

Geratherm[®]
Half-yearly Report
2018



GERATHERM

AT A GLANCE

Key Group Figures	Jan. - June 2018	Jan. - June 2017	Change
Sales revenues	10,372 kEUR	11,068 kEUR	-6.3%
of which export share	8,603 kEUR	9,361 kEUR	-8.1%
Export ratio	83%	85%	-2.4%
Gross result (EBITDA)	1,563 kEUR	1,745 kEUR	-10.4%
EBITDA margin	15.1%	15.8%	-4.4%
Amortisation and depreciation	-412 kEUR	-554 kEUR	-25.6%
Operating result (EBIT)	1,151 kEUR	1,191 kEUR	-3.4%
EBIT margin	11.1%	10.8%	2.8%
Financial results	318 kEUR	43 kEUR	>100.0%
Profit (loss) on ordinary business activities	1,469 kEUR	1,234 kEUR	19.0%
Net earnings of the parent company's shareholders in the period concerned	1,132 kEUR	862 kEUR	31.4%
Long-term assets	6,943 kEUR	4,675 kEUR	48.5%
Short-term assets	20,845 kEUR	22,967 kEUR	-9.1%
Balance sheet total	27,788 kEUR	27,642 kEUR	0.5%
Equity capital	19,620 kEUR	21,313 kEUR	-7.9%
Return on equity	11.5%	8.1%	42.7%
Equity ratio	70.6%	77.1%	-8.4%
Cash, cash equivalents and securities	9,931 kEUR	10,802 kEUR	-8.1%
Earnings per share according to IFRS (EPS)*	EUR 0.23	EUR 0.17	35.3%
Earnings per share according to DVFA*	EUR 0.23	EUR 0.17	35.3%
Number of employees at end of period	210	205	2.4%
Total shares issued	4,949,999	4,949,999	0.0%
* based on total shares issued	4,949,999	4,949,999	0.0%

Business Performance from 1 January to 30 June 2018

- Sales revenues EUR 10.4 million -6.3%
2nd Quarter EUR 5.1 million +4.8%
- Gross result for period under review (EBITDA) 1,563 kEUR -10.4%
2nd Quarter 791 kEUR + 75.7%
- Operating result (EBIT) 1,151 kEUR -3.4%
2nd Quarter 594 kEUR + 216.4%
- Results from ordinary activities 1,469 kEUR +19.0%
2nd Quarter 917 kEUR +165.8%
- Earnings after taxes (EAT) 1,111 kEUR +33.3%
2nd Quarter 718 kEUR +312.4%
- Strong 2nd quarter, study concluded in China for LMT
- apoplex acquires a stake of 22.5% in Evina Spain SL

Dear Shareholders and Parties Interested in Geratherm Medical,

Thanks to a stronger second quarter in 2018, we managed to essentially offset the weaker first quarter. While we had to cope with lost sales due to the sharp decline in business in Brazil, this was good for the company's earnings. The subsidiary LMT was able to achieve a sales growth of +83.2% during the first six months compared to the same period last year. The clinical trial for regulatory approval of LMT's "nomag[®]" system in China has been concluded and we expect the approval from the authorities in the fourth quarter of 2018. The subsidiary apoplex posted a sales growth of +17.5% during the first six months and is currently investing substantially in expanding its sales in Europe.

During the first six months of 2018, we posted sales revenues of EUR 10.4 million (2017: EUR 11.1 million) on the Group level. The decrease can essentially be attributed to the significantly decreased business reported on the Brazilian market. The gross profit decreased slightly by 4.7% to EUR 7.3 million. Based on sales, that corresponds to a gross margin of 70.7% (2017: 69.5%).

The EBITDA margin on the Group level amounted to 15.1% during the first six months of the business year (2017: 15.8%). The EBIT margin amounted to 11.1% (2017: 10.8%). The financial result improved significantly and amounted for the first six months to plus 318 kEUR (2017: 43 kEUR). The profits from ordinary business activities was EUR 1.469 million (2017: EUR 1.234 million). The shareholders' earnings after taxes for the first six months of the current business year amounted to EUR 1.132 million (2017: 862 kEUR), an increase of 31.4%. The result per share for the first six months is 23 EUR cents (2017: 17 EUR cents).

The sales revenues generated during the second quarter of the business year increased by +4.8% compared to the same period under review last year. The operating result (EBITDA) increased in the second quarter to 791 kEUR (2017: 450 kEUR). The EBIT in the second quarter amounted to 594 kEUR (2017: 188 kEUR) and corresponded to an EBIT margin of 11.6% on the Group level.

After deducting income tax, the company reported during the second quarter a consolidated net profit of 718 kEUR (2017: 174 kEUR). Less the minority interests, the result after taxes for the second quarter amounted to 686 kEUR or 14 EUR cents per share (2017: 5 EUR cents).

Facts and figures (in kEUR)

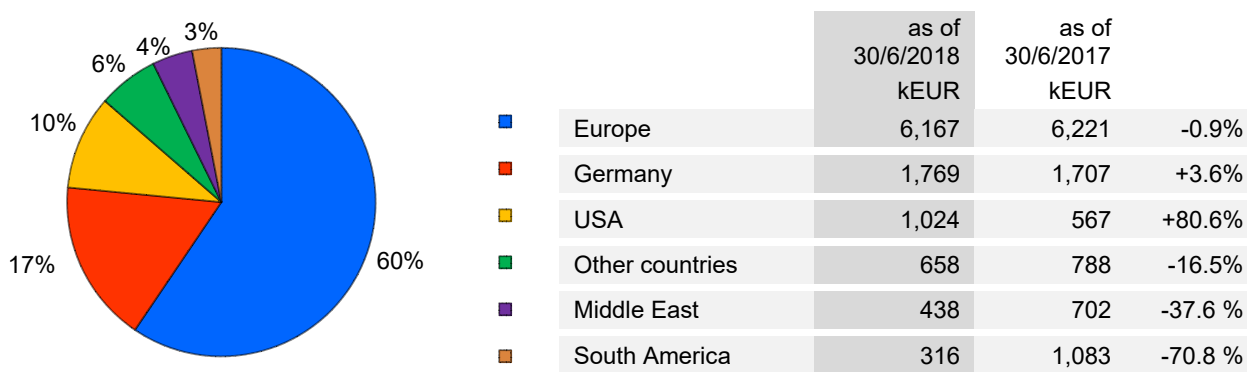
	II/18	I/18	IV/17	III/17	II/17
Sales	5,113	5,259	4,776	5,187	4,879
EBITDA margin	15.5%	14.7%	-15.6%	14.8%	9.2%
EBIT	594	557	-1,070	506	187
EPS (EUR)	0.14	0.09	-0.09	0.06	0.04
Cash flow	962	906	-147	1,220	343

Sales development

The sales development varied greatly in the individual countries. The decline registered by the business in Brazil in the amount of 767 kEUR temporarily impacted the sales reported by the Geratherm Group, since relatively high sales were shown last year prior to restructuring. All in all, we had to post a sales drop of -6.3% to EUR 10.4 million on the Group level. The signals from the second quarter, however, point in a different direction.

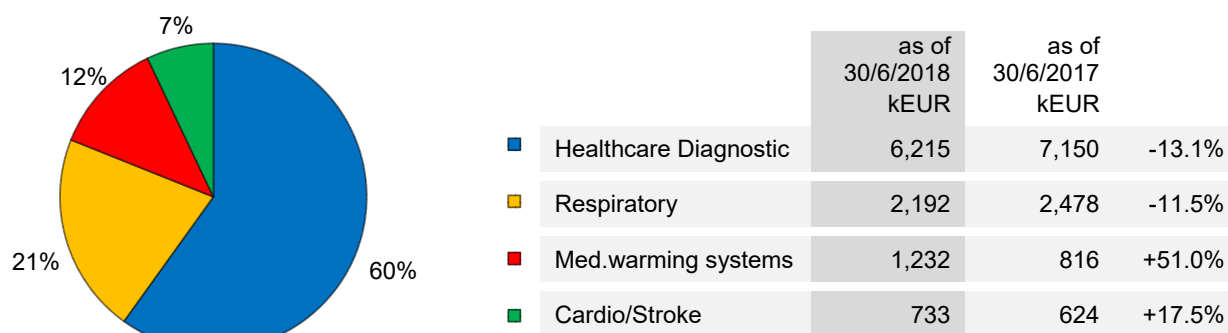
The market in Europe was relatively stable. On the German market, we registered a 3.6% increase in sales. We noted a sharper drop of -37.6% during the first six months in the Middle East. This is essentially due to the new registration requirements, however. We expect sales to pick up again during the second half of the year, since the recertifications have been completed especially for the Saudi Arabian market. The strong growth in sales posted in the US in the amount of +80.6% is due to the conclusion of two major product installations in paediatric hospitals.

Sales by regions 1/1 to 30/6/2018



The export quota of Geratherm Medical is still high. All in all, 82.9% (2017: 84.6%) of Geratherm products are exported to more than 60 countries.

Sales by segments 1/1 to 30/6/2018



In the Healthcare Diagnostic segment, where we primarily market clinical thermometers and blood pressure monitors to pharmacies and drugstores world-wide, we had to report a -13.1% drop in sales. As in the first quarter, the drop was attributed to the loss of sales shown by our subsidiary in Brazil. Otherwise, business in this segment was essentially on the same level as last year.

The Respiratory segment, in which we offer products for testing pulmonary function, reported a -11.5% decline in sales. The decrease, however, provides only limited information about the segment's growth dynamic. The negative sales development was greatly influenced by the loss of business in Brazil compared to the prior year. Without this temporary effect, we could have achieved a segment sales of EUR 2.169 million, a sales growth of 14.5% during the first six months of 2018. Compared to the same period last year, sales even grew by +40.2% during the second quarter. The prospects are positive. We were able to conclude the product approvals for Singapore, Thailand and Vietnam during the second quarter. We were also able to outfit a hospital on the Maldives with our complete range of products for measuring pulmonary function. We anticipate during the third quarter further approvals in the countries Ukraine/Russia and Australia.

Segment sales in the Medical Warming Systems business unit developed positively with a +51.0% increase in sales. This growth was possible thanks to the very good performance of our subsidiary LMT Medical. The healthy growth is expected to continue in the near future. LMT managed to successfully install its diagnostic system for premature babies at Children Hospital of Philadelphia (CHOP), one of the leading children's hospitals in the US. In addition to that, Cambridge University Hospital and Addenbrooke's Hospital in Cambridge, England decided in favour of installing a LMT system. After concluding the patient study for the Chinese market, we are expecting to receive the approval at the end of the year. The demand for MRT-capable diagnostic devices for premature babies in China is relatively high so that we expect LMT's business to develop well in the future. With regard to the medical warming systems developed for operating rooms, we are still in the recertification process. The extensive new product files have been submitted. We are optimistic that the licensing authority will reinstate the suspended approval again.

Business development in the Cardio/Stroke segment proceeded as planned. Sales increased by +17.5% compared to the prior year. The number of participating hospitals/stroke centres increased to 115 clinics and hospitals (2017: 95). Efforts to expand business outside of Germany were accelerated. To further develop the Spanish market, apoplex Medical has acquired a stake of 22.5% in Envina Spain SL. Envina Spain markets the SRA analytical process exclusively on the Iberian Peninsula. The objective is to integrate SRA as an integral part of stroke prevention. The first employees have been hired for developing the market in Great Britain. Leuag AG, Switzerland, has assumed the distribution of apoplex products on the Swiss market. We look forward to a good cooperation with our new partners.

Earnings situation

Despite a decline in sales, we were able to show a significantly better result for the first six months of 2018. The current burden due to lack of sales from Brazil, the discontinued shipments of warming systems and the temporary shutdown of the capillary production were compensated by the sales of higher-margin products and higher financial revenue.

The gross profit margin of sales amounted during the first six months to 70.7% (2017: 69.5%). The gross profit (EBITDA) was EUR 1.563 million (2017: EUR 1.745 million). The EBITDA margin declined slightly from 15.8% to 15.1% compared to the same reference period last year. The write-offs decreased by 25.6% to 412 kEUR (2017: 554 kEUR).

The operating result (EBIT) decreased slightly by -3.4% to EUR 1.151 million for the first six months of the current fiscal year. The EBIT margin increased slightly to 11.1% (2017: 10.8%).

The results from ordinary business activities increased by +19.0% to EUR 1.469 million (2017: EUR 1.234 million).

Income taxes amounted to a burden of 358 kEUR (2017: 401 kEUR).

The consolidated net profit for the first six months of 2018 was EUR 1.111 million (2017: 833 kEUR), an increase of 33.3%. After redeeming the result attributable to minority interests, a net income of EUR 1.132 million (+ 31.4%) was generated for the shareholders of the parent company for the first half of the year. The result per share for the first six months is 23 EUR cents (2017: 17 EUR cents).

Net assets and financial situation

Geratherm Medical enjoys a stable asset situation. The balance sheet total of EUR 27.8 million is essentially formed by equity capital in the amount of EUR 19.6 million. The equity-to-assets ratio was 70.6% as of the reporting date (2017: 77.1%). The return on equity amounted to 11.5% (2017: 8.1%). The overall return on investment capital is 8.3% (2017: 6.9%).

As of 30 June 2018, the company had cash, cash equivalents and securities in the amount of EUR 9.9 million (2017: EUR 10.8 million). Thus, the company has a solid financial position.

The long-term assets amount to EUR 6.9 million (2017: EUR 5.5 million). The increase may be attributed for the most part to the current construction of the new capillary production facility. The short-term assets in the amount of EUR 20.9 million decreased by 9.1%. Inventories increased by 7.8% to EUR 7.3 million. The accounts receivable and other assets increased by +8.3% to EUR 3.6 million. The cash and cash equivalents amounted to EUR 7.3 million (2017: EUR 8.8 million)

The gross cash flow for the first six months of 2018 increased to EUR 1.868 million (2017: EUR 1.633 million). The cash flow from operations amounted to EUR 1.327 million (2017: -253 kEUR). The cash flow from investment activities was -264 kEUR (2017: -803 kEUR). The cash flow from financing activities was -2,462 kEUR (2017: -957 kEUR).

Research and development

Research and development activities remained essentially unchanged. The segments Medical Warming Systems, Respiratory and apoplex make up the focal point of development activities. For the OR system products we are currently conducting a major study with 100 patients for a newly developed sensor in a German hospital. The approval study for the “nomag[®]” product system for the Chinese market, which consisted of 120 patients, has concluded. The data are currently being evaluated.

Annual general meeting

The annual general meeting of the shareholders of Geratherm Medical was held on 7 June 2018, at Grandhotel “Hessischer Hof” in Frankfurt am Main. All items on the agenda were discussed and adopted by our shareholders. The shareholders in attendance represented 47.51% (2017: 55.96%).

Staff

The Geratherm Group had a staff of 210 persons in total as of 30 June 2018 (2017: 205) with 202 employees in Germany (2017: 184).

Outlook

After showing a good second quarter, we expect the positive development to continue. Capillary production, which is currently shutdown, should resume at the new location by mid September at the latest. This in turn will result in a significant contribution to sales. Even the orders deferred during the first six months with regard to the Middle East sales region, should generate a positive effect for the second half of the year.

The new business units are expected to achieve high double-digit growth rates for the rest of the year.

Geschwenda, August 2018



Dr. Gert Frank
Chief Executive Officer

Consolidated Profit and Loss Statement from 1 January to 30 June 2018

	April-June 2018 EUR	April-June 2017 EUR	Change	Jan.-June 2018 EUR	Jan.-June 2017 EUR	Change
Sales revenues	5,113,211	4,879,100	4.8%	10,372,280	11,067,807	-6.3%
Change in inventory of finished products and work in process	99,420	230,654	-56.9%	2,947	-62,248	>100.0%
Other capitalised own work	19,324	36,550	-47.1%	64,561	72,953	-11.5%
Other operating income	160,387	124,592	28.7%	206,833	252,845	-18.2%
	5,392,342	5,270,896	2.3%	10,646,621	11,331,357	-6.0%
Cost of materials						
Cost of raw materials, consumables and goods for resale	-1,641,299	-1,393,303	17.8%	-3,023,155	-3,007,739	0.5%
Costs of purchased services	-26,816	-356,766	-92.5%	-293,017	-628,475	-53.4%
	-1,668,115	-1,750,069	-4.7%	-3,316,172	-3,636,214	-8.8%
Gross profit or loss	3,724,227	3,520,827	5.8%	7,330,449	7,695,143	-4.7%
Personnel expenses						
Wages and salaries	-1,450,771	-1,289,570	12.5%	-2,760,389	-2,570,666	7.4%
Social security, pension and other benefits	-287,481	-285,026	0.9%	-569,734	-577,403	-1.3%
	-1,738,252	-1,574,596	10.4%	-3,330,123	-3,148,069	5.8%
Amortisation of intangible assets and depreciation of tangible assets	-196,819	-262,248	-24.9%	-411,931	-553,871	-25.6%
Other operating expenses	-1,195,429	-1,496,312	-20.1%	-2,437,238	-2,801,695	-13.0%
Operating results	593,727	187,671	>100.0%	1,151,157	1,191,508	-3.4%
Dividend income	0	0	-	0	0	-
Income from securities trading	363,679	125,386	>100.0%	366,047	125,386	>100.0%
Amounts written off for securities	0	0	-	0	0	-
Securities-related expenses	-38,649	-658	>100.0%	-40,041	-2,243	>100.0%
Other interest and similar income	12,809	3,301	>100.0%	17,001	5,412	>100.0%
Interest and similar expenses	-14,592	29,268	>100.0%	-24,763	-85,738	-71.1%
Financial results	323,247	157,297	>100.0%	318,244	42,817	>100.0%
Profit (loss) on ordinary business activities	916,974	344,968	>100.0%	1,469,401	1,234,325	19.0%
Income taxes	-199,000	-170,874	16.5%	-358,094	-400,899	-10.7%
Consolidated profit for the period	717,974	174,094	>100.0%	1,111,307	833,426	33.3%
Net earnings of non-controlling shareholders in the period concerned	32,519	-66,599	>100.0%	-21,145	-28,105	-24.8%
Net earnings of the parent company's shareholders in the period	685,455	240,693	>100.0%	1,132,452	861,531	31.4%
Gross result (EBITDA) for the first quarter	790,546	449,919	75.7%	1,563,088	1,745,379	-10.4%
Earnings per share (undiluted)	0.14	0.05	>100.0%	0.23	0.17	35.3%

Consolidated balance sheet as of 30 June 2018

Assets	30 June 2018 EUR	31 Dec. 2017 EUR	Change
A. Long-term assets			
I. Intangible assets			
1. Development costs	557,214	462,526	20.5%
2. Other intangible assets	123,592	119,154	3.7%
3. Goodwill	75,750	75,750	0.0%
	756,556	657,430	15.1%
II. Tangible assets			
1. Land, land rights and buildings	1,144,432	1,180,698	-3.1%
2. Technical equipment and machinery	1,184,627	1,299,932	-8.9%
3. Other equipment, factory and office equipment	250,955	264,083	-5.0%
4. Construction in process	2,698,374	1,150,294	>100.0%
	5,278,388	3,895,007	35.5%
III. Other assets	426,000	426,000	0.0%
IV. Other long-term receivables	159,282	178,967	-11.0%
V. Deferred taxes	322,499	365,160	-11.7%
	6,942,725	5,522,564	25.7%
B. Short-term assets			
I. Inventories			
1. Raw materials and supplies	2,419,473	2,226,466	8.7%
2. Unfinished goods	1,128,775	1,111,914	1.5%
3. Finished goods and merchandise	3,770,482	3,449,379	9.3%
	7,318,730	6,787,759	7.8%
II. Receivables and other assets			
1. Trade receivables	2,737,734	2,662,175	2.8%
2. Receivables from current income taxes	205,960	264,345	-22.1%
3. Receivables from other taxes	367,195	129,631	>100.0%
4. Other assets	284,145	264,047	7.6%
	3,595,034	3,320,198	8.3%
III. Securities	2,602,500	4,024,763	-35.3%
IV. Cash and cash equivalents	7,328,725	8,811,417	-16.8%
	20,844,989	22,944,137	-9.1%
	27,787,714	28,466,701	-2.4%
Equity and liabilities			
A. Equity capital			
I. Subscribed capital	4,949,999	4,949,999	0.0%
II. Capital reserves	12,174,192	12,174,192	0.0%
III. Other reserves	2,376,575	3,895,155	-39.0%
Assignable to the shareholders of the parent company	19,500,766	21,019,346	-7.2%
Shareholders of minority interests	119,588	-2,293	>100.0%
	19,620,354	21,017,053	-6.6%
B. Non-current liabilities			
1. Liabilities to banks	2,561,977	2,634,783	-2.8%
2. Accrued investment subsidies	563,709	277,242	>100.0%
3. Other long-term liabilities	591,767	576,206	2.7%
	3,717,453	3,488,231	6.6%
C. Current debts			
1. Liabilities to banks	265,373	344,313	-22.9%
2. Payments on accounts	316,183	238,283	32.7%
3. Trade accounts payables	1,986,510	996,330	99.4%
4. Liabilities from current income taxes	0	110,407	-
5. Other tax liabilities	374,809	439,285	-14.7%
6. Other short-term liabilities	1,507,032	1,832,799	-17.8%
	4,449,907	3,961,417	12.3%
D. Deferred tax liabilities	0	0	-
	27,787,714	28,466,701	-2.4%

Consolidated statement of cash flows from 1 January to 30 June 2018

	January- June 2018 kEUR	January- June 2017 kEUR
Consolidated profit for the quarter	1,111	833
Other non-cash expenses	376	-78
Dividend income	0	0
Interest earnings	-17	-5
Interest expenses	25	86
Decrease in deferred taxes	43	0
Income tax expenditure	315	401
Depreciation of fixed assets	412	554
Income from securities trading	-366	-125
Loss from securities trading	0	0
Amounts written off for securities	0	0
Amortisation of public grants and subsidies	-31	-44
Loss from disposal of fixed assets	0	11
Gross cash flow	1,868	1,633
Increase in inventories	-531	-491
Increase/decrease in trade receivables and other assets	-313	186
Increase/decrease in current liabilities and other liabilities	678	-727
Cash inflow from dividends	0	0
Cash inflow from interest	17	5
Cash outflow from interest	-25	-86
Cash outflow from taxes	-367	-773
Cash flow from operations	1,327	-253
Cash outflow for investments in fixed assets	-1,895	-637
Cash inflow from funding sources for investments	317	0
Cash inflow based on financial assets	1,356	166
Cash outflow based on financial assets	-42	-332
Cash flow from investments	-264	-803
Cash inflow from non-controlling shareholders	0	2,000
Share acquisition from shareholders of minority interests	0	0
Dividend payments	-2,327	-2,475
Cash inflow from taking out loan liabilities	0	208
Cash outflow for repayment of loan liabilities	-151	-627
Increase/decrease in long-term liabilities	16	-63
Cash flow from financing activities	-2,462	-957
Change in cash and cash equivalents	-1,399	-2,013
Cash and cash equivalents at beginning of fiscal year	8,811	9,518
Exchange rate difference	-83	195
Cash and cash equivalents at end of reporting period	7,329	7,700

Consolidated statement of change to the shareholders' equity as of 30 June 2018

	Sub-scribed capital	Capital reserve	Other reserves			Assignable to shareholders of the parent parent company	Non-controlling interests	Equity capital
			Market valuation reserve	Currency conversion reserve	Accumulated earnings			
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
as of 1 January 2017	4,949,999	11,035,367	52,504	-5,504	5,228,788	21,261,154	-704,252	20,556,902
Increase in share capital of the subsidiary apoplex medical technologies GmbH from shareholders of minority interests	0	1,138,825	0	0	0	1,138,825	861,175	2,000,000
Dividend paid to shareholders	0	0	0	0	-2,475,000	-2,475,000	0	-2,475,000
Transactions with shareholders and member partners	0	1,138,825	0	0	-2,475,000	-1,336,175	861,175	-475,000
Consolidated earnings in period concerned	0	0	0	0	861,531	861,531	-28,105	833,426
Unrealised profits and losses from revaluation of securities	0	0	280,325	0	0	280,325	0	280,325
Currency translation in the Group	0	0	0	58,698	0	58,698	58,436	117,134
Total consolidated income	0	0	280,325	58,698	861,531	1,200,554	30,331	1,230,885
as of 30 June 2017	4,949,999	12,174,192	332,829	53,194	3,615,319	21,125,533	187,254	21,312,787
as of 1 January 2018	4,949,999	12,174,192	308,636	152,943	3,433,576	21,019,346	-2,293	21,017,053
Dividend paid to shareholders	0	0	0	0	-2,326,500	-2,326,500	0	-2,326,500
Transactions with shareholders and member partners	0	0	0	0	-2,326,500	-2,326,500	0	-2,326,500
Consolidated earnings in period concerned	0	0	0	0	1,132,452	1,132,452	-21,145	1,111,307
Unrealised profits and losses from revaluation of securities	0	0	-474,557	0	0	-474,557	0	-474,557
Currency translation in the Group	0	0	0	150,025	0	150,025	143,026	293,051
Total consolidated income	0	0	-474,557	150,025	1,132,452	807,920	121,881	929,801
as of 30 June 2018	4,949,999	12,174,192	-165,921	302,968	2,239,528	19,500,766	119,588	19,620,354

Consolidated statement of comprehensive income as per IFRS for the period from 1 January to 30 June 2018

	Jan. - June 2018 EUR	Jan. - June 2017 EUR
Consolidated profit for the quarter	1,111,307	833,426
Income and expenses directly recognised in equity, which are reclassified to profit or loss under specific conditions:		
Profits and losses from revaluation of securities	-474,557	280,325
Difference resulting from currency translation	293,051	117,134
Income and expenses directly included in equity capital	-181,506	397,459
Total consolidated income	929,801	1,230,885
of which assignable to shareholders of minority interest	121,881	30,331
of which assignable to shareholders of parent company	807,920	1,200,554

Group segment report for the period from 1 January to 30 June 2018

By product groups	Healthcare Diagnostic Jan.-Jun. KEUR	Respiratory Jan.-Jun. KEUR	Medical Warming Systems Jan.-Jun. KEUR	Cardio/Stroke Jan.-Jun. KEUR	Consolidation Jan.-Jun. KEUR	Reconciliation Jan.-Jun. KEUR	Total Jan.-Jun. KEUR
2018							
Segment sales	6,876	2,352	1,244	733	-833	0	10,372
Operating results	949	279	126	-34	-17	-152	1,151
including:							
Amortisation/depreciation of intangible and tangible assets	276	41	48	26	-2	23	412
Segment assets	11,162	1,846	3,426	2,331	0	8,701	27,466
Segment debts	6,562	581	789	235	0	0	8,167

Based on product groups	Healthcare Diagnostic Jan.-Jun. KEUR	Respiratory Jan.-Jun. KEUR	Medical Warming Systems Jan.-Jun. KEUR	Cardio/Stroke Jan.-Jun. KEUR	Consolidation Jan.-Jun. KEUR	Reconciliation Jan.-Jun. KEUR	Total Jan.-Jun. KEUR
2017							
Segment sales	8,397	2,044	882	624	-882	3	11,068
Operating results	1,289	122	-247	128	-65	-36	1,191
including:							
Amortisation/depreciation of intangible and tangible assets	404	32	84	24	-6	16	554
Segment assets	11,072	1,806	2,953	2,917	0	8,894	27,642
Segment debts	4,830	505	495	499	0	0	6,329

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2018	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR
Sales revenues	6,167	413	2,505	438	1,024	658	11,205
Elimination of intragroup sales	0	-97	-736	0	0	0	-833
Sales revenues on third parties	6,167	316	1,769	438	1,024	658	10,372
Gross profit or loss	4,382	141	1,302	311	727	467	7,330
Operating results	792	-149	235	56	132	85	1,151
including:							
Amortisation and depreciation of intangible and tangible assets	251	1	74	18	41	27	412
Amortisation of public grants and subsidies	19	0	6	1	3	2	31
Acquisition costs of fixed assets for the period	0	-5	1,900	0	0	0	1,895
Segment assets	0	40	27,355	0	71	0	27,466

By region	Europe	South America	Germany	Middle East	USA	Other	Total
2017	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR	Jan.-Jun. KEUR
Sales revenues	6,221	1,166	2,428	702	645	788	11,950
Elimination of intragroup sales	0	-83	-721	0	-78	0	-882
Sales revenues on third parties	6,221	1,083	1,707	702	567	788	11,068
Gross profit or loss	4,313	723	1,233	486	393	547	7,695
Operating results	719	29	206	81	65	91	1,191
including:							
Amortisation and depreciation of intangible and tangible assets	338	8	96	38	31	43	554
Amortisation of public grants and subsidies	27	0	8	3	2	4	44
Acquisition costs of fixed assets for the period	0	-6	486	0	0	0	480
Segment assets	0	2,031	25,572	0	39	0	27,642

Notes on Interim Consolidated Financial Statements for the Period from 1 January to 30 June 2018

Accounting and valuation methods

The interim consolidated financial statements of Geratherm Medical AG were prepared for the first six months of the 2018 business year in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union.

The accounting, evaluation and consolidation principles were maintained, as shown in the Notes to Consolidated Financial Statements for 2017 Fiscal Year.

The valuation of assets and liabilities is based in part on estimates and/or assumptions about future developments. For instance, the assessment of capitalisation requirements for development projects, the statements on economic useful lives for long-term intangible and tangible assets are based in particular on estimates and assumptions. In addition, the assessment of tax deferrals and accruals, the long-term impairment of assets available for sale and the impairment tests of the cash-generating units and assets is based on the corporate planning, which of course involves uncertainties such that the actual values may deviate from the made assumptions and estimates in individual cases. Estimates and the underlying assumptions are regularly checked and evaluated with regard to possible impact on accounting. Exercise of substantial discretionary powers is not available.

Consolidated Group

No changes occurred in the consolidation group as at 30 June 2018:

Company	Share quota 30/6/2018	Share quota 31/12/2017
GME Rechte und Beteiligungen GmbH, Geschwenda, Germany	100.00%	100.00%
apoplex medical technologies GmbH, Pirmasens, Germany	53.42%	53.42%
Geratherm Respiratory GmbH, Bad Kissingen, Germany	65.27%	65.27%
Geratherm Medical do Brasil Ltda., Sao Paulo, Brazil	51.00%	51.00%
Sensor Systems GmbH, Steinbach Hallenberg, Germany	100.00%	100.00%
Capillary Solutions GmbH, Geschwenda, Germany	100.00%	100.00%
LMT Medical Systems GmbH, Lübeck, Germany	66.67%	66.67%
<i>Subsidiary of LMT Lübeck</i>		
<i>LMT Medical Systems Inc., Ohio, USA</i>	100.00%	100.00%

Equity capital

The development of the equity capital is shown in the consolidated statement of change to the shareholders' equity. The subscribed capital of Geratherm Medical AG amounts all in all to EUR 4,949,999 as at 30 Jun. 2018 (2017: EUR 4,949,999) and is divided into 4,949,999 (2017: 4,949,999) share certificates issued to the bearers. The subscribed capital has been paid in full. As of the reporting date, there were no own shares held by the company.

The shareholders of Geratherm Medical AG have agreed during the annual general meeting of the company on 7 June 2018 in Frankfurt to distribute a dividend of EUR 0.47 per individual share.

The dividend was distributed in the amount of EUR 2,326,500 on 12 June 2018.

These interim consolidated financial statements as at 30 June 2018 were not audited or reviewed by the company's auditors.

Financial Statement Affidavit

To the best of my knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Geschwenda, August 2018



Dr. Gert Frank
Chief Executive Officer

COMPANY CALENDAR 2018

Quarterly report Q1/2018	24 May ✓
Half-yearly report 2018	23 August ✓
Quarterly report Q3/2018	23 November
Analysts Conference Le Meridien Hotel, Frankfurt am Main	3 & 4 September

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