

Q3

QUARTERLY FINANCIAL REPORT
FOR THE PERIOD FROM
1 JANUARY TO 30 SEPTEMBER 2021

AT A GLANCE

GROUP KEY FIGURES

in KEUR

	<u>01/01–30/09/2021</u>	<u>01/01–30/09/2020</u>
Revenue	99,518	77,384
Gross profit	38,299	28,319
Gross profit margin	38.5 %	36.6 %
EBITDA	12,459	4,040
EBIT	9,496	-3,615
Consolidated net income	7,346	-4,716
Operating cashflow after income taxes	7,993	7,439
Employees (average)	327	382

	<u>30/09/2021</u>	<u>31/12/2020</u>
Total assets	104,776	96,684
Equity	68,188	64,079
Equity ratio	65.1 %	66.3 %
Cash and cash equivalents*	16,895	34,718

STEMMER IMAGING IN FIGURES



Order intake:
EUR 121.24 million



EUR 1.13
earnings per share



65.1 per cent Equity ratio



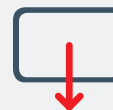
>5,000 customers



327 employees



15 subsidiaries
and represented
in >20 countries



This report and results from previous
fiscal years in English language versions
are available for you to download at
www.stemmer-imaging.com

* incl. payout short-term loan to PRIMEPULSE SE in the amount of KEUR 19,557

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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 to the figures presented.

The quarterly report has not been audited. It was prepared on the basis of the accounting regulations used in the last consolidated financial statements. The quarterly report contains statements and information made by STEMMER IMAGING pertaining to future periods. These forward-looking statements are estimates made on the basis of all information available at the time the quarterly report was prepared. If the assumptions underlying the forecasts prove to be incorrect, actual developments and results may differ from what is currently expected. The company is under no obligation to update the statements contained in this report other than as required by the laws on publications.

EXECUTIVE BOARD REPORT

STEMMER IMAGING had an encouraging third quarter, building on the positive development seen in the preceding quarters. The company was also able to benefit from the consistently favourable market conditions over the summer months and, despite the difficult global supply situation, was able to report considerable increases in its key financial figures both compared to the same period of the previous year and to 2019.

Viewed on a cumulative basis, the volume of order intake reached EUR 121.2 million in the first nine months, meaning that they were up 49.1 per cent and thus significantly above those of the previous year. In the period from July to September 2021, there was a 36.7 per cent year-on-year increase in order intake to EUR 38.4 million, representing an 19.6 per cent increase compared to the same period in 2019. This means that the company continues to benefit from its strong customer base and the high level of advisory and other value-added services it provides, especially when considered in the context of the ongoing tension in global supply chains. While many hardware manufacturers are severely affected by supply bottlenecks for primary materials and components, STEMMER IMAGING works very closely with its customers to determine and prioritise their needs, thereby helping to serve them in the best possible way as ever by developing solutions. It has so far been possible to largely absorb the additional costs seen in the reporting period, in some cases having to be countered by price increases.

Revenue in the third quarter came in at EUR 34.8 million, up 38.3 per cent compared to the previous year and 14.2 per cent over 2019. Cumulatively speaking, revenue for the nine-month period increased to EUR 99.5 million, corresponding to a rise of 28.6 per cent compared to the previous year and 12.2 per cent over 2019.

The German Mechanical Engineering Industry Association VDMA reports market growth in machine vision of 7 per cent in Germany and 2 per cent in Europe for the first nine months of 2021. According to VDMA, order intake rose by 21 per cent in Germany and by 0 per cent in Europe. STEMMER IMAGING was thus able to report figures for both revenue and order intake that are significantly higher than the VDMA's industry figures.

In the end markets, Sports & Entertainment and Electronic in particular achieved above-average growth in the first three quarters. The Transport & Logistics, Factory Automation and Automotive segments also recorded positive development. Regionally speaking, the markets of France, Sweden, Spain and Switzerland had an above-average effect on earnings in the nine-month period.

As in the quarter before, the gross profit margin in the third quarter of 2021 was 38.2 per cent, which is significantly higher than the same figure for the previous year, and gross profit reached a record level of EUR 13.3 million. Together with an improved cost level, EBITDA in the first nine months of the fiscal year rose by a very favourable rate of 208.4 per cent to EUR 12.5 million in a year-on-year comparison. In the period between July and September 2021, EBITDA went up by 160.8 per cent year-on-year to EUR 4.5 million and was also much higher (+13.7 per cent) than the same figure from 2019 (Q3 2019 normalised: EUR 4.0 million). This also meant that EBITDA profitability for the third quarter of 13.1 per cent was within the average target corridor of the mid-term guidance of 12–14 per cent on average in the period until 2024 as was already the case in the second quarter of 2021.

The company held its second Capital Markets Day in the third quarter in which it clearly outlined its mid-term targets and updated participants on its strategic direction. The company now states that the revenue target of EUR 200 million will be reached in 2024 and indicates an average EBITDA margin range of 12–14 per cent. STEMMER IMAGING intends to benefit from the three megatrends in the fields of automation, digitalisation and sustainability, among others, and strengthens its portfolio of services in the two fields of Distribution and Solution Business. The outlook for the future specified at the Capital Markets Day also extends to the stability and continuity of STEMMER IMAGING AG. The company's Supervisory Board extended Uwe Kemm's contract as Chief Operating Officer ahead of schedule and it is now valid until the end of May 2026.

Building on the company's robust order backlog of over EUR 51 million and based on current estimates for the final quarter, STEMMER IMAGING expects to reach the revenue and earnings forecast raised in July at the upper end of the revenue forecast range of EUR 123–131 million and to achieve at least the upper end of the EBITDA forecast range of EUR 12.2–15.4 million.

CONSOLIDATED INTERIM MANAGEMENT REPORT

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

NET ASSETS AND FINANCIAL POSITION

The total assets of the STEMMER IMAGING Group amounted to EUR 104.78 million as at 30 September 2021, an increase compared to 31 December 2020 (EUR 96.68 million).

Non-current assets went down to EUR 32.16 million as at 30 September 2021 (31 December 2020: EUR 34.26 million). The decrease was caused by the depreciation and impairment of property, plant and equipment and intangible assets, including the value of leases, in accordance with IFRS 16. These were only countered by a low level of investment for new and replacement assets.

Trade receivables rose from EUR 15.11 million to EUR 20.14 million as a result of the development of revenue.

Inventories continued to increase in the course of the third quarter of the 2021 fiscal year to EUR 13.85 million (31 December 2020: EUR 11.05 million) in connection with the current supply bottlenecks.

Equity totalled EUR 68.19 million as at 30 September 2021 (31 December 2020: EUR 64.08 million), equivalent to an equity ratio of 65.1 per cent (31 December 2020: 66.3 per cent).

As at 30 September 2021, non-current liabilities decreased to EUR 8.01 million compared to 31 December 2020 (EUR 10.01 million). Material factors behind the decline include the fact that a repayment of EUR 1.50 million was made to the long-term bank loan and that non-current liabilities related to finance leases changed by EUR –0.28 million.

Current liabilities increased from EUR 22.60 million as at 31 December 2020 to EUR 28.58 million as at 30 September 2021, an increase primarily attributable to the rise of EUR 4.20 million in current trade payables and the increase of EUR 2.11 million in other liabilities.

Cash flow from operating activities came to EUR 7.99 million in the first nine months of the 2021 fiscal year. The figure, which is only slightly higher than in the previous year (1 January to 30 September 2020: EUR 7.44 million), is in particular due to the increase in working capital as a result of the strong growth.

Cash flow from investing activities amounted to EUR –19.59 million (1 January to 30 September 2020: EUR –0.29 million). The change is mainly attributable to payout for the still existing current loan to PRIMEPULSE SE from 28 January 2021 (EUR 19.56 million).

Cash flow from financing activities was affected by paying out EUR 3.25 million in dividend to shareholders in the second quarter of 2021 (1 January to 30 September 2020: EUR 0 million) and making repayments on the bank loan and on finance lease liabilities amounting to EUR 2.85 million (1 January to 30 September 2020: EUR 3.05 million). Net debt came to EUR –10.89 million. (incl. payout current loan to PRIMEPULSE SE of EUR 19.56 million).

RESULTS OF OPERATIONS

STEMMER IMAGING recorded order intake of EUR 38.41 million in the third quarter of 2021, representing an increase of 36.7 per cent compared to the same quarter of the previous year. The book-to-bill ratio of 1.1 in the third quarter was on a par with the corresponding period in the previous year (1 January to 30 September 2020: 1.1) despite the significant increase in revenue. Order intake for the first nine months of the 2021 fiscal year came in at EUR 121.24 million, up 49.1 per cent (1 January to 30 September 2020: EUR 81.30 million) and was thus significantly above the same period of the previous year.

The revenue generated by STEMMER IMAGING in the third quarter of 2021 was up 5.5 per cent on the previous quarter (1 April to 30 June 2021: EUR 32.98 million), rising by 38.3 per cent to EUR 34.81 million compared to 2020 (1 July to 30 September 2020: EUR 25.17 million). Revenue of EUR 99.52 million was achieved for the entire reporting period, corresponding to a 28.6 per cent increase over the first nine months of the 2020 fiscal year (1 January to 30 September 2020: EUR 77.38 million).

The main factors driving this increase in revenue was the generally dynamic market demand.

Thanks to the increasing business recovery, nearly all subsidiaries saw revenue up on the first nine months of the 2020 fiscal year. Of particular note is the revenue development for the subsidiaries in Germany, Sweden, Switzerland and France, which saw a significant year-on-year increase in the 2021 reporting period.

At 38.2 per cent, the gross profit margin in the third quarter of 2021 was on a par with the level of the previous quarter and was substantially above the previous quarter (36.8 per cent).

The tense situation concerning the global supply in connection with the ongoing shortage of raw materials and preliminary products persisted in the third quarter. STEMMER IMAGING was able to take appropriate measures in procurement, warehousing and order processing to offset this effect to some extent. Increasing costs as a result of the global supply shortages in the reporting period from January to September 2021 were mitigated or countered by price increases.

Personnel expenses came to EUR 19.76 million in the first nine months of the 2021 fiscal year (1 January to 30 September 2020: EUR 17.86 million). The year-on-year increase is attributable in particular to the fact that temporary cost-saving measures were introduced in the previous year in response to the first wave of the Covid-19 pandemic and the effect of employees voluntarily waiving their pay was felt. At the same time, higher year-on-year variable salary components payable in the current reporting period led to a rise in personnel expenses. Despite the rise in personnel expenses in absolute terms, the personnel expense ratio improved disproportionately to 19.9 per cent thanks to the sharp rise in revenue (1 January to 30 September 2020: 23.1 per cent). Personnel expenses in the previous year's period include government grants provided to support short-time work measures and other similar government grants.

Other operating expenses fell in a year-on-year comparison to EUR 7.41 million (1 January to 30 September 2020: EUR 8.06 million). The main factors behind the lower costs were the efficiency and digitalisation measures introduced in the previous year to cut costs on a sustainable basis which have now taken effect while costs remain at a level reflecting the impact of the pandemic. This includes in particular the drop in expenditure for travel and trade fairs. The foreign exchange result saw a year-on-year improvement in 2021 to EUR 0.23 million, up from EUR –1.02 million in the previous reporting period. Lower exchange rate fluctuations and a balanced ratio of balance sheet accounts denominated in foreign currencies led to lower currency effects in the current fiscal year. Expenses in the first nine months of the 2021 fiscal year also contain, as already reported, one-time expenses amounting to EUR 1.0 million.

EBITDA came to EUR 12.46 million in the first nine months of the 2021 fiscal year (EBITDA margin: 12.5 per cent), a significant increase compared to the figure from the previous year of EUR 4.04 million (EBITDA margin: 5.2 per cent) and within the mid-term target of having an EBITDA margin between 12 and 14 per cent over the period until 2024 as updated in October 2021 at the Capital Markets Day. The primary factors behind the substantial year-on-year improvement include, as already explained, the sharp rise in revenue, the considerable improvement in the gross margin and the stable cost situation in the reporting period. Operating earnings (EBIT) amounted to EUR 9.50 million in the first nine months, substantially exceeding the amount of EUR –3.62 million seen the same period of the previous year. The EBIT margin consequently went up from –4.7 per cent in the previous year to 9.5 per cent. The financial result came to EUR 0.04 million in the reporting period of the first three quarters of the 2021 fiscal year and mostly comprised income from the loan to PRIMEPULSE SE and expenses for the loan taken out with HypoVereinsbank. The consolidated net income of the STEMMER IMAGING Group came to EUR 7.35 million for the January to September 2021 reporting period (1 January to 30 September 2020: EUR –4.72 million).

REPORT ON EXPECTED DEVELOPMENTS

Based on the earnings trend in the first nine months of 2021, the robust order backlog of more than EUR 51 million and the consistently high volume of order intake, the company expects to achieve the revenue and earnings forecast raised in July at the upper end of the revenue forecast range of EUR 123–131 million and to achieve at least the upper end of the EBITDA forecast range of EUR 12.2–15.4 million.

The signs are positive that the full-year forecast for earnings in 2021 will be exceeded. From the company view there is, however, not enough certainty at present to raise the forecast for the EBITDA result, with countervailing risks continuing to exist as a result of the stated supply bottlenecks and the potential for additional expenses here.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

ASSETS in KEUR

	30/09/2021	31/12/2020
Non-current assets		
Property, plant and equipment	4,823	5,894
Goodwill	19,445	19,418
Other intangible assets	7,464	8,543
Other investment securities	27	36
Other financial assets	16	43
Deferred tax assets	385	325
Total non-current assets	32,160	34,259
Current assets		
Inventories	13,853	11,048
Trade receivables	20,143	15,114
Contract assets	45	95
Receivables from affiliated companies	19,862	0
Other financial assets	117	195
Income tax receivables	465	385
Other assets and prepaid expenses	1,236	870
Cash and cash equivalents	16,895	34,718
Total current assets	72,616	62,425
Total assets	104,776	96,684

EQUITY AND LIABILITIES

in KEUR

	30/09/2021	31/12/2020
Capital and reserves		
Subscribed capital	6,500	6,500
Capital reserves	47,495	47,495
Revenue reserves	14,193	10,084
Total equity	68,188	64,079
Non-current liabilities		
Non-current loans	4,001	5,503
Provisions for pensions and similar obligations	42	42
Other financial liabilities	2,070	2,354
Other liabilities	246	250
Other provisions	199	193
Deferred tax liabilities	1,455	1,667
Total non-current liabilities	8,013	10,009
Current liabilities		
Current loans	2,003	2,002
Other provisions	336	230
Trade payables	13,837	9,635
Contract liabilities and advance payments received on orders	1,193	2,222
Liabilities to affiliated companies	5	35
Liabilities to associated companies	0	50
Other financial liabilities	1,820	2,159
Income tax liabilities	2,298	1,288
Other liabilities	7,083	4,975
Total current liabilities	28,575	22,596
Total liabilities	36,588	32,605
Total equity and liabilities	104,776	96,684

CONSOLIDATED INCOME STATEMENT

DEVELOPMENT FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021
in KEUR

	01/01 – 30/09/2021	01/01 – 30/09/2020	01/07 – 30/09/2021	01/07 – 30/09/2020
Revenue	99,518	77,384	34,810	25,172
Cost of materials	-61,219	-49,065	-21,524	-15,905
Gross profit	38,299	28,319	13,286	9,267
Other operating income	1,338	1,638	60	373
Personnel expenses	-19,764	-17,856	-6,755	-5,999
Other operating expenses	-7,414	-8,061	-2,045	-1,898
EBITDA	12,459	4,040	4,546	1,743
Depreciation and impairment of property, plant and equipment	-1,875	-2,135	-607	-684
EBITA	10,584	1,905	3,939	1,059
Amortisation of intangible assets	-1,088	-5,520	-357	-386
Operating earnings (EBIT)	9,496	-3,615	3,582	673
Loss from investments accounted for using the equity method	-90	-600	0	0
Finance income	199	5	78	0
Finance costs	-71	-82	-25	-24
Profit before income taxes	9,534	-4,292	3,635	649
Taxes on income	-2,188	-424	-726	-43
Consolidated net income	7,346	-4,716	2,909	606
Of which:				
Shareholders of the parent company	7,346	-4,716	2,909	606
Number of shares (weighted average)	6,500,000	6,500,000	6,500,000	6,500,000
Earnings per share in EUR (diluted and basic)	1.13	-0.73	0.45	0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DEVELOPMENT FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021

in KEUR

	01/01 – 30/09/2021	01/01 – 30/09/2020
Consolidated net income	7,346	–4,716
Other comprehensive income		
Items that will be reclassified to profit or loss in future under certain conditions		
Exchange differences that arose during the reporting period	13	266
Other comprehensive income after income taxes	13	266
Total comprehensive income	7,359	–4,450
Of which:		
Shareholders of the parent company	7,359	–4,450

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021
in KEUR

	01/01 – 30/09/2021	01/01 – 30/09/2020	01/07 – 30/09/2021	01/07 – 30/09/2020
Cash flow from operating activities				
Consolidated net income	7,346	-4,716	2,909	606
Income tax expense recognised in profit or loss	2,188	424	726	43
Finance costs/income recognised in profit or loss	-128	77	-53	24
Amortisation and depreciation of intangible assets, property, plant and equipment and investment securities	2,963	8,255	964	1,070
Increase (+)/decrease (-) in provisions	167	25	-44	21
Other non-cash expenses/income	-155	-441	-22	-99
Gain/loss on disposal of property, plant and equipment and intangible assets	2	-4	2	-2
Increase (-)/decrease (+) in inventories, trade receivables and other assets	-8,162	3,482	-3,317	1,033
Increase (+)/decrease (-) in liabilities and other liabilities	5,104	-121	4,410	1,053
Interest received	199	5	78	0
Cash flow from operating activities	9,524	6,986	5,653	3,749
Income taxes paid	-1,531	453	-306	-349
Net cash flow from operating activities	7,993	7,439	5,347	3,400
Cash flow from investing activities				
Payments for intangible assets	-10	-33	0	0
Proceeds from disposals of property, plant and equipment	85	77	11	13
Payments for investments in property, plant and equipment	-140	-331	-22	-32
Proceeds from disposal of financial assets	56	0	44	0
Payments for investments in financial assets	-19	-5	0	-5
Payments for financial investments as part of short-term treasury management	-19,557	0	97	0
Net cash flow used in/from investing activities	-19,585	-292	130	-24

FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021
in KEUR

	01/01 – 30/09/2021	01/01 – 30/09/2020	01/07 – 30/09/2021	01/07 – 30/09/2020
Cash flow from financing activities				
Repayment of loans	-2,849	-3,051	-942	-986
Proceeds from grants received	104	435	21	161
Dividends paid to shareholders of the parent company	-1,918	0	0	0
Dividends paid on free float shares	-1,332	0	0	0
Interest paid	-70	-82	-24	-30
Net cash flow used in financing activities	-6,065	-2,698	-945	-855
Net decrease/-increase in cash and cash equivalents	-17,657	4,449	4,532	2,521
Cash and cash equivalents at the beginning of the reporting period	34,718	27,974	12,560	29,616
Changes in cash due to exchange rate movements and remeasurement	-166	-304	-197	-18
Cash and cash equivalents at the end of the reporting period	16,895	32,119	16,895	32,119
Of which cash in hand and bank balances	16,895	32,119	16,895	32,119

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY TO 30 SEPTEMBER 2020

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As at 1 January 2020	6,500	47,495	10	-81	13,289	13,218	67,213
Consolidated net income	0	0	0	0	-4,716	-4,716	-4,716
Currency adjustments	0	0	0	266	0	266	266
As at 30 September 2020	6,500	47,495	10	185	8,573	8,768	62,763

FROM 1 JANUARY 2021 TO 30 SEPTEMBER 2021

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As at 1 January 2021	6,500	47,495	8	110	9,966	10,084	64,079
Consolidated net income	0	0	0	0	7,346	7,346	7,346
Distributions to shareholders of the parent company	0	0	0	0	-1,918	-1,918	-1,918
Distributions to shares in free float	0	0	0	0	-1,332	-1,332	-1,332
Currency adjustments	0	0	0	13	0	13	13
As at 30 September 2021	6,500	47,495	8	123	14,062	14,193	68,188

FINANCIAL CALENDAR¹

Monday – Wednesday

22/–24/11

2021

**GERMAN EQUITY FORUM,
VIRTUAL**

¹ Dates may change at short notice.

IMPRINT

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

STEMMER IMAGING is an active member of:

