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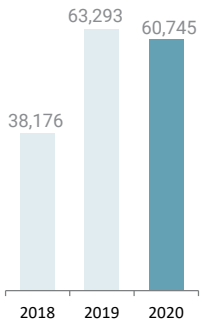
Interim Report January 1 - June 30, 2020

IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

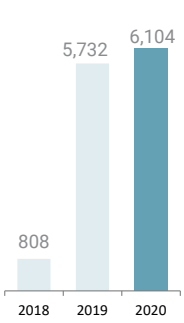
EUR'000	H1 / 2020	H1 / 2019	H1 / 2018
Sales revenues	**60,745**	**63,293**	**38,176**
Semiconductor Systems	40,791	42,815	19,403
Industrial Systems	19,954	20,478	18,773
Gross profit	**18,938**	**18,085**	**9,559**
in % sales revenues	31.2	28.6	25.0
R&D expenses	2,184	2,555	1,247
EBITDA	**8,132**	**7,617**	**2,001**
in % sales revenues	13.4	12.0	5.2
EBIT	**6,104**	**5,732**	**808**
in % sales revenues	10.0	9.1	2.1
Consolidated net result	**4,144**	**3,560**	**375**
in % sales revenues	6.8	5.6	1.0
Total assets	**184,768**	**180,933***	**162,155***
Shareholders' equity	**61,451**	**57,315***	**50,797***
Equity ratio in %	33.3	31.7*	31.3*
Employees as of June 30	**532**	**495**	**404**
Incoming orders	**41,744**	**89,377**	**76,493**
Order backlog	**151,472**	**197,440**	**171,125**
Book-to-bill-ratio	0.69	1.41	2.00
Cash Flow from operating activities	**-1,058**	**4,754**	**-12,564**
Net financial position	**14,823**	**21,031***	**37,010***
Funds qualified as no-cash-equivalent	**13,000**	**6,000***	**0***

[1] As of December, 31

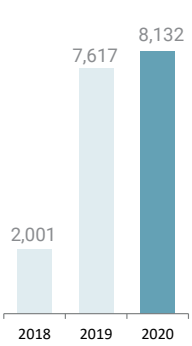
Sales revenues
H1, EUR'000



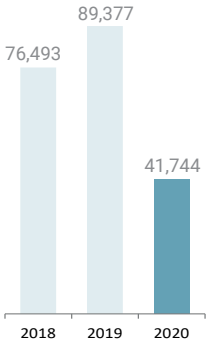
EBIT
H1, EUR'000



EBITDA
H1, EUR'000



Incoming orders
H1, EUR'000



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Foreword by the Management Board

DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

In the second quarter of 2020, the PVA TePla Group recorded a significant jump in earnings compared to the first quarter. Burdens from COVID-19 and the associated delays in customer acceptance were very well compensated for in terms of earnings. Revenue also increased compared with the first quarter. There were no order cancellations in either the first or second quarter of the current year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose to EUR 8.1 million in the first half of fiscal year 2020, up from EUR 7.6 million in the first half of 2019, and the EBITDA margin climbed 1.4% to 13.4% (H1 2019: 12.0%). Earnings before interest and taxes (EBIT) amounted to EUR 6.1 million in the first half of 2020 compared to EUR 5.7 million in the first half of 2019, which corresponds to an increased EBIT margin of 10.0% (H1 2019: 9.1%). We are thus well on the way to achieving a clear double-digit EBIT margin in the medium term.

Sales revenues of the PVA TePla Group amounted to EUR 60.7 million in the first half of 2020, only a slight decline compared to the first half of 2019, when they amounted to EUR 63.3 million. In the second quarter of 2020, we recorded a significant increase in sales revenues in both divisions compared with the first quarter of 2020, which demonstrates the current stability of our business. Developments in digitization, e-mobility/5G and other areas are driving demand for PVA TePla products.

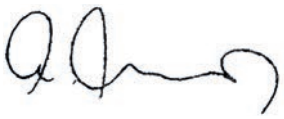
In the Semiconductor Systems division, the PVA TePla Group generated revenue of EUR 40.8 million in the first half of 2020 (H1 2019: EUR 42.8 million). The main revenue drivers continued to be a large order to supply crystal growing systems and the strong demand for ultrasonic measurement systems for semiconductor production. With sales revenues of EUR 20.0 million in the first six months of fiscal year 2020, the Industrial Systems division remained at the level of the previous year (H1 2019: EUR 20.5 million), but was significantly higher than in the first quarter of 2020 in a quarterly comparison.

The order situation is stable and solid. In the first six months of fiscal year 2020, incoming orders for the PVA TePla Group amounted to EUR 41.7 million. After deducting a major order in the first quarter of 2019, incoming orders are comparable with the same period of the previous year. Compared with the first quarter of 2020, incoming orders in the second quarter of the current year improved significantly.

The medium and long-term prospects for our innovative products and solutions remain robust and intact.

Provided that there are no further adverse effects from Covid-19, PVA TePla AG expects to at least match the earnings level of the previous year, even if sales revenue declines.

We thank our shareholders, also on behalf of all employees, for their trust and commitment to our company.



Alfred Schopf
CEO

Oliver Höfer
COO

Jalin Ketter
CFO

Dr. Andreas Mühe
CTO

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The PVA TePla Shares

SHARE PRICE PERFORMANCE

The price of PVA TePla shares in the first six months was affected by the turbulence on the capital market in connection with COVID-19. From mid-March onwards, the share price began to recover, leading to a closing price of EUR 11.10 on June 30, 2020.

In the first half of 2020, a series of virtual conferences were held with German and international investment companies. The discussions focused on overcoming the COVID-19 crisis in the PVA TePla Group and the market outlook for the rest of the year.

ANNUAL GENERAL MEETING

The virtual Annual General Meeting of PVA TePla AG, which was broadcast live on the Internet in its entirety for shareholders, took place on June 26, 2020 in Wettenberg under the direction of the Chairman of the Supervisory Board, Alexander von Witzleben. All items on the agenda were adopted by a large majority with a shareholder presence of around 52%.

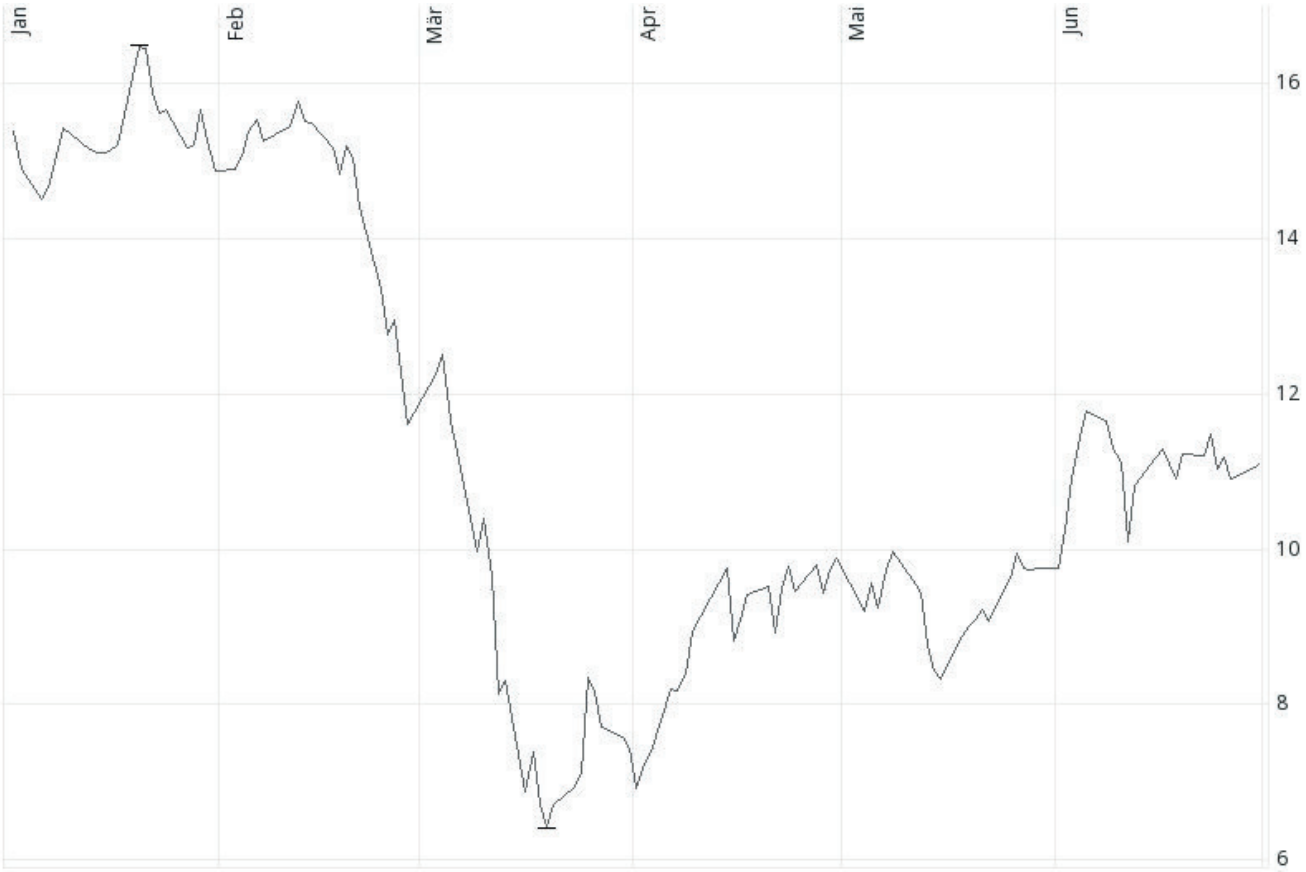
ENLARGED MANAGEMENT BOARD TEAM

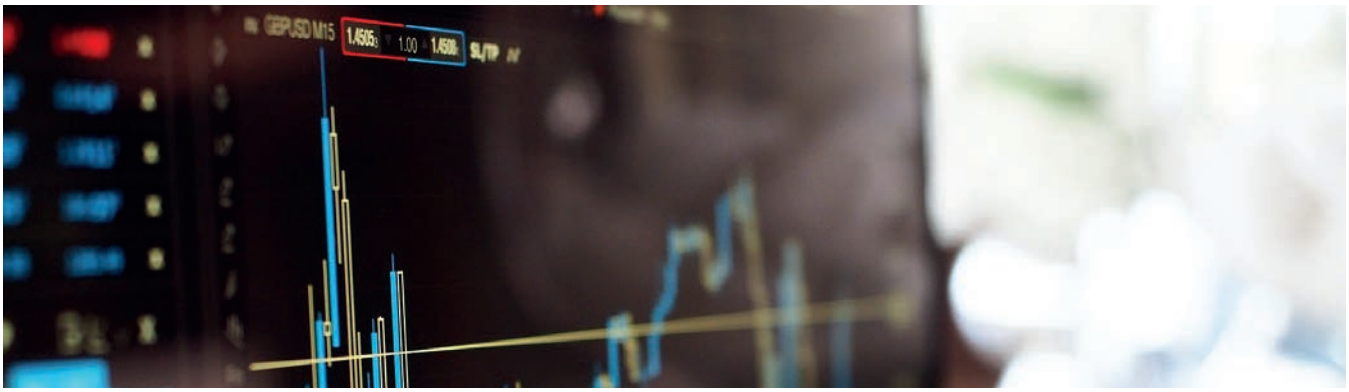
Alexander von Witzleben introduced the new members of the Management Board Dr. Andreas Mühe and Jalin Ketter. The expansion of the Management Board takes into account the considerable growth of the company.

SPEECH BY THE CHAIRMAN OF THE BOARD OF MANAGEMENT

CEO Alfred Schopf explained the results of fiscal 2019 and the first quarter of 2020, focusing on the significant increase in operating profit despite a 10% decline in sales in the first quarter of 2020. The break-even point remains below EUR 95 million and should be maintained in the medium term. In his outlook for the full year 2020, Alfred Schopf stated that a stable development is expected in the medium term and that the long-term growth trend is intact. Temporary burdens from COVID-19 were well compensated in terms of earnings. In the second quarter of 2020, a significant increase in sales and earnings as well as a further improvement in the EBIT margin is targeted compared to the first quarter. The outlook for the second half of 2020 is brightening, no orders have been cancelled.

Performance of PVA TePla Shares January 1, 2020 – June 30, 2020
in % / 1-day-interval





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Interim Group Management Report

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Interim Group Management Report

1. BASIC PRINCIPLES OF THE GROUP

Changes in the Organizational Structure

In fiscal year 2020, PVA Metrology & Plasma Solutions Taiwan Ltd. was renamed PVA Taiwan Ltd. and at the same time transferred from PVA Metrology & Plasma Solutions GmbH to PVA TePla AG. With the exception of these changes, the organizational structure of the PVA TePla Group is unchanged compared to fiscal year 2019.

Employees

As of June 30, 2020, the PVA TePla Group employed 532 people (December 31, 2019: 528).

Research and development

Research and development (R&D) costs in the first half of 2020 were slightly lower than in the same period last year at EUR 2.2 million (H1 2019: EUR 2.6 million). In addition, the PVA TePla Group regularly carries out product and process developments as part of customer orders.

In the current reporting period, research and development activities are focused on the following projects:

In the Metrology Systems business unit, a new concept for an ultra-sound measurement system was developed in the first half of 2020 to enable inline volume inspection (increase in analysis speed) of power modules for electromobility and green energy. For this purpose, an 8-channel system for signal sampling by means of ultrasound was used for the first time. Extensive software developments now ensure simultaneous scanning of the modules with eight transducers. The entire system was integrated into an automatic robot module, which ejects and inserts the components from magazines into the system, marks them with a laser and then inspects them non-destructively for defects in the volume with transducers.

High-purity and high-precision component parts are increasingly becoming a prerequisite in the semiconductor industry to meet the requirements of miniaturization. Innovative vacuum high-temperature systems have received increasing attention in the semiconductor industry in recent years. Due to their extraordinary process characteristics, component parts can be produced in the required, highest quality. For this reason, the PVA TePla Group is developing a special product variant of a high-vacuum brazing furnace in the Vacuum Systems product area as part of a publicly funded research project, which is intended for brazing ceramic circuit carriers for high-performance electronics. Special attention is paid to the safe control of the large amounts of binder released during the brazing process while at the same time ensuring a high-purity process atmosphere to achieve the highest product qualities.

In the „Diffusion brazing“ technology area, the project „Development of diffusion brazed tool inserts for medium-sized and large injection moulding tools“ was successfully completed at the beginning of the year as part of the Central Innovation Programme for SMEs (ZIM) and the results are now being applied in practice. Important fields of application are above all toolmaking, semiconductor technology and alternative energy generation.

2. ECONOMIC REPORT

Macroeconomic and Sector Environment

MACROECONOMIC ENVIRONMENT

The global economy is in a severe recession. According to an analysis by Deutsche Bank, global GDP in 2020 will be significantly below the level before the corona pandemic. The global economic crisis is likely to lead to a considerable increase in unemployment, which in turn will put pressure on national budgets for some time to come. This forecast is subject to considerable downside risks as well as significant opportunities for a more rapid upward trend (a second wave of infection would additionally dampen the economy or, in the event of a rapid development of a vaccine, the social distance could be lifted). From a global perspective, GDP is expected to decline by 5.9% in 2020 (Deutsche Bank Research, World Economic Outlook, July 9, 2020, Frankfurt am Main):

- Germany's GDP is expected to decline by 9.0% in 2020.
- In the Euro zone, GDP is expected to decline by 12% in 2020 compared to 2019.
- In China, GDP growth of 1.1% is expected in 2020.
- In the USA, GDP in 2020 is expected to decline by 7.1% compared to the previous year.

SECTOR ENVIRONMENT

The developments in the individual sectors.

- The industry association SEMI is forecasting a 4% decline in investment in the wafer fab sector for the current year and a significant increase in investment from 2021 onwards.
- The German Engineering Federation (VDMA) does not publish a forecast for 2020 due to the current dynamic development.

Unaffected by these economic developments and industry trends, the PVA TePla Group has excellent visibility of its order backlog into 2021.

Business Development

SALES REVENUES

The PVA TePla Group generated sales revenues of EUR 60.7 million in the first six months of fiscal year 2020 (H1 2019: EUR 63.3 million). In the second quarter of 2020, both divisions recorded a significant increase in sales revenue compared with the first quarter of 2020.

Revenues by business segment	H1 / 2020 EUR'000	H1 / 2019 EUR'000
Semiconductor Systems	40,791	42,815
Industrial Systems	19,954	20,478
Total	**60,745**	**63,293**

Sales revenues in the Semiconductor Systems division amounted to EUR 40.8 million in the first half of 2020 (H1 2019: EUR 42.8 million). In the first half of 2020, a large order for the supply of crystal growing systems for semiconductor production continued to be processed. The Crystal Growing Systems and Ultrasonic Measurement Systems product areas continue to be the strongest product areas in terms of sales revenues in the Semiconductor Systems division.

With sales revenues of EUR 20.0 million, the Industrial Systems Division was slightly down on the prior-year period (H1 2019: EUR 20.5 million), but at EUR 11.1 million it was significantly up on the previous quarter (Q1 2020: EUR 8.8 million). Sales revenues were generated in particular by order processing for vacuum systems for the hard metal market and brazing systems for various markets.

ORDERS

In the first six months of fiscal year 2020, incoming orders of the PVA TePla Group amounted to EUR 41.7 million (H1 2019: EUR 89.4 million). Adjusted for the major orders received in the first quarter of 2019, the level of incoming orders is thus comparable to the level of incoming orders in the previous year. Compared to the first quarter of 2020, order intake in the second quarter of 2020 improved significantly from EUR 16.6 million to EUR 25.1 million. The book-to-bill ratio for the first half of 2020 is 0.69 (H1 2019: 1.41).

The Semiconductor Systems division achieved incoming orders of EUR 26.4 million in the first half of 2020 (H1 2019: EUR 56.4 million). The product area of ultrasonic measuring systems in particular developed extremely positively, accounting for over 40 percent of total incoming orders in this division.

Order intake in the Industrial Systems Division amounted to EUR 15.3 million in the first half of 2020 (H1 2019: EUR 33.0 million). Orders for brazing and diffusion brazing systems were significantly reflected in the order book.

The order book remained at a high level as of 30 June 2020, totalling EUR 151.5 million (30 June 2019: EUR 197.4 million).

At EUR 99.3 million (June 30, 2019: EUR 132.3 million), the Semiconductor Systems division makes a significant contribution to this order backlog as of June 30, 2020 due to the high order volume for crystal growing systems for the semiconductor industry.

The Industrial Systems division has an order backlog of EUR 52.2 million as of June 30, 2020 (June 30, 2019: EUR 65.1 million).

RESULTS OF OPERATIONS

Based on a flexible business model with low value added depth (asset-light model) in production, operating earnings before depreciation and amortisation (EBITDA) increased significantly in the first half of 2020 to EUR 8.1 million (H1 2019: EUR 7.6 million). This corresponds to an EBITDA margin of 13.4% (H1 2019: 12.0%). Earnings before interest and taxes (EBIT) amounted to EUR 6.1 million (H1 2019: EUR 5.7 million), which corresponds to a double-digit EBIT margin of 10.0% (H1 2019: 9.1%).

At EUR 6.3 million, distribution costs in the first half of 2020 were slightly above the prior-year level (H1 2019: EUR 6.1 million). Administrative costs amounted to EUR 4.6 million in the first half of 2020 (H1 2019: EUR 4.4 million).

R&D costs amounted to EUR 2.2 million (H1 2019: EUR 2.6 million). This is due to the projects described above with a view to future growth in the various technology areas.

The balance of interest income and interest expenses in the first half of 2020 was at EUR -0.2 million, roughly the same as in the previous year (H1 2019: EUR -0.3 million). Earnings before taxes amounted to EUR 5.9 million in the first six months of fiscal year 2020 (H1 2019: EUR 5.5 million) and earnings after taxes were EUR 4.1 million (H1 2019: EUR 3.6 million). Income taxes amounted to EUR -1.8 million (H1 2019: EUR -1.9 million).

FINANCIAL AND ASSET POSITION

Asset position

Total assets of the PVA TePla Group as at June 30, 2020 were EUR 184.8 million, higher than at the end of fiscal year 2019 (December 31, 2019: EUR 180.9 million).

At EUR 11.2 million as of 30 June 2020, intangible assets were essentially at the same level as the previous year (31 December 2019: EUR 11.5 million), while property, plant and equipment were slightly down on the previous year at EUR 29.7 million (31 December 2019: EUR 30.2 million). Deferred tax assets decreased slightly to EUR 4.5 million as of June 30, 2020 (December 31, 2019: EUR 5.1 million). In total, non-current assets amounted to EUR 47.6 million as of June 30, 2020 compared to EUR 52.0 million as of December 31, 2019.

Investments were offset by depreciation and amortization of EUR 2.0 million in the first half of 2020 (H1 2019: EUR 1.9 million).

Current assets increased to EUR 137.2 million as of 30 June 2020 (31 December 2019: EUR 129.0 million). As a result of preparations for production of crystal growing systems and delayed final acceptance by customers on site due to the corona pandemic, inventories as of June 30, 2020 rose to EUR 73.0 million (December 31, 2019: EUR 65.2 million). Trade receivables and other receivables increased slightly and amounted to EUR 31.2 million as of June 30, 2020 (December 31, 2019: EUR 27.4 million). The increase is mainly due to cash investments of EUR 13.0 million (December 31, 2019: EUR 6.0 million) that do not qualify as cash and cash equivalents. Contract assets amounted to EUR 13.6 million as of June 30, 2020 (December 31, 2019: EUR 10.5 million). Cash and cash equivalents decreased from EUR 25.6 million (December 31, 2019) to EUR 19.2 million (June 30, 2020). This is due to the processing of orders on hand and the aforementioned cash investments.

Financial position

The equity and liabilities side of the statement of financial position essentially shows a constant development of non-current liabilities (including non-current provisions). At EUR 23.3 million, non-current liabilities as of June 30, 2020 were roughly at the same level as the previous year (December 31, 2019: EUR 24.0 million), as were the pension provisions included in this figure at EUR 17.1 million (December 31, 2019: EUR 17.2 million). Current liabilities amounted to EUR 100.0 million as of June 30, 2020 (December 31, 2019: EUR 100.2 million) and primarily comprise trade payables, contractual liabilities, liabilities to employees and other current provisions. Trade payables amounted to EUR 8.9 million as of 30 June 2020 (31 December 2019: EUR 10.8 million). Contractual liabilities decreased slightly to EUR 77.4 million as of June 30, 2020 (December 31, 2019: EUR 78.6 million). Liabilities to employees amounted to EUR 5.1 million as of 30 June 2020 (31 December 2019: EUR 4.1 million) and other current provisions to EUR 4.2 million (31 December 2019: EUR 3.6 million).

Equity amounted to EUR 61.5 million as at 30 June 2020 (31 December 2019: EUR 57.3 million), and the equity ratio thus rose to 33.3% (31 December 2019: 31.7%).

Liquidity

The cash flow from operating activities amounted to EUR -1.1 million in the first six months of fiscal year 2020 (H1 2019: EUR +4.8 million;). This is mainly due to the scheduled processing of the order backlog.

Cash flow from investing activities amounted to EUR -4.7 million in the first half of 2020 (H1 2019: EUR -1.9 million). Cash flow from financing activities was EUR -0.6 million in the first half of 2020 (H1 2019: EUR -0.8 million). The net financial position (cash and cash equivalents less current and non-current financial liabilities) amounted to EUR 14.8 million as of June 30, 2020 (December 31, 2019: EUR 21.0 million).

3. OPPORTUNITIES, RISK AND FORECAST REPORT

With the exception of Corona, there were no material changes to the forecast and the opportunities and risks presented in the 2019 Annual Report during the first half of the 2020 financial year. From today's perspective, there are no discernible risks that could endanger the continued existence of the company.

The corona pandemic has led to shifts in sales due to temporary delays in new orders and in the completion of projects. In the course of securing liquidity in the context of the Corona pandemic, the cash line provided for in the syndicated loan agreement was extended by EUR 10.0 million, but has not yet been used. As the corona pandemic continues, the PVA TePla Group is continuing to monitor the effects of COVID-19 on operational and financial development in the 2020 fiscal year. Regardless of the effects of the ongoing corona pandemic, the outlook remains positive.

Anticipated development of business performance and earnings

The original forecast, most recently published in connection with the publication of the financial figures for the first quarter of 2020 on 8 May 2020, did not rule out sales and earnings at the previous year's level or lower, depending on the further course of the COVID 19 crisis.

Outlook

Economic uncertainties remain due to the corona pandemic (COVID-19). According to current estimates, this may lead to further delays in project implementation.

Provided that there are no further adverse effects from Covid-19, PVA TePla AG expects to at least match the earnings level of the previous year, even if sales revenue declines.

Wettenberg, 6 August 2020

Interim Group Financial Statements

January 1 - June 30, 2020

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CONDENSED CONSOLIDATED BALANCE SHEET
as at June 30, 2020

ASSETS EUR'000	Jun, 30, 2020	Dec, 31, 2019
Non-current assets		
Right-of-use assets	2,188	2,175
Intangible assets	11,191	11,471
Property, plant and equipment	29,715	30,185
Non-current investments	18	3,014
Deferred tax assets	4,454	5,124
Total non-current assets	47,566	51,969
Current assets		
Inventories	73.006	65.217
Trade and other receivables	31.223	27.378
Contract assets	13.561	10.458
Income tax assets	257	341
Cash and cash equivalents	19.153	25.570
Total current assets	137.200	128.964
Total	184.766	180.933

LIABILITIES AND SHAREHOLDERS' EQUITY EUR´000	Jun. 30, 2020	Dec. 31, 2019
Shareholders' equity	61,451	57,315
Non-current liabilities	23,287	23,392
Current liabilities	100,028	100,226
Total	184,766	180,933

CONDENSED CONSOLIDATED INCOME STATEMENT
January 1 - June 30, 2020

EUR'000	Apr, 1 - Jun, 30, 2020	Apr, 1 - Jun, 30, 2019	Jan, 1 - Jun, 30, 2020	Jan, 1 - Jun, 30, 2019
Sales revenues	**34,323**	**33,883**	**60,745**	**63,293**
Cost of sales	-23,324	-23,512	-41,807	-45,208
Gross profit	**10,999**	**10,371**	**18,938**	**18,085**
Selling and distributing expenses	-2,787	-3,098	-6,275	-6,109
General administrative expenses	-2,274	-2,127	-4,591	-4,402
Research and development expenses	-1,070	-1,309	-2,184	-2,555
Other operating income	613	760	1,431	1,519
Other operating expenses	-830	-244	-1,215	-806
Operating result (EBIT)	**4,651**	**4,352**	**6,104**	**5,732**
Financial result	**-107**	**-137**	**-198**	**-265**
Net result before tax	**4,544**	**4,216**	**5,906**	**5,467**
Income taxes	-1,342	-1,632	-1,762	-1,907
Consolidated net result for the period	**3,202**	**2,584**	**4,144**	**3,560**
of which attributable to				
Shareholders of PVA TePla AG	3,202	2,584	4,144	3,560
Minority interest	0	0	0	0
Earnings per share				
Earnings per share (basic) in EUR	0.15	0.12	0.19	0.16
Earnings per share (diluted) in EUR	0.00	0.00	0.19	0.16

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
January 1 - June 30, 2020

EUR'000	Apr. 1 - Jun. 30, 2020	Apr. 1 - Jun. 30, 2019	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2018
Consolidated net result for the period	**3,202**	**2,584**	**4,144**	**3,560**
of which attributable to shareholders of PVA TePla AG	3,202	2,584	4,144	3,560
of which attributable to minority interest	0	0	0	0
Other comprehensive income				
Items that may be reclassified to profit or loss				
Currency changes	-61	-30	-8	31
Income taxes	0	0	0	0
Changes in the amount recognised in equity (currency differences)	**-61**	**-30**	**-8**	**31**
Total of items that may be reclassified to profit or loss	**-61**	**-30**	**-8**	**31**
Total comprehensive income	**3,141**	**2,554**	**4,136**	**3,591**
of which attributable to shareholders of PVA TePla AG	3,141	2,554	4,136	**3,591**
of which attributable to minority interest	0	0	0	0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
January 1 - June 30, 2020

	EUR'000	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2019
	Cash flow from operating activities	**-1,058**	**4,754**
	Cash flow from investing activities	**-4,690**	**-1,866**
	Cash flow from financing activities	**-645**	**-769**
	Net change in cash and cash equivalents	-6,393	2,119
+/-	Effect of exchange rate fluctuations on cash	-24	211
+	Cash and cash equivalents at the beginning of the period	25,570	40,014
=	**Cash and cash equivalents at the end of the period**	**19,153**	**42,344**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
January 1 - June 30, 2020

EUR'000	Shared issues		Revenue reserves	Other reserves: Currency conversion	Other reserves: Provisions for pensions	Total shareholders' interest	Minority interest	Total
	Number							
As at January 1, 2019	21,749,988	21,750	33,349	121	-4,339	50,881	-84	50,797
Conversion-effects IFRS 16			-29	0	0	-29	0	-29
As at January 1, 2019 (adjusted)	21,749,988	21,750	33,320	121	-4,339	50,852	-84	50,768
Total income			7,629	337	-1,503	6,463	84	6,547
As at December 31, 2019	21,749,988	21,750	40,949	458	-5,842	57,315	0	57,315
As at January 1, 2019	21,749,988	21,750	33,349	121	-4,339	50,881	-84	50,797
Conversion-effects IFRS 16			-29	0	0	-29	0	-29
As at January 1, 2019 (adjusted)	21,749,988	21,750	33,320	121	-4,339	50,852	-84	50,768
Total income			3,560	31	0	3,591	0	3,591
As at June 30, 2019	21,749,988	21,750	36,880	152	-4,339	54,443	-84	54,359
As at January 1, 2020	**21,749,988**	**21,750**	**40,949**	**458**	**-5,842**	**57,315**	**0**	**57,315**
Total income			4,144	-8	0	4,136	0	4,136
As at June 30, 2020	**21,749,988**	**21,750**	**45,093**	**450**	**-5,842**	**61,451**	**0**	**61,451**

Condensed Notes to the Consolidated Interim Financial Statements for the First Half of 2020

A. BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING COMPANY

PVA TePla AG, Wettenberg ("PVA TePla AG") is a stock corporation in accordance with German law. It is domiciled at Westpark 10-12, 35435 Wettenberg, Germany. The company is entered in the commercial register of the Giessen Local Court under HRB 6845. The shares of PVA TePla AG are listed in the Prime Standard of the Frankfurt Stock Exchange (ISIN: DE0007461006).

PVA TePla AG and its subsidiaries ("PVA TePla Group") offer their customers systems for the production and refinement of high-quality materials, which are processed under high temperature, vacuum, high pressure and in plasma, among other things. With locations in Germany, Italy, the USA, China, Taiwan and Singapore, the PVA TePla Group maintains business relationships around the world. Its business activities are divided into two segments: Industrial Systems and Semiconductor Systems.

2. BASIS OF ACCOUNTING

The condensed consolidated interim financial statements of the PVA TePla Group for the reporting period from January 1, 2020 to June 30, 2020 ("consolidated half-yearly financial statements") pursuant to section 117 in conjunction with sections 114 and 115 of the German Securities Trading Act (WpHG) have been prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) as well as section 53 of the Exchange Rules for the Frankfurt Stock Exchange. All of the standards and interpretations published by the International Accounting Standards Board (IASB) and required to be applied for fiscal 2020 were applied to the extent that they have been approved by the European Union.

The consolidated interim financial statements comply with the requirements of IAS 34 and have not been audited or reviewed by a statutory auditor.

The present consolidated interim financial statements are based on the consolidated financial statements for the year ended December 31, 2019. In accordance with IAS 34, a condensed scope of reporting has been selected compared with the consolidated financial statements. The consolidated half-yearly financial statements do not contain all of the information required for complete consolidated financial statements at the end of a fiscal year. They have been prepared using the accounting policies applied in preparing the consolidated financial statements for the year ended December 31, 2019, taking into account all current transactions, accruals and deferrals that the management considers necessary to ensure an accurate view of the interim results. Income taxes were calculated on a best estimate basis. The management believes that the information and disclosures presented are suitable to give a true and fair view of the net assets, financial position, and results of operations. The results for the interim reporting period do not necessarily allow forecasts to be made with regard to the further course of business.

These condensed notes to the consolidated financial statements mainly contain details of items in which there have been significant changes as against the consolidated financial statements of the PVA TePla Group for fiscal 2019.

These consolidated interim financial statements are prepared in euro (EUR). All amounts are shown in thousands of Euro (EUR thousand) unless expressly stated otherwise. The figures in this interim report may contain rounding differences of +/- one unit (EUR, %, etc.) for calculation reasons.

The consolidated half-yearly financial statements for the reporting period ended June 30, 2020 were approved for publication by the Management Board of PVA TePla AG on August 6, 2020.

B. CHANGES TO ACCOUNTING POLICIES

The accounting policies applied in preparing the consolidated half-yearly financial statements of the PVA TePla Group for the reporting period ended June 30, 2020 are essentially the same as for the consolidated financial statements for fiscal 2019.

C. CHANGES TO THE COMPANIES INCLUDED IN CONSOLIDATION

The condensed consolidated interim financial statements for the period ended June 30, 2020 include PVA TePla AG and the subsidiaries over which it exercises control ("PVA TePla Group"). In fiscal year 2020, PVA Metrology & Plasma Solutions Taiwan Ltd. was renamed PVA Taiwan Ltd. and at the same time transferred from PVA Metrology & Plasma Solutions GmbH to PVA TePla AG. The companies included in Consolidation in the PVA TePla Group were unchanged as against the consolidated financial statements of the PVA TePla Group for the fiscal year 2019.

D. MANAGEMENT JUDGMENTS AND ESTIMATE UNCERTAINTIES

For the PVA TePla Group's consolidated half-yearly financial statements for the reporting period ended June 30, 2020, it is necessary to make a limited number of estimates and assumptions which have an impact on the amount and the presentation of recognized assets and liabilities, income and expenses and contingent liabilities. These estimates and judgments are essentially unchanged compared with the information presented in the consolidated financial statements of the PVA TePla Group for fiscal 2019. Changes in the economic situation that deviate from the assumptions applied and that lie beyond the control of management may result in the actual amounts differing from the original estimates.

In the first half of 2020, despite the current Corona pandemic, there were no material changes in the estimates and assumptions made by management overall compared with the discretionary decisions of management and estimation uncertainties described in the consolidated financial statements for the 2019 financial year. For further explanations with regard to the current Coronavirus issue, please refer to the information contained in the interim Group management report for the first half of 2020 in the section „Report on opportunities, risks and prospects".

E. SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. SALES REVENUES

Revenues by activity area

EUR'000	Jan. 1 - Jun. 30, 2020	%	Jan. 1 - Jun. 30, 2019	%
Systems	50,240	83	50,007	79
After-sales / IP	8,325	14	10,399	16
Contract processing	2,033	3	2,452	4
Others	147	0	435	1
Total	**60,745**	**100**	**63,293**	**100**

Revenues by time service is rendered

EUR'000	Jan. 1 - Jun. 30, 2020	in %	Jan. 1 - Jun. 30, 2019	in %
Realization at a point in time	49,398	81	46,676	74
Realization over a period of time	11,347	19	16,617	26
Total	**60,745**	**100**	**63,293**	**100**

See segment reporting under Note 7 for more information on sales revenues breakdowns.

2. INCOME TAXES

EUR'000	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2019
Current tax expenses	-492	-813
Deferred tax expenses (-) / income (+)	-1,270	-1,094
Total income taxes	**-1,762**	**-1,907**

Income taxes for the current reporting period are calculated on the basis of the expected income tax rate for the full year. The reported tax expense for the first six months of fiscal 2020 in the amount of EUR -1,762 thousand (H1 2019: EUR -1,907 thousand) corresponds to a tax rate of 29.8% (H1 2019: 34.9%).

3. EARNINGS PER SHARE

	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2019
Numerator: Consolidated net result for the period before minority interests (EUR '000)	4,144	3,560
Denominator: Weighted number of shares outstanding – basic	21,749,988	21,749,988
Earnings per share (EUR)	**0.19**	**0.16**

F. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. INVENTORIES

EUR'000	Jun. 30, 2020	Dec. 31, 2019
Raw materials and operating supplies	19.856	19.351
Work in progress	57.497	50.694
Finished products and goods	503	512
Gross value	**77.856**	70.557
Less impairment losses	-4.850	-5.340
Inventories	**73.006**	**65.217**

5. TRADE AND OTHER RECEIVABLES AND CONTRACT ASSETS

EUR'000	Jun. 30, 2020	Dec. 31, 2019
Trade receivables concerning product sales and services	12,282	14,645
Advance payments	3,406	4,034
Other current receivables	16,337	9,474
Contract assets	13,561	10,458
Gross value	**45,586**	**38,611**
Less impairment losses	-802	-776
Trade and other receivables and contract assets	**44,784**	**37,835**

Accounts receivable are not interest-bearing and are generally due within 30 to 90 days.

EUR'000	Jun. 30, 2019	Dec. 31, 2018
POC-Receivables (Gross value)	14,442	15,507
less advance payments received	-8,404	-8,336
Subtotal	**6,038**	**7,170**
Unconditional payment entitlements (down payment invoices)	7,523	3,287
Contract assets (net exposure)	**13,561**	**10,458**

6. CONTRACT LIABILITIES

EUR'000	Jun. 30, 2020	Dec. 31, 2019
POC-liabilities	3,579	4,296
Advance payments received concerning product sales and services	73,857	74,309
Contract liabilities	**77,436**	**78,605**

EUR'000	Jun. 30, 2020	Dec. 31, 2019
Advance payments received (progress billing)	11,532	9,647
less contract costs incurred (incl. share of profit)	-7,953	-5,351
Contract liabilities (net exposure)	**3,579**	**4,296**

G. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As of June 30, 2020, the issued share capital of PVA TePla AG was unchanged as against December 31, 2019 at 21,749,988 no-par value shares each with a nominal value of EUR 1.00. As previously, there was no contingent capital as of June 30, 2020.

The dividend payment by PVA TePla AG is based on the single-entity financial statements of PVA TePla AG in accordance with German commercial law. The Annual General Meeting on June 26, 2020 resolved that there would be no dividend payment for fiscal 2019.

H. OTHER DISCLOSURES

7. SEGMENT REPORTING

Segment reporting follows the management approach in accordance with IFRS 8. As in fiscal 2019, the management allocates resources and evaluates the performance of the PVA TePla Group on the basis of the internal organizational and management reporting system for the Industrial Systems and Semiconductor Systems divisions.

Sales revenues by division

EUR'000	Jan. 1 - Jun. 30, 2020		Jan. 1 - Jun. 30, 2019	
segment information	**External sales revenues**	**Internal sales revenues**	**External sales revenues**	**Internal sales revenues**
Industrial Systems	19,954	1,856	20,478	1,813
Semiconductor Systems	40,791	352	42,815	340
Total PVA TePla Group	**60,745**	**2,208**	**63,293**	**2,153**

Operating result by division ("segment earnings")

EUR'000	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2019
segment information		
Industrial Systems	1,426	1,665
Semiconductor Systems	6,469	6,458
Holding Costs	-1,996	-2,370
Consolidation	205	-21
Total PVA TePla Group	**6,104**	**5,732**

Reconciliation of segment earnings to earnings after taxes

EUR'000	Jan. 1 - Jun. 30, 2020	Jan. 1 - Jun. 30, 2019
Operating result (EBIT)	**6.104**	**5,732**
Financial result	-198	-265
Results before taxes	5.906	5,467
Income taxes	-1.762	-1,907
Earnings after taxes	**4.144**	**3,560**

Sales revenues by region

EUR'000	Jan. 1 - Jun. 30, 2020	in %	Jan. 1 - Jun. 30, 2019	in %
Asia	35,344	58	18,591	29
Germany	11,168	18	27,244	43
Europe (without Germany)	11,254	19	11,207	18
North America	2,877	5	5,833	9
Other	102	0	418	1
Group	**60,745**	**100**	**63,293**	**100**

8. FINANCIAL INSTRUMENTS: FAIR VALUE DISCLOSURES

As of June 30, 2020, the fair values of financial assets and financial liabilities largely corresponded to the carrying amounts recognized.

The carrying amounts (= fair values) by class of the financial assets and financial liabilities measured at fair value are shown below:

EUR'000	Jun. 30, 2020	Dec. 31, 2019
Other current receivables	24	8
Other long-term liabilities	78	114
Other current liabilities	89	99

The PVA TePla Group's financial instruments measured at fair value are allocated to "level 2" in accordance with IFRS 7 at which measurement is based on stock exchange or market prices of similar instruments or on measurement models based on input parameters observable in the market. The fair values of both forward exchange contracts and interest hedges were determined on the basis of discounted expected future cash flows. For the remaining durations of the finance instruments the relevant market interest rates are used.

The net result of EUR -141 thousand (H1 2019: EUR -146 thousand) from the financial assets and liabilities measured at fair value through profit or loss comprises changes in the market value of derivative hedging instruments.

9. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The information contained in the consolidated financial statements of the PVA TePla Group for fiscal 2019 concerning contingent liabilities and other financial commitments remained largely unchanged.

10. RELATED PARTIES

The related parties for PVA TePla AG and Group companies are defined in accordance with IAS 24. There are no material changes to the related parties compared with the 2019 consolidated financial statements. In addition, there were no changes to the Supervisory Board between January 1 and June 30, 2020. On the date of the Annual General Meeting on June 26, 2020, the Management Board of PVA TePla AG was expanded to include:

- Jalin Ketter (Chief Financial Officer)
- Dr. Andreas Mühe (Chief Technology Officer)

There has been no material change in the scope of related party transactions compared with the consolidated financial statements for the 2019 financial year.

In the first half of 2020, unchanged from the corresponding period of the previous year (H1 2019), business relations between PVA TePla AG and PA Beratungsgesellschaft mbH existed in connection with a current consultancy agreement which is filled out exclusively by the main shareholder Peter Abel. The volume of these business transactions amounted to EUR 250 thousand in the first half of 2020 (H1 2019: EUR 261 thousand). Furthermore, there were liabilities of EUR 100 thousand as of June 30, 2020 (December 31, 2019: EUR 312 thousand).

11. AUDITOR FOR FISCAL 2020

At the Annual General Meeting on June 26, 2020, the shareholders followed the proposal by the Supervisory Board and, as in the previous year, elected Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Frankfurt/Main, Germany, as the auditor of the annual and consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020.

12. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

In the period between June 30, 2020 and the approval of the half-yearly consolidated financial statements, there were no material changes to the company's situation or our industry environment that could have a material impact on the net assets, financial position and results of operation as at June 30, 2020. Moreover, we do not currently anticipate any major changes to the structure, administration or legal form of the Group or in terms of staff. With regard to the current corona issue, reference is made to the comments in the interim Group management report for the first half of 2020 in the section „Opportunities, risks and outlook".

I. RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for half-yearly financial reporting, the half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 for the remaining months of the fiscal year.

Wettenberg, August 6, 2020

Alfred Schopf
CEO

Oliver Höfer
COO

Jalin Ketter
CFO

Dr. Andreas Mühe
CTO

FINANCIAL CALENDAR

Date		Location
November 6, 2020	Interim Report as of September 30, 2020	
November 16-18, 2020	German Equity Forum	Frankfurt
March 25, 2021	Annual Report 2020	

IMPRINT

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