AKASOL

High Performance Battery Systems

HIGH PERFORMANCE FOR ZERO EMISSIONS

HALF-YEAR FINANCIAL REPORT 2020

KEY FIGURES FOR THE 6-MONTHS (IFRS)

for the period from January 1, to June 30, 2020

	H1 2020 6 Months KEUR	Change	H1 2019 6 Months KEUR
Revenue	18,240	-979	19,219
Total output	23,177	1,191	21,986
Costs of materials	16,035	3,107	12,928
Adjusted material ratio in % of revenue [1]	73.6	n.a.	60.7
EBITDA [2]	-5,593	-6,410	817
In % of revenue	-30.7	n.a.	4.2
EBIT [2]	-6,952	-6,925	-27
In % of revenue	-38.1	n.a.	-0.1
EBT [2]	-7,106	-7,105	-1
In % of revenue	-39.0	n.a.	0.0
Net result of the period [2]	-7,134	-7,076	-58
Total assets (as of Jun. 30/ Dec. 31)	150,501	607	149,894
Equity ratio (%)	58.4	n.a.	63.4
Employees (as of Jun. 30/ Dec. 31)	290	6	284
Free cash flow [2] [3]	-15,031	-12,536	-2,495

[1] Costs of materials of products sold in relation to revenue Adjusted material ratio = (Costs of materials adjusted by increase or decrease in unfinished and finished goods and work in progress)/revenue

[2] Previous year adjusted by AKASOL Inc.

[3] Free cash flow = cash flow from operating activities + cash flow from investment activities

Share	Jun. 30, 2020	Change	Jun. 28, 2019
Closing price in Xetra in EUR	41.28	-0.53%	41.50
Number of share issued	6,061,856	n.a.	6,061,856
Market capitalization in EUR million	250.23	-0.53%	251.57

HIGHLIGHTS

TOTAL OUTPUT (H1 2020)
increased

€ 23.2 m

(H1 2019: € 22.0 m)

+5.4%

REVENUE (Q2 - 3 MONTHS)
increase compared to Q1 despite COVID-19

€ 10.2 m

(Q1 2020: € 8.0 m)

+27.5%

EMPLOYEES (JUN. 30, 2020)
increased strongly

290 Employees

(Jun. 30, 2019: 211 Employees)

+37.4%

PRODUCTION CAPACITY INCREASE
at our serial production sites in Langen and Hazel Park to

1 GWh

(H1 2019: 300 MWh)

+233.3%

INSTALLATION OF MOBILE WORKPLACES
during COVID-19 pandemic

Number of employees

who use innovative solutions for mobile working [1]

~70%

ORDER BACKLOG [2]
increasing demand for AKASOL's product portfolio

€ 2.0 bn

(H1 2019: € 1.45 bn)

+37.9%

[1] The remaining 30 % of AKASOL employees have been trained accordingly with regard to the safety and hygiene measures at all AKASOL sites. These include increased cleaning intensity as well as intensified hygiene controls for cleanliness and safety in all areas. AKASOL fully complies with the COVID-19 guidelines of the local health authorities.

[2] Cumulative order value of framework agreements and call-off agreements agreed with customers.

FOREWORD

Dear Shareholders,
Dear Customers and Business Partners,
Dear Employees,

In these days not only AKASOL is looking back on a half-year which was one thing above all: extreme and unusual. The COVID-19 pandemic has confronted all of us with historically unprecedented challenges. The profound economic and societal impacts are still shaping our daily interactions with one another and will certainly accompany us for an indefinite period to come. Over the course of weeks and months, large segments of the global economy have been stalled; many companies are still reacting to this with a restrained willingness to invest. Some of our long-standing customers had to close their production sites temporarily. As a result, the planned deliveries of our battery systems from mid-March to the end of May suddenly came to a standstill and had to be postponed to the period after the lockdown.

Nevertheless, the positive effect of the crisis is also noticeable, especially in the automotive and commercial vehicle industry. This positive effect occurs in the form of an increased focus on climate-friendly technologies such as electromobility. Even though the impact of the COVID-19 pandemic on our business performance was still notable in the second quarter, we remain confident of the trend towards electromobility: We are convinced that our business model will prove robust in the long term and that our leading battery technology will contribute, as planned, to an efficient and sustained economic recovery.

The results for the first half of the year contribute to the described overall scenario calculation and as well reflect the cautious upward trend in an environment that is still challenging. Compared to the first quarter of 2020, we were able to increase revenue by 27.5 %. At EUR 10.2 million, revenue for the second quarter of 2020 is slightly higher than the revenue for the second quarter of 2019 (EUR 10.1 million). The combined impacts of COVID-19 as well as other one-time special effects, such as non-recurring expenses for further structural development, had a negative impact on earnings in the second quarter. Q2 earnings before interest and taxes (EBIT) for the AKASOL Group thus amounted to EUR -4.5 million (previous year: EUR -0.1 million).

Notwithstanding the expected impact of the pandemic on our earnings in the second quarter and all the difficulties associated with the long-term impacts of this crisis, retrospective, we can be proud of the fact that we managed to take the right steps as AKASOL team together and in time, to ensure and further expand upon our operational performance. Besides the permanent maintenance of production and supply chains, the health and protection of our workforce has always been our top priority. We also succeeded in continuing to provide our customers with the accustomed high quality of our innovative solutions and services. Ultimately, we will continue to navigate AKASOL firmly through this crisis, using this special time to keep the Company on the path to sustainable growth upon which we are already embarked.

Accordingly, the second quarter was characterized by further expansion of our production capacities in the new Gigafactory 1 in Darmstadt, to a large extent as well as by the consistent advancement of our product portfolio and, finally, the planned and successful start of serial production of our second-generation battery systems at our location in Langen.

As a Company, we consider ourselves very fortunate not to have been forced to resort to more drastic measures, such as short-time work, in recent months. Instead, we were able to use the suspension of operations by our customers to progressively advance existing and new development projects, thereby further expanding our technology leadership in the field of lithium-ion battery systems for commercial vehicles. Even before the lockdown, existing and new customers placed orders with us for new and further projects.

The discussions showed us impressively that our customers are not only sticking to their electrification strategy in these challenging times, but are even expanding the trend towards new technologies and products by placing additional orders. This demonstrates us once again: In the long term, the worldwide pandemic will not have a negative impact on electromobility; at worst, it will decelerate the electrification boom somewhat. Electromobility is and remains an essential part of combating climate change. The positive trend of economic-stimulus programs for the promotion of environmentally friendly technologies has the support of many governments throughout the world. Hence, we are convinced: Even after the COVID-19 crisis, climate protection and electromobility will continue to be essential factors in helping the global economy to recover – sustainably and responsibly.

Concerning the further course of the financial year, we are focusing our efforts on a gradual increase in efficiency, which we are helping advance through the rapid expansion in digitalization, among other things. Specifically, AKASOL has changed its approach to cooperation since the outbreak of the pandemic. Still now, a not insignificant share of our employees is working in part from home to continue to ensure compliance with necessary hygiene and distancing regulations. Thanks to the successful implementation of digital tools for communication and collaboration, we can structure our work and many processes much more efficiently; this permits us to train our focus on the essentials.

The COVID-19 pandemic has also led to a massive reduction in our traveling. This is a positive development, not only in terms of cost management but also regarding efficiency in our everyday work. We have learned that good customer communication also works digitally – and that is why, even after the crisis is over, we intend to forego 30 to 50 % of previous air and car travel. We will thus be able to create a large contribution to the reduction of CO_2 emissions.

In summary, we can conclude: We take a positive view of a future that will be shaped by electromobility. AKASOL is already the leading Company in Europe when it comes to battery-system technologies for electric commercial vehicles. Given that just 0.5 % of all commercial vehicles sold last year were fitted with electric and hybrid drives, one quickly realizes that the market is still in its infancy and is set to gather massive momentum in the years to come.

Therefore the expected demand is still positive. Provided that our customers do not reduce their forecasts for 2020 in the short term, we currently expect total revenue in the range of EUR 60 to 70 million for the full year 2020. We assume that the operating EBIT margin will be positive in the second half of 2020 and that earnings will improve for the full year.[1]

We thus consider ourselves to be well-positioned to grow sustainably and profitably, even in this challenging environment. We also remain firmly convinced that we will succeed with the support of our highly motivated employees, to whom we would like to express our deep gratitude for their extraordinary flexibility and commitment during this special time. We would like to thank our business partners, customers and shareholders for their loyalty and trust in AKASOL. We are delighted that they will remain at our side as we address all the challenges that lie ahead.

Stay healthy and all the best,

Sven Schulz
Chief Executive Officer

Carsten Bovenschen
Chief Financial Officer

1) The trend in revenue and EBIT currently forecast by AKASOL assumes no further significant new negative impacts on the global economy in the wake of the COVID-19 pandemic.

AKASOL SHARE

Trend in share Price

(as of July 31, 2020)

The AKASOL AG share has been traded on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange since June 29, 2018, and exhibited a positive overall trend through the end of July 2020 in a stock-exchange environment significantly impacted by the effects of the COVID-19 pandemic.

The Xetra closing price of EUR 39.85 on July 31, 2020, was 15.7 % higher than the closing price of December 30, 2019 (EUR 34.45). The AKASOL stock thus outperformed the DAX (-7.1 %), MDAX (-7.5 %), SDAX (-6.1 %) and TecDAX (-0.3 %) indices during the same period.

During the period under report, the stock reached its lowest closing price of EUR 26.00 in the Xetra trading system on March 16, 2020, and its highest price, EUR 44.96, on January 20, 2020.

From January up to and including July 2020, the average number of AKASOL AG shares traded daily on Xetra was 13,807, and the average daily trading volume was EUR 0.5 million. Market capitalization as of July 31, 2020, was around EUR 241.6 million, based on 6,061,856 outstanding shares.

The trend in the AKASOL share is monitored by nine analysts. At the time this report was drawn up, the majority of analysts recommended that the stock continue to be held.

ANALYSTS
as of July 31, 2020

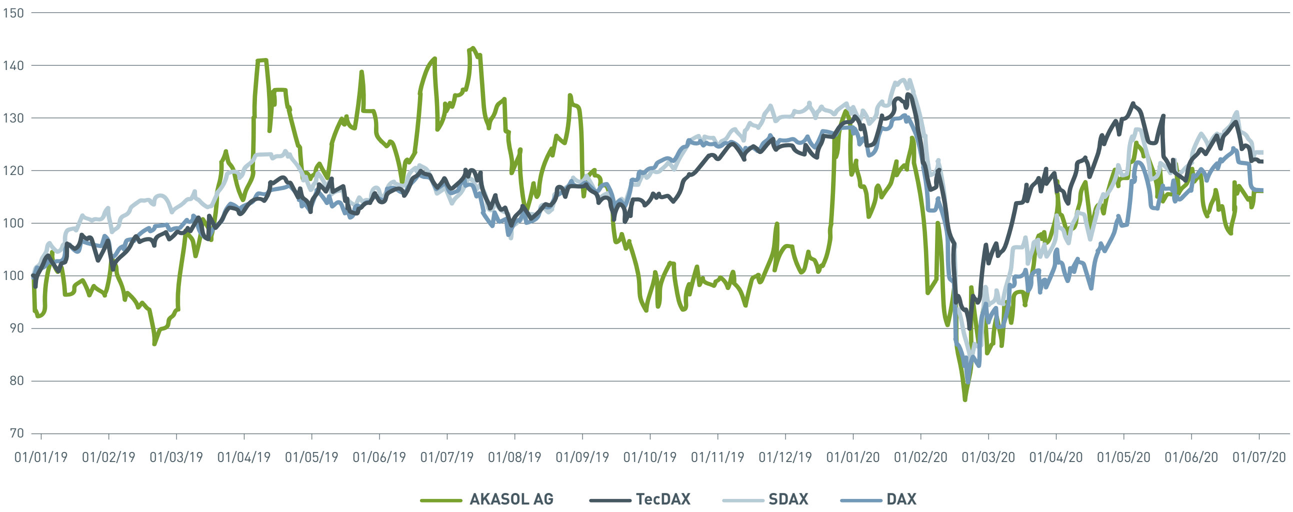
Institute	Analyst	Rating	Target Price (EUR)
Bankhaus Lampe	Veysel Taze	Hold	30
Citi Research	Gabriel Adler	Buy	43
Commerzbank	Yasmin Steilen	Hold	39
Deutsche Bank	Nicolai Kempf	Hold	45
EQUI.TS	Thomas Schiessle	Neutral	33
Frankfurt Main Research	Enid Omerovic	Hold	38
Hauck & Aufhäuser Privatbankiers	Christian Glowa	Hold	27
MainFirst Bank	Florian Pfeilschifter	Buy	45
Metzler Research	Jürgen Pieper	Buy	55

ANNUAL GENERAL MEETING

The first virtual Annual General Meeting of AKASOL AG, held on June 30, 2020, was a success. AKASOL took the opportunity provided by the legislator in the face of the COVID-19 pandemic to organize the shareholders' meeting in virtual form. The share capital represented at the meeting was 66 %. By a large majority, the Annual General Meeting expressed its faith in the members of the Management Board and the Supervisory Board of AKASOL AG for the 2019 financial year and voted to approve all items on the agenda. Detailed voting results on individual agenda items have been published on the website at www.akasol.com/en/annual-general-meeting.

SHARE PRICE DEVELOPMENT

as of July 31, 2020



SHAREHOLDER STRUCTURE

as of July 31, 2020

As of July 31, 2020; Shareholdings according to published voting rights notifications.

Disclaimer: The shareholder structure illustrated above is based on the published voting right notifications and Company information. AKASOL AG does not provide any warranty for the correctness, completeness and topicality of the information.

INTERIM REPORT

BUSINESS PERFORMANCE

According to the German Association of the Automotive Industry (VDA), the effects of the COVID-19 pandemic have led to an historic collapse of global automotive and commercial-vehicle markets worldwide. The European market, and the German market in particular, have been affected worst by the pandemic-induced economic crisis: According to the European Automobile Manufacturers' Association (ACEA), through April 2020, commercial vehicle registrations in the European Union declined by 67 % compared to the previous year's figures. Over the first four months of 2020, commercial-vehicles new registrations in the EU dropped by 35 %, mainly due to the lockdowns which have been into effect globally in March and April.

The COVID-19 pandemic created intense challenges for many organizations across all sectors and countries during the first half of 2020. Beginning in mid-March, extensive lockdowns have been into effect and persisted at least through mid-May. These containment measures forced nearly all industries to a temporary shutdown of their respective operations or even to suspend them in total. In order to facilitate a fast reactivity to the changed business environment and therefore to take appropriate measures to ensure the employees`health as well as the Company's operative performance, AKASOL established an cross-department crisis unit that aligns all COVID-19 related issues.

By focusing on the development of an efficient IT infrastructure, the large-scale supply of mobile workplace solutions and the development of comprehensive measures for health and hygiene at all production sites, AKASOL has managed to maintain its working capacity to the fullest extent on its customers' behalf in a challenging environment while at the same time providing comprehensive protection for all of its employees.

Despite the economic slowdown following the containment policies around the world, the Company recorded an increase in revenue of 27.5 % compared to the first quarter of the year. Consequently, the half-year revenue of EUR 18.2 million, generated in a considerably strained environment, was nearly on par with the previous year's level of EUR 19.2 million. Earnings before interest and taxes (EBIT) for the AKASOL Group amounted to EUR -7.0 million in the first six months (previous year: EUR -0.0 million). At the beginning of the reporting period, this trend was forecast to reflect the influence of non-recurring expenses which represent necessary investments in the structural development. In the further course of the first half of the year, the global spread of the COVID-19 and its consequences for the global economy also weighed on earnings at AKASOL, particularly because finished products and development services could not be delivered to customers – and, as a result, could not be invoiced – due to nearly two months of plant closures between mid-March and late May.

The main drivers of the strategy of profitable corporate growth is the fundamental transition in the automotive and commercial-vehicle industry toward the expansion of alternative drives, which, according to the VDA, ultimately cannot be stopped by the COVID-19 crisis in the long run. Regulatory pressure toward electromobility continues unabated as well. The industry continues to push forward with the development of electric mobility, especially because climate protection and an increased need for mobility make innovative drive solutions indispensable. AKASOL can also confirm this dynamic as a result of in-depth dialog with long-standing regular customers. Although the latter reduced their call-ups of products for a short time due to temporary suspensions of operations, they now want to make up for lost time in the coming months of the current financial year. The Company is preparing for scenarios such as these as well as for the possibility of a second wave of the COVID-19 with an ongoing trend of very flat revenues.

Nonetheless, and as is confirmed by long-term cooperation agreements, AKASOL continues to pursue strategically important major investments and development projects. To date, work to complete the new headquarters along with Gigafactory 1 including the testing and validation center in Darmstadt, has proceeded as planned, and the relocation can begin as early as the upcoming autumn. Construction of the production facilities commissioned during the course of the COVID-19 lockdown, with an annual production capacity of up to 5 GWh, is proceeding according to plan as well: Beginning in mid-2021, the new AKASystem AKM CYC ultra-high-energy battery systems will be manufactured there on fully automated production lines. The corresponding pilot line, with sample production included, for the associated battery modules with cylindrical battery cells was successfully placed in operation at the location in Weiterstadt during the period under report. The first large-scale sample modules have already been manufactured at the plant, and commissioning has been carried out by the customer on a test basis.

Further developments, and the assembly lines for what are referred to as Turnkey Solutions (development of complete solutions) for the future Gigafactory 1, have also reached a very advanced stage. Delivery of the first so-called "Powerpacks" (comprehensive solution consisting of a powerful and robust battery system including heating and cooling devices, pre-installed in the underfloor housing) for Alstom's worldwide unique hydrogen-powered train, the Coradia iLint, is scheduled for the second half of 2020. It is projected that by 2022, all 82 battery systems are expected to be delivered with a total volume in the low-double-digit-million euro range.

Sample production for the AKARack (48V compact solution) for hybrid and fully electric vehicles, which in the future will be housed in the new Gigafactory 1, was successful during the second quarter as well. The first 48V solutions are successfully in test operation and in the future will be available as a serial product with a focus on industrial and construction machinery as well as marine applications for two serial projects of a major customer. With the diversification to other applications and requirements of customers in the marine and commercial-vehicle field, AKASOL plans to offer the AKARack as a high-voltage solution at the end of 2020. Negotiations with this end in mind are already well advanced for additional serial production agreements with well-known manufacturers in the on- and off-highway section.

In addition to Gigafactory 1, the new technology and development center as well as a directly connected, state-of-the-art and environmentally-friendly test and inspection center will be built on the 20,000-sqm plot in the southwest of Darmstadt by the end of 2020. Almost all the construction measures have already been completed – the corresponding testing facilities will be completed soon. Thus, at the beginning of next year, all of the conventional testing methods for batteries in the areas of lifetime protection, environmental and transport tests, as well as in crash safety for cells, modules and systems, will have been addressed and can be carried out centrally at the new headquarters.

Already at the beginning of the year, AKASOL commissioned its second serial production line ("Langen II") at the serial production location in Langen (in the German state of Hesse), where the second generation of AKASystem OEM PRC-type lithium-ion battery systems has been produced in series since the second quarter. At the same time, on the first production line ("Langen I"), the Company has taken various improvement measures to ensure optimum use of the existing annual maximum production capacity of 800 MWh. As a result of the intensive communication with its customers in spite of suspensions of operations, along with the close coordination with strategically important suppliers, the Company decided at the time of the lockdown to keep production operations running while stepping up its measures for hygiene and health protection. The demand of customers once they reopen their plants should thus be met immediately.

During the second quarter, the subsidiary AKASOL Inc., located in Hazel Park (Detroit Metropolitan Area, Michigan, USA), began construction, on schedule, of the first North American production facility; it will span an area of 5,000 sqm and have an annual maximum capacity of up to 400 MWh. During commissioning in the second quarter, the Company faced difficulties setting up the production line due to entry restrictions for AKASOL specialists who were sent to assist with the launch of production. As part of the consistent digitalization of business processes, in response to these circumstances, the American employees used augmented-reality glasses on site. This, in tandem with real-time support from colleagues from Germany, made the smooth construction of the production facilities possible. The same augmented-reality glasses technology is currently being used to train production staff to ensure the start of production of the first US serial production line in mid-September 2020.

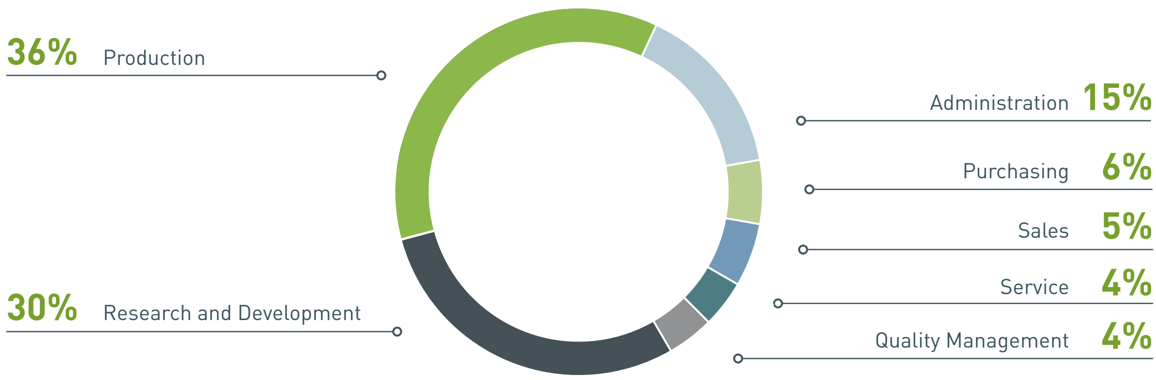
In addition to the order from Alstom, the specialist for railway technology, to supply high-performance lithium-ion battery systems for the world's first fuel-cell-driven urban train, the Coradia iLint, AKASOL has also achieved other successes in the on-highway area. Since the beginning of 2020, the second-generation OEM PRC AKASystem has been successfully fleet tested in 50 fuel-cell trucks of a globally operating Asian manufacturer of commercial vehicles. Negotiations are still ongoing to expand the cooperation with this Asian customer. In the event of an enhanced cooperation arrangement, production at the AKASOL location in Langen is planned.

The further diversification of AKASOL's product portfolio in Turnkey Solutions was also successfully advanced during the first half of the year. Europe's first battery-supported and autonomously usable high-speed charging stations were delivered between November and December 2019 and have very reliably remained in public use for more than six months. Parallel to this, the Company is considering further development of the mobile high-speed charging station into a serial product and is currently involved in negotiations with two additional potential customers and business partners.

EMPLOYEES

At the end of the first half of 2020, AKASOL had – in addition to the Management Board – 290 permanent employees (June 30, 2019: 211). Personnel capacity thus increased by 37.4 % within the past twelve months. The Company employed 255.6 full-time equivalent employees (known as “FTEs”) (June 30, 2019: 187.3).

In the effort to secure its technological lead and entrepreneurial innovativeness, a strong focus is placed on the area of research and development. This is reflected in the fact that around 30 % of all AKASOL employees work in this area. With the continuous stabilization of the employee base and the targeted strengthening of middle management with the addition of experienced experts, AKASOL further professionalized its organizational structures in recent months in order to be optimally positioned for the forecast dynamic growth that lies ahead.



Change in employees by functional area	Jun. 30, 2020	Jun. 30, 2019
Research and Development	87	66
Production	105	84
Sales	14	14
Service	13	7
Purchasing	17	10
Quality Management	12	8
Administration	42	22
Total	**290**	**211**

MARKETING AND SALES

Through an integrated marketing and communication strategy, AKASOL keeps its target groups and stakeholders continuously informed about the current topics and developments that affect the Company. Thanks to a close cooperation of Marketing, Sales and Product Management, the focus covers the broad product portfolio as well as the addressing of relevant Customer interests and needs. Regular benchmarking enables the Company to identify emerging trends quickly, take them up and process them through targeted measures.

Due to COVID-19-related restrictions in public life, participation in almost all national and international industry and product trade fairs which take place this year has been compensated through increased communication via digital channels: The measures taken include, for instance, placing informative videos about AKASOL's Use Cases on the Company's Social Media Channels and publishing customer success stories that offer prospective new customers comprehensive insights into the applications and technical details as well as background facts and customer reviews of projects that have been successfully completed.

During the reporting period, AKASOL also expanded its presence at virtual conferences focusing on electromobility, which proved to be a successful platform for interactions with existing and potential customers. AKASOL plans to hold a virtual event in the fourth quarter; at the event, internal experts from the Company will inform participants about the innovative product portfolio for each single application area. Furthermore, AKASOL will use the virtual event to broaden the dialog with the industry network.

EARNINGS, FINANCIAL AND ASSET POSITION

RESULTS OF OPERATIONS

The results for the first half of 2020 reflect the cautious upward trend in what remains a challenging environment. Compared to the first quarter of 2020, AKASOL managed to increase revenue by 27.5 %, from EUR 8.0 million to EUR 10.2 million. The revenue for the second quarter of 2020 is slightly higher than the revenue for the second quarter of 2019 (EUR 10.1 million). The stable revenue year-over-year was largely a result of the termination of production interruptions by major customers.

Revenue for the first half of 2020 totaled to EUR 18.2 million (previous year: EUR 19.2 million) and thus fell by 5.1 % compared to the same prior-year period. The revenue trend for the first half of the year clearly reflects the strains of the COVID-19 pandemic on business performance. AKASOL felt these effects, among other things, through suspensions in production operations by major customers and, relatedly, postponements of deliveries.

Total output in the first half of 2020 increased by 5.4 % year-over-year and stood at EUR 23.2 million (previous year: EUR 22.0 million). A major source of this development was the inventory production of battery systems for quick delivery to AKASOL Group customers during the recovery in business expected by the Management Board in the further course of the year. In addition, own work capitalized was 54.6 % compared to the same period last year and went from EUR 1.5 million to EUR 2.3 million.

The cost of materials increased from EUR 12.9 million in the previous year to EUR 16.0 million, which corresponds to an increase of 24.0 % or an adjusted ratio of material usage to revenue (cost of materials adjusted for inventory changes/ revenue) of 73.6 % (previous year: 60.7 %). Expressed in terms of total output, this results in a ratio of 69.2 % (previous year: 58.8 %). The disproportionate increase when compared to the trend in revenue and total output is mainly attributable to a higher series share with lower margins, and to downward adjustments in application of the lower of cost or market principle.

Chiefly due to planned new hires to realize expected future growth in operations, personnel expenses increased 56.9 % to EUR 9.1 million (previous year: EUR 5.8 million). The personnel-expense ratio relative to revenue rose from the prior-year figure of 30.3 % to 50.1 % in the first half of the year. Expressed in terms of total output, this results in a personnel-expense ratio of 39.5 % (previous year: 26.5 %).

Other operating expenses in the first half of 2020 stood at EUR 3.8 million (previous year: EUR 2.6 million) and include planned additional expenses for the necessary structural development. This results in earnings before interest, taxes and depreciation (EBITDA) of EUR -5.6 million for the reporting period (previous year: EUR 0.8 million). Depreciation and amortization in the first half of 2020 stood at EUR 1.4 million (previous year: EUR 0.8 million).

Earnings before interest and taxes (EBIT) for the first half of the financial year in progress totals to EUR -7.0 million (previous year: EUR -0.0 million).

The financial result for the first six months of the year in progress amounts to KEUR -154, following KEUR 26 in the comparable period of the previous year. Taking KEUR 36 in tax expenses into account, (previous year: KEUR 57), the AKASOL Group generated EUR -7.1 million in net income for the first half of 2020 (previous year: EUR -0.1 million). Earnings per share decreased to EUR -1.18 (previous year: EUR -0.01).

FINANCIAL POSITION

Cash and cash equivalents decreased by EUR 3.6 million during the first six months of the current financial year and total to EUR 21.3 million as of June 30, 2020 (December 31, 2019: EUR 24.9 million).

As of the reporting date of June 30, 2020, the AKASOL Group had non-current financial liabilities of EUR 45.9 million. This represents a EUR 8.9 million increase compared to the end of 2019 (December 31, 2019: EUR 37.0 million). Current and non-current liabilities total to EUR 62.6 million (December 31, 2019: EUR 54.8 million). Net financial liabilities – current and non-current financial liabilities reduced by cash and cash equivalents as well as by securities classified as current assets – amount to EUR 32.0 million (December 31, 2019: EUR 16.7 million); this represents an increase of 91.3 %.

Cash flow from investing activities stands at EUR -6.6 million (previous year: EUR 8.1 million). Due to the increase in inventory and working capital needed to secure revenue for the coming months, in the first half of 2020, cash flow from operating activities stood at EUR -8.5 million (previous year: EUR -10.6 million).

Free cash flow – operating cash flow plus the cash flow from investing activities – totaled to EUR -15.0 million for the first six months of the financial year in progress (previous year: EUR -2.5 million).

Cash flow from financing activities stands at EUR 11.5 million (previous year: EUR -1.3 million) and was mainly the result of the incurrence of financial liabilities.

NET ASSETS

Particularly as a result of the sale of financial assets, current assets dropped to EUR 70.8 million as of the June 30, 2020, reporting date (December 31, 2019: EUR 95.6 million).

Trade receivables total to EUR 11.3 million as of the balance sheet date (December 31, 2019: EUR 15.2 million). Of this amount, EUR 9.5 million is attributable to invoiced receivables, and EUR 1.8 million to contract assets not covered by prepayments (Percentage of Completion).

Cash and cash equivalents were EUR 3.6 million lower and stood at EUR 21.3 million in the first half of 2020 (December 31, 2019: EUR 24.9 million).

Non-current assets increased significantly by EUR 25.4 million, mainly as a result of investments in property, plant and equipment, and amounted to EUR 79.7 million as of June 30, 2020 (December 31, 2019: EUR 54.3 million). Tangible assets investments reflect expansion activities at the new Company headquarters in Darmstadt and at the US production location in Hazel Park, Michigan.

Intangible assets, which in particular include capitalization of development costs, were EUR 1.8 million higher and totaled to EUR 7.6 million as of the reporting date (December 31, 2019: EUR 5.8 million).

Current assets were EUR 1.2 million lower and totaled to EUR 16.7 million as of the balance sheet date (December 31, 2019: EUR 17.9 million). Within current liabilities, liabilities to banks increased by EUR 2.8 million and totaled to EUR 6.5 million (December 31, 2019: EUR 3.7 million); trade payables and liabilities to affiliated companies decreased significantly by EUR 6.1 million to EUR 4.3 million (December 31, 2019: EUR 10.4 million), and other non-financial liabilities increased by EUR 1.9 million to EUR 4.3 million (December 31, 2019: EUR 2.3 million).

Equity as of June 30, 2020, amounted to EUR 87.9 million (December 31, 2019: EUR 95.1 million). The equity ratio at the end of the first half of 2020 remains solid at 58.4 % (December 31, 2019: 63.4 %).

FORECAST, OPPORTUNITY AND RISK REPORT

FORECAST REPORT

The impact of the COVID-19 situation on global economic development, our customers and our business remains difficult to predict. The expected demand for our systems is nevertheless positive. At this time, improvements in the operating result are inseparably linked to an expected increase in revenue. Despite tight cost control, the Company is simultaneously sticking to its long-term growth strategy. In view of the expected recovery of business dynamics in the second half of the year, the AKASOL Management Board expects total revenues in the range of between EUR 60 and 70 million for the financial year 2020. The Management Board expects the operating EBIT margin to be positive in the second half of 2020 and the result to improve over the entire year. The revenue and EBIT development currently forecast by AKASOL is subject to no further significant negative influences on the global economy through the COVID-19 pandemic.

OPPORTUNITY AND RISK REPORT

During the first six months of the 2020 financial year, there were no material changes to the risks and opportunities as described in our Annual Report for the year 2019 (Geschäftsbericht). The Annual Report is available on the homepage www.akasol.com.

However, the possible effects of the described risks and opportunities have changed due to the COVID-19 situation, but the consequences on the AKASOL Group can still not be yet conclusively measured. The overall situation remains unclear, also with regard to the effects of a possible second wave of infection. Particularly with regard to the duration of government restrictions on public life, it remains to be feared that the first cautious loosening will be reversed in the course of the year due to rising infection figures. As a result, the economic situation worldwide remains very tense. One of our goals is to continue our economic activities worldwide as best as we can. Safety and emergency plans were established at an early stage at all AKASOL locations. The group currently has sufficient production capacities to meet customer demand. Due to the extensive security measures and the unchanged high level of commitment and discipline of our employees in dealing with security precautions, we have so far been able to produce and thus provide our customers with solutions. We aim to continue to ensure this condition.

CONSOLIDATED BALANCE SHEET

as of June 30, 2020

	Jun. 30, 2020[1)] KEUR	Dec. 31, 2019 KEUR
ASSETS		
Non-Current Assets		
Intangible assets	7,612	5,823
Tangible assets	54,637	31,051
Other financial assets	17,386	17,372
Other non-financial assets	32	32
Total Non-Current Assets	**79,667**	**54,278**
Current Assets		
Inventories	35,642	27,815
Trade receivables	11,305	15,198
Other financial assets	0	23,000
Other non-financial assets	2,529	4,559
Income tax receivables	70	183
Cash and cash equivalents	21,288	24,861
Total Current Assets	**70,834**	**95,616**
TOTAL ASSETS	**150,501**	**149,894**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	6,062	6,062
Capital reserve	96,523	96,524
Result carried forward	-14,677	-7,535
Currency provisions	7	-1
Total Equity	**87,915**	**95,050**
Non-Current Liabilities		
Financial liabilities		
Liabilities to banks	41,388	32,166
Other financial liabilities	4,541	4,825
Total Non-Current Liabilities	**45,929**	**36,991**
Current Liabilities		
Financial liabilities		
Liabilities to banks	6,474	3,700
Other financial liabilities	866	884
Trade payables	4,333	10,440
Other non-financial liabilities	4,265	2,332
Provisions	719	497
Total Current Liabilities	**16,657**	**17,853**
TOTAL EQUITY AND LIABILITIES	**150,501**	**149,894**

[1)] Unaudited in accordance with IFRS

CONSOLIDATED INCOME STATEMENT [1)]

for the period from January 1, to June 30, 2020

	H1 2020 6 Months KEUR	H1 2019 [2)] 6 Months KEUR	Q2 2020 3 Months KEUR	Q2 2019 [2)] 3 Months KEUR
Revenue	**18,240**	**19,219**	**10,222**	**10,146**
Increase or decrease in unfinished and finished goods and work in progress	2,617	1,266	-1,323	871
Own work capitalized	2,320	1,501	1,348	861
Other operating income	216	168	87	149
Cost of materials	16,035	12,928	7,299	7,053
Personnel expenses	9,147	5,831	4,562	3,200
Other operating expenses	3,804	2,577	2,336	1,406
Depreciation and amortization	1,359	844	685	428
Operating result (EBIT)	**-6,952**	**-27**	**-4,548**	**-60**
Financial income	138	140	39	115
Financial expenses	-292	-114	-150	-35
Financial result	**-154**	**26**	**-111**	**80**
Earnings before taxes (EBT)	**-7,106**	**-1**	**-4,659**	**20**
Taxes on income	-36	-57	0	16
Result for the period	**-7,142**	**-58**	**-4,659**	**36**
Other comprehensive income	8	0	6	0
Net result for the period	**-7,134**	**-58**	**-4,653**	**36**
Earnings per share in EUR	-1.18	-0.01	-0.77	0.01
Average number of shares outstanding	6,061,856	6,061,856	6,061,856	6,061,856

1) Unaudited in accordance with IFRS
2) Including AKASOL Inc.

CONSOLIDATED CASH FLOW STATEMENT [1]

for the period from January 1, to June 30, 2020

	H1 2020 6 Months KEUR	H1 2019 [2] 6 Months KEUR
Cash flow from operating activities		
Operating result (EBIT)	-6,952	-27
+ Depreciation on fixed assets	1,359	844
+/- Other non-cash changes	3,006	251
Changes in net current assets		
-/+ Increase/decrease in inventories	-7,827	-8,344
-/+ Increase/decrease in trade receivables	3,893	-5,686
-/+ Increase/decrease in other assets not attributable to investment or financing activities	2,006	-1,109
+/- Increase/decrease in trade payables	-6,107	1,596
+/- Increase/decrease in accounts payable and other liabilities not attributable to investment or financing activities	1,969	1,919
+/- Increase/decrease in provisions	222	0
-/+ Gain/loss on disposal of fixed assets	0	-87
-/+ Interest paid/received	-113	81
-/+ Taxes paid	77	-30
= Cash flow from operating activities	**-8,467**	**-10,591**
Cash flow from investment activities		
- Production and purchase of intangible assets	-1,981	-1,458
- Purchase of tangible assets	-24,583	-4,445
+ Sale of financial assets	20,000	14,000
= Cash flow from investment activities	**-6,564**	**8,096**
Cash flow from financing activities		
+ Capital increase through the issue of new shares	-1	0
+ Proceeds from financial liabilities	13,268	0
- Repayment of financial liabilities	-1,808	-1,285
= Cash flow from financing activities	**11,459**	**-1,285**
Funds at the end of the period		
Change in funds	-3,572	-3,780
+/- Changes in cash and cash equivalents due to exchange rate and valuation	-1	0
+/- Change in funds due to change in scope of consolidation	0	9
+/- Funds on 1 January	24,861	21,926
= Cash at end of period	**21,288**	**18,155**
Composition of funds		
Cash and cash equivalents	21,288	18,155

[1] Unaudited in accordance with IFRS
[2] Including AKASOL Inc.

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY [1)]

for the period from January 1, to June 30, 2020

	Subscribed capital	Capital reserve	Result carried forward	Currency provisions	Equity
	KEUR	KEUR	KEUR	KEUR	KEUR
Balance at January 1, 2019	**6,062**	**96,747**	**-1,101**	**0**	**101,707**
Result for the period Q2 2019 [2)]	0	0	-58	0	-58
Balance at June 30, 2019 [2)]	**6,062**	**96,747**	**-1,159**	**0**	**101,650**
Balance at January 1, 2020	**6,062**	**96,524**	**-7,535**	**-1**	**95,050**
Result for the period Q2 2020	0	0	-7,142	8	-7,134
Balance at June 30, 2020	**6,062**	**96,523**	**-14,677**	**7**	**87,915**

[1)] Unaudited in accordance with IFRS
[2)] Including AKASOL Inc.

CONDENSED NOTES

AKASOL AG was founded on October 8, 2008 as Akasol GmbH and has its registered office on Landwehrstraße 55, 64293 Darmstadt, Germany. The Company is registered in the commercial register at Darmstadt Local Court under HRB 87340. Schulz Group GmbH, Ravensburg, Germany, hold a share of 47.41 % throughout the reporting period.

AKASOL AG is a German developer and manufacturer of high-performance and high-energy lithium-ion battery systems for buses, commercial vehicles, rail vehicles, industrial vehicles, ships and boats as well as a provider of Turnkey Solutions.

The abbreviated half-year financial report for June 30, 2020 were prepared in Euros (EUR), the functional and reporting currency. Unless otherwise indicated, amounts in the financial statements are presented in KEUR. This may result in rounding differences of up to one currency unit.

ACCOUNTING PRINCIPLES

The present half-year financial report of AKASOL AG as of June 30, 2020 was prepared in accordance with IAS 34 "Interim Financial Reporting", taking into account the International Financial Reporting Standards (IFRS) applicable on the reporting date, in the reporting currency EUR. There has been no change in the accounting policies and calculation methods applied in the financial statements for December 31, 2019. Reference is made to the financial statements of AKASOL AG for December 31, 2019 for further explanations.

The only subsidiary AKASOL Inc. in Hazel Park (Detroit Metropolitan Area, Michigan, USA), in which AKASOL AG holds 100 % of the shares as of December 31, 2019, belongs to the scope of consolidation of the Company and thus to the group. The Company in the USA was founded on October 17, 2017 and now combines all AKASOL activities in North America. The object of the Company is the production, manufacture and distribution of lithium-ion battery systems. The business model of AKASOL AG is not seasonal. An additional disclosure of financial information, which is required by IAS 34.21, is therefore not necessary for the interim financial statements.

The form and content of the half-year financial report applies to the reporting duties of Deutsche Börse. The report represents an update of the annual report, considering the reporting period. His attention is focused on the current reporting period and should be read in conjunction with the annual report and the additional information about the Company which contained therein. The Annual report can be viewed online at www.akasol.com.

STATEMENT OF COMPREHENSIVE INCOME, BALANCE SHEET AND CASH FLOW STATEMENT

The section titled "Earnings, financial and asset position" provide a detailed overview and specific explanations of AKASOL AG's balance sheet, statement of comprehensive income and cash flow statement.

CONTINGENT LIABILITIES AND ASSETS

Contingent assets do not exist. There has been no material change in contingent liabilities relative to the December 31, 2019 reporting date.

ADDITIONAL DISCLOSURES CONCERNING FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities compared to the carrying amounts are as follows:

			Valuation Balance according to IFRS 9		
	Assess-ment categories	Carrying amount Jun. 30, 2020	Amortized cost	Affecting net income	Fair value
	KEUR	KEUR	KEUR	KEUR	KEUR
Financial assets	FAAC	15,299	15,299	0	15,349 1)
Financial assets	FAFVTPL	2,087	0	2,087	2,087 1)
Trade receivables	FAAC	11,305	11,305	0	11,305 2)
Cash and cash equivalents	FAAC	21,288	21,288	0	21,288 2)
Financial liabilities	FLAC	53,269	53,269	0	53,269 2)
Trade payables	FLAC	4,333	4,333	0	4,333 2)
Aggregated according to measurement categories					
Assets at amortized costs	FAAC	47,892	47,892	0	47,942 1) 2)
Liabilities at amortized costs	FLAC	57,602	57,602	0	57,602 2)
Assets at fair value	FAFVTPL	2,087	0	2,087	2,087 1)

FAAC Financial assets measured at amortised costs
FAFVTPL Financial assets measured at fair value through profit and loss
FLAC Financial Liabilities measured at amortised cost
FLFVPL Financial Liabilities at fair value through profit and loss

1) Level 1 of the fair value hierarchy.

2) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost /carrying amounts, which represent an appropriate approximation of fair value.

OTHER TRANSACTIONS WITH RELATED PARTIES

Disclosures concerning the purchase or sale of shares by Management and Supervisory Board members

According to Art. 19 of the Market Abuse Ordinance (MAR), persons performing management responsibilities and persons closely related to them are obliged to inform the Federal Financial Supervisory Authority (BaFin) and the Company of the acquisition and disposal of AKASOL shares and, among other things, of the other transactions described in more detail in Art. 10 para. 2 of the Delegates Regulation (EU) 2016/522 if the value limit of EUR 5,000 is exceeded within the calendar year. No transactions subject to reporting requirements were executed by members of the Management and Supervisory Board or close associates of those persons in the first half of 2020. Transactions subject to reporting requirements are published on the website of AKASOL AG.

With effect from August 6, 2008, a contract for the outsourcing of Finance and Accounting, Human Resources, Sales and Marketing and Secretarial Services was entered into with Schulz Group GmbH. AKASOL is currently in the process of building up these areas internally so that it will no longer be required to obtain services from Schulz Group GmbH, which is as well controlled by Sven Schulz, CEO of AKASOL AG.

The table below shows the total amounts of transactions between related parties in the reporting period:

RELATED PARTIES
as of June 30, 2020

	Income from transactions with related parties KEUR	Expenses from transactions with related parties KEUR	Amounts owed by related parties KEUR	Amounts owed to related parties KEUR
Schulz Group GmbH	0	89	0	25
Schulz Engineering GmbH	0	899	0	103
DenglerLang Tube Tec GmbH	0	7	0	0
Sven & Reinhold Schulz Immobilienverwaltungs GbR	0	21	0	0

SUPPLEMENTARY REPORT

The following events of significant importance occurred after the end of the reporting period on June 30, 2020.

AKASOL AG has successfully completed the first stage of certification according to IATF 16949 (Quality Management System - Standard of the Automotive Industry) at its production site in Langen and is now in the second, final stage of the certification process. The aim of the IATF 16949 standard is to effectively improve system and process quality in companies in the automotive industry. It is an innovative standard that emphasizes a strong customer orientation and also covers some previously customer-specific requirements in a consolidated form.

The aim is to optimize customer satisfaction by improving system and process quality, to recognize potential hazards and errors in production and in the supply chain in good time, and to eliminate their causes through corrective measures. Since the central concern of the standard is not the detection but the prevention of errors, this technical specification is primarily intended to take preventive measures to avoid future errors.

In addition, AKASOL placed the announced follow-up order for Gigafactory 2 at the US site in Hazel Park in August of the current financial year. AKASOL had already ordered the module production line for the new Gigafactory 1 in Darmstadt in February. The second, identical module production line for Gigafactory 2 at the US location of AKASOL Inc. in Detroit has now been called off. The total volume of both investments is around EUR 20 million. Final handover of the line for Gigafactory 1 will take place at the beginning of 2021, final handover for Gigafactory 2 is planned for the end of 2021.

AUDITOR‘S REVIEW

The abbreviated half-year financial report for June 30, 2020 and the interim report were not subjected to review by an auditor.

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge and in accordance with the applicable accounting principles for financial reporting, we confirm that this half-year financial report gives a true and fair view of net assets, financial position and earnings of AKASOL AG and that the interim report includes a fair view of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining financial year.

Darmstadt, August 24, 2020

The Management Board of AKASOL AG

FINANCIAL CALENDAR 2020

Event	Date
Publication of results for the 2nd Quarter of 2020	August 24, 2020
Publication of results for the 3rd Quarter of 2020	November 16, 2020

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The English version is a translation of the original German version; in the event of variances, the German version shall take precedence over the English translation.

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