

Be equipped for tomorrow's materials

Interim Report January 1 - June 30, 2022



IMPORTANT CONSOLIDATED FIGURES AT A GLANCE

in EUR'000	H1 / 2022	H1 / 2021
Sales revenues	80,070	70,915
Semiconductor Systems	56,832	51,602
Industrial Systems	23,238	19,313
Gross profit	24,105	21,031
in % sales revenues	30.1	29.7
R&D expenses	2,909	2,579
EBITDA	9,488	9,439
in % sales revenues	11.8	13.3
EBIT	7,210	7,052
in % sales revenues	9.0	9.9
Consolidated net result	4,027	4,625
in % sales revenues	5.0	6.5
Total assets	258,562	240,245*
Shareholders' equity	87,500	82,789*
Equity ratio in %	33.8	34.5
Employees as of June 30	598	557
Incoming orders	106,356	97,783
Book-to-bill-ratio	1.33	1.38
Order Backlog	309,278	150,729
Cash Flow from operating activities	-9,875	9,229
Net financial position	34,085	55,533*

*) As of December 31

CONTENT

Foreword by the Board of Management	4
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Interim Group Management Report	5
Fundamentals of the PVA TePla Group	5
Economic Report	7
Opportunity, risk and forecast report	10
Condensed Consolidated Interim Financial Statements	11
Condensed consolidated balance sheet	12
Condensed consolidated income statement	13
Condensed statement of comprehensive income	14
Condensed Consolidated Cash Flow Statement	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed notes to the consolidated financial statements	17
Financial calendar	26
Imprint	26

Dear shareholders, dear business partners,

High order intake - project pipeline remains strong

As in the previous quarters, the PVA TePla Group recorded a high level of incoming orders in all business units. Compared to the same period of the previous year, this has increased by almost nine percent and stands at around EUR 106 million as of June 30, 2022. Our innovative products, which meet the highest quality standards and offer outstanding productivity and process accuracy, are also winning over the world's largest semiconductor manufacturers. Our systems can be found there in almost all value-added stages of the production chain. But other future markets that are attracting increasing attention, such as hydrogen and gas liquefaction, are also reflected in our orders. We are facing an excellent order situation.

In the first half of the year, the strong demand for silicon carbide-based components for power electronics led to the first major order from a European semiconductor manufacturer for the supply of corresponding crystal growing systems. This development will continue in the course of the year. The wide range of experience in the subject of crystal growing at the PVA TePla Group is also illustrated by another large order for the construction of systems for the production of calcium fluoride crystals, which are used in the optical industry and in the semiconductor industry.

The comprehensive development of a further business unit in addition to high-temperature and crystal growing systems - non-destructive quality inspection - which has been completed over the past 15 years, has in the meantime developed as an essential pillar of our portfolio. The varied technologies that our subsidiaries have at their disposal in quality inspection - at the center ultrasonic measurement technology - are an essential element in expanding and strengthening our positioning with the major semiconductor manufacturers.

At EUR 309.3 million, the order backlog is more than double that of the previous year's reporting date and ensures visibility into 2025.

Result of the first half year

In the first six months of fiscal year 2022, the PVA TePla Group achieved sales growth of almost 13% to EUR 80.1 million compared to the previous year's figure of just under EUR 71 million. Both business divisions contributed to this development. Gross profit grew by EUR 3.1 million and gross margin increased to 30.1% (H1 2021 29.7%). The operating result (EBITDA, before financial result, taxes, depreciation and amortization) in the first half of 2022 was on a par with the previous year at EUR 9.5 million (H1 2021: EUR 9.4 million). The EBIT margin was 9.0% (H1 2021: 9.9%). Research and development activities around the topic of silicon carbide were further intensified in the first half of the year.

PVA TePla Group confirms its targets for fiscal year 2022 with sales in the range of EUR 170 - 180 million and an operating result (EBITDA) of between EUR 25 and 27 million.

We would like to thank our shareholders for their trust and commitment to our company.

Wettenberg, July 28, 2022

Manfred Bender
Chairman of the Board

Oliver Höfer
Chief Production Officer
and Quality Management

Jalin Ketter
Chief Financial Officer

Dr. Andreas Mühe
Chief Technology Officer

Interim Group Management Report of the PVA TePla Group for the 1st Half of 2022

1. Basic principles of the PVA TePla-Group

Changes in the organizational structure

In the reporting period, PVA TePla Korea LLC (Yuhan Hoesa) was newly established as a sales and service location and has been included in the consolidated financial statements of PVA TePla AG by way of full consolidation since January 18, 2022 (date of establishment). This did not have any material impact on the net assets, financial position and results of operations of the PVA TePla Group. Otherwise, the organizational structure of the PVA TePla Group remained unchanged compared to December 31, 2021.

Employees

As of June 30, 2022, the PVA TePla Group had 598 employees (December 31, 2021: 565 employees).

Research and development

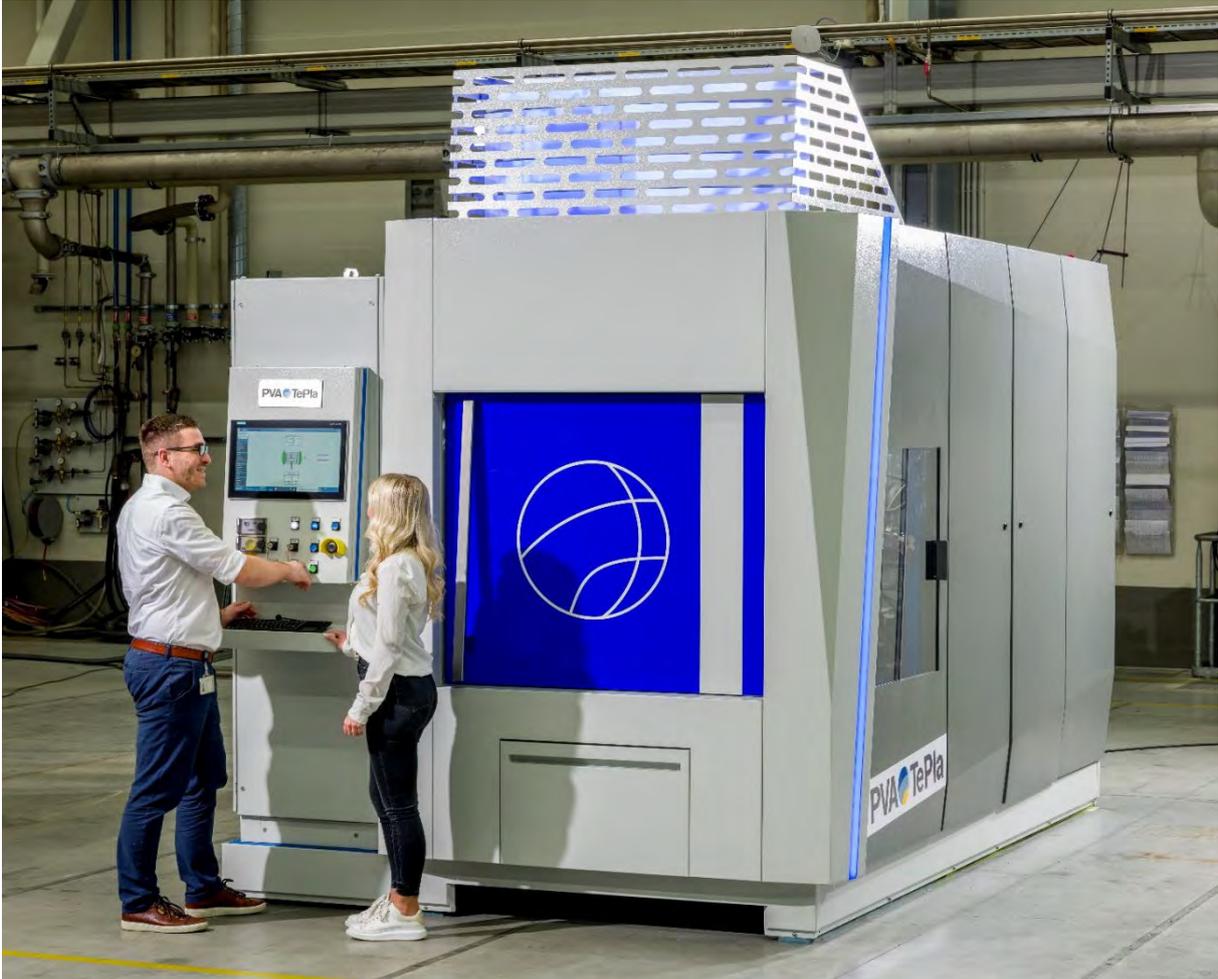
Research and development (R&D) costs in the first half of 2022 were slightly higher than in the same period of the previous year at EUR 2.9 million (H1 2021: EUR 2.6 million). Further investments were made in system and process technologies. In addition, the PVA TePla Group continuously carries out product and process developments within the scope of customer orders.

The Metrology and Crystal Growing business units continue to work intensively on process development for substrate production and its quality inspection. For example, work is being done on optimizing SIRD (Scanning Infrared Depolarization) for stress measurements in silicon carbide (SiC) wafers. The crystal quality of today's SiC wafers continues to be a challenge. In this context, stress measurements are essential for further improvement of wafer quality. SIRD has long been established as a routine measurement technique for silicon-based wafers and is used by almost all wafer manufacturers worldwide. As a result, leading SiC wafer manufacturers are also beginning to introduce SIRD measurement technology into production. This business units therefore has promising future prospects for the PVA TePla Group combined with strong growth potential.

In the Vacuum Systems business unit, the first prototype of a new type of diffusion brazing system with a new type heating system was completed and put into operation in the first half of 2022. Extensive tests on diffusion brazing of aluminum materials demonstrated that this new heating concept can achieve significant energy savings compared with a comparable conventional diffusion brazing system with radiation heating. This product thus makes an outstanding contribution to improving the sustainability of the PVA TePla product portfolio and enables our customers to use significantly less energy in production.

Another R&D activity, also aimed at improving the energy efficiency of process equipment in the Vacuum Systems business unit, involves the development of a new type of power supply based on high-performance semiconductor components. The project is currently in the design phase. Within the next two years, a first prototype will be built with which initial tests can be carried out on a real system.

c.Bond - diffusion bonding in a new dimension



Production of complex aluminum components in a high-purity atmosphere

2. ECONOMIC REPORT

Macroeconomic and sector environment

MACROECONOMIC ENVIRONMENT

Global economic momentum slowed abruptly in the first quarter of 2022. The significant increases in raw material prices have led to a global rise in inflation expectations. High inflation rates are weighing on private consumption and corporate investment opportunities. In addition to the raw material price increases, supply chain disruptions - caused by Russia's invasion of Ukraine - have recently intensified again. A recession could occur in Europe in the near future if Russia interrupts its energy supplies:

- For Germany, GDP is expected to increase by 1.2% in 2022.
 - In the euro zone, GDP is expected to grow by 2.6% in 2022 compared with 2021.
 - In China, GDP is expected to grow by 3.3% in 2022.
 - In the USA, GDP is expected to increase by 1.9% year-on-year in 2022.
- (Deutsche Bank Research, World Economic Outlook, July 19, 2022, Frankfurt am Main)

SECTOR ENVIRONMENT

Developments in the individual industries:

- The European Semiconductor Industry Association (ESIA) sees growth of 16.3% for the semiconductor market in the current calendar year, which would correspond to a market size of USD 646 billion.
- The German Engineering Federation (VDMA) reduced real production growth in the German mechanical and plant engineering sector to 1% in 2022 from 4% previously.

Irrespective of economic developments and industry trends, the PVA TePla Group has a pleasing visibility of its order backlog into the year 2025.

Business development

SALES REVENUES

The PVA TePla Group was able to build on the excellent development from the previous year and increased sales by 12.9% to EUR 80.1 million in the first six months of fiscal year 2022 (H1 2021: EUR 70.9 million). Both divisions contributed to this development.

[EUR '000]	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Sales revenues by division		
Semiconductor Systems	56,832	51,602
Industrial Systems	23,238	19,313
Total	80,070	70,915

At EUR 56.8 million, sales in the [Semiconductor Systems division](#) in the first half of 2022 were significantly higher than in the same period of the previous year (EUR 51.6 million). Crystal growing systems and ultrasonic measuring systems continued to generate the strongest contribution to this development.

With sales of EUR 23.2 million, the **Industrial Systems division** was also significantly up on the same period of the previous year (H1 2021: EUR 19.3 million), as well as quarter-on-quarter with EUR 15.1 million above the first quarter of 2022 (EUR 8.2 million). The focus here was in particular on processes for heat treatment and brazing systems for the processing of materials or workpieces in various end markets.

ORDERS

The order situation continued to develop positively. In the first six months of fiscal year 2022, the order intake of the PVA TePla Group was 8.8% higher than in the same period of the previous year at EUR 106.4 million (H1 2021: EUR 97.8 million). The book-to-bill ratio provides an indication of the future growth of the PVA TePla Group and amounts to 1.33 in the first half of 2022 (H1 2021: 1.38).

The **Semiconductor Systems division** generated order intake of EUR 80.0 million in the first half of 2022 (H1 2021: EUR 83.4 million). The ultrasonic measurement systems business unit in particular developed extremely dynamically in this business unit.

The **Industrial Systems division** recorded a strong gain. At EUR 26.4 million, order intake in the first half of 2022 was almost twice as high as in the comparable period of the previous year (H1 2021: EUR 14.4 million). The order book mainly reflected orders for plasma nitriding and heat treatment equipment.

The order backlog has more than doubled compared to the previous year's reporting date, totaling EUR 309.3 million (June 30, 2021: EUR 150.7 million) and forms the basis for further growth.

The **Semiconductor Systems division** contributes EUR 237.9 million (June 30, 2021: EUR 115.9 million) to the extremely positive development of the order backlog as of June 30, 2022.

The **Industrial Systems division** has also more than doubled in size and has an order backlog of EUR 71.3 million as of June 30, 2022 (June 30, 2021: EUR 34.8 million).

RESULTS OF OPERATION

At EUR 9.5 million (H1 2021: EUR 9.4 million), the operating result before financial result, taxes, depreciation and amortization (EBITDA) in the first half of 2022 was on a par with the previous year. This corresponds to an EBITDA margin of 11.8% (H1 2021: 13.3%). Earnings before interest and taxes (EBIT) were also on a par with the previous year at EUR 7.2 million (H1 2021: 7.1). The EBIT margin was 9.0% (H1 2021: 9.9%). Research and development activities (EUR 2.9 million; H1 2021: EUR 2.6 million), especially in the field of voltage measurement of silicon carbide (SiC) wafers and vacuum systems, were further intensified in the first half of the year. Valuation effects (EUR -0.6 million) from existing USD hedging transactions burdened the result.

At EUR 8.5 million, selling expenses in the first half of 2022 were above the previous year's level (H1 2021: EUR 7.3 million) due to higher commissions as a result of the encouraging increase in business volume and the further expansion of the international sales structure, while administrative expenses rose slightly to EUR 6.2 million (H1 2021: EUR 5.8 million).

At EUR -0.2 million, the balance of interest income and interest expenses in the first half of 2022 was at the level of the previous year (H1 2021: EUR -0.2 million). Including negative valuation effects on financial assets of EUR -1.1 million due to the war in Ukraine, the financial result amounted to EUR -1.4 million in the first half of the year. Profit before tax amounted to EUR 5.9 million in the first six months of fiscal 2022 (H1 2021: EUR 6.8 million) and profit after tax was EUR 4.0 million (H1 2021: EUR 4.6 million). Income taxes amounted to EUR 1.8 million (H1 2021: EUR 2.2 million).

FINANCIAL AND ASSET POSITION

Asset position

As of June 30, 2022, the PVA TePla Group's total assets of EUR 258.6 million were higher than the figure at the end of fiscal year 2021 (December 31, 2021: EUR 240.3 million).

At EUR 10.3 million, intangible assets as of June 30, 2022 are at the level of the previous year (December 31, 2021: EUR 10.4 million). Property, plant and equipment increased slightly to EUR 30.6 million (December 31, 2021: EUR 28.8 million). Financial assets increased to EUR 33.7 million (December 31, 2021: EUR 25.8 million) due to the addition of further financial assets. Deferred tax assets amounted to EUR 5.0 million as of June 30, 2022 (December 31, 2021: EUR 4.5 million). In total, the value of non-current assets amounted to EUR 82.3 million as of June 30, 2022, compared to EUR 71.8 million as of December 31, 2021.

Capital expenditure was offset by depreciation and amortization of EUR 2.3 million in the first half of 2022 (H1 2021: EUR 2.4 million).

Current assets increased to EUR 176.3 million as of June 30, 2022 (December 31, 2021: EUR 168.5 million). In the course of the high order intake and the processing of the high order backlog, inventories increased to EUR 69.6 million (December 31, 2021: EUR 59.2 million), trade receivables and other receivables amounted to EUR 41.5 million (December 31, 2021: EUR 32.6 million). Contract assets increased to EUR 28.2 million as of the reporting date (December 31, 2021: EUR 18.9 million). Cash and cash equivalents and time deposits decreased from EUR 57.7 million (December 31, 2021) to EUR 36.8 million (June 30, 2022) due to the continued use of advance payments received from customers, as well as further investments in non-current financial assets.

Financial position

At EUR 22.8 million, non-current liabilities as of June 30, 2022 are slightly below the level of the previous year (December 31, 2021: EUR 23.2 million). Pension provisions included therein amount to EUR 15.7 million (December 31, 2021: EUR 15.9 million).

Current liabilities amounted to EUR 148.3 million as of June 30, 2022 (December 31, 2021: EUR 134.3 million). Trade payables amounted to EUR 13.0 million as of June 30, 2022 (December 31, 2021: EUR 11.1 million). In the wake of the strong order intake, contract liabilities increased to EUR 113.9 million as of June 30, 2022, corresponding to contract assets (December 31, 2021: EUR 102.9 million). Liabilities to employees amounted to EUR 6.5 million as of June 30, 2022 (December 31, 2021: EUR 6.3 million), income tax liabilities to EUR 5.5 million (December 31, 2021: EUR 3.5 million).

Shareholders' equity increased to EUR 87.5 million as of June 30, 2022 (December 31, 2021: EUR 82.8 million), while the equity ratio was slightly lower than the previous year at 33.8% (December 31, 2021: 34.5%) due to the high balance sheet total.

Liquidity

Cash flow from operating activities in the first six months of fiscal year 2022 was EUR -9.9 million due to the processing of the high order backlog and the associated use of advance payments received. (H1 2021: EUR +9.2 million).

Cash flow from investing activities amounted to EUR -11.4 million in the first half of 2022 due to financial investments made (bonds, funds, time deposits) and investments in property, plant and equipment (H1 2021: EUR +2.0 million). Cash flow from financing activities was EUR -0.6 million in the first half of 2022 (H1 2021: EUR -0.9 million). The net financial position (cash, cash equivalents and time deposits less current and non-current financial liabilities) amounted to EUR 34.1 million as of June 30, 2022 (December 31, 2021: EUR 55.5 million).

3. RISK, OPPORTUNITY AND FORECAST REPORT

As outlined in the December 31, 2021 supplemental reporting, the war in Ukraine is having a significant impact on the strategic risk of the economic, political, and geopolitical environment: Notwithstanding that COVID-19 remains a significant risk to the global economy, as seen most recently in China, the war in Ukraine is changing the geopolitical and economic outlook and its risk assessment. Far-reaching risks to the global economy could develop from this war and its political and economic consequences, such as sanctions and possible countermeasures. The war in Ukraine may have further negative effects on production processes as well as purchasing and logistics processes, for example through disruptions to supply chains and energy supplies or shortages of components, raw materials and intermediate products. Furthermore, the war may indirectly lead to a further sharp rise in inflation rates, including prices for raw materials, energy and intermediate goods. This could lead to severe dislocations in the global economy and in the currency, capital, and foreign exchange markets if central banks raise policy rates too quickly or too aggressively. The war in Ukraine also increases the risk of a renewed escalation of the trade conflict between the U.S. and China. We monitor the economic, political, geopolitical and regulatory environment in all our major markets with the aim of quickly adapting our business activities and processes to changing conditions. However, due to the highly volatile situation and uncertainty, the full extent of the global impact and consequences cannot yet be fully assessed.

Assessment of the overall risk situation

In the reporting period, no further risks and opportunities were identified that go beyond the risks and opportunities presented in the annual report and in the supplementary report for fiscal year 2021 contained therein. Further risks and opportunities that are not currently known or that are currently assessed as immaterial could also affect the business activities of the PVA TePla Group. At present, no risks have been identified which, either individually or in combination with other risks, could jeopardize the continued existence of the company.

Forecast business development, earnings performance and outlook

It must be assumed that the overall economic environment will remain difficult. We confirm our financial targets for fiscal year 2022 for the PVA TePla Group. These are based on the high order backlog of our Group. Furthermore, we assume that challenges for our business from COVID-19, bottlenecks in the supply chains in the remaining part of the fiscal year 2022 as well as economic and political upheavals due to Russia's invasion of Ukraine will not further intensify. Under these conditions, we expect our industrial and semiconductor businesses to continue to grow in terms of order intake as well as sales and earnings.

The forecast for the sales and earnings figures for the current financial year, published in connection with the publication of the 2021 financial figures on March 25, 2021, remains unchanged. In view of the existing project structure in the order backlog, the Executive Board continues to expect sales in the range of EUR 170 - 180 million and operating earnings before interest, taxes, depreciation and amortization (EBITDA) of between EUR 25 and 27 million in fiscal year 2022.

Wettenberg, July 28, 2022

INTERIM GROUP FINANCIAL STATEMENTS

January 1 - June 30, 2022

Condensed Consolidated Balance Sheet	12
Condensed consolidated income statement	13
Condensed consolidated statement of comprehensive income	14
Condensed Consolidated Cash Flow Statement	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed notes to the consolidated financial statements	17

CONDENSED CONSOLIDATED BALANCE SHEET

as at June 30, 2022

ASSETS in EUR'000	June 30, 2022	Dec 31, 2021
Non-current assets		
Intangible assets	10,332	10,405
Right-of-use assets	2,706	2,161
Property, plant and equipment	30,562	28,823
Non-current investments	33,652	25,841
Deferred tax assets	5,008	4,477
Total non-current assets	82,260	71,707
Current assets		
Inventories	69,621	59,190
Trade and other receivables	41,501	32,555
Contract assets	28,161	18,917
Income tax assets	194	142
Cash, cash equivalents and term deposits	36,824	57,734
Total current assets	176,302	168,538
Total	258,562	240,245
LIABILITIES AND SHAREHOLDERS' EQUITY in EUR'000		
Shareholders' equity	87,500	82,789
Non-current liabilities	22,798	23,202
Current liabilities	148,264	134,254
Total	258,562	240,245

CONDENSED CONSOLIDATED INCOME STATEMENT

January 1 - June 30, 2022

in EUR '000	Apr 1 - June 30, 2022	Apr 1 - June 30, 2021	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Sales revenues	46,816	47,118	80,070	70,915
Cost of sales	-32,817	-33,141	-55,965	-49,884
Gross profit	13,999	13,977	24,105	21,031
Selling and distributing expenses	-4,242	-3,799	-8,499	-7,337
General administrative expenses	-3,598	-3,532	-6,189	-5,771
Research and development expenses	-1,372	-1,604	-2,909	-2,579
Other operating income	1,834	1,737	3,035	3,085
Other operating expenses	-1,693	-1,037	-2,334	-1,377
Operating result (EBIT)	4,927	5,742	7,210	7,052
Financial result	-1,215	-144	-1,350	-205
Net result before tax	3,712	5,598	5,860	6,847
Income taxes	-1,177	-1,323	-1,833	-2,222
Consolidated net result for the period	2,536	4,275	4,027	4,625
Earnings per share (basic/diluted)				
Earnings per share (basic) in EUR	0.12	0.20	0.19	0.21
Earnings per share (diluted) in EUR	0.12	0.20	0.19	0.21

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30, 2022

in EUR'000	Apr 1 - June 30, 2022	Apr 1 - June 30, 2021	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Consolidated net result for the period	2,536	4,275	4,027	4,625
Other comprehensive income				
Items that may be reclassified to profit or loss				
Currency changes	542	-81	684	148
Income taxes	0	0	0	0
Changes in the amount recognised in equity (currency differences)	542	-81	684	148
Total of items that may be reclassified to profit or loss	542	-81	684	148
Total comprehensive income	3,078	4,194	4,711	4,773

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

January 1 - June 30, 2022

in EUR'000	Jan 1 – June 30, 2022	Jan 1 – June 30, 2021
= Cash flow from operating activities	-9,875	9,229
= Cash flow from investing activities	-11,361	2,003
= Cash flow from financing activities	-599	-888
Net change in cash and cash equivalents	-21,835	10,344
+/- Effect of exchange rate fluctuations on cash	-942	-983
+ Cash and cash equivalents at the beginning of the period	52,734	29,730
= Cash and cash equivalents at the end of the period	29,957	39,091
Fixed-term deposits with an agreed term > three and <= twelve months	6,867	-
= Cash and cash equivalents at the end of the period (Consolidated Balance Sheet)	36,824	39,091

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

January 1 - June 30, 2022

EUR'000	Shared issues Number		Revenue reserves	Other reserves		Total shareholders' interest
				Currency exchange	Pension provisions	
As at January 1, 2021	21,749,988	21,750	53,678	13	-6,127	69,314
Total	0	0	12,155	547	773	13,475
As at December 31, 2021	21,749,988	21,750	65,833	560	-5,354	82,789
As at January 1, 2021	21,749,988	21,750	53,678	13	-6,127	69,314
Total	0	0	4,625	148	0	4,773
As at June 30, 2021	21,749,988	21,750	58,303	161	-6,127	74,087
As at January 1, 2022	21,749,988	21,750	65,833	560	-5,354	82,789
Total	0	0	4,027	684	0	4,711
As at June 30, 2022	21,749,988	21,750	69,860	1,244	-5,354	87,500

Condensed notes to the consolidated financial statements for the first half of 2022

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 under German law with its registered office "Im Westpark 10-12" in 35435 Wettenberg, Germany. The Company is registered in the Commercial Register at the Local Court of Giessen under the number HRB 6845. PVA TePla AG shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange (ISIN: DE0007461006).

PVA TePla AG and the subsidiaries it controls ("PVA TePla Group") produce systems for their customers which can be used for the production and processing of high-quality materials. For example, the production of wafers in the semiconductor industry is made possible. The international business activities of the PVA TePla Group cover locations in Germany, Italy, the USA, China, Taiwan, Singapore and South Korea. In this context, business activities can be divided into the two divisions Industrial Systems and Semiconductor Systems.

2. Accounting principles

The condensed interim consolidated financial statements of the PVA TePla Group relate to the reporting period from January 1, 2022 to June 30, 2022 ("interim consolidated financial statements") in accordance with Section 117 in conjunction with Sections 114, 115 of the German Securities Trading Act (WpHG). The interim consolidated financial statements have been prepared in accordance with both International Financial Reporting Standards (IFRS) and Section 53 of the Exchange Rules for the Frankfurt Stock Exchange. All standards and interpretations published by the International Accounting Standards Board (IASB) that are mandatory for the financial year 2022 have been applied, provided they have been approved by the European Union. The interim consolidated financial statements comply with the requirements of IAS 34 and have not been audited or reviewed by an auditor.

These interim consolidated financial statements are based on the consolidated financial statements as of December 31, 2021. In accordance with IAS 34, a condensed scope of reporting has been chosen compared to the consolidated financial statements. They do not contain all the information required for full consolidated financial statements at the end of a financial year. They have been prepared using the accounting policies applicable to the consolidated financial statements as of December 31, 2021. All current business transactions and accruals and deferrals which, in the opinion of management, are necessary to ensure a true and fair view of the net assets, financial position and results of operations of the interim results have been taken into account. Income taxes have been determined on a best estimate basis. The results of the interim reporting period do not allow any binding statement on the development of the further course of business.

In these condensed notes to the consolidated financial statements, information is provided primarily on the items for which there have been significant changes compared with the consolidated financial statements of the PVA TePla Group for fiscal year 2021.

These interim consolidated financial statements have been prepared in euros (EUR). All amounts are stated in thousands of euros (EUR thousand) unless explicitly stated otherwise. For computational reasons, rounding differences of +/- one unit (€, %, etc.) may occur in the information presented in this interim report.

The consolidated half-year financial statements for the reporting period ending June 30, 2022 were authorized for issue by the Management Board of PVA TePla AG on August 4, 2022.

B. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the consolidated half-year financial statements of PVA TePla Group as of June 30, 2022 are basically unchanged compared to the consolidated financial statements for fiscal year 2021.

C. CHANGES IN THE COMPANIES INCLUDED IN CONSOLIDATION

The interim consolidated financial statements as of June 30, 2022 include TePla AG and its subsidiaries over which control is exercised ("PVA TePla Group").

With effect from January 18, 2022 (date of incorporation), PVA TePla Korea LLC (Yuhan Hoesa) was included in the consolidated financial statements as a sales and service location. PVA TePla AG holds 100% of the shares. Compared to the consolidated financial statements of the PVA Group as of December 31, 2021, there were no further changes in the scope of consolidation as of June 30, 2022.

D. MANAGEMENT JUDGEMENTS AND ESTIMATE UNCERTAINTY

Estimates and assumptions have to be made to a limited extent in the interim consolidated financial statements as of June 30, 2022. These have an impact on the amount and disclosure of the recognized assets and liabilities, income and expenses, and contingent liabilities. The estimates and judgments are basically unchanged from the circumstances described in the consolidated financial statements of the PVA TePla Group for the fiscal year 2021. Developments deviating from this may result in the amounts that arise deviating from the original estimates. These possible developments are outside the sphere of influence of the management.

E. SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Sales Revenues

Breakdown of sales by area of activity

[EUR'000]	Jan 1 - June 30, 2022	%	Jan 1 - June 30, 2021	%
Systems	63,170	79	55,445	78
After-Sales-Service/IP	13,241	16	11,723	16
Contract Processing	3,082	4	2,551	4
Others	577	1	1,196	2
Total	80,070	100	70,915	100

Breakdown of sales by time of performance

[EUR'000]	Jan 1 - June 30, 2022	%	Jan 1 - June 30, 2021	%
Revenue recognized at a point in time	63,660	80	63,080	89
Revenue recognized over time	16,410	20	7,835	11
Total	80,070	100	70,915	100

For further breakdowns of sales, please refer to the segment reporting in Note 7.

2. Income taxes

[EUR'000]	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Current tax expense (-)/income (+)	-3,171	-1,393
Deferred tax expenses (-)/income (+)	1,338	-829
Income taxes	-1,833	-2,222

Income taxes for the current reporting period were determined on the basis of the expected income tax rate for the full year. The reported tax expense for the first six months of the financial year 2022 in the amount of EUR -1,833 thousand (HY 2021: EUR -2,222 thousand) results in a tax rate of 31.3% (HY 2021: 32.5%).

3. Earnings per share

	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
<u>Numerator [in EUR '000]:</u> Consolidated net result for the year before minority interests	4,027	4,625
<u>Denominator [in shares]:</u> Weighted average number of no-par shares outstanding	21,749,988	21,749,988
Earnings per share [EUR]: (Basic/diluted)	0.19	0.21

F. SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. Inventories

[EUR'000]	June 30, 2022	Dec 31, 2021
Raw materials and operating supplies	30,644	22,397
Work in progress	43,615	40,938
Finished products and goods	446	769
Gross value	74,705	64,104
Less impairment losses	-5,084	-4,914
Inventories	69,621	59,190

5. Trade and other receivables and contract assets

[EUR'000]	June 30, 2022	Dec 31, 2021
Trade receivables concerning product sales and services	21,466	19,239
Advance payments	12,367	6,402
Other current receivables	7,954	7,149
Contract assets (net exposure)	28,161	18,917
Gross value	69,948	51,707
Less impairment losses	-286	-235
Trade and other receivables and contract assets	69,662	51,472

Trade receivables do not bear interest and are generally due within 30 to 90 days.

[EUR'000]	June 30, 2022	Dec 31, 2021
POC receivables (gross value)	22,790	14,524
less advance payments received	-11,172	-8,447
Subtotal	11,618	6,077
Contract assets (not including POC method)	3,758	4,304
Unconditional payment entitlements (down payment invoices)	12,785	8,536
Contract assets (net exposure)	28,161	18,917

6. Contract liabilities

[EUR'000]	June 30, 2022	Dec 31, 2021
Contract liabilities (net exposure)	60,396	59,366
Advance payments received concerning product sales and services	53,502	43,572
Contract liabilities	113,898	102,938

[EUR'000]	June 30, 2022	Dec 31, 2021
Advance payments received (progress billing)	64,154	62,813
less contract costs incurred (incl. share of profit)	-3,757	-3,447
Contract liabilities (net exposure)	60,396	59,366

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

As of June 30, 2022, the subscribed capital of PVA TePla AG remains unchanged compared to December 31, 2021, and is divided into 21,749,988 no-par value shares, each with a notional share of EUR 1.00 in the share capital.

In order to provide the Company with short-term and flexible corporate financing, the Executive Board was authorized by resolutions adopted by the Annual General Meeting on June 23, 2022, to issue up to June 22, 2027

- to increase the share capital of the Company by up to EUR 5,437,497 by issuing new no-par value shares against cash and/or non-cash contributions (Authorized Capital 2022/I),
- convertible bonds and bonds with warrants with a total nominal value of up to EUR 100.0 million and to grant their holders conversion or option rights to new no-par value registered shares of PVA TePla AG with a pro rata amount of the share capital of up to EUR 5,437,497 in total in accordance with the terms and conditions of the convertible bonds or bonds with warrants. Conditional capital of up to EUR 5,437,497 was created to service this authorization (Conditional Capital 2022/I).

The dividend distribution of PVA TePla AG is based on the annual financial statements of PVA TePla AG prepared in accordance with commercial law. For the fiscal year 2021, the Annual General Meeting on June 23, 2022 did not resolve a distribution.

H. OTHER DISCLOSURES

7. Segment reporting

Segment reporting follows the management approach in accordance with IFRS 8. The allocation of resources and the assessment of the earnings power of the PVA TePla Group by the management is based on the internal organizational and management reporting system for the two divisions Industrial Systems and Semiconductor Systems, as in the fiscal year 2021.

Breakdown of sales by division

[EUR'000]	Jan 1 - June 30, 2022		Jan 1 - June 30, 2021	
	External sales revenues	Internal sales revenues	External sales revenues	Internal sales revenues
Segment information				
Industrial Systems	23,238	5,186	19,313	2,009
Semiconductor Systems	56,832	452	51,602	351
Total PVA TePla Group	80,070	5,638	70,915	2,360

Operating result (EBIT) by division ("segment earnings")

[EUR'000]	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Segment information		
Industrial Systems	2,585	804
Semiconductor Systems	7,065	8,863
Holding costs	-2,354	-2,593
Consolidation	-86	-22
Total PVA TePla Group	7,210	7,052

Reconciliation of segment earnings to earnings after taxes

[EUR'000]	Jan 1 - June 30, 2022	Jan 1 - June 30, 2021
Operating result (EBIT)	7,210	7,052
Financial result	-1,350	-205
Results before taxes	5,860	6,847
Income taxes	-1,833	-2,222
Earnings after taxes	4,027	4,625

Breakdown of sales by region

[EUR'000]	Jan 1 - June 30, 2022	%	Jan 1 - June 30, 2021	%
Asia	36,008	45	39,914	56
Germany	23,979	30	11,388	16
Europe (without Germany)	11,052	14	11,753	17
North America	7,552	9	7,755	11
Other	1,479	2	105	0
Total PVA TePla Group	80,070	100	70,915	100

8. Financial instruments: Fair value disclosures

The fair values of the financial assets and financial liabilities as of June 30, 2022 essentially correspond to the recognized carrying amounts.

The following table shows the carrying amounts (= fair values) by class for financial assets and financial liabilities measured at fair value:

[EUR'000]	June 30, 2022	Dec 31, 2021
Other long-term receivables	23,883	-
Other current receivables	2,581	-
Other long-term liabilities	-	-
Other current liabilities	882	215

For cash investments (funds), the fair values for financial instruments were determined on the basis of observable market prices. For forward exchange contracts and interest rate hedges, the fair value was determined on the basis of discounted expected future cash flows. The market interest rates applicable to the remaining terms of the financial instruments were used.

The net result for financial assets and liabilities at fair value through profit or loss of EUR -1.7 million (HY 2021: EUR -0.1 million) comprises changes in the market value of cash investments and derivative hedging instruments.

9. Contingent liabilities and other financial obligations

The statements regarding contingent liabilities and other financial liabilities described in the consolidated financial statements of PVA TePla Group for fiscal year 2021 are essentially unchanged.

10. Related party disclosures

The group of companies and persons related to PVA TePla AG or to Group companies is determined by IAS 24. There were no changes in the Management Board or Supervisory Board between January 1, 2022 and June 30, 2022.

The scope of relationships with related parties has not changed significantly compared with the consolidated financial statements for the 2021 financial year.

In the first half of 2022, unchanged to the corresponding comparative period of the previous year ("H1 2021"), there were business relationships between PVA TePla AG and the shareholder Peter Abel in connection with an existing consultancy agreement. The volume of these business transactions amounted to EUR 251 thousand in the first half of 2022 (H1 2021: EUR 240 thousand). Furthermore, there were no liabilities as of June 30, 2022 or December 31, 2021.

11. Auditor for the fiscal year 2022

The proposal of the Supervisory Board was followed at the Annual General Meeting on June 23, 2022. BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, has been elected as auditor and group auditor for the fiscal year from January 1, 2022 to December 31, 2022.

12. Significant events after the end of reporting date

In the period after June 30, 2022 and prior to the release of the interim consolidated financial statements, there have been no significant changes with regard to the company's situation or in the industry environment of the PVA TePla Group that could have a material impact on the net assets, financial position and results of operations as of June 30, 2022. Furthermore, no major changes in the structure, administration or legal form of the Group or in the personnel area are currently planned.

I. ASSURANCE OF THE LEGAL REPRESENTATIVES

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

Wettenberg, August 4, 2022



Manfred Bender

Chairman of the Board



Oliver Höfer

Chief Production Officer and
Quality Management



Jalin Ketter

Chief Financial Officer



Dr. Andreas Mühe

Chief Technology Officer

FINANCIAL CALENDAR

Date	Location
November 3, 2022	Interim announcement Q3 2022
28-30 November 2022	German Equity Forum, Frankfurt/M

IMPRINT

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