

9M REPORT

2022

OUR MISSION:

TO EMPOWER YOURS



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FINANCIAL HIGHLIGHTS

	Units	Q3 2022	Q3 2021	Δ (in %)	9M 2022	9M 2021	Δ (in %)
Revenue	kEUR	26,909	19,338	39%	69,384	51,074	36%
EBITDA	kEUR	1,507	(1,357)	n/a	(1,526)	(7,571)	80%
EBITDA margin (% of Revenue)	%	6%	(7%)	n/a	(2%)	(15%)	85%
Period Result	kEUR	(2,457)	(3,713)	34%	(11,563)	(15,969)	28%
EPS	EUR	(0.10)	(0.17)	42%	(0.46)	(0.73)	36%
Order Intake	kEUR	23,274	18,040	29%	62,707	42,786	47%
Order Backlog (As of the end of)	kEUR	50,771	34,006	49%	50,771	34,006	49%

GROUP MANAGEMENT REPORT

SLM Solutions Group AG ("SLM Solutions", "SLM" or the "Company") is a forward-thinking technology Company that has consistently created world firsts in the field of metal additive manufacturing. SLM Solutions has a proud technology heritage as one of the core inventors of the process and continues to push the boundaries of additive manufacturing thanks to the creativity of the Company's global workforce, of which >40% are engineers.

PRO FORMA INTERIM CONSOLIDATED INCOME STATEMENT

The following Pro Forma Consolidated Income Statement is based on the cost of sales method of accounting which will be adopted in full beginning from the Annual Report of FY 2022. In the interim, the Company will provide a pro forma and unaudited consolidated income statement based on the cost of sales method of accounting. The restatement of prior period figures are estimated based on the best available information as of the reporting date and will be audited by KPMG AG Wirtschaftsprüfungsgesellschaft as part of the annual audit.

(in kEUR)	9M 2022	9M 2021
Revenue	69,384	51,074
Costs of goods sold	(41,375)	(28,340)
Gross profit	28,009	22,734
Sales costs	(14,062)	(12,734)
Administration costs	(16,058)	(17,385)
Research & Development costs	(7,607)	(7,084)
Other operating income	3,270	1,819
Other operating expenses	(670)	(548)
Earnings before interest and taxes (EBIT)	(7,118)	(13,196)
Interest and similar expenses	(4,248)	(4,035)
Interest & Other Income	32	31
Earnings before taxes	(11,334)	(17,200)
Income Tax	(229)	1,231
Result for the period	(11,563)	(15,969)
Number of shares (in '000s)	25,020	21,961
Earnings per share	(0.46)	(0.73)
Earnings before interest and taxes (EBIT)	(7,118)	(13,196)
Depreciation	5,593	5,625
EBITDA	(1,526)	(7,571)

RESULTS OF OPERATIONS

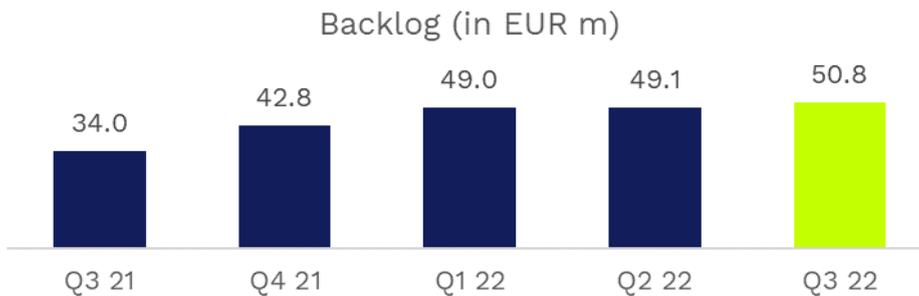
Orders

During the third quarter of 2022 SLM Solutions took in orders for additive manufacturing systems amounting to a total of kEUR 23,274 (Q3 2021: kEUR 18,040). The Company's robust order intake level is driven by orders across its value-accretive product portfolio. SLM Solutions continues to see evidence of the growing adoption of additive manufacturing solutions, as demand for such solutions remains unaffected by a variety of external factors.



Backlog

At the end of September 2022, the Company had an order backlog position of kEUR 50,771, increasing further as compared to the end of the June 2022 (kEUR 49,131) and by 49% as compared to the end of the corresponding reporting period in 2021 (kEUR 34,006). The increasingly strong order backlog position is the result of consistently strong order intake performance combined with a steady growth in customer adoption of next generation additive manufacturing technologies across a broad set of industries.

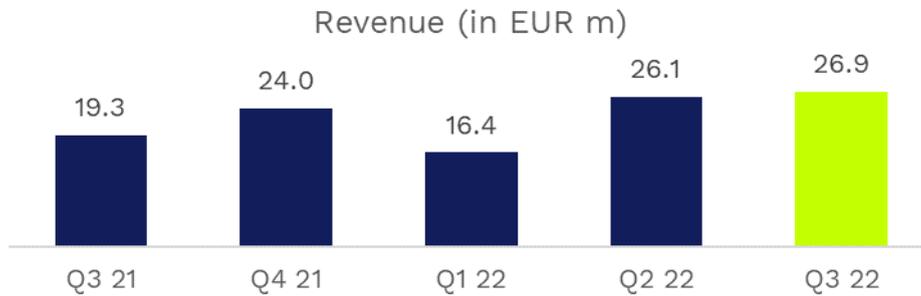


Revenue

The Company posted total revenues of kEUR 26,909 for the third quarter of 2022, 39% higher as compared to revenue recognition during the corresponding period in 2021 (kEUR 19,338). SLM Solutions recorded revenues of kEUR 69,384 for the nine-month period ending September 2022, increasing by 36% as compared to the same period in 2021 (kEUR 51,074).

Revenue attributable to the Machine Business segment amounted to kEUR 53,885 for the nine-month period ending September 2022, higher by 43% in comparison with the same period in 2021 (kEUR 37,740). This performance was driven by an increase in system sales across the machine portfolio, to a diverse customer base which included both new and repeating customers. The Machine Business segment has benefited from a diverse product portfolio that caters to a wide range of customers including those with large and growing requirements for advanced additive manufacturing solutions.

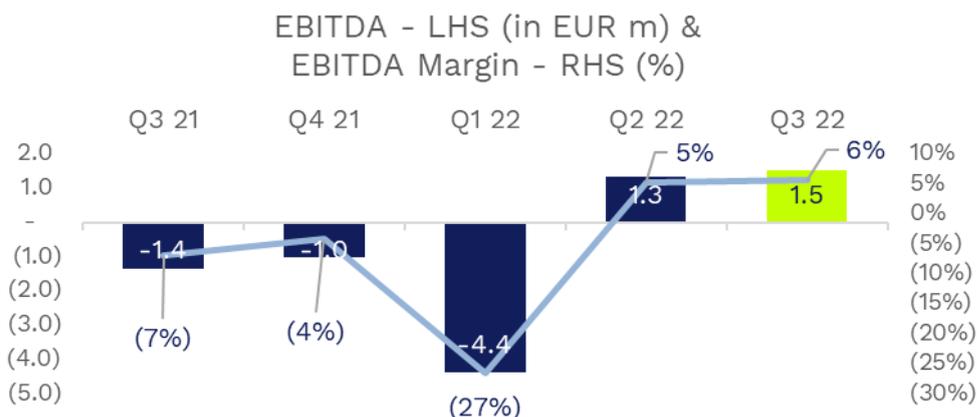
The Company's After-Sales Business segment posted revenues of kEUR 15,498 for the nine-month period ending September 2022, reflecting a 16% growth over the comparable period in 2021 (kEUR 13,334). SLM Solutions' customer-centric approach has played a pivotal role in the growth of the After-Sales Business segment, with growing demand for consumables and other services.



EBITDA

SLM Solutions reported an EBITDA of kEUR -1,526 for the nine-month period ending September 2022, improving by 80% as compared to the same period in 2021 (kEUR -7,571). Although the Company's top line improved by 36% during the same period, business profitability improved by a disproportionately higher amount which reflects the strong operating leverage existing in the business. Despite a challenging macro-economic environment affecting operational costs, SLM Solutions has taken various steps aimed towards optimizing its operational profitability. Furthermore, SLM Solutions' bottom line also included positive one-off effects as a result of the continued appreciation of the USD against the EUR.

Having already achieved breakeven profitability on a quarterly basis in Q2 2022, the Company repeated this performance and generated an EBITDA of kEUR 1,507 for Q3 2022 (Q3 2021: kEUR -1,357), thereby notably improving business profitability for the current reporting period. For the nine-month period ending September 2022, SLM Solutions' EBITDA margin improved to -2% as compared to the comparable period in 2021 (-15%).



FINANCIAL POSITION

Net Assets

(in kEUR)	30.09.2022	31.12.2021
Total current assets	150,293	79,775
Total non-current assets	72,142	69,261
Total assets	222,435	149,036
Total current liabilities	64,864	84,236
Total non-current liabilities	87,081	32,129
Total Liabilities	151,945	116,366

Total assets at the end of September 2022 amounted to kEUR 222,435, 49% above year-end 2021 (kEUR 149,036). This increase is primarily a result of a higher liquidity position along with an increased balance of inventories at the end of the current reporting period. At the end of September 2022, SLM Solutions' liquidity position improved notably to kEUR 75,861 (Dec 2021: kEUR 24,998), mainly driven by an equity issuance as well as the issuance of the third tranche of the Convertible Bonds 2020/2026. SLM Solutions' inventory position increased to kEUR 41,652 at the end of September 2022 (Dec 2021: kEUR 25,842), as the Company expects to complete a relatively higher number of shipments during the last quarter of 2022.

Total Liabilities at the end of September 2022 was kEUR 151,945 (Dec 2021: kEUR 116,366). As of September 2022, total non-current liabilities increased to kEUR 87,081 as compared to year-end 2021 (kEUR 32,129). This increase was mainly driven by the issuance of the third tranche of the Convertible Bonds 2020/2026 as well as the reclassification from current liabilities, of Convertible Bonds 2017/2024 with a maturity date of 11 October 2024, where holders did not exercise their right to early redemption in October 2022.

Cash Flow

(in kEUR)	9M 2022	9M 2021
Net cash flows from operating activities	(12,991)	(18,199)
Net cash flows from investing activities	(8,485)	(5,335)
Net cash flows from financing activities	71,559	33,474
Net increase / (decrease) in cash and cash equivalents	50,083	9,939
Change in financing funds due to exchange rate changes	780	336
Cash and cash equivalents at the beginning of the period	24,998	18,864
Cash and cash equivalents at the end of the period	75,861	29,139

Net cash flows from operating activities during the nine-month period ending September 2022 amounted to kEUR -12,991, improving significantly as compared to the corresponding period in 2021 (kEUR -18,198). This improvement was primarily driven by the improving operational profitability of the business. Additionally, the operational cash flow was supported by customer down payments received during the reporting period along with other operational cash flows.

Net cash flows from investing during the nine-month period ending September 2022 amounted to kEUR -8,485, as compared to the same period in 2021 (kEUR -5,335). SLM Solutions continues to invest significantly into various product development activities that enable the Company to maintain and expand its technological leadership position. Capitalized outlays in this regard amounted to kEUR 7,007 during 9M 2022, higher as compared to the corresponding period in 2021 (kEUR 5,455).

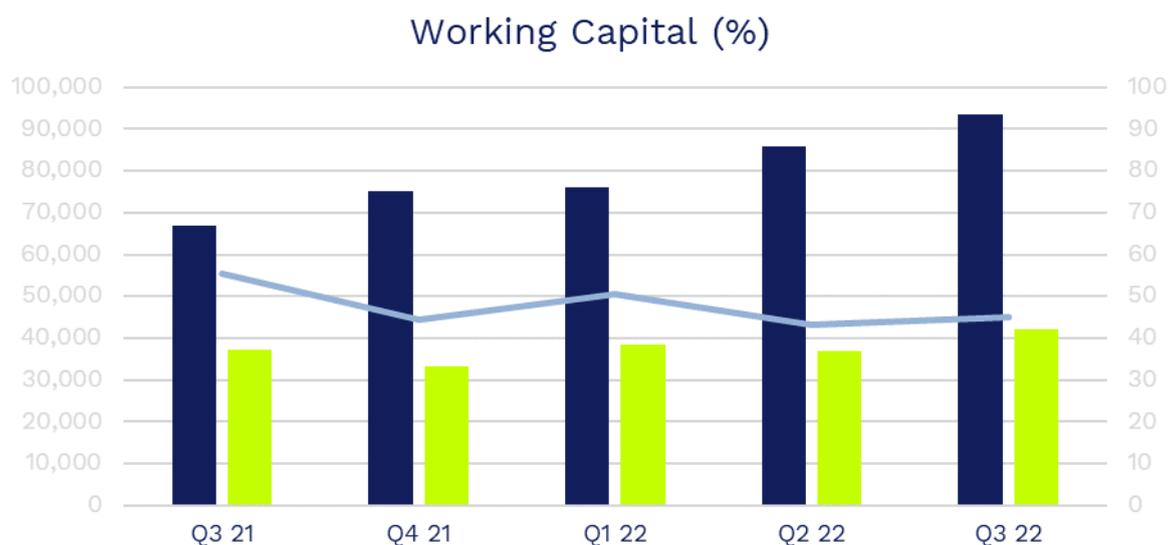
Net cash flows from financing activities during the nine-month period ending September 2022 was kEUR 71,559 (Sept 2022: kEUR 33,473). In September 2022, SLM Solutions concluded an investment agreement with Nikon AM. AG and Nikon Corporation (collectively, "Nikon") in relation to a voluntary public takeover offer for all outstanding shares of SLM Solutions at a price of EUR 20 per share. Concurrently, SLM Solutions also completed an equity issuance, fully subscribed to by Nikon AM. AG, resulting in gross proceeds of kEUR 45,403. In addition to this capital measure, SLM Solutions also issued the third tranche of the Convertible Bonds 2020/2026 amounting to kEUR 30,213 in July 2022. Cash inflows from these capital measures were offset to a small extent by interest payments as well as bank loans and finance lease repayments during the reporting period.

Accordingly, as of the end of September 2022 SLM Solutions' balance of cash and cash equivalents amounted to kEUR 75,861, providing the Company with improved financial flexibility as the Company continues along its growth path.

Working Capital

Working capital as of the end of September 2022 amounted to kEUR 42,151, higher as compared to the end of December 2021 (kEUR: 33,260). This increase can be largely attributed to the build-up of inventories during the current reporting period. The inventory ramp-up is due to an increase in finished goods and work-in-progress stock, related to shipments scheduled in the fourth quarter of 2022. Further, this increase in inventory has been offset to some extent primarily by an increase in customer down payments received at the end of September 2022.

The working capital intensity metric, which is computed based on revenues over the last twelve months was 45% at the end of September 2022, reflecting the improved topline performance of the business.



■ Revenue LTM (kEUR)	66,900	75,115	76,119	85,853	93,425
■ Working Capital as on Balance Sheet Date (kEUR)	37,084	33,260	38,535	37,015	42,151
■ Working Capital Intensity (%)	55%	44%	51%	43%	45%

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period from
1 January to 30 September 2022

INTERIM CONSOLIDATED INCOME STATEMENT

For the nine-month period from 1 January to 30 September 2022

(in kEUR unless specified)	9M 2022 Unaudited	9M 2021 Unaudited
Revenue	69,384	51,074
Increase/decrease of finished and unfinished stock on hand	12,367	5,700
Other activated contributions	5,420	4,478
Total output	87,170	61,252
Cost of material	(42,698)	(27,564)
Gross profit	44,473	33,688
Payroll	(34,596)	#(29,085)
Other operating income	3,270	1,271
Other operating expenses	(14,672)	#(13,446)
EBITDA	(1,526)	(7,571)
Depreciation & amortization	(5,593)	(5,625)
Earnings before interest and taxes (EBIT)	(7,118)	(13,196)
Interest and similar expenses	(4,248)	(4,035)
Interest & Other Income	32	31
Earnings before taxes	(11,334)	(17,200)
Tax payable	(229)	1,231
Result for the period	(11,563)	(15,969)
Number of shares (in '000s)	25,020	21,961
Earnings per share*	(0.46)	(0.73)

*undiluted and diluted, calculated with 25,020,182 shares (Previous year:21,960,693)

reclassified

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine-month period from 1 January to 30 September 2022

(in kEUR)	9M 2022	9M 2021
	Unaudited	Unaudited
Result for the period	(11,563)	(15,969)
Income and expenditure not to be reclassified to profit or loss in the future:		
Actuarial Profit and Loss	0	0
Income and expenditure to be reclassified to profit or loss in the future:		
Income/Expenses from currency conversion	809	157
Other comprehensive income	809	157
Consolidated total comprehensive income	(10,754)	(15,812)
Attribution of comprehensive income:		
Shareholders of SLM Solutions Group AG	(10,754)	(15,812)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 September 2022

(in kEUR)	30.09.2022 Unaudited	31.12.2021 Audited	30.09.2021 Unaudited
Assets			
Cash and cash equivalents	75,861	24,998	29,139
Trade receivables	20,866	22,231	21,173
Inventories	41,652	25,842	29,896
Current tax receivables	39	490	0
Other non-financial assets	11,875	6,214	8,031
Total current assets	150,293	79,775	88,239
Intangible assets	37,207	32,601	30,637
Property, land and equipment	34,192	35,757	35,743
Other financial assets	67	718	245
Other non-financial assets	148	101	142
Deferred tax liabilities	528	83	328
Total non-current assets	72,142	69,261	67,095
Total assets	222,435	149,036	155,334

	30.09.2022	31.12.2021	30.09.2021
(in kEUR)	Unaudited	Audited	Unaudited
Equity and liabilities			
Trade payables	10,491	11,008	8,057
Financial liabilities	32,356	60,453	3,584
Other non-financial liabilities	17,239	7,872	10,903
Provisions	3,981	4,896	5,776
Tax provisions	797	7	0
Amounts owed to affiliated companies	0	0	2
Total current liabilities	64,864	84,236	28,322
Financial liabilities	73,645	20,112	82,459
Pensions and similar obligations	6,689	6,304	7,341
Other financial liabilities	773	771	624
Other non-financial liabilities	78	0	10
Provisions	111	111	97
Deferred tax liabilities	5,785	4,831	5,220
Total non-current liabilities	87,081	32,129	95,751
Total liabilities	151,945	116,366	124,073
Total equity	70,490	32,671	31,261
Equity and liabilities (total)	222,435	149,036	155,334

INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS

For the nine-month period from 1 January to 30 September 2022

	9M 2022	9M 2021
(in kEUR)	Unaudited	Unaudited
Result for the period	(11,563)	(15,969)
Depreciation, amortization and impairment losses	5,593	5,625
Interest expenses	4,248	4,035
Interest income	(32)	(31)
Income tax	229	(1,231)
Change in assets and liabilities	(11,466)	(10,627)
Inventories	(15,810)	(9,125)
Accounts receivable	1,365	(7,723)
Pensions and similar obligations	385	359
Liabilities	(517)	1,074
Provisions	(915)	694
Other assets and liabilities	4,026	4,094
Income taxes paid	0	0
Net cash flows from operating activities	(12,991)	(18,198)

	9M 2022	9M 2021
(in kEUR)	Unaudited	Unaudited
Cash flows for investments in intangible assets and property, plant and equipment	(3,098)	(884)
Investments in development costs	(5,420)	(4,478)
Payouts for investments in financial assets	0	(4)
Interest received	32	31
Net cash flows from investment activities	(8,485)	(5,335)
Cash injection by shareholders	45,403	24,640
Contribution from convertible bond	30,213	15,000
Cash outflows for loans	(999)	(999)
Repayment of lease liabilities	(262)	(233)
Interest payments	(2,796)	(4,934)
Net cash flows from financing activities	71,559	33,473
Net decrease in cash and cash equivalents	50,083	9,939
Change in financing funds due to exchange rate changes	780	336
Cash and cash equivalents at the start of reporting period	24,998	18,864
Cash and cash equivalents at the end of reporting period	75,861	29,139

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period from 1 January to 30 September 2022

(in kEUR)	Subscribed capital	Capital reserve	Consolidated loss for the period included in retained earnings	First time application reserve	Foreign exchange equalization reserve	Other reserves	Equity
As at 01 January 2022	22,702	134,322	(121,964)	(549)	(544)	(1,296)	32,671
Consolidated group result			(11,563)				(11,563)
Equity from convertible bond	48	3,536					3,584
Changes of equity from capital increase	2,270	42,718					44,988
Change of equity from foreign currency					809		809
As at 30 September 2022	25,020	180,576	(133,527)	(549)	265	(1,296)	70,490
As at 01 January 2021	19,779	100,583	(101,588)	(549)	(656)	(1,800)	15,769
Consolidated group result			(15,969)				(15,969)
Equity from convertible bond	732	5,934					6,665
Changes of equity from capital increase	1,450	23,190					24,640
Change of equity from foreign currency					157		157
As at 30 September 2021	21,961	129,707	(117,559)	(549)	(499)	(1,800)	31,261

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period from 1 January to 30 September 2022

NOTE 1: BASIS OF PREPARATION

The interim consolidated financial statements were prepared in line with the principles of International Financial Reporting Standards (IFRS), as applicable in the European Union, as well as with additional applicable provisions pursuant to Section 315e (1) of the German Commercial Code (HGB).

The interim consolidated financial statements have been prepared on the basis of amortized, historical cost of acquisition or production, and are presented in thousands of Euros (kEUR). Minor differences in figures can occur as the result of commercial rounding.

The interim consolidated financial statements were not audited by KPMG AG Wirtschaftsprüfungsgesellschaft or any other third party.

NOTE 2: PRESENTATION OF REPORTABLE SEGMENTS

1 January to 30 September 2022 (in kEUR)	Machine Business	After Sales Business	Total
Revenue	53,885	15,498	69,384
Expenditure	(51,419)	(19,490)	(70,909)
EBITDA	2,467	(3,992)	(1,526)
Depreciation			(5,593)
Interest			(4,215)
Income Tax			(229)
Result for the period			(11,563)

1 January to 30 September 2021 (in kEUR)	Machine Business	After Sales Business	Total
Revenue	37,740	13,334	51,074
Expenditure	(40,052)	(18,593)	(58,645)
EBITDA	(2,312)	(5,258)	(7,571)
Depreciation			(5,625)
Interest			(4,004)
Income Tax			1,231
Result for the period			(15,969)

RESPONSIBILITY STATEMENT

We give our assurance that, to the best of our knowledge and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the course of business, including the business result and the position of the Group, is portrayed in such a way in the Group Management Report that a true and accurate picture is conveyed and that the significant opportunities and risks of the Group's future development are fairly described.

Lübeck, November 10, 2022



Sam O'Leary



Dirk Ackermann



Charles Grace