

CENTROTEC
The European Energy-Saving Company



Highlights

- > Positive development of the CENTROTEC Group already observed in Q1 continued more weakly in the second quarter, despite the coronavirus pandemic; effects of coronavirus pandemic are mostly limited to specific regions or individual business areas
- > Consolidated revenue rises 7.6% on first half of 2019 (EUR 299.7 million) to EUR 322.3 million; international share falls to 44% as result of sharp pandemic-led sales slump in certain countries (previous year 48%)
- Climate Systems with revenue increase of 8.9% to EUR 225.6 million (previous year EUR 207.1 million); good performance in German heating market acted as basis for growth in the first half
- Gas Flue Systems with revenue increase of 5.7% to EUR 69.5 million (previous year EUR 65.7); growth in variety of product areas and overproportional growth in German market; despite high revenue share in countries affected especially badly by coronavirus pandemic, revenue remains virtually constant in second quarter
- Medical Technology & Engineering Plastics with 1.3% revenue growth to EUR 27.2 million (previous year EUR 26.9 million) despite weaker second quarter; growth in German medical technology business, lower revenue in Italy, United Kingdom and USA
- > Operating result well up on previous year, investment result weighs on net earnings
- EBIT reaches EUR 16.7 million (previous year EUR 8.1 million)
- Slight year-on-year improvement in net interest; losses within the other financial result were slightly reduced in second quarter. Overall, the first half closed with a loss of EUR 4.6 million (previous year EUR profit of EUR 3.9 million).
- EPS of EUR 0.43 (previous year EUR 0.43)
- > Global economy remains deeply unsettled by effects of coronavirus pandemic; marked downturn followed so far by only slight recovery in some international markets; German sales market for heat-generating systems comparatively stable but major downturn in commercial construction activity expected
- > Based on this earnings performance and provided there are no further significant market disruptions from a second wave of the coronavirus in the autumn, CENTROTEC anticipates it could achieve or even exceed the full-year forecast, previously issued with reservations, of revenue of EUR 670 to 690 million with an expected EBIT of EUR 34 to 36 million. The latter nevertheless continues to represent a significant risk amid a generally fragile market environment throughout Europe.

Consolidated Key Figures

	30/06/2020 [EUR '000]	30/06/2019 [EUR '000]	Changes [Percent]
Total revenue	322,332	299,701	7.6
Climate Systems	225,643	207,119	8.9
Gas Flue Systems	69,480	65,735	5.7
Medical Technology & Engineering Plastics	27,209	26,847	1.3
Earnings			
EBITDA	32,844	22,423	46.5
EBIT	16,737	8,120	
EBIT yield (in %)	5.2	2.7	
EBT	10,121	9,827	3.0
EAT	6,327	6,921	(8.6)
EPS (in EUR; basic)	0.43	0.43	
Balance sheet structure			
Balance sheet total	638,314	612,141	4.3
Shareholders' equity	236,789	237,788	(0.4)
Equity ratio (%)	37.1	38.8	
Property, plant and equipment	165,962	152,826	8.6
Intangible assets	49,208	45,291	8.6
Goodwill	77,947	77,309	0.8
Net financial position*	(75,365)	(66,857)	12.7
Net working capital*	87,243	93,108	(6.3)
Cash flow statement			
Cash flow I (EAT & depreciation/ amortisation)	22,434	21,224	5.7
Cash flow from operating activities	20,477	(6,082)	
Cash flow from investing activities**	(21,858)	(22,773)	(4.0)
Employees			
Total (in FTE)	3,145	3,142	0.1
Shares			
Number of shares***	14,631	16,256	
Highest quotation****	17.64	12.92	
Lowest quotation****	9.64	10.46	
Half year-end quotation****	13.98	12.50	

* taking account for short-term financial assets

** without short-term financial assets

*** weighted average shares outstanding (basic; in thousand)

**** quotation in EUR

THE WHOLE WORLD OF HEATING SYSTEMS

└─ Apartment buildings

Collective exhaust systems Heating systems

Centrotherm and Ubbink have developed collective flue systems that enable multiple-floor connections to one common vertical flue exhaust liner. These collective flue systems also include in-cascade installations where several centrally installed heating systems again share one common flue exhaust liner. Wolf medium and large boiler series cover large heating capacities of several 1000 kW.

Decentralized heat generation through individual gas condensing heating systems with multiple occupancy across floors



Middle and large boiler series for central heat generation



Interim Group Management Report

General economic situation

The overall economic performance for the year 2020 to date has been dominated by the effects of the coronavirus pandemic. The hitherto unprecedented measures taken in the opening months of the year in China and then worldwide from March onward, including lockdowns, bans on travel and gatherings, the closing of schools and businesses as well as other action, triggered a massive slump in economic output in every country. Despite the now-extensive easing of these measures, the possibility that they might need to be reimposed in response to a further rise in infection figures is causing huge uncertainty in all areas of the economy. However the construction industry that is particularly relevant for CENTROTEC has so far been relatively unaffected. The forecasts especially for commercial construction nevertheless indicate that this area, too, will feel the effects of the coronavirus pandemic with a time lag.

Financial performance

Revenue

In the first six months of 2020, CENTROTEC achieved revenue growth of 7.6% to EUR 322.3 million (previous year EUR 299.7 million). Organic growth disregarding IVT, which was acquired in the latter half of 2019, amounted to 6.6%. The healthy development in the German home market combined with the slumps in major international markets prompted by the coronavirus pandemic pushed up the German share of consolidated revenue to 56% (previous year 52%). All three segments of CENTROTEC posted revenue growth, with the largest segment Climate Systems achieving the highest growth in both absolute and relative terms.

The **Climate Systems** segment achieved revenue growth of 8.9% to EUR 225.6 million (previous year EUR 207.1 million) in the first half of 2020 and also registered notably higher revenue for the segment in a second quarter that was especially impacted by the coronavirus pandemic. With the heating area already ending the first quarter in a strong position, it enjoyed further growth in the second quarter most notably from sales of heat pumps, especially in the German market. The same was true of the home ventilation systems area. Business for combined heat and power units has stabilised further, meaning that it likewise made a positive contribution to the segment's development, as did climate control business, which is highly dependent on commercial construction activity and turned in a solid performance in the first half. However the outlook in this area is less positive than in the above product areas because of slackening commercial construction activity. In a region-by-region view, the healthy revenue for the segment in the core markets Germany and the Netherlands, but also in Eastern Europe, more than compensated for the periodically very sharp lockdown-related revenue slumps in highly relevant markets such as France, Spain, China and Italy.

Revenue by segment	Q2 2020	Q2 2019	Delta	Q1 – Q2 2020	Q1 – Q2 2019	Delta
[EUR million]			%			%
Climate Systems	111.7	106.8	4.6	225.6	207.1	8.9
Gas Flue Systems	32.1	32.6	(1.6)	69.5	65.7	5.7
Medical Technology & Engineering Plastics	12.2	13.1	(7.0)	27.2	26.8	1.3
Total	156.0	152.5	2.3	322.3	299.7	7.6

In the **Gas Flue Systems** segment, first-half revenue rose 5.7% to EUR 69.5 million (previous year EUR 65.7 million), underpinned by a strong first quarter to 2020. The German subsidiary IVT with its roof products also contributed to this growth following its consolidation in the second half of 2019. Organic growth for the first half came to 1.3%. In this corporate segment, which traditionally has a greater international spread, in some cases quite sharp revenue downturns in important markets such as France, the United Kingdom, Italy, the Iberian peninsula and the USA were counterbalanced by growth in Germany, the Netherlands and Eastern Europe.

In the **Medical Technology & Engineering Plastics** segment, revenue for the first six months of the current financial year rose 1.3% to EUR 27.2 million (previous year EUR 26.8 million). The basis for this performance was a fundamentally solid development in the Medical Technology area and a good first quarter. By contrast, business involving semi-finished articles and finished goods in the plastics area, which is highly dependent on customers from the mechanical engineering sector and is therefore cyclically sensitive, contracted markedly.

Earnings

The operating **result** at EBITDA level was improved by 46.5% to EUR 32.8 million (previous year EUR 22.4 million). At **EBIT** level the figure in fact more than doubled to EUR 16.7 million (previous year EUR 8.1 million). In addition to predominantly organic revenue growth, this development was driven by the optimisation programmes across a wide range of corporate areas and the cancellation of shows, training events and business travel in light of the coronavirus pandemic, resulting in cost savings.

First-half EBITDA for the **Climate Systems** segment reached EUR 20.1 million, up from EUR 11.7 million in the previous year. EBIT was increased to EUR 10.2 million (previous year EUR 2.8 million). It should be noted that the bulk of the pandemic-related cost savings for the Group occurred in the Climate Systems segment.

EBITDA for the **Gas Flue Systems** segment of EUR 10.1 million in the first half of 2020 showed an improvement on the prior-year figure of EUR 7.9 million, as did EBIT of EUR 5.8 million, which rose from EUR 4.1 million for the prior-year period. The subsidiary IFT acquired in the second half of 2019 contributed EUR 0.3 million to this result (EBIT) in the first half.

In the **Medical Technology & Engineering Plastics** segment, the results for the first six months of the current financial year did not quite match the prior-year figures due to a weaker performance in the Engineering Plastics

area in Germany. EBITDA reached EUR 2.8 million (previous year EUR 2.9 million) and EBIT came in at EUR 0.9 million (previous year EUR 1.2 million).

The positive result for current investments in the second quarter compensated in full for interest expense, echoing the previous year. The clearly negative result from current investments arising in the first quarter, in a turnaround from the positive income figure in the previous year's reference quarter, is consequently reflected in the first-half result. Overall, the financial result for the first half came to EUR -6.6 million compared with EUR +1.7 million in the previous year. As a result, earnings before tax (EBT) for the first half of 2020 climbed to EUR 10.1 million, as against EUR 9.8 million in the previous year. The high level of taxation on the operating result compared to the financial result pushed up the effective tax rate from the previous year and reduced earnings after tax (EAT) to EUR 6.3 million (previous year EUR 6.9 million). Earnings per share (EPS) therefore remained unchanged from the previous year at EUR 0.43, reflecting the reduced number of shares outstanding.

Net worth and financial position

At June 30, 2020 the **balance sheet total** of the CENTROTEC Group amounted to EUR 638.3 million, slightly up on the prior-year figure (EUR 612.1 million) and also up on the year-end figure (EUR 588.1 million) in a reflection of the seasonal pattern of business. The **equity ratio** of 37.1% was down on the year-end figure (39.1%) due to seasonally elevated working capital positions and the associated extension of the balance sheet. As a result of the share buyback conducted in the third quarter of 2019, the equity position also shows a slight decrease compared with the previous year's first-half figure. Seasonal factors meant **net working capital** rose from EUR 81.2 million at the end of the previous year to EUR 87.2 million at June 30, 2020. The decline from the prior-year figure of EUR 93.1 million is substantially attributable to higher accumulated customer bonus entitlements and increased tax liabilities that more than cancel out the coronavirus-related rise in inventories. The **net financial position** was reduced compared with the end of the previous year (EUR -66.9 million) to EUR -75.4 million, but was below the prior-year figure of EUR 66.9 million.

Key financial figures [EUR million]	30/06/2020	31/12/2019	30/06/2019
Balance sheet total	638.0	588.1	612.1
Equity	236.5	230.2	237.8
Equity ratio (percent)	37.1	39.1	38.8
Net financial position*	(75.4)	(66.9)	(66.9)
Net working capital**	87.2	81.2	93.1

* Cash and cash equivalents + current investments – current and non-current borrowings

** Current assets – cash and cash equivalents – current investments – current, non-interest-bearing borrowed capital

The **cash flow** from operating activities for the first half of 2020 was massively higher than the prior-year figure of EUR -6.1 million, at EUR 20.5 million. The substantially improved operating result had as strong a positive impact on cash flow at this point as the year-on-year reduced working capital. With operating activities remaining virtually constant, cash flow from investing activities featured the substantial reclassification of current investments to bank deposits and totalled EUR +31.3 million, in a turnaround from the prior-year figure of EUR -16.9 million. On the other hand cash flow from financing activities of EUR -5.4 million showed only minor movement from the previous year's EUR -2.0 million.

In the first half of 2020 **investment** by the CENTROTEC Group in property plant and equipment and intangible assets came to EUR 22.0 million (previous year EUR 23.3 million). As in the first quarter, the biggest single investment was the construction activity at the new, cross-segment location in China. While work was put on hold at the start of the year due to the coronavirus crisis, construction has made good progress in recent months and the facility is nearing commissioning in the second half of 2020. For the full year, a high investment volume at or slightly below the prior-year level is fundamentally envisaged. However in light of the very rapidly shifting overall economic situation, it will remain necessary to scrutinise all major individual investments very critically. Of the total investment in the first half, the Climate Systems segment invested EUR 11.6 million (previous year EUR 13.7 million), the Gas Flue Systems segment EUR 8.9 million (previous year EUR 6.6 million) and the Medical Technology & Engineering Plastics segment EUR 1.5 million (previous year EUR 3.0 million).

Employees

At June 30, 2020 the comprehensively consolidated companies of the CENTROTEC Group employed a total of 3,268 people (previous year 3,249). Expressed as full-time equivalents (FTE), the figure was 3,145 (previous year 3,142). This slight increase also includes 28 employees or 27 FTE for the subsidiary IVT acquired in the second half of 2019. The number of temporary workers, expressed in FTE, fell further to currently 96 (previous year 114).

The personnel expenses of the Group rose to EUR 97.5 million in the first half of 2020 (previous year EUR 90.8 million). The personnel expenses ratio, taking account of the costs of temporary workers, thus remained steady compared with the previous year at 31.4%.

Shares

The shares of CENTROTEC SE (WKN 540 750 or ISIN DE0005407506) experienced slight falls in the trading price over the first half of 2020 and ended H1 2020 at EUR 13.98 (previous year EUR 12.50), having opened the financial year trading at EUR 16.30 (previous year EUR 11.50). Following trading price gains up to the current year-high of EUR 17.64 in mid-February, the coronavirus crisis triggered a major slump in the shares, touching a year-low of EUR 9.64 at the end of March. The trading price recovered to EUR 13.98 at the end of the first half. On June 15 a public share buyback offer for up to 1,463,093 units was resolved at a price of EUR 14.00 each. 2,093,760 shares were tendered by the deadline for acceptance, which was after the reporting

date, meaning an allotment rate of 69.8787% was achieved. The trading volume of CENTROTEC shares in the period under review was more than double the previous year's figure.

There were 14,630,936 no-par value ordinary shares of CENTROTEC SE approved for trading at German stock exchanges at June 30, 2020. This total number of shares multiplied by the closing price of EUR 13.98 at June 30, 2020 gave the CENTROTEC Group market capitalisation of EUR 205 million at the end of the first half (previous year EUR 225 million).

CENTROTEC is not aware of any major developments affecting its share ownership structure compared with the end of the 2019 financial year. The family of Supervisory Board Chairman Guido A Krass has remained the principal shareholder of CENTROTEC SE since the IPO and, by its own account, did not sell any shares under the share buyback programmes of recent years. That group aside, there are no indications that other shareholders hold a percentage interest in CENTROTEC running into double figures. Nor were any changes across the thresholds that trigger reporting requirements in accordance with Section 26 (1) of the German Securities Trading Act (WpHG) reported by institutional investors in the year to date. Detailed information on the shares and the corresponding thresholds for triggering reporting are regularly updated and available on the homepage of CENTROTEC SE at <https://www.centrotec.de/en/investor-relations-en/share/disclosure-s-40-1-wphg-en>.

Opportunities and risks

The opportunities and risks presented in the 2019 Annual Report remain fundamentally valid for the CENTROTEC Group. Nor have the assessments and the methods of risk identification as well as the measures derived from them for the handling of risks changed materially compared with the view presented in the 2019 Group Management Report.

However the coronavirus pandemic has given rise to new, noteworthy risks for CENTROTEC SE. Currently the most significant of these risks is the real expectation of a downturn in the commercial construction sector, with a negative impact on the Group's commercial climate control and ventilation business. The adverse consequences of this development, which is already looming, are likely to be felt in the second half of 2020, but also beyond. Until now, the other effects of the coronavirus pandemic for CENTROTEC have remained within the parameters of the risks outlined in the Annual Report. Individual national companies within the Group, namely in China, Italy, Spain and France, have to some extent been substantially affected by the economic shutdown in those countries. From a Group perspective, however, the volumes in question could be made good by the decidedly positive development in the German and Dutch home markets as well as in Eastern Europe. Any effects of temporarily interrupted supply chains and production stoppages due to members of the workforce being infected with the SARS-CoV-2 virus have so far remained manageable. Nevertheless, all these risks fundamentally remain valid due to the currently deteriorating situation and, in conjunction with negative effects of the weak economy on customers' propensity to invest, could restrict CENTROTEC's business performance in the short and medium term.

Forecast

Based on the positive earnings performance in the first half of 2020 and provided there are no further significant market disruptions from a second wave of the coronavirus in the autumn, CENTROTEC anticipates that it could achieve or even exceed the full-year forecast, issued with reservations, of revenue of EUR 670 to 690 million and an expected EBIT of EUR 34 to 36 million. However the latter continues to represent a significant risk amid a generally fragile market environment worldwide.

The company nevertheless expects the market situation to fundamentally stabilise in the second half, both at home and abroad. Yet the commercial climate control and ventilation systems area is likely to be adversely affected by the general downturn in the commercial construction sector especially towards the end of this year and in the following year.

Brilon, August 2020

The Management Board

SYSTEM PROVIDER FOR AIR CONDITIONING AND POWER SUPPLY

Commercial buildings

Large air conditioning units CHP plants

Highly efficient climate control solutions from Wolf create a healthy indoor climate. Through heat recovery, they contribute significantly to energy savings and reduce heating and cooling energy requirements and CO₂ emissions. Combined Heat and Power (CHP) units from Wolf form the basis for an energy-efficient and decentralized generation of electricity and heat by means of CHP units at the point of consumption. Energy sources are used with a total energy efficiency of up to 90%.

Wolf large air conditioning unit



Wolf Combined Heat and Power unit



Consolidated Statement of Financial Position

Assets in EUR thousand	30/06/2020	31/12/2019	30/06/2019
Non-current assets			
Goodwill	77,947	77,882	77,309
Intangible assets	49,208	48,283	45,291
Property, plant and equipment	165,962	159,146	152,826
Financial investments accounted for using the equity method	0	67	109
Loans and investments	536	697	881
Other financial assets	21	21	4
Other assets	31	36	30
Deferred tax assets	11,295	10,156	11,026
	305,000	296,288	287,476
Current assets			
Inventories	101,261	86,379	89,422
Trade Receivables	82,600	72,357	86,017
Income tax receivable	4,798	2,694	4,585
Cash and cash equivalents	107,904	39,068	36,475
Other financial assets	26,069	83,248	100,237
Other assets	10,682	8,036	7,929
	333,314	291,782	324,665
Assets	638,314	588,070	612,141

Equity and Liabilities in EUR thousand	30/06/2020	31/12/2019	30/06/2019
Shareholders' equity			
Share Capital	14,631	16,257	18,021
Capital reserves	40,659	40,659	40,659
Treasury stock	0	(20,482)	(25,408)
Retained earnings and profit carryforward	175,172	170,283	197,595
Profit attributable to shareholders of CENTROTEC SE	6,327	23,433	6,921
	236,789	230,150	237,788
Non-controlling interests presented within equity	0	0	0
	236,789	230,150	237,788
Non-current liabilities			
Pension provisions	55,023	55,927	50,754
Other provisions	13,113	12,828	12,614
Financial liabilities	155,781	158,683	158,928
Other financial liabilities	1,312	1,543	1,185
Other liabilities	13	13	12
Deferred tax liabilities	10,628	10,103	11,374
	235,870	239,097	234,867
Current liabilities			
Other provisions	4,196	4,052	3,449
Income tax payable	6,186	3,599	1,539
Financial liabilities	49,060	26,445	40,593
Trade liabilities	35,807	32,256	33,714
Other financial liabilities	31,134	20,938	24,900
Other liabilities	39,272	31,533	35,291
	165,655	118,823	139,486
Equity and Liabilities	638,314	588,070	612,141

Consolidated Income Statement

in EUR thousand	01/04/2020 30/06/2020	01/04/2019 30/06/2019	01/01/2020 30/06/2020	01/01/2019 30/06/2019
Revenues	155,998	152,538	322,332	299,701
Cost of purchased materials and services	(76,475)	(74,961)	(155,413)	(147,771)
Changes in inventories of finished goods and work in progress	2,364	1,984	5,337	5,494
Production for own fixed assets capitalised	1,233	1,186	2,203	2,304
Other income	2,545	1,798	4,681	4,010
Personnel expenses	(47,700)	(45,728)	(97,516)	(90,814)
Other expenses	(22,239)	(25,460)	(48,780)	(50,501)
EBITDA	15,726	11,357	32,844	22,423
Depreciation and amortisation	(8,049)	(7,294)	(16,107)	(14,303)
Operating income (EBIT)	7,677	4,063	16,737	8,120
Interest income	18	62	38	96
Interest expense	(1,061)	(1,181)	(2,083)	(2,302)
Other financial result	1,110	1,088	(4,571)	3,913
Result before income taxes (EBT)	7,744	4,032	10,121	9,827
Income taxes	(1,768)	(1,306)	(3,794)	(2,906)
Net income (EAT)	5,976	2,726	6,327	6,921
attributable to:				
Non-controlling interest	0	0	0	0
Shareholders of CENTROTEC SE	5,976	2,726	6,327	6,921
EPS (Earnings per share in EUR)				
Earnings per share (basic)	0.41	0.17	0.43	0.43
Earnings per share (diluted)	0.41	0.17	0.43	0.43
Weighted average shares outstanding (in thousand units; basic)	14,631	16,256	14,631	16,256
Weighted average shares outstanding (in thousand units; diluted)	14,631	16,256	14,631	16,256

Consolidated Statement of Comprehensive Income

in EUR thousand	01/04/2020 30/06/2020	01/04/2019 30/06/2019	01/01/2020 30/06/2020	01/01/2019 30/06/2019
Net income (EAT)	5,976	2,726	6,327	6,921
Items that may be reclassified subsequently to profit or loss				
Exchange Rate differences on translation	(95)	(108)	(486)	11
Derivative financial instruments	(42)	(35)	(31)	(408)
Income tax relating to components of other comprehensive income	(17)	71	114	132
Other comprehensive income for items that may be reclassified subsequently to profit or loss	(154)	(72)	(403)	(265)
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	(6,250)	(2,551)	1,011	(4,944)
Income tax relating to components of other comprehensive income	1,828	732	(296)	1,448
Other comprehensive income for items that will not be reclassified to profit or loss	(4,422)	(1,819)	715	(3,496)
Other comprehensive income	(4,576)	(1,891)	312	(3,761)
Total comprehensive income	1,400	835	6,639	3,160
attributable to:				
Non-controlling interest	0	0	0	0
Shareholders of CENTROTEC SE	1,400	835	6,639	3,160

Consolidated Statement of Cash Flows

in EUR thousand	01/01/2020 30/06/2020	01/01/2019 30/06/2019
Net income before interest and taxes (EBIT)	16,737	8,120
Depreciation and amortisation	16,107	14,303
Gain/ loss on disposal of fixed assets	130	(90)
Other non-cash items	25	(963)
Increase/ decrease in provisions	576	(783)
Increase/ decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(28,725)	(30,950)
Increase/ decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	20,805	11,911
Interest received	38	96
Interest paid	(1,227)	(791)
Income tax paid	(3,989)	(6,935)
Cash flow from operating activities	20,477	(6,082)
Acquisition of shares in participations less net cash aquired	(205)	0
Purchase of property, plant and equipment/ intangible assets/ investments/ financial assets/ loans receivable	(22,024)	(22,987)
Proceeds from disposal of property, plant and equipment/ intangible assets/ loans receivable	371	214
Proceeds and Purchase of investments in short-term financial assets	53,130	5,867
Cash flow from investing activities	31,272	(16,906)
Proceeds from financial liabilities	1,027	8,308
Repayment of financial liabilities	(6,419)	(5,450)
Dividend payment	0	(4,877)
Cash flow from financing activities	(5,392)	(2,019)
Change in financial resources	46,357	(25,007)
Foreign currency exchange gain/ loss of the financial resources	(298)	111
Financial resources at the beginning of the financial year*	24,738	33,574
Financial resources at the end of the period*	70,797	8,678

* Cash and cash equivalents deducted of credits current account

Consolidated Statement of Changes in Equity

in EUR thousand	Share Capital	Capital reserve	Treasury stock	Income tax relating to components of other comprehensive income	Exchange Rate differences on translation	Derivative financial instruments	Retained earnings and profit carryforward	Sum other retained earnings and profit/ loss carryforward	Profit attributable to shareholders of CENTROTEC SE	Total capital to shareholders of CENTROTEC SE	Non-controlling interest presented within equity	Consolidated equity
January 1, 2020	16,257	40,659	(20,482)	445	(182)	(1,219)	171,239	170,283	23,433	230,150	0	230,150
Transfer to revenue reserves							23,433	23,433	(23,433)			0
Retirement of own shares	(1,626)		20,482				(18,856)	(18,856)				0
Dividend payment												0
Net income (EAT)									6,327	6,327		6,327
Other comprehensive income, net of tax				114	(486)	(31)	715	312		312		312
Total comprehensive income				114	(486)	(31)	715	312	6,327	6,639		6,639
Other changes												0
June 30, 2020	14,631	40,659	0	559	(668)	(1,250)	176,531	175,172	6,327	236,789	0	236,789

January 1, 2019	18,021	40,659	(25,408)	272	(153)	(621)	194,065	193,563	12,670	239,505	0	239,505
Transfer to revenue reserves							12,670	12,670	(12,670)			0
Retirement of own shares												0
Dividend payment							(4,877)	(4,877)		(4,877)		(4,877)
Net income (EAT)									6,921	6,921		6,921
Other comprehensive income, net of tax				132	11	(408)	(3,496)	(3,761)		(3,761)		(3,761)
Total comprehensive income				132	11	(408)	(3,496)	(3,761)	6,921	3,160		3,160
Other changes												0
June 30, 2019	18,021	40,659	(25,408)	404	(142)	(1,029)	198,362	197,595	6,921	237,788	0	237,788

Consolidated Segment Reporting (Part of the Notes)

Segment Structure in EUR thousand	Climate Systems		Gas Flue Systems		Medical Technology & Engineering Plastics		Consolidation		TOTAL	
	01/01/2020	01/01/2019	01/01/2020	01/01/2019	01/01/2020	01/01/2019	01/01/2020	01/01/2019	01/01/2020	01/01/2019
	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Income Statement										
Revenue from third parties	225,643	207,119	69,480	65,735	27,209	26,847	0	0	322,332	299,701
Revenue from other segments	2,189	1,079	4,438	3,529	12	5	(6,639)	(4,613)	0	0
Cost of purchased materials and services	(108,167)	(101,109)	(34,065)	(32,775)	(19,742)	(18,484)	6,561	4,597	(155,413)	(147,771)
Changes in inventories of finished goods and work in progress	3,294	4,459	861	333	1,182	702	0	0	5,337	5,494
Personnel expenses	(76,304)	(71,555)	(19,092)	(17,148)	(2,120)	(2,111)	0	0	(97,516)	(90,814)
Other expenses and income	(26,544)	(28,341)	(11,563)	(11,792)	(3,789)	(4,054)	0	0	(41,896)	(44,187)
EBITDA	20,111	11,652	10,059	7,882	2,752	2,905	(78)	(16)	32,844	22,423
Depreciation and amortisation	(9,929)	(8,832)	(4,285)	(3,752)	(1,893)	(1,719)	0	0	(16,107)	(14,303)
Segment result (EBIT)	10,182	2,820	5,774	4,130	859	1,186	(78)	(16)	16,737	8,120
Interest income	45	95	129	132	0	0	(136)	(131)	38	96
Interest expenses	(889)	(1,138)	(1,065)	(1,036)	(265)	(259)	136	131	(2,083)	(2,302)
Other financial result	(650)	56	(3,921)	3,857	0	0	0	0	(4,571)	3,913
EBT	8,688	1,833	917	7,083	594	927	(78)	(16)	10,121	9,827
Balance sheet key figures										
Assets*	354,009	330,209	205,898	205,859	61,927	59,544	(149)	(72)	621,685	595,540
Financial investments accounted for using the equity method	0	0	0	0	0	109	0	0	0	109
Loans and investments	526	871	0	0	10	10	0	0	536	881
Net working capital	44,869	53,990	20,160	18,971	22,366	20,222	(152)	(75)	87,243	93,108
Investments										
Total investments in property, plant, equipment and intangible assets**	11,642	13,694	8,898	6,557	1,468	3,001	0	0	22,008	23,252

* Excl. financial investments accounted for using the equity method, loans and investments, entitlement to income tax rebates as well as deferred tax assets

** Without IFRS 16 Leasing additions

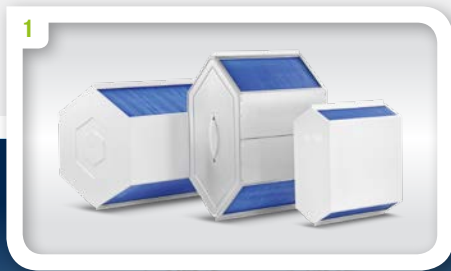
SYSTEM COMPONENT PROVIDER

Residential and commercial buildings

Key components for system integrators

CENTROTEC is a system supplier and also offers key components for other system integrators. These include heat exchangers from Holmak for building ventilation with heat recovery up to 95%. For heating systems, Ubbink and Centrotherm offer flue and ventilation ductwork systems and components that are preferred by leading heating and ventilation manufacturers. Additionally, the Ubbink Centrotherm Group offers a complete range of system components that preserve the durability and life cycle of residential and commercial buildings.

Air-to-air heat exchanger



Residential ventilation components



Notes to the Consolidated Financial Statements

Corporate information

The CENTROTEC Group – hereinafter also referred to as CENTROTEC – is an international group focusing on the development, manufacturing and sale of system solutions that promote energy efficiency and use renewable energies in buildings. In addition to its existing business activities, CENTROTEC regards its business purpose as including the establishment and acquisition of new business areas and companies.

The Group parent, CENTROTEC Sustainable AG, was converted into the legal form of an SE with effect from January 31, 2020. CENTROTEC SE is listed on the Frankfurt Stock Exchange under the stock exchange codes CEV, WKN 540750 and ISIN DE 0005407506. It is entered on the Commercial Register of the Local Court of Arnsberg, Germany, under the number HRB 13184. The company's head office is located at Am Patbergschen Dorn 9, 59929 Brilon, Germany. CENTROTEC SE is not part of a superordinate group, and is the ultimate parent company of the group presented in these Interim Financial Statements. Further financial and corporate information on CENTROTEC is available from the above address, or on the homepage www.centrotec.de.

Accounting standards and policies

These Interim Financial Statements at June 30, 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reporting issued by the International Accounting Standards Board (IASB), as adopted within the European Union (EU), taking account of Section 315e (1) of German Commercial Code. All IFRS standards, and in particular IAS 34 (Interim Financial Reporting), that were valid at the reporting date and the adoption of which was mandatory at that date have been applied. The accounting policies explained in the Consolidated Financial Statements for 2019 have likewise been applied in these Interim Financial Statements, except in the case of amendments to standards to be adopted for the first time, and apply correspondingly. The First-Half Report should therefore be read in conjunction with the audited Consolidated Financial Statements at December 31, 2019. These Interim Financial Statements and the Interim Management Report have not been audited in accordance with Section 317 of German Commercial Code, nor have they been subjected to any review by an independent auditor.

The first-half reporting date for all companies included in the Interim Consolidated Financial Statements is June 30, 2020. The financial statements have been prepared in euros; unless otherwise indicated, the amounts quoted are in thousand euros (EUR thousand). For computational reasons, there may be rounding differences of +/- one unit.

The Management Board points out that the future-related statements made in the Interim Financial Statements are based on current expectations, assumptions and estimates. These statements are not to be interpreted as guarantees that the forecasts made will prove correct. Rather, future developments and occurrences are dependent on a wide range of factors that are subject to risks and uncertainties, the influencing factors of which may lie outside the sphere of influence of CENTROTEC. Actual developments may therefore depart from any implicit or explicit future-related statements made.

Corporate and investment structure

The business activities of CENTROTEC are classified according to the segments Climate Systems, Gas Flue Systems, and Medical Technology & Engineering Plastics. All direct and indirect subsidiaries of the parent company and Group parent are included in the Consolidated Financial Statements of CENTROTEC. There have been no materially significant changes in consolidation since the annual financial statements at December 31, 2019. In April 2020 the subsidiary Möller Medical GmbH acquired further shares in VAC Stent Medtec AG, Steinhausen, Switzerland, and therefore now holds 100% of the shares. As a result, this company is no longer consolidated using the equity method and is now fully consolidated. The purchase price was EUR 249 thousand. Less acquired cash and cash equivalents in the amount of EUR 44 thousand, the cash outflow was EUR 205 thousand, as shown in the cash flow statement. This transaction does not materially affect the net worth, financial position and financial performance of the Group.

Notes to the Interim Financial Statements

- Recognition and measurement aspects

Pursuant to the requirements of IAS 34.16A, revenues are to be broken down in accordance with the requirements of IFRS 15.114 and IFRS 15.115:

Revenue from third parties by product group, in EUR '000, from January 1 to June 30:

	Climate Systems		Gas Flue Systems		Medical Technology & Engineering Plastics		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Products	210,288	197,341	69,479	65,682	27,077	26,735	306,844	289,758
Services	13,802	8,930	0	0	132	112	13,934	9,042
Miscellaneous	1,554	848	0	53	0	0	1,554	901
Total	225,644	207,119	69,479	65,735	27,209	26,847	322,332	299,701

Revenue from third parties by country, in EUR '000, from January 1 to June 30:

	Climate Systems		Gas Flue Systems		Medical Technology & Engineering Plastics		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
European euro countries	199,770	184,118	57,544	53,639	18,378	17,806	275,692	255,564
European non-euro countries	21,068	17,705	5,183	5,155	6,644	6,526	32,895	29,385
Rest of world	4,806	5,296	6,752	6,941	2,187	2,515	13,745	14,752
Total	225,644	207,119	69,479	65,735	27,209	26,847	322,332	299,701

Further detailed notes on the income statement, balance sheet and cash flow statement can be found in the section “Earnings” and the section “Net worth and financial position” of the First-Half Group Management Report.

- **Related party disclosures**

Within CENTROTEC, goods and services are purchased by a large number of business partners. They are also supplied by or to persons or companies who can be classified as related parties. Transactions with these persons or companies are conducted at arm’s length. Transactions with related parties were presented comprehensively in the Consolidated Financial Statements for 2019. All reciprocated services such as the use of infrastructure are billed on generally accepted market terms (arm’s length principle).

- **Share buyback programme**

On June 15, 2020 the Management Board of CENTROTEC SE resolved to buy back up to 1,463,093 shares of the company (this total corresponds to up to 10% of the current capital stock of the company) by way of a voluntary public share buyback offer, at an offer price of EUR 14.00 per no par value share. In making the public share buyback offer, the Management Board exercises the authorisation granted by the Annual General Meeting of May 28, 2020 to acquire treasury stock pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act. The acceptance period commenced on June 18, 2020, 00:00 am (CEST) and ended on July 2, 2020 (12:00 pm CEST). In total, 2,093,760 shares were tendered. Because the total number of shares for which the offer was accepted exceeded the cap, all acceptance declarations were treated pro rata as specified in clause 3.5 of the acceptance document for the share buyback offer. The allotment rate was consequently 69.8787%. The tendered shares for which the acceptance declarations could be considered were retired from the client depositories on July 9, 2020 concurrently with a credit for the offer price. Shares for which the acceptance declaration could not be considered because of the pro rata approach were back-posted to the original ISIN DE0005407506 / WKN 540750.

- **Contingent liabilities**

There has been no significant change in contingent liabilities since the balance sheet date of December 31, 2019.

- **Dividend payments**

It was resolved at the Annual General Meeting on May 28, 2020 not to make a dividend payment for the 2019 financial year and to allocate the profit available for distribution to retained earnings.

Significant events occurring after the first-half reporting date

As a result of the share buyback programme, the company has held treasury shares since July 9, 2020.

There were no other events of material significance after the first-half reporting date.

Management Board and Supervisory Board

- **The members of the Management Board at the reporting date were:**

Dr Thomas Kneip, Regensburg, Germany, Business Administration graduate
 Bernhard Pawlik, Ottobrunn, Germany, Industrial Engineering graduate
 Günther Wühr, Deggendorf, Germany, Business Administration graduate

- **The members of the Supervisory Board at the reporting date were:**

Guido A Krass, Oberwil-Lieli, Switzerland, entrepreneur (Chairman)
 Andreas Freiherr von Maltzan, Munich Germany, entrepreneur
 Mag. Christian C Pochtler, Vienna, Austria, entrepreneur

Other particulars

- **Corporate Governance Code**

The Management Board and Supervisory Board of CENTROTEC SE have, pursuant to Section 161 of German Stock Corporation Law, declared the extent to which they have complied and will comply with the recommendations of the Government Commission on the German Corporate Governance Code. The regularly submitted declarations and explanations are permanently available on the website of CENTROTEC SE (<https://www.centrotec.de/en/investor-relations-en/corporate-governance-en2/compliance-en>).

Brilon, August 2020

INNOVATION - THE HEART OF MODERN ENERGY SAVING SYSTEMS

Residential and commercial buildings

Solar collectors Heat storage

Innovative solar thermal systems from Wolf with highly effective solar collectors, well-insulated heat storage and intelligent control form the heart of a modern heating system. With the power of the sun and without harmful emissions, up to 60% of the annual energy requirements for hot water can be covered.

Wolf solar collectors



Wolf stratified storage tank and condensing boiler



Responsibility Statement by the Management

In accordance with the German Securities Trading Act (WpHG) in conjunction with German Commercial Code (HGB), the Management Board declares:

“To the best of our knowledge, and in accordance with the applicable reporting principles for first-half financial reporting, the first-half consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

The Management Board

Brilon, August 2020

Financial Calendar 2020

August 13

Publication of Q2 2020 Quarterly Report

November 13

Publication of Q3 2020 Quarterly Report

CENTROTEC SE

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