manz

6-MONTH REPORT 2020

Manz AG at a glance

2020 Financial Calendar

September 21, 2020	Berenberg & Goldman Sachs 9th German Corporate Conference
November 3, 2020	Publication of 2020 9-Month Report
November 16, 2020	German Equity Forum

Overview of consolidated net profits

(in EUR million)	Jan. 1 to June 30, 2020	Jan. 1 to June 30, 2019	Change in %
Revenues	124.3	132.8	–6.4
Total operating performance	125.8	136.7	–8.0
EBITDA	12.1	5.7	+111.6
EBITDA margin (in %)	9.6	4.2	+5.4 pp
EBIT	5.7	–3.4	n/a
EBIT margin (in %)	4.5	n/a	–1.8 pp
EBT	4.7	–4.7	–102.0
Consolidated net profit	2.3	–5.5	–40.0
Earnings per share (in EUR)	0.3	–0.7	–43.0
Cash flow from operating activities	–16.0	–36.0	+55.6
Cash flow from investing activities	–2.4	–3.6	+34.9
Cash flow from financing activities	22.2	15.8	+40.7

	June 30. 2020	June 30. 2019	Change in %
Total assets	357.5	341.5	+4.7
Equity	135.8	132.4	+2.6
Equity ratio (in %)	38.0	38.8	–0.8 pp
Financial liabilities	82.5	57.9	+42.4
Cash and cash equivalents	47.9	44.0	+8.8
Net debt	34.6	13.9	+148.9

MANZ AG MISSION STATEMENT

With many years of expertise in automation, laser processing, vision and metrology, wet chemistry, and roll-to-roll processes, we as a high-tech equipment manufacturing company offer manufacturers and their suppliers innovative production solutions in the areas of photovoltaics, electronics and lithium-ion battery technology. Our product portfolio includes both customer-specific developments and single machines and modules that can be linked together to form individual system solutions. We are involved in customer projects from a very early stage, and thus contribute significantly to the success of our customers with high quality, needs-oriented solutions.

In addition to the CIGS*fab* turnkey production line in the Solar segment, we focus specifically on the automotive industry in the Electronics and Energy Storage segments. With our efficient and competitive lithium-ion battery manufacturing equipment – from cell to the finished pack – and automated assembly lines for cell contacting systems, we are an important industry partner for the conversion from the classic to the electric powertrain.

WE ACT IN A SUSTAINABLE MANNER. IN ALL AREAS. TO ALL CHALLENGES.

Opening up opportunities. Enabling further education. Accepting social responsibility. Pushing innovation. Conserving resources.

Sustainability is more than just a slogan at Manz. We have therefore decided to put the spotlight on sustainability also on this year's Annual Report and appropriately summarize our diverse activities around environmental issues, employee concerns, social concerns, respect for human rights and fight against corruption and bribery in a separate sustainability report.

This report with interesting facts and backgrounds concerning the key topics for us can be found on our website.

For the sake of better readability, we consistently avoid gender-differentiating formulations (e.g. "his/her" or "he/she"). The corresponding terms apply to all genders for the purposes of equal rights. This is done solely for editorial purposes and does not imply a judgment of any kind.

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HISTORY OF MANZ AG

1987 Company founded by Dieter Manz

Shipped the first automation solution for the FPD industry to Asia **1994**

2000 Shipped the first automation system for a completely automated production line for crystalline solar cells

Entered the thin-film market with equipment for mechanically scribing solar panels **2005**

2006 IPO on the Entry Standard market of the Frankfurt Stock Exchange

Entered the market for lithium-ion batteries **2009**

2012 Acquired the CIGS innovation line from Würth Solar
Opened facility for solar and display production systems in Suzhou, China

Acquisition of mechanical engineering division of Kemet Electronics Italy (formerly Arcotronics) for enlargement of technology portfolio in Battery division **2014**

2016 Shanghai Electric becomes strategic anchor investor of Manz AG

Manz expands successful partnership with leading battery manufacturer **2019**

TO OUR SHAREHOLDERS

LETTER FROM THE MANAGING BOARD

Dear Shareholders,
During the first half of 2020, the Covid-19 pandemic has had a massive impact on many companies across all sectors and countries. This is one of the reasons why we are all the more pleased with the development we have achieved at Manz AG. It may be the case that, at EUR 124 million, our revenues were also around 10 % below the previous year's level as a result of lockdown rules in place around the world. A look at the respective quarterly performance shows, however, that we were able to keep revenues stable during the second quarter of 2020. Early and prudent preparation on the part of our organization for this extraordinary situation, adjustments to numerous processes and an ongoing and honest dialog with our customers, to whose satisfaction we were able to consistently complete ongoing projects, contributed significantly to this achievement.

A look at our respective segments reveals a mixed picture. Whereas the Covid-19 pandemic depressed business performance in Solar and Electronics, we were able to execute last year's major orders in Energy Storage largely on schedule. In the Contract Manufacturing segment, Talus Manufacturing Ltd. enjoyed particularly strong performance. As a result, earnings before interest, taxes, depreciation and amortization (EBITDA) doubled to approximately EUR 12 million. At some EUR 6 million, earnings before interest and taxes (EBIT) were up by some EUR 9 million compared to last year. Our consolidated net profit in the first half of 2020 amounted to slightly more than EUR 2 million.

We are cautiously optimistic about the rest of the year. We continue to note very high customer interest in our products, particularly for our LightAssembly platform in the Electronics segment and in the Energy Storage and Contract Manufacturing segments in general. In the segment Energy Storage , we received our first major order for assembly lines for the production of lithium-ion battery modules from the German company Akasol AG, a pioneer for battery systems in hybrid and fully electric commercial vehicles. Our existing customers are likewise satisfied and have been placing additional follow-up orders. For example, a leading battery manufacturer recently placed an order in the mid two-digit million range for the installation of new, and an upgrade to existing, production lines for wound lithium-ion battery cells. In the Contract Manufacturing segment, we concluded a long-term cooperation agreement with a leading German manufacturer from the electrical engineering industry for our Slovakian site. And our partnership with a leading semiconductor manufacturer was launched at our location in Suzhou, China.

On the whole, we believe that Manz AG is on solid footing in order to be able to continue to positively develop our business even in these extraordinary times. However, this would not be possible without the support and flexibility of our employees. For this reason, we would like to take this opportunity to give them a heartfelt thank you.

To you, our shareholders, we thank you for your loyalty. We appreciate the trust you have placed in us, and we are working to take Manz AG one step further every day.

The Managing Board of Manz AG

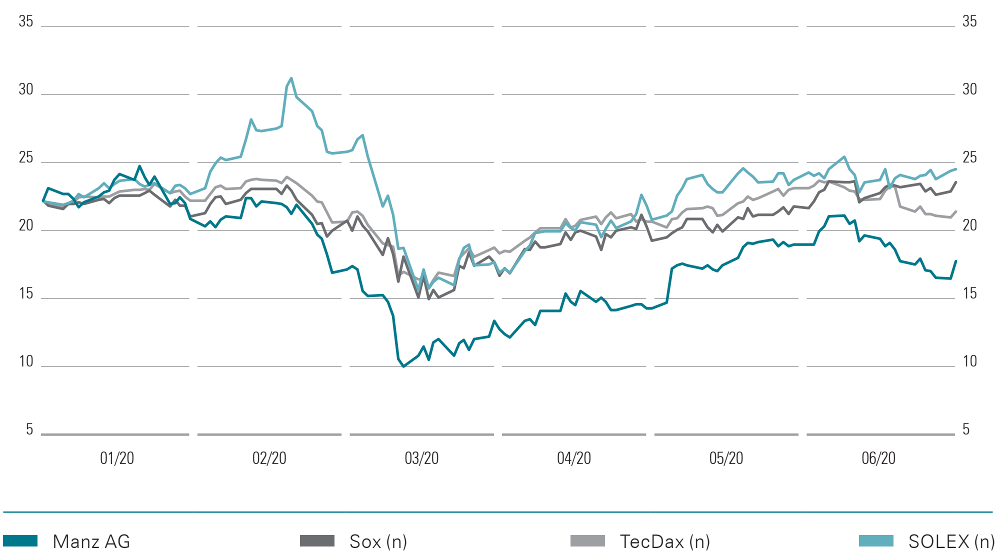
Martin Drasch | Manfred Hochleitner | Jürgen Knie

MANZ AG STOCK

CHANGE IN SHARE PRICE (JANUARY 1, 2020 TO JUNE 30, 2020)

Manz AG shares started the financial year 2020 on January 2 with a daily closing price (XETRA) of EUR 21.95. The maximum stock price for the first half of the year of EUR 24.40 was reached on January 21, 2020. In the wake of general uncertainty in the stock market triggered by the Covid-19 pandemic, the share price started to decline at the end of February, reaching its lowest point on March 13, 2020 at a price of EUR 10.10. Subsequently, the price recovered significantly and moved within a stable range between EUR 16.35 and EUR 20.90 from early May. The share closed at EUR 17.60 on June 30, 2020. This corresponds to a market capitalization of around EUR 136.3 million and a price decrease of 19.8% over the first six months of 2020.

Chart Showing Manz AG Stock (XETRA, in EUR)



STOCK KEY DATA AND PERFORMANCE INDICATORS

Stock Key Data and Performance Indicators

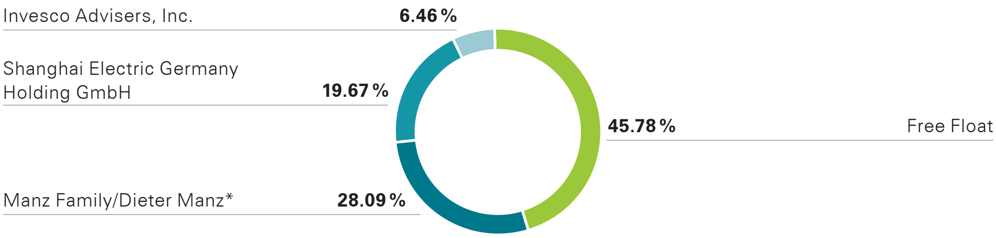
German Securities Identification Number	A0JQ5U
International Securities Identification Number (ISIN)	DE000A0JQ5U3
Ticker Symbol	M5Z
Trading segment	Regulated market (Prime Standard)
Share types	Registered, common, no-par value bearer shares, each with a proportionate value of EUR 1.00 of capital stock
Capital Stock	**EUR 7,744,088**
IPO	September 22, 2006
Opening Price	EUR 19.00
Share price at the beginning of the reporting period*	EUR 21.95
Share price at the end of the reporting period*	EUR 17.60
Percentage change in the reporting period	**–19.2 %**
Period high	EUR 24.40
Period low	EUR 10.10

* Respectively the closing prices of the XETRA trading system of Deutsche Börse AG

SHAREHOLDER STRUCTURE

At 45.78 % as of the reference date of June 30, 2020, Manz AG has a large number of shares in free float and a broad shareholder base. Dieter Manz, founder and member of the Supervisory Board of Manz AG, and his family hold a total of 28.09 % of the shares in the company. Shanghai Electric Germany Holding GmbH owns 19.67 % of the shares as of the reference date. In addition, Invesco Advisers Inc. holds a 6.46 % stake.

Shareholder Structure



* Dieter Manz 12.32 %, Ulrike Manz 5.44 %, Stephan Manz 5.16 %, Laura Manz 5.16 %

VIRTUAL ANNUAL GENERAL MEETING 2020

The Manz AG Annual General Meeting 2020 was held on June 30, 2020. For the first time ever, the Annual General Meeting was held virtually in light of travel and contact restrictions related to the Covid-19 pandemic. Capital stock represented at the meeting amounted to 61.0 %. All agenda items were passed by a large majority. Detailed voting results can be found at any time on the company's website www.manz.com under Investor Relations/annual general meeting.

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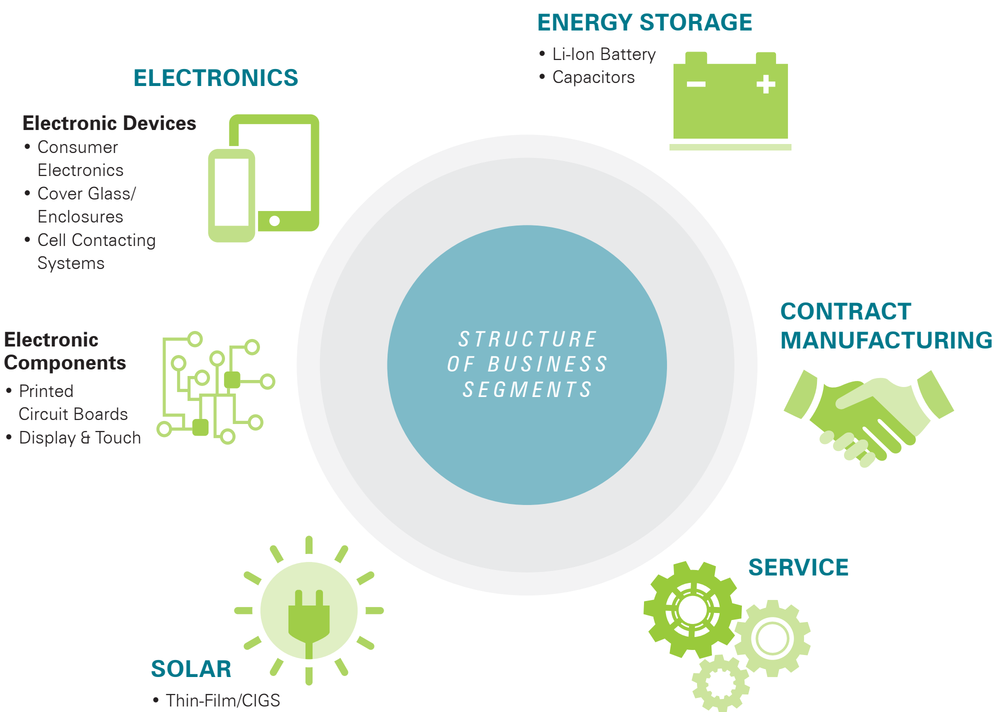
BASIC GROUP INFORMATION

BUSINESS MODEL AND STRATEGY

Founded in 1987, Manz AG is a global high-tech equipment manufacturing company. Its business activities consist of five segments: Solar, Electronics, Energy Storage, Contract Manufacturing, and Service. With many years of expertise in automation, laser processing, vision and metrology, wet chemistry and roll-to-roll processes, the company offers manufacturers and their suppliers in various industries a broad portfolio of products and solutions. In addition to customized production solutions, this also includes individual machines and modules that can be linked together to form complete, individual system solutions. The company also offers a comprehensive range of services around Manz AG's core technological competencies: From simulation and factory planning to process and prototype development, customer training and after-sales service. Manz AG is a development partner for industrial companies, and in this role helps to support new technologies to market maturity.

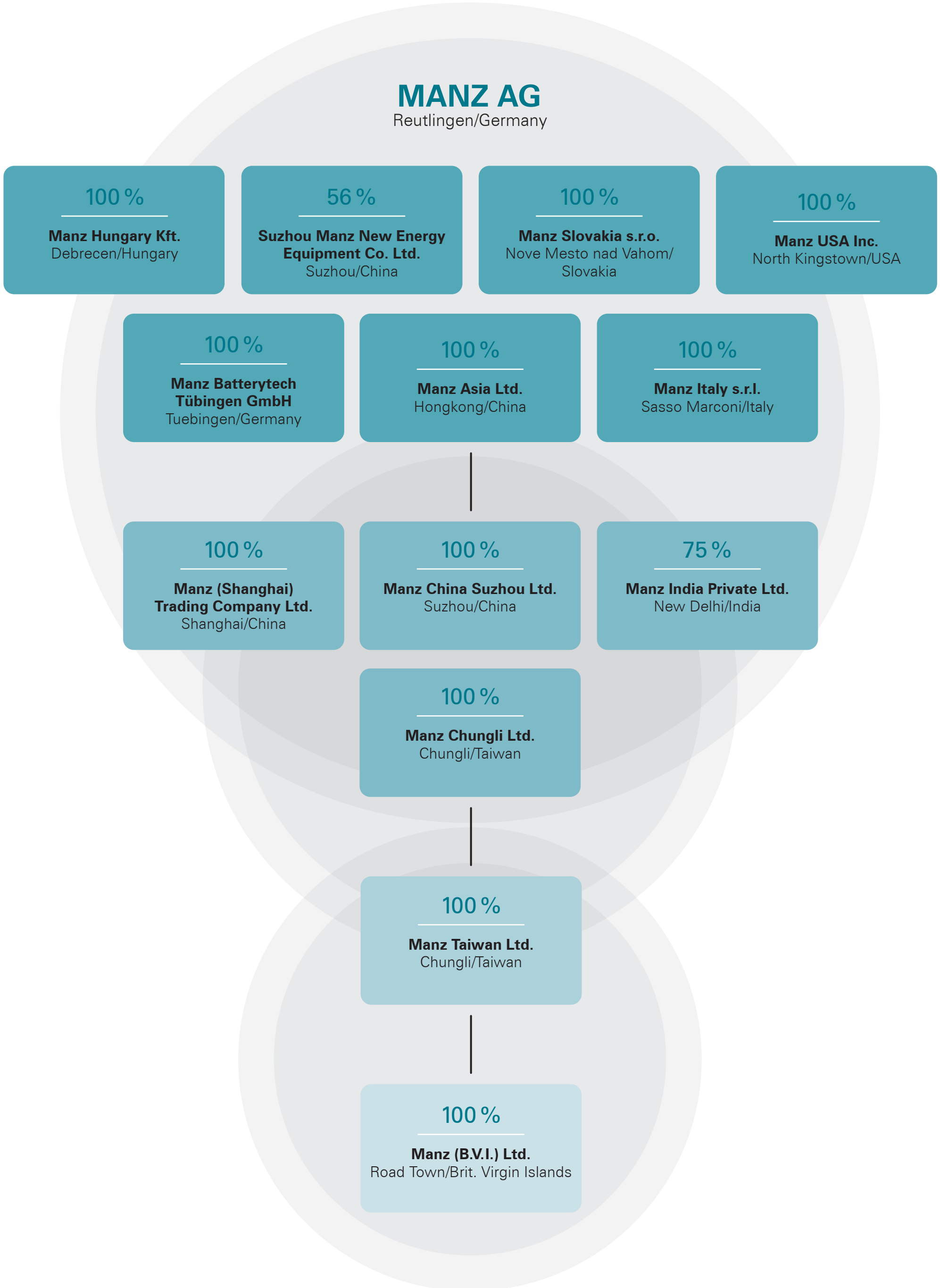


The core of the company's strategy is to make use of the technology portfolio across all industries and regions. This cross-segment exchange of technology and expertise not only offers a high level of flexibility in the realization of individual customer solutions, but also the possibility of generating internal synergies and making economic use of them.

Manz AG maintains business relationships with manufacturers and their suppliers, particularly in the solar, consumer electronics, displays and printed circuit board, automotive and energy storage sectors. As a high-tech equipment manufacturing company, Manz operates internationally and has development and production sites in Germany, Slovakia, Hungary, Italy, China and Taiwan as well as further sales and service branches in India and the US. Manz AG has long-standing customer relationships and a strong presence, above all in the Asian region, which is a key region for the company's target industries: around 500 employees at its locations in Taiwan and China, comprising a third of Manz employees in this region, offer excellent access to this growth market.

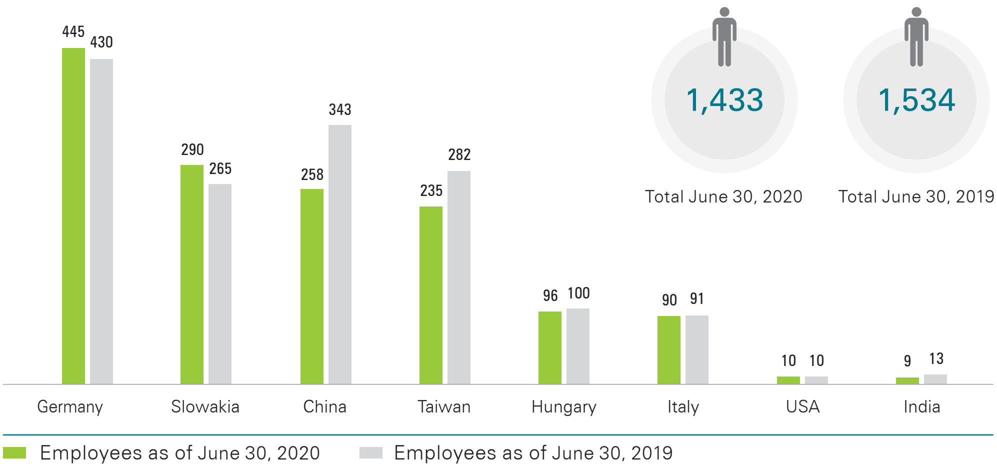
Manz AG's goal is to achieve a sustained increase in competitiveness with earnings-oriented growth. With a strong focus on the development, production and marketing of modules and fully linked, individual system solutions and equipment, as well as the expansion of the worldwide customer base, we intend to increase our competitiveness and profitability. The cross-regional use of technological expertise and its standardization beyond industry boundaries significantly reduces development effort and time and continuously creates new unique selling points creating opportunities for additional possible applications. Growth opportunities likewise arise from individual development projects for customer-specific pilot lines with corresponding scaling potential. In addition, continuous targeted organizational, procedural and process improvements in all areas of the Group are intended to contribute to further increasing the competitiveness and profitability of the company.

GROUP STRUCTURE AND HOLDINGS



LOCATIONS AND EMPLOYEES

Employees by country



CONTROL SYSTEM AND PERFORMANCE INDICATORS

At the Group level, Manz AG is organized for the purpose of corporate management by product and service segments and consists of the five business segments: Solar, Electronics, Energy Storage, Contract Manufacturing, and Service. In order to decide on the allocation of resources and control the profitability of the divisions, they are monitored separately by management. Details of the course of business are provided to the entire Managing Board through regular reports and management meetings. As a result, it is possible for the respective Managing Board to control the company in a timely manner.

Manz AG's financial management system is centrally organized. To minimize risks and leverage Group-wide optimization potential, the company bundles decisions on financing, cash investments and currency hedges of subsidiaries within the Group. In this context, the company follows value-based financing principles in order to secure its liquidity at all times, limit financial risks and optimize the cost of capital. In addition, Manz strives for a well-balanced debt maturity profile. Further information on the management of the individual financial risks can be found in the notes to the consolidated financial statements under "Reporting on financial instruments".

Locations and Employees

LOCATIONS

1 **Germany**
Reutlingen, Tübingen
R&D, Prototyping,
Sales & Service

2 **Hungary**
Debrecen
Production

3 **Slovakia**
Nove Mesto nad Vahom
R&D, Production, Sales

4 **Italy**
Sasso Marconi
R&D, Prototyping,
Sales & Service

5 **USA**
North Kingstown, Cupertino
Sales & Service

6 **Taiwan**
Chungli
R&D, Prototyping,
Sales & Service

7 **China**
Shanghai, Suzhou, Hongkong
R&D, Production,
Sales & Service

8 **India**
New Delhi
Sales & Service

RESEARCH AND DEVELOPMENT

With its more than 500 engineers, technicians and scientists at its development sites, Manz AG focuses on the development of efficient and innovative manufacturing, assembly and handling technologies, integrated in modularized individual machines, equipments, and linked system solutions. The Manz AG comprehensive "R & D Council" enables internal cross-segment integration of competencies. The objective is the realization of synergy and scale effects as well as the development of additional revenue potential. In addition, Manz AG maintains numerous cooperative agreements with well-known research institutes, universities and colleges.

Manz AG had a total R & D ratio of 9.0 % in the reporting period (previous year: 5.9 %). The increase is due to an absolute increase in development expenses and reductions in total output. The research expense ratio amounts to 2.0 % (previous year: 1.3 %) when only the capitalized development costs are considered. Investments in R & D amounting to EUR 11.4 million were well above the previous year's level of EUR 8.0 million.

Scheduled depreciation on activated development services of EUR 2.4 million (previous year: EUR 1.8 million) was charged in the reporting period 2020.

Manz AG strives for an annual rate of R & D to revenues of 5 % on average in order to provide sustained and long-term consolidation of its positive technological positioning and its innovations in the relevant target markets.

SAFETY HEALTH PREVENTIVE CARE

The health of our employees is our top priority. This is because only healthy employees are productive and feel safe at their workplace. For this reason, we go far beyond legal requirements when it comes to occupational safety – with comprehensive occupational safety measures and numerous offers for individualized preventive care and the promotion of a health-conscious lifestyle.

Prevention means avoidance

The best protection against occupational accidents is prevention. We rely on support from outside experts in this field as well. Above all, however, every single employee is required to comply with applicable regulations and to report any safety-related defects without delay.

3.4 %
accident rate

Health promotion

Country-specific offerings

We promote the health of our employees not only in the workplace, but far outside of it as well. For example, we support our employees by offering a range of discounted fitness and wellness offers, seminars on workplace ergonomics or JobRad lease.

Company doctor

Preventive care

Our preventive care measures range from occupational accident and health insurance for our Chinese employees to company doctors for our employees in Germany. They conduct occupational medical examinations and provide advice about questions concerning workplace-related health problems, maternity protection or occupational reintegration. In addition, company doctors enable us to ensure that operational facilities, workplaces and work processes comply with applicable occupational health and safety regulations.

BUSINESS REPORT

MACROECONOMIC ENVIRONMENT AND INDUSTRY-RELATED CONDITIONS

Economic Market Environment

According to statements from the Kiel Institute for the World Economy (Institut für Weltwirtschaft – "IfW"), gross domestic product (GDP) is expected to experience a significant downturn in 2020. This is driven by the Covid-19 pandemic and containment measures implemented around the world as a result which have led to significant reductions in overall economic activity. For the current year, the IfW forecasts a decline in global economic output of –3.8 % (previous year: +3.0 %). A serious recession is expected for the eurozone. Researchers expect a significant decline in production of –8.6 % (previous year: +1.3 %). For 2020 as a whole, the IfW expects GDP to decline by –2.3 % in the United States (previous year: +2.3 %) and decrease in GDP for Germany of –7.2 % (previous year: +0.6 %). According to experts at the IfW, the Chinese economy is only expected to experience minimal growth of +0.3 % (previous year: +6.1 %) for 2020. However, current forecasts are still subject to considerable uncertainties given that economic trends remain strongly dependent on the course of the Covid-19 pandemic.

Engineering industry

After the price-adjusted decline in production in the first four months of the year amounted to 13 %, the German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbauer e.V. – "VDMA") expects a decline in revenues of at least 10 % for the year as a whole, although it is not making any specific forecast. At –1 %, the revenue trend for the German engineering industry had already been slightly negative in 2019. According to the VDMA, China – the most significant market for Manz – shrank by 21 % during the first quarter of 2020 as a result of the Covid-19 pandemic. After revenue growth of 5 % in 2019, a decline in revenues must be expected in China for the year as a whole; Chinese engineering firms surveyed by the VDMA estimated their decline in revenues to be –1 % for 2020.

Core segment sectors

The effects of the Covid-19 pandemic have likewise reached the photovoltaics engineering industry. Total revenues for the first quarter of 2020 declined by 57 % compared to the same quarter of the previous year. At the same time, an increase by 37 % in incoming orders for the first quarter of 2020 compared to the previous quarter represented a silver lining. With regard to newly installed global capacity, IHS Markit currently expects a significant decrease of 105 GW in 2020 (2019: 125 GW).

German manufacturers of electronics products likewise must expect a decrease in revenues in the electronics sector. In November 2019, the German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau e.V. – "VDMA") still expected an increase in revenues of 5.1 %; a sector update has not yet been issued for the current year.

In the segment Energy Storage, German manufacturers expected increased revenues of 9 % year-on-year for 2020 according to a VDMA member survey conducted in December 2019, i.e. prior to the Covid-19 pandemic. Accordingly, market trends confirmed the tremendous need for production capacity for battery cells and systems fueled by the e-mobility trend. For example, the VDMA expects the European market to become more attractive for system engineering and construction companies in light of several large-scale battery production projects. There is likewise no sector update available yet for the current year in this area.

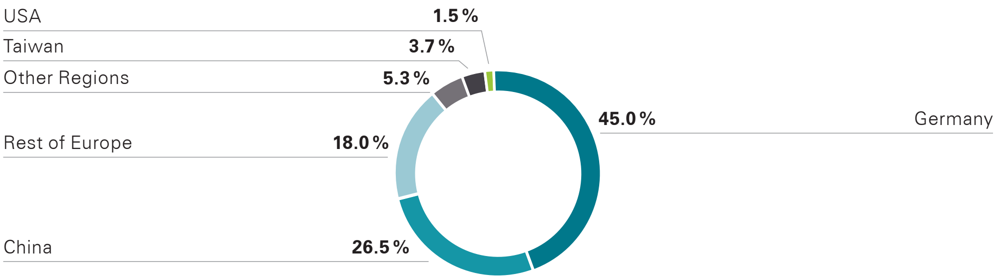
ANALYSIS OF THE EARNINGS, FINANCIAL AND LIQUIDITY POSITION OF THE GROUP

Earnings position

Revenues in the first six months of 2020 amounted to EUR 124.3 million compared to EUR 132.8 million in the previous year. The decline of 6.4 % is primarily due to worldwide lockdown rules in effect in light of the Covid-19 pandemic. Negative effects in the Solar and Electronics segments were partially offset by the segments Energy Storage and Contract Manufacturing. Looking at the respective quarterly developments, Manz AG was able to keep revenues stable in the second quarter of 2020, in contrast to the general trend in the engineering sector in light of restrictions associated with the Covid-19 pandemic. Revenues in the second quarter amounted to EUR 62.7 million (previous year: EUR 56.0 million) compared to EUR 61.6 million in the first three months of 2020 (previous year: EUR 76.8 million).

Changes in inventories of finished goods and work in progress amounted to EUR –1.0 million in the first half of 2020 (previous year: EUR 2.2 million), mainly as a result of consistent completion of current projects. At EUR 2.5 million, internal work capitalized was above the prior-year level (previous year: EUR 1.7 million) and is mainly due to increased activities in the segment Energy Storage. This resulted in a total output of EUR 125.8 million (previous year: EUR 136.7 million). Other operating income was EUR 3.2 million (previous year: EUR 5.1 million).

Revenue Distribution by Region January 1 to June 30, 2020



Material costs amounted to EUR 69.7 million (previous year: EUR 84.4 million); the material cost ratio declined to 55.4 % (previous year: 61.7 %) as a result of changes in project composition. At EUR 37.6 million, personnel expenses in the first half of 2020 were slightly higher than in the previous year (previous year: EUR 36.8 million). The personnel expense ratio rose to 29.9 % (previous year: 26.9 %) in light of the low revenue level.

At EUR 14.9 million, other operating expenses were below the previous year's figure of EUR 18.0 million primarily as a result of Covid-19 related travel restrictions and corresponding reductions in travel expenses. The share of profit in affiliated companies increased to EUR 5.3 million (previous year: EUR 3.0 million) in light of positive business performance by Talus Manufacturing Ltd. in the Contract Manufacturing segment.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) doubled during the 2020 reporting period as a result, amounting to EUR 12.1 million (previous year: EUR 5.7 million). In the second quarter, Manz AG generated EBITDA of EUR 5.2 million (previous year: EUR 0.6 million). Depreciation of EUR 6.4 million for the first half of 2020 was below the previous year's level of EUR 9.1 million. The decline is mainly due to delays in the progress of a project and to the fact that no new leasing contracts were concluded – with a corresponding effect on depreciation and amortization attributable to such contracts.

Earnings before interest and taxes (EBIT) rose significantly in the first six months of 2020. At EUR 5.7 million, this figure was some EUR 9 million above the previous year's level (EUR –3.4 million). After the deduction of taxes on income, Manz AG's consolidated net result in the first half of 2020 was EUR 2.3 million (previous year: EUR –5.5 million). Based on a weighted average of 7,440,088 shares, this results in undiluted earnings per share of EUR 0.30 (previous year undiluted: EUR –0.69).

Financial position of the Group

Total assets as of June 30, 2020 increased by EUR 341.5 million to EUR 357.5 million compared to December 31, 2019.

On the assets side, non-current assets at EUR 148.3 million as of June 30, 2020 were above the level of the 2019 balance sheet date (EUR 144.8 million). This trend was primarily due to a decrease in property, plant and equipment to EUR 41.9 million (December 31, 2019: EUR 44.0 million) and a simultaneous increase in shares in affiliated companies recognized at equity to EUR 27.0 million (December 31, 2019: EUR 21.4 million). The increase in shares in affiliated companies was driven by the positive result for the period realized by Talus Manufacturing Ltd.

Current assets as of June 30, 2020, at EUR 209.2 million, were well above the amount of EUR 196.7 million as of the 2019 balance sheet date. Whereas inventories increased to EUR 38.9 million as of the reporting date (December 31, 2019: EUR 35.7 million), trade receivables decreased to EUR 30.1 million (December 31, 2019: EUR 42.8 million) as a result of consistent completion of current projects. In addition, contract assets of EUR 76.5 million were also reported (December 31, 2019: EUR 59.9 million). This increase was attributable to positive incoming orders during the reporting period. Cash and cash equivalents amounted to EUR 47.9 million as of the 2020 reporting date (December 31, 2019: EUR 44.0 million).

On the liability side, equity increased to EUR 135.8 million (December 31, 2019: EUR 132.4 million) as a result of a positive result for the period. As of June 30, 2020, the equity ratio amounted to 38.0% (December 31, 2019: 38.8%) against increased total assets.

Non-current liabilities increased from EUR 29.3 million as of December 31, 2019 to EUR 47.5 million as of June 30, 2020. This increase was the result of a loan granted. Current liabilities decreased to EUR 174.2 as of June 30, 2020 (December 31, 2019: EUR 179.8 million). Current financial liabilities amounted to EUR 63.9 million on the 2020 reporting date (December 31, 2019: EUR 57.2 million). The increase resulted from the utilization of additional credit lines for purposes of working capital financing. Trade payables decreased to EUR 47.8 million at the end of the 2020 reporting period (December 31, 2019: EUR 57.4 million) as a result of consistent completion of current projects. The company had contractual liabilities of EUR 31.0 million as of June 30, 2020 (December 31, 2019: EUR 35.8 million).

Liquidity position of the Group

The cash flow from operating activities is based on consolidated net profit of EUR 2.3 million. The decrease in contractual liabilities ensures a corresponding outflow of funds. Cash flow from operating activities totaled EUR –16.0 million for the first half of 2020.

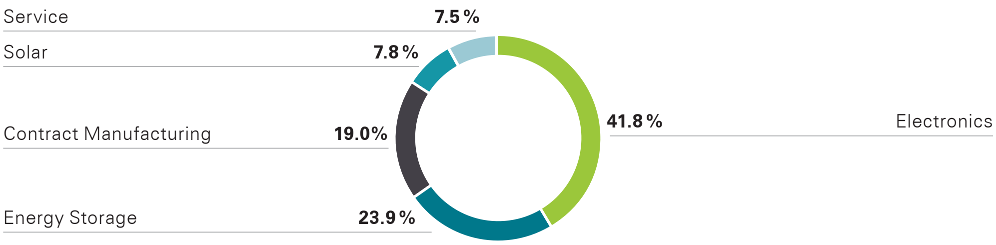
Cash flow from investment activities amounted to EUR –2.4 million in the 2020 reporting period. The cash outflow resulted primarily from investments in intangible assets and property, plant and equipment.

Cash flow from financing activities in the first half of 2020 amounted to EUR 22.2 million and resulted primarily from the change in long-term financial liabilities due to the raising of a loan. If exchange rate changes are taken into account, Manz AG therefore had liquid funds totaling EUR 47.9 million as of June 30, 2020 (June 30, 2019: EUR 27.4 million). Unused bank lines of credit amounted to EUR 12.9 million as of the 2020 balance sheet date (December 31, 2019: EUR 18.0 million).

Net debt amounted to EUR 34.6 million with a bank balance of EUR 47.9 million.

SEGMENT REPORTING

Revenues by Business Segment January 1 to June 30, 2020



Solar

After Manz AG began with the move-in of the equipment for major CIGS orders in January 2020, machine installation was again delayed as a result of the restrictions in the wake of the Covid-19 pandemic. Work was resumed during the second quarter, albeit at lower levels of activity. Accordingly, Manz AG Solar segment revenues amounted to EUR 9.7 million for the first half of 2020, corresponding to 7.8 % of total revenues for the Manz Group (previous year: EUR 22.1 million or 16.7 %). Due to the lower revenue level with ongoing expenses, segment EBIT amounted to EUR –3.3 in the first half of 2020, compared with EUR 2.2 million in the prior-year period.

Electronics

Business activities in Asia for the Electronics segment were also affected by the Covid-19 pandemic to some extent during the reporting period. In May, Manz AG received a follow-on order for display production systems from one of the largest display manufacturer in China in the low two-figure million range. At the same time, Manz AG was able to increase overall efficiency in the completion of current projects in the field of assembly automation.

Manz AG revenues in the Electronics segment declined to EUR 52.0 million during the first half of 2020, which corresponded to 41.8 % of total revenues for the Manz Group (previous year: EUR 65.7 million or 49.5 %). However, segment EBIT increased significantly during the reporting period in light of improved project structures, from EUR –4.7 million in the previous year to EUR 1.0 million.

Energy Storage

Despite the Covid-19 pandemic, large orders from the previous year were still completed largely on schedule in the Energy Storage segment. Manz AG recorded additional significant incoming orders during the current financial year. Manz AG received an order for assembly lines to manufacture lithium-ion battery modules from the German company Akasol AG, a pioneer in the field of battery systems for hybrid and fully electric commercial vehicles. The total order is worth up to EUR 20 million in several tranches. In addition, Manz received a follow-on order from a leading battery manufacturer in the mid-two-figure million euro range relating to the installation of new, as well as the upgrade of existing production lines for coiled lithium-ion batteries.

Accordingly, segment revenues in the first half of 2020 doubled to more than EUR 29.8 million which corresponds to 24.0 % of the Manz Group's total revenues (previous year: EUR 14.6 million or 11.0 %). In light of increased revenues, segment EBIT likewise rose and amounted to EUR 0.5 million in the reporting period compared to EUR –6.5 million in the previous year.

Contract Manufacturing

In the Contract Manufacturing segment, Talus Manufacturing Ltd. in particular exhibited positive performance. In addition, Manz AG concluded a long-term cooperation agreement in the reporting period for its Slovakian branch with a leading German manufacturer in the electrical engineering industry. Furthermore, Manz AG started a partnership with a leading semiconductor manufacturer at its Chinese branch in Suzhou.

During the first six months of 2020, Manz AG generated revenues of EUR 23.6 million, or 19.1 % of total revenues, in the Contract Manufacturing segment (previous year: EUR 20.5 million or 15.4 %). Segment EBIT amounted to EUR 7.3 million compared to EUR 4.2 million in the previous year.

Service

In the Service segment, Manz generated revenues of EUR 9.4 million or 7.6 % of the Manz Group's total revenues (previous year: EUR 9.6 million or 7.2 %). Segment EBIT amounted to EUR 0.2 million compared to EUR 1.1 million in the previous year.

EVENTS AFTER THE REPORTING PERIOD

No further events took place after the end of the reporting period that would have had a significant impact on our financial position, financial performance or cash flows.

REPORT ON OPPORTUNITIES AND RISKS

No material changes have arisen compared with the opportunities and risks presented in the Annual Report 2019.

FORECAST REPORT

EXPECTED DEVELOPMENT OF THE GROUP AND SEGMENTS

Based on available data, the Managing Board continues to believe that the industry outlook for the three strategic Electronics, Solar and Energy Storage segments is positive, and confirms its forecast for fiscal 2020.

The Managing Board is forecasting a slight to moderate increase in revenues compared to 2019, a positive EBITDA margin in the mid single-digit percentage range and an EBIT margin in the low, positive single-digit percentage range. A value slightly above 40 % is expected for the equity ratio; with regard to Gearing, the Managing Board is anticipating a value of 10.5 %, slightly above the preceding year's value.

The forecast considers the currently assessable effects of the corona epidemic on the economic development of our company, yet rests on the assumption that the further spread of the virus will not have any additional negative effects on the development of business in the 2020 financial year in the segments Solar, Electronics, Energy Storage and Contract Manufacturing.

Expectations unchanged for 2020 are supported by robust order intake figures and a solid order backlog amounting to EUR 168 million as of June 30, 2020 (previous year: EUR 158 million).

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, which are based on the current assumptions and forecasts of Manz AG's Managing Board. Such statements are subject to both risks and uncertainties. These and other factors could cause the actual results, financial position, developments or performance of the Company to differ materially from the estimates given here. Our company assumes no obligation to update these forward-looking statements or adapt them to future events or developments.

TODAY RESOURCES TOMORROW

The conscious, responsible use of resources is not an abstract idea for Manz. Neither is it limited to declarations of intent that lie in the future. Conserving and saving resources is a process for us in the here and now. The goals are clear: less waste, fewer emissions, and reduction of energy consumption.

Waste prevention

Less is more

Waste prevention is a challenging goal because of its high dependence on business development. Nonetheless, we succeeded in reducing the total volume of waste in relation to sales of 1.83 t/MEUR in 2018 to 1.67 t/MEUR in 2019 – with the aim of the further continuous reduction.

Emissions

Ensure better air

Following the reduction in energy consumption and the reduction in CO_2 emissions in recent years, we have again been able to reduce Energy consumption by megawatt hours of 17,443 MWh in 2018 to 16,026 MWh in 2019, while at the same time CO_2 emissions that are directly or indirectly credited to Manz AG could be reduced to 3,692 tonnes compared to 4,310 tonnes in the previous year.

1,124,000 kWh

The sun plays a role

We are particularly proud of the photovoltaic plants at our sites in Reutlingen, Germany, and Suzhou, China. The two photovoltaic plants in Reutlingen produce over 360,000 kWh of electricity per year. In addition, the photovoltaic plant on the roof of our location in China last year covered 1,124,000 kWh, a substantial part of our own electricity needs.

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENT

	1st Half Year (in TEUR)		2nd Quarter (in TEUR)	
	January 1 to June 30, 2020	January 1 to June 30, 2019	April 1 to June 30, 2020	April 1 to June 30, 2019
Revenues	124,316	132,785	62,706	56,004
Inventory changes, finished and unfinished goods	–986	2,209	–568	1,286
Work performed by the entity and capitalized	2,504	1,743	414	798
Total operating performance	**125,835**	**136,737**	**62,552**	**58,087**
Other operating income	3,183	5,143	1,812	3,889
Material costs	–69,743	–84,372	–35,877	–35,826
Personnel expenses	–37,580	–36,801	–18,694	–18,257
Other operating expenses	–14,923	–18,026	–7,346	–8,847
Share of profit (loss) of associates	5,295	3,023	2,720	1,520
EBITDA	**12,066**	**5,703**	**5,166**	**566**
Amortization/depreciation	–6,416	–9,134	–3,061	–4,644
Result of operating activities (EBIT)	**5,650**	**–3,431**	**2,106**	**–4,078**
Finance income	34	30	18	15
Finance costs	–999	–1,248	–424	–671
Earnings before taxes (EBT)	**4,684**	**–4,650**	**1,701**	**–4,734**
Income taxes	–2,363	–810	–1,001	–416
Consolidated net profit/loss	**2,321**	**–5,460**	**700**	**–5,150**
thereof attributable to non-controlling interests	–18	–129	29	–69
thereof attributable to shareholders of Manz AG	2,339	–5,331	671	–5,081
Weighted average number of shares	7,744,088	7,744,088	7,744,088	7,744,088
Earnings per share (diluted = undiluted) in EUR per share	0.30	–0.69	–0.09	–0.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Half Year (in TEUR)		2nd Quarter (in TEUR)	
	January 1 to June 30, 2020	January 1 to June 30, 2019	April 1 to June 30, 2020	April 1 to June 30, 2019
Consolidated profit or loss	**2,321**	**–5,460**	**700**	**–5,150**
Difference resulting from currency translation	761	–1,452	1,406	–1,988
Cash flow hedges	0	2	0	1
Tax effect resulting from components not recognized in profit/loss	0	0	0	0
Share of other comprehensive income from investments in associates using the at equity method	0	0	0	0
Total of expenditures and income recorded directly in equity capital with future reclassification with tax effect	**761**	**–1,450**	**1,406**	**–1,988**
Fair value through other comprehensive income (FVOCI)	0	0	0	0
Tax effect resulting from fair value through other comprehensive income (FVOCI)	0	0	0	0
Revaluation of defined benefit pension plans	208	–248	97	–124
Tax effect resulting from revaluation of defined benefit pension plans	–62	57	–29	29
Total of expenditures and income recorded directly in equity without future reclassification with tax effect	**145**	**–191**	**68**	**–96**
Group comprehensive income	**3,227**	**–7,101**	**2,173**	**–7,233**
thereof non-controlling interests	–22	–125	50	–80
thereof shareholders Manz AG	3,249	–6,977	2,124	–7,154

CONSOLIDATED BALANCE SHEET

ASSETS (in TEUR)

	June 30, 2020	Dec. 31, 2019
Non-current assets		
Intangible assets	60,567	60,849
Property, plant and equipment	41,937	44,006
Investment in an associate	26,977	21,382
Financial assets	11,700	11,700
Other non-current assets	1,139	1,256
Deferred tax assets	6,012	5,651
	148,332	**144,844**
Current assets		
Inventories	38,915	35,739
Trade receivables	30,926	42,812
Contract assets	76,451	59,939
Current income tax receivables	316	288
Derivative financial instruments	0	10
Other current assets	14,720	13,892
Cash and cash equivalents	47,868	44,005
	209,196	**196,685**
Total assets	**357,529**	**341,528**

CONSOLIDATED BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES (in TEUR)

	June 30, 2020	Dec. 31, 2019
Equity		
Issued capital	7,744	7,744
Capital reserves	42,731	42,545
Retained earnings	72,728	70,390
Accumulated other comprehensive income	12,368	11,457
Shareholders of Manz AG	**135,571**	**132,136**
Non-controlling interests	253	275
	135,824	**132,411**
Non-current liabilities		
Non-current financial liabilities	18,557	728
Non-current financial liabilities from leasing	11,292	12,268
Pension provisions	6,924	7,202
Other non-current provisions	2,970	2,659
Other non-current liabilities	0	7
Deferred tax liabilities	7,747	6,462
	47,490	**29,325**
Current liabilities		
Current financial liabilities	63,930	57,185
Current financial liabilities from leasing	3,517	3,329
Trade payables	47,800	57,407
Contract liabilities	30,979	35,774
Current income tax liabilities	2,037	602
Other current provisions	11,323	10,693
Other current liabilities	14,630	14,803
	174,215	**179,793**
Total liabilities	**357,529**	**341,528**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in TEUR)

	Jan. 1 to June 30, 2020	Jan. 1 to June 30, 2019
Net profit/loss after taxes	2,321	–5,460
Amortization/depreciation	6,416	9,134
Increase (+)/decrease (–) of pension provisions and other non-current provisions	34	–408
Interest income (–) and expenses (+)	966	1,218
Taxes on income and earnings	2,363	810
Other non-cash income (–) and expenses (+)	186	97
Gains (–)/losses (+) from disposal of assets	10	17
Share of profit/loss of associates	–5,295	–3,023
Increase (–)/decrease (+) in inventories, trade receivables, contract assets and other assets	–11,824	–7,676
Increase (+)/decrease (–) in trade payables, contract liabilities and other liabilities	–9,216	–28,947
Received (+)/Paid income taxes (–)	–955	–510
Interest paid	–999	–1,248
Interest received	34	30
Cash flow from operating activities	**–15,960**	**–35,964**
Cash receipts from the sale of fixed assets	170	522
Cash payments for the investments in intangible assets and property, plant and equipment	–3,177	–2,823
Changes in investments on financial assets	636	–1,341
Cash flow from investing activities	**–2,371**	**–3,642**
Cash receipts from the assumption of non-current financial liabilities	17,822	666
Cash payments for the repayment of non-current financial liabilities	0	0
Cash receipts from the assumption of current financial liabilities	11,190	19,462
Cash payments for the repayment of current financial liabilities	–4,444	–2,468
Purchase of treasury shares	0	–1
Cash payment for lease liabilities	–2,384	–1,892
Cash flow from financing activities	**22,184**	**15,767**
Cash and cash equivalents at the end of the period		
Net change in cash funds (subtotal 1–3)	3,853	–23,839
Effect of exchange rate movements on cash and cash equivalents	35	–10
Credit risk allowance on bank deposit	–24	257
Cash and cash equivalents on January 1, 2020	44,005	51,006
Cash and cash equivalents on June 30, 2020	**47,868**	**27,414**
Composition of cash and cash equivalents		
Cash and cash equivalents	47,868	27,414
Cash and cash equivalents on June 30, 2020	**47,868**	**27,414**

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY 2019

(in TEUR)

					Other comprehensive income								
					Components which are not transferred to profit or loss		Components which may be transferred to profit or loss						
	Issued capital	**Capital reserves**	**Treasury shares**	**Revenue reserves**	Revaluation of defined benefit pension plans	Fair value through other comprehensive income (FVOCI)	Cash flow hedges	Share of other comprehensive income from investments in associates using the at equity method	Currency translation	**Other comprehensive income**	**Equity to shareholders of Manz AG**	**Non-controlling interest**	**Total equity**
As of Jan. 1, 2019	**7,744**	**79,208**	**0**	**44,438**	–2,209	–3,004	–2	–130	23,459	**18,114**	**149,503**	**471**	**149,974**
Effects of changing of accounting rules	0	0	0	0	0	0	0	0	0	0	0	0	0
Consolidated net profit	0	0	0	–5,331	0	0	0	0	0	0	–5,331	–129	–5,460
Other comprehensive income	0	0	0	0	–191	0	1	0	–1,457	–1,646	–1,646	5	–1,641
Consolidated income statement	0	0	0	–5,331	–191	0	1	0	–1,457	–1,646	–6,977	–125	–7,101
Withdrawal from capital reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	–1	0	0	0	0	0	0	0	–1	0	–1
Use of treasury shares	0	0	1	0	0	0	0	0	0	0	1	0	1
Share-based payment	0	703	0	0	0	0	0	0	0	0	703	0	703
Changes to the basis of consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0
As of June 30, 2019	**7,744**	**79,910**	**0**	**39,107**	–2,400	–3,004	–1	–130	22,002	**16,468**	**143,229**	**346**	**143,575**

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY 2020

(in TEUR)

					Other comprehensive income								
					Components which are not transferred to profit or loss		Components which may be transferred to profit or loss						
	Issued capital	**Capital reserves**	**Treasury shares**	**Revenue reserves**	Revaluation of defined benefit pension plans	Fair value through other comprehensive income (FVOCI)	Cash flow hedges	Share of other comprehensive income from investments in associates using the at equity method	Currency translation	**Other comprehensive income**	**Equity to shareholders of Manz AG**	**Non-controlling interest**	**Total equity**
As of Jan. 1, 2020	**7,744**	**42,545**	**0**	**70,390**	–1,864	–12,545	0	–133	25,999	**11,457**	**132,136**	**275**	**132,411**
Consolidated net profit	0	0	0	2,339	0	0	0	0	0	0	2,339	–18	2,321
Other comprehensive income	0	0	0	0	145	0	0	0	765	911	911	–4	907
Consolidated income statement	0	0	0	2,339	145	0	0	0	765	911	3,249	–22	3,227
Withdrawal from capital reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Use of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Share-based payment	0	186	0	0	0	0	0	0	0	0	186	0	186
As of June 30, 2020	**7,744**	**42,731**	**0**	**72,728**	–1,719	–12,545	0	–133	26,785	**12,368**	**135,571**	**253**	**135,824**

NOTES (ABRIDGED)

GENERAL DISCLOSURES

Manz AG has its headquarters at Steigaeckerstrasse 5 in 72768 Reutlingen, Germany. Manz AG and its subsidiaries (the "Manz Group") have gained significant expertise over the years in the fields of automation, laser processing, vision and metrology as well as wet chemistry and roll-to-roll processes. Manz AG shares are traded on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange.

Pursuant to Section 115 of the Securities Trading Act (WpHG), the interim consolidated financial statements as of June 30, 2020 have been prepared in condensed form in accordance with IAS 34 of the International Financial Reporting Standards (IFRS) – published by the International Accounting Standards Board (IASB), London, which are endorsed by the European Union, and the Interpretations of the IFRS Interpretations Committee in effect on the reporting date. Standards and interpretations that have not yet taken effect have not been applied. The present interim consolidated financial statements and the interim group management report have not been subject to an audit or an audit review in accordance with Section 317 of the Commercial Code.

The interim consolidated financial statements are prepared in EUR. Unless otherwise stated, the information is given in TEUR.

ACCOUNTING AND VALUATION PRINCIPLES

The accounting policies applied to the condensed consolidated interim financial statements as of June 30, 2020, as well as the calculation methods and input parameters used to measure fair value are essentially the same as those of the consolidated financial statements as of December 31, 2019. A detailed description of these policies was published in the notes to the consolidated financial statements in the 2019 Annual Report.

Management estimates and judgments

The preparation of consolidated interim financial statements requires assumptions and estimates that have an effect on the recognition, measurement, and presentation of assets, liabilities, income, and expenses, as well as contingent assets and contingent liabilities. The main circumstances affected by such discretionary judgments and estimates relate to the viability of receivables, determination of defining the percentage of completion of long-term manufacturing projects, assumptions about future cash flows from cash-generating units, and development projects, as well as the recognition and measurement of provisions. Assumptions and estimates made are based on available information, which is regularly reviewed to ensure that it is current and is adjusted promptly as needed. At present, the Covid-19 pandemic is causing disruptions around the world the scale of which cannot yet be fully determined. As a result, current assumptions and estimates are subject to a high degree of uncertainty. After careful consideration of the underlying assumptions and estimates, Manz believes that the Covid-19 pandemic will not have any serious, long-term impact on its assets, financial position, and results of operations.

Assumptions have been reassessed in the following areas:

Impairment test

The book values of the cash-generating units were subjected to an impairment test in light of strong fluctuations in market capitalization in the first half of 2020. They were compared with the values in use, which are based on current corporate planning. No impairment adjustments were identified for the June 30, 2020 reporting date.

In addition, a sensitivity analysis was carried out, according to which a 1 % higher WACC without assumed growth in perpetuity and a 10 % reduction in EBIT over the entire planning period would not result in a need for impairment.

Financial assets and contract assets

In accordance with IFRS 9, an impairment test is performed on financial assets and contract assets regularly. An impairment model is applied that contains current forward-looking information in the macroeconomic environment by region in order to determine potential expected losses. In addition, the default rates are reviewed individually by the responsible management. Factors such as maturity structures of receivables balances, customer creditworthiness or current macroeconomic data are included in the review. Expected losses have not increased significantly due to the application of the changed assumptions..

CONSOLIDATED GROUP

Manz AG's consolidated interim financial statements include all the companies whose financial and operating policy can be either directly or indirectly determined by Manz AG ("controlling relationship"). In addition to Manz AG, the group of consolidated companies includes 13 fully consolidated subsidiaries.

EXPLANATIONS OF INDIVIDUAL ITEMS IN THE INCOME STATEMENT

REVENUES

Revenues are presented by business segment, including the target sales region, as follows:

(in TEUR)	Germany	Rest of Europe	China	Taiwan	Rest of Asia	USA	Other Regions	**Total**
Solar								
Jan. 1 to June 30, 2020	2,502	0	7,174	0	0	5	0	**9,681**
Jan. 1 to June 30, 2019	1,864	–1	20,251	0	0	8	0	**22,122**
Electronics								
Jan. 1 to June 30, 2020	21,209	19	23,870	1,236	5,693	–237	0	**51,791**
Jan. 1 to June 30, 2019	4,649	15	53,654	3,007	1,010	3,640	0	**65,975**
Energy Storage								
Jan. 1 to June 30, 2020	26,129	2,099	14	0	16	1,077	477	**29,812**
Jan. 1 to June 30, 2019	(1,394)	12,049	82	0	606	3,254	0	**14,597**
Contract Manufacturing								
Jan. 1 to June 30, 2020	4,503	19,128	0	0	0	0	0	**23,630**
Jan. 1 to June 30, 2019	5,702	14,789	0	0	0	0	0	**20,491**
Service								
Jan. 1 to June 30, 2020	1,646	1,071	1,844	3,325	427	1,065	25	**9,402**
Jan. 1 to June 30, 2019	1,192	1,518	3,067	2,955	266	600	0	**9,600**
Group								
Jan. 1 to June 30, 2020	**55,989**	**22,317**	**32,902**	**4,561**	**6,135**	**1,910**	**501**	**124,316**
Jan. 1 to June 30, 2019	**12,013**	**28,371**	**77,055**	**5,962**	**1,882**	**7,502**	**0**	**132,785**

OTHER OPERATING INCOME

(in TEUR)	June 30, 2020	June 30, 2019
Subsidies	1,337	1,042
Income from the reversal of provisions	669	1,583
Exchange rate gains	352	653
Changes to valuation allowances on receivables	36	588
Other	789	1,277
	3,183	**5,143**

COST OF MATERIALS

(in TEUR)	June 30, 2020	June 30, 2019
Cost of raw materials, consumables, and supplies, and of purchased merchandise	62,179	73,889
Cost of purchased services	7,564	10,483
	69,743	**84,372**

OTHER OPERATING EXPENSES

(in TEUR)	June 30, 2020	June 30, 2019
Legal and consulting costs	1,852	1,939
Advertising and travel expenses	1,669	3,458
Cost of IT	1,133	912
Exchange rate losses	1,174	39
Outgoing freight	1,104	2,390
Value adjustments on financial assets	1,102	315
Other personnel-related expenses	794	1,629
Rent and leases	536	562
Research-related (project-based) other operating expenses	117	652
Other	5,442	6,130
	14,923	**18,026**

AMORTIZATION/DEPRECIATION

(in TEUR)	June 30, 2020	June 30, 2019
Fixed assets	4,339	4,509
Right-of-use-assets	1,719	1,960
Current costs for obtaining a contract	187	1,615
Non-current costs for obtaining a contract	171	1,050
	6,416	**9,134**

EXPLANATIONS OF INDIVIDUAL ITEMS IN THE BALANCE SHEET

INTANGIBLE ASSETS

(in TEUR)	June 30, 2020	Dec. 31, 2019
Licenses, software, and similar rights	5,106	5,458
Capitalized development costs	18,261	18,623
Goodwill	35,802	35,483
Prepayments	493	209
Non-current costs for obtaining a contract	905	1,076
	60,567	**60,849**

PROPERTY, PLANT, AND EQUIPMENT

(in TEUR)	June 30, 2020	Dec. 31, 2019
Land and buildings	16,831	17,308
Technical equipment and machinery	3,663	4,145
Other equipment, operating and office equipment	5,002	5,235
Right-of-use-assets	14,013	14,966
Prepayments	2,428	2,352
	41,937	**44,006**

INVENTORIES

(in TEUR)	June 30, 2020	Dec. 31, 2019
Raw materials, consumables, and supplies	14,854	14,684
Unfinished goods, services in progress	7,289	6,759
Finished goods and merchandise	1,650	3,183
Prepayments	15,122	11,113
	38,915	**35,739**

TRADE RECEIVABLES

(in TEUR)	June 30, 2020	Dec. 31, 2019
Trade receivables from third parties	30,827	42,737
Trade receivables from associated companies	99	75
	30,926	**42,812**

CONTRACT ASSETS

(in TEUR)	June 30, 2020	Dec. 31, 2019
Manufacturing costs, including profit or loss on the construction contracts	411,470	360,699
Minus advance payments received	–335,019	–300,760
	76,451	**59,939**

EQUITY

During the first half of the year, Manz acquired no (previous year 38) treasury shares. As of June 30th of the previous year, they were purchased at an average price of EUR 26.30 per share (market value of EUR 1.00), which were transferred to employees in the context of jubilee benefits and project sharing.

Capital reserves are comprised primarily of contributions from shareholders pursuant to Section 272(2), No. 1 of the Commercial Code, minus financing costs after taxes. Furthermore, this also includes the value of share-based compensation granted to management (including the Managing Board) as a salary component in the form of equity instruments (Performance Share Plan). The increase in capital reserves of TEUR 186 in the first six months of 2020 relates to the allocation from share-based compensation (Manz Performance Share Plan).

TRADE PAYABLES

(in TEUR)	June 30, 2020	Dec. 31, 2019
Trade payables	47,796	57,403
Liabilities to associated companies	4	4
	47,800	**57,407**

ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Trade receivables, contract assets, other current assets, cash and cash equivalents, trade payables and the majority of other liabilities within the scope of IFRS 7 have short remaining terms. The book values of these financial instruments are therefore assumed to equate approximately to their fair market values.

The following table shows the reconciliation of balance sheet items to the categories of financial instruments, divided according to the book values and fair values of the financial instruments.

Assets as of June 30, 2020

IFRS 9 – Financial Assets

(in TEUR)	Carrying amounts by measurement category Fair value	At continued acquisition cost	Profit-neutral for fair value in other comprehensive income (equity instruments)	Designated hedge fund instruments	Not in the application area IFRS 7, IFRS 9	Carrying amount June 30, 2020
Investments	11,700	0	11,700	0	0	11,700
Other long-term assets	1,139	404	0	0	735	1,139
Trade receivables from third parties	30,827	30,827	0	0	0	30,827
Trade receivables from associated companies	99	99	0	0	0	99
Derivative financial instruments	0	0	0	0	0	0
Other current assets	14,720	10,807	0	0	3,913	14,720
Cash and cash equivalents	47,868	47,868	0	0	0	47,868
	106,353	**90,005**	**11,700**	**0**	**4,648**	**106,353**

Liabilities as of June 30, 2020

IFRS 9 – Financial Liabilities

(in TEUR)	Carrying amounts by measurement category Fair value	Fair value through profit or loss	At continued acquisition cost	Designated hedging instruments (cash flow hedges)	Not in the application area IFRS 7, IFRS 9	Carrying amount value June 30, 2020
Financial liabilities	82,487	0	82,487	0	0	82,487
Trade payables to third parties	47,796	0	47,796	0	0	47,796
Trade payables to associated companies	4	0	4	0	0	4
Derivative financial instruments	0	0	0	0	0	0
Other liabilities	14,630	0	2,433	0	12,197	14,630
	144,917	**0**	**132,720**	**0**	**12,197**	**144,917**

Assets as of Dec. 31, 2019

IFRS 9 – Financial Assets (in TEUR)	Carrying amounts by measurement category Fair value	At continued acquisition cost	Profit-neutral for fair value in other comprehensive income (equity instruments)	Designated hedge fund instruments	Not in the application area IFRS 7, IFRS 9	Carrying amount Dec. 31, 2019
Investments	11,700	0	11,700	0	0	11,700
Other long-term assets	1,256	447	0	0	809	1,256
Trade receivables from third parties	42,737	42,737	0	0	0	42,737
Trade receivables from associated companies	75	75	0	0	0	75
Derivative financial instruments	10	0	0	10	0	10
Other current assets	13,892	11,631	0	0	2,261	13,892
Cash and cash equivalents	44,005	44,005	0	0	0	44,005
	113,675	**98,895**	**11,700**	**10**	**3,070**	**113,675**

Liabilities as of Dec. 31, 2019

IFRS 9 – Financial Liabilities (in TEUR)	Carrying amounts by measurement category Fair value	Fair value through profit or loss	At continued acquisition cost	Designated hedging instruments (cash flow hedges)	Not in the application area IFRS 7, IFRS 9	Carrying amount Dec. 31, 2019
Financial liabilities	57,913	0	57,913	0	0	57,913
Trade payables to third parties	57,403	0	57,403	0	0	57,403
Trade payables to associated companies	4	0	4	0	0	4
Derivative financial instruments	0	0	0	0	0	0
Other liabilities	14,810	3,000	2,766	0	9,044	14,810
	130,130	**3,000**	**118,086**	**0**	**9,044**	**130,130**

VALUATION CLASSES

The Group uses the following hierarchy to determine and present the fair market values of financial instruments for each measurement method:

Level 1: (unadjusted) prices for identical assets or liabilities quoted on active markets.

Level 2: input data that is observable either directly (i.e., as prices) or indirectly (i.e., derived from prices) for the asset or liability and that does not represent any quoted price as described in Level 1.

Level 3: input data that is not based on observable market data for the measurement of the asset or liability (unobservable input data).

The financial assets and liabilities recognized by Manz at fair market value break down as follows in the fair market value hierarchy levels:

ASSIGNED TO FAIR MARKET VALUE HIERARCHY LEVELS

		Fair value hierarchy		
(in TEUR)	**June 30, 2020**	**Level 1**	**Level 2**	**Level 3**
Assets at fair value – affecting net income				
Derivatives with on-balance-sheet hedging relationship	0	0	0	0
Assets at fair value – not affecting net income				
Investments	11,700	0	0	11,700
Liabilities at fair value – affecting net income				
Contingent purchase price liabilities	0	0	0	0
Liabilities at fair value – not affecting net income				
Derivatives with on-balance-sheet hedging relationship	0	0	0	0

		Fair value hierarchy		
(in TEUR)	**Dec. 31, 2019**	**Level 1**	**Level 2**	**Level 3**
Assets at fair value – affecting net income				
Derivatives with on-balance-sheet hedging relationship	10	0	10	0
Assets at fair value – not affecting net income				
Investments	11,700	0	0	11,700
Liabilities at fair value – affecting net income				
Contingent purchase price liabilities	3,000	0	0	3,000
Liabilities at fair value – not affecting net income				
Derivatives with on-balance-sheet hedging relationship	0	0	0	0

The fair value of the contingent purchase price installment from the acquisition of CIGS Technology GmbH in 2012 classified in level 3 of the measurement hierarchy decreased by EUR 3,000 compared to December 31, 2019 (previous year: TEUR 0). Income was recognized related to this item in the amount of TEUR 150 during the current period (previous year: TEUR 0).

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

In contrast to December 31, 2019, no liability has been assumed for future license payments by NICE Solar Energy GmbH, Schwäbisch Hall as of June 30, 2020.

SEGMENT REPORTING BUSINESS UNITS

As of June 30, 2020

(in TEUR)	Solar	Electronics	Energy Storage	Contract Manu-facturing	Service	Consoli-dation	Group
Revenues with third parties							
Jan. 1 to June 30, 2020	9,681	51,791	29,812	23,630	9,402	0	124,316
Jan. 1 to June 30, 2019	22,122	65,975	14,597	20,491	9,600	0	132,785
Revenues with other segments							
Jan. 1 to June 30, 2020	0	169	0	0	0	–169	0
Jan. 1 to June 30, 2019	0	–243	0	0	0	243	0
Total revenues							
Jan. 1 to June 30, 2020	**9,681**	**51,960**	**29,812**	**23,630**	**9,402**	**–169**	**124,316**
Jan. 1 to June 30, 2019	**22,122**	**65,732**	**14,597**	**20,491**	**9,600**	**243**	**132,785**
Share of profit (loss) of an associate							
Jan. 1 to June 30, 2020	0	0	0	5,295	0	0	5,295
Jan. 1 to June 30, 2019	0	0	0	3,023	0	0	3,023
EBITDA							
Jan. 1 to June 30, 2020	–1,985	3,433	2,402	7,692	569	–45	12,066
Jan. 1 to June 30, 2019	4,292	–439	–4,466	4,599	1,454	263	5,703
Depreciation							
Jan. 1 to June 30, 2020	1,331	2,429	1,877	399	379	0	6,416
Jan. 1 to June 30, 2019	2,106	4,238	2,031	413	346	0	9,134
EBIT							
Jan. 1 to June 30, 2020	**–3,316**	**1,004**	**524**	**7,293**	**190**	**–45**	**5,650**
Jan. 1 to June 30, 2019	**2,186**	**–4,677**	**–6,497**	**4,186**	**1,108**	**263**	**–3,431**
Finance costs							
Jan. 1 to June 30, 2020	–100	–178	–324	–111	–253	0	–966
Jan. 1 to June 30, 2019	–158	–498	–219	–135	–208	0	–1,218
Earnings before taxes (EBT)							
Jan. 1 to June 30, 2020	–3,416	826	200	7,181	–63	–45	4,684
Jan. 1 to June 30, 2019	2,027	–5,175	–6,716	4,051	900	263	–4,650
Income taxes							
Jan. 1 to June 30, 2020	–294	–672	–655	–379	–364	0	–2,363
Jan. 1 to June 30, 2019	–228	36	–25	–172	–422	0	–810
Consolidated profit or loss							
Jan. 1 to June 30, 2020	**–3,710**	**155**	**–454**	**6,802**	**–472**	**–45**	**2,321**
Jan. 1 to June 30, 2019	**1,800**	**–5,139**	**–6,741**	**3,879**	**478**	**263**	**–5,460**

SEGMENT REPORTING REGIONS

As of June 30, 2020

(in TEUR)	Revenues	Non-current assets (exclude deferred taxes)
Germany		
Jan. 1 to June 30, 2020	55,989	49,480
Jan. 1 to June 30, 2019	12,013	50,334
Rest of Europe		
Jan. 1 to June 30, 2020	22,317	23,053
Jan. 1 to June 30, 2019	28,371	23,474
China		
Jan. 1 to June 30, 2020	32,902	13,286
Jan. 1 to June 30, 2019	77,055	13,952
Taiwan		
Jan. 1 to June 30, 2020	4,561	54,649
Jan. 1 to June 30, 2019	5,962	49,434
Rest of Asia		
Jan. 1 to June 30, 2020	6,135	705
Jan. 1 to June 30, 2019	1,882	712
USA		
Jan. 1 to June 30, 2020	1,910	8
Jan. 1 to June 30, 2019	7,488	30
Other Regions		
Jan. 1 to June 30, 2020	501	0
Jan. 1 to June 30, 2019	13	0
Group		
Jan. 1 to June 30, 2020	124,316	141,181
Jan. 1 to June 30, 2019	132,785	137,937

The Manz Group has five business segments – Solar, Electronics, Energy Storage, Contract Manufacturing and Service as well as a presence in international markets. This structure corresponds to the business activities of Manz and is therefore the basis of management control by management.

RELATIONSHIPS WITH RELATED PARTY DISCLOSURES

Relationships with related party disclosures have remained fundamentally unchanged since December 31, 2019. Manz GmbH Management Consulting and Investment, Schlaitdorf, is considered a related company. Consulting services amounting to TEUR 2 were purchased from this company during the 2020 reporting period.

KEY EVENTS OF PARTICULAR IMPORTANCE OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no key events of particular importance occurring after the end of the reporting period.

FURTHER DISCLOSURES

EMPLOYEES

As of June 30, 2020, the Manz Group had an average of 1,515 employees (June 30, 2019: 1,564 employees).

VORSTAND

Martin Drasch, Dipl.-Ing. (FH), Chief Executive Officer
Manfred Hochleitner, Dipl.-Math., Chief Financial Officer
Jürgen Knie, Dipl.-Wirt.-Ing. (FH), Chief Operations Officer

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the Manz Group's financial position, financial performance and cash flows, and the Manz Group's interim management report includes a true and fair view of the trends and performance of the business and the position of the Group, as well as a description of the principal opportunities and risks associated with the Group's expected development in the remaining financial year.

Reutlingen, August 4, 2020

The Managing Board of Manz AG

Martin Drasch | Manfred Hochleitner | Jürgen Knie

STANDARDS PROCESSES CONTROLS

Compliance with our values, along with standards of conduct and ethics that we have defined on a Group-wide basis in our Code of Conduct and our Business Partner Code of Conduct, is critical for our long-term success. As a result, we evaluate compliance with these standards twice a year as part of our risk management system. In this manner, we first of all protect our company from potential legal and economic risks and, second, from potential negative impacts on our reputation.

Code of Conduct

The Code of Conduct represents our Group-wide code of conduct. It is provided to every employee all of which in turn commit to comply with its terms. It describes our values and principles of conduct and covers topics such as the careful use of resources, the protection of trade and business secrets as well as how to act with moral and ethical integrity.

We ensure that legal violations are avoided and that standards of conduct and internal company guidelines are observed by means of our Group-wide compliance system. A central compliance contact person is available at all times to answer any questions concerning their practical implementation. In addition, employee training courses are conducted annually by outside compliance experts.

Compliance

Whistleblower

Any suspected or actual violation of the law or our corporate policies must be reported. We have set up an anonymous whistleblower system for our employees and business partners for this purpose that ensures that all reports are handled confidentially.

Values

IMPRINT

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