

Q1

QUARTERLY FINANCIAL REPORT
FOR THE PERIOD FROM
1 JULY TO 30 SEPTEMBER 2019

AT A GLANCE

CONSOLIDATED KEY FIGURES

in KEUR	Q1 2019	Q1 2018
Revenue	30,494	23,509
Gross profit	11,929	8,166
Gross margin	39.1%	34.7%
EBITDA adjusted	3,999	2,290
EBIT adjusted	2,967	1,971
Comprehensive income adjusted	2,265	1,461
	30/09/2019	30/06/2019
Total assets	107,592	87,454
Equity	73,540	71,616
Equity ratio	68.4%	81.9%
Cash	36,133	46,257
Cashflow from operating activities	3,826	3,099
Employees (average)	398	262

STEMMER IMAGING IN FIGURES



+ 29.7 per cent revenues

compared to previous year



EUR 32.11 m incoming orders



EUR 0.28 Earnings per share

(Adjusted EUR 0.35)



68.4 per cent equity ratio



> 5,000 customers



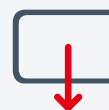
> 400 employees, of which 70 per cent with technical background

(as of 30/09/2019)



15 subsidiaries and represented in 24 countries

(as of 30/09/2019)



This report, results from previous financial years and English language versions are available for download at www.stemmer-imaging.com

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Rounding may mean that individual figures given in this report do not add up exactly to the given total and that percentages are not the exact result of the figures presented.

CONSOLIDATED INTERIM MANAGEMENT REPORT

FIRST-TIME ADOPTION OF THE NEW ACCOUNTING STANDARD IFRS 16 FROM 1 JULY 2019

Beginning in the 2H 2019 planned short financial year, the STEMMER IMAGING Group applied the new lease accounting in accordance with IFRS 16 for the first time. This led to changes in the Group's income statement and financial position statement.

Under IFRS 16, all leases must be recognised in the statement of financial position. This affects property leases that were previously classified as "operating leases" and lease agreements for vehicle fleets and operating and office equipment. Right-of-use assets for leased objects and lease liabilities increased as a result of the change in accounting. IFRS 16 has the following material effects on the statement of financial position:

EFFECTS OF TRANSITION TO IFRS 16 AS AT 1 JULY 2019

in KEUR

Right-of-use assets for finance leases	4,900
Liabilities from finance leases	4,900

Expenses from operating leases were previously included in the income statement under other operating expenses. Depreciation on the right-of-use and interest expenses for lease liabilities has been recognised instead of rental expenses since 1 July 2019.

These changes are summarised in the table below:

EFFECTS OF TRANSITION TO IFRS 16 FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019

in KEUR

Other operating expenses	479
Depreciation and impairment of property, plant and equipment	-478
Finance costs	-8

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

NET ASSETS AND FINANCIAL POSITION

As of 30 September 2019, total assets in the STEMMER IMAGING Group of EUR 107.59 million were up on total assets as of 30 June 2019 (EUR 87.45 million). Non-current assets increased to EUR 41.77 million as of 30 September 2019 (30 June 2019: EUR 13.57 million). As well as the acquisition of the INFAIMON Group, this increase also reflects the first-time adoption of the IFRS 16 Standard.

Currents assets decreased to EUR 65.82 million at the end of the reporting period (30 June 2019: EUR 73.88 million). This decline is attributable mostly to the payment of the purchase price for the INFAIMON Group from current cash and cash equivalents.

Equity amounted to EUR 73.54 million as of 30 September 2019 (30 June 2019: EUR 71.62 million). The STEMMER IMAGING Group is very soundly financed with an equity ratio of 68.4 per cent (30 June 2019: 81.9 per cent).

As of 30 September 2019, non-current liabilities assets were up on the figure as of 30 June 2019 at EUR 14.37 million (EUR 0.97 million). A loan, as well as the recognition of non-current lease liabilities (IFRS 16), were responsible for this rise. At the same time, current liabilities of EUR 14.87 million increased to EUR 19.68 million in line with the non-current liabilities.

Cash generated from operating activities in the first quarter of the 2019 planned short financial year amounted to EUR 3.83 million (30 September 2018: EUR 3.10 million).

Investment was far higher than in the previous year at EUR 22.85 million, a result chiefly of purchasing the INFAIMON Group. Cash flow from financing activities amounted to EUR 9.50 million (30 September 2018: EUR 0.00 million). This cash inflow was triggered primarily by a capital market loan from UniCredit Bank AG.

RESULTS OF OPERATIONS

The STEMMER IMAGING Group's revenue in the first three months of the planned short 2019 financial year was EUR 30.49 million, up 29.7 per cent year on year (1 July to 30 September 2018: EUR 23.51 million). This above-average growth was driven firstly by revenue of EUR 4.39 million from the new INFAIMON Group, which joined in July 2019, with the Swedish and French subsidiaries also making a far higher revenue contribution.

The cost of materials ratio improved from 65.3 per cent to 60.9 per cent in the first quarter of the 2019 planned short financial year thanks to intensive project activities and to the increasingly international nature of the Group.

Personnel expenses amounted to EUR 5.65 million for the first three months of the planned short 2019 financial year (1 July to 30 September 2018: EUR 3.95 million). STEMMER IMAGING's personnel expenses ratio thus increased from 16.8 per cent to 18.5 per cent.

Higher other operating expenses of EUR 3.16 million (1 July to 30 September 2018: EUR 2.10 million) reflected factors such as a rise in selling and administrative expenses and inorganic growth. At the same time, the increase was reduced by the first-time adoption of IFRS 16, under which EUR 0.48 million in other operating expenses was relocated to the item depreciation on property, plant and equipment.

At EUR 4.00 million, adjusted operating earnings (EBITDA) were significantly higher than the previous year's figure of EUR 2.29 million in the first quarter of the planned short 2019 financial year (EBITDA margin: 13.1 per cent, EBITDA margin in previous year: 9.7 per cent). The relocation described above on account of the change to accounting under IFRS 16 also had an effect here (EUR 0.48 million). The adjusted figure took into account, inter alia, the payment of the purchase price from the acquisi-

tion of ELVITEC S.A.S., which totalled EUR 0.42 million in the reporting period. Adjusted operating earnings (EBIT) amounted to EUR 2.97 million for the first three months (1 July to 30 September 2018: EUR 1.97 million). The EBIT margin therefore rose from 8.4 per cent in the previous year to 9.7 per cent. The adjusted consolidated earnings at the STEMMER IMAGING Group were EUR 2.27 million for the first quarter of the planned short 2019 financial year (1 July to 30 September 2018: EUR 1.46 million).

REPORT ON EXPECTED DEVELOPMENTS

The Management Board of STEMMER IMAGING AG does not expect any material changes to general economic conditions or the sector environment in comparison to the statements given in the report on expected developments in the 2018/2019 financial report. Please see this report for more details.

The revenue range of EUR 59.0 to 65.0 million (i. e. annualized EUR 118.0 to 130.0 million) forecast for the planned short financial year 2019 is confirmed. The previous profit forecast (EBITDA) has been raised from EUR 5.5 to 7.1 million to EUR 6.0 to 7.5 million (i. e. annualized EUR 12.0 to 15.0 million) as a result of the strong first quarter. Furthermore, the management plans to bring forward future expenses in connection with the acquisition of ELVITEC S.A.S. and further organizational adjustments into the planned short fiscal year. The aim is to report unadjusted results. These one-off expenses are expected to burden the result of the second quarter with approximately EUR 1.5 million.

Beyond that, the Management Board sees no reason to adjust the statements on STEMMER IMAGING AG's expected performance given in this report on account of business development in the first three months of the planned short 2019 financial year or changes in general conditions. The guidance includes all events known at the time of preparing this report which could impact STEMMER IMAGING AG's business performance.

CONSOLIDATED BALANCE SHEET AS OF 30 SEPTEMBER 2019

ASSETS

in KEUR

	30/09/2019	30/06/2019
Non-current assets		
Property, plant and equipment	7,501	2,834
Goodwill	24,627	7,299
Other intangible assets	7,872	1,902
Investment securities accounted for using the equity method	1,331	1,349
Other investment securities	18	17
Deferred tax assets	423	170
Total non-current assets	41,772	13,571
Current assets		
Inventories	12,301	10,724
Trade receivables	16,044	15,799
Contract assets	23	36
Other financial assets	214	189
Income tax receivables	307	289
Other assets and prepaid expenses	798	589
Cash and cash equivalents	36,133	46,257
Total current assets	65,820	73,883
Total assets	107,592	87,454

EQUITY AND LIABILITIES
in KEUR

	30/09/2019	30/06/2019
Capital and reserves		
Subscribed capital	6,500	6,500
Capital reserves	47,495	47,495
Revenue reserves	19,545	17,621
Total equity	73,540	71,616
Non-current liabilities		
Long-term loans	8,509	0
Provisions for pensions and similar obligations	38	38
Other financial liabilities	2,686	0
Other liabilities	986	236
Other provisions	198	198
Deferred tax liabilities	1,955	498
Total non-current liabilities	14,372	970
Current liabilities		
Current loans	1,685	78
Other provisions	72	69
Trade payables	9,172	8,460
Contract liabilities	482	98
Other financial liabilities	3,152	1,084
Income tax liabilities	861	778
Other liabilities	4,256	4,301
Total current liabilities	19,680	14,868
Total liabilities	34,052	15,838
Total equity and liabilities	107,592	87,454

CONSOLIDATED INCOME STATEMENT

DEVELOPMENT FROM 1 JULY TO 30 SEPTEMBER 2019
in KEUR

	01/07/– 30/09/2019	01/07/– 30/09/2018
Revenue	30,494	23,509
Cost of materials	–18,565	–15,344
Gross profit	11,929	8,166
Other operating income	459	152
Personnel expenses	–5,652	–3,945
Other operating expenses	–3,159	–2,098
EBITDA	3,577	2,275
Depreciation and impairment of property, plant and equipment	–677	–230
EBITA	2,900	2,045
Amortisation of intangible assets	–354	–89
EBIT	2,546	1,956
Associates' share of profit or loss	–18	0
Finance income	8	140
Finance costs	–33	0
Profit before income taxes	2,503	2,096
Taxes on income	–659	–651
Consolidated net income	1,844	1,446
Of which:		
Shareholders of the parent company	1,844	1,446
Number of shares (weighted average)	6,500,000	6,500,000
Earnings per share in EUR (diluted and basic)	0.28	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DEVELOPMENT FROM 1 JULY TO 30 SEPTEMBER 2019
in KEUR

	01/07/– 30/09/2019	01/07/– 30/09/2018
Consolidated net income	1,844	1,446
Other comprehensive income		
Items that will be reclassified to profit or loss in the future under certain conditions		
Exchange differences from the translation of foreign operations:		
Exchange differences that arose during the financial year	80	6
Other comprehensive income after income taxes	80	6
Total comprehensive income	1,924	1,452
Of which:		
Shareholders of the parent company	1,924	1,452

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019
in KEUR

	01/07/– 30/09/2019	01/07/– 30/09/2018
Cash flow from operating activities		
Consolidated net income	1,844	1,446
Income tax expense recognised in profit or loss	659	651
Financing expenses/income recognised in profit or loss	36	–140
Amortisation and depreciation of intangible assets, property, plant and equipment, and investment securities	1,031	318
Increase in provisions	27	36
Other non-cash expenses/income	5	–35
Decrease in inventories, trade receivables and other assets	3,152	1,968
Decrease in liabilities and other liabilities	–2,954	–1,285
Other income from loans, investments and securities	19	0
Interest received	8	140
Cash flow from operating activities	3,826	3,099
Income taxes paid/reimbursed	–634	326
Net cash flow from operating activities	3,193	3,426
Cash flow from investing activities		
Payments for intangible assets	–175	–86
Proceeds from the disposal of property, plant and equipment	0	35
Payments for property, plant and equipment	–215	–279
Payments for additions to the consolidated group less cash acquired	–22,461	–59
Proceeds from financial investments as part of short-term treasury management	6	5,074
Payments for financial investments as part of short-term treasury management	0	–138
Net cash flow for investing activities	–22,846	4,547
Cash flow from financing activities		
Proceeds from taking out loans	10,026	0
Repayment of loan	–497	0
Proceeds from grants received	10	0
Interest paid	–36	0
Net cash flow for financing activities	9,502	0
Net decrease/increase in cash and cash equivalents	–10,151	7,973
Cash and cash equivalents at the beginning of the financial year	46,257	46,730
Changes in cash due to exchange rate movements and remeasurement	27	13
Cash and cash equivalents at the end of the financial year	36,133	54,716
of which: bank balances	36,133	54,716

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JULY TO 30 SEPTEMBER 2019
in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Miscellaneous		
As of 01/07/2019	6,500	47,495	16	-335	17,940	17,621	71,616
Consolidated net income	0	0	0	0	1,844	1,844	1,844
Currency adjustments	0	0	0	80	0	80	80
As of 30/09/2019	6,500	47,495	16	-255	19,784	19,545	73,540
As of 01/07/2018	6,500	47,495	-33	-295	16,808	16,480	70,475
Consolidated net income	0	0	0	0	1,446	1,446	1,446
Currency adjustments	0	0	0	6	0	6	6
As of 30/09/2018	6,500	47,495	-33	-289	18,254	17,932	71,927

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

KEY CHANGES IN THE CURRENT REPORTING PERIOD

SIGNIFICANT EVENTS AND TRANSACTIONS

Business acquisition

With effect of 11 July 2019, STEMMER IMAGING AG, Puchheim, acquired 100 per cent of the shares in Alea Rubicon S.L., Barcelona/Spain, including the subsidiary Infaimon S.L., Barcelona/Spain, and its subsidiaries in Portugal, Brazil and Mexico. The Infaimon Group is a leading supplier for machine vision and image analysis technology and their application in integrated sub-systems. In particular, the company has many years of experience in bin-picking applications. Sub-systems play a key role in Industry 4.0 and Smart Factory and are deployed in areas such as the automation of production and logistics processes.

The purchase price for the shares amounted to EUR 24.70 million and was paid in cash.

The provisional difference on the basis of the provisional purchase price allocation is approximately EUR 17.33 million.

Incidental acquisition costs not eligible for capitalisation of EUR 0.47 million were incurred and reported in the current financial year in the amount of EUR 0.02 million (1 July 2018 to 30 June 2019: EUR 0.45 million) under other operating expenses in the current financial year.

The following items in the statement of financial position (on the basis of provisional purchase price allocation) were assumed as a result of the business combination:

in KEUR	Fair value as of 30/09/2019
Cash and cash equivalents	24,700
Total consideration transferred	24,700
Fair values of acquired assets and liabilities	
Intangible assets	6,148
of which identified in purchase price allocation	6,131
Fixed assets	233
Inventories	1,658
Trade receivables	2,232
Other assets	1,569
Cash funds	2,277
Provisions	7
Liabilities to banks	153
Trade payables	1,399
Other liabilities	3,654
Deferred tax liabilities	1,533
Fair values of acquired net assets 100 per cent	7,372
Provisional difference	17,328

The allocation of the purchase price, in particular the measurement of the assets acquired, had not yet been finalised as of 30 September 2019.

The gross amount of the acquired contractual receivables is EUR 2.25 million, EUR 0.02 million was not recoverable as of the acquisition date.

OTHER EVENTS

In connection with the acquisition of the Infaimon Group, a LfA capital market loan of EUR 10 million was raised on 24 July 2019. The loan is to be repaid in 20 quarterly instalments of EUR 0.5 million. The loan was extended on the basis of special conditions (compliance with key financial ratios, change of control, negative pledge, cross-default clause) as well as provision of standard collateral.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Lars Böhrnsen, Chief Financial Officer at STEMMER IMAGING AG, will resign from the Management Board on 30 November 2019 to pursue a new professional opportunity. In connection with this, Lars Böhrnsen will resign from all positions at STEMMER IMAGING AG and its subsidiaries effective from the end of November 2019. The Supervisory Board and Mr Böhrnsen reached this agreement by mutual understanding. Chairman of the Management Board Arne Dehn will take over his responsibilities on the Management Board in the area of finance and investor relations until further notice.

FINANCIAL CALENDAR

Tuesday
19/11/
2019

**ANNUAL GENERAL MEETING,
MUNICH**

Tuesday–Wednesday
26/–27/11/
2019

**GERMAN EQUITY FORUM,
FRANKFURT AM MAIN**

Monday–Thursday
02/–05/12/
2019

**BERENBERG EUROPEAN
CONFERENCE,
PENNYHILL PARK, LONDON**

IMPRINT

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

