

Leading Vision.



QUARTERLY FINANCIAL REPORT

for the period from
1 January to 31 March 2024

At a glance

Group key figures

(in KEUR)

	<u>01/01 – 31/03/2024</u>	<u>01/01 – 31/03/2023</u>
Revenue	27,491	40,394
Gross profit	10,969	15,811
Gross profit margin	39.9%	39.1%
EBITDA	4,091	7,355
EBIT	3,121	6,301
Consolidated net income	2,233	4,583
Operating cashflow after income taxes	9,396	5,509
Employees (average)	270	323

	<u>31/03/2024</u>	<u>31/12/2023</u>
Total assets	105,954	104,404
Equity	82,471	80,485
Equity ratio	77.8%	77.1%
Cash and cash equivalents	45,727	37,570

STEMMER IMAGING in figures



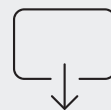
Order intake:
EUR 33.1 million



77.8 per cent equity ratio



270 employees



This report and the results of previous fiscal years in German as well as English translations are available for you to download at: www.stemmer-imaging.com



EUR 0.34
earnings per share



>5,000 customers



15 subsidiaries and
represented in
>20 countries

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Rounding may mean that individual figures in this report do not add up exactly to the given total and that percentages are not the exact result of the figures presented.

The quarterly financial report has not been audited. It was prepared on the basis of the accounting regulations used in the most recent consolidated financial statements. The quarterly report contains statements and information made by STEMMER IMAGING AG that pertain to future periods. These forward-looking statements are estimates made on the basis of all information available at the time the quarterly report was prepared. If the assumptions underlying the forecasts prove to be incorrect, actual developments and results may differ from what is currently expected. The company is under no obligation to update the statements contained in this report other than as required by the laws on publications.

Executive Board report

Dear Shareholders,

As expected, STEMMER IMAGING navigated through a challenging market environment in the first quarter of 2024. While order income of EUR 33.1 million increased compared to the third and fourth quarters of 2023, providing positive signals for the further course of development, revenue reduced by 31.9% to EUR 27.5 million compared to a strong first quarter of the previous year. New customers business in some end markets only partially mitigated this decline. The positive business development in Latin America could only marginally compensate for the decline in Europe.

Nevertheless, the gross margin was a strong 39.9% compared to 39.1% in the same period of the previous year. This development underlines the company's value proposition even in phases of weaker market demand. The efficiency measures implemented in the last financial year led to a reduction in operating expenses (OPEX) of EUR 1.6 million compared to the same period of the previous year (excluding the positive currency effect of a further EUR 0.3 million). STEMMER IMAGING was thus able to partially cushion the impact of the decline in revenue on earnings and reported an EBITDA of EUR 4.1 million (Q1 2023: EUR 7.4 million, – 44.4% year-on-year). The EBITDA margin was 14.9% (Q1 2023: 18.2%). EBIT amounted to EUR 3.1 million (Q1 2023: EUR 6.3 million). Earnings per share declined to EUR 0.34 (Q1 2023: EUR 0.71).

STEMMER IMAGING's operating cash flow again developed strongly at EUR 9.4 million (Q1 2023: EUR 5.5 million). The inventory value was reduced from EUR 12.7 million at the end of the 2023 fiscal year to EUR 11.4 million as of March 31, 2024. The working capital ratio compared to revenues amounted to 14%.

The acquisition of Phase 1 Technology in New York was successfully completed as planned at the beginning of May. The positive customer and supplier feedback received after the announcement of the acquisition confirms STEMMER IMAGING's strategic approach of expanding its activities in the area of value-added services in North America. Expanding the portfolio by image sensor technology in the North American market is considered a strategically significant growth potential.

We expect the market environment to remain challenging over the course of the financial year. Nevertheless, we project a continued positive trend in order intake. It is anticipated that deliveries will steadily improve no later than from the third quarter onwards. On this basis, we reaffirm the previously estimated revenue range of EUR 140 to EUR 157 million for the current fiscal year and confirm the EBITDA forecast of EUR 24 to 31 million.

Once again, we would like to express our gratitude to our employees. Their tireless commitment and dedication are crucial to the success of our company – especially in these challenging times.

Although the market environment is proving challenging, we are optimistic that we will achieve our targets for this year. We are continuing our efforts to further strengthen our position through the consistent implementation of our strategic measures. We would like to thank you, our shareholders, for your trust and support on our journey.



Arne Dehn
CEO



Uwe Kemm
COO

Consolidated interim management report

Net assets, financial position and results of operations

Net assets

The total assets of the STEMMER IMAGING Group amounted to EUR 105.95 million as at 31 March 2024, an increase compared to 31 December 2023 (EUR 104.40 million). On the assets side of the balance sheet, this increase is mainly attributable to the rise in current assets.

Non-current assets decreased to EUR 30.43 million as at 31 March 2024 (31 December 2023: EUR 31.06 million). The reduction was attributable to the ongoing depreciation of property, plant and equipment and the regular amortisation of intangible assets, including contract assets from leases in accordance with IFRS 16, which were offset only by minor new and replacement investments.

Inventories decreased to EUR 11.37 million in the first quarter of the 2024 fiscal year (31 December 2023: EUR 12.72 million).

Trade receivables decreased from EUR 20.83 million as at 31 December 2023 to EUR 16.42 million as at 31 March 2024.

Cash funds climbed by EUR 8.16 million to EUR 45.73 million as at 31 March 2024 (31 December 2023: EUR 37.57 million).

On the equity and liabilities side of the balance sheet, the increase in total assets is mainly reflected in the equity of the STEMMER IMAGING Group, which amounted to EUR 82.47 million as at 31 March 2024 (31 December 2023: EUR 80.48 million). The equity ratio stood at 77.8 per cent (31 December 2023: 77.1 per cent).

As at 31 March 2024, non-current liabilities fell to EUR 5.70 million compared to 31 December 2023 (EUR 5.98 million). A reduction in financial lease liabilities was a key factor in the decline.

Current liabilities remained almost constant with EUR 17.94 million as at 31 December 2023 and with EUR 17.78 million as at 31 March 2024. This development is based on the increase in current trade payables by EUR 0.88 million to EUR 9.17 million (31 December 2023: EUR 8.29 million) and the simultaneous decrease in current loans, other financial liabilities and other liabilities by a total of EUR 1.01 million.

Financial position

The objective of the Group's financial management is to manage material financial risks. Use is made of discounts wherever possible when settling supplier invoices. The company's solvency was assured at all times.

Net cash flow from operating activities increased by EUR 3.89 million to EUR 9.40 million in the first three months of the 2024 fiscal year and was therefore significantly higher than the previous year's figure (1 January to 31 March 2023: EUR 5.51 million). The primary positive influencing factor affecting the operational cash flow was the reduction in working capital.

Cash flow from investing activities amounted to EUR – 0.17 million (1 January to 31 March 2023: EUR – 0.34 million) and was impacted by investments in property, plant and equipment and intangible assets.

At EUR – 0.99 million (1 January to 31 March 2023: EUR – 1.02 million), cash flow from financing activities was significantly influenced by the repayments of the bank loan and liabilities from finance leases in the amount of EUR 0.96 million (1 January to 31 March 2023: EUR 0.99 million).

Results of operations

At EUR 33.1 million, STEMMER IMAGING's order intake in the first quarter of 2024 was down on the same quarter of the previous year (1 January to 31 March 2023: EUR 36.1 million). At 1.2, the book-to-bill ratio in the first quarter was above the previous year's level (1 January to 31 March 2023: 0.9).

Revenue of EUR 27.49 million was achieved in the reporting period, which represents a decrease of 31.9 per cent compared to the first three months of the 2023 fiscal year (1 January to 31 March 2023: EUR 40.39 million). Almost all STEMMER IMAGING companies were not able to match the levels recorded in the first three months of the 2023 fiscal year.

In view of the lower revenue volume, cost of materials amounted to EUR 16.52 million (1 January to 31 March 2023: EUR 24.58 million). At 39.9 per cent, the gross profit margin in the first quarter of 2024 was above the level seen in the same quarter of the previous year (39.1 per cent).

Personnel expenses amounted to EUR 6.00 million in the first three months of the 2024 fiscal year (1 January to 31 March 2023: EUR 6.52 million). At 21.8 per cent for the past three months of the fiscal year the personnel expense ratio has raised compared to the first quarter of the 2023 fiscal year (16.1 per cent), in particular due to the development of revenue. The average number of employees in the reporting period was 270 (1 January to 31 March 2023: 323).

Other operating expenses amounted to EUR 1.89 million in the first quarter of 2024 and were therefore significantly below the level of the same quarter of the previous year (1 January to 31 March 2023: EUR 2.84 million).

At EUR 4.09 million (EBITDA margin: 14.9 per cent), the operating result (EBITDA) in the first three months of the 2024 fiscal year was below the result of EUR 7.36 million generated in the previous year (EBITDA margin: 18.2 per cent). The main factor influencing the reduction in earnings is the decline in revenue, which could not be fully compensated for despite the strong gross margin trend and significant cost reductions in the area of personnel costs and other operating expenses. EBIT totalled EUR 3.12 million in the first three months of 2024, down on the figure of EUR 6.30 million reported in the same period of the previous year. This corresponds to a year-on-year decrease in the EBIT margin from 15.6 per cent to 11.4 per cent. The consolidated net income of the STEMMER IMAGING Group for the reporting period from January to March 2024 was EUR 2.23 million (1 January to 31 March 2023: EUR 4.58 million).

Report on expected developments

Like many other companies, STEMMER IMAGING could not avoid being impacted by the general economic slowdown.

Despite the still challenging market conditions, marked by temporary investment reluctance in significant end markets, the Executive Board expects a continued positive trend in order intake. It is anticipated that deliveries will steadily improve no later than from the third quarter onwards.

On this basis, the Executive Board reaffirms the previously projected revenue range of EUR 140 million to EUR 157 million for the current fiscal year and confirms the EBITDA forecast of EUR 24 million to EUR 31 million.

Consolidated statement of financial position as at 31 March 2024

Assets in KEUR	31/03/2024	31/12/2023
Non-current assets		
Property, plant and equipment	5,599	6,247
Goodwill	19,304	19,378
Other intangible assets	4,725	4,878
Other financial assets	209	209
Deferred tax assets	593	347
Total Non-current assets	30,430	31,059
Current assets		
Inventories	11,374	12,720
Trade receivables	16,415	20,830
Other financial assets	124	121
Income tax receivables	582	515
Other assets and prepaid expenses	1,302	1,589
Cash and cash equivalents	45,727	37,570
Total current assets	75,524	73,345
Total assets	105,954	104,404

Equity and liabilities in KEUR	31/03/2024	31/12/2023
Capital and reserves		
Subscribed capital	6,500	6,500
Capital reserves	47,495	47,495
Revenue reserves	28,476	26,490
Total equity	82,471	80,485
Non-current liabilities		
Provisions for pensions and similar obligations	71	71
Trade payables	121	121
Other financial liabilities	3,905	4,140
Other liabilities	551	543
Other provisions	285	275
Deferred tax liabilities	766	827
Total non-current liabilities	5,699	5,977
Current liabilities		
Current loans	1,000	1,500
Other provisions	94	91
Trade payables	9,165	8,290
Payments received on account of orders	222	218
Liabilities to affiliated companies	41	0
Other financial liabilities	1,765	2,151
Income tax liabilities	1,124	1,191
Other liabilities	4,373	4,501
Total current liabilities	17,784	17,942
Total liabilities	23,483	23,919
Total assets	105,954	104,404

Consolidated income statement

Development from 1 January to 31 March 2024
in KEUR

	01/01 – 31/03/2024	01/01 – 31/03/2023
Revenue	27,491	40,394
Cost of materials	- 16,522	- 24,583
Gross profit	10,969	15,811
Other operating income	1,002	899
Personnel expenses	- 5,995	- 6,518
Other operating expenses	- 1,885	- 2,837
EBITDA	4,091	7,355
Depreciation and impairment of property, plant and equipment	- 673	- 737
EBITA	3,418	6,618
Amortisation of intangible assets	- 297	- 317
Operating earnings (EBIT)	3,121	6,301
Finance income	5	2
Finance costs	- 37	- 27
Profit before income taxes	3,089	6,276
Taxes on income	- 856	- 1,693
Consolidated net income	2,233	4,583
Of which:		
Shareholders of the parent company	2,233	4,583
Number of shares (weighted average)	6,500,000	6,500,000
Earnings per share in EUR (diluted and basic)	0.34	0.71

Consolidated statement of comprehensive income

Development from 1 January to 31 March 2024
in KEUR

	01/01 – 31/03/2024	01/01 – 31/03/2023
Consolidated net income	2,233	4,583
Other comprehensive income		
Items that will be reclassified to profit or loss in future under certain conditions		
Exchange differences that arose during the reporting period	– 247	– 43
Other comprehensive income after income taxes	– 247	– 43
Total comprehensive income	1,986	4,540
Of which:		
Shareholders of the parent company	1,986	4,540

Consolidated statement of cash flows

Development from 1 January to 31 March 2024

in KEUR

	<u>01/01 – 31/03/2024</u>	<u>01/01 – 31/03/2023</u>
Cash flow from operating activities		
Consolidated net income	2,233	4,583
Income tax expense recognised in profit or loss	856	1,693
Finance costs/income recognised in profit or loss	32	25
Amortisation and depreciation of intangible assets, property, plant and equipment and investment securities	970	1,054
Increase (+)/decrease (-) in provisions	30	30
Other non-cash expenses/income	-109	-39
Increase (-)/ decrease (+) in inventories, trade receivables and other assets	5,966	-1,770
Increase (+)/ decrease (-) in liabilities and other liabilities	705	665
Interest received	5	2
Cash flow from operating activities	10,688	6,243
Income taxes paid	-1,292	-734
Net cash flow from operating activities	9,396	5,509
Cash flow from investing activities		
Payments for intangible assets	-144	-167
Proceeds from disposals of property, plant and equipment	0	2
Payments for investments in property, plant and equipment	-23	-175
Net cash flow used in investing activities	-167	-340

Development from 1 January to 31 March 2024
in KEUR

	01/01 – 31/03/2024	01/01 – 31/03/2023
Cash flow from financing activities		
Repayment of loans	- 962	- 989
Proceeds from grants received	5	1
Interest paid	- 37	- 27
Net cash flow used in financing activities	- 994	- 1,015
Net increase in cash and cash equivalents	8,235	4,154
Cash and cash equivalents at the beginning of the reporting period	37,570	41,574
Changes in cash due to exchange rate movements and remeasurement	- 78	- 33
Cash and cash equivalents at the end of the reporting period	45,727	45,695
Of which cash in hand and bank balances	45,727	45,695

Consolidated statement of changes in equity

From 1 January to 31 March 2023

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As at 1 January 2023	6,500	47,495	30	- 210	30,264	30,084	84,079
Consolidated net income	0	0	0	0	4,583	4,583	4,583
Other comprehensive income	0	0	0	- 43	0	- 43	- 43
As at 31 March 2023	6,500	47,495	30	- 253	34,847	34,624	88,619

From 1 January to 31 March 2024

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As at 1 January 2024	6,500	47,495	28	- 32	26,494	26,490	80,485
Consolidated net income	0	0	0	0	2,233	2,233	2,233
Other comprehensive income	0	0	0	- 247	0	- 247	- 247
As at 31 March 2024	6,500	47,495	28	- 279	28,727	28,476	82,471

Financial calendar¹

<p>Tuesday</p> <p>14/05</p> <p>2024</p> <p>Annual General Meeting</p>	<p>Wednesday – Friday</p> <p>15/ – 17/05</p> <p>2024</p> <p>HAIB Stockpicker Summit, Kitzbühel</p>	<p>Tuesday</p> <p>13/08</p> <p>2024</p> <p>Publication of Q2/6M 2024 interim report</p>
<p>Monday</p> <p>23/09</p> <p>2024</p> <p>Berenberg and Goldman Sachs 12th German Corporate Conference, Munich</p>	<p>Thursday</p> <p>07/11</p> <p>2024</p> <p>Publication of Q3/9M 2024 interim report</p>	<p>Monday – Wednesday</p> <p>25/ – 27/11</p> <p>2024</p> <p>Eigenkapitalforum (German Equity Forum), Frankfurt am Main</p>

¹ Dates may change at short notice.

Publication details

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The German version is legally binding.

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