

Half-Year Report 2021



This is a translation of the German half-year report. In case of any divergences, the German original is legally binding.

Half-Year Report as of 30 June 2021

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Management report as of 30 June 2021

Foreword

Dear fellow Shareholders,

The first half of financial year 2021 has been turbulent, to say the least. As business at the beginning of the year was still impacted by the effects of the lockdown in our target industries in connection with the COVID-19 pandemic, it was impossible at that point to forecast future business developments.

The only positive external factor that was certain was the ultimate of the legal transition period for the use of “fiscal chips” (TSE) in every POS. As we previously forecast based on our experiences with various fiscalisation measures in international markets, a significant part of customers in Germany also had not yet made the change by the end of the period. Demand was nevertheless enough to return to profit in the first quarter of 2021, despite the lockdown.

The second quarter of 2021 was shaped by the end of the lockdown, additional demand due to the TSE change and also government aid programmes. Combined, this led to great demand and the highest quarterly sales in the history of the company. Although many specialist retailers also increased their stocks further to account for suspected delivery issues caused by the global shortage of chips, Vectron was able to supply its products most of the time thanks to its own large volume of stock. Vectron currently expects to remain able to upkeep its supplies despite these challenges.

In the first half of 2021, sales thus amounted to € 20.9 million (previous year's period: € 12.6 million) and the EBITDA to € 3.9 million (previous year's period: € -1.3 million).

The increase in sales in the first half of 2021 also had a positive effect on cash and cash equivalents, which increased from € 8.3 million as of 31 December 2020 to € 17.0 million as of 30 June 2021. Vectron's equity ratio is 75 %, which provides the company with a strong financial basis for continuing to pursue its strategy in an economic environment that remains uncertain.

The 76 % increase in recurring income (including bonVito) year-on-year is particularly pleasing.

We were able, for instance, to increase the number of users of our basic digital package from around 2,000 at the beginning of 2020 to more than 16,000 at present. The large and growing online customer base enables us in a

second step to provide customers with additional digital services, such as reservation systems, online shops, voucher solutions, customer cards, etc.

Vectron also expanded its payment system portfolio in the second quarter of 2021. We now offer innovative payment solutions for all popular giro and credit cards as well as alternative payment methods. Vectron stands above its competitors with payment solutions that are deeply integrated in the POS systems and attractive combination offers comprising POS systems and payment solutions. Despite the relatively short time since their launch, Vectron has already received interest from its specialist trade partners as well as a satisfactory number of orders.

This visible success with regard to increasing the recurring sales gives us confidence that we will be able to further drive the company's transformation toward a high-sales digital platform. Our path toward this goal may remain fraught with fluctuations in the sale of POS systems, which is currently still predominant, due to extreme events such as the COVID-19 pandemic. However, the transformation of the business model will be crucial as it is to generate income levels for Vectron which could never be achieved with the traditional POS system model alone. The first successes on this path are already clearly showing.

We hope that you will continue to walk this exciting path with us and are confident that your trust will be rewarded in the end.

Kind regards,



Thomas Stümmler
CEO



Jens Reckendorf
CTO



Silvia Ostermann
COO

1. Business performance

1.1. Company situation

With more than 245,000 installed systems in over 30 countries and around 16,000 online service customers, Vectron Systems AG is one of the leading European providers of intelligent POS systems. The company's solutions comprise hardware, software and cloud services. They are primarily aimed at the gastronomy and bakery industry, but can also be used in the retailer and service provider sectors. Weighing solutions for additional customer groups such as butchers and farm shops were added to the portfolio in 2020.

The products are sold through a network of approx. 300 specialist trade partners, mainly in Germany and other European countries. The end customer spectrum ranges from single cash register installations to branch networks comprising over 1,000 cash registers.

1.2. Overall economic development

As in 2020, the Coronavirus pandemic dominated the first half of 2021. Gastronomy businesses were already closed during the "lockdown light" at the beginning of November 2020. The measures were toughened in December 2020 and continued until the second quarter of 2021. Easements, such as opening retailers and gastronomy businesses were possible as from the end of April, depending on the local case numbers.

To buffer sales slumps and potential financial emergencies, the German government provided various aid programmes in 2020 and 2021 (bridging funds, special funds, etc.). The application deadlines for these aids were extended several times over a period of time. Affected companies are still able to apply for funds from the aid programme until the third quarter of 2021.

According to the information provided by the Federal Statistical Office, Germany's gross domestic product (GDP), adjusted for price, decreased by 3.4 % year-on-year in the first quarter of 2021. In the second quarter of 2021, the GDP then increased by 9.6 % year-on-year as a result of an increase in government and private consumer spending.

The determining factors for developments in the gastronomy sector in the first half of 2021 were the previously mentioned lockdown measures, which continued into June. According to the Federal Statistical Office, sales in the gastronomy sector in the first half of 2021, adjusted for calendar ef-

fects, slumped by 52.5 % in nominal terms (actual prices) and by 55.6 % in real terms (constant prices) compared with the first half of 2019 (the last pre-pandemic year). According to analyses of the data of Vectron cloud services users, sales from November 2020 to May 2021 were down on ordinary seasonal development by approximately 76 % in nominal terms. The obligation to use a technical security device (TSE), which still has not been fully implemented, and the government aid programmes, particularly the digitisation bonuses, had an offsetting effect.

According to the Federal Statistical Office, sales in the “bakery and sweets retail sector” in the first half of 2021 decreased by 25.6 % in nominal terms and 28.5 % in real terms compared with 2019. Going by experience, however, this statistic does not give a clean picture of the development in the bakery sector. The data collected by Vectron indicates a nominal decrease in gross sales by around 14 %.

As in the previous year, the general economic conditions for the German customers of Vectron Systems AG were therefore generally worse than for the majority of the rest of the economy.

1.3. Sector development

The POS system market is highly diverse. The diversity of the sector and varying company sizes among users are reflected on the provider side. As only few manufacturers are active globally in various markets, most competitors are small, often only regional providers.

An important change in recent years is the establishment of new pricing models based on recurring instead of one-off payments.

The requirements placed on cash registers by the tax authorities have a considerable effect on the market. In the past, the legal position in Germany was determined by two letters of the Federal Ministry of Finance (Bundesfinanzministerium – BfM) dated 26 November 2010 (“Aufbewahrung digitaler Unterlagen bei Bargeschäften” – “Storing digital documents for cash transactions”) and 14 November 2014 (GoBD = “Grundsätze zur ordnungsgemäßen Führung und Aufbewahrung von Büchern, Aufzeichnungen und Unterlagen in elektronischer Form sowie Datenzugriff” – “Principles for properly maintaining and storing books, records and documents in electronic form as well as data access”). These state that a POS system must keep detailed records of all booking data and also record other data in electronic form (obligation to keep individual records). This data must be archived for a minimum period of 10 years. The transitional period, during which it was still permitted to use systems that could not be retrofitted, expired at the end of 2016. However, numerous users did not comply

with this period and changed over only after the due date or have still not done so.

The Law on the Protection Against Manipulation of Digital Background Recordings [Gesetz zum Schutz vor Manipulationen an digitalen Grundaufzeichnungen] came into force on 29 December 2016. This law prescribes that all cash registers must be fitted with a certified technical security device (TSE) as from 1 January 2020. There is a transitional regulation for previously purchased systems that cannot be retrofitted which must comply with the requirements of the Federal Ministry of Finance's (Bundesfinanzministerium – BFM) letter dated 26 November 2010. These systems may still be used until the end of 2022.

The practical implementation of the law is regulated by the POS Security Ordinance (Kassensicherungsverordnung – KassenSichV), various technical guidelines issued by the Federal Office for Information Security (BSI) and the application ordinance on Section 146a of the German Tax Code (Abgabenordnung – AO). The last part of the specifications, the “Digital Interface of the Financial Administration for POS Systems” [Digitale Schnittstelle der Finanzverwaltung für Kassensysteme (DSFinV-K)] was only published on 12 August 2019. As the remaining period until the end of 2019 was not nearly enough for the technical implementation of a wide-spread installation, the German Federal Ministry of Finance (BMF) granted a period of grace until 30 September 2020. POS systems without technical security devices could still be used during this period. However, all POS systems sold as from 1 January 2020 must already be upgradable with a technical security device.

In July 2020, the German federal states (with the exception of Bremen) approved another deadline extension for the leniency period until 31 March 2021 on condition that POS operators place a binding order for, or initiate the order of, the technical security devices and can provide evidence thereof. The providers questioned by DFKA (German Association for POS and Invoicing System Technology) estimated the average changeover rate at 71 % at the end of June 2021. In order to meet the requirements, all electronic cash registers in Germany must either be upgraded or replaced. Vectron has already been providing DSFinV-K-compliant solutions since the end of 2019. The progress regarding the changeover to new POS systems and the resulting large installation base led to an increase in Vectron's sales in the second quarter, a development which was also boosted by the easements of the lockdown measures. Newly acquired market shares provide the opportunity to significantly develop the digital business before the “fiscalisation effect” wanes. The digital business constitutes the use of digital services such as reporting, voucher cards, point collection systems, online orders, online table reservations and payment solutions. An unusually high number of POS system updates instead of new purchases was recorded in the gastronomy sector due to the massive economic impact of the Coronavirus pandemic

stated above. This should result in follow-up effects where operators decide to purchase a new POS system at a later date.

On the other hand, digital services such as table reservations, delivery services and payment solutions have gained in importance due to the government restrictions imposed in response to the Coronavirus pandemic. The majority of development expenses from Vectron were therefore once again used for corresponding services in the first six months of 2021.

1.4. Sales and order development

As in the previous year, sales development in the first half of 2021 was shaped by both the fiscalisation and Coronavirus pandemic. Following sales of € 8.4 million in the first quarter, sales of € 12.5 million in the second quarter exceeded the expectations. Sales in June 2021 amounted to more than € 5 million, the highest monthly sales in the history of the company. Due to the sale of a large number of POS systems that meet fiscal requirements, at least 91 % of sales were from one-off sales. Recurring sales amounted to at least € 1.8 million, or almost 9 % of total sales in this period. Recurring sales were therefore tripled year-on-year.

K€ 18,943 (previous year: K€ 10,702) of sales revenues, or 90.6 % (previous year: 87.1 %) pertained to Germany, K€ 1,660 (previous year: K€ 1,544), or 7.9 % (previous year: 12.6 %) to other EU countries and K€ 308 (previous year: K€ 36), or 1.5 % (previous year: 0.3 %) to third countries. Unlike in previous disclosures, the cost allocations to bonVito GmbH due to the planned merger in 2021 are no longer included in previously stated figures.

The recurring sales of the unconsolidated wholly-owned subsidiary bonVito GmbH are also not included in the above sales figures. They amounted to approximately K€ 250 per month. Continuing on from the previous annual profits, the EBITDA amounted to just under K€ 420 as of 30 June 2021. The number of contracts decreased slightly by 2 % in the first half of 2021, an effect caused by the closure of cafes and outdoor seating areas over several months. Vectron Systems AG and bonVito GmbH maintain a business relationship. Vectron Systems AG sells hardware to bonVito GmbH and also provides material and personnel resources the costs of which are reimbursed by bonVito GmbH. The consolidation of bonVito would primarily result in the addition of the annual profits of the two companies. The retrospective merger of bonVito GmbH with Vectron Systems AG is planned for the second half of 2021.

Vectron Systems AG provides its end customers with a financing model for new POS systems. This sales promotion model is offered by Vectron specialist trade partners. In the reporting period, the financing portfolio contribut-

ed 7 % (previous year: almost 19 %) to total sales. This decrease is primarily due to the government investment grants.

Vectron's business model is geared towards extremely short delivery times and corresponding short production lead times, from which the Vectron specialist trade partners profit in particular. This business model does not result in significant order backlogs.

1.5. Production and procurement

Vectron uses the same application software in most of its POS systems. It can also be used in other sectors than the actual target sectors. Different models and/or model changes and diverse target industries therefore cause comparatively little cost.

The production process consists primarily of the assembly of modules and pre-fabricated components as well as quality controls. Device variants in great demand are manufactured and kept in stock. Sometimes complete devices manufactured to order are also supplied. Stocks are dispatched as soon as an order is received, meaning that delivery periods are usually very short. Less frequently demanded products are made specifically to order.

To ensure continuous delivery capability and fast reaction times, defined minimum amounts are stocked for all important components. New product lines or expected peak demand may thus result in temporarily increased stock levels. In the past financial years, stocks were deliberately increased several times to remain able to deliver goods at all times.

1.6. Investments

Investments in the reporting period amount to K€ 377 (previous year: K€ 806). The majority of cash outflows pertains to the free-of-charge provision of POS systems to operators in connection with the use of the digital services, ongoing modernisation and expansion of the IT infrastructure as well as operational and business equipment.

Around one third of employees continue to work on new and further developments of Vectron products. A considerable share of personnel costs therefore relates to development services. However, the company chose not to capitalise these costs.

1.7. Financing

At the end of the first half of the year, cash and cash equivalents amounted to K€ 16,998 (previous year: K€ 16,211), slightly up year-on-year.

In January 2021, a KfW loan for K€ 3,000 from the “Corona aid for companies” special measure was called.

In the reporting period, the cash flow from ongoing business activity amounted to K€ 6,136 (previous year: K€ -4,909). The cash flow from ongoing business activity therefore increased by K€ 11,045 year-on-year. The balance is primarily comprised of the ordinary income for the period and the decrease in inventories.

Investments in fixed assets in the reporting period resulted in cash flow from investment activity of K€ -377 (previous year: K€ -806). Of this amount, K€ 43 (previous year: K€ 34) pertained to software licenses and K€ 328 (previous year: K€ 737) to operational and business equipment.

In the reporting period, cash inflow and outflow from financing activities resulted in cash flow of K€ 2,934 (previous year: € 10,610), which originated, in particular, from the drawdown of the loan in the nominal amount of K€ 3,000. In the previous year's period, the capital increase in February 2020 had a material effect on cash flow.

The financing strategy remains geared towards long-term stability.

Significant obligations not contained in the balance sheet include a rental agreement for the property at the company head office in Münster, Germany, as well as the refinancing of the sales promotion model. Further existing lease contracts (transport fleet, tools, trade fair construction etc.) are of only immaterial importance. Guarantee commitments were entered into for the startup phase of bonVito GmbH. These will cease to exist once the merger has been completed. Due to the extension of the rental agreement at the company head office in Münster, Germany, by 12 years, other obligations totalled K€ 12,837 (previous year: K€ 5,484) as of the balance sheet date. With exception of this rental agreement, the obligations have remaining terms of up to four years. We refer to the explanations in the notes.

1.8. Human resources

As of the balance sheet date for the first half of the year, the workforce comprised 205 employees (previous year: 188 employees; respective headcount), including three members of the executive board and 12 trainees. Vectron applies a profit-based, variable, multi-level remuneration model

for almost all employees to automatically adjust personnel costs to the economic situation and to motivate employees. If the profit situation is positive, employees earn considerably more through their variable salary components. This model balances the employer's and the employees' interests in a way that is accepted by the workforce. In addition to this, a share option programme (contingent capital, see information in the notes) was introduced for managers. Reduced working hours had been registered for part of the staff in the lockdown period.

1.9. Remuneration system for executive bodies

All members of the company's executive board contain fixed and variable remuneration. The variable components of two of the members contain a performance-related component of 3 % of operative profit (earnings before interest, taxes, depreciation and amortisation). One member's variable component consists of a capped target bonus based on EBITDA. All members of the executive board are entitled to a company car.

The supervisory board receives fixed annual remuneration. No variable components are provided. Please refer to the notes.

2. Assets and financial situation

Intangible assets primarily contain purchased development services for software components of the Vectron cloud platform and software licenses.

The wholly-owned subsidiary bonVito GmbH, founded in 2012, is currently recognised in financial assets. The company provides internet services in connection with POS systems and has been generating net profit, the most recent being K€ 333 in 2020 (previous year: K€ 370) as of the balance sheet date. The merger with Vectron Systems AG is planned during the course of calendar year 2021.

This item also includes the wholly-owned subsidiary posmatic GmbH. It manufactures a POS software app which runs on Apple hardware, such as iPads, iPods and iPhones. End customers generally purchase their own hardware and pay a monthly user fee for the software. Following the startup losses, which are common after the startup phase of this specific business model, annual profit of K€ 16 (previous year: K€ -68) was generated in 2020.

Compared with 31 December 2020, inventories decreased by just under 30 % as the anticipated increase in demand within the scope of the fiscalisation materialised in the first half of 2021. Fundamentally, the ability to supply

goods at any time is given a high priority, which means that temporary expansions of stock levels are deliberately accepted. Due to the business model with very short order lead times by the Vectron customers, delivery shortages could otherwise have an immediate negative effect on sales. There are no noteworthy risks as the stocks are materials for current models.

Receivables consist of numerous smaller individual receivables related to different customers. 60-day payment targets are generally granted. Longer payment terms are only granted in exceptional circumstances. The actual payment default rate is very low. Potential risks are addressed through the formation of individual and general value adjustments.

Accrued and deferred items primarily include prepaid expenses for the specialist trade partners. Other assets contain repayable development financing for distributors.

As of the balance sheet date, the issued capital was comprised of 8,056,514 (previous year: 8,037,842) no-par value bearer shares with one vote each. The total equity capital amounts to K€ 25,368 (previous year: K€ 22,779).

The short-term liabilities and accruals of K€ 4,696 (previous year: K€ 4,045) can be paid from short-term tied capital in the amount of K€ 26,482 (previous year: K€ 19,043).

The financing and liquidity situation of the company can be described as very good. The cash flow statement shows the changes in cash and cash equivalents. Please refer to Section 1.7 in this respect and regarding off-balance sheet commitments.

3. Profit situation

Compared with the previous year, sales increased by 66 % in the first six months of 2021 (€ 20.9 million compared with € 12.6 million). In connection with a largely unchanged cost structure, the EBITDA amounted to just under € 3.9 million (previous year: € -1.3 million) as of 30 June 2021. Realised catch-up effects from the fiscalisation, but also the further development of the business model toward an increase in recurring sales, have shown first positive results.

In addition to the traditional sales business through specialist trade partners, the company also offers a sales promotion model ("sale-and-lease-back with subsequent sublease of these POS systems by Vectron to end customers"). In the first half of 2021, POS system sales in the amount of K€ 390 (previous year: K€ 1,093) were thus generated. The specialist trade partners who arrange transactions receive commission once a contract is

concluded. This commission amounted to K€ 350 (previous year: K€ 692). Sales revenues from subleases (K€ 1,102; previous year: K€ 1,366) are offset against corresponding leasing expenses (K€ 967; previous year: K€ 991) over the respective three and four-year terms in the material costs item. Sales from the sales support model decreased considerably year-on-year, primarily due to the several months long lockdown due to the Coronavirus pandemic and the government investment grants.

Personnel expenses contain wages and salaries paid as well as annual leave entitlements and accrued overtime as well as special employee bonuses for the financial year, to which employees are entitled or which have been granted. This resulted in a monthly average of K€ 959 compared with the previous year's figure of K€ 738. Converted to full-time equivalents, the average number of employees (excluding trainees and members of the executive board) was around 179 (previous year: 163).

Depreciation and amortisation in the reporting period amounted to K€ 180 (previous year K€ 194), which is the normal level in the previous years (excluding 2018).

Other operating expenses averaged K€ 757 monthly, which is on par with the previous year's period (K€ 759) and is also impacted by sales-dependent factors.

Other operating income amounted to K€ 481, which constitutes an increase year-on-year (K€ 166). This figure contains, in particular, exchange rate gains, offset benefits and income from the reversal of accruals and impairments.

The ordinary financial result in the amount of K€ -41 (previous year: K€ -81) primarily includes loan liabilities.

The percentage of foreign currency transactions in merchandise purchasing in the first half of 2021 was approximately 28 % (previous year: approximately 68 %) of the material input. In the previous year's period, inventories were deliberately increased through major merchandise purchases denominated in foreign currency. Other expenses by the company are not significantly influenced by exchange rate fluctuations. The same applies to distribution, as foreign currency regions mostly also use the euro for billing purposes. There is a current discernible inflation trend caused by an increase in the costs of materials, transport costs, etc.

Half-year profit before income taxes amounts to K€ 3,643 (previous year: K€ -1,595).

The profit generated in the first six months is generated by the lockdown and financial aid for affected companies as well as the considerable catch-

up effects from the legal provisions and Government aid measures. Without developing the business model further and the unusual situation in 2021 explained above, such successful half-year cannot easily be repeated. Due to last year's decision to increase inventories, the company was able to supply the ordered POS systems / hardware components at all times in 2021.

4. Significant events after 30 June 2021

The Supervisory Board of Vectron Systems AG appointed Dr. Ralf-Peter Simon as a member of the company's executive board with effect from 15 September 2021. This appointment increases the number of members of the executive board by one person to account for the planned growth.

Dr. Simon will further drive the digital transformation of Vectron System AG's business model. He has long-standing management experience, both in national and international companies.

5. Risk reporting

For monitoring purposes and to support decision-making, Vectron Systems AG has introduced a risk management system and appointed a risk management officer who reports directly to the executive board. The risks and counter-measures are monitored and recorded on a regular basis. The risks are classified and appraised both qualitatively and quantitatively. Changes are documented so that historical developments are transparent. The results of each audit are reported to the executive board. If additional counter-measures are required, these are initiated directly by the executive board. A performance indicator is calculated from the probability of occurrence and potential damage. This forms the basis for inclusion in the risk report.

5.1. Business risks

The long-standing pricing pressure in the industry may result in a narrowing of the margins for the sale of POS systems, which could not be compensated with other means under the previous income model (one-off income). By offering unique selling points, Vectron has so far largely disconnected itself from the general pricing competition within the sector. The development and expansion of the new business fields with recurring revenues will lead to a great degree of independence from one-off income and general pricing pressure.

Various technical developments have lowered market entry hurdles for new providers and lead to a continuous change of products and business models. Missing a new trend could damage Vectron's profitability in the long-term. The monitoring of competitors and other sectors in order to constantly check and adjust the company strategy thus remains of great importance. For this reason, product developments are continually adjusted to current findings. All developments are now based on agile methods (Scrum) to ensure maximum reaction speeds.

Economic fluctuations impact users' willingness to invest in POS systems, meaning that an economic downturn (potentially only in individual sales countries) can lead to significant sales decreases. In the first half of 2021, willingness to invest was once again extremely subdued due to the Coronavirus pandemic and related closures of gastronomy businesses. However, this trend was overcompensated by the fiscalisation and government aid measures, particularly with regard to digitisation. The aim remains to gain independence from economic cycles as much as possible by focusing on high-quality and complex system solutions as well as transitioning to business models with recurring instead of one-off income. Since 1 January 2020, POS systems in Germany must be fitted with a certified technical security device in accordance with Section 146a of the German Tax Code (Abgabenordnung – AO) so as to prevent the manipulation of electronic records. Due to the delayed availability of the technical and tax law requirements, the German Federal Ministry of Finance (BMF) granted a period of grace for implementing the upgrades until 30 September 2020. Despite the economic effects of the Coronavirus pandemic, the BMF did not extend this period of grace. However, 15 ministries of finance of the federal states (except Bremen) responded so that the deadline was postponed once more until 31 March 2021 if certain conditions were met. In the markets of other countries with similar constraints, numerous users let similar periods of grace pass without responding and reacted with a significant delay. Expected sales from upgrades and the replacement of devices have therefore been delayed. When exactly these sales can be generated once the deadline expires on 31 March 2021 continues to primarily depend on the enforcement of the legal constraints by the financial authorities.

5.2. Process and value creation risks

The company's growth and adjustment processes, particularly for the development of the new business fields and the expansion in other countries may lead to the complexity of internal processes increasing too quickly, thus leading to loss of efficiency and lack of quality. During corresponding changes, particular importance is thus placed on suitable project management and involvement of employees.

The process development and invoicing of digital services is generally complex and prone to errors. Problems can have considerable negative effects on sales, revenues and customer satisfaction. This is primarily counteracted with the launch of suitable IT solutions.

The obligation to use a technical security device and the consequences of the business closures have made it more difficult to plan demand for suitable POS systems. Furthermore, the delivery times for electronic components have become considerably longer in recent months, mainly as a result of the COVID-19 pandemic. Delivery difficulties can therefore not be ruled out for the future. This risk was, and is being, counteracted by increasing stocks of materials and finished products as well as organisational measures.

As a technology company, Vectron may become the target of industrial espionage. Due to the particular market characteristics and the specialist knowledge required to use the technology, the actual risk is considered relatively small. Comprehensive protective measures, such as IT system security, internal access restrictions and non-disclosure agreements, continue to be implemented regardless.

5.3. Finance risks

Sales variations may have a significant short-term effect on the available cash flow and thus endanger the overall financing of the company. Vectron therefore aims for a high equity ratio. Additionally, sufficient levels of liquidity are maintained so that the stability of the company is ensured at all times, even during longer periods of weak economic performance.

Dependencies on individual, major customers always pose a risk, such as in the case of payment default. However, this risk is currently low for Vectron (the largest Vectron customer accounted for 3.0 % of total sales in the first half of 2021), but may increase due to individual major orders. The general default risk of the debtors is counteracted with various audits at portfolio and individual level, including a regular check of credit limits, regular exchange with customers, prompt and regular reminder and collection activities and additional mitigation measures.

As the company buys a significant share of the material in foreign currency (primarily US dollar), and/or prices are directly impacted by exchange rates, unfavourable exchange rate fluctuations may have a significantly negative impact on profits. Depending on historical and expected exchange rate developments, foreign currency items are processed via spot purchases or hedged with derivative financial instruments. Due to the sometimes high volatilities, these securities are, however, not always available at acceptable

conditions. In addition, it is almost impossible to hedge against long-term exchange rate fluctuations.

Longer-term business interruption, e.g. as a result of a fire, could have considerable financial costs. This risk is mitigated through a business interruption insurance, if possible. However, certain risks, such as force majeure, cannot be insured or would be too expensive to insure to be economically viable.

Tax audits always bear a potential revenue and/or liquidity risk. Up to now, financial years 2008 to 2015 have been audited without resulting in any material back payments. A tax audit for 2016 to 2018 has been announced for the third quarter of 2021.

5.4. Technical and IT risks

The company is highly dependent on numerous IT systems and other technology. Breakdowns, malfunctions, data losses or cyber attacks, which reached a record high in Germany in 2020 and 2021 according to a Bitkom study, can endanger the continued existence of a company as a going concern. This particularly applies to the digital services offered as cloud solutions where even short breakdowns have considerable effects on users. Vectron places great importance on state-of-the-art security measures and backup solutions as well as regular IT system updates and the continuous further development of IT security management. The requirements regarding reliability and resilience are taken into consideration in the architecture and operating concept of the cloud solution.

5.5. Purchasing and cooperation risks

A price increase for purchased components can result in a narrowing of the margin. In order to prevent this issue, Vectron agrees fixed-price contracts that prevent direct price increases by suppliers. As the exchange rate trend is used for calculating the fixed price, there is nevertheless an indirect potential currency risk. However, it is impossible to fix prices in the long term.

Price savings for electronic assemblies, components and finished devices can generally only be achieved by purchasing larger quantities. However, larger purchasing volumes require more tied capital and bear the risk of impairments in the event of products being cancelled. The company therefore only concludes framework agreements for quantities whose sale is largely secured.

In the case of Vectron-specific or single-source components, the downtime of a pre-supplier can result in delivery delays. The largest single supplier contributed a share of around 21.3 % of the total acquisition volume in the first half of 2021. To avoid shortages, minimum amounts of all critical components are stocked so that a sufficient lead time for a reaction to downtimes is ensured. Replacement suppliers are on stand-by if technically and economically feasible.

Parts of the globally linked supply chains have been disrupted by the COVID-19 pandemic. This primarily shows in the longer delivery times previously mentioned in section 5.2. It has been possible up to now to fully compensate for this development with increased stocks and the change to alternative components.

5.6. Personnel risks

In view of the lack of qualified employees in recent years, problems with the acquisition of qualified employees may result in the company being unable to implement its planned product developments and sales activities and exploit corresponding business opportunities. Numerous individual measures are being implemented to position Vectron as an attractive employer.

The unavailability of key employees can lead to noticeable problems with operations. A risk in this respect is that it may be impossible to retain these key employees in the company. In order to promote employee retention, Vectron places great importance on a good working climate and the targeted promotion of cooperation amongst colleagues. Managers are tied to the company with a share options programme.

5.7. Product and product development risks

The product portfolio undergoes ongoing adjustments, changes and expansions. The resulting development and production complexity can lead to delays and product errors that can have a significant effect on the company's profit situation. There is also a risk of developing products that do not meet requirements in the market. Both planning and development are therefore as iterative as possible to ensure that findings in the market flow into these activities as quickly as possible. Software tests are automated as much as possible. The risk is further limited through product liability insurance.

6. Forecast report

6.1. Future sector development

The developments regarding merchandise availability in the global market as well as the duration and intensity of the current prolonged catch-up effect of the fiscalisation will be important for the future. In addition to meeting demand for POS systems, the focus will remain on increasing recurring sales to generally become more independent from legislation and economic cycles.

The POS systems market is considerably impacted by developments in the target industries, this being the gastronomy and bakery sectors for Vectron. The impact in the first half of 2021 was explained in detail in section 1.2. The development in the second half of 2021 and the coming reporting periods will be materially affected by the Coronavirus pandemic and the handling of the changed fiscal requirements.

Which consequences the previous lockdowns will have on the structure of the gastronomy sector cannot be conclusively discerned at present. No major distortions have been observed up to now. Having said that, the future development of the Coronavirus pandemic and resulting new restrictions in the gastronomy sector cannot be predicted. Not least because of the reopenings in all regions since the second quarter of 2021, the forecast of the companies surveyed by DEHOGA improved slightly. However, some of the sales in May, and certainly also June 2021, decreased considerably compared with the comparable period in 2019, the last comparable pre-Corona period. The long-term growth trend in the gastronomy sector should generally continue. The default risks amongst the customer base of Vectron Systems AG has not yet increased to an extent worth mentioning, which is probably mainly due to the government support for the gastronomy sector. Assuming a relatively constant total number of companies in an atomistic gastronomy market in the future, it is also to be assumed that new businesses will be founded / opened following business closures once the situation normalises, which will generally create opportunities for the sale of new POS systems.

In the bakery segment, which was much less affected by the lockdowns, the concentration will continue with a roughly constant number of sales outlets. Such consolidation could result in changed market shares, which is both an opportunity and risk for Vectron.

User requirements will continue to get tougher. The focal point here is moving toward analysis functions, digital services and other additional services such as payment solutions. The Coronavirus pandemic has considerably

boosted demand for digital services. Customer retention systems as well as reporting services are becoming more usable and affordable for an increasing number of users in the form of cloud solutions. This is promoting a change toward subscription and pay-per-use models.

The positive effects from the changed requirements of tax legislation (“fiscalisation”) expected for financial year 2021 have partially materialised. As, however, a majority of POS users have not yet changed over their systems and the period of grace expired on 31 March 2021, demand for conforming POS systems should remain high in the third and possibly even fourth quarter of 2021.

The use of mobile consumer hardware as a basis for POS systems is expected to increase further. In future, the innovative capability of the providers will determine the competitive success even more. However, the technical changes will not take place as quickly as in the consumer segment. Competition is likely to remain as fierce as ever.

The required development costs will continue to grow. Vectron’s size, which is an advantage compared with numerous competitors, provides the company with the opportunity to develop its market share.

The sales structures – in the market segment of Vectron this is sales through specialist trade partners in all regions – are forecast to remain largely stable in the long term and continue to enable Vectron to quickly process the market in the target industries.

6.2. Future product development

The main focus remains on the continuous further development of the various software and service products.

The further development of the Vectron Cloud online platform is a focal point. Customer retention, ordering, reservation and payment services are technically integrated on this platform, both with the company’s own products and cooperations. These services are marketed in various combinations under different product names.

The existing POS system software is being continuously improved and also to be replaced with newly developed software in the medium to long term.

The hardware for the stationary POS systems is being modernised on a regular basis.

6.3. Future business development

The measures for combating the COVID-19 pandemic had, and are having, a massive effect on Vectron's target markets. Approximately 60 % of Vectron's sales pertain to the gastronomy sector, roughly 30 % to bakeries and around 10 % to others.

Sales in the gastronomy sector reached a largely normal level again for the first time during the summer months in 2021. Only some of the restaurants offered delivery and takeaway services and these activities generated only part of the usual sales. The further development in the gastronomy sector will therefore strongly depend on the further course of the COVID-19 case numbers and the responses from politicians.

The same generally applies to bakeries, albeit to a much lesser degree than to gastronomy businesses.

Vectron's future business development can therefore only be forecast to a limited extent at present. The great uncertainty regarding a possible fourth Coronavirus wave in the autumn of 2021 is continuing to subdue the willingness to invest, particularly in the gastronomy sector. At the same time, the government aid programmes help to bridge periods of closure. The medium and long-term outlook also depends on overall economic developments. It cannot be reliably estimated at present as the current reopening of the gastronomy sector in all regions crucially depends on the comprehensive success of the vaccination programme and local case number developments. Demand for gastronomy products should solidify if the gastronomy sector remains able to open in all German regions.

Liquidity in the amount of € 17.0 million as of 30 June 2021 continues to provide Vectron with sufficient liquidity resources. Costs can also be arranged more flexibly to a certain extent so that it would be possible to respond to potential sales decreases by implementing various measures.

By focussing on service, the company plans to reduce its dependence on general economic developments.

- bonVito has become firmly established in the market in its current form as a customer loyalty solution for individual enterprises and continues to grow steadily. The existing customer base is very stable and the termination rates are low. The planned merger will further reduce complexity.
- Vectron markets various supplementary products for POS systems under the "myVectron" product name and based on the new Vectron cloud platform. The main products include reporting apps, data backups in the cloud and interfaces to DATEV cloud solutions.
- Vectron's "Digital World" product provides customers with an all-in-one

package comprising digital services and a POS system, which is fully or partially financed through the use of the services.

- In the first half of 2021, the products from Digital World and further partner products were made available for Vectron POS systems, both as individual and bundle solutions. These are, for example, payment solutions and also the DATEV interface. Additional products will be available in the second half of the year 2021.

The Law on the Protection Against Manipulation of Digital Background Recordings [Gesetz zum Schutz vor Manipulationen an digitalen Grundaufzeichnungen] is expected to have a positive effect on future business developments, even after the changeover deadline has expired on 31 March 2021. This assumption is based on the company's own experiences and experiences with similar laws in countries such as Austria. Due to the delays caused by the COVID-19 pandemic, a considerable proportion of the systems has not yet been changed, as a result of which Vectron continues to expect momentum for this special economic development in 2021. A high change-over rate can be regarded as an opportunity for a successful 2021. A decreasing trend from the fiscalisation and the potential further tightening of regulations for the gastronomy sector implemented due to the development of Coronavirus pandemic pose risks to business developments in the second half of the year.

Vectron expects sales between € 40.9 million and € 42.4 million in the full year 2021. This sales development results from the monthly increasing recurring sales, which will act as a buffer regarding the volatile developments from the fiscalisation and Coronavirus measures. Taking into consideration normalising aid measures for operations and the above-mentioned effects from the transformation change, Vectron expects a positive EBITDA in 2021 between € 4.5 million and € 5.5 million.

The above figures account for the planned merger of the wholly-owned subsidiary, bonVito GmbH, which contributes almost € 3.0 million to planned sales and around € 0.5 million to the planned EBITDA.

Münster, 27 August 2021

Vectron Systems AG
The executive board



Thomas Stümmler
CEO



Jens Reckendorf
CTO



Silvia Ostermann
COO

17.07.2020 15:34

Bediener 1

Funktionen

Chief Funktionen

Korrektur

Storno

Notiz

Außer Haus

Haszobon

Rabatt

****Bestellung Start****

1 x Pils 0,5	3,30
1 x Apfelschorle 0,3	4,00
1 x Gemischter Salat	6,00
1 x Gefüllte Tortellini	12,00
Gefüllte Tortellini	12,00

↑	7	8	9	X
↓	4	5	6	☰
CL	1	2	3	Offene Tische
ESC	0	00	,	☑

Alkoholfrei	Cola 0,3	Limonade 0,3	Tafelwasser 0,3			Apfelschorle 0,3	Orangensaft 0,3
Saft	Pils 0,5	Alt 0,25	Erdinger 0,5		Pinet Grigio 0,2	Spätburgunder 0,2	Merlot 0,2
Bier	Gin Tonic	Wodka Bull	Jägermeister 5cl	Fernet Branca 2cl		Espresso	Cappuccino
Weißwein	Pils 0,25	Pils 0,5	Alt 0,25	Alt 0,5	Alster 0,25	Alster 0,5	Krefelder 0,25
Rotwein	Krefelder 0,5	Erdinger 0,5	Erdinger dkl. 0,5				
Sekt							
Cocktails							
Spirituosen							
Heißgetränke							

BAR

Zahlung

bonVito

VECTRON

Interim balance sheet as of 30 June 2021

Assets	30/06/2021		31/12/2020
	€	€	€
A Fixed assets			
I Intangible assets			
1. Purchased concessions, commercial property rights and similar rights and values as well as licenses to such rights and values	100,462		86,938
2. Prepayments made	0	100,462	0
II Tangible assets			
1. Technical facilities and machines	41,421		62,853
2. Other facilities, operational and business equipment	1,207,831		1,008,489
3. Prepayments made and work in progress	5,420	1,254,672	0
III Financial assets			
Shares in associated companies		2,054,214	2,054,214
B Current assets			
I Stocks			
1. Raw, auxiliary and operating materials	2,867,194		4,293,456
2. Finished products and merchandise	1,854,630	4,721,824	2,420,746
II Claims and other assets			
1. Trade receivables	4,757,738		3,339,782
- of which with a remaining term of more than one year: € 478,441 (previous year: € 557,179)			
2. Receivables from associated companies	112,840		832,014
- of which trade receivables: € 12,446 (previous year: € 693,902)			
- of which with a remaining term of more than one year: € 0 (previous year: € 0)			
3. Other assets	1,346,755	6,217,334	1,343,840
- of which with a remaining term of more than one year: € 977,021 (previous year: € 933,353)			
III Cash-in-hand, bank balances and cheques		16,998,039	8,304,754
C Accrued and deferred items			831,260
		529,784	
D Deferred tax assets			2,890,941
		1,790,941	
		33,667,269	27,469,287

Liabilities	30/06/2021		31/12/2020
	€	€	€
A Equity capital			
I Subscribed capital	8,056,514		8,037,842
- conditional capital: € 722,581 (previous year: € 741,253)			
II Capital reserve	20,063,026		20,033,477
III Retained earnings			
Statutory reserve	40,000		40,000
IV Balance sheet loss	-2,791,216	25,368,324	-5,331,901
- of which loss carried forward: € -5,331,901 (previous year: € -3,266,786)			
B Accruals			
1. Tax accruals	42,169		42,169
2. Other accruals	2,001,571	2,043,740	1,442,720
C Liabilities			
1. Liabilities to banks	3,000,000		0
- of which with a remaining term up to one year: € 0 (previous year: € 0)			
- of which with a remaining term of more than one year: € 3,000,000 (previous year: € 0)			
- of which with a remaining term of more than five years: € 0 (previous year: € 0)			
2. Trade payables	1,289,093		1,892,565
- of which with a remaining term up to one year: € 1,289,093 (previous year: € 1,892,565)			
- of which with a remaining term of more than one year: € 0 (previous year: € 0)			
- of which with a remaining term of more than five years: € 0 (previous year: € 0)			
3. Liabilities to associated companies	0		61,796
- of which with a remaining term up to one year: € 0 (previous year: € 0)			
- of which with a remaining term of more than one year: € 0 (previous year: € 0)			
- of which with a remaining term of more than five years: € 0 (previous year: € 0)			
4. Other liabilities	1,890,111		1,250,618
- of which from taxes: € 1,094,797 (previous year: € 314,957)			
- of which for social security: € 0 (previous year: € 0)			
- of which with a remaining term up to one year: € 1,363,592 (previous year: € 604,963)			
- of which with a remaining term of more than one year: € 526,519 (previous year: € 645,655)			
- of which with a remaining term of more than five years: € 0 (previous year: € 0)		6,179,205	
D Accrued and deferred items		76,000	0
		33,667,269	27,469,287

Interim profit and loss account as of 30 June 2021

	01/01 – 30/06/2021			01/01 – 30/06/2020		
	€	€	€	€	€	€
1 Sales revenues		20,910,649.64			12,597,142.39	
2 Increase or decrease in finished goods and work in progress		-562,742.12			205,059.43	
3 Other operating revenues, of which from currency exchange: € 10,778.02 (previous year: € 26,277.83)		480,534.66	20,828,442.18		166,373.84	12,968,575.66
4 Material costs						
a) Cost of raw materials, consumables and supplies, and of merchandise	-5,293,400.06			-3,616,240.80		
b) Costs for services obtained	-1,378,249.81	-6,671,649.87		-1,694,671.88	-5,310,912.68	
5 Personnel costs						
a) Wages and salaries	-4,932,248.42			-3,712,020.69		
b) Social security, post-employment and other employee benefit costs, of which for old age pensions: € 30,342.16 (previous year: € 33,848.82)	-821,267.79	-5,753,516.21		-713,644.90	-4,425,665.59	
6 Depreciation of tangible and intangible fixed assets		-179,872.45			-194,466.14	
7 Other operating expenses, of which from currency exchange: € 5,444.68 (previous year: € 28,773.84)		-4,539,015.02	-17,144,053.55		-4,551,803.28	-14,482,847.69
8 Other interest and similar income, of which from the discounting of accruals: € 0.00 (previous year: € 0.00) of which from associated companies: € 0.00 (previous year: € 0.00)			391.39		2,786.48	
9 Interest and similar expenses, of which from the compounding of accruals: € 0.00 (previous year: € 0.00) of which to associated companies: € 0.00 (previous year: € 0.00)			-41,706.75		-83,581.57	
10 Income tax expenditure, of which deferred taxes: expenditure € 1,100,000.00 (previous year: € 0.00)		-1,100,000.00	-1,141,315.36		0.00	-80,795.09
11 Earnings after taxes			2,543,073.27			-1,595,067.12
12 Other taxes			-2,388.41			-1,822.09
13 Interim profit / loss			2,540,684.86			-1,596,889.21
14 Loss carried forward from the previous year			-5,331,900.51			-3,266,786.00
15 Half-year balance sheet loss			-2,791,215.65			-4,863,675.21

Cash flow statement 1 January – 30 June 2021

	01/01–30/06/2021	01/01–30/06/2020
	€	€
Ordinary income for the period before income tax	3,640,685	-1,596,889
+ Depreciation on fixed assets	179,872	194,466
+/- Increase/decrease of other accruals, where these are not allocated to the investment or financing activities	558,850	-10,587
+/- Other non-operative expenditures/revenues	0	0
+/- Loss/profit from the sale of fixed assets	0	0
+/- Decrease/increase in stocks, receivables from deliveries and services as well as other assets not allocated to investment or financing activities	1,592,156	-2,937,026
+/- Increase/decrease in liabilities from deliveries and services as well as other liabilities not allocated to investment or financing activities	164,084	-558,837
+/- Cash inflow / outflow from extraordinary items	0	0
-/+ Income taxes paid / received	0	0
= Cash flow from ongoing business activities	6,135,647	-4,908,874
+ Cash inflows from the disposal of tangible fixed assets	0	0
- Cash outflows for investments in tangible and intangible fixed assets	-376,726	-774,731
- Cash outflows for investments in financial assets	0	-31,250
= Cash flow from investment activities	-376,726	-805,981
+ Cash inflows from equity injections	48,220	11,030,717
+ Cash inflows from borrowing	3,000,000	0
- Cash outflows from the redemption of loans	0	-420,990
- Cash outflows for the repayment of advances	-113,857	0
- Cash outflows to company owners (dividends)	0	0
= Cash flow from financing activities	2,934,363	10,609,727
= Change in cash and cash equivalents affecting payment	8,693,285	4,894,872
+ Cash and cash equivalents at the start of the period	8,304,754	11,316,282
= Cash and cash equivalents at the end of the period	16,998,039	16,211,154

Notes to the interim financial statements as of 30 June 2021

1. Information on the company

“The purpose of Vectron Systems AG is to develop, distribute and sell integrated solutions for POS systems and related systems, including software and cloud-based data analysis, data management, goods management, CRM and service modules, interfaces for third parties, related services of any kind, and the production of the required hardware, particularly POS systems and accessories.”

The location Münster is both the production centre and head office from which the domestic and international sales regions are supplied.

Company:	Vectron Systems AG
Head office:	Willy-Brandt-Weg 41, 48155 Münster, Germany
Register court:	Münster District Court
Commercial register no.:	B 10502
Authorised representative	
Executive board:	Thomas Stümmler (CEO) Silvia Ostermann (COO) Jens Reckendorf (CTO)

2. Information on the interim financial statement and the accounting and assessment methods

These interim financial statements as of 30 June 2021 were prepared in euro (€) on the basis of the regulations under German commercial law and the supplementary specific requirements stipulated by law and the articles of association.

The structure of the balance sheet and the profit and loss account complies with commercial law regulations and supplementary, legal form-specific legal regulations. The profit and loss account is structured pursuant to Section 275 Paragraph 2 of the German Commercial Code (Handelsgesetzbuch – HGB) in accordance with the total cost format. The option right under Section 265 Paragraph 5 HGB was exercised. Pursuant to Section 267 Paragraph 2 HGB, the company is a medium-sized corporation.

On 1 March 2017, the company started trading its shares in the “Scale” segment for SMEs (previously in the Entry Standard) of Deutsche Börse AG. Apart from Frankfurt, other OTC trading places are Berlin, Duesseldorf and Stuttgart. The company is therefore a company with focus on the capital market within the meaning of Section 264d HGB and therefore a non-PIE company.

Intangible and tangible fixed assets are stated at cost. Self-produced intangible fixed assets have not been activated. Assets that are subject to wear and tear are written down on the basis of scheduled linear depreciation. The lower fair value was applied if this was below the amortised acquisition or production costs on the balance sheet date and the impairment was expected to be permanent. Financial assets are stated at cost. The planned depreciations are generally determined on the basis of the following operating lives across the group.

Category	Years
IT programs/other rights	3 -10
POS software/construction plans	5 -6
Tangible fixed assets	3 -13

Stocks are stated at average acquisition or production costs. Finished products are stated at production costs, i.e. manufacturing and general material costs as well as the manufacturing-related value reduction of the fixed assets were considered. The lower fair value was applied if this was below the acquisition or production costs on the balance sheet date. Interest for borrowed capital was not included.

Trade receivables, receivables from associated companies, other assets as well as liquid resources are shown at par. Default risks and value risks applicable to trade receivables have been suitably considered, both through individual and global valuation adjustments.

Assets and liabilities in foreign currency were stated at the average spot exchange rate as of the balance sheet date. All but an immaterial amount of foreign currency items have terms of less than one year.

Deferred taxes are stated for temporary differences between the valuations of assets and liabilities under commercial and tax law.

This also includes deferred taxes on tax losses carried forward which are expected to be utilised within five years.

Accruals are stated at the fulfilment amount required in accordance with a prudent commercial judgement. Future price and cost increases are ac-

counted for. Any existing accruals with a term of more than one year are discounted.

Liabilities are stated at their fulfilment amounts. The previous year's balance sheet items refer to 31 December 2020 and the income statement items to 30 June 2020.

3. Information on assets

Intangible assets primarily contain purchased software licenses as well as development services.

Vectron Systems AG owns all of the shares in the subsidiary bonVito GmbH Münster founded in 2012. The equity capital of bonVito GmbH amounted to K€ 826 as of 31 December 2020 (previous year: K€ 493). bonVito GmbH finished financial year 2020 with net profit for the year of K€ 333 (previous year: K€ 370). In the first half of 2021, profit in the amount of K€ 317 was generated. Due to the positive development of the subsidiary, the investment book value is set at the amortised costs. The merger of bonVito GmbH with Vectron Systems AG is planned for the second half of 2021.

Since 2019, Vectron Systems AG owns all of the shares in posmatic GmbH. posmatic GmbH provides POS software which runs on Apple hardware, such as iPads, iPods and iPhones. The equity capital of posmatic GmbH amounted to K€ 429 as of 31 December 2020 (previous year: K€ 414). The company finished financial year 2020 with net profit for the year of K€ 16 (previous year: K€ -68). In the first half of 2021, a loss of K€ 1 was generated. Due to the positive development of the subsidiary, which continues to be expected following planned start-up losses and taking into consideration the pandemic, the investment book value is stated at amortised costs.

Since the end of 2017, VECTRON America INC. has been responsible for the continued development of the North American business. Vectron Systems AG owns 80 % of the company's shares. The equity capital of the company amounted to KCAD 31 as of 31 December 2020 (previous year: KCAD 49). The company finished financial year 2020 with net loss for the year of KCAD 18 (previous year: KCAD 18). The investment book value is stated at amortised costs due to the readjusted and not yet completed start-up phase and delays caused by the pandemic as well as the expected subsequent positive development of the subsidiary, especially as the POS have now been further adjusted to meet the requirements of US users.

The company did not receive any unrealised investment income from the above-stated shares which would have to be barred from distribution in

accordance with Section 272 V HGB [German Commercial Code] during the reporting period.

There is no obligation to prepare consolidated financial statements pursuant to Section 293 HGB.

The stocks mainly consist of raw materials, consumables and supplies for the production of the POS models and finished products and merchandise. Trade goods only play a minor role as a logistics partner is managing both inventories and dispatch.

Cash in hand and bank balances amounted to K€ 16,998 as of the balance sheet date (previous year-end: K€ 8,305). In January 2021, a loan in the nominal amount of K€ 3,000 was taken out.

Due to temporary differences between the valuations of assets and liabilities under commercial law and tax law and due to tax losses carried forward, there will be a tax relief in future years. Deferred tax assets were recorded at the amount of this tax relief on the basis of differences regarding the useful life of some fixed assets as well as provisions for impending losses for tax losses carried forward. The valuation was based on a tax rate of 31.9 %.

Due to the capitalisation of deferred tax assets, profits can only be distributed if the accruals freely available after the distribution plus retained profits and less losses carried forward amount to at least K€ 1,791 (previous year: K€ 2,891).

4. Information on liabilities

Equity capital development (K€)	Subscribed capital*	Capital reserve	Retained earnings** Statutory reserve	Balance sheet profit / loss***	Total
Equity capital as of 01/01/2020	7,291.9	9,748.7	40.0	-3,266.8	13,813.8
Dividend payout					
Capital increase against deposits	727.3	10,255.2			10,982.5
Capital increase from contingent capital	18.7	29.5			48.2
Net loss for the year				-2,065.1	-2,065.1
Equity capital as of 31/12/2020	8,037.9	20,033.4	40.0	-5,331.9	22,779.4
Dividend payout					
Capital increase against deposits					
Capital increase from contingent capital	18.7	29.6			48.2
Net income for H1				2,540.7	2,540.7
Equity capital as of 30/06/2021	8,056.5	20,063.0	40.0	-2,791.2	25,368.3

* Shares subscribed from contingent capital so far in financial year 2021: 18,672

** No retained earnings due to a lack of write-ups of fixed and current assets.

*** The interim balance sheet loss of K€ -2,791.2 (previous year: K€ -5,331.9) contains loss carried forward of K€ -5,331.9 (previous year: K€ -3,266.8).

The shares stated in subscribed capital are no-par value bearer shares with one vote each and a book value of € 1.

The company's share capital now amounts to € 8,056,514 and is divided into 8,056,514 no-par value bearer shares. It increased year-on-year due to a capital increase (final use of the conditional capital 2011 with a total of 18,672 shares).

The other accruals that are comprehensively classified as short-term are primarily distributed amongst the following areas:

Designation	K€
Annual leave/overtime	90.0
Outstanding purchase invoices	472.0
Variable remuneration components	588.4
Other accruals	851.2
Total	2,001.6

Liabilities to banks amounted to K€ 3,000 and resulted from a KfW loan under the "Corona aid for companies" special measure.

The usual retentions of title from the acquisition of assets exist for trade payables.

5. Information on the interim profit and loss account

The majority of sales pertain to one-off income from the sale of internally developed and produced POS systems as well as internally developed software (network communication, expansion licenses). Vectron's hardware portfolio is rounded off by peripheral appliances (printers, scanners, cash register drawers etc.) and services. Recurring sales are gaining in importance with the transformation of the business model. They are generated from term contracts with end customers through which digital services (including payment solutions, table reservations, delivery services, customer retention systems, etc.) are made available for use in connection with a POS system.

In relative terms, recurring sales amounted to 14.1 % in the first half of 2021 and were therefore on par with the previous year's period (15.2 %), whereas the absolute figures increased by just under 58 %.

Type of sales [K€]	Period	Germany	EU	Third country	Total
One-off sales	01 – 06/2021	16,218.5	1,524.3	221.4	17,964.2
	01 – 06/2020	9,097.7	1,280.5	36.0	10,414.3
Recurring sales	01 – 06/2021	2,724.6	135.3	86.6	2,946.4
	01 – 06/2020	1,604.2	263.5	0	1,867.7
Total	01 – 06/2021	18,943.1	1,659.6	307.9	20,910.7
	01 – 06/2020	10,701.9	1,544.1	36.0	12,282.0

Unlike in previous disclosures, the cost allocations to bonVito GmbH due to the planned merger are no longer included in the above figures.

In addition to the classic specialist trade partner sales business, the company also offers a sales promotion model (“sale-and-lease-back with subsequent sublease of these POS systems by Vectron to end customers”). In the first half of 2021, POS system sales in the amount of K€ 390 (previous year: K€ 1,093) were thus generated. The specialist trade partners who arrange transactions receive commission once a contract is concluded. This commission amounted to K€ 350 (previous year: K€ 692). Sales revenues from subleases (K€ 1,102; previous year: K€ 1,366) are offset against corresponding leasing expenses (K€ 967; previous year: K€ 991) over the respective three and four-year terms in the material costs item. Sales from the sales support model decreased considerably year-on-year due to the several months long lockdown due to the Coronavirus pandemic.

Other operating income of K€ 481 (previous year: K€ 166) contains exchange rate gains, offset benefits in kind, income from the reversal of accruals and impairments as well as other income.

Depreciation and amortisation in the amount of K€ 180 (previous year: K€ 194) exclusively contain scheduled depreciation and amortisation.

In the profit and loss account a reduction in deferred tax assets was reported under the position “income tax expenditure”.

The balance sheet was compiled under consideration of the partial use of the annual result. The executive board did not exercise the option of endowment of statutory reserves. Furthermore, no proposal / resolution for appropriation had been made as yet.

6. Other information

Other financial obligations in the form of liquidity-protecting leasing and rental obligations amount to a nominal K€ 12,837 (previous year-end: K€ 13,436).

Contingent liabilities in the form of guarantees for the benefit of the associated company, bonVito GmbH, pursuant to Section 251 HBG amount to K€ 309 (previous year-end: K€ 323). Due to the positive development of the subsidiary these are not expected to be utilised.

During the reporting period, an average of 186 employees (consisting of 162 full-time employees and 24 part-time employees) worked at Vectron Systems AG. These figures were determined in accordance with the methods stated in Section 267 No. 5 HGB.

The members of the executive board can be contacted at the company's administrative address. In the reporting period, Thomas Stümmeler, CEO, was responsible for Sales, Sales Support, Marketing and Finance & Controlling, Jens Reckendorf, member of the executive board, for Research & Development, Product Development Hardware as well as Technical Support and Silvia Ostermann, member of the executive board, for Human Resources, Procurement, Production & Hardware Support as well as Legal & Compliance and Executive Office.

The supervisory board consists of the following persons:

- Prof. Dr. Dr. Claudius Schikora (chairman), President of the University for Applied Management
- Mr Thorsten Behrens, Dipl.-Kaufmann [business administration graduate], managing director Stephens Inc.
- Mr Jürgen Gallmann, Dipl.-Betriebswirt [graduate business economist] (BA), lecturer at the Ludwig-Maximilian University in Munich as well as advisor, co-investor and mentor at UnternehmerTUM, Munich

Other financial obligations (K€)	of which with a remaining term of			
	Total	up to 1 year	1 to 5 years	over 5 years
Leasing obligations*	3,003.7	1,513.2	1,490.5	0
Rental obligations**	9,832.8	749.8	3,210.9	5,872.1
Total	12,836.5	2,263.0	4,701.5	5,872.1

* The sale-and-lease-back transactions concluded within the framework of the sales promotion model have original terms of 36 or 48 months with a remaining volume for the following financial years of K€ 2,657 (previous year: K€ 4,458) which are offset by slightly increased subleasing contracts.

** Rental obligations relate to the period until May 2033.

- Mr Andreas Prenner, Magister, CFO and Director HR & Organisation at the Federation of Austrian Industries, from 10 June 2021

The annual supervisory board remuneration for the chairman is K€ 30. The other supervisory board members receive annual remuneration of K€ 20 each. Members of the supervisory board who serve only part of a reporting period receive pro-rata remuneration.

7. Events after the balance sheet date

The Supervisory Board of Vectron Systems AG appointed Dr. Ralf-Peter Simon as a member of the company's executive board with effect from 15 September 2021. This appointment increases the number of members of the executive board by one person to account for the planned growth.

Münster, 27 August 2021

Vectron Systems AG
The executive board



Thomas Stümmeler
CEO



Jens Reckendorf
CTO



Silvia Ostermann
COO

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