



**Consolidated financial statements of va-Q-tec AG for H1 2016**

**Würzburg, 16 August 2016**

## Contents

1	General information .....	7
1.1	Information about the company .....	7
1.2	Basis of preparation of the financial statements .....	7
1.3	Effects of new accounting standards .....	8
2	Accounting policies .....	10
3	Notes.....	12
3.1	Consolidated income statement .....	12
3.1.1	Total income .....	12
3.1.2	Cost of materials and services .....	12
3.1.3	Personnel expenses .....	12
3.1.4	Other operating expenses .....	12
3.1.5	Depreciation, amortisation and impairment losses.....	12
3.1.6	Financial expenses .....	13
3.1.7	Income tax .....	13
3.1.8	Earnings per share .....	13
3.2	Statement of financial position .....	14
3.2.1	Property, plant and equipment .....	14
3.2.2	Equity .....	14
3.2.3	Non-current and current bank borrowings.....	15
3.2.4	Other non-current and current financial liabilities .....	15
3.2.5	Other non-current and current non-financial liabilities.....	15
3.3	Financial instruments .....	16
3.4	Net result from financial instruments .....	18
4	Other disclosures .....	19
4.1	Segment information .....	19
4.2	Share-based payment .....	22
4.3	Related parties .....	22
5	Events after the reporting date .....	23

## Consolidated income statement

	H1/16	H1/15
<b>Revenues</b>	<b>15,620,219</b>	<b>9,742,530</b>
Changes in inventories	- 134,258	446,417
Work performed by the company and capitalised	3,204,039	1,728,424
Other operating income	1,062,347	462,563
<b>Total income</b>	<b>19,752,347</b>	<b>12,379,934</b>
Cost of materials and services	- 8,512,629	- 5,377,102
<b>Gross profit</b>	<b>11,239,718</b>	<b>7,002,832</b>
Personnel expenses	- 5,679,329	- 4,200,054
Other operating expenses	- 3,399,030	- 1,837,769
<b>EBITDA</b>	<b>2,161,359</b>	<b>965,009</b>
Depreciation, amortisation and impairment losses	- 2,590,627	- 1,391,193
<b>Earnings before interest and tax (EBIT)</b>	<b>- 429,268</b>	<b>- 426,184</b>
<b>Result from equity accounted investments</b>	<b>- 23,834</b>	<b>-</b>
Financial income	35	578
Financial expenses	- 619,869	- 497,188
<b>Net financial result</b>	<b>- 619,834</b>	<b>- 496,610</b>
<b>Earnings before tax (EBT)</b>	<b>- 1,072,936</b>	<b>- 922,794</b>
Income tax	- 69,307	119,953
<b>Net income</b>	<b>- 1,142,243</b>	<b>- 802,841</b>
<b>Consolidated net income attributable to owners of va-Q-tec AG</b>	<b>- 1,091,449</b>	<b>- 806,533</b>
Consolidated net income attributable to non-controlling interests	- 50,794	3,692
<b>Earnings per share - basic and diluted</b>	<b>- 0.12</b>	<b>- 0.09</b>

## Consolidated statement of comprehensive income

	H1/16	H1/15
<b>Net income</b>	<b>- 1,142,243</b>	<b>- 802,841</b>
Consolidated other comprehensive income		
Currency translation differences	5,864	- 5,786
<b>Total other comprehensive income that will be reclassified to profit or loss</b>	<b>5,864</b>	<b>- 5,786</b>
<b>Consolidated total comprehensive income</b>	<b>- 1,136,379</b>	<b>- 808,627</b>
<b>Consolidated total comprehensive income attributable to owners of va-Q-tec AG</b>	<b>- 1,085,585</b>	<b>- 812,319</b>
Consolidated total comprehensive income attributable to non-controlling interests	- 50,794	3,692

## Consolidated statement of financial position

Assets	30.06.2016	31.12.2015
EUR		
<b>Non-current assets</b>		
Intangible assets	352,690	364,961
Property, plant and equipment	32,425,851	28,043,616
Equity accounted investments	346,263	370,097
Financial assets	51,249	46,214
Other non-financial assets	155,639	54,450
Deferred tax assets	2,272,791	2,146,935
<b>Total non-current assets</b>	<b>35,604,483</b>	<b>31,026,273</b>
<b>Current assets</b>		
Inventories	4,750,912	4,577,210
Trade receivables	4,684,195	4,415,527
Other financial assets	132,936	16,107
Current tax assets	55,318	25
Other non-financial assets	922,336	704,435
Cash and cash equivalents	690,605	1,186,045
<b>Total current assets</b>	<b>11,236,302</b>	<b>10,899,349</b>
<b>Total assets</b>	<b>46,840,785</b>	<b>41,925,622</b>
<b>Equity and liabilities</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
EUR		
<b>Equity</b>		
Issued share capital	4,510,954	4,578,187
Additional paid-in capital	9,720,849	9,030,470
Cumulative other comprehensive income	- 15,512	- 21,376
Retained earnings	- 4,680,433	- 3,588,984
<b>Equity attributable to parent company owners</b>	<b>9,535,858</b>	<b>9,998,297</b>
Non-controlling interests	- 57,382	- 6,588
<b>Total equity</b>	<b>9,478,476</b>	<b>9,991,709</b>
<b>Non-current liabilities</b>		
Provisions	21,400	46,400
Bank borrowings	1,832,343	2,016,575
Other financial liabilities	5,458,375	5,108,042
Other non-financial liabilities	7,740,791	7,450,749
<b>Total non-current liabilities and provisions</b>	<b>15,052,909</b>	<b>14,621,766</b>
<b>Current liabilities</b>		
Provisions	47,715	77,000
Bank borrowings	9,402,552	6,893,775
Other financial liabilities	7,046,525	5,785,142
Trade payables	2,924,533	1,633,172
Tax liabilities	341,055	518,996
Other non-financial liabilities	2,547,020	2,404,062
<b>Total current liabilities</b>	<b>22,309,400</b>	<b>17,312,147</b>
<b>Total equity and liabilities</b>	<b>46,840,785</b>	<b>41,925,622</b>

## Consolidated statement of cash flows

	H1/16	H1/15
<b>Cash flow from operating activities</b>		
Net income	-1,142,243	-802,841
Actual income taxes recognised in income statement	56,361	85,638
Income taxes paid	-112,264	-16,206
Net finance costs recognised in income statement	619,834	496,610
Interest received	35	578
Interest paid	-584,326	-347,151
Non-cash losses from equity accounted investments	23,834	-
Depreciation, amortisation and impairment losses	2,590,627	1,391,193
Gain/loss from disposal of non-current assets	-37,915	-
Change in other assets	-496,247	8,741
Change in other liabilities	418,851	267,492
Change in provisions	-54,285	-26,510
Other non-cash expenses or income	-579,563	-894,624
<b>Cash flow from operating activities before working capital changes</b>	<b>702,699</b>	<b>162,920</b>
Change in inventories	-240,712	113,961
Change in trade receivables	-268,668	-368,851
Change in trade payables	1,291,361	-419,818
<b>Net cash flow from operating activities</b>	<b>1,484,680</b>	<b>-511,788</b>
<b>Cash flow from investing activities</b>		
Payments for investment in intangible assets	-38,423	-18,793
Proceeds from disposal of property, plant and equipment	37,915	-
Payments for investments in property, plant and equipment	-3,919,466	-2,621,514
<b>Net cash flow from investing activities</b>	<b>-3,919,974</b>	<b>-2,640,307</b>
<b>Cash flow from financing activities</b>		
Payments for purchase of treasury shares	-763,398	-
Payments for equity transaction costs	-468,244	-
Proceeds from bank loans	2,508,777	3,188,437
Repayments of bank loans	-184,232	-256,532
Proceeds from sale and finance leaseback transactions	3,095,913	739,696
Proceeds from government grants	-	194,298
Net cash inflow (outflow) from factoring	81,765	-135,353
Payments for finance leases liabilities	-2,331,302	-1,460,730
<b>Net cash flow from financing activities</b>	<b>1,939,279</b>	<b>2,269,816</b>
<b>Net cash flows before exchange rate effects</b>	<b>-496,015</b>	<b>-882,279</b>
Effect of exchange rate changes on cash and cash equivalents	575	330
<b>Net change in cash and cash equivalents</b>	<b>-495,440</b>	<b>-881,949</b>
<b>Cash and cash equivalents at start of period</b>	<b>1,186,045</b>	<b>1,243,708</b>
<b>Cash and cash equivalents at end of period</b>	<b>690,605</b>	<b>361,759</b>

## Consolidated statement of changes in equity

EUR	Issued share capital	Additional paid-in capital	Retained earnings	Cumulative other comprehensive income	Equity attributable to parent company owners	Non-controlling interests	Total equity
				Currency translation reserve			
<b>01.01.2015</b>	<b>4,578,187</b>	<b>9,055,249</b>	<b>-3,242,828</b>	<b>-8,464</b>	<b>10,382,144</b>	<b>-23,584</b>	<b>10,358,560</b>
Net income	-	-	806,533	-	806,533	3,692	802,841
Consolidated other comprehensive income	-	-	-	5,786	5,786	-	5,786
<b>Consolidated total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>806,533</b>	<b>5,786</b>	<b>812,319</b>	<b>3,692</b>	<b>808,627</b>
Change in non-controlling interests	-	-	11,815	-	11,815	11,792	23
<b>30.06.2015</b>	<b>4,578,187</b>	<b>9,055,249</b>	<b>-4,037,546</b>	<b>-14,250</b>	<b>9,581,640</b>	<b>-31,684</b>	<b>9,549,956</b>
<b>01.01.2016</b>	<b>4,578,187</b>	<b>9,030,470</b>	<b>-3,588,984</b>	<b>-21,376</b>	<b>9,998,297</b>	<b>-6,588</b>	<b>9,991,709</b>
Net income	-	-	1,091,449	-	1,091,449	50,794	1,142,243
Consolidated other comprehensive income	-	-	-	5,864	5,864	-	5,864
<b>Consolidated total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,091,449</b>	<b>5,864</b>	<b>1,085,585</b>	<b>50,794</b>	<b>1,136,379</b>
Purchase of treasury shares	127,233	636,165	-	-	763,398	-	763,398
Sale of treasury shares	60,000	1,487,190	-	-	1,547,190	-	1,547,190
Issue of stock options	-	168,796	-	-	168,796	-	168,796
Equity transaction costs	-	329,442	-	-	329,442	-	329,442
<b>30.06.2016</b>	<b>4,510,954</b>	<b>9,720,849</b>	<b>-4,680,433</b>	<b>-15,512</b>	<b>9,535,858</b>	<b>-57,382</b>	<b>9,478,476</b>

## **1 General information**

### **1.1 Information about the company**

The company va-Q-tec AG, which has its headquarters in Germany, 97080 Würzburg, Karl-Ferdinand-Braun Strasse 7, is entered in the commercial register of Würzburg under commercial register sheet number 7368. Besides va-Q-tec AG itself, the interim consolidated financial statements of va-Q-tec AG also include its subsidiaries (hereinafter also referred to as "va-Q-tec", "va-Q-tec Group", the "Group" or the "company"). The company develops, produces and sells innovative products for reliable and energy-efficient temperature controlling and insulation – vacuum insulation panels ("VIPs") and phase change materials ("PCMs"). va-Q-tec also produces passive thermal packaging systems (containers and boxes) through optimally combining VIPs and PCMs. To implement temperature-sensitive logistics chains, va-Q-tec offers within a global partner network the rental of containers and boxes that meet demanding thermal protection standards. Along with healthcare & logistics as the main market, va-Q-tec addresses the following further markets: cooling equipment & foodstuffs, technology & industry, construction and mobility.

This set of interim consolidated financial statements of va-Q-tec for the first half of the 2016 financial year was approved for publication by the Management Board on 16 August 2016.

### **1.2 Basis of preparation of the financial statements**

As va-Q-tec AG falls short of the size criteria of Section 293 of the German Commercial Code (HGB), it is not obligated to prepare consolidated financial statements and a group management report pursuant to Section 290 HGB. As of 31 December 2015, the company voluntarily prepared a set of IFRS consolidated financial statements pursuant to Section 315a (3) HGB in combination with Section 315a (1) of the German Commercial Code (HGB).

This set of condensed interim IFRS consolidated financial statements for va-Q-tec AG as of 30 June 2016 was prepared voluntarily and according to the principles of the International Financial Reporting Standards (IFRS) as they are to be applied in the European Union (EU), and in accordance with IFRS standard IAS 34 "Interim Financial Reporting". These interim financial statements relate only to the consolidated Group of companies, and include all information and disclosures in the notes to the financial statements that are required for a set of interim financial statements pursuant to IAS 34.

The condensed interim Group report does not include all of the disclosures that IFRS requires for consolidated financial statements, and is consequently to be read in combination with the voluntary consolidated financial statements for the 2015 financial year.

As part of preparing the condensed voluntary interim consolidated financial statements for interim financial reporting pursuant to IAS 34, the Management Board must make judgements, estimates and assumptions that affect the application of accounting policies within the Group, and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from such estimates. Significant modifications to assumptions and estimates compared with 31 December 2015 are explained in the disclosures in the notes to the consolidated financial statements. The results achieved to date in the first half of the 2016 financial year do not necessarily permit predictions to be made about trends during the further course of business.

In the interim consolidated financial statements as of 30 June 2016, disclosures in the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity, segment report and disclosures in the notes to the financial statements are made in euros (EUR). All amounts are commercially rounded. Minor deviations relate to rounding differences.

The condensed voluntary interim Group report for the first half of 2016 has been neither audited nor reviewed by an auditor.

### **1.3 Effects of new accounting standards**

New and revised IFRS international accounting regulations that must be applied for the first time from the 2016 financial year were taken into account in the interim consolidated financial statements as of 30 June 2016.

**Amendments to IFRS adopted into EU law for financial years commencing after January 1, 2015**

<b>Standard</b>	<b>Title</b>	<b>Mandatory application for financial years commencing from</b>
Amendment to IFRS 11	Acquisition of an Interest in a Joint Operation	01.01.2016
Amendments to IAS 1	Disclosure Initiative	01.01.2016
Amendments to IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	01.01.2016
Amendments to IAS 16/IAS 41	Agriculture: Bearer Plants	01.01.2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	01.01.2016
Improvements to IFRS (2012-2014)	Annual Improvements 2012-2014	01.01.2016

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

#### Standards not yet adopted into EU law

Standard	Title	Mandatory application for financial years commencing from
IFRS 9	Financial instruments	01.01.2018
IFRS 15	Revenue from Contracts with Customers	01.01.2018
IFRS 16	Leases	01.01.2019
Amendments to IFRS 10, 12, IAS 28	Investment Entities: Applying the Consolidation Exception	01.01.2016
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed for an indefinite period
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	01.01.2017
Amendments to IAS 7	Consolidated statement of cash flows	01.01.2017
Clarifications relating to IFRS 15	Revenue from Contracts with Customers	01.01.2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018

## 2 Accounting policies

As a matter of principle, the interim Group report of va-Q-tec AG applies the same accounting policies as in the IFRS consolidated financial statements as of 31 December 2015. Amendments due to standards and interpretations that were adopted by the EU and which must be applied from 1 January 2016 have been taken into account, and have no significant effect on the Group's financial position and performance. The annual improvements to IFRS also have no significant effect on the consolidated financial statements. The notes to the 2015 consolidated financial statements provide a detailed description of the accounting policies.

For the first time va-Q-tec AG purchased treasury shares in the first half of 2016. Use was made of the modified par value method as part of this purchase. The modified par value method initially entails reducing issued share capital by the nominal amount of the purchased shares. The subsequent remaining difference in relation to the purchase costs can be offset with the remaining equity components without any particular

order.

### 3 Notes

#### 3.1 Consolidated income statement

##### 3.1.1 Total income

Total income developed very positively year-on-year, increasing by around 59.6% to EUR 19,752,347. This is mainly due to the positive development of sales revenues, which increased by 60.3% through expansion of business with both existing customers and newly acquired customers. In addition, other work performed by the enterprise and capitalised was up by EUR 1,475,615 to EUR 3,204,039, which is chiefly attributable to the growth of the internally generated container fleet and of internally generated rental boxes.

##### 3.1.2 Cost of materials and services

The cost of materials rose by EUR 3,135,527 to EUR 8,512,629, representing a 58.3% increase. The cost of materials ratio<sup>1</sup> stands at 43.1% (prior-year period: 43.4%). This trend in the costs of materials contributes to the change in gross profit, which grew by 65.2% year-on-year.

##### 3.1.3 Personnel expenses

Personnel expenses increased by 35.2% compared with the previous year's period, rising from EUR 4,200,054 to EUR 5,679,329. This increase arises from investments in qualified personnel to support the business expansion and a one-off effect from allocating stock options to two further senior managerial staff in January 2016. An expense of EUR 168,796 was recognised for this allocation. The personnel expense ratio<sup>2</sup> fell from 33.9% to 28.8%.

##### 3.1.4 Other operating expenses

Other operating expenses nearly doubled compared with the prior-year period, increasing by EUR 1,561,261 to EUR 3,399,030. This trend is mainly characterised by one-off expenses connected with the company's planned initial public offering (IPO), which were not offset directly in equity as equity transaction costs (EUR 606,087) (previous year: EUR 0).

##### 3.1.5 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses increased by EUR 1,199,434 to EUR 2,590,627, mainly reflecting the depreciation trend connected with the container fleet. The container fleet has been expanded

---

<sup>1</sup> Costs materials ratio in % = Costs of materials / Total income x 100

<sup>2</sup> Personal expense ratio in % = Personnel expenses / Total income x 100

significantly over the past months, with depreciation for these assets rising by EUR 811,535 year-on-year. The depreciation and amortisation ratio<sup>3</sup> has changed from 11.2% to 13.1%.

### 3.1.6 Financial expenses

The expansion of the container fleet is financed through sale and leaseback transactions. The higher level of financial expenses is mainly attributable to this fact. Financial expenses increased by 24.7% year-on-year to EUR 619,869.

### 3.1.7 Income tax

The income tax expense changed from EUR 119,953 (income) to EUR -69,307 (expense). In the first half of 2015, income tax expenses were impacted by a special effect of EUR 377,313 resulting from deferred taxes in connection with a special item for deferred container profits.

### 3.1.8 Earnings per share

Pursuant to IAS 33, the va-Q-tec Group is not required to calculate and state earnings per share. Disclosures are made voluntarily, and comply in full with the requirements of IAS 33.

Earnings per share are as follows:

	H1 16	H1 15
<b>Consolidated net result after non-controlling interests (EUR)</b>	- <b>1,091,449</b>	- <b>806,533</b>
Weighted average number of shares	9,071,784	9,156,374
Earnings per ordinary share and preference share (EUR)	- 0.12	- 0.09

Please refer to the notes on equity for information about the composition of the issued share capital.

The preference shares and ordinary shares of va-Q-tec AG carried equal entitlement to dividends. For this reason, earnings per share in relation to ordinary shares and preference shares did not need to be reported separately. The preference shares were converted into ordinary shares with an annual general meeting (AGM) resolution in May 2016 which was entered in the commercial register on 25 July 2016.

The weighted average number of shares in issue has decreased since 31 December 2015 due to the repurchase of 127,233 ordinary shares in April. In May, 60,000 ordinary shares were resold as part of the purchase of a plot of land. Moreover, the stock split that was approved in May 2016 and entered in the commercial register as of 25 July 2016 was included retrospectively in the calculation of shares outstanding, including restating the previous period. Section 3.2.2 provides further information.

<sup>3</sup> Depreciation and amortisation ratio in % = Depreciation and amortisation expenses / Total income x 100

The existing stock option program is recognised as share-based payment settled with equity instruments. Exercise terms such as exit events (IPO or sale of the company) are not met as of the reporting date. For this reason, no dilution effect was assumed for this contingent share issue.

In addition, a purchase price hedging clause exists in connection with the purchase of a plot of land that can conditionally result in the granting of treasury shares. The related conditions are not met as of the reporting date, and no dilution in this connection was imputed.

## **3.2 Statement of financial position**

### **3.2.1 Property, plant and equipment**

Property, plant and equipment increased by EUR 4,382,235 to EUR 32,425,851. As in the previous year, capital expenditure was characterised by the buildup of the container fleet in an amount of EUR 3,095,913 (previous year: EUR 2,009,316) and of the box fleet in an amount of EUR 867,206 (previous year: EUR 0). Moreover, the parent company purchased a plot of land at the Würzburg-Heuchelhof site from the city of Würzburg for its future operational expansion. The costs to purchase the plot of land amount to EUR 1,603,878. The depreciation on property, plant and equipment stands at a total of EUR 2,539,934 (previous year: EUR 1,368,769).

### **3.2.2 Equity**

In April 2016, an Extraordinary General Meeting (EGM) authorised the company to make a defined share repurchase. Immediately after the authorisation, va-Q-tec AG realised this share repurchase by purchasing 127,233 ordinary shares from a shareholder for a total amount of EUR 763,398. At the Extraordinary General Meeting, a resolution was also passed to create authorised share capital of up to EUR 150,000.

In May 2016, a resolution was passed at the Ordinary Annual General Meeting to convert the existing preference shares of series A1 and A2 into ordinary shares with voting rights. A resolution was also passed to increase the company's share capital to EUR 9,156,374 from company funds through issuing 4,578,187 new shares (stock split). Moreover, a resolution was passed to increase the authorised share capital that was created by the EGM in April 2016 from up to EUR 150,000 to up to EUR 300,000. In addition, further authorised share capital was established of up to EUR 4,278,187 against cash and/or non-cash capital contributions, as well as conditional capital of up to EUR 1,000,000 to grant shares on the exercise of conversion or warrant rights.

These resolutions were entered in the commercial register on 25 July 2016.

The plot of land at the Würzburg-Heuchelhof site acquired from the city of Würzburg in May 2016 for a purchase price of EUR 1,547,190 was settled with 60,000 treasury shares of va-Q-tec AG. Immediately

afterwards, the city of Würzburg sold the shares to Würzburger Versorgungs- und Verkehrs GmbH (WVV). WVV has become a shareholder of va-Q-tec AG as a result of this transaction. The purchase agreement for the plot of land includes a purchase price hedging clause that grants a purchase price offset (granting of further treasury shares) to WVV if the company's share is valued at a lower level by the end of 2016 than agreed in the purchase contract.

### **3.2.3 Non-current and current bank borrowings**

In April 2016, a term sheet was agreed with a house bank for a structured financing facility to expand and pool existing lending commitments with other house banks. The total short- and medium-term financing facility should thereby be expanded by around EUR 4,250,000 to EUR 11,000,000. This financing facility should bolster liquidity as part of the company's planned growth. The final lending agreement was still being negotiated when these financial statements were approved for release. Current bank borrowings increased by EUR 2,508,777 to EUR 9,402,552, whereas non-current bank borrowings decreased by EUR 184,231 to EUR 1,832,343.

### **3.2.4 Other non-current and current financial liabilities**

Overall, other non-current and current financial liabilities rose by EUR 1,611,716 to EUR 12,504,900. The increase is mainly due to the EUR 790,524 change in lease liabilities. These funds serve to finance the expansion of the container fleet. In addition, accruals for outstanding invoices rose by EUR 702,239.

### **3.2.5 Other non-current and current non-financial liabilities**

Other non-current and current non-financial liabilities increased by 4.4% to EUR 10,287,811. This change arises mainly from an increase in the special item for deferred profits from sale and finance leaseback transactions as part of expanding the container fleet. This item increased by EUR 776,103 to EUR 5,794,082 and is released over the duration of the lease contracts in the respective accounting periods. This is offset by the change in prepayments received for orders, which reduced by EUR 225,863 to EUR 2,577, and a EUR 216,293 decrease in the special liability item for grants received to EUR 3,837,699. The release of this special item for grants received is presented under other operating income.

Overall, the special item for deferred grants and container profits from sale and finance leaseback transactions amounts to EUR 9,631,781 (previous year: EUR 9,071,970) and accounts for around 93.6% of the total item (previous year: 92.1%).

### 3.3 Financial instruments

The following table presents financial instruments with their carrying amounts and fair values, analysed by IAS 39 and IAS 17 measurement categories. All of the fair values are allocated to one of the measurement levels of the fair value hierarchy. Where no corresponding allocation has occurred, it is assumed that the carrying amount corresponds to fair value. This relates mainly to trade receivables, cash and cash equivalents, miscellaneous current financial assets, trade payables and miscellaneous current financial liabilities, all of which have short remaining terms.

Section 1.2 of the 2015 consolidated financial statements "Basis of preparation of the financial statements" provides a definition of the fair value hierarchy levels. All allocations to levels are reviewed at the end of the reporting period. No reclassifications between levels occurred in either the reporting year or the previous year.

Values by measurement categories 30.06.2016 EUR	Measurement category as per IAS 39 / IAS 17	Carrying amount	Fair value	of which: fair value		
		30.06.2016	30.06.2016	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Trade receivables	LaR	4,684,195	4,684,195			
Other financial assets						
of which: derivative financial instruments	FVtPL	-	-			
of which: miscellaneous financial assets	LaR	184,185	184,185			
Cash and cash equivalents	LaR	690,605	690,605			
<b>Total</b>		<b>5,558,986</b>	<b>5,558,986</b>			
<b>Financial liabilities</b>						
Bank borrowings	FLAC	11,234,895	11,261,100		11,261,100	
Trade payables	FLAC	2,924,533	2,924,533			
Other financial liabilities						
of which: finance lease liabilities	IAS 17	9,671,527	9,753,726		9,753,726	
of which: derivative financial instruments	FVtPL	522,508	522,508		87,508	435,000
of which: dormant investment	FLAC	500,000	506,226		506,226	
of which: miscellaneous other financial liabilities	FLAC	1,810,866	1,810,866			
<b>Total</b>		<b>26,664,329</b>	<b>26,778,959</b>			

Of which aggregated by measurement category as per IAS 39		Carrying amount	Fair value	
Loans and Receivables	LaR	5,558,986	5,558,986	
At fair value through P&L (asset)	FVtPL	-	-	
Financial liabilities measured at amortised cost	FLAC	16,470,294	16,502,725	
At fair value through P&L (liability)	FVtPL	522,508	522,508	

Values by measurement categories 2015 EUR	Measurement category as per IAS 39 / IAS 17	Carrying amount	Fair value	of which: fair value		
		31.12.2015	31.12.2015	Level 1	Level 2	Level 3
<b>Financial assets</b>						
Trade receivables	LaR	4,415,527	4,415,527			
Other financial assets						
of which: derivative financial instruments	FVtPL	-	-			
of which: miscellaneous financial assets	LaR	62,321	62,321			
Cash and cash equivalents	LaR	1,186,045	1,186,045			
<b>Total</b>		<b>5,663,893</b>	<b>5,663,893</b>			
<b>Financial liabilities</b>						
Bank borrowings	FLAC	8,910,349	8,921,232		8,921,232	
Trade payables	FLAC	1,633,172	1,633,172			
Other financial liabilities						
of which: finance lease liabilities	IAS 17	8,881,002	8,918,767		8,918,767	
of which: derivative financial instruments	FVtPL	518,755	518,755		83,755	435,000
of which: dormant investment	FLAC	487,999	499,769		499,769	
of which: miscellaneous other financial liabilities	FLAC	1,005,428	1,005,428			
<b>Total</b>		<b>21,436,705</b>	<b>21,497,123</b>			
<b>Of which aggregated by measurement category as per IAS 39</b>						
		<b>Carrying amount</b>	<b>Fair value</b>			
Loans and Receivables	LaR	5,663,893	5,663,893			
At fair value through P&L (asset)	FVtPL	-	-			
Financial liabilities measured at amortised cost	FLAC	12,036,948	12,059,601			
At fair value through P&L (liability)	FVtPL	518,755	518,755			

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

The fair value of Level 2 interest-rate swaps is calculated by discounting expected future cash flows on the basis of market interest rates valid on the respective reporting date for the contracts' remaining terms. To measure the currency options, recognised option pricing models are utilised that reflect the volatility of the respective exchange rate and the underlying basis interest rates, among other inputs.

The Level 3 derivative financial instrument relates to an dormant investor's special termination right that is embedded in its dormant investment. This special termination right (which, if exercised, could result in an obligation to make an additional payment) exists for any IPO of va-Q-tec AG. This option's fair value is calculated in each case on the reporting date on the basis of a valuation model. Key measurement parameters include estimates about the event probability of an IPO, the duration of the dormant investment until any IPO, and the expected market capitalisation of va-Q-tec AG capped at a maximum amount at such a date. These estimates are made by management in each case based on the information available on the reporting date. As of 30 June 2016, the imputed probability of an IPO was gauged at 50% (previous year: 50%), and the stock market value of the company was imputed at EUR 100,000,000 (previous year: EUR 65,000,000). The imputed date for a potential IPO was set at 30 September 2016. Given

any IPO, the special termination right might result in a financial obligation of between EUR 500,000 and EUR 870,000.

The following reconciliation shows this financial instrument's fair value changes.

#### Reconciliation: Level 3 financial instruments

<b>Balance on 31.12.2015</b>	<b>-435,000</b>
Change through P&L	0
<b>Balance on 30.06.2016</b>	<b>-435,000</b>

The fair value changes for this option that are recognised in profit or loss are reported in the consolidated income statement under the "financial expenses" item.

### 3.4 Net result from financial instruments

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

EUR

Net results 30.06.2016 from

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

EUR

Net results 30.06.2015 from

Measurement category as per IAS 39 / IAS 17	Interest income	Interest expense	Impairment losses	Reversals of impairment losses	Subsequent fair value measurement	Currency translation
LaR	578	-	-	1,820	-	61,334
FVtPL	-	-	-	-	-105,068	-
FLAC	-	-154,272	-	-	-	14,792
IAS 17	-	-237,847	-	-	-	-
<b>Total</b>	<b>578</b>	<b>-392,119</b>	<b>-</b>	<b>1,820</b>	<b>-105,068</b>	<b>76,126</b>

## **4 Other disclosures**

### **4.1 Segment information**

Pursuant to IFRS 8, the va-Q-tec Group is not required to published segment reporting. Disclosures are made voluntarily, and comply in full with the requirements of IFRS 8.

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

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

The notes to the 2015 consolidated financial statements provide a detailed description of the individual operating segments.

## Segment reporting H1 2016

va-Q-tec Group  
EUR

	va-Q-tec AG			va-Q-tec Ltd. (UK)		
	Local GAAP	Reconciliation	IFRS	Local GAAP	Reconciliation	IFRS
External revenue	12,973,066	-	12,973,066	5,730,046	-	5,730,046
Internal revenue	630,648	-	630,648	331,237	-	331,237
<b>Total sales revenue</b>	<b>13,603,714</b>	-	<b>13,603,714</b>	<b>6,061,283</b>	-	<b>6,061,283</b>
Total income	15,974,462	- 20,433	15,954,029	6,061,283	-	6,061,283
Cost of materials and services	- 6,606,879	- 29,216	- 6,636,095	- 3,024,917	-	- 3,024,917
Personnel expenses	- 4,857,118	-	- 4,857,118	- 777,602	-	- 777,602
Other operating expenses	- 3,337,378	481,985	- 2,855,393	- 1,059,104	10,015	- 1,049,089
<b>EBITDA</b>	<b>1,173,087</b>	<b>432,337</b>	<b>1,605,424</b>	<b>1,199,660</b>	<b>10,015</b>	<b>1,209,675</b>
Depreciation, amortisation and impairment losses	- 957,119	- 8,707	- 965,826	- 1,675,284	-	- 1,675,284
<b>EBIT</b>	<b>215,968</b>	<b>423,630</b>	<b>639,598</b>	<b>- 475,624</b>	<b>10,015</b>	<b>- 465,609</b>
Result from equity accounted investments	-	-	-	-	-	-
Financial income	33,991	-	33,991	-	-	-
Financial expenses	- 249,948	- 5,603	- 255,551	- 350,204	- 35,937	- 386,141
<b>EBT</b>	<b>11</b>	<b>418,027</b>	<b>418,038</b>	<b>- 825,828</b>	<b>- 25,922</b>	<b>- 851,750</b>
Investments H1 2016	3,359,586	-	3,359,586	3,132,794	-	3,132,794
Assets 30.06.2016	35,171,610	253,890	35,425,500	16,099,352	52,588	16,151,940
Non-current assets 30.06.2016	19,016,144	50,504	19,066,648	13,573,752	- 43,759	13,529,993
Equity accounted investments	-	-	-	-	-	-
Liabilities 30.06.2016	18,294,149	1,794,015	20,088,164	13,705,318	109,392	13,814,710
Employees H1 2016	222	-	222	22	-	22

## Segment reporting H1 2015

va-Q-tec Group  
EUR

	va-Q-tec AG			va-Q-tec Ltd. (UK)		
	Local GAAP	Reconciliation	IFRS	Local GAAP	Reconciliation	IFRS
External revenue	6,832,875	-	6,832,875	3,649,374	-	3,649,374
Internal revenue	2,696,767	-	2,696,767	-	-	-
<b>Total sales revenue</b>	<b>9,529,642</b>	-	<b>9,529,642</b>	<b>3,649,374</b>	-	<b>3,649,374</b>
Total income	10,549,754	95,951	10,645,705	3,649,374	-	3,649,374
Cost of materials and services	- 3,949,223	- 32,793	- 3,982,016	- 1,471,593	- 89,093	- 1,560,686
Personnel expenses	- 3,726,763	-	- 3,726,763	- 370,992	-	- 370,992
Other operating expenses	- 1,575,465	15,682	- 1,559,783	- 509,599	- 28,484	- 538,083
<b>EBITDA</b>	<b>1,298,303</b>	<b>78,841</b>	<b>1,377,144</b>	<b>1,297,190</b>	<b>- 117,577</b>	<b>1,179,613</b>
Depreciation, amortisation and impairment losses	- 671,542	- 4,115	- 675,657	- 858,274	60,932	- 797,342
<b>EBIT</b>	<b>626,761</b>	<b>74,726</b>	<b>701,487</b>	<b>438,916</b>	<b>- 56,645</b>	<b>382,271</b>
Financial income	8,885	903	9,788	-	-	-
Financial expenses	- 191,058	- 119,488	- 310,546	- 165,968	- 20,145	- 186,113
<b>EBT</b>	<b>444,588</b>	<b>- 43,859</b>	<b>400,729</b>	<b>272,948</b>	<b>- 76,790</b>	<b>196,158</b>
Investments H1 2015	916,842	-	916,842	3,398,698	-	3,398,698
Assets 30.06.2015	31,268,822	26,318	31,295,140	11,896,647	- 1,038,293	10,858,354
Non-current assets 30.06.2015	16,328,896	47,162	16,376,058	9,564,199	- 1,155,539	8,408,660
Liabilities 30.06.2015	16,317,679	1,591,033	17,908,712	9,117,462	- 1,024,653	8,092,809
Employees H1 2015	188	-	188	12	-	12

## Segment reporting H1 2016

va-Q-tec Group  
EUR

	Other			Operating divisions, total	Consolidation	Group
	Local GAAP	Reconciliation	IFRS			
External revenue	13,020	-	13,020	18,716,132	- 3,095,913	15,620,219
Internal revenue	252,564	-	252,564	1,214,449	- 1,214,449	-
<b>Total sales revenue</b>	<b>265,584</b>	<b>-</b>	<b>265,584</b>	<b>19,930,581</b>	<b>- 4,310,362</b>	<b>15,620,219</b>
Total income	270,185	- 4,109	266,076	22,281,388	- 2,529,041	19,752,347
Cost of materials and services	-	-	-	9,661,012	1,148,383	- 8,512,629
Personnel expenses	- 87,902	-	- 87,902	- 5,722,622	43,293	- 5,679,329
Other operating expenses	- 135,949	- 971	- 136,920	- 4,041,402	642,372	- 3,399,030
<b>EBITDA</b>	<b>46,334</b>	<b>- 5,080</b>	<b>41,254</b>	<b>2,856,353</b>	<b>- 694,994</b>	<b>2,161,359</b>
Depreciation, amortisation and impairment losses	- 3,137	-	- 3,137	- 2,644,247	53,620	- 2,590,627
<b>EBIT</b>	<b>43,197</b>	<b>- 5,080</b>	<b>38,117</b>	<b>212,106</b>	<b>- 641,374</b>	<b>- 429,268</b>
Result from equity accounted investments	-	-	-	-	23,834	- 23,834
Financial income	35	-	35	34,026	- 33,991	35
Financial expenses	- 14,619	1,890	- 12,729	- 654,421	34,552	- 619,869
<b>EBT</b>	<b>28,613</b>	<b>- 3,190</b>	<b>25,423</b>	<b>408,289</b>	<b>- 664,647</b>	<b>- 1,072,936</b>
Investments H1 2016	1,148	-	1,148	6,493,528	505,554	6,999,082
Assets 30.06.2016	217,790	- 1,551	216,239	51,793,679	- 4,952,894	46,840,785
Non-current assets 30.06.2016	30,912	- 5,211	25,701	32,622,342	311,838	32,934,180
Equity accounted investments	-	-	-	-	346,263	346,263
Liabilities 30.06.2016	480,700	- 6,171	474,529	34,377,403	2,984,906	37,362,309
Employees H1 2016	5	-	5	249	-	249

## Segment reporting H1 2015

va-Q-tec Group  
EUR

	Other			Operating divisions, total	Consolidation	Group
	Local GAAP	Reconciliation	IFRS			
External revenue	8,324	-	8,324	10,490,573	- 748,043	9,742,530
Internal revenue	120,674	- 6,541	114,133	2,810,900	- 2,810,900	-
<b>Total sales revenue</b>	<b>128,998</b>	<b>- 6,541</b>	<b>122,457</b>	<b>13,301,473</b>	<b>- 3,558,943</b>	<b>9,742,530</b>
Total income	128,998	2,941	131,939	14,427,018	- 2,047,084	12,379,934
Cost of materials and services	- 3,899	-	- 3,899	- 5,546,601	169,499	- 5,377,102
Personnel expenses	- 102,299	-	- 102,299	- 4,200,054	-	- 4,200,054
Other operating expenses	- 202,047	- 668	- 202,715	- 2,300,581	462,812	- 1,837,769
<b>EBITDA</b>	<b>- 179,247</b>	<b>2,272</b>	<b>- 176,975</b>	<b>2,379,782</b>	<b>- 1,414,772</b>	<b>965,009</b>
Depreciation, amortisation and impairment losses	- 873	-	- 873	- 1,473,872	82,679	- 1,391,193
<b>EBIT</b>	<b>- 180,120</b>	<b>2,272</b>	<b>- 177,848</b>	<b>905,910</b>	<b>- 1,332,094</b>	<b>- 426,184</b>
Financial income	-	-	-	9,788	- 9,210	578
Financial expenses	- 6,211	- 2,713	- 8,924	- 505,583	8,395	- 497,188
<b>EBT</b>	<b>- 186,331</b>	<b>- 441</b>	<b>- 186,772</b>	<b>410,115</b>	<b>- 1,332,909</b>	<b>- 922,794</b>
Investments H1 2015	-	-	-	4,315,540	- 1,317,596	2,997,944
Assets 30.06.2015	164,074	-	164,074	42,317,568	- 8,010,831	34,306,737
Non-current assets 30.06.2015	3,950	- 192	3,758	24,788,476	- 1,383,050	23,405,426
Liabilities 30.06.2015	455,006	- 4,956	450,050	26,451,571	- 1,694,790	24,756,781
Employees H1 2015	4	-	4	204	-	204

The revenues are distributed geographically as follows:

<b>EUR</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Germany	5,321,993	2,716,943
Other EU countries	4,940,743	3,296,493
Other	5,357,484	3,729,094
<b>Group, total</b>	<b>15,620,219</b>	<b>9,742,530</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: Sales revenues of EUR 5,138,200 (previous year: EUR 3,530,931) were generated with products (vacuum insulation panels and individually sold heating storage components) in the first half of 2016. The Group reported EUR 4,492,394 of sales revenues with systems (thermal packaging and related components) in the the first half of 2016 (previous year: EUR 2,191,771). Sales revenues of EUR 5,724,578 were generated from services in the first half of 2016 (previous year: EUR 3,750,429). Other sales revenues amounted to EUR 265,047 (previous year: EUR 269,400).

#### **4.2 Share-based payment**

In January 2016, two senior employees in key positions were granted a total of 47,148 virtual options with an exercise price of EUR 7.73 from the existing stock option program. The fair value on the grant date was calculated with a standard option valuation model (Black-Scholes). This entailed imputing a share price of EUR 19.66, a term of three years, a yield rate of 0%, a congruent-maturity risk-free rate of -0.2% and a volatility of 25%. This volatility was assumed on the basis of the historical sales revenue and earnings trend, and the still early development stage of va-Q-tec. The calculation generated a fair value of EUR 11.93 per option. Of the newly allocated options, total of 14,144 were vested as of 30 June 2016 (previous year: 0), for which personnel expenses of EUR 168,796 were recognised in the reporting period. A total of 141,444 virtual options have been allocated since the stock option program was set up in 2013. Of these, a total of 84,866 were vested as of the balance sheet date excluding the stock split (31 December 2015: 58,934).

#### **4.3 Related parties**

In December 2015, the company's Supervisory Board mandated Supervisory Board member Winfried Klar to provide consultative and advisory support to the Management Board to help the Management Board prepare for the planned IPO. Mr. Klar received EUR 58,094 of compensation for related consultancy services during the first half of 2016.

## **5 Events after the reporting date**

On 23 June 2016, a referendum in the United Kingdom decided in favour of the country leaving the European Union. Following this decision, the value of the British pound sterling has fallen sharply, and negative economic effects are feared for the United Kingdom and the rest of the EU. The company anticipates no sustained financial and business effects from the Brexit decision or from a potential Brexit, as its sales revenues are generated to only a very minor extent in the United Kingdom or in British pounds. The recent depreciation of the British pound has initially had positive effects on the UK subsidiary's cost base. Long-term dislocations are not anticipated in this context.

On 25 July 2016, the resolutions passed by the Ordinary AGM in May 2016 were entered in the commercial register. These include the conversion of all preference shares into ordinary shares, the EUR 4,578,187 capital increase from company funds, the increase in authorised share capital to up to EUR 300,000, the creation of new authorised capital of up to EUR 4,278,187, and the creation of conditional capital of up to EUR 1,000,000.

As part of preparation for the IPO, both shareholders Dr. Kuhn and Dr. Caps have entered into a shareholder voting agreement that requires them to exercise their voting rights in a uniform manner at the AGM.

Würzburg, 16 August 2016

va-Q-tec AG

The Management Board

Dr. Joachim Kuhn

Dr. Roland Caps

Christopher Hoffmann