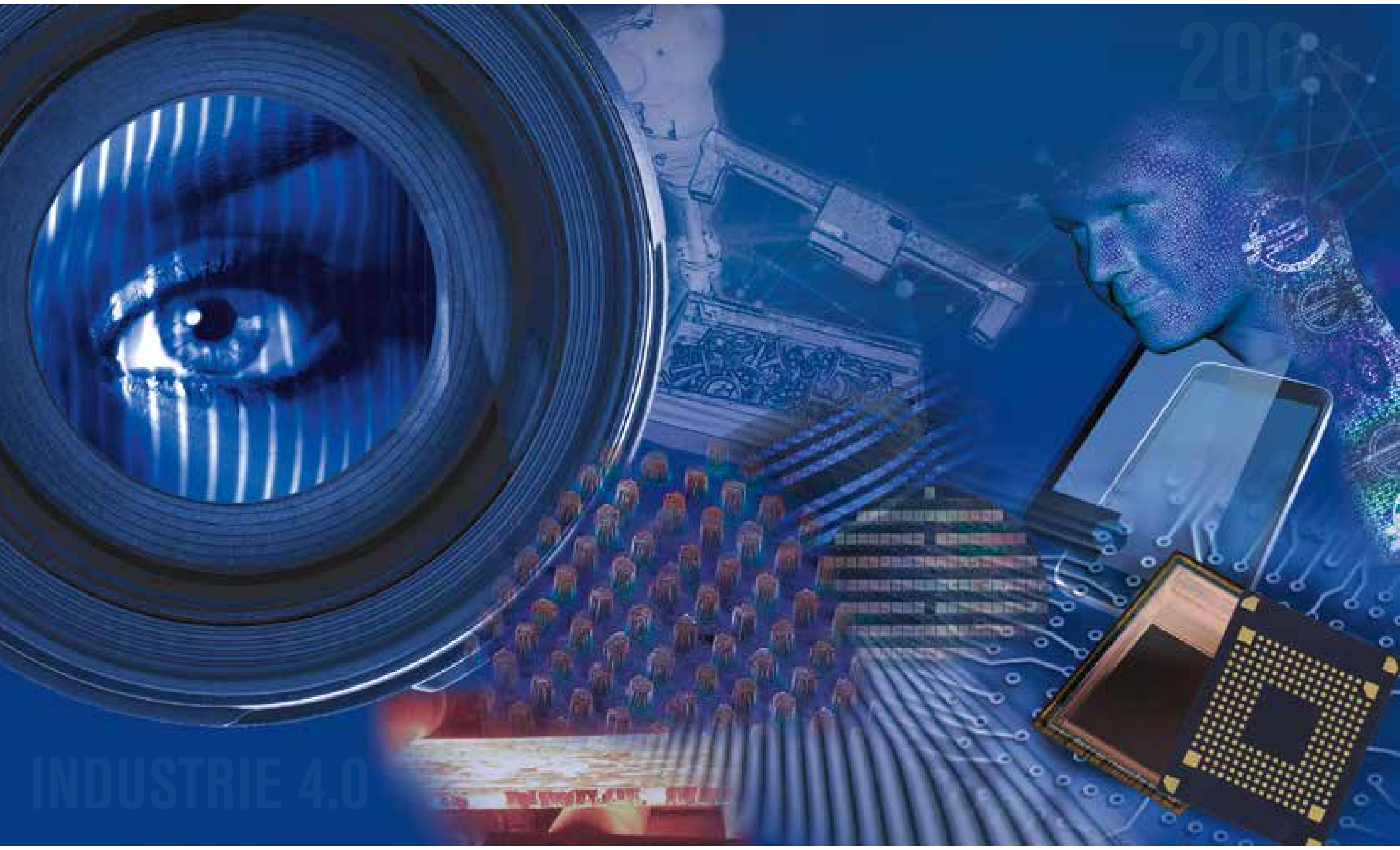
ISRA VISION

Quarterly Report Q1
Financial Year 2017 / 2018

Vision Competence For Automation Excellence



ISRA VISION AG: First quarter 2017 / 2018 – revenues grow by approx. +10%, EBT by +11%

ISRA starts dynamically into the new financial year: Guidance again double-digit

- Revenues at 31.2 million euros, plus 10 % (Q1 16 / 17: 28.5 million euros)
- EBT growth of 11% to 6.2 million euros (Q1 16 / 17: 5.6 million euros)
- Continued high margin level:
  - EBITDA plus 10%, margin at 29 % of total output (Q1 16 / 17: 29 %) and 32% of revenues (Q1 16 / 17: 32 %)
  - EBIT plus 11%, margin at 18 % of total output (Q1 16 / 17: 18 %) and 20% of revenues (Q1 16 / 17: 20 %)
  - EBT plus 11 %, margin at 18 % of total output (Q1 16 / 17: 18 %) and 20 % of revenues (Q1 16 / 17: 20 %)
- Gross margin with 61 percent of total output (Q1 16 / 17: 61 %) and 57 percent of revenues (Q1 16 / 17: 57 %) at the high level of the previous year
- Operational cash flow increases to 4.4 million euros (Q1 16 / 17: 2.0 million euros)
- Net cash flow of 1.6 million euros (Q1 16 / 17: -6.1 million euros)
- Net debt reduced to zero as of the end of Q1 2017 / 2018
- High Order backlog at 83 million euros gross (PY: 90 million euros gross)
- Further acquisition planned in the current financial year
- Earnings per share (EPS) increases by 15 % to 1.01 euros (Q1 16 / 17: 0.88 euros)
- Outlook for the 2017 / 2018 year as a whole: Profitable organic growth of approx. 10 %, margins at least at the level of the previous year

In short form

(in € k)	FY 2017 / 2018 3 months		FY 2016 / 2016 3 months		Change
Revenues	31,241	91 %*	28,454	90 %*	10 %
Gross Profit	20,996	61 %*	19,360	61 %*	8 %
EBITDA	9,951	29 %*	9,075	29 %*	10 %
EBIT	6,263	18 %*	5,658	18 %*	11 %
EBT	6,212	18 %*	5,580	18 %*	11 %
Net profit	4,448	13 %*	3,852	12 %*	15 %
Earnings per share after taxes	1.01		0.88		15 %

*) In relation to total output

Business activity

ISRA VISION AG (ISIN: DE 0005488100), one of the world's top companies for industrial image processing (Machine Vision) as well as globally leading in surface inspection of web materials and 3D machine vision applications, starts with again double-digit revenue and profit growth rates into the 2017 / 2018 financial year and is thus successfully continuing its profitable growth course. Revenues increase by roughly 10 percent in comparison with first three months of the 2016 / 2017 financial year, reaching 31.2 million euros (Q1 16 / 17: 28.5 million euros). Earnings before taxes (EBT) rise by 11 percent to 6.2 million euros (Q1 16 / 17: 5.6 million euros) thus generating an EBT margin of 18 percent of total output (Q1 16 / 17: 18 %) and 20 percent of revenues (Q1 16 / 17: 20 %). The comprehensive measures to optimize cash flow and working capital continue to have a positive impact in the first quarter of the 2017 / 2018 financial year: operational cash flow increases to 4.4 million euros (Q1 16 / 17: 2.0 million euros), and net cash flow considerably improves to 1.6 million euros (Q1 16 / 17: -6.1 million euros) following the repayment of financial liabilities. With a net liquidity of 0.4 million euros (September 30, 2017: -1.3 million euros), ISRA is calculative debt free at the end of the first quarter of 2017 / 2018. After strong incoming orders in all segments, the gross order backlog is currently 83 million euros (PY: 90 million euros gross). Further strategic large scale orders are already in an advanced stage of negotiation and are expected near-term.

Earnings per share (EPS) after taxes rise by 15 percent to 1.01 euros (Q1 16 / 17: 0.88 euros). As announced on February 13, 2018, the Annual General Meeting on March 28, 2018 will vote on a stock split as well as a dividend for the 2016 / 2017 business year of 0.59 euros per share.

In this first quarter, the Company confirmed and further extended the high margin level it achieved in the last financial year. The gross margin (total output minus the material and labor costs of production) is again at the high level of the corresponding period of the previous year at 57 percent of revenues and 61 percent of total output (Q1 16 / 17: 57 % and 61 %) respectively. EBITDA increases by 10 percent to 10,0 million euros (Q1 16 / 17: 9.1 million euros), which corresponds to an EBITDA margin of 32 percent of revenues (Q1 16 / 17: 32 %) and 29 percent of total output (Q1 16 / 17: 29 %). EBIT increases by 11 percent to 6.3 million euros (Q1 16 / 17: 5.7 million euros). The corresponding EBIT margin amounts to 20 percent of revenues (Q1 16 / 17: 20 %) and 18 percent of total output (Q1 16 / 17: 18 %). EBT increases by 11 percent to 6.2 million euros, reaching an EBT margin of 20 percent of revenues (Q1 16 / 17: 20 %) and 18 percent of total output (Q1 16 / 17: 18 %).

In the consolidated balance sheet, trade receivables steadily decline to 91.4 million euros (September 30, 2017: 98.0 million euros). This figure includes receivables from delivered and invoiced systems of 41.5 million euros (September 30, 2017: 50.6 million euros) and receivables according to the POC (percentage of completion) method, which after advance payments amount to 50.0 million euros (September 30, 2017: 47.4 million euros). Net debt (short-term and long-term liabilities minus cash and equivalents) is completely eliminated; cash and equivalents of 31.4 million euros (September 30, 2017: 29.7 million euros) result in net liquidity of 0.4 million euros (September 30, 2017: -1.3 million euros). This means that ISRA is calculative debt free to the end of the first quarter of 2017 / 2018. Equity increases in the first three months of the current financial year to 181.9 million euro (September 30, 2017: 177.0 million euro), thus reaching an equity ratio of 64 percent (September 30, 2017: 62 %). Together with the available credit lines, the Company has solid capital resources for future growth.

In the current market environment, nearly all business areas are showing high investment readiness. The persistently strong gross order backlog of roughly 83 million euros (PY: 90 million euros gross) and the result of the first quarter of the 2017 / 2018 financial year provide ISRA with a robust starting point for realizing the targeted growth objective of an increase in revenues of approx. 10 percent with at least stable margins.

Regions and Segments

With a network of more than 25 locations worldwide, ISRA is one of the most broadly positioned companies in the machine vision industry. Its global presence in all significant future markets and growth regions, together with the multi-branch strategy, represents an additional essential foundation for the Company's long-term development. In the first quarter of the 2017 / 2018 financial year, revenues in the European market experienced substantial double-digit growth. Demand in Asia was further increased from the high level of the previous year. As the result of intensified sales activities, the management anticipates further order entries in the American markets over the coming months.

In the Industrial Automation segment, ISRA serves a broad customer base of international car manufacturers – including renowned premium manufacturers – as well as industry leaders from other sectors. The first three months of the current financial year shows an increase in revenues by 10 percent or 0.7 million euros to 7.8 million euros (Q1 16 / 17: 7.1 million euros). EBIT rises by 14 percent to 1.7 million euros (Q1 16 / 17: 1.5 million euros), achieving an EBIT margin of 19 percent of total output (Q1 16 / 17: 20 %). With new inspection systems for fully automatic quality control of vehicle painting and innovations for 3D measuring technology, ISRA is addressing new market potential and is generating additional revenue contributions, also in the important Asian markets. Especially for inspection solutions for smartphone and tablet touchscreens – supplemented with new developments for the quality assurance of state-of-the-art display designs with innovative features – ISRA is currently expecting further order entries.

Revenues in the Surface Vision segment increase at a double-digit growth rate in the first quarter of 2017 / 2018 to 23.4 million euros (Q1 16 / 17: 21.3 million euros). Incoming orders also register double-digit growth. EBIT amounts to 4.6 million euros (Q1 16 / 17: 4.2 million euros), with an EBIT margin of 18 percent of total output. The metal unit continues to benefit from the complete portfolio strategy, recording ongoing high demand for 3D inspection and measurement systems for quality assurance throughout the entire production chain. In the paper industry, new developments using consistent design-to-cost approaches generate further impulses and stimulate increasing incoming orders. The solar sector is focusing on systems for inspecting efficiency-increasing cell and module designs as well as product extensions for intelligent quality management; with this production combination, the Company plans to again generate high level revenue and growth. The print market continues to react positively to the broad range of offers for various process steps and materials. In order to leverage this additional market potential, ISRA is expanding its key account-management and is intensifying sales activities in important producer regions. After a short slowdown in the plastics industry, the Company is noting increasing incoming orders, particularly in the area of flexible packaging, battery film and high-end products such as optical film. The innovations launched last year in the glass business – in particular for inspecting thin glass for touch displays – are motivating higher revenues; simultaneously, the sales team is working on acquiring new strategic customers in this area. In the special paper niche market, ISRA is currently positioning an expanded portfolio that also enables quality assurance for security printing, in addition to the inspection of security and document paper; intensified sales measures are accompanying this market launch. In the growth area of semiconductor wafer inspection, after successful orders in Europe, the Asian market is increasingly addressed. Once again revenues of the service business achieved a double-digit share in the first quarter of the current financial year. Through the internationalization of this area, the Company is planning to consistently expand the service business to increase the revenue contribution overproportionally in the medium term.

Revenue and profit situation

In the first quarter of the 2017 / 2018 financial year, ISRA increases overall revenues by around 10 percent to 31.2 million euros (Q1 16 / 17: 28.5 million euros). Total output grows to 34.3 million euros (Q1 16 / 17: 31.5 million euros). Production costs rise to 13.3 million euros (Q1 16 / 17: 12.1 million euros) and thus amount to 39 percent of total output, as in the previous year. This results in a gross margin of 61 percent (Q1 16 / 17: 61 %) and 57 percent of revenues (Q1 16 / 17: 57 %). Investments in research and development amounted to 5.0 million euros in the first three months of the financial year (Q1 16 / 17: 4.9 million euros), corresponding to a share of 14 percent of total output (Q1 16 / 17: 15 %). Sales and marketing expenditures add up to 6.0 million euros (Q1 16 / 17: 5.6 million euros). Administrative costs remain at 4 percent of total output (Q1 16 / 17: 4 %).

In the first quarter of 2017 / 2018, ISRA maintained the profitability it achieved in previous quarters. EBITDA increases by 10 percent to 10.0 million euros (Q1 16 / 17: 9.1 million euros), thus amounting to 29 percent of total output (Q1 16 / 17: 29 %) and 32 percent of revenues (Q1 16 / 17: 32 %). After depreciation and amortization of 3.7 million euros (Q1 16 / 17: 3.4 million euros), the Company achieves an EBIT of 6.3 million euros (Q1 16 / 17:

5.7 million euros), taking the EBIT margin again to 18 percent of total output (Q1 16 / 17: 18 %) and 20 percent of revenues (Q1 16 / 17: 20 %). Earnings before taxes increases by 11 percent to 6.2 million euros (Q1 16 / 17: 5.6 million euros), resulting in an EBT margin of 18 percent of total output (Q1 16 / 17: 18 %) and 20 percent of revenues (Q1 16 / 17: 20 %). In the first three months of the 2017 / 2018 financial year, ISRA generates net profit after taxes and minority interests of 4.4 million euros (Q1 16 / 17: 3.8 million euros), equating to a 15 percent increase compared to the same period of the previous year. Earnings per share improve by 15 percent to 1.01 euros (Q1 16 / 17: 0.88 euros).

Liquidity and financial situation

As of December 31, 2017, the Company achieves operating cash flow of 4.4 million euros (December 31, 2016: 2.0 million euros). Expenditures for investments amount to 3.3 million euros (December 31, 2016: 3.3 million euros). Cash flow from financing activities amounts to 0.6 million euros as of the reporting date (December 31, 2016: -5.1 million euros). Net debt (short-term and long-term liabilities minus cash and equivalents) was reduced by 1.6 million euro and thus has been completely eliminated. Thus, net liquidity totaled 0.4 million euros (September 30, 2017: -1.3 million euros). Net cash flow increases relative to the same period of the previous year to 1.6 million euros (December 31, 2016: -6.1 million euros).

Total group assets amount to 284.0 million euros (September 30, 2017: 285.0 million euros). Inventories amount to 34.6 million euros (September 30, 2017: 32.7 million euros). Trade receivables are reduced further to 91.4 million euros (September 30, 2017: 98.0 million euros). This figure includes receivables from delivered and invoiced systems of 41.5 million euros (September 30, 2017: 50.6 million euros) and receivables according to the percentage-of-completion method, after advance payments amounting to 50.0 million euros (September 30, 2017: 47.4 million euros). Current assets thus amount to 165.6 million euros (September 30, 2017: 166.3 million euros), while non-current assets total 118.4 million euros (September 30, 2017: 118.7 million euros).

The liabilities side of the consolidated balance sheet as of the reporting date of December 31, 2017, shows trade payables down to 12.0 million euros (September 30, 2017: 18.1 million euros). Short-term financial liabilities to banks total 31.0 million euro (September 30, 2017: 31.0 million euro), while other financial liabilities decrease to 12.3 million euro (September 30, 2017: 14.5 million euro). Tax liabilities were reduced to 4.5 million euros (September 30, 2017: 4.8 million euros). Non-current liabilities once again account for 38.5 million euros (September 30, 2017: 36.7 million euros). Equity increases in the first three months of the 2017 / 2018 financial year to 181.9 million euros (September 30, 2017: 177.0 million euros). Given the equity ratio of 64 percent (September 30, 2017: 62 %) and the available credit lines, the Company has solid capital resources for future growth.

Employees and Management

In the first three months of the 2017 / 2018 financial year, ISRA had an average of 673 employees at more than 25 locations worldwide (Q1 16 / 17: 628). By the end of the first quarter on December 31, 2017, the Company counted a total of 704 employees. 50 percent were employed in Production and Engineering, 20 percent in Marketing and Sales, approx. 18 percent in Research and Development, and a further 12 percent in Administration. In terms of geographic distribution, close to 69 percent of the employees worked in Europe, roughly 21 percent in Asia and approx. 10 percent in North and Latin America.

To prepare the Company‘s infrastructure for further growth and the next revenue dimension of more than 200 million euro, ISRA is currently creating new positions in strategically relevant departments. Alongside capacity extensions in production and in the Darmstadt, Herten, Berlin and Shanghai locations, this also covers new management positions in the area of international Sales, Service, Production and Human Resources.

Highly qualified interdisciplinary teams are an important success factor for achieving continued profitable growth. In addition to well-trained employees, ISRA’s personnel strategy thus also focuses on intercultural and social competencies. Key pillars of the corporate culture in this area include values such as diversity and responsibility, which are strengthening the potentials of the teams. Beyond that, all employees are provided with targeted support in the form of a wide-ranging package of seminars and continued education, as well as strategic trainings.

Trade Fairs and International Markets

Attending internationally leading trade fairs is a central part of successful customer- and region-specific marketing for ISRA. In the first quarter of the 2017 / 2018 financial year, the Company again exhibited its products at different leading trade fairs throughout the world for trade professionals and visitors and, successfully generating business contacts with new and existing customers. In the first three months of the financial year, latest technologies and solutions were exhibited globally at a total of 19 trade fairs.

The portfolio for 3D inspection and 3D robot guidance was showcased in the context of MOTEK in Stuttgart, one of the leading international specialist fairs for production and assembly automation. When participating in the Korea Display Exhibition and in C-Touch, one of the largest trade fairs for the international touchscreen industry, new system types for the inspection of smartphones and touchscreen surfaces were introduced. At PV Taiwan, one of the most important trade fairs of the photovoltaics industry, the Company exhibited its high-performing and diverse portfolio of inspection options for innovative cell and module designs and intelligent recipe management. Visitors at Aluminum USA took the opportunity to get an impression of ISRA‘s high-performance complete portfolio for metal inspection across the whole process chain. At Asia Can Tech, the Company was represented with its systems for the inspection of metal overprints. At the Hofer Vliesstofftage as well as at SINCE, the largest Chinese nonwovens industry trade fair, the specialist audience was presented the capabilities of the specialized inspection extensions for quality assurance in the area of nonwoven materials. Label Expo Asia is one of the important trade fairs in the print industry in Asia. Here ISRA presented its portfolio for narrow web and label printing.

Research and Development

Continuous advances in research and development constitute one of the most important drivers of ISRA‘s sustainable growth and the international success of its products and technologies. System developments and state-of-the-art expertise create business opportunities on a consistent basis and ensure a strong market position. Concepts and ideas that become products follow a market oriented and adaptive innovation roadmap particularly oriented towards sustainable success of the invented systems. This is achieved by consideration of current trends and advances in the various technologies and impulses from customer industries. The pursued design-to-cost approach secures a high level of competitiveness for the developed products and a rapid return-on-investment for customers.

In the first quarter of 2017 / 2018 financial year, ISRA invested 5.0 million euros or approx. 14 percent of total output in research and development (Q1 16 / 17: 4.9 million euros). Of this amount, 3.0 million euros relate to products that are soon to be launched on the market (Q1 16 / 17: 3.0 million euros).

Networked sensors as well as their efficient horizontal and vertical integration into the production environments remains in the focus of the research activities. ISRA’s „seeing systems” are thus to become a key component of agile production. Since they can be rapidly and efficiently adapted to new tasks and process changes, these sensors make it possible to quickly change processes. The portfolios „Touch & Automate“ and „Touch & Inspect“ are bringing this vision into practice by offering robot vision and surface inspection systems with high connectivity and embedded hardware. Combined with the overarching production analytics software for production control, these research activities aim to enable efficient and intelligent process optimization and adjustment in the context of INDUSTRIE 4.0. Further key areas in this development program are machine learning, high-end classification and deep learning.

In addition to these product innovations, ISRA is also further developing successful systems on a continuous basis. In the first quarter of 2017 / 2018, this particularly included new options for absolutely precise and correlation-free measurement technology and new product features and applications in the area of 3D robot vision. In projects with Polymetric GmbH, which has been part of the ISRA VISION Group since January 2018, new products are being designed which combine the common competences in the area of 3D-point cloud technology, while existing systems from the Polymetric range are redeisgned. In addition, ISRA is developing new solutions facilitating quality control for demanding thin glass products with high-definition camera components and technical innovations.

Share

In the first quarter of the 2017 / 2018 financial year, the dynamic price development pushed the ISRA share to new highs. The price of the share based on the XETRA closing price rose from 166.15 euros on October 2, 2017 to 212.60 euros on December 29, 2017. The share thus increased by 28 percent in the first three months of the 2017 / 2018 financial year, while the DAX changed little in the same period following various movements, and the TecDAX increased by roughly 2 percent against the beginning of October.

The low in the first quarter of 2017 / 2018 for the ISRA share in the XETRA trading system was 148.65 euros on November 29, 2017. The share reached a high of 212.60 euros on December 29, 2017. An average of approx. 13,297 shares were traded on each trading day at all German stock exchanges in the first three months of the financial year, representing a significant increase in trading volume compared with the same period of the previous year; during Q1 16 / 17, only 7,700 shares were traded per day. At 931.5 million euros, market capitalization at the balance sheet date of December 31, 2017 more than doubled compared to the same period of the previous year (December 31, 2016: 442.5 million euros).

The ISRA share is tracked and assessed by analysts working for the investment companies M.M. Warburg, Hauck & Aufhäuser, Oddo Seydler and Matelan Research.

Outlook

With high profitability and a gross order backlog of more than 83 million euros, the first quarter of the new financial year reaffirms ISRA's ongoing growth course and offers a good basis for achieving the guided annual targets. Furthermore, the Company is concentrating on the further increase of market shares and its technical market position. For this, ISRA extends its core business with innovations and strengthens the global sales and service network by international expansion.

For the current financial year, the management anticipates positive momentum in the coming months and quarters. In Asia in particular, ISRA is currently recording a good order situation and expects this to continue moving forward. In the European and American markets, intensified regionally-optimized marketing and sales activities support the positive development for further business. To keep up the sustainable revenue and company growth, accessing new customer industries and regions remains a central strategic objective of the Company.

In the Surface Vision segment, regarding the current positive order situation, ISRA is anticipating double digit revenue growth. The demand trending in the metal area continues to benefit from the complete portfolio strategy as well as innovations for the steel industry. Additional order entries are resulting from the expanded system range for inspecting float, automotive and display glass; orders coming from strategically important customers are expected to be closed in near term. In its plastic business unit where ISRA offers inspection solutions for over 30 web products, the Company intensifies the activities especially regarding high-end materials. Interest from print customers in versatile systems for inspecting printed products on various substrates is expected to generate further revenues supported by the new sales and key-account-management team line up. For its business in the solar industry, the Company enhances its market position in Asia by extending the local teams. In the specialty paper sector, further revenue impulses are expected to be generated as a result of the expanded portfolio for security paper and printing; negotiations regarding another strategic large scale order are already in progressed stages. With targeted capital expenditure in the semiconductor area, ISRA is advancing the market launch in Asia with products for efficient wafer inspection.

For the Industrial Automation segment, the management is anticipating strong investment readiness in the various customer markets in the upcoming quarters. International premium car manufacturers in particular are showing continuing interest in 3D robot automation solutions. After the successful validation of ISRA's paint inspection technology at a German automobile manufacturer and with new customer contacts in China, the Company is expecting further incoming orders. Additional orders regarding the inspection systems for touch screens of smartphones and tablets are also expected shortly.

With the development of intelligent sensors for the next system generation with higher connectivity, ISRA is addressing marketing opportunities resulting from realizing the vision of INDUSTRIE 4.0. In the current financial year, the Company is planning to present further products optimally aligned to being deployed in the networked production world. In addition, the management is expecting increasing revenue contributions from the „Touch & Automate" and „Touch & Inspect" portfolios for intelligent industry automation and surface inspection. Management anticipates further potential from Production Analytics software tools, which enable efficient process control and yield maximization based on inspection and automation data. In preparation for the next sales dimension above 200 million euro, ISRA is investing in establishing the infrastructure as well as in operating and strategic measures in all corporate areas. Alongside a team for Digital Business Development and the adjustment of premises, this includes reinforced management capacity in the areas of Sales, Service, Production and Human Resources.

A further key element of the expansion strategy is the acquisition of suitable companies in order to grow in a sustained and diversified way on the basis of technologies, regions and markets. The focus here is on target companies that will advance ISRA's technology leadership, market position or the entry into new markets. The integration of Polymetric GmbH, which has been part of the corporate group since January 2018, expands the portfolio in the area of 3D measuring technology. After the integration is completed in the next two quarters, scale and revenue effects are anticipated especially as a result of an alignment of the Polymetric products to ISRA standards. In addition to the Polymetric integration which is at an advanced stage the management is currently observing and analyzing further targets, expanding the focus to include Asia. Several acquisition projects are already being worked on, some of them at an advanced stage. A further closing is planned for the current financial year.

With a profitable quarterly result, strong incoming orders and a high gross order backlog of approx. 83 million euros (PY: 90 million euros gross) – further large scale orders are expected near-term – ISRA has started into the new financial year in a robust fashion. For the 2017 / 2018 financial year, the management is planning further profitable low double digit growth and for high profit margins at least at the level of the previous year. International expansion, extending the core business and product innovations to tap additional market potential remain in the focus of management to considerably exceed the revenue target of 150 million euros as forecasted in the current financial year.

Consolidated Total Operating Revenue EBITDA-EBIT statement [1) 3)]

from October 01, 2017 to December 31, 2017 in € k

(in € k)	FY 2017 / 2018 3 months (Oct. 01, 2017 - Dec. 31, 2017)		FY 2016 / 2017 3 months (Oct. 01, 2016 - Dec. 31, 2016)	
Net sales	31,241	91%	28,454	90%
Capitalized work	3,050	9%	3,027	10%
Total output	34,291	100%	31,481	100%
Cost of materials	6,368	19%	5,831	19%
Cost of labour excluding depreciation	6,927	20%	6,289	20%
Cost of production excluding depreciation	13,295	39%	12,121	39%
Gross profit	20,996	61%	19,360	61%
Research and development Total	4,971	14%	4,860	15%
Sales and marketing costs	5,971	17%	5,559	18%
Administration	1,228	4%	1,144	4%
Sales and administration costs excluding depreciation	7,199	21%	6,704	21%
Other revenues	1,125	3%	1,279	4%
EBITDA	9,951	29%	9,075	29%
Depreciation and amortization	3,688	11%	3,417	11%
Total costs	15,857	46%	14,981	48%
EBIT	6,263	18%	5,658	18%
Interest income	25	0%	7	0%
Interest expenses	-77	0%	-85	0%
Financing result	-51	0%	-78	0%
EBT	6,212	18%	5,580	18%
Income taxes	1,763	5%	1,727	5%
Consolidated net profit	4,448	13%	3,852	12%
Of which accounted to non-controlling shareholders	13	0%	11	0%
Of which accounted to shareholders of ISRA VISION AG	4,435	13%	3,841	12%
Earnings per share in € before income taxes [2)]	1.42		1.27	
Earnings per share in € [2)]	1.01		0.88	
Shares issued [4)]	4,378,603		4,378,240	

1) According to IFRS unaudited
2) Per-share result undiluted and diluted
3) This pro forma statement is an additional presentation based on the comprehensive presentation given in previous years and not part of the IFRS consolidated financial statements.
4) Weighted number of shares

ISRA VISION AG voluntarily publishes a consolidated total operating revenue EBITDA-EBIT statement typical for the industry oriented to the cost-summary method. The key differences between the cost of sales method and the pro forma consolidated total operating revenue / EBITDA-EBIT calculation are as follows: Profit margins increase because they are now associated with net sales instead of total output (net sales plus capitalized work). Capitalized work no longer appears in the cost of sales method and is assigned to the R&D functional area. Depreciation and amortization is now spread over the relevant functional areas. The EBIT earnings and the EBT earnings of the pro forma total output EBITDA-EBIT statement do not deviate from the consolidated income statement, which corresponds to IFRS.

Consolidated Income Statement [1) 3)]

from October 01, 2017 to December 31, 2017 in € k

(in € k)	FY 2017 / 2018 3 months (Oct. 01, 2017 - Dec. 31, 2017)		FY 2016 / 2017 3 months (Oct. 01, 2016 - Dec. 31, 2016)	
Net sales	31,241	100 %	28,454	100 %
Cost of sales	13,504	43 %	12,307	43 %
Gross operating result (gross profit)	17,737	57 %	16,148	57 %
Research and development	5,129	16 %	4,834	17 %
Total costs	4,971	16 %	4,860	17 %
Depreciation and amortization	3,262	10 %	3,033	11 %
Grants	- 54	0 %	- 32	0 %
Capitalized work	- 3,050	- 10 %	- 3,027	-11 %
Sales and marketing costs	6,151	20 %	5,724	20 %
Administration	1,265	4 %	1,178	4 %
Sales and administration costs	7,416	24 %	6,902	24 %
Other revenues	1,070	3 %	1,246	4 %
Interest income	25	0 %	7	0 %
Interest expenses	-77	0 %	-85	0 %
Financing result	-51	0 %	-78	0 %
Earnings before taxes (EBT)	6,212	20 %	5,580	20 %
Income taxes	1,763	6 %	1,727	6 %
Consolidated net profit	4,448	14 %	3,852	14 %
Of which accounted to shareholders of ISRA VISION AG	4,435	14 %	3,841	13 %
Of which accounted to non-controlling shareholders	13	0 %	11	0 %
Earnings per share in € before income taxes [2)]	1.42		1.27	
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Shares issued [4)]	4,378,603		4,378,240	

1) According to IFRS unaudited

2) Per-share result undiluted and diluted

3) The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

4) Weighted number of shares

Consolidated Group Balance Sheet [2)]

at December 31, 2017 in € k

(in € k)	Dec. 31, 2017 [1)]	Sept. 30, 2017
ASSETS		
Assets		
Short-term assets		
Inventories	34,617	32,667
Trade receivables	91,426	98,049
Cash and cash equivalents	31,360	29,728
Financial assets	5,987	3,146
Other receivables	1,545	1,954
Income tax receivables	711	747
Total short-term assets	165,645	166,291
Long-term assets		
Intangible assets	111,518	111,682
Tangible assets	5,104	5,219
Shareholdings in associated companies	12	12
Financial assets	1,083	1,083
Deferred tax claims	668	730
Total long-term assets	118,386	118,728
Total assets	284,032	285,019

EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	11,994	18,064
Financial liabilities to banks	30,991	30,980
Other financial liabilities	12,315	14,450
Other accruals	1,897	945
Income tax liabilities	4,453	4,832
Other liabilities	2,017	1,952
Total short-term liabilities	63,668	71,223
Long-term liabilities		
Deferred tax liabilities	35,012	33,358
Pension provisions	3,441	3,390
Total long-term liabilities	38,453	36,747
Total liabilities	102,121	107,970
Equity		
Issued capital	4,381	4,381
Capital reserves	39,247	38,800
Profit brought forward	131,395	110,886
Net profit accounted to the shareholders of ISRA VISION AG	4,435	20,508
Other comprehensive income	729	921
Own shares	0	-159
Share of equity capital held by ISRA VISION AG shareholders	180,188	175,338
Equity capital accounted to non-controlling shareholders	1,723	1,710
Total equity	181,910	177,049
Total equity and liabilities	284,032	285,019

[1)] According to IFRS unaudited

[2)] The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

Consolidated Cash flow Statement [1) 2)]

from October 01, 2017 to December 31, 2017 in € k

(in € k)	Oct. 01, 2017 - Dec. 31, 2017	Oct. 01, 2016 - Dec. 31, 2016
Consolidated net profit	4,448	3,852
Income tax payments	- 818	- 1,714
Changes in deferred tax assets and liabilities	1,716	1,710
Changes in accruals	1,004	-439
Depreciation and amortization	3,688	3,417
Changes in inventories	- 1,949	500
Changes in trade receivables and other assets	4,227	- 113
Changes in trade payables and other liabilities	- 8,276	- 5,362
Financial result	52	79
Other non-cash changes	285	40
Cash flow from operating activities	4,376	1,971
Payments for investments in tangible assets	-167	- 227
Payments for investments in intangible assets	- 3,100	- 3,027
Company acquisition	0	0
Cash flow from investment activities	- 3,267	- 3,254
Payments to company owners through acquisition of own shares	0	0
Deposits from sales of own shares	606	0
Dividend payouts	0	0
Deposits from the assumption of financial liabilities	11	0
Repayments of financial liabilities	0	-5,050
Interest income	25	7
Interest expenses	- 77	- 85
Cash flow from financing activities	565	- 5,129
Exchange rate-based value changes of the financial resources	- 42	351
Change of financial resources	1,632	- 6,061
Net cash flow		
Financial resources on 30.09.2017 / 30.09.2016	29,728	16,919
Financial resources on 31.12.2017 / 31.12.2016	31,360	10,858

1) According to IFRS unaudited

2) The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity [1) 2)]

for the period October 01, 2017 to December 31, 2017 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of share-holders ISRA VISION AG	Accounted to non-controlling share-holders	Equity
As of Sep. 30, 2017	4,381	38,800	-159	921	110,886	20,508	175,338	1,710	177,049
Profit brought forward	0	0	0	0	20,508	-20,508	0	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0
Sales of own shares	0	447	159	0	0	0	606	0	606
Payout	0	0	0	0	0	0	0	0	0
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	-192	0	4,435	4,243	13	4,256
As of Dec. 31, 2017	4,381	39,247	0	729	131,395	4,435	180,188	1,723	181,910

1) According to IFRS unaudited

2) The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB). In the year under review the IFRS / IASs and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity [1) 2)]

for the period October 01, 2016 to December 31, 2016 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of share-holders ISRA VISION AG	Accounted to non-controlling share-holders	Equity
As of Sep. 30, 2016	4,381	38,800	-159	1,833	95,432	17,556	157,843	1,495	159,338
Profit brought forward	0	0	0	0	17,556	-17,556	0	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0
Sales of own shares	0	0	0	0	0	0	0	0	0
Payout	0	0	0	0	0	0	0	0	0
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	651	0	3,841	4,492	11	4,503
As of Dec. 31, 2016	4,381	38,800	-159	2,484	112,988	3,841	162,335	1,506	163,841

1) According to IFRS unaudited

2) The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB). In the year under review the IFRS / IASs and SICs which must compulsorily be applied were followed.

Segment Reporting by Division 1) 2)

for selected positions of the consolidated income statement in € k

	Industrial Automation Division		Surface Vision Division	
(in € k)	Oct. 01, 2017 - Dec. 31, 2017	Oct. 01, 2016 - Dec. 31, 2016	Oct. 01, 2017 - Dec. 31, 2017	Oct. 01, 2016 - Dec. 31, 2016
Revenues	7,801	7,119	23,440	21,336
EBIT	1,656	1,452	4,608	4,206

1) According to IFRS unaudited
2) The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB). In the year under review the IFRS / IASs and SICs which must compulsorily be applied were followed.

Explanatory notes

Basic accounting and valuation methods

The company 's quarterly consolidated financial statements were prepared in line with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). In the year under review the IFRSs and SICs which must compulsorily be applied were followed.

Darmstadt, February 28, 2018

The executive board

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