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Interim Statement as of September 30, 2022

PVA TePla continues on its

growth path

Sales revenues

EUR **131.0 million** (+ 14 %)

Gross margin

29.8 % (– 0.7 pp)

Order backlog (as of September 30)

EUR **343.9 Mio.** (+ 34 %)

EBIT margin **10.0 %** (– 1.0 pp)

Foreword by the Management Board

Dear Shareholders and Business Partners of PVA TePla,

Following a successful first half of 2022, the PVA TePla Group continued on its growth path in the third quarter despite the challenging environment, recording substantial growth in sales revenues and earnings alike. Our business success is founded on first-class products, our identity as a technology and development partner for our customers, the systematic implementation of strategic initiatives, and the dedication and commitment of our employees.

Our growth momentum has accelerated during the current fiscal year: Sales revenues increased by 14.7 % to EUR 50.9 million (H1 2022: 12.9 %) in the third quarter, while the EBITDA margin amounted to 13.8 % (H1 2022: 11.8 %). As previously, our order books were well filled as of September 30, 2022, with the order backlog reaching a new record of EUR 343.9 million (+ 34.1 % year-on-year).

Our growth drivers remained intact despite, and in some cases because of, the global economic slowdown and challenges. Megatrends like digitalization, the transformation of the energy supply toward renewable energies and the mobility transition are generating additional growth impetus for the semiconductor industry and for us as the first link in the chain. That is why we remain optimistic about our short-term and long-term prospects.

The announced full acquisition of the highly profitable engineering company MPA Industrie SA, based in Saint Jean Bonnefonds (France), marks another important step in the PVA TePla Group‘s strategy. MPA has extensive process expertise in silicon carbide ceramics, which are known for their outstanding temperature resistance, extreme hardness and light weight. By integrating MPA, the PVA TePla Group is strengthening its position in new and attractive growth sectors, such as the market for new types of turbine blades for aircraft engines.

The forecast for the current fiscal year remains unchanged: We expect sales revenues to increase to EUR 170 – 180 million and are anticipating an operating result before interest, taxes, depreciation and amortization (EBITDA) of between EUR 25 million and EUR 27 million.

We would like to take this opportunity to reiterate our gratitude to all of our colleagues, whose dedication and expertise have played such an important part in our positive business development. We would also like to thank you, our shareholders, for the confidence you have placed in us – and, of course, our customers and suppliers. We look forward to continuing to work with you.

Wettenberg, November 2, 2022

Manfred Bender
Chief Executive Officer

Oliver Höfer
Chief Operating Officer

Jalin Ketter
Chief Financial Officer

Dr. Andreas Mühe
Chief Technology Officer

Key figures at a glance

in EUR ,000	Jan. 1 – Sept. 30, 2022	Jan. 1 – Sept. 30, 2021
Sales revenues	**130,954**	**115,276**
Semiconductor Systems	94,755	87,478
Industrial Systems	36,199	27,798
Gross profit	**38,964**	**35,156**
in % of sales revenues	29.8	30.5
R&D expenses	4,384	4,372
EBITDA	**16,534**	**16.241**
in % of sales revenues	12.6	14.1
Operating result (EBIT)	**13,058**	**12,711**
in % of sales revenues	10.0	11.0
Consolidated net result for the period	**7,961**	**8,634**
in % of sales revenues	6.1	7.5
Total assets	**285,209**	**240,245***
Shareholders' equity	**92,052**	**82,789***
Equity ratio in %	32.3	34.5
Employees as of June 30	**611**	**564**
Incoming orders	**191,346**	**246,065**
Book-to-bill-ratio	1.46	2.13
Order backlog	**343,911**	**256,504**
Cash flow from operating activities	**– 15,184**	**7,860**
Net financial position	**35,740**	**55,533***

* As of December 31

Interim Statement of PVA TePla AG as of September 30, 2022

General statement by the Management Board

Following a successful first half of the year, PVA TePla again performed well in a challenging environment and remains on track for growth despite the increased economic risks. Order intake and order backlog also remained at a high level both during and at the end of the third quarter.

The ongoing coronavirus pandemic did not have any material impact on operational processes in the period under review. Thanks to longer-term supply and service agreements, the consequences of the Ukraine war in terms of procurement and transportation also had only moderate consequences for our performance in the fiscal year so far. We also succeeded in passing on the majority of the increased costs when acquiring new orders. However, we are currently observing the initial impact of higher energy prices.

Although inflation and the strained procurement situation will have a moderate effect on our profitability going forward, we expect to be able to largely offset these developments by leveraging economies of scale.

Organizational structure

There were no changes in the structure of the Group or the basis of consolidation compared with the previous financial report for the period ended June 30, 2022.

Preface to the report

This interim report was prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the EU. All disclosures relate to the PVA TePla Group and its consolidated subsidiaries. Unless stated otherwise, margins and ratios relate to sales revenues. The interim report has not been audited within the meaning of section 317 of the German Commercial Code (HGB) or reviewed by a statutory auditor.

Sales revenues and results of operations

Group business performance

The PVA TePla Group increased its sales revenues by around 13.6 % to EUR 131.0 million in the first nine months of 2022 after EUR 115.3 million in the same period of 2021. Of this figure, 72 % (previous year: 76 %) was attributable to the Semiconductor Systems division and 28 % (previous year: 24 %) to the Industrial Systems division. One customer based in Germany accounted for more than 10 % of consolidated sales revenues in the period under review. Consolidated sales revenues for the third quarter amounted to EUR 50.9 million after EUR 44.4 million in the previous year, an increase of 14.7 %

At 29.8 %, the gross margin for the first nine months of 2022 was down slightly on the high prior-year figure of 30.5 % (Q3: 29.2 % vs. 31.8 %). The decrease of 0.7 percentage points was due to rising material and production costs as well as a non-recurring effect in connection with a development contract for a new generation of silicon crystal growing systems as part of a customer order.

Selling and distributing expenses amounted to EUR 13.0 million in the first nine months after EUR 11.2 million in the same period of 2021. The slightly higher increase of 15.8 % compared with the growth in sales revenues was mainly due to the international expansion of the distribution structure, especially in Asia and the US. Packaging and shipping costs also saw a moderate increase.

In absolute terms, administrative expenses increased by EUR 0.3 million to EUR 9.2 million, meaning that the administrative cost ratio improved by 0.7 percentage points to 7.0 % of sales revenues. This was largely due to economies of scale.

Research and development expenses were unchanged year-on-year at EUR 4.4 million. The higher level of sales revenues meant that the ratio declined from 3.8 % to 3.3 %.

Consolidated sales revenues (Jan. 1 – Sept. 30 in EUR million)

Other operating expenses rose by EUR 2.0 million to EUR 4.0 million. The reason for this significant increase was foreign exchange losses due to the depreciation of the euro, and in particular the exchange rate hedges concluded for longer-term customer contracts denominated in US dollars.

All in all, earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 16.5 million in the period under review after EUR 16.2 million in the first nine months of 2021 (Q3: EUR 7.0 million vs. EUR 6.8 million). This corresponds to 12.6 % of sales revenues compared with 14.1 % in the previous year (Q3: 13.8 % vs. 15.3 %). After depreciation and amortization, the operating result (EBIT) amounted to EUR 13.1 million as against EUR 12.7 million in the same period of the previous year (Q3: EUR 5.8 million vs. EUR 5.7 million). This corresponds to a margin of 10.0 % after 11.0 % in the first nine months of 2021 (Q3: 11.5 % after 12.8 %). The financial result amounted to EUR – 1.6 million in the period under review compared with EUR – 0.4 million in the previous year (Q3: EUR – 0.3 million vs. EUR – 0.2 million). This increase was primarily due to non-cash depreciation in the value of financial assets that were primarily acquired in order to avoid negative interest rates and for risk diversification. After tax expenses, the consolidated net result for the period amounted to EUR 8.0 million after EUR 8.6 million in the previous year (Q3: EUR 3.9 million vs. EUR 4.0 million).

Development in the segments

Sales revenues by division	Q3 2022 EUR '000	Q3 2021 EUR '000	Change in %	Q1 – Q3 2022 EUR '000	Q1 – Q3 2021 EUR '000	Change in %
Semiconductor Systems	37,922	35,876	5.7	94,755	87,478	8.3
Industrial Systems	12,961	8,485	52.7	36,199	27,798	30.2
Total	**50,883**	**44,361**	**14.7**	**130,954**	**115,276**	**13.6**

Sales revenues in the Semiconductor Systems division amounted to EUR 94.8 million in the first nine months of the current year, up more than 8 % on the prior-year figure of EUR 87.5 million. As previously, this growth was driven by the sustained high level of demand for crystal growing systems for the semiconductor wafer industry and metrology systems. The segment operating result amounted to EUR 12.8 million after EUR 15.3 million in the previous year.

The Industrial Systems division recorded growth in sales revenues of 30.2 % to EUR 36.2 million compared with EUR 27.8 million in the first nine months of 2021. High-temperature heat treatment systems were the main driver in the division. The segment operating result amounted to EUR 4.1 million after EUR 2.3 million in the previous year.

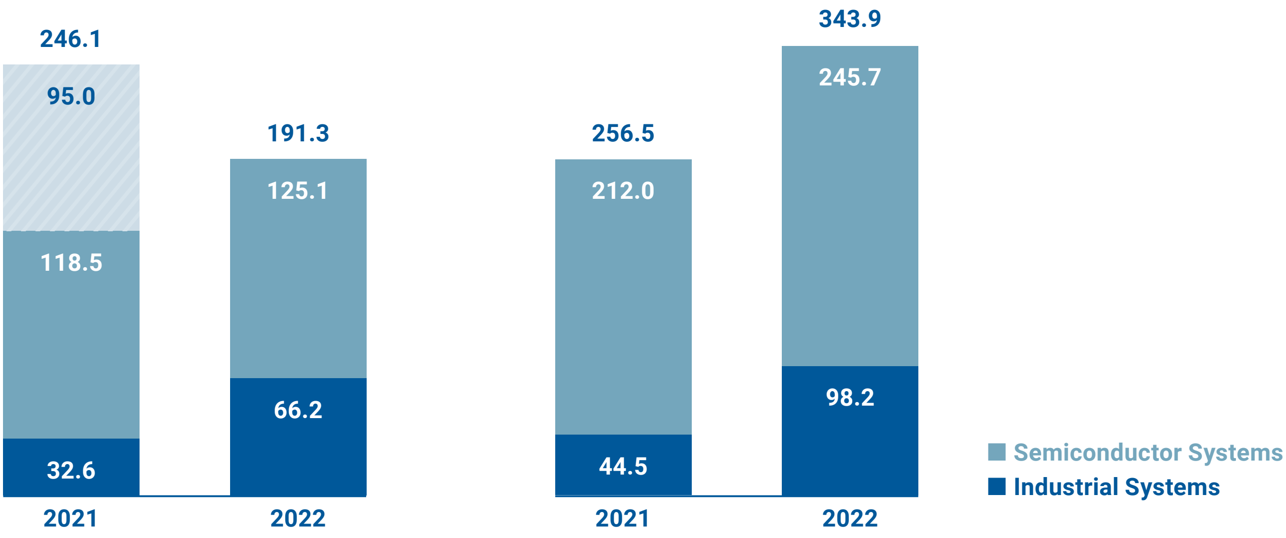
Orders

The PVA TePla Group's order backlog increased from EUR 256.5 million at the prior-year reporting date to an extremely high EUR 343.9 million at the current reporting date. This reflects the stable demand situation and the high visibility of the Group's business. Of this figure, EUR 245.7 million (previous year: EUR 212.0 million) related to the Semiconductor Systems division and EUR 98.2 million (previous year: EUR 44.5 million) to the Industrial Systems division.

At EUR 191.3 million, order intake was down on the high prior-year level of EUR 246.1 million, which included a major order of EUR 95 million from Siltronic AG for the delivery of crystal growing systems. The book-to-bill ratio of 1.46 and the order backlog serve as indicators of a healthy order situation.

Order intake in the Semiconductor Systems division amounted to EUR 125.1 million (previous year: EUR 213.5 million). This primarily includes orders from the semiconductor industry for crystal growing and metrology systems.

Order intake in the Industrial Systems division totaled EUR 66.2 million (previous year: EUR 32.6 million). Among other things, the orders related to technologies used in medical and optical goods industry.



Order intake Jan. 1 – Sept. 30
in EUR million

Order backlog (as of Sept. 30)
in EUR million

Net assets

Total assets increased by around 19 % compared with the end of the previous fiscal year to EUR 285.2 million (December 31, 2021: EUR 240.2 million).

Current assets rose significantly from EUR 168.5 million to EUR 226.4 million. This was due in particular to contract assets, i. e. production orders recognized in accordance with the percentage of completion (POC method), which increased by EUR 27.5 million year-on-year to EUR 46.4 million. Cash investments, advance payments and trade receivables were also higher than in the previous year.

Within non-current assets, financial assets declined by EUR 16.1 million to EUR 9.8 million. This was due in particular to the change in non-current cash investments.

Current liabilities rose by EUR 35.0 million to EUR 169.3 million. This was primarily attributable to contract liabilities as well as advance payments for products and services and for customer-specific production orders recognized using the POC method, the amount of which exceeded the contract costs incurred including the share of profits. Contract liabilities increased by EUR 29.7 million to EUR 132.6 million at the reporting date.

At EUR 23.9 million, non-current liabilities were largely unchanged compared with the end of the previous year (December 31, 2021: EUR 23.2 million).

Shareholders' equity increased to EUR 92.1 million (December 31, 2021: EUR 82.8 million), resulting in an equity ratio of 32.3 % (December 31, 2021: 34.5 %).

Financial position

PVA TePla recorded a cash flow from operating activities of EUR – 15.2 million in the first nine months of 2022 (9M 2021: EUR + 7.9 million). This development was mainly due to the increase in contract assets, trade receivables, inventories and cash investments, while the operating result was clearly positive at EUR 13.1 million.

Cash flow from investing activities amounted to EUR – 12.8 million (9M 2021: EUR + 3.7 million), of which EUR – 9.0 million (9M 2021: EUR + 3.7 million) related to cash outflows for investments in financial assets.

The cash flow from financing activities of EUR – 1.0 million (9M 2021: EUR – 1.2 million) related almost entirely to lease repayments.

The net financial position amounted to EUR 35.7 million (December 31, 2021: EUR 55.5 million). The working capital line provided as part of the syndicated loan facility remains unutilized.

Employees

As of September 30, 2022, the Group employed 611 people (September 30, 2021: 564). The year-on-year increase was primarily attributable to production.

Forecast

Economic uncertainty has increased significantly as a result of Russia's war on Ukraine, the strict zero-COVID policy in China, and inflation driven by high energy prices in particular. Price volatility in the areas of procurement and transportation is expected to remain high over the coming months. Although economic risks have increased, we remain optimistic with regard to the remainder of the year. Based on the course of business to date and our extremely healthy order situation, we are reiterating our growth forecast. As previously, we expect to record sales revenues of EUR 170 – 180 million and an operating result before interest, taxes, depreciation and amortization (EBITDA) of between EUR 25 million and EUR 27 million in fiscal 2022.

In the medium and long term, additional growth momentum will be generated by sustainable megatrends such as digitalizaion, the energy policy turnaround, and the transition to electric mobility.

Interim consolidated financial statements

Condensed consolidated balance sheet as of September 30, 2022

EUR '000	Sept. 30, 2022	Dec. 31, 2021
Assets		
Non-current assets		
Intangible assets	10,146	10,405
Right-of-use assets	2,746	2,161
Property, plant and equipment	30,800	28,823
Financial assets	9,770	25,841
Deferred tax assets	5,346	4,477
Total non-current assets	**58,808**	**71,707**
Current assets		
Inventories	75,824	59,190
Trade and other receivables	65,217	32,555
Contract assets	46,437	18,917
Income tax assets	429	142
Cash and cash equivalents and term deposits	38,493	57,734
Total current assets	**226,401**	**168,538**
Total	**285,209**	**240,245**
Liabilities and shareholders' equity		
Shareholders' equity	92,052	82,789
Non-current liabilities	23,896	23,202
Current liabilities	169,261	134,254
Total liabilities and shareholders' equity	**285,209**	**240,245**

Condensed consolidated income statement

EUR '000	July 1 – Sept. 30, 2022	July 1 – Sept. 30, 2021	Jan. 1 – Sept. 30, 2022	Jan. 1 – Sept. 30, 2021
Sales revenues	**50,883**	**44,361**	**130,954**	**115,276**
Cost of sales	– 36,025	– 30,237	– 91,990	– 80,120
Gross profit	**14,858**	**14,124**	**38,964**	**35,156**
Selling and distributing expenses	– 4,460	– 3,855	– 12,959	– 11,192
General administrative expenses	– 3,025	– 3,147	– 9,214	– 8,917
Research and development expenses	– 1,475	– 1,793	– 4,384	– 4,372
Other operating income	1,655	1,006	4,690	4,091
Other operating expenses	– 1,706	– 679	– 4,040	– 2,055
Operating result (EBIT)	**5,848**	**5,656**	**13,058**	**12,711**
Financial result	**– 297**	**– 168**	**– 1,647**	**– 374**
Net result before tax	**5,551**	**5,488**	**11,411**	**12,337**
Income taxes	– 1,617	– 1,480	**– 3,450**	**– 3,703**
Consolidated net result for the period	**3,934**	**4,008**	**7,961**	**8,634**
Earnings per share				
Earnings per share (basic) in EUR	0.18	0.18	0.37	0.40
Earnings per share (diluted) in EUR	0.18	0.18	0.37	0.40

Condensed consolidated cash flow statement

EUR '000	Jan. 1 – Sept. 30, 2022	Jan. 1 – Sept. 30, 2021
= Cash flow from operating activities	**– 15,184**	**7,860**
= Cash flow from investing activities	**– 12,843**	**3,693**
= Cash flow from financing activities	**-960**	**– 1,197**
Net change in cash and cash equivalents	– 28,987	10,356
+/- Effect of exchange rate fluctuations on cash and cash equivalents	592	– 2,131
+ Cash and cash equivalents at the beginning of the period	57,734	–
Term deposits	– 5,000	–
+ Cash and cash equivalents in the cash flow statement at the beginning of the period	52,734	29,730
= Cash and cash equivalents at the end of the period	**24,339**	**37,955**
Term deposits with terms > three and <= twelve months	14,155	–
= Cash and cash equivalents at the end of the period (consolidated balance sheet)	**38,493**	**37,955**

IMPRINT

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