

HALF-YEAR FINANCIAL REPORT **2018/2019**



*Interim Group management report and
condensed consolidated half-year financial statements
for the period from 01 July to 31 December 2018*

STEMMER IMAGING AT A GLANCE

CONSOLIDATED KEY FIGURES (IN KEUR)	01/07/2018 – 31/12/2018	01/07/2017 – 31/12/2017
REVENUE	50,728	47,383
GROSS PROFIT	17,115	17,391
GROSS MARGIN	33.7%	36.7%
EBITDA (NORM.)	3,992	4,443
EBIT (NORM.)	3,298	3,760
CONSOLIDATED PROFIT OR LOSS (NORM.)	2,938	2,604
	31/12/2018	30/06/2018
TOTAL ASSETS	85,065	85,072
EQUITY	69,054	70,475
EQUITY RATIO	81.2%	82.8%
CASH FUNDS	14	47
OPERATING CASH FLOW AFTER INCOME TAXES	3,830	3,925
EMPLOYEES (AVERAGE)	290	255



EUR 56.4 m

Incoming orders



11

Subsidiaries

EUR 0.27

Earnings
per share



EUR 243.4 m

Market capitalisation at the end of the year

EUR 0.45

Earnings per
share adjusted

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Arne Dehn (CEO),
Martin Kersting (CTO),
Lars Böhmsen (CFO),
(FLTR)

LETTER TO THE SHAREHOLDERS

Dear shareholders,

Your STEMMER IMAGING AG grew solidly in the first half of the 2018/2019 financial year, successfully laying important strategic foundations for the future. We would like to tell you more about the developments in the reporting period.

On the basis of the International Financial Reporting Standards (IFRS) applied for the first time, STEMMER IMAGING AG generated revenue of EUR 50.73 million in the first half of the 2018/2019 financial year. This is growth of 7.1 per cent on the previous year's figure of EUR 47.38 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) adjusted for costs for the transition to International Financial Reporting Standards (IFRS) and for non-recurring costs, especially for the acquisition of ELVITEC S.A.S., amounted to EUR 4.0 million in the first half of 2018/2019 compared with EUR 4.4 million in the same period of the previous year. Adjusted earnings before interest and taxes (EBIT) amounted to EUR 3.3 million in the reporting period compared with EUR 3.8 million in the first half of 2017/2018. With regard to the development of earnings, it should be noted that integration costs for the French subsidiary ELVITEC S.A.S. temporarily reduced the margin. Nevertheless, the integration process is at an advanced stage, most of the integration costs have been processed and we are convinced that synergy effects such as purchasing advantages and the elimination of duplicate structures will have a positive effect in the second half of 2018/2019

when the integration is complete. As ELVITEC has only been consolidated since October 2018, the subsidiary has not yet contributed to the Group's development over the entire reporting period.

STEMMER IMAGING products and services are in greater demand than ever. In the reporting period, the order volume grew by 6.6 per cent to EUR 56.4 million compared with EUR 52.9 million in the first half of 2017/2018, with the development of incoming orders contrasting starkly with the industry as a whole. After a record-breaking 2017 for machine vision with total revenue of EUR 2.6 billion, revenue stagnated in 2018. According to the German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau – VDMA), the declining momentum is due to cyclical effects. The association reports that the automotive and electronics industries in particular invested massively in the automation of their production facilities in 2017. In addition, companies' willingness to invest was reduced as a result of economic and geopolitical issues. It is noteworthy here that orders at STEMMER IMAGING increased, especially in December 2018, when we posted an order volume of EUR 13.32 million, nearly EUR 5.0 million more than in the previous month of November. At the same time, this was the highest order intake figure in the first half of 2018/2019. This positive trend, which has continued at the start of 2019, encourages us in our view that the industry as a whole will grow solidly in 2019 and that we will benefit in a sustainable manner.

But it is not just incoming orders that make us optimistic about the future. The strategic foundations that we laid in the reporting period are equally crucial. For example, STEMMER IMAGING continued to grow inorganically. Besides the above-mentioned acquisition of ELVITEC, we took a share in the Austrian software provider Perception Park in October 2018. The transaction was closed as of 1 February 2019. This investment meant a change to the acquisition strategy. For the first time, we acquired not a pure distributor but a software provider, which concentrates on a pioneering technology: hyperspectral imaging (HSI). As opposed to conventional machine vision systems, hyperspectral systems offer a whole spectrum for each pixel instead of one monochrome or colour value. Hyperspectral imaging can therefore be used to derive highly precise colour coordinates, chemical properties, or layer thickness information from the data acquired. The technology has many areas of application, for example in mining, the food industry, recycling and the healthcare sector. In this way, we are not only making inroads into an exciting market but also have the opportunity to broaden our range of products and services. This increases STEMMER IMAGING's independence from individual user industries.

During the reporting period, we also successfully expanded our growth beyond the borders of the European continent. To this end, in August we agreed a partnership with Nanjing Inovance Industrial Vision Technology in China, which will be equally rewarding for both sides. Together with our new, strong partner and its profound market expertise, we will enter one of the most interesting markets for machine vision providers. There is high demand in the Chinese market for automation solutions in general and machine vision systems in particular. At the same time, the automation know-how of local providers, especially in the machine vision sector, remains low.

There was a change of personnel on the Management Board after the end of the reporting period. The previous Chairman, Mr Christof Zollitsch, asked the Supervisory Board to terminate his contract prematurely. At the end of November 2018, the Supervisory Board announced that it was appointing Mr Arne Dehn to the Management Board with effect from 1 January 2019. After a two-month transition period, Mr Dehn became

Chairman of the Management Board from 1 March 2019. Mr Zollitsch will remain available to STEMMER IMAGING in an advisory capacity.

Acquisitions will continue to play an important role in our expansion strategy. Companies from the software and technology sectors can be a profitable addition to the existing STEMMER IMAGING portfolio. The current stock market correction has resulted in attractive valuations here, which have also spread to non-listed companies. Therefore, we will continue to monitor the market closely and carefully examine any opportunities arising. We aim to continue diversifying STEMMER IMAGING. This means broadening the range of products and services as well as potential new user industries. This increases our company's independence and will thus ensure even more stable growth. We continue to have sufficient funds to realise our acquisition plans. As of the end of the first half of 2018/2019, cash and cash equivalents amounted to EUR 13.73 million compared with EUR 46.73 million in the previous year (30/06/2018). This is primarily attributable to a short-term loan to an affiliated company (EUR 20.34 million). In addition, EUR 13.38 million was invested in short-term securities as of 31 December 2018, which were sold again at the start of January 2019, increasing cash and cash equivalents.

Demand for automation solutions and machine vision applications remains high. Many companies, be it in the food, automotive, healthcare, entertainment or leisure industries, are seeking a higher degree of automation. We are convinced that we can continue to benefit from the market growth on the basis of our know-how, our broad-based positioning and our clearly defined expansion strategy.

For the current 2018/2019 financial year, the Management Board therefore expects a revenue volume of EUR 108 million to EUR 114 million and adjusted EBITDA of EUR 10.0 million to EUR 12.2 million.

We the Management Board would like to take this opportunity to thank our employees for their passion and commitment. Success is always the result of teamwork. We would like to thank you, dear shareholders, for the trust you have placed in us.

Puchheim, 27 March 2019



ARNE DEHN
CHIEF EXECUTIVE OFFICER



MARTIN KERSTING
CHIEF TECHNICAL OFFICER



LARS BÖHRNSEN
CHIEF FINANCIAL OFFICER



STEMMER IMAGING AT THE CAPITAL MARKET

Capital market environment

The sobering performance of the global stock markets in the second half of the year 2018 was driven primarily by politics. For instance, exacerbating statements made by the US government regarding global trade and the ongoing tightening of US monetary policy in a total of four steps had a negative effect. Hardened positions in the budget dispute between Italy and the EU as well as the unresolved exit of the UK from the European Union were also destabilising.¹

The German Stock Index (DAX) opened the second half of the trading year on 2 July 2018 with 12,238.17 points. As the year progressed, the sentiment barometer of the German economy gradually successively moved downwards. Automotive suppliers were under particularly high pressure in the DAX as well as the mid and small-cap indices MDAX and SDAX. While the German Stock Index closed trading in the reporting period at 10,558.96 points on 28 December 2018, its loss of 18.3 per cent

compared with the closing level of 2017 was the largest recorded since the financial crisis of 2008. In the second half of 2018, this negative figure was 14.2 per cent.² The Scale All Share Index, which also includes the STEMMER IMAGING AG share, dropped around 19 per cent in the second half of 2018.

After a successful IPO, the STEMMER IMAGING share again avoided the generally weak capital market environment in the second half to close up 10.1 per cent compared with the issue price of EUR 34.00. On 2 July 2018, STEMMER IMAGING AG opened trading at EUR 41.75. The share marked its six-month high on 31 August 2018 at EUR 52.10 and its low of the second half of EUR 34.04 on 27 December 2018. At a closing price of EUR 37.44, the market capitalisation of STEMMER IMAGING AG was EUR 243.4 million as of 28 December 2018 based on the 6,500,000 outstanding shares. At the IPO on 27 February 2018, the market capitalisation with the same number of shares and the initial price of EUR 36.00 amounted to EUR 234.0 million (all information based on Xetra prices).

SHARE INFORMATION

EXCHANGE MARKET	XETRA, FRANKFURT, BERLIN, DÜSSELDORF, HAMBURG, MUNICH, STUTTGART, TRADEGATE
SYMBOL	S9I
TOTAL NUMBER OF SHARES	6,500,000
SHARE CAPITAL	6,500,000 EURO
ISIN	DE000A2G9MZ9
WKN	A2G9MZ
MARKET SEGMENT	OPEN MARKET
TRANSPARENCY LEVEL	SCALE
DESIGNATED SPONSOR	HAUCK & AUFHÄUSER PRIVATBANKIERS AG

¹ M.M. Warburg (2018): Capital market perspectives January 2019

² <https://www.sueddeutsche.de/wirtschaft/boersen-bilanz-dax-verliert-prozent-1.4268344>

Share: price performance and trading volume

In the entire reporting period of the first half of the 2018/2019 financial year from July to December 2018, the average daily trading volume was 3,618 shares. Since the IPO on 27 February 2018, the third quarter of 2017/2018, the average daily trading volume of the STEMMER IMAGING share on all German stock exchanges amounted to 25,153 shares and 6,155 shares in the fourth quarter of 2017/2018.

STEMMER IMAGING AG's share is included in the German Stock Exchange's Scale 30 index, which reflects the 30 most liquid companies listed in the Scale segment.

PRICE PERFORMANCE		
OPENING PRICE	02/07/2018	EUR 41.75
LOW	27/12/2018	EUR 34.04
HIGH	31/08/2018	EUR 52.10
CLOSING PRICE	28/12/2018	EUR 37.44
MARKET CAPITALISATION		EUR 243.4 million

Dividend distribution and Annual General Meeting

STEMMER IMAGING AG pursues the goal of a shareholder-friendly dividend policy based on continuity without neglecting securing and expanding its market position or implementing its strategic goals in the process.

On 7 December 2018, the Management Board of STEMMER IMAGING AG informed the shareholders at the Annual General Meeting in Munich about the course of fiscal year 2017/2018 and responded to their questions. When the vote was taken, 86.14 per cent of the share capital was represented. The shareholders expressed their satisfaction with the company's development and approved the actions of the Management Board and Supervisory Board. The management's recommendations for all agenda items were adopted by a large majority. In particular, this included the resolution of a dividend distribution for the first time in the amount of EUR 0.50 per share. The distribution volume totalled EUR 3.25 million. The dividend of EUR 0.50 per share resolved by the Annual General Meeting in December 2018 corresponded to a dividend return of 1.5 per cent based on an issue price of EUR 34.00.

The voting results of the Annual General Meeting may be viewed at www.stemmer-imaging.de under Investors/Annual General Meeting.

Development STEMMER IMAGING share



Shareholder structure

The company has a balance between free float and the majority holding of a strategic anchor investor. As of 31 December 2018, 46.0 per cent of the shares were in free float. The largest shareholder of STEMMER IMAGING AG is SI HOLDING GmbH, a majority holding of the PRIMEPULSE Group, with 54.0 per cent of the voting rights.

Analyst research

In the reporting period, the STEMMER IMAGING AG share was analysed and evaluated by two renowned research specialists, Hauck & Aufhäuser Privatbankiers and Warburg Research. The analysts centred their evaluations on the acquisition and growth strategy. In a study published on 15 February 2019, analyst Henning Breiter from Hauck & Aufhäuser confirmed his Buy recommendation for the STEMMER IMAGING share providing the investment case remains intact and amended the price target from EUR 54.00 previously to EUR 52.00 due to cyclical market weakness. Research coverage was started Warburg Research with a Buy recommendation and a price target of EUR 50.00. In his initial study from 26 November 2018, Warburg analyst Robert-Jan van der Horst emphasised the undervaluation of the STEMMER IMAGING share in an industry comparison and renewed his recommendation on 15 February 2019 with an adjustment of the price target to EUR 47.00 due to temporary integration costs. Detailed information is available to interested investors at www.stemmer-imaging.de under Investor Relations/Share.

Investor relations activities

This half-yearly report of STEMMER IMAGING AG prepared in accordance with IFRS (International Financial Reporting Standards) for the first time reflects the orientation of the reporting system on the increasing internationalisation of the Group and serves in particular to create a higher degree of transparency and better comparability vis-à-vis international capital market players.

At the time of the preparation of this report, the STEMMER IMAGING AG share is listed in the qualified Scale segment of the Frankfurt Stock Exchange's Open Market. Continuous and transparent communication with the capital market is particularly important for the presentation of the company's performance here. The company immediately informs its shareholders and capital market participants of any important business events or incidents of significance for price performance via ad hoc notification or Corporate News.

The Management Board of STEMMER IMAGING AG made presentations about the company and its performance in the reporting period at numerous roadshows and conferences at international financial centres, which included the Berenberg Pan-European Discovery Conference USA held in New York City in October, the German Equity Forum in Frankfurt am Main, Germany, in November and the CF&B – MidCap Event in Geneva, Switzerland, in December 2018.

In addition, the Management Board of STEMMER IMAGING AG maintains close contact with investors, analysts and the financial and business press. The Investor Relations section of the STEMMER IMAGING AG website at www.stemmer-imaging.de offers a comprehensive insight into the business performance.

Hauck & Aufhäuser Privatbankiers AG acted as designated sponsor in the past half of the financial year, continuously supporting the appropriate tradability of the STEMMER IMAGING share through binding bid and ask prices.



INTERIM GROUP MANAGEMENT REPORT

Economic report

General economic development

In terms of global gross domestic product (GDP), the economic expansion slowed in 2018, especially towards the end of the year. The International Monetary Fund (IMF) expects a growth rate of 3.7 per cent for the year as a whole. The slowdown was due to country-specific developments in significant national economies. The IMF cites natural disasters in Japan, new emissions standards for passenger cars and lorries in Germany and the escalation of the trade dispute between the USA and China. For these reasons, the IMF revised its forecasts for 2019 and 2020 slightly compared to its outlook in October, lowering them by 0.2 percentage points and 0.1 percentage points to 3.5 per cent and 3.6 per cent, respectively.¹

In the USA, the expansionary tax policy accelerated growth more sharply than expected. In 2018, the US economy grew by 2.9 per cent (2017: 2.2 per cent). Rising employment figures and income tax cuts boosted private consumption; the reform of corporate taxes stimulated investments. China's economy grew by 6.6 per cent, 0.3 percentage points slower than in 2017. The rate of expansion was curbed by the trade dispute with the USA. Major emerging economies boasted robust growth momentum, but posted declining export rates at the same time. For countries such as India, Brazil, Russia and Mexico, the IMF expects slightly higher growth rates for 2019.^{2,3}

The eurozone economy grew more slowly in 2018. The statistical office of the European Union (Eurostat) reported a growth rate of 1.8 per cent for the eurozone in 2018.⁴ In 2017, economic growth reached its highest level in ten years at 2.4 per cent. The European Commission believes that the decline this year is due to an environment that is generally dominated by uncertainty.

According to initial calculations by the German Federal Statistical Office (Destatis), German gross domestic product amounted to 1.5 per cent in

2018. The German economy therefore grew for the ninth time in a row. Overall, however, the growth lost momentum. Gross domestic product grew by 2.2 per cent in both 2016 and 2017. On the one hand, domestic consumption and government consumer spending provided positive growth stimuli in the past year; on the other hand, they were 1.0 per cent and 1.1 per cent lower, respectively, than in the previous three years. Exports were up 2.4 per cent on 2017. However, imports grew by a stronger 3.4 per cent in the same period. Net exports were therefore a minor brake on German GDP growth.⁵

Sector development

A key sales market for the STEMMER IMAGING Group is the automation sector. After a record-breaking 2017 with record revenue of EUR 2.6 billion, growth momentum slowed in 2018.

The German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau – VDMA) thinks that the machine vision industry as a whole will be able to do no more than maintain the record level. This development is based primarily on cyclical effects. In 2017, the automotive and electronics industries in particular made larger investments in their production facilities. Economic and political issues such as the trade dispute between the USA and China, the off-track Brexit negotiations and Italy's budget dispute with the European Union reduced companies' willingness to invest in 2018.⁶

In essence, machine vision is a key technology in times of increasing digitalisation and the rationalisation of industrial production processes in the industry 4.0 and smart factory environment. There are myriad possible applications. The range of potential user industries ranges from the automotive and electronics industries and the food and healthcare sectors to telematics applications and entertainment. At Vision, the world's leading trade fair for machine vision in Stuttgart, deep learning solutions and hyperspectral imaging emerged as megatrends. The record number of visitors at Vision 2018 underscores the vitality of the industry and the interest in its solutions.⁷

¹ <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

² <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

³ M.M. Warburg & Co: *Capital market perspectives (January 2019)*

⁴ <https://ec.europa.eu/eurostat/documents/2995521/9539642/2-31012019-AP-DE.pdf>

⁵ https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2019/01/PD19_018_811.html

⁶ <https://ibvvdma.org/viewer/-/v2article/render/27036181>

⁷ <https://ibvvdma.org/viewer/-/v2article/render/27051968>

Results of operations, net assets and financial position

Results of operations

STEMMER IMAGING increased its consolidated revenue by 71 per cent to EUR 50.73 million in the first half of 2018/2019 (previous year: EUR 47.38 million). The successful acquisition of ELVITEC S.A.S. also had a positive effect, contributing EUR 1.80 million to revenue. The Swedish subsidiary STEMMER IMAGING AB and the Swiss subsidiary in particular made a significant revenue contribution.

In light of the higher business volume, the cost of materials increased from EUR 29.99 million to EUR 33.65 million. Accordingly, the materials ratio likewise increased to 66.3 per cent (previous year: 63.3 per cent). The increase is chiefly attributable to the integration costs resulting from the acquisitions.

STEMMER IMAGING's personnel expenses declined from EUR 9.02 million in the previous year to EUR 8.87 million as a result of low variable salary payments. The personnel expenses ratio fell significantly to 17.5 per cent (previous year: 19.0 per cent).

The increased other operating expenses of EUR 5.99 million (previous year: EUR 4.27 million) partly reflect the costs for the transition to International Financial Reporting Standards and the costs arising from the growth strategy. Non-recurring costs totalling EUR 1.18 million were incurred in this context, which are attributable to M&A transactions (EUR 0.82 million) and the segment switch/IFRS transition (EUR 0.36 million). In particular, the transaction costs include the costs for the acquisition of ELVITEC S.A.S.

Adjusted operating earnings (EBITDA) came to EUR 3.99 million in the first half of 2018/2019, down on the previous year's figure of EUR 4.44 million. STEMMER IMAGING AG's accelerated growth strategy is temporarily narrowing the earnings margin, but will enable the competitive position to be further enhanced.

Depreciation and amortisation amounted to EUR 0.69 million (previous year: EUR 0.68 million).

Adjusted consolidated operating earnings (EBIT) fell to EUR 3.30 million (previous year: EUR 3.76 million). The EBIT margin therefore decreased from 7.9 per cent in the previous year to 6.5 per cent.

The financial result of EUR 410 thousand (previous year: EUR -3 thousand) improved considerably year on year.

Including income tax expenses of EUR 0.77 million (previous year: EUR 1.15 million), the first half of 2018/2019 ended with consolidated net income of EUR 1.76 million (previous year: EUR 2.60 million).

Net assets and financial position

As of 31 December 2018, the total assets in the STEMMER IMAGING Group of EUR 85.07 million were on a par with the total assets as of 30 June 2018. The acquisition and initial consolidation of ELVITEC S.A.S. resulted in transfers between current and non-current assets.

Given the growth trajectory, non-current assets increased to EUR 12.28 million (30 June 2018: EUR 9.05 million). The increase resulted primarily from the goodwill arising from the acquisition of ELVITEC S.A.S. (EUR 2.11 million) and the customer base of ELVITEC S.A.S. recognised under other intangible assets (EUR 0.70 million). STEMMER IMAGING Ges.m.b.H. was also included in consolidation for the first time, giving rise to goodwill of EUR 0.04 million.

Currents assets decreased to EUR 72.79 million (30 June 2018: EUR 76.02 million). In light of the increased revenue volume, inventories in particular increased to EUR 11.56 million (30 June 2018: EUR 8.55 million).

Trade receivables totalled EUR 12.70 million (30 June 2018: EUR 14.18 million). Cash and cash equivalents fell to EUR 13.73 million (30 June 2018: EUR 46.73 million). This is primarily attributable to a short-term loan to an affiliated company (EUR 20.34 million). In addition, EUR 13.38 million were invested in short-term securities as of 31 December 2018, which were sold again at the start of January 2019, increasing cash and cash equivalents.

The STEMMER IMAGING Group's equity amounted to EUR 69.05 million as of 31 December 2018 (30 June 2018: EUR 70.48 million). This particularly reflects the distribution to shareholders of EUR 3.25 million in December 2018.

Non-current liabilities increased slightly from EUR 0.66 million to EUR 0.95 million. They primarily relate to the deferred tax liabilities of EUR 0.64 million (30 June 2018: EUR 0.24 million) that have to be recognised in accordance with IFRS.

Current liabilities amounted to EUR 15.06 million (30 June 2018: EUR 13.94 million).

STEMMER IMAGING is financially well equipped for the ongoing growth strategy. Due to the result in the first half of 2018/2019, there was cash inflow from operating activities of EUR 3.83 million (31 December 2017: EUR 3.93 million). This also includes cash outflows of EUR 0.30 million in connection with the IFRS transition/segment switch.

In the reporting period, there was cash flow from investing activities of EUR -33.56 million (31 December 2017: EUR -0.57 million). This is primarily attributable to the investment in the form of current receivables (EUR -20.26 million) and securities (EUR -8.31 million).

In the first half of 2018/2019, cash outflow from financing activities at STEMMER IMAGING totalled EUR -3.28 million (31 December 2017: EUR -0.01 million). This cash outflow was caused in particular by the payment of dividends to shareholders.

Risks and opportunities

As a global company with an European focus, STEMMER IMAGING AG sees numerous opportunities and risks for its business. In line with its value-based corporate governance, the Group therefore conducts appropriate risk management as an integral element of its management system.

STEMMER IMAGING AG has an appropriate risk management system. With regard to accounting in the Group, it is aimed at identifying, evaluating and communicating risks of incorrect bookkeeping, accounting and reporting. In addition, the STEMMER IMAGING Group has a set of financial planning tools for monitoring and managing the current and future liquidity situation.

The STEMMER IMAGING Group is one of the largest technology suppliers for the machine vision industry. This is associated with a high profile on the market and strong customer confidence in the products and services offered. In addition, the company has a very strong capital base and intends to continue expanding into new European markets. Growth will also be targeted purposefully in Asia. The integration of the companies acquired in previous years is currently being advanced and, in the Management Board's view, is proceeding as planned and without major risks. The domestic market also continues to offer opportunities, which are being invested in. Most notable here are the expansion of the product and service range and the investment in sectors and markets that have not previously been served.

Potential risks result from the economic and political environment. Notable examples are the escalation of the trade conflict between the USA and China, the UK's no-deal exit from the EU and/or a sharper downturn in the Chinese economy.¹

Other risks essentially include the dependence on management staff and the recruitment of qualified young talent. Besides the large number of apprenticeship places, these risks are sufficiently countered with hierarchical structures in line with the size of the company and its increased attractiveness as market leader with potential for internationalisation.

The company and the Group's relationships as a supplier and service provider can result in warranty or other claims. Sufficient provisions were recognised for potential claims as of the end of the reporting period. Due to the good and intensive customer and supplier relationships, the potential risks are generally at a very low level.

In summary, the Management Board finds that the company is well equipped to deal with future risks given its financial stability and service range. There are currently no identifiable risks that could jeopardise the company as a going concern. Thanks in particular to the cash generated by the IPO, there are numerous opportunities to accelerate growth through acquisitions.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>



Report on expected developments

Future economic and industry development

The International Monetary Fund (IMF) expects global economic growth to slow in 2019 and 2020. In January 2019, the IMF revised its growth forecasts slightly downward by 0.2 percentage points and 0.1 percentage points to 3.5 per cent and 3.6 per cent, respectively. For Germany, the IMF expects economic growth of 1.3 per cent in 2019 and 1.6 per cent in 2020.¹

The German Mechanical Engineering Industry Association (Verband Deutscher Maschinen- und Anlagenbau – VDMA) expects production in the German mechanical engineering industry to increase by 2.0 per cent in 2019. The VDMA estimates that the production growth of 5.0 per cent in 2018 will fall to 2.0 per cent in 2019 as a result of economic and political issues, which according to the association include the uncertainties regarding the Brexit negotiations and the trade dispute between the USA and China.²

The robotics and automation sector, which is closely related to machine vision, is moderately optimistic about 2019. After a record-breaking 2018 with sector revenue of EUR 15 billion and growth of 4.0 per cent, the VDMA expects growth of between 2.0 per cent and 5.0 per cent in 2019.³

Future development of the STEMMER IMAGING Group – forecast for the 2018/2019 financial year

STEMMER IMAGING is seeing strong business development this year. The Group's incoming orders rose by 6.6 per cent to EUR 56.4 million in the first half of the year (31 December 2017: EUR 52.9 million).

In view of the high order basis, STEMMER IMAGING is optimistic for its further business performance. Accordingly, consolidated revenue is expected to rise to between EUR 108 million and EUR 114 million in the 2018/2019 financial year after the Group generated revenue of EUR 100.6 million in the previous year. After adjusted EBITDA of EUR 10.47 million was generated in the previous year, adjusted EBITDA of EUR 10.0 million to EUR 12.2 million is expected for the 2018/2019 financial year.

Financially, the Group is in a good position with an improved operating cash flow and a stable equity ratio.

In the short term, predominantly inorganic growth potential is expected to be realised in order to strengthen the competitive position in the European market. Growth will also be targeted purposefully in Asia. In addition the proceeds from the IPO are to be used to develop innovative products, solutions and services in the field of machine vision. The focus here is firstly on enhancing the Group's own imaging software "Common Vision Blox" and concluding cooperations and acquisitions in this area. Secondly, new developments are aimed at the increasing use of embedded vision solutions and the connection of machine vision systems to IT systems and processes.

Overall, STEMMER IMAGING is in a good position and in the Management Board's view will be able to continue building on its international market position, thanks in particular to the cash provided by the IPO. The successful integration of the latest acquisitions validates the current strategy and is a good basis for the Group's future growth.

¹ <https://www.imf.org/en/Publications/WEO/Issues/2019/01/11/weo-update-january-2019>

² <https://www.vdma.org/v2viewer/-/v2article/render/26812512>

³ <https://www.vdma.org/v2viewer/-/v2article/render/29252544>



CONSOLIDATED BALANCE SHEET

for the half-year as of 31 December 2018

ASSETS	31/12/2018	30/06/2018
	KEUR	KEUR
NON-CURRENT ASSETS	12,275	9,051
PROPERTY, PLANT AND EQUIPMENT	2,886	2,822
GOODWILL	7,354	5,202
OTHER INTANGIBLE ASSETS	1,823	843
OTHER INVESTMENT SECURITIES	17	0
EMPLOYEE BENEFITS	8	29
DEFERRED TAX ASSETS	187	95
OTHER ASSETS	0	60
CURRENT ASSETS	72,790	76,021
INVENTORIES	11,558	8,554
TRADE RECEIVABLES	12,701	14,178
OTHER FINANCIAL ASSETS	33,926	5,505
INCOME TAX RECEIVABLES	272	547
OTHER ASSETS AND PREPAID EXPENSES	599	507
CASH AND CASH EQUIVALENTS	13,734	46,730
	85,065	85,072
EQUITY AND LIABILITIES	31/12/2018	30/06/2018
	KEUR	KEUR
EQUITY	69,054	70,475
SUBSCRIBED CAPITAL	6,500	6,500
CAPITAL RESERVES	47,495	47,495
REVENUE RESERVES	15,059	16,480
NON-CURRENT LIABILITIES	952	660
OTHER LIABILITIES	216	327
OTHER PROVISIONS	92	92
DEFERRED TAX LIABILITIES	644	241
CURRENT LIABILITIES	15,059	13,937
SHORT-TERM LOANS	111	0
OTHER PROVISIONS	465	144
TRADE PAYABLES	10,441	6,588
PAYMENTS RECEIVED ON ACCOUNT OF ORDERS	48	117
OTHER FINANCIAL LIABILITIES	316	0
INCOME TAX LIABILITIES	335	391
OTHER LIABILITIES AND DEFERRED INCOME	3,343	6,697
	85,065	85,072

CONSOLIDATED INCOME STATEMENT

for the half-year from 1 July 2018 to 31 December 2018

	01/07/ - 31/12/2018	01/07/ - 31/12/2017
	KEUR	KEUR
REVENUE	50,728	47,383
OTHER WORK CAPITALISED	38	0
TOTAL OPERATING PERFORMANCE	50,766	47,383
COST OF MATERIALS	-33,651	-29,992
GROSS PROFIT	17,115	17,391
OTHER OPERATING INCOME	560	345
STAFF COSTS	-8,867	-9,022
OTHER OPERATING EXPENSES	-5,993	-4,271
EBITDA	2,815	4,443
DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	-480	-443
EBITA	2,335	4,000
AMORTISATION OF INTANGIBLE ASSETS	-214	-240
EBIT	2,121	3,760
FINANCE INCOME	419	6
FINANCE COSTS	-9	-9
NET FINANCE COSTS	410	-3
PROFIT BEFORE INCOME TAXES	2,531	3,757
TAXES ON INCOME	-770	-1,153
CONSOLIDATED PROFIT OR LOSS	1,761	2,604

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year from 1 July 2018 to 31 December 2018

	01/07/ - 31/12/2018	01/07/ - 31/12/2017
	KEUR	KEUR
CONSOLIDATED PROFIT OR LOSS	1,761	2,604
OTHER COMPREHENSIVE INCOME		
ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE UNDER CERTAIN CONDITIONS		
EXCHANGE DIFFERENCES FROM THE TRANSLATION OF FOREIGN OPERATIONS:		
EXCHANGE DIFFERENCES THAT AROSE DURING THE FINANCIAL YEAR	2	41
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS IN THE FUTURE	-70	-1
CHANGE IN ACTUARIAL GAINS/LOSSES FROM PENSIONS	-101	3
DEFERRED TAXES FROM CHANGE IN ACTUARIAL GAINS/LOSSES FROM PENSIONS	31	-4
OTHER COMPREHENSIVE INCOME AFTER INCOME TAXES	-68	40
TOTAL COMPREHENSIVE INCOME	1,693	2,644



CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year from 1 July 2018 to 31 December 2018

	01/07/ – 31/12/2018	01/07/ – 31/12/2017
	KEUR	KEUR
CASH FLOW FROM OPERATING ACTIVITIES		
CONSOLIDATED PROFIT OR LOSS	1,761	2,604
INCOME TAX EXPENSE RECOGNISED IN PROFIT OR LOSS	770	1,153
FINANCING EXPENSES/INCOME RECOGNISED IN PROFIT OR LOSS	-409	3
AMORTISATION AND DEPRECIATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT SECURITIES	693	684
(DECREASE)/INCREASE IN PROVISIONS	321	432
OTHER NON-CASH EXPENSES/INCOME	316	-13
(INCREASE)/DECREASE IN INVENTORIES, TRADE RECEIVABLES AND OTHER ASSETS	-260	-1,375
INCREASE/(DECREASE) IN LIABILITIES AND OTHER LIABILITIES	1,348	1,217
INTEREST RECEIVED	6	6
CASH FLOW FROM OPERATING ACTIVITIES	4,546	4,711
INCOME TAXES PAID	-716	-786
NET CASH FLOW FROM OPERATING ACTIVITIES	3,830	3,925
CASH FLOW FROM INVESTING ACTIVITIES		
PROCEEDS FROM THE DISPOSAL OF FIXED ASSETS	11	24
PAYMENTS FOR INTANGIBLE ASSETS	-381	-55
PAYMENTS FOR PROPERTY, PLANT AND EQUIPMENT	-550	-536
PAYMENTS FROM DISPOSALS OF INVESTMENT SECURITIES	1	0
PAYMENTS FOR FINANCIAL INVESTMENTS AS PART OF SHORT-TERM TREASURY MANAGEMENT	-28,309	0
PAYMENTS MADE FOR THE ACQUISITION OF CONSOLIDATED SUBSIDIARIES, OPERATIONS AND NON-CONTROLLING INTERESTS, LESS CASH ACQUIRED	-4,248	0
PAYMENTS FOR ACQUISITIONS OF SHARES	-86	0
NET CASH OUTFLOW FOR INVESTING ACTIVITIES	-33,562	-567
CASH FLOW FROM FINANCING ACTIVITIES		
PAYMENTS MADE FOR THE REPAYMENT OF LOANS	-22	0
DIVIDENDS PAID TO SHAREHOLDERS OF THE PARENT COMPANY	-1,755	0
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS	-1,495	0
INTEREST PAID	-8	-9
NET CASH OUTFLOW FOR FINANCING ACTIVITIES	-3,280	-9
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	-33,012	3,349
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE HALF-YEAR	46,730	3,756
CHANGES IN CASH DUE TO EXCHANGE RATE MOVEMENTS AND REMEASUREMENT	16	-18
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	13,734	7,087
OF WHICH BANK BALANCES	13,734	7,087



NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

as of 31 December 2018

Key changes in the current reporting period

Significant events and transactions

Business acquisition

The wholly owned subsidiary of STEMMER IMAGING AG, STEMMER IMAGING S.A.S., Suresnes, France, acquired 100 per cent of shares in the French company ELVITEC S.A.S. in the context of a share deal by way of contract dated 10 July 2018. The company from Pertuis, near Aix-en-Provence, is an established provider of camera solutions for machine vision, monitoring and imaging. The Management Board anticipates that the acquisition will enable STEMMER IMAGING AG to improve its market position in France.

In accordance with the share purchase agreement of 10 July 2018 amended 12 October 2018, the purchase price for the shares is EUR 3.04 million plus 100 per cent of the working capital of the acquired company. The purchase price of EUR 3.04 million and the compensation for the working capital of EUR 2.19 million have already been paid (total: EUR 5.23 million). Furthermore, payments of EUR 2.02 million in 2019 and 2020 were agreed. These qualify as other payments and are recognised in other operating expenses pro rata from 1 October 2018. Furthermore, bonus payments of EUR 0.3 million for employees of ELVITEC S.A.S. dependent on remaining with the company are recognised as staff costs over a period of three years from 1 October 2018.

For the purposes of first-time inclusion in the STEMMER IMAGING AG consolidated group as at 1 October 2018, the assets, liabilities and contingent liabilities of ELVITEC S.A.S. were remeasured in the context of provisional purchase price allocation, which gave rise to a difference of EUR 2.11 million.

Incidental acquisition costs not eligible for capitalisation of EUR 0.08 million were incurred and reported under other operating expenses in the current reporting period.

The following statement of financial position items were assumed as a result of the business combination:

	FAIR VALUE AS AT 1 OCT. 2018
	KEUR
PURCHASE PRICE PAID TO DATE	
CASH TRANSFERRED	5,221
PURCHASE PRICE ADJUSTMENTS	-121
TOTAL CONSIDERATION	5,100
FAIR VALUES OF ACQUIRED ASSETS AND LIABILITIES	
INTANGIBLE ASSETS	814
OF WHICH IDENTIFIED IN PURCHASE PRICE ALLOCATION	769
PROPERTY, PLANT AND EQUIPMENT	8
INVESTMENT SECURITIES	18
INVENTORIES	846
OF WHICH IDENTIFIED IN PURCHASE PRICE ALLOCATION	309
RECEIVABLES	1,626
OTHER ASSETS	115
CASH FUNDS	854
PROVISIONS	5
LIABILITIES TO BANKS	133
TRADE PAYABLES	497
DEFERRED TAX LIABILITIES	240
OTHER LIABILITIES	416
FAIR VALUES OF ACQUIRED NET ASSETS 100 PER CENT	2,990
PROVISIONAL DIFFERENCE	2,110

The gross amount of the acquired contractual receivables is EUR 1.83 million, EUR 0.20 million was presumably not recoverable as at the acquisition date.

ELVITEC S.A.S. was merged with STEMMER IMAGING S.A.S. in December 2018.

Other events

Change in Management Board

On 28 November 2018, the Supervisory Board of STEMMER IMAGING AG appointed Mr Arne Dehn to the Management Board of STEMMER IMAGING AG effective 1 January 2019. He succeeded Mr Christof Zollitsch as the Chairman of the Management Board after a two-month transition period.

Cooperation

On 13 August 2018, STEMMER IMAGING AG announced a cooperation in the form of a memorandum of understanding with Nanjing Inovance Industrial Vision Technology Development Co., Ltd., Nanjing, China. Nanjing Inovance is a subsidiary of the listed company Shenzhen Inovance Technology Co., Ltd., Shenzhen, China, a leading manufacturer of automation components in China.

Key resolutions by the Annual General Meeting of 7 December 2018

It was resolved to use the German Commercial Code (HGB) unappropriated surplus for the 2017/2018 financial year of EUR 15,609,469.32 as follows: a) distribution of a dividend of EUR 0.50 per participating share: EUR 3,250,000.00 b) carryforward to new account: EUR 12,359,469.32. In accordance with section 58(4) sentence 2 of the Aktiengesetz (AktG – German Stock Corporation Act), the claim to the dividend became due on the third business day after the Annual General Meeting, i.e. on 12 December 2018.

In addition, it was resolved to create an authorisation to grant pre-emption rights (stock options) for members of management and selected employees of the company or affiliated companies and to create new Contingent Capital. The share capital of the company is contingently increased by up to EUR 200,000 by issuing up to 200,000 new bearer shares. The Contingent Capital serves to secure pre-emption rights from stock options issued by the company between 7 December 2018 and 6 December 2023.

Change in the consolidated group

As at 31 December 2018, in addition to STEMMER IMAGING AG, the consolidated group of STEMMER IMAGING AG comprised one German (30 June 2018: one) and nine non-German (30 June 2018: eight) subsidiaries that were included in the consolidated financial statements.

The subsidiary founded in the 2017/18 financial year, STEMMER IMAGING Ges.m.b.H., Graz, Austria, which did not commence operations until 30 June 2018 and was therefore accounted for at cost as an investee, has been included in consolidation from July 2018.

ELVITEC S.A.S. has been included in consolidation since 1 October 2018, but is no longer an independent subsidiary following the merger with STEMMER IMAGING S.A.S. in December 2018.

Basis of preparation interim consolidated financial statements

The consolidated financial statements of STEMMER IMAGING AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) since the 2016/17 financial year.

Accordingly, the interim consolidated financial statements as at 31 December 2018 were prepared in accordance with the provisions of the IFRSs valid and effective in the European Union and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC). With the exception of the application of IFRS 15 "Revenue from Contracts with Customers", the accounting policies applied were the same as those for the previous financial year and the associated interim reporting period.

The interim consolidated financial statements for the reporting period ended 31 December 2018 are condensed and have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not comprise all the information normally required in the financial statements for a full financial year. Accordingly, this half-year report should be read in conjunction with the consolidated financial statements for the financial year ended 30 June 2018 and all other public statements issued by STEMMER IMAGING AG in the half-year reporting period.

The accounting policies used in these interim consolidated financial statements are the same as those used in the preparation of the consolidated financial statements as at 30 June 2018, which contain detailed explanations of them. With the exception of the amended and new IFRSs effective from the 2018/19 financial year, these policies were applied consistently in these interim consolidated financial statements. Please see the information in the notes to the consolidated financial statements for the 2017/18 financial year for details of the expected impact of the adoption of IFRS 16 "Leases" for the financial year beginning 1 July 2019. There have been no significant changes in that assessment as at the current date.

STEMMER IMAGING AG has applied IFRS 15 "Revenue from Contracts with Customers" since 1 July 2018. The new Standard was applied retroactively to all contracts not yet fulfilled as at the date of adoption. IFRS 15 regulates when and in what amount an entity reporting in accordance with IFRS must recognise revenue. In accordance with IFRS 15, when entering into a contract, it must be determined whether the revenue arising from the contract is to be recognised over time or at a point in time. It is first determined on the basis of certain criteria whether control of the performance obligation is transferred over time. If this is not the case, the revenue is recognised at the point in time when control transfers to the customer.

Applying the new provisions of IFRS 15 as well, at STEMMER IMAGING revenue from the sale of machine vision and other products is recognised at a point in time when control of the goods in question is transferred (delivery to customers). As revenue is recognised at a point in time, STEMMER IMAGING AG does not incur any contract assets or liabilities. The adoption of IFRS 15 did not give rise to any transition effects for the STEMMER IMAGING Group.

Notes on the consolidated statement of financial position

Intangible assets

The carrying amount of intangible assets breaks down as follows as at the end of the reporting period:

	31/12/2018	30/06/2018
	KEUR	KEUR
GOODWILL	7,354	5,202
CUSTOMER BASE	1,216	546
CONCESSIONS, PROPERTY RIGHTS AND PATENTS	342	234
SOFTWARE DEVELOPMENT COSTS	163	0
ADVANCES	69	48
ORDER BACKLOG	33	15
	9,177	6,045

The STEMMER IMAGING Group acquired intangible assets at a cost of EUR 3.31 million in the period from 1 July to 31 December 2018. This amount includes the assets of EUR 0.82 million acquired in the context of a business combination (ELVITEC S.A.S.) and the goodwill of EUR 2.11 million arising from provisional purchase price allocation.

STEMMER IMAGING Ges.m.b.H. was also included in consolidation for the first time, giving rise to goodwill of EUR 0.04 million.

Impairment

There were no indications of goodwill impairment in the Group as at 31 December 2018 (there was impairment of EUR 0.13 million at the subsidiary in Denmark as at 31 December 2017 in the same period of the previous year). The company is continuing to monitor the development of the underlying cash-generating units and will adjust its goodwill if impairment is identified.

Other financial assets

	31/12/2018	30/06/2018
	KEUR	KEUR
CURRENT FINANCIAL RECEIVABLES FROM AFFILIATED COMPANIES	20,344	431
OTHER SECURITIES	13,384	5,074
OTHER	198	0
	33,926	5,505

Cash and cash equivalents

	31/12/2018	30/06/2018
	KEUR	KEUR
CASH AND CASH EQUIVALENTS	13,734	46,730

The reduction in this item as at 31 December 2018 is essentially on account of the increase in current financial receivables from affiliated companies and the acquisition of securities.

Equity

Dividends

	01/07/18 – 31/12/18	01/07/17 – 31/12/17
	KEUR	KEUR
DIVIDENDS PAID IN THE SIX MONTHS	3,250	0

Other liabilities

	31/12/2018	30/06/2018
	KEUR	KEUR
PERSONNEL LIABILITIES	1,872	3,823
TAX LIABILITIES	907	2,152
OTHER LIABILITIES	540	720
DEFERRED INCOME	24	2
	3,343	6,697

Notes on the consolidated income statement

Reconciliation from HGB to IFRS

	HGB FINANCIAL STATEMENTS 01/07/18 – 31/12/18	ADJUSTMENTS	IFRS 01/07/18 – 31/12/18
	KEUR	KEUR	KEUR
REVENUE	50,728	0	50,728
WORK PERFORMED BY THE ENTERPRISE AND CAPITALISED	0	38	38
TOTAL OPERATING PERFORMANCE	50,728	38	50,766
COST OF MATERIALS	-33,394	-257	-33,651
GROSS PROFIT	17,334	-219	17,115
OTHER OPERATING INCOME	729	-169	560
STAFF COSTS	-8,898	31	-8,867
OTHER OPERATING EXPENSES	-5,612	-381	-5,993
EBITDA	3,553	-738	2,815
DEPRECIATION AND AMORTISATION	-1,095	401	-694
EBIT	2,458	-337	2,121
FINANCE INCOME	271	148	419
FINANCE COSTS	-8	-1	-9
NET FINANCE COSTS	263	147	410
PROFIT BEFORE INCOME TAXES	2,721	-190	2,531
TAXES ON INCOME	-696	-74	-770
CONSOLIDATED PROFIT OR LOSS	2,025	-264	1,761

Notes on adjustments

Work performed by the enterprise and capitalised

Development work was capitalised for the first time in the 2018/19 financial year. Development expenditure is only capitalised when the development costs can be measured reliably, the product or process is technically and economically feasible, a future economic benefit is likely and the Group both intends and has sufficient resources to complete development and to use or sell the asset. Programming services by external service providers (EUR 0.13 million) were also capitalised in addition to own work (EUR 0.38 million). These have been netted against other operating expenses (net method).

Other operating income

Adjustments in the parameters used to calculate staff provisions are recognised in other comprehensive income in accordance with IFRS (EUR 0.12 million). A further EUR 0.47 million results from the reduction of income from securities that were already included in net finance costs in the IFRS consolidated financial statements as at 31 December 2018.

Cost of materials

Earnings were reduced by the consumption of hidden reserves in inventories capitalised in the context of provisional purchase price allocation for ELVITEC S.A.S.

Other operating expenses

Incidental acquisition costs (EUR 0.19 million) for share purchases are recognised in current expenses in accordance with IFRS. A further EUR 0.32 million results from the pro rata accrual of other service remuneration as part of the acquisition of ELVITEC S.A.S. This is offset by expenses at subsidiaries of EUR 0.12 million that were recognised in the second half of 2018 in the HGB consolidated financial statements.

Depreciation and amortisation

Adjustments to the item "Depreciation and amortisation" are influenced by the fact that goodwill is not amortised in accordance with IFRS, and is instead regularly tested for impairment. Furthermore, assets recognised in the context of acquisitions are written down to fair value.

Finance income

The measurement at market value of securities as at the end of the reporting period resulted in finance income of EUR 0.15 million.

Taxes on income

The income tax expense for the reporting period is calculated using the tax rates that would apply to the total income expected to be generated for the full financial year. The average tax rate for the interim reporting period ended 31 December 2018 is therefore 30.4 per cent (same period of the previous year ended 31 December 2017: 30.7 per cent).

Other disclosures

Related parties

In ordinary business operations, the following significant business relationships exist between STEMMER IMAGING AG and its affiliated companies.

Transactions with PRIMEPULSE SE

As part of short-term treasury management, issue proceeds resulting from the IPO were given to PRIMEPULSE SE, Munich, as a loan. The loan served as interim financing for acquisitions. As per the loan agreement of 4 May 2018, the loan with an indefinite term is unsecured and can be terminated with a notice period of four weeks to the end of the calendar month. It bears interest at a rate of 1.5 per cent (payable on 31 December of the calendar year). The interest income of EUR 0,34 million was still outstanding as at 31 December 2018. The Management Board chose not to secure the loan extended as interim financing on account of PRIMEPULSE SE's strong credit rating and financial data. On the basis of the good credit rating, the interest rate is in line with the market and appropriate.

Other financial obligations

There is an earn-out agreement for up to EUR 0.60 million in the context of the acquisition of ELVITEC S.A.S. This has not been expensed as the earn-out conditions are not expected to occur.

In connection with the acquisition of 42 per cent of shares in total in Perception Park GmbH, Graz, Austria, there is the obligation to pay EUR 0.80 million into the investee's capital reserves as a non-repayable shareholder's contribution.

Events after the end of the reporting period

By way of investment and share transfer agreements dated 11 October 2018, STEMMER IMAGING AG acquired a total of 42 per cent of the shares in Perception Park GmbH, Graz, Austria, an innovative software provider for the trending technology hyperspectral imaging (HSI). The Perception System & Studio data processing platform developed by the company renders complex hyperspectral data at the molecular level usable for machine vision. There are application examples for this technology in the food-processing industry, mining, healthcare and the recycling sector. With this investment, STEMMER IMAGING is adding a pioneering future technology with high growth potential to its product portfolio.

All conditions of the investment and share transfer agreements were satisfied as at 1 February 2019 (acquisition date) and the share transfers thus became effective.

Taking into account the purchase price to be paid to the seller of EUR 0.47 million and the shareholder contribution of EUR 0.80 million that STEMMER IMAGING AG is contractually required to pay into the capital reserves of Perception Park GmbH, STEMMER IMAGING AG's total expenses for the acquisition amount to EUR 1.28 million.

The shares in Perception Park GmbH will be carried at cost as an investment in an associate using the equity method from 1 February 2019. The carrying amount of the investment will then be adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

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FINANCIAL CALENDAR 2019

APRIL >>

16/17 April 2019

CF&B 14th Smallcap Event, Paris

MAY >>

13 May 2019

Publication of interim report
on the third quarter 2018/2019

14 May 2019

Spring Conference, Frankfurt am Main

SEPTEMBER >>

24/25 September 2019

7th German Corporate Conference, Munich

26 September 2019

Publication of consolidated financial statements
as of 30 June 2019

NOVEMBER >>

13 November 2019

Publication of interim report
on the first quarter 2019/2020

19 November 2019

Annual General Meeting, Munich

26/27 November 2019

German Equity Forum, Frankfurt am Main

DECEMBER >>

2 – 6 December 2019

Berenberg European Conference, Pennyhill Park, London

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STEMMER IMAGING AG

Gutenbergstraße 9 – 13
82178 Puchheim
Germany

Phone: +49 89 80902-0
Fax: +49 89 80902-116
info@stemmer-imaging.de

Management Board: Arne Dehn (CEO), Martin Kersting (CTO), Lars Böhrnsen (CFO)
Chairman of the Supervisory Board: Klaus Weinmann
Register Court: Munich HR B 237247
VAT: DE 128 245 559
Responsible: STEMMER IMAGING AG
Editing: STEMMER IMAGING AG/CROSS ALLIANCE communication GmbH

Contact

Lena Vitzthum
Investor Relations

ir@stemmer-imaging.de
www.stemmer-imaging.de/investor-relations

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The half-year financial report of STEMMER IMAGING AG is available in German and English.
The German version is legally binding.
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