

Quarterly Report Q3  
Financial Year 2017 / 2018

## Vision Competence For Automation Excellence



**ISRA VISION AG: 3rd quarter 2017/2018 – Revenues +10%, EBT +13%****Forecast confirmed: Double-digit growth dynamics continue -  
On the way to the midterm goal 200+: Further growth steps planned for 2018/2019**

- Revenues rise 10% to 102.8 million euros (Q3-YTD-16/17: 93.3 million euros)
- Significant EBT growth of plus 13% to 20.5 million euros (Q3-YTD-16/17: 18.1 million euros), EBT margin on revenues at record level of 20%
- All earnings margins remain at high level:
  - EBITDA plus 13%, margin at 29% of total output and 31% of revenues (Q3-YTD-16/17: 28% and 31%)
  - EBIT plus 13%, margin at 18% of total output and 20% of revenues (Q3-YTD-16/17: 18% and 20%)
  - EBT plus 13%, margin at 18% of total output and 20% of revenues (Q3-YTD-16/17: 18% and 19%)
- Gross margin 61% of total output (Q3-YTD-16/17: 61%) and 57% of revenues (Q3-YTD-16/17: 57%)
- Net cash flow rises slightly to 5.6 million euros (Q3-YTD-16/17: 5.3 million euros)
- Net liquidity increases to 4.4 million euros (September 30, 2017: -1.3 million euros)
- Strong order backlog of approx. 90 million euros gross (PY: 83 million euros gross)
- Customer service and support expands again – double-digit contribution to revenues
- Next acquisition in preparation
- New products and innovation roadmap boost demand
- Business segment “Advanced Materials” (former “Plastics”) broadens market positioning
- Profitable growth for the financial year of approx. 10% expected, earnings margins at least at the high level of previous quarters

**In short form**

(in € k)	FY 2017/2018 9 months		FY 2016/2017 9 months		Change
Revenues	102,815	91%*	93,272	91%*	10%
Gross Profit	68,908	61%*	62,522	61%*	10%
EBITDA	32,116	29%*	28,478	28%*	13%
EBIT	20,728	18%*	18,364	18%*	13%
EBT	20,513	18%*	18,095	18%*	13%
Net profit	14,545	13%*	12,561	12%*	16%
Earnings per share after taxes**	0.66		0.57		16%

\* Referenced to total output

\*\* Adjusted previous year's figure related to the stock split for better comparability

(in € k)	FY 2017/2018 3 months		FY 2016/2017 3 months		Change
Revenues	38,114	92%*	34,363	92%*	11 %
Gross Profit	25,521	61%*	22,768	61%*	12 %
EBITDA	11,757	28%*	10,103	27%*	16 %
EBIT	7,877	19%*	6,704	18%*	17 %
EBT	7,811	19%*	6,624	18%*	18 %
Net profit	5,520	13%*	4,668	13%*	18 %
Earnings per share after taxes **	0.25		0.21		19 %

\* Referenced to total output

\*\* Adjusted previous year's figure related to the stock split for better comparability

## Business activity

ISRA VISION AG (ISIN: DE 0005488100) – the TecDAX company for industrial image processing (machine vision), one of the world's leading suppliers of surface inspection solutions for web materials and of 3D machine vision applications – continues its profitable growth also in the third quarter of the 2017/2018 financial year with double-digit improvements in revenues and earnings and thus successfully maintains the dynamic of the first half of the financial year. As forecasted, revenues increase by 10 percent against the same period of the previous year to 102.8 million euros (Q3-YTD-16/17: 93.3 million euros), while EBT rise significantly by 13 percent to 20.5 million euros (Q3-YTD-16/17: 18.1 million euros). The EBT margin was thus one percentage point higher at 20 percent of revenues (Q3-YTD-16/17: 19%), thereby achieving the long-term target for the first time. In respect to total output, the EBT margin is 18 percent, just as in the previous year (Q3-YTD-16/17: 18%).

The net cash flow was up slightly at 5.6 million euros (Q3-YTD-16/17: 5.3 million euros). Net liquidity also rises further to 4.4 million euros (September 30, 2017: -1.3 million euros), following the complete reduction of net debt in the preceding quarters. With the equity ratio higher by 3 percentage points at 65 percent (September 30, 2017: 62%) and the available credit lines, ISRA has solid capital resources for future growth and is optimally prepared for potential acquisition projects. With a high order backlog of approx. 90 million euros gross (PY: 83 million euros gross), the Company can confirm its targets for the financial year and is set for a good start to the traditionally strong fourth quarter.

## Regions and segments

ISRA's strong international corporate footprint makes it one of the best positioned providers in the machine vision industry. In the future, its global network of more than 25 locations worldwide will be extended further as continuous international expansion in key industrial centers is a major factor for long-term success. Earnings in all regions are once again at a high level after the third quarter: In Europe, the Company is recording strong double-digit growth rates. In Asia as well, revenues are outperforming the already successful previous year. The dynamic on the American markets is similar to that in the same period of 2016/2017. By expanding its management, ISRA is planning to tap further revenue potential in a currently positive market environment – particularly in North America.

Both Surface Vision and Industrial Automation once again achieve significant growth in the reporting period. With its innovative robot vision and inline measurement products in the Industrial Automation segment, ISRA delivers to a broad customer base of international automotive manufacturers – including renowned premium producers – and leading companies in other industries. Significant revenue impulses were generated at this year's AUTOMATICA, one of the most important trade fairs for industrial automation. In addition to successful

solutions for 3D assembly, fully automated paint inspection on car bodies, 3D inline measurement technology and adhesive bead inspection, there was particularly strong demand for “TOUCH & AUTOMATE” products prepared specially for INDUSTRIE 4.0 with a new multi-stereo approach. Revenues rose by 12 percent compared to the same period of the previous year to 25.5 million euros (Q3-YTD-16/17: 22.8 million euros). Segment EBIT grows by 14 percent to 5.1 million euros (Q3-YTD-16/17: 4.5 million euros) – a margin of 18 percent to total segment output (Q3-YTD-16/17: 18%).

Revenues in the Surface Vision segment increase by 10 percent to 77.4 million euros (Q3-YTD-16/17: 70.5 million euros). EBIT rises to 15.7 million euros (Q3-YTD-16/17: 13.9 million euros), giving the segment a margin of 19 percent of total output (Q3-YTD-16/17: 18%). In addition to the large scale order for thin glass inspection for display applications (press release dated April 26, 2018), the glass business unit records further order entries from Asia in particular. In the metals industry, the process analysis modules for quality enhancement and production optimization, as well as 3D inspection solutions that are used at the beginning of the value chain and minimize downstream rejects are achieving further revenue growth. For historical reasons, revenues generated from more than 40 different materials – including some not directly from the plastics industry – have been aggregated in the Plastics business unit. ISRA is now strategically repositioning the Plastics business, putting it up even broader and with an extended focus on innovative materials, which is reflected in the name change to Advanced Materials. With this extended focus, the Company addresses additional revenue potential, while simultaneously strengthening international sales for a targeted approach of these customers. The product innovations for the inspection of printed products have been well received on the market, and the dynamic of this business is at a high level. Cost-optimized products in the paper industry are resulting in significant growth in revenues and, last but not least, the business unit's performance is also benefitting from the augmentation of management. The security business unit – formerly specialty paper – is expanding its product portfolio of specialized inspection solutions for high-security paper to include fully automated quality assurance for high-security printing, and is currently witnessing further growth. Solar industry revenues develop positively. In the relatively new semiconductor business unit, the Company has successfully acquired further strategic orders and continues its focus on the market launch in Asia. Service products again contribute with double-digits to revenues in the third quarter.

### Revenue and profit situation

The Company's revenues rise by 10 percent to 102.8 million euros in the first nine months of the 2017/2018 financial year (Q3-YTD-16/17: 93.3 million euros). Total output also increase by 10 percent to 112.5 million euros (Q3-YTD-16/17: 102.0 million euros), while costs of production increase to 43.6 million euros (Q3-YTD-16/17: 39.5 million euros) and therefore – like in the previous year – amount to 39 percent of total output. The costs of labor amount to 22.5 million euros (Q3-YTD-2017/2018: 20.5 million euros) and 20 percent of total output (Q3-YTD-2017/2018: 20%) while the cost of materials add up to 21.1 million euros (Q3-YTD-2017/2018: 19.1 million euros) and 19 percent of total output. ISRA therefore generates a strong gross margin of 61 percent of total output (Q3-YTD-16/17: 61%) and 57 percent of revenues (Q3-YTD-16/17: 57%) like in the comparable period of previous year. Investment in research and development amounts to 14.6 million euros in the first nine months of the financial year (Q3-YTD-16/17: 14.0 million euros), a share of 13 percent of total output (Q3-YTD-16/17: 14%). Sales and marketing expenditures total 20.1 million euros (Q3-YTD-16/17: 18.5 million euros). Despite the increased revenues, administrative costs are remaining almost stable at 3.4 million euros (Q3-YTD-16/17: 3.3 million euros) and amount to 3 percent of total output (Q3-YTD-16/17: 3%).

Also in the current reporting period, ISRA further expanded its profitability: EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) increase by 13 percent to 32.1 million euros (Q3-YTD-16/17: 28.5 million euros) and therefore, as in the previous year, account for 31 percent of revenues (Q3-YTD-16/17: 31%) and – an improvement of one percentage point on the previous year – 29 percent of total output (Q3-YTD-16/17: 28%). After depreciation and amortization of 11.4 million euros (Q3-YTD-16/17: 10.1 million euros),

the Company reports EBIT of 20.7 million euros (Q3-YTD-16/17: 18.4 million euros) and thus an EBIT margin on revenues of 20 percent (Q3-YTD-16/17: 20%) and 18 percent on total output (Q3-YTD-16/17: 18%). EBT has increased by 13 percent to 20.5 million euros (Q3-YTD-16/17: 18,1 million euros), with an EBT margin of 20 percent of revenues (Q3-YTD-16/17: 19%) and 18 percent of total output (Q3-YTD-16/17: 18%).

Consolidated net profit after taxes and non-controlling interests amounted to 14.4 million euros (Q3-YTD-16/17: 12.5 million euros), an increase of 16 percent as against the same period of the previous year. Earnings per share (EPS) rose accordingly by 16 percent to 0,66 euro (Q3-YTD-16/17: 2,58 euro and 0,57 euro respectively, adjusted for the higher number of shares following the stock split on May 23, 2018 for improved comparability).

### Liquidity and financial situation

At the closing of 2017/2018 financial year's third quarter, ISRA reports cash flow from operating activities of 18.3 million euros (June 30, 2017: 23.3 million euros). With targeted measures to enhance productivity and efficiency in production processes and with expanded regional management in the area of "Operations and Production" the Company plans to leverage additional potential in the coming quarters. 10.8 million euros were expended for investments (June 30, 2017: 9.5 million euros). Cash flow from financing activities was -2.2 million euros as of the end of the reporting period (June 30, 2017: -7.4 million euros). The Company paid out a dividend in the total amount of 2.6 million euros (Q3-YTD-16/17: 2,1 million euros)– 0.5 million euros higher than in the previous year – and achieves a slightly increased net cash flow of 5.6 million euros (Q3-YTD-16/17: 5.3 million euros). After net debt has been eliminated in the previous quarters, net liquidity increases to 4.4 million euros (September 30, 2017: -1.3 million euros) as of the end of the third quarter.

Consolidated total assets amounted to 292.5 million euros as of June 30, 2018 (September 30, 2017: 285.0 million euros). Due to the dynamic order situation and in preparation for the anticipated strong fourth quarter, inventories have risen to 38.3 million euros (September 30, 2017: 32.7 million euros). Trade receivables, which comprise systems already delivered and invoiced of 39.8 million euros in addition to receivables recognized using the percentage-of-completion method of 53.2 million euros, decline to 93.0 million euros (September 30, 2017: 98.0 million euros). Current assets totaled 175.1 million euros as of the end of the reporting period (September 30, 2017: 166.3 million euros), while non-current assets amounted to 117.4 million euros (September 30, 2017: 118.7 million euros).

On the liabilities side of the balance sheet, trade payables reduce to 14.6 million euros as of June 30, 2018 (September 30, 2017: 18.1 million euros). Financial liabilities to banks again amount to 31.0 million euros as of the end of the reporting period (September 30, 2017: 31.0 million euros). Tax liabilities amount to 3.7 million euros (September 30, 2017: 4.8 million euros). With an increased equity of 189.3 million euros (September 30, 2017: 177.0 million euro), the equity ratio rises 3 percentage points to 65 percent (September 30, 2017: 62%); together with the available credit lines, the Company has solid capital resources to react flexibly to market and growth opportunities. ISRA did not hold any of its own shares as of June 30, 2018.

### Employees and management

In the first nine months of the 2017/2018 financial year, the Company employed 688 people on average at more than 25 locations worldwide (Q3-YTD-16/17: 643), counting 743 employees in total at the end of the third quarter on June 30, 2018. 50 percent worked in Production and Engineering, 20 percent in Marketing and Sales, approx. 20 percent in Research and Development and a further 11 percent in Administration. In terms of regional distribution, 69 percent of employees worked in Europe, approx. 21 percent in Asia and approx. 10 percent in North and South America.

ISRA is constantly consolidating its continuous operational growth by expanding its personnel structures and positioning experienced managers in strategic key areas. Along the value chain – including at global level – in Supply Chain, Production and Operations, Digital Business Development, Marketing and Sales in particular, but also Finance and Human Resources, the Company is creating the functional and organizational prerequisites for achieving the revenue target of more than 200 million euros.

As part of the expansion of personnel structures at all levels which is accompanying ISRA's ongoing growth course, the Company is primarily focusing on the various teams having a highly-qualified and interdisciplinary composition – the combination of different knowledge areas is a key success factor for the Company's continued profitable success. Furthermore, in addition to good education, ISRA's HR strategy prioritizes international and social skills. This is the only way to effect diversity and personal responsibility, which are main pillars of a motivational corporate culture and boost the teams' potential. Moreover, employees are specifically offered a wide range of continuous professional development options in addition to strategic management training.

### Trade fairs and international markets

Leading international trade fairs, conferences and workshops offer ISRA an efficient way for market and region-specific customer approaches. In the first nine months of the financial year, the Company presented its latest products at the leading trade fairs of various industries around the world, and thus successfully improved existing contacts while also generating new and follow-up business. Up to and including August 2018, ISRA had taken part in more than 60 exhibitions and symposiums in Asia and Europe in addition to North and South America. There, the Company presented its many innovations and products for the automation, metal, paper, glass, solar, plastics and printing industries.

At AISTech, one of the top industry trade fairs for the metal industry, the portfolio of innovative product enhancements was presented, which opens up new installation options in the production line to allow visual inspection even on lines where space is critical. Taking part in Filmtech Japan for the first time, the Company exhibited its inspection portfolio for the industrial trends in optical film and battery foil production. At the Can-nex Fillex trade fair, the expert audience was impressed by systems for inspecting metal and label printing. Against the broader backdrop of the vision INDUSTRIE 4.0, ISRA attended SNEC – the biggest photovoltaics trade fair in the Asian region – where it presented its “CONNECTED PHOTOVOLTAICS 4.0” portfolio, which enables central digital quality and inspection recipe management for uniform company-wide standards in solar production. AUTOMATICA 2018, one of the world's most crucial industrial automation trade fairs, was – as reported – an utter success: In addition to a record number of visitors and a large number of promising customer contacts, the Company reported significant demand for its new ready-to-use sensor technology with networked embedded architecture and the specific robot vision products for robot-based automotive production. To improve its positioning in the Chinese automotive market, in the past quarter ISRA successfully took part in the AMTS trade fair, the most important of its kind for the automotive industry in China. Beyond that, ISRA also attended Alu-China, where it presented a fully automated optical quality assurance solution for aluminum profiles.

### Research and development

As a technologically leading and highly innovative industrial image processing company, investments in research and development are of high relevance for ISRA. Designing new products and enhancing systems already established on the market on an ongoing basis creates an optimal foundation for a strong market position, for long-term and sustainable growth, and for an attractive product portfolio and high customer satisfaction. The Company's innovation roadmap takes into account both technical advances in integrated components and stimulus from day-to-day practical use. As a result, ISRA is always geared for the latest industry trends, and develops solutions that offer broad market potential in various application areas. Products

that are competitive at any time and a quick return on investment for customers are ensured by a systematic design-to-cost approach.

In the first nine months of the current financial year, the Company invested 14.6 million euros (Q3-YTD-16/17: 14.0 million euros) or approx. 13 percent of total output (Q3-YTD-16/17: 14%) in research and development. 9.7 million euros (Q3-YTD-16/17: 8.8 million euros) of this figure were attributed to products soon to be launched on the market.

ISRA continued the strategic and technological expansion of its 3D portfolio in the third quarter: One of the focus areas was the new generation of systems for fully automated gripping tasks such as random bin picking using a robot gripper. The first time deployed quad-camera technology integrates multi-stereo imaging – thereby enabling the optimal detection of the entire volume of a container and its complete emptying in the shortest possible time. Equipped with embedded technologies and wireless connectivity in addition to INDUSTRIE 4.0-compatible protocols, the systems all provide the technical requirements to be used effectively as networked sensor architecture in the Smart Factory. The R&D team applies this focus on the requirements of industrial production of the future also to sensors in the area of 3D measurement technology and 3D robot vision, thus achieving the next milestones of the internal INDUSTRIE 4.0 innovation roadmap.

ISRA is developing other new products in particular with its new multi-sensor approach in deflectometry, which enables quality assurance for especially large reflecting surfaces, in addition to a new product family for inspecting adhesive bead applications. The Company is also continuing its technology offensive in the field of display inspection, and its work on innovative solutions for quality assurance for ultra-thin glass. Furthermore, there are current development projects for key future trends: For example, the deep learning team is testing new AI approaches (artificial intelligence) to production line operations with a pilot customer.

In addition to intelligent sensor systems, ISRA is also focusing on the value-adding use of data in other projects. Linked directly with information from inspection systems and other data sources on the line, smart and individually adjustable software architectures are able to discern digital recommendations for optimal process flows and identify factors influencing quality. Data-based production management supports reasoned decisions and optimal processes in all customer industries. To provide users with the key to this digital production support, the Company will be testing two new digital tools on the market in the next few months: the SQMS (Surface Quality Management System) platform and the next generation of the production intelligence software tool <sup>E</sup>PROMI (Enterprise Production Management Intelligence).

## Share

ISRA's shares continued the positive trend of recent months in the third quarter of 2017/2018 – rising more than 58 percent in the reporting period (year to date), while the DAX fell by around 5 percent and the TecDAX increased approx. 9 percent. Since May 23, 2018, ISRA's shares have been traded at a split ratio of 1:5, which was based on a capital increase from Company funds, leaving the total amount of equity unchanged. To allow better comparability, the following information is based on the value of the shares in relation to their number after the split, i.e. 21,906,200 shares (previously: 4,381,240 shares). Intraday and closing prices before May 23, 2018 are therefore shown at a fifth of their originally quoted value at that time.

On the basis of the closing price on XETRA, in the reporting period the price of the shares rose from 33.23 euros on October 2, 2017 to 52.60 euros on June 29, 2018. The daily trading volume roughly doubled year-on-year in the reporting period: An average of around 88,471 shares were traded per trading day on all German stock exchanges in the first nine months of the 2017/2018 financial year. In the same period of the previous year, 8,839 shares were traded per day on average, equivalent to a turnover worth of 44,195 shares after the stock split. The market capitalization of the Company amounted to 1.2 billion euros as of June 29, 2018.

ISRA's shares are tracked and rated by analysts at the investment companies Hauck & Aufhäuser, M.M. Warburg, Oddo BHF and Matelan Research.

## Outlook

With a robust order entry and the profitable development in the first nine months, ISRA has a good basis for the traditionally strong fourth quarter. For the further course of the financial year, management anticipates a continued investment readiness in the European markets and further growth in the upcoming months. In Asia, the Company also records an ongoing good demand, which allows to expect additional revenue contribution from the various customer industries. In the American markets, ISRA intensifies the marketing and sales activities and plans with an order development outperforming the previous year.

To prepare the infrastructure in the regions for the mid-term revenue target of more than 200 million euros, facilities in the locations Shanghai, São Paulo, Berlin, Herten, and Darmstadt are extended further. Additionally, the local management is being strengthened in Brazil, UK, India and the US.

In the segment Industrial Automation, the Company is expecting the continuation of the currently dynamic order situation in the upcoming quarters. Particularly the easily installed systems of the TOUCH & AUTOMATE portfolio for robot guidance and 3D inline measurement technology are generating further significant customer interest. For the innovative inspection solutions for reflective surfaces, increasing order entries are indicated.

ISRA is forecasting a positive trend in almost all units of the Surface Vision segment. In the glass business unit, order entries for the inspection of thin glass allow to expect further growth. Significant potential for new orders offer the product enhancements for metal inspection, aluminum producers in particular are already showing great interest in the new solutions. In the paper industry, the Company is extending its portfolio to include solutions for digital quality management and continues to anticipate high potential from cost-optimized web and web break monitoring products. In advanced materials – former plastics – sales capacity is augmenting its sales approach in industries with strong future potential to generate further growth. As well as sustained interest in the innovative portfolio for the entire process chain, in the print unit the Company also expects ongoing good demand for metal and packaging printing solutions. The niche market for security - former specialty paper - is also seeing signs that the positive order situation will continue, in particular for the print inspection of security paper and security and high value printing. As previously announced, revenues with solar industry customers are developing well; additional potential is expected from the “CONNECTED PHOTOVOLTAICS 4.0”-software tools which support high quality in multi-line production, even across different locations. In the semiconductor unit, management continues to focus on the market launch of the products in Asia and the expansion of sales structures. ISRA is systematically continuing its internationalization strategy in service business, and enhancing the management in order to achieve a increase in the service business' share of total revenue..

ISRA continues the consistent expansion of Digital Business Development. Launching the new online presence in the next months will generate an additional sales channel for the new ready-to-use product series which is expected to deliver a significant contribution to revenues.

In addition to organic growth, acquisitions are a key component of the long-term strategy, with a focus on target companies that strategically add to ISRA's technology portfolio, grow its market share or tap new markets. Management is currently analyzing several acquisition projects; for one of these projects – target company generating revenues in the mid-double digit million euros range – the evaluation process is in an advanced stage. Given ISRA's strong financial position and high equity share, it is a realistic option to finance the acquisition with own funds and borrowed capital.



The current innovation dynamics which are generating further demand with new products, the expansion of branches in various regions, investment in strategically important market areas and the high order backlog of approx. 90 million euros gross (PY: 83 million euros gross) form a good basis for the traditionally strong fourth quarter and a positive performance in the months ahead. For the financial year, the Company is expecting growth in revenues and EBT at a low double-digit percentage range. In terms of earnings, management is planning to achieve increased or at least stable margins on the current high level. International expansion, operational productivity and cash flow optimization and a strong market position remain top priorities to achieve the revenue dimension of more than 200 million euros through both organic and anorganic growth in the medium term.

## Pro Forma Consolidated Total Operating Revenue EBITDA-EBIT Statement <sup>1) 3)</sup>

from October 01, 2017 to June 30, 2018 in € k

(in € k)	FY 2017/2018 9 months (Oct. 01, 2017 - Jun. 30, 2018)		FY 2016/2017 9 months (Oct. 01, 2016 - Jun. 30, 2017)		FY 2017/2018 3 months (Apr. 01, 2018 - Jun. 30, 2018)		FY 2016/2017 3 months (Apr. 01, 2017 - Jun. 30, 2017)	
Net sales	102,815	91 %	93,272	91 %	38,114	92 %	34,363	92 %
Capitalized work	9,684	9 %	8,755	9 %	3,540	8 %	2,952	8 %
Total output	112,499	100 %	102,027	100 %	41,654	100 %	37,314	100 %
Cost of materials	21,135	19 %	19,054	19 %	7,977	19 %	7,077	19 %
Cost of labour excluding depreciation	22,457	20 %	20,450	20 %	8,157	20 %	7,469	20 %
Cost of production excluding depreciation	43,591	39 %	39,505	39 %	16,134	39 %	14,546	39 %
Gross profit	68,908	61 %	62,522	61 %	25,521	61 %	22,768	61 %
Research and development Total	14,623	13 %	13,988	14 %	5,343	13 %	4,987	13 %
Sales and marketing costs	20,099	18 %	18,496	18 %	8,183	20 %	6,880	18 %
Administration	3,411	3 %	3,292	3 %	1,247	3 %	1,177	3 %
Sales and administration costs excluding depreciation	23,510	21 %	21,788	21 %	9,429	23 %	8,057	22 %
Other revenues	1,341	1 %	1,732	2 %	1,009	2 %	378	1 %
EBITDA	32,116	29 %	28,478	28 %	11,757	28 %	10,103	27 %
Depreciation and amortization	11,388	10 %	10,114	10 %	3,880	9 %	3,398	9 %
Total costs	49,521	44 %	45,890	45 %	18,652	45 %	16,442	44 %
EBIT	20,728	18 %	18,364	18 %	7,877	19 %	6,704	18 %
Interest income	57	0 %	16	0 %	31	0 %	8	0 %
Interest expenses	-273	0 %	-284	0 %	-97	0 %	-88	0 %
Financing result	-216	0 %	-269	0 %	-66	0 %	-81	0 %
EBT	20,513	18 %	18,095	18 %	7,811	19 %	6,624	18 %
Income taxes	5,968	5 %	5,534	5 %	2,290	5 %	1,956	5 %
Consolidated net profit	14,545	13 %	12,561	12 %	5,520	13 %	4,668	13 %
Of which accounted to non-controlling shareholders	118	0 %	95	0 %	60	0 %	36	0 %
Of which accounted to shareholders of ISRA VISION AG	14,427	13 %	12,466	12 %	5,460	13 %	4,632	12 %
Earnings per share in € before income taxes <sup>2)</sup>	0.94		0.83 <sup>5)</sup>		0.36		0.30 <sup>5)</sup>	
Earnings per share in € <sup>2)</sup>	0.66		0.57 <sup>5)</sup>		0.25		0.21 <sup>5)</sup>	
Shares issued <sup>4)</sup>	21,901,788		21,891,200 <sup>5)</sup>		21,906,200		21,891,200 <sup>5)</sup>	

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> Per-share result undiluted and diluted

<sup>3)</sup> 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.

<sup>4)</sup> Weighted number of shares

<sup>5)</sup> The prior-year figure was adjusted due to the comparability as a result of the stock split.

ISRA VISION AG voluntarily publishes a pro forma 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 consolidated total operating revenue EBITDA-EBIT statement do not deviate from the consolidated income statement, which corresponds to IFRS.

## Consolidated Income Statement <sup>1) 3)</sup>

from October 01, 2017 to June 30, 2018 in € k

(in € k)	FY 2017/2018 9 months (Oct. 01, 2017 - Jun. 30, 2018)		FY 2016/2017 9 months (Oct. 01, 2016 - Jun. 30, 2017)		FY 2017/2018 3 months (Apr. 01, 2018 - Jun. 30, 2018)		FY 2016/2017 3 months (Apr. 01, 2017 - Jun. 30, 2017)	
Net sales	102,815	100%	93,272	100%	38,114	100%	34,363	100%
Cost of sales	44,173	43%	40,076	43%	16,310	43%	14,747	43%
Gross operating result (gross profit)	58,642	57%	53,197	57%	21,804	57%	19,616	57%
Research and development	14,869	14%	14,091	15%	5,084	13%	4,973	14%
Total costs	14,623	14%	13,988	15%	5,343	14%	4,987	15%
Depreciation and amortization	10,197	10%	8,934	10%	3,494	9%	2,981	9%
Grants	-267	0%	-77	0%	-213	-1%	-45	0%
Capitalized work	-9,684	-9%	-8,755	-9%	-3,540	-9%	-2,952	-9%
Sales and marketing costs	20,620	20%	19,012	20%	8,366	22%	7,065	21%
Administration	3,499	3%	3,384	4%	1,274	3%	1,209	4%
Sales and administration costs	24,119	23%	22,396	24%	9,639	25%	8,273	24%
Other revenues	1,074	1%	1,655	2%	796	2%	334	1%
Interest income	57	0%	16	0%	31	0%	8	0%
Interest expenses	-273	0%	-284	0%	-97	0%	-88	0%
Financing result	-216	0%	-269	0%	-66	0%	-81	0%
Earnings before taxes (EBT)	20,513	20%	18,095	19%	7,811	20%	6,624	19%
Income taxes	5,968	6%	5,534	6%	2,290	6%	1,956	6%
Consolidated net profit	14,545	14%	12,561	13%	5,520	14%	4,668	14%
Of which accounted to shareholders of ISRA VISION AG	14,427	14%	12,466	13%	5,460	14%	4,632	13%
Of which accounted to non-controlling shareholders	118	0%	95	0%	60	0%	36	0%
Earnings per share in € before income taxes <sup>2)</sup>	0.94		0.83 <sup>5)</sup>		0.36		0.30 <sup>5)</sup>	
Earnings per share in € <sup>2)</sup>	0.66		0.57 <sup>5)</sup>		0.25		0.21 <sup>5)</sup>	
Shares issued <sup>4)</sup>	21,901,788		21,891,200 <sup>5)</sup>		21,906,200		21,891,200 <sup>5)</sup>	

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> Per-share result undiluted and diluted

<sup>3)</sup> 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.

<sup>4)</sup> Weighted number of shares

<sup>5)</sup> The prior-year figure was adjusted due to the comparability as a result of the stock split.

## Consolidated Group Balance Sheet <sup>2)</sup>

at June 30, 2018 in € k

(in € k)	Jun. 30, 2018 <sup>1)</sup>	Sept. 30, 2017
<b>ASSETS</b>		
<b>Assets</b>		
<b>Short-term assets</b>		
Inventories	38,275	32,667
Trade receivables	93,024	98,049
Cash and cash equivalents	35,369	29,728
Financial assets	5,912	3,146
Other receivables	1,747	1,954
Income tax receivables	812	747
<b>Total short-term assets</b>	<b>175,139</b>	<b>166,291</b>
<b>Long-term assets</b>		
Intangible assets	110,856	111,682
Tangible assets	4,902	5,219
Shareholdings in associated companies	12	12
Financial assets	1,253	1,083
Deferred tax claims	376	730
<b>Total long-term assets</b>	<b>117,400</b>	<b>118,728</b>
<b>Total assets</b>	<b>292,539</b>	<b>285,019</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Short-term liabilities</b>		
Trade payables	14,620	18,064
Financial liabilities to banks	31,003	30,980
Other financial liabilities	9,308	14,450
Other accruals	771	945
Income tax liabilities	3,655	4,832
Other liabilities	1,484	1,952
<b>Total short-term liabilities</b>	<b>60,839</b>	<b>71,223</b>
<b>Long-term liabilities</b>		
Deferred tax liabilities	38,917	33,358
Pension provisions	3,504	3,390
<b>Total long-term liabilities</b>	<b>42,420</b>	<b>36,747</b>
<b>Total liabilities</b>	<b>103,259</b>	<b>107,970</b>
<b>Equity</b>		
Issued capital	21,906	4,381
Capital reserves	21,722	38,800
Profit brought forward	128,810	110,886
Net profit accounted to the shareholders of ISRA VISION AG	14,427	20,508
Other comprehensive income	587	921
Own shares	0	- 159
<b>Share of equity capital held by ISRA VISION AG shareholders</b>	<b>187,452</b>	<b>175,338</b>
Equity capital accounted to non-controlling shareholders	1,828	1,710
<b>Total equity</b>	<b>189,280</b>	<b>177,049</b>
<b>Total equity and liabilities</b>	<b>292,539</b>	<b>285,019</b>

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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 <sup>1) 2)</sup>

from October 01, 2017 to June 30, 2018 in € k

(in € k)	Oct. 01, 2017 - Jun. 30, 2018	Oct. 01, 2016 - Jun. 30, 2017
<b>Consolidated net profit</b>	<b>14,545</b>	<b>12,561</b>
Income tax payments	-4,498	-3,998
Changes in deferred tax assets and liabilities	5,913	4,203
Changes in accruals	-60	-744
Depreciation and amortization	11,388	10,114
Changes in inventories	-5,418	-1,257
Changes in trade receivables and other assets	2,352	2,775
Changes in trade payables and other liabilities	-6,176	-646
Financial result	216	269
Other non-cash changes	68	40
<b>Cash flow from operating activities</b>	<b>18,328</b>	<b>23,317</b>
Payments for investments in tangible assets	-776	-748
Payments for investments in intangible assets	-9,684	-8,755
Company acquisition	-317	0
<b>Cash flow from investment activities</b>	<b>-10,777</b>	<b>-9,503</b>
Deposits from sales of own shares	606	0
Dividend payouts	-2,585	-2,102
Deposits from the assumption of financial liabilities	23	0
Repayments of financial liabilities	0	-4,985
Interest income	57	16
Interest expenses	-273	-284
<b>Cash flow from financing activities</b>	<b>-2,172</b>	<b>-7,355</b>
Exchange rate-based value changes of the financial resources	263	-1,193
<b>Change of financial resources</b>	<b>5,641</b>	<b>5,266</b>
<b>Net cash flow</b>		
Financial resources on 30.09.2017/30.09.2016	29,728	16,919
Financial resources on 30.06.2018/30.06.2017	35,369	22,185

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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 <sup>1) 2)</sup>

from October 01, 2017 to June 30, 2018 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 shareholders ISRA VISION AG	Accounted to non-controlling shareholders	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
Capital increase (conversion of capital reserve due to stock split)	17,525	-17,525	0	0	0	0	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	-2,585	0	-2,585	0	-2,585
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	-334	0	14,427	14,093	118	14,211
As of Jun. 30, 2018	21,906	21,722	0	587	128,810	14,427	187,452	1,828	189,280

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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 <sup>1) 2)</sup>

from October 01, 2016 to June 30, 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 shareholders ISRA VISION AG	Accounted to non-controlling shareholders	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	-2,102	0	-2,102	0	-2,102
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	-1,993	0	12,466	10,473	95	10,568
As of Jun. 30, 2017	4,381	38,800	-159	-160	110,886	12,466	166,214	1,590	167,804

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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 <sup>1) 2)</sup>

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 01, 2017 - Jun. 30, 2018	Oct. 01, 2016 - Jun. 30, 2017	Oct. 01, 2017 - Jun. 30, 2018	Oct. 01, 2016 - Jun. 30, 2017
Revenues	25,464	22,801	77,351	70,472
EBIT	5,075	4,471	15,654	13,893

<sup>1)</sup> According to IFRS unaudited

<sup>2)</sup> 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.

### 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, August 31, 2018

The Executive Board

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