Overall, the ratio of material costs to total income increased from 39 % in the previous year to 43 % in H1 2023. In parallel, the gross profit ratio decreased to 57 % in H1 2023 (previous year: 61 %).

Personnel expenses were up from kEUR 18,608 in the previous year to kEUR 19,442 in the first half of 2023 (+4 %), thereby rising to 34 % of total income (previous year: 28 %). In addition to normal wage and salary increases, the increase is mainly due to the annualization of expenses for new employees hired during the previous year, despite a recent slight decrease in the number of employees.

Other operating expenses increased by 6 %, from kEUR 12,604 in the prior-year period to kEUR 13,359 in the period under review (EUR +755 thousand) due to higher energy costs, repair and maintenance costs, a significant increase in travel and trade fair activity compared to the first half of the prior year, which was still affected by coronavirus, and higher expenses from foreign currency differences (partly offset by corresponding income in other operating income). Other operating expenses include one-off expenses totaling kEUR 1,562 (H1 2022: kEUR 750) in connection with the takeover process and costs related to tax issues in the UK, which had a significant impact on the cost block. Measured against total income, this represents another operating expense ratio of 23 % (previous year: 19 %).

As a consequence of the developments described above, earnings before interest, tax, depreciation and amortization (EBITDA) decreased significantly year-on-year to kEUR 209 in the first half of 2023 (H1 2022: kEUR 9,128, kEUR -8,919), leading to an EBITDA margin of 0.4 % based on total income (previous year: 14 %). In terms of revenues, this also represents a ratio of 0.4 % in 2023 compared with 16 % in H1 2022.

Depreciation, amortization and impairment losses increased slightly by kEUR 278 to kEUR 7,594 (previous year: kEUR 7,316) in line with the year-on-year slight increase in non-current assets.

In line with the reduction in EBTIDA, earnings before interest and tax (EBIT) also decreased from kEUR 1,812 to kEUR -7,385 (kEUR -9,197).

The net financial result amounted to kEUR -1,769 after kEUR -1,277 in the previous year, and was thereby lower than in the previous year as a result of the greater use of external financing and the higher interest rate level, especially in the short-term area.

For the first half of 2023, pre-tax loss (EBT) of kEUR -9,154 was incurred, compared to kEUR 535 in the same period of the previous year.

Adjusted earnings

kEUR unless stated otherwise	**H1 2023 (IFRS)**	**H1 2022 (IFRS)**	***Δ 23/22***
Revenues	52,264	55,421	*-6%*
Total income	57,414	63,157	*-9%*
Cost of materials (including purchased services)	-24,882	-25,268	*-2%*
Gross profit	32,532	37,889	*-14%*
Personnel expenses	-19,442	-18,608	*+4%*
Other operating expenses	-10,728	-10,833	*-1%*
EBITDA	2,363	8,448	*-72%*
EBITDA margin on total income	4%	13%	
EBITDA margin on revenue	5%	15%	
Depreciation, amortization and impairment losses	-7,594	-7,316	*+4%*
EBIT	-5,231	1,132	*-562%*
EBIT margin	*-9%*	*2%*	
Net financial result	-1,769	-1,277	*-39%*
EBT	-7,000	-145	*-4,727%*

Significant cost items in other operating expenses are not attributable to operating activities. Among other things, these are the additional costs incurred in H1 2023 in connection with the public takeover offer by EQT Private Equity, combined with the capital increase of approximately EUR 34.9 million carried out immediately after the closing of the transaction to strengthen the financial strength and capital structure as well as to secure the growth potential of va-Q-tec AG. At the UK subsidiary, further provisions were formed in the first half of 2023 in connection with tax and customs issues, which are also not attributable to operating activities. In addition, other operating income and other operating expenses were adjusted for currency effects (currency gains and losses).

In the above table and the following remarks, we have adjusted the results of operations for these cost items in order to improve the comparability of operating costs with the prior-year period.

Adjusted for the aforementioned income, total income in the first half of the year would have decreased by 9 % to kEUR 57,414 (previous year: kEUR 63,157). Total adjusted other operating expenses would have decreased by kEUR 105, or by 1 %, from kEUR 10,833 in the same period last year to kEUR 10,728 in H1 2023. This leads to an adjusted ratio of other operating expenses to total income of 19 % (previous year: 17 %).

Adjusted for the non-recurring income and costs not attributable to the operating business, earnings before interest, tax, depreciation and amortization (EBITDA) would have decreased by kEUR 6,085, from kEUR 8,448 in the previous year to kEUR 2,363. This corresponds to a reduction of 72 % as well as a lower EBITDA margin of 4 % in H1 2023 in relation to total income (previous year: 13 %), and an EBITDA margin of 5 % (previous year: 15 %) in relation to revenues.

Adjusted for the aforementioned non-recurring items not attributable to the operating business, EBIT would have changed by kEUR 6,363, from kEUR 1,132 in the previous year to kEUR -5,231.

Adjusted for the non-recurring expenses not attributable to the operating business, EBT amounted to kEUR -7,000, compared with kEUR -145 in the previous financial year.

Reporting segments

The reporting segments performed as follows in the first half of 2023:

German reporting segment (va-Q-tec AG)

kEUR unless stated otherwise	H1 2023 (IFRS)	H1 2022 (IFRS)	*Δ 23/22*
Revenues	30,545	39,313	*-22%*
EBITDA	-4,623	2,110	*-319%*
Equity ratio	22%	42%	*-20 pp*
Average number of employees	534	533	*+1*

In the **German reporting segment (va-Q-tec AG)**, revenue decreased by kEUR 1,754 (-22 %), from kEUR 39,313 in the previous year to kEUR 30,545 in H1 2023. The reduction in revenues was mainly due to the downturn in the coronavirus business in the Systems division, while the Products business with VIPs performed very dynamically, as mentioned. EBITDA reported a significant decrease to kEUR -4,623 (previous year: kEUR 2,110). The average number of employees rose by 1 to 534 (previous year: 533).

UK reporting segment (va-Q-tec UK Ltd.)

kEUR unless stated otherwise	H1 2023 (IFRS)	H1 2022 (IFRS)	*Δ 23/22*
Revenues	19,278	22,408	*-14%*
EBITDA	5,957	9,586	*-38%*
Equity ratio	36%	40%	*-4 pp*
Average number of employees	55	56	*-1*

The **UK reporting segment** comprises mainly the rental of temperature-controlled containers for the global pharmaceuticals industry. Revenues in this segment were down by 14 % from kEUR 22,408 in the previous year to kEUR 19,278 in the first half of 2023. This was again negatively impacted by the loss of coronavirus business, which has not yet been fully offset by non-coronavirus business. EBITDA reported a marked reduction of kEUR 3,629 (-38 %), from kEUR 9,586 in the previous year to kEUR 5,957 in H1 2023. The average number of employees remained almost constant at 55 (previous year: 56).

Other reporting segment

kEUR unless stated otherwise	H1 2023 (IFRS)	H1 2022 (IFRS)	*Δ 23/22*
Revenues	10,374	9,667	*+7%*
EBITDA	-511	-220	*-132%*
Equity ratio	-18%	-10%	*-8 pp*
Average number of employees	66	47	*+19*

The subsidiaries in Switzerland, China, India, Brazil, Singapore, Korea, Japan, Uruguay and the USA together form the “Other reporting segment”. The segment’s revenue share rose to 17 % in H1 2023 (H1 2022: 14 %). This was mainly driven by revenue growth in the regions. All subsidiaries in the “Other reporting segment” are extremely important for local presence, the expansion of regional operating activities, and the perception of va-Q-tec as a reliable global and regional partner. Revenues increased by kEUR 707 (+7 %), from kEUR 9,667 in the previous year to kEUR 10,374 in 2023. EBITDA amounted to kEUR -511 in the first half of 2023, compared with kEUR -220 in the previous year. The number of employees grew to an average of 66 (previous year: 47).

Financial position

kEUR	H1 2023	H1 2022
Net cash flow from operating activities	-7,154	1,760
Net cash flow from investing activities	-5,241	-5,431
Net cash flow from financing activities	11,874	4,410
Net change in cash and cash equivalents	-648	1,026
Cash and cash equivalents	8,733	10,836

Before working capital changes, va-Q-tec generated cash flow from operating activities of kEUR -2,305 as of the balance sheet date, compared with kEUR 6,882 in H1 2022.

Net cash flow from operating activities including working capital changes amounted to kEUR -7,154 in H1 2023, kEUR 8,914 below the adjusted level of kEUR 1,760 in the prior year. A total of kEUR 4,557, and thereby a significant part of the difference, is attributable to payments in connection with the Public Takeover Offer by EQT Private Equity, combined with the capital increase of approximately EUR 34.9 million carried out immediately after closing of the transaction in July 2023 to strengthen the financial strength and capital structure as well as to secure the growth potential of va-Q-tec AG. Due to a temporary low utilization of factoring lines in the UK for technical reasons, trade receivables were also significantly higher on the balance sheet date than on 31 December 2022.

Cash flow from investing activities changed from kEUR -5,431 in the prior-year period to kEUR -5,241 in the first half of 2023. The purchase of property, plant and equipment amounted to kEUR -4,665, compared with kEUR -5,362 in the previous-year period.

The cash flow from financing activities of kEUR 11,874 (previous year: kEUR 4,410) derives from the greater utilization of short-term credit lines with banks and the simultaneous reduction of long-term liabilities to banks and leasing companies.

Net assets and capital structure

Assets

kEUR	30/06/2023 (IFRS)	31/12/2022 (IFRS)
Non-current assets		
Intangible assets	5,457	6,036
Property, plant and equipment	81,784	80,645
Investment property	1,020	1,020
Contract assets	77	48
Financial assets	8,702	7,752
Other non-financial assets	1,676	1,307
Deferred tax assets	633	875
Total non-current assets	**99,349**	**97,683**
Current assets		
Inventories	20,815	18,838
Trade receivables	10,241	7,733
Other financial assets	1,830	6,734
Tax assets	250	-
Other non-financial assets	4,041	2,145
Cash and cash equivalents	8,733	9,381
Total current assets	**45,910**	**44,831**
Total assets	**145,259**	**142,514**

Property, plant and equipment increased by a total of kEUR 1,139 to kEUR 81,784 as of 30 June 2023 compared to 31 December 2022, mainly due to the increase in rights of use for the long-term lease of office and commercial premises in the UK. Total non-current assets rose by kEUR 1,666 to kEUR 99,349 as of 30 June 2023.

Inventories increased by kEUR 1,977, from kEUR 18,838 as of 31 December 2022 to kEUR 20,815, as a consequence of factors relating to the balance sheet date as well as the international expansion of business, precautionary reasons, and the provision of finished products to the foreign companies. Trade receivables increased by kEUR 2,508 to kEUR 10,241 as of 30 June 2023 compared to 31 December 2022 due to a temporary low utilization of factoring lines in the UK for technical reasons. Current other financial assets decreased by kEUR -4,904, from kEUR 6,734 to kEUR 1,830 as of 30 June 2023, due to the reduction of the very high level of other receivables as at 31 December 2022. Total current assets rose from kEUR 44,831 as of 31 December 2022 to kEUR 45,910 as of the end of the first half of 2023. Total assets grew from kEUR 142,514 to kEUR 145,259 over the same period.

Equity and liabilities

kEUR	30/06/2023 (IFRS)	31/12/2022 (IFRS)
Equity		
Issued share capital	13,415	13,415
Treasury shares	-54	-54
Additional paid-in capital	54,020	54,020
Cumulative other comprehensive income	455	378
Retained earnings	-38,866	-29,060
Total equity	**28,970**	**38,699**
Non-current liabilities and provisions		
Provisions	172	208
Bonds	-	-
Bank borrowings	23,040	25,319
Other financial liabilities	7,928	5,307
Other non-financial liabilities	5,336	4,753
Total non-current liabilities and provisions	36,476	35,587
Current liabilities and provisions		
Provisions	3,261	3,188
Liabilities from bonds issued	26,778	24,821
Bank borrowings	25,101	12,180
Other financial liabilities	10,541	11,732
Contractual liabilities	89	65
Trade payables	6,595	7,130
Tax liabilities	-	973
Other non-financial liabilities	7,448	8,139
Total current liabilities and provisions	**79,813**	**68,228**
Total equity and liabilities	**145,259**	**142,514**

Consolidated equity amounted to kEUR 28,970 as of 30 June 2023, corresponding to 20 % of total assets (31 December 2022: kEUR 38,699 or 27 %).

Non-current bank borrowings decreased by kEUR 2,279, or by 9 %, to kEUR 23,040. By contrast, current bank borrowings increased from kEUR 12,180 to kEUR 25,101 owing to a greater utilization of existing overdraft lines.

Non-current other financial liabilities rose from kEUR 5,307 to kEUR 7,928. Non-current other non-financial liabilities increased by kEUR 583, from kEUR 4,753 to kEUR 5,336. Current other financial liabilities decreased slightly to kEUR 10,541 (31 December 2022: kEUR 11,732) and current non-financial liabilities reduced slightly to kEUR 7,448 (31 December 2022: kEUR 8,139).

Bank borrowings plus equipment leasing accounted for 35 % of total assets at kEUR 50,116 (31 December 2022: kEUR 38,182, 27 %). Current liabilities and provisions stood at kEUR 79,813 in the first half of 2023, representing 55 % of total equity and liabilities (previous year: kEUR 68,228; 48 %). The Group's non-current liabilities amounted to kEUR 36,476, corresponding to 25 % of total assets (previous year: kEUR 35,587; 25 %). Trade payables amounted to a total of kEUR 6,595, compared with kEUR 7,130 as of 31 December 2022.

Overall statement on business progress

va-Q-tec looks back on a first half of 2023 that was subdued overall within a very challenging macroeconomic environment. Group revenues decreased by 6 % to kEUR 52,264, of which 72 % were driven by TempChain logistics, mainly for the global pharmaceutical and biotech industry.

Unadjusted EBITDA decreased to kEUR 209 in H1 2023, which reduced the EBITDA margin in relation to revenues and to total income to 0.4 % (previous year: 14 % and 16 % respectively). EBIT was very clearly negative at kEUR -7,385.

1.2 Forecast

1.2.1 Outlook

The following forecasts for the trend in management metrics were made under the assumption of the relatively uncertain macroeconomic conditions for 2023 described above. They are also based on the expected medium-term positive growth prospects in the market for VIPs and insulation materials overall. A fast growth dynamic is expected in the market for thermal packaging and services, particularly in the high-performance thermal packaging segment. These assumptions are underpinned by estimates produced by market research institutes IMARC and ResearchAndMarkets, which already expect growth in the (low) double-digit percentage range (see 5.1.1 Macroeconomic environment and Group-specific conditions). va-Q-tec expects to benefit to an above-average extent from the megatrends of energy efficiency, regulation of cold chains (product safety) and the globalization of value chains once the transport solutions business for Covid vaccine transports, which has almost come to a complete standstill, has been compensated for.

Overall statement

For the full 2023 financial year, va-Q-tec expects to reach the lower end of the revenue range of EUR 120 million to EUR 135 million due to a significantly stronger expected second half of the year.

For earnings before interest, tax, depreciation and amortization (EBITDA), despite the significantly lower-than-expected half-year result, the company in principle expects moderately fast year-on-year growth in the 2023 financial year and, on the basis of operational economies of scale and a changed product mix with a growing proportion of higher-margin products and services, a rate of growth outstripping the rate of revenue growth.

The equity ratio is expected to improve significantly in the 2023 financial year compared to the previous year due to the capital increase approved in December 2022 following the completion of the Takeover Offer.

According to the company, the number of employees will increase only slightly in 2023.

1.2.2 Forward-looking statements

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

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

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

2 Report on opportunities and risks

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

The interim management report for the half-year does not contain comprehensive and complete information on the reports on the forecast and on opportunities and risks. A review of the risk situation was performed as of 30 June 2023. As of this reporting date, no significant changes arose in the area of operational, strategic, financial and default risks compared with the publication of the annual financial statements on 28 April 2023. Due to the completion of the Takeover Offer in July 2023 and the capital increase carried out immediately thereafter in accordance with the Business Combination Agreement (see also "Events after the reporting date" in the notes to the financial statements), va-Q-tec AG received additional cash and cash equivalents of EUR 34.9 million after the 30 June 2023 reporting date, and very significantly increased its equity ratio after the reporting date compared with the 30 June 2023 reporting date.

For more information about the risk management system and the specific opportunities risk profile, as well as in relation to the deployment of financial instruments, please refer to the "Report on opportunities and risks" in the combined management report for the Group and for va-Q-tec AG for the 2022 financial year.

3 INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF VA-Q-TEC AG FOR THE FIRST HALF OF 2023

CONSOLIDATED INCOME STATEMENT (IFRS) unaudited

kEUR	H1 2023 (IFRS)	H1 2022 (IFRS)
Revenues	**52.264**	**55.421**
Change in inventories	1.024	1.585
Work performed by the company and capitalised	2.916	3.854
Other operating income	1.688	4.748
Total Income	**57.892**	**65.608**
Cost of materials and services	-24.882	-25.268
Gross profit	**33.010**	**40.340**
Personnel expenses	-19.442	-18.608
Other operating expenses	-13.359	-12.604
EBITDA	**209**	**9.128**
Depreciation, amortization and impairment losses	-7.594	-7.316
Earnings before interest and tax (EBIT)	**-7.385**	**1.812**
Finance Income	28	4
Finance expenses	-1.797	-1.281
Net financial result	**-1.769**	**-1.277**
Earnings before tax (EBT)	**-9.154**	**535**
Income tax	-652	-813
Net income	**-9.806**	**-278**
Consolidated net income attributable to owners of va-Q-tec AG	**-9.806**	**-278**
Earnings per share - basic / diluted in EUR	-0,73	-0,02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS) unaudited

kEUR	**H1 2023 (IFRS)**	**H1 2022 (IFRS)**
Net Income	**-9.806**	**-278**
Consolidated other comprehensive income		
Currency translation differences	-23	-276
Derivative financial instruments		
Unrealized gains / losses (pre-tax)	77	288
Taxes on unrealized gains / losses and on reclassifications	23	-84
Derivative financial instruments (after tax)	100	204
Total other comprehensive income that will be reclassified to profit or loss	**77**	**-72**
Consolidated total comprehensive income	**-9.729**	**-350**
Consolidated total comprehensive income attributable to owners of va-Q-tec AG	**-9.729**	**-350**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS) unaudited

Assets

kEUR	30.06.2023 (IFRS)	31.12.2022 (IFRS)
Non-current assets		
Intangible assets	5,457	6,036
Property, plant and equipment	81,784	80,645
Investment property	1,020	1,020
Contract assets	77	48
Other financial assets	8,702	7,752
Other non-financial assets	1,676	1,307
Deferred tax assets	633	875
Total non-current assets	**99,349**	**97,683**
Current assets		
Inventories	20,815	18,838
Trade receivables	10,241	7,733
Other financial assets	1,830	6,734
Current tax assets	250	-
Other non-financial assets	4,041	2,145
Cash and cash equivalents	8,733	9,381
Total current assets	**45,910**	**44,831**
Total assets	**145,259**	**142,514**

Equity and liabilities

kEUR	30.06.2023 (IFRS)	31.12.2022 (IFRS)
Equity		
Issued share capital	13,415	13,415
Treasury shares	-54	-54
Additional paid-in capital	54,020	54,020
Consolidated total other comprehensive income	455	378
Retained earnings	-38,866	-29,060
Total equity	**28,970**	**38,699**
Non-current liabilities		
Provisions	172	208
Bank borrowings	23,040	25,319
Other financial liabilities	7,928	5,307
Other non-financial liabilities	5,336	4,753
Total non-current liabilities	**36,476**	**35,587**
Current liabilities		
Provisions	3,261	3,188
Bonds issued	26,778	24,821
Bank borrowings	25,101	12,180
Other financial liabilities	10,541	11,732
Liabilities from contracts with customers	89	65
Trade payables	6,595	7,130
Tax liabilities	-	973
Other non-financial liabilities	7,448	8,139
Total current liabilities	**79,813**	**68,228**
Total Equity and liabilities	**145,259**	**142,514**

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) unaudited

kEUR	H1 2023 (IFRS)	H1 2022 (IFRS)
Cash flow from operating activities		
Net income	-9,806	-278
Current income taxes recognised income statement	390	864
Income taxes paid	-4	-4
Net finance costs recognised income statement	1,769	1,278
Interest received	28	3
Interest paid	-1,129	-630
Depreciation on contract assets	2	-
Depreciation, amortisation and impairment losses	7,528	7,256
Gain/loss from disposal of non-current assets	-484	-1,193
Change in other assets	2,713	-437
Change in other liabilities	-1,822	2,397
Change in provisions	39	102
Other non-cash expenses or income	-1,529	-2,476
Cash flow from operating activities before working capital changes	**-2,305**	**6,882**
Change in inventories	-2,216	-2,620
Change in trade receivables	-2,624	1,449
Change in trade payables	-9	-3,951
Net cash flow from operating activities	**-7,154**	**1,760**
Cash flow from investing activities		
Payments for investment in intangible assets	-964	-1,627
Proceeds from disposal of property, plant and equipment	839	799
Payments for investments in property, plant and equipment	-4,665	-5,362
Proceeds from disposal of non-current assets	-	759
Payments for investments in financial assets	-420	-
Payments for investments in contract assets	-31	-
Net cash flow from investing activities	**-5,241**	**-5,431**
Cash flow from financing activities		
Proceeds from bank loans	23,290	15,162
Repayments of bank loans	-10,971	-9,962
Proceeds from government grants	852	756
Payments for leases liabilities	-1,297	-1,546
Net cash flow from financing activities	**11,874**	**4,410**
Change in cash and cash equivalents before exchange rate effects	**-521**	**739**
Effect of exchange rate changes on cash and cash equivalents	-127	287
Net change in cash and cash equivalents	**-648**	**1,026**
Cash and cash equivalents at start of period	**9,381**	**9,810**
Cash and cash equivalents at end of period	**8,733**	**10,836**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) unaudited

kEUR	Issued share capital	Treasury shares	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income		Equity attributable to parent company owners	Total equity
					Currency translation reserves	Derivative financial instruments		
01.01.2022	**13,415**	**-54**	**54,020**	**-15,734**	**-42**	**42**	**51,647**	**51,647**
Net income	-	-	-	-278	-	-	-278	-278
Consolidated other comprehensive income	-	-	-	-	-276	204	-72	-72
Consolidated total comprehensive income	**-**	**-**	**-**	**-278**	**-276**	**204**	**-350**	**-350**
30.06.2022	**13,415**	**-54**	**54,020**	**-16,012**	**-318**	**246**	**51,297**	**51,297**
01.01.2023	**13,415**	**-54**	**54,020**	**-29,060**	**-187**	**565**	**38,699**	**38,699**
Net income	-	-	-	-9,806	-	-	-9,806	-9,806
Consolidated other comprehensive income	-	-	-	-	-23	100	77	77
Consolidated total comprehensive income	**-**	**-**	**-**	**-9,806**	**-23**	**100**	**-9,729**	**-9,729**
30.06.2023	**13,415**	**-54**	**54,020**	**-38,866**	**-210**	**665**	**28,970**	**28,970**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 General information

4.1 Information about the company

The company va-Q-tec AG, which has its headquarters in Germany, 97080 Würzburg, Alfred-Nobel-Strasse 33, is entered in the commercial register of Würzburg under commercial register sheet number 7368. Along with va-Q-tec AG itself, the interim consolidated financial statements of va-Q-tec AG also include its subsidiaries (hereinafter also referred to as “va-Q-tec”, the “va-Q-tec Group” or the “company”). va-Q-tec is a technologically leading provider of highly efficient products and solutions in the thermal insulation area. The company develops, produces and markets innovative products for reliable and energy-efficient temperature control and insulation – vacuum insulation panels (“VIPs”) and phase change materials (“PCMs”). Furthermore, va-Q-tec produces passive thermal packaging systems (containers and boxes) through 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 interim consolidated financial statements of va-Q-tec for the first half of the 2023 financial year were approved for publication by the Management Board on 18 August 2023.

4.2 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 both the smallest and largest group of companies. Pursuant to Section 37w of the German Securities Trading Act (WpHG), the half-year financial report of the va-Q-tec Group comprises interim consolidated financial statements, an interim Group management report and a responsibility statement. The interim consolidated financial statements were prepared in compliance with International Financial Reporting Standards (IFRS) for interim reporting and in accordance with the regulations of International Accounting Standard (IAS) 34, as applicable in the EU, and the interim Group management report was prepared in compliance with the applicable regulations of the German Securities Trading Act (WpHG). All of the IFRS issued by the International Accounting Standards Board (IASB) and applicable in the European Union when the interim consolidated financial statements were prepared were applied by va-Q-tec AG.

The interim consolidated financial statements are to be read in conjunction with the consolidated financial statements of va-Q-tec AG as of 31 December 2022, as not all of the information required for consolidated financial statements as of the financial year-end is provided. In the Management Board's view, all adjustments that are to be applied currently and that are required for an appropriate presentation of the Group's financial position and performance are included.

As part of preparing the condensed interim consolidated financial statements for interim financial reporting pursuant to IAS 34, the Management Board is required make judgements, estimates and assumptions that affect the application of accounting policies within the Group, and the reporting of assets and liabilities as well as income and expenses. Actual amounts may differ from such estimates. The results achieved in the 2023 financial year to date do not necessarily enable predictions to be made about trends during the further course of business.

In the interim consolidated financial statements as of 30 June 2023, figures in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, segment report as well as figures in the notes to the consolidated financial statements are presented in thousands of euros (kEUR). All amounts are commercially rounded. Minor deviations relate to rounding differences.

The condensed interim consolidated financial statements and the interim Group management report for the first half of 2023 have been neither audited nor reviewed by an auditor in the meaning of auditing standards IDW PS 900 or ISRE 2400 and/or 2410.

4.3 Change in consolidation scope

No changes occurred in the fully consolidated subsidiaries of va-Q-tec in the first half of 2023.

4.4 Effects of new accounting standards

Apart from the financial accounting regulations applied for the first time during the current financial year, the same accounting policies were applied in the interim consolidated financial statements as in the preparation of the consolidated financial statements for the financial year ending 31 December 2022. The following standards and amendments to standards came into force on 1 January 2023

Standard	**Title**	**Mandatory application for financial years commencing from**
IFRS 17	Insurance Contracts, including amendments to IFRS 17 as well as amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Comparative Information	01/01/2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	01/01/2023
Amendments to IAS 8	Definition of Accounting Estimates	01/01/2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	01/01/2023

In accordance with the amendments to IAS 12, the Group will recognize a separate deferred tax asset and liability. As of 30 June 2023, the taxable temporary difference relating to the right of use amounts to kEUR 9,170 and the deductible temporary difference relating to the lease liability amounts to kEUR 9,506, resulting in a net deferred tax asset of kEUR 55. Under the amendments, the Group will recognize a separate deferred tax liability of kEUR 1,978 and a deferred tax asset of kEUR 2,033. The application of the amendments has no effect on retained earnings.

For the 2023 half-year report, the other amendments listed have not had any significant impact on accounting and valuation.

5 Accounting policies

As a matter of principle, the interim consolidated financial statements of va-Q-tec AG apply the same accounting policies as in the IFRS consolidated financial statements as of 31 December 2022. The standards adopted by the EU have not been applied early. The notes to the 2022 consolidated financial statements provide a detailed description of the accounting policies.

6 Notes

6.1 Consolidated income statement

6.1.1 Total income

Overall, revenues reported a year-on-year reduction of 6 % to kEUR 52,264 in the first half of the year (previous year: kEUR 55,421). The decrease in work performed by the company and capitalized from kEUR 3,854 in the prior-year period to kEUR 2,916 in the first half of 2023 is mainly due to the lower level of transfer of containers and boxes to the company’s own rental fleets, which had been expanded particularly strongly mainly in the first half of 2021 with a view to vaccine distribution. Changes in inventories of kEUR 1,024 were also lower than in the comparable prior-year period (kEUR 1,585). Other operating income of kEUR 1,688 (previous year: kEUR 4,748) resulted primarily from currency effects (kEUR 478) and from the ongoing reduction of the special reserve from government grant funding (kEUR 419). Overall, total income thereby decreased by 12 % compared with the prior-year period to kEUR 57,892 (previous year: kEUR 65,608).

6.1.2 Cost of materials and services

The cost of materials, including the cost of purchased services, were down by of -2 % (kEUR 386), a slower rate than the rate of decrease in total income, to kEUR 24,882. The cost of materials ratio1 increased from 39 % to 43 %, resulting in a gross profit margin of 57 %, 4 % lower than in the previous year.

6.1.3 Personnel expenses

Personnel expenses increased by 4 % compared with the previous year's period, rising from kEUR 18,608 to kEUR 19,442. In addition to usual wage and salary increases, the absolute increase is mainly due to the further growth in the number of employees over the past twelve months. The personnel expense ratio2 increased by 6 % to 34 % in line with the trend in total income.

6.1.4 Other operating expenses

Other operating expenses rose by kEUR 755, or by 6 %, to kEUR 13,359. Among other factors, this increase was due to the continuing high level of freight costs. In addition, the renewed increase in business trips after the end of the travel restrictions as well as currency losses had a negative impact on the year-on-year trend in other operating expenses (kEUR 12,604). The ratio of other operating expenses3 increased accordingly from 19 % to 23 %.

6.1.5 Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses rose by kEUR 278, from kEUR 7,316 in the previous year to kEUR 7,594. The increase in depreciation, amortization and impairment losses is mainly due to the high level of capital expenditure in the previous year, as well as additions to and changes in the portfolio of leases in accordance with IFRS 16. The depreciation and amortization ratio4 is 2 % higher than in the previous year at 13 %.

6.1.6 Net financial result

The financial result decreased by kEUR 492 compared to the previous year. Interest expenses increased by kEUR 516 year-on-year to kEUR 1,797 year due to the increase in the utilization of debt funding as well as higher market interest rates (previous year: kEUR 1,281).

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

[2] Personal expense ratio in % = personnel expenses / total income x 100

[3] Other operating expenses ratio in % = other operating expenses / total income x 100

[4] Depreciation and amortization ratio in % = depreciation and amortization expenses / total income x 100

6.1.7 Income taxes

Due to the sustained successful business performance in recent financial years of va-Q-tec Ltd., UK, this subsidiary's remaining loss carryforwards were utilized in full in the previous year. Accordingly, this subsidiary's tax expenses amounting to kEUR 387 had a full negative impact on tax expenses in the current financial year. Deferred taxes from the elimination of intercompany profits in inventories and from container sales from va-Q-tec AG to va-Q-tec Ltd., UK, also exerted a negative effect. As a consequence, va-Q-tec reported a tax expense of kEUR 652 (previous year: kEUR 813) for the first half of the year despite a loss before tax (EBT) of kEUR 9,154 (previous year: profit before tax of kEUR 535).

6.1.8 Earnings per share

The calculation of basic (undiluted) earnings per share is based on the earnings attributable to the holders of ordinary shares and the weighted average of the number of ordinary shares in issue.

A dilution of earnings per share is not reported, as no circumstances exist at present entailing dilutive effects.

Earnings per share are as follows:

	H1 2023 (IFRS)	H1 2022 (IFRS)
Consolidated net result (kEUR)	**-9,806**	**-278**
Weighted average number of shares	13,401,434	13,401,434
Earnings per share (in EUR)	-0.73	-0.02

6.2 Statement of financial position

6.2.1 Intangible assets

Compared with the 31 December 2022 reporting date, intangible assets decreased by kEUR 579 to kEUR 5,457.

6.2.2 Property, plant and equipment

Property, plant and equipment increased by kEUR 1,139 to kEUR 81,784. As in the previous year, investments were at a low level and related primarily to the investment in the further expansion of the container fleet and 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.

6.2.3 Inventories

Inventories increased by kEUR 1,977 to kEUR 20,815 as a consequence of the general expansion of business and the increase in reserve stocks as a precaution against materials shortages, price increases and supply problems worldwide.

6.2.4 Trade receivables

As of the balance sheet date, receivables increased year-on-year by kEUR 2,508 to kEUR 10,241.

6.2.5 Other financial assets

Non-current financial assets rose by kEUR 950 to kEUR 8,702 (previous year: kEUR 7,752). These mainly include the investments in SUMTEQ GmbH recognized at fair value in the amount of kEUR 3,375 and in ING3D GmbH in the amount of kEUR 1,175, which grew by kEUR 420 in the first half of the year as part of a capital increase in proportion to the investment. In addition, other financial assets include the collateralization of the CHF bond issued by va-Q-tec in the amount of kEUR 3,278, which is recognized at fair value.

Current financial assets decreased by kEUR 4,904 to kEUR 1,830. This reflects, in particular, claims from factoring and advance payments made.

6.2.6 Tax assets

Compared to the previous year, tax assets increased by kEUR 250 to kEUR 250.

6.2.7 Other non-financial assets

Other current and non-current non-financial assets increased by kEUR 2,265 to kEUR 5,717, mainly due to advance payments for intangible assets, as well as an increase in VAT receivables.

6.2.8 Cash and cash equivalents

Cash and cash equivalents reduced by kEUR 648, from kEUR 9,381 to kEUR 8,733.

6.2.9 Equity

Compared to 31 December 2022, equity decreased by kEUR 9,729 to kEUR 28,970. Due to the simultaneous increase in total assets, the equity ratio reduced by 7 % to 20 % (31 December 2022: 27 %).

6.2.10 Non-current and current bank borrowings

Current bank borrowings increased by kEUR 12,921 to kEUR 25,101 and non-current bank borrowings decreased by kEUR 2,279 to kEUR 23,040.

6.2.11 Other non-current and current financial liabilities

Overall, other non-current and current financial liabilities increased by kEUR 1,430 to kEUR 18,469. The scheduled lease payments of kEUR 1,264 and the kEUR 1,298 lower level of accruals for outstanding invoices reduced the other financial liabilities. This was offset, in particular, by the recognition of liabilities from new leasing contracts in the amount of kEUR 4,076 and the accrual of interest for the bond issued in the amount of kEUR 479.

6.2.12 Other non-current and current non-financial liabilities

Other non-current and current non-financial liabilities decreased by kEUR 108 to kEUR 12,784. This change derives mainly from accruals for vacation not taken, from advance payments received on orders and from liabilities from sales taxes. The change in previous years in the special item for deferred gains from sale and finance leaseback transactions as part of expanding the container fleet had a reducing effect. The special item on the liabilities side for grants received rose by kEUR 433 to kEUR 5,975 due to further grants called down in connection with the investments in Kölleda.

Overall, the special item for grants and deferred container gains from sale and finance leaseback transactions amounts to kEUR 5,995 (previous year: kEUR 5,726), and accounts for around 47 % of the total item (previous year: 44 %).

6.2.13 Trade payables

Trade payables decreased by kEUR 535 to kEUR 6,595 (previous year: kEUR 7,130).

6.3 Financial instruments

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

Section 1.2 of the 2022 consolidated financial statements “Basis of preparation of the financial statements” provides a definition of the fair value hierarchy levels. All allocations to levels are reviewed at the end of the reporting period. No reclassifications between levels occurred in either the reporting period or in the previous reporting period.

	Measurement category as per IFRS 9	**Carrying amount**		**Fair value**	**of which: fair value**		
Values by measurement categories June 30, 2023 kEUR		**Aquisition cost** **30.06.2023**	**Fair value** **30.06.2023**	**30.06.2023**	**Level 1**	**Level 2**	**Level 3**
Financial Assets							
Investments	FVtPL		4,550	4,550		4,550	
Trade accounts receivables	AC	3,997		3,997			
Trade accounts receivables	FVtPL		6,244	6,244		6,244	
Other financial assets	AC						
of which: derivative financial instruments with hedging relationship	FVtOCI		3,278	3,278		3,278	
of which: miscellaneous other financial liabilities	AC	2,704		2,704			
Cash and cash equivalents	AC	8,733		8,733			
Total		**15,434**	**14,072**	**29,506**			
Financial liabilities							
Bonds	AC	25,101		26,036	26,036		
Bank borrowings	AC	49,818		46,865		46,865	
Trade payables	AC	6,597		6,597			
Other financial liabilities	AC	8,665		8,619		8,619	
Total		**90,181**	**-**	**88,117**			

Of which aggregated by measurement category as per IFRS 9 (in kEUR)		**Carrying amount**	**Fair value**
Amortised Cost (asset)	AC	15,434	15,434
At fair value through P&L (asset)	FVtPL	10,794	10,794
Amortised Cost (liability)	AC	90,181	88,117

	Measurement category as per IFRS 9	Carrying amount		Fair value	of which: fair value		
Values by measurement categories December 31, 2022 restated[1)] kEUR		**Aquisition cost** **31.12.2022**	**Fair value** **31.12.2022**	**31.12.2022**	**Level 1**	**Level 2**	**Level 3**
Financial Assets							
Investments	FVtPL		4,130	4,130		4,130	
Trade accounts receivables	AC	3,987		3,987			
Trade accounts receivables	FVtPL		3,746	3,746		3,746	
Other financial assets							
of which: derivative financial instruments with hedging relationship			3,044	3,044		3,044	
of which: miscellaneous other financial liabilities	AC	7,312		7,312			
Cash and cash equivalents	AC	9,381		9,381			
Total		**20,680**	**10,920**	**31,600**			
Financial liabilities							
		24,821		25,150	25,150		
Bank borrowings	AC	37,499		34,405		34,405	
Trade payables	AC	7,130		7,130			
Other financial liabilities		9,752		9,710		9,710	
Total		**79,202**	**0**	**76,395**			

Of which aggregated by measurement category as per IFRS 9 restated[1)] (in kEUR)		**Carrying amount**	**Fair value**
Amortised Cost (asset)	AC	20,680	20,680
Amortised Cost (liability)	AC	7,876	7,876
At fair value through OCI (liability)	FVtOCI	79,202	76,395

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 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 interests in SUMTEQ GmbH and in ING3D GmbH as of 30 June 2023 was based on closely related transactions and capital measures of these companies in the reporting period 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.

6.4 Net result from financial instruments

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

in kEUR	**H1 2023 net results from**					
Measurement category as IFRS 9 / IFRS 16	Interest income	Interest expense	Impairment	Reversal of impairment	Subsequent measurement at fair value	Currency translation
Amortised Cost (asset)	28	-	-	-	-	-539
Amortised Cost (liability)	-	-1,643	-	-	-	-54
Total	**28**	**-1,643**	**-**	**-**	**-**	**-593**

in kEUR	**H1 2022 net results from**					
Measurement category as IFRS 9 / IFRS 16	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent measurement at fair value	Currency translation
Amortised Cost (asset)	3	-	-	-	-	1,507
Amortised Cost (liability)	-	-1,203	-	-	-	-77
At fair value through P&L (liability)	-	-	-	-	1	-
Total	**3**	**-1,203**	**-**	**-**	**1**	**1,430**

7 Other disclosures

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

Segment reporting H1 2023

kEUR	va-Q-tec AG IFRS	va-Q-tec Ltd. (UK) IFRS	Other IFRS	Operating divisions, total	Consoli-dation	Group
External revenue	24,115	18,871	9,278	52,264	-	52,264
Internal revenue	6,430	407	1,096	7,933	-7,933	-
Total sales revenue	**30,545**	**19,278**	**10,374**	**60,197**	**-7,933**	**52,264**
At a point in time	27,825	-	7,646	35,471	-6,691	28,780
Over time	2,720	19,278	2,728	24,726	-1,242	23,484
Total income	37,559	19,612	10,694	67,865	-9,973	57,892
Cost of materials and services	-17,060	-8,656	-6,330	-32,046	7,164	-24,882
Personnel expenses	-15,540	-1,959	-2,435	-19,934	492	-19,442
Other operating expenses	-9,582	-3,040	-2,440	-15,062	1,703	-13,359
EBITDA	**-4,623**	**5,957**	**-511**	**823**	**-614**	**209**
Depreciation, amortisation and impairment losses	-4,192	-4,098	-828	-9,118	1,524	-7,594
EBIT	**-8,815**	**1,859**	**-1,339**	**-8,295**	**910**	**-7,385**
Financial income	178	135	5	318	-290	28
Financial expenses	-1,653	-308	-126	-2,087	290	-1,797
EBT	**-10,290**	**1,686**	**-1,460**	**-10,064**	**910**	**-9,154**
H1 2022 investments	3,206	5,700	806	9,712	-595	9,117
Assets 30.06.2023	134,132	46,655	22,095	202,882	-57,623	145,259
Non-current assets*) 30.06.2023	66,182	23,448	5,389	95,019	-7,778	87,241
Liabilities 30.06.2023	104,801	29,811	25,969	160,581	-44,291	116,290
Employees**)	534	55	66	655	-	655

*) Non-current assets relate exclusively to property, plant and equipment and intangible assets.
**) The number of employees includes Management Board members, Managing Directors, trainees and interns (H1 2023: 36, previous year: 33).

Segment reporting H1 2022

kEUR	va-Q-tec AG IFRS	va-Q-tec Ltd. (UK) IFRS	Other IFRS	Operating divisions, total	Consoli-dation	Group
External revenue	24,783	21,856	8,782	55,421	-	55,421
Internal revenue	14,530	552	885	15,967	-15,967	-
Total sales revenue	**39,313**	**22,408**	**9,667**	**71,388**	**-15,967**	**55,421**
At a point in time	36,410	-	7,774	44,184	-14,631	29,553
Over time	2,903	22,408	1,893	27,204	-1,336	25,868
Total income	43,067	23,325	9,723	76,115	-10,507	65,608
Cost of materials and services	-17,327	-8,554	-5,662	-31,543	6,275	-25,268
Personnel expenses	-14,958	-2,062	-2,104	-19,124	516	-18,608
Other operating expenses	-8,672	-3,123	-2,177	-13,972	1,368	-12,604
EBITDA	**2,110**	**9,586**	**-220**	**11,476**	**-2,348**	**9,128**
Depreciation, amortisation and impairment losses	-3,478	-4,613	-689	-8,780	1,464	-7,316
EBIT	**-1,368**	**4,973**	**-909**	**2,696**	**-884**	**1,812**
Financial income	226	-	3	229	-225	4
Financial expenses	-1,124	-321	-61	-1,506	225	-1,281
EBT	**-2,266**	**4,652**	**-967**	**1,419**	**-884**	**535**
H1 2022 investments	3,576	4,790	614	8,980	-1,620	7,360
Assets 30.06.2022	137,918	39,941	21,416	199,275	-49,588	149,687
Non-current assets*) 30.06.2022	67,868	24,203	4,282	96,353	-9,939	86,414
Liabilities 30.06.2022	80,197	24,022	23,577	127,796	-29,405	98,391
Employees**)	533	56	47	636	-	636

*) Non-current assets relate exclusively to poperty, plant and equipment and intangible assets.
**) The number of employees includes Management Board members, Managing Directors, trainees and interns (H1 2022: 33, previous year: 29).

The revenues are distributed geographically as follows:

kEUR	H1 2023 (IFRS)	H1 2022 (IFRS)
Germany	11,756	12,240
Rest of European Union	11,256	12,468
Other	29,252	30,713
Group, total	**52,264**	**55,421**

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 13,028 (previous year: kEUR 10,597) were generated with Products (vacuum insulation panels and heating storage components) in the first half of 2023. The Group reported kEUR 14,467 of revenues from Systems (thermal packaging and related components) in the first half of 2023 (previous year: kEUR 17,411). Services, which comprise the container and box rental business, generated kEUR 23,483 of revenues in the first half of 2023 (previous year: kEUR 25,869). Other revenues amounted to kEUR 1,286 in the first half of 2023 (previous year: kEUR 1,544).

7.2 Related parties

During the first six months of 2023, no transactions with related parties occurred that had a significant influence on the Group's financial position and performance.

8 Events after the reporting date

On 30 June 2023, the Austrian Federal Competition Authority also declared its waiver of a further review, whereby the Voluntary Public Takeover Offer is deemed to have been approved. After the clearance by the German Federal Cartel Office had already been granted on 12 June 2023, all conditions for the completion of the Voluntary Public Takeover Offer by Fahrenheit AcquiCo GmbH ("Bidder") were thereby fulfilled. With the payment of the Offer Price to the shareholders on 6 July 2023, the Takeover Offer was subsequently completed.

Utilizing the authorization approved by the Annual General Meeting on 2 June 2022 (Authorized Capital 2022/I), the Management and Supervisory boards of va-Q-tec AG had passed a resolution on 13 December 2022, subject to the completion of the Takeover Offer, to increase the company's statutory share capital against cash capital contributions by EUR 1,341,500.00, from EUR 13.415.00.00 to EUR 14,756,500.00, by issuing 1,341,500 new registered no-par value ordinary shares with a notional interest in the share capital of EUR 1.00 per no-par value share and with full dividend entitlement as of 1 January 2022. In accordance with the agreements under the Business Combination Agreement, the subscription for the new va-Q-tec shares at an issue price of EUR 26.00 per new va-Q-tec share by the Bidder took place on 7 July 2023 following the completion of the Takeover Offer. Shareholders' subscription rights were excluded in accordance with Sections 203 (2), 186 (3) Sentence 4 of the German Stock Corporation Act (AktG) in conjunction with Section 6.4 of the company's bylaws.

On 30 June 2023, the Bidder (Fahrenheit AcquiCo GmbH) also published its decision to make a Public Delisting Acquisition Offer pursuant to Section 10 (1) Sentence 1, (3) Sentence 1 of the German Securities Acquisition and Takeover Act ("**WpÜG**"). On 2 August 2023, the Bidder, pursuant to Section 39 (2) Sentence 3 No. 1 of the German Stock Exchange Act ("**BörsG**") in conjunction with Section 14 (2) Sentence 1 and (3) Sentence 1 WpÜG, by publishing the Offer Document in the meaning of Section 11 WpÜG, made a Public Delisting Acquisition Offer in the form of a cash offer to the shareholders of va-Q-tec AG. On 11 August 2023, the Management and Supervisory boards of va-Q-tec AG ("va-Q-tec") issued their joint reasoned statement pursuant to Section 27 (1) WpÜG concerning the Public Delisting Acquisition Offer of Fahrenheit AcquiCo GmbH. After careful and thorough examination of the Offer Document published on 2 August 2023, the Management and Supervisory boards of va-Q-tec AG recommend that the shareholders accept the Offer. Pursuant to Section 27 WpÜG, the joint reasoned statement of va-Q-tec's Management and Supervisory boards has been published on the Internet on va-Q-tec's website at [https://va-q-tec.com/] under the heading "Investor Relations" in German and is also provided in a non-binding English translation. Only the German version is authoritative. The acceptance period for the Public Delisting Acquisition Offer commenced with the publication of the Offer Document on 2 August 2023 and is expected to end on 30 August 2023 at 24:00 hours (CET). All relevant details regarding the acceptance of the Offer are set out in the Offer Document, which is available on the Bidder's website: http://www.offer-eqt.com.

Würzburg, 16.08.2023

va-Q-tec AG
The Management Board
Dr. Joachim Kuhn Stefan Döhmen

9 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, 16.08.2023

va-Q-tec AG
The Management Board
Dr. Joachim Kuhn Stefan Döhmen