

INNOVATIVE IMPULSES

H1 Report 2019

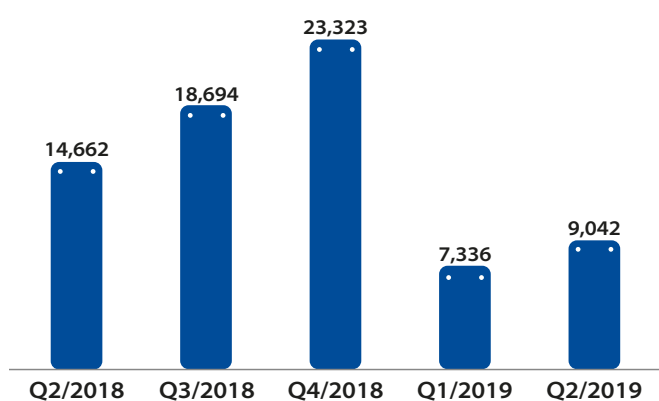
Highlights

	Unit	H1 / 2019	H1 / 2018	Change (in %)
Revenue	kEUR	16,378	29,643	-44.8
Total output	kEUR	18,330	34,662	-47.1
Cost of materials	kEUR	-10,680	-17,691	39.63
Material cost ratio (% of total output)	%	58.3	51.0	
Personnel cost	kEUR	-17,624	-14,112	-24.9
Personnel expense ratio (% of total output)	%	96.2	40.7	
EBITDA	kEUR	-18,907	-3,814	-395.8
EBITDA margin (% of revenue)	%	-115.4	-12.9	
Group result	kEUR	-30,795	-6,267	-391.4
EPS*	EUR	-1.56	-0.35	
Order intake	Machines	25	38	-34.2
Order intake	kEUR	20,767	23,288	-10.8
Invoiced machines	Machines	14	44	-68.2

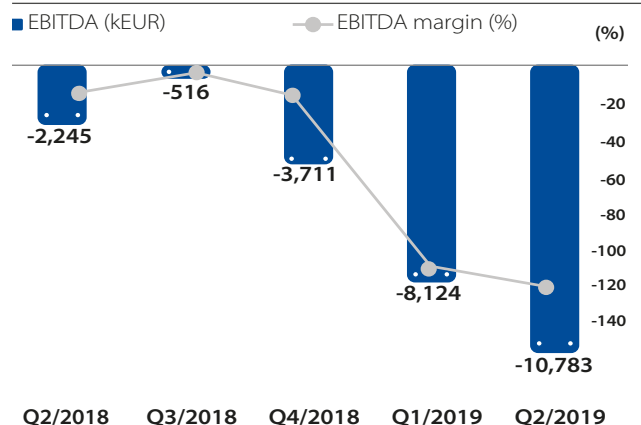
	Unit	June 30, 2019	June 30, 2018	Change (in %)
Long-term assets	kEUR	65,187	65,111	+0.1
Short-term assets	kEUR	89,561	108,050	-17.1
Equity ratio	%	40.2	49.9	
Balance sum	kEUR	154,747	173,161	-10.6

* Diluted and undiluted, based on 19,778,953 shares. (Prior year: 17,980,867 shares)

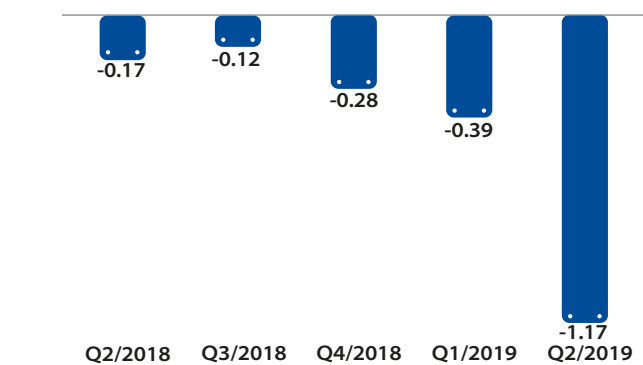
Development consolidated revenue (kEUR)



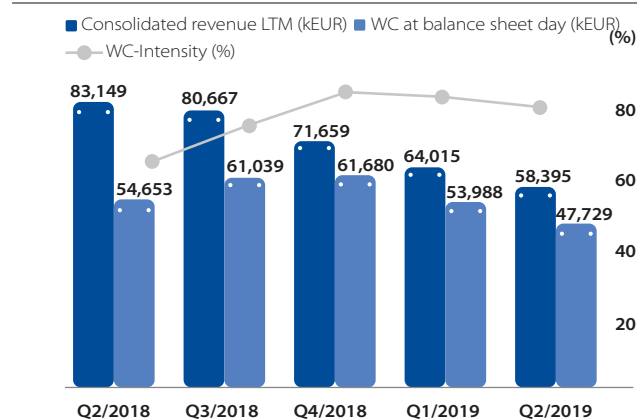
EBITDA and EBITDA margin



Earnings per share (basic) (EUR)



Working capital intensity



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Meddah Hadjar (CEO)

Briefing Note by the CEO

Dear shareholders, customers, business partners, and employees,

As I look at the first one hundred days in my new role as the CEO of SLM Solutions Group AG, I learned a lot about the company and our customers. I have visited some of our customers and some of our investors, and the one question that most of them asked is: What is the SLM strategy and what is going on with the company's financial performance? My answers were honest and with full transparency: The company fundamentals (technology) are strong, but mistakes were made, and we need to fix them in order to turn the company around.

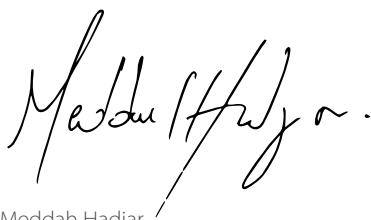
From my perspective, the industry adoption of laser metal powder 3D will continue to grow and will continue to outpass other modalities. As the industry transitions from R&D to parts qualification and production, I expect the growth to continue and, at some point, I anticipate scales. We, as an industry leader and provider of such a technology, need to do more to enable faster adoption; for instance, we have to improve productivity and cost. SLM Solutions Group AG, in my opinion, is the leader in the multi-laser products, always has been a leader in this area, and is in a good position to enable faster adoption. We will continue to drive technology edge and lead in this arena.

Looking at the revenue and the order numbers for the first half of 2019 and given our technology strength, we have not delivered. This result, however, is not a true reflection of the full potential of the company. I have taken all immediate actions available to me to address key gaps and drive the development of an organization that is capable of delivering to our shareholders and to our customers. We will continue to drive for improvements in all areas.

Our immediate priorities are to grow the top line number, run the company better, and reposition our products. In the short term, we will invest in our sales organization, go-to-market, and bring in external talent.

At the next occasion, I will share more details of our strategy and our journey. This journey will not be possible without our investors and customers, who trust in our products, and the commitment and motivation of our employees. I want to thank you all for being part of the SLM journey.

Lübeck, August 7, 2019

A handwritten signature in black ink, reading "Meddah Hadjar". The signature is written in a cursive, flowing style.

Meddah Hadjar
(CEO)

Shares

Share performance and Capital Increase (as at: June 30, 2019)

Shares of the SLM Solutions Group AG have been traded at the Frankfurt Stock Exchange (Frankfurter Wertpapierboerse) in Prime Standard since May 9, 2014.

As part of a capital increase, 1,798,086 new shares were placed with institutional investors from the existing shareholder structure of the SLM Solutions Group AG on March 28, 2019. As a result, the share capital of SLM Solutions Group AG increased to EUR 19,778,953.00 million, divided into 19,778,953 shares with a nominal value of EUR 1.00 each.

During the twelve months up to June 28, 2019, the share price showed a negative development. The Xetra closing price as at June 28, 2019 (EUR 12.70) was 61.2% below the closing price as at June 29, 2018 (EUR 32.70).

The share performance of the company during this period is below that of the relevant industrial index STOXX Global 3D Printing Tradable (-5.5%) and the TecDax Index (+5.2%).

According to the data of www.ariva.de, the average daily number of SLM Solutions Group AG shares traded during the 12 months to June 28, 2019, was 62,281 shares (43,557 shares for the period ended June 29, 2018).

Market capitalization as at June 28, 2019, was approximately EUR 251 million based on 19,778,953 shares on issue (June 29, 2018: EUR 588 million).

Analysts

(as at: July 31, 2019)

Meanwhile, the performance of the SLM Solutions Group AG share is being followed by six analysts. At the time of release of this report, the analysts recommended for the most part to hold the share in view of the price level.

Institution	Analyst	Rating	Target price (EUR)
Berenberg	Gerhard Orgonas	Hold	9.70
Commerzbank	Adrian Pehl	Hold	10.00
Deutsche Bank	Uwe Schupp	Hold	11.00
HSBC	Philip Saliba	Hold	9.00
Pareto Securities	Cengiz Sen	Sell	3.50
Hauck & Aufhäuser	Carlos Becke	Sell	3.00

Based on analysts' ratings available on July 31, 2019

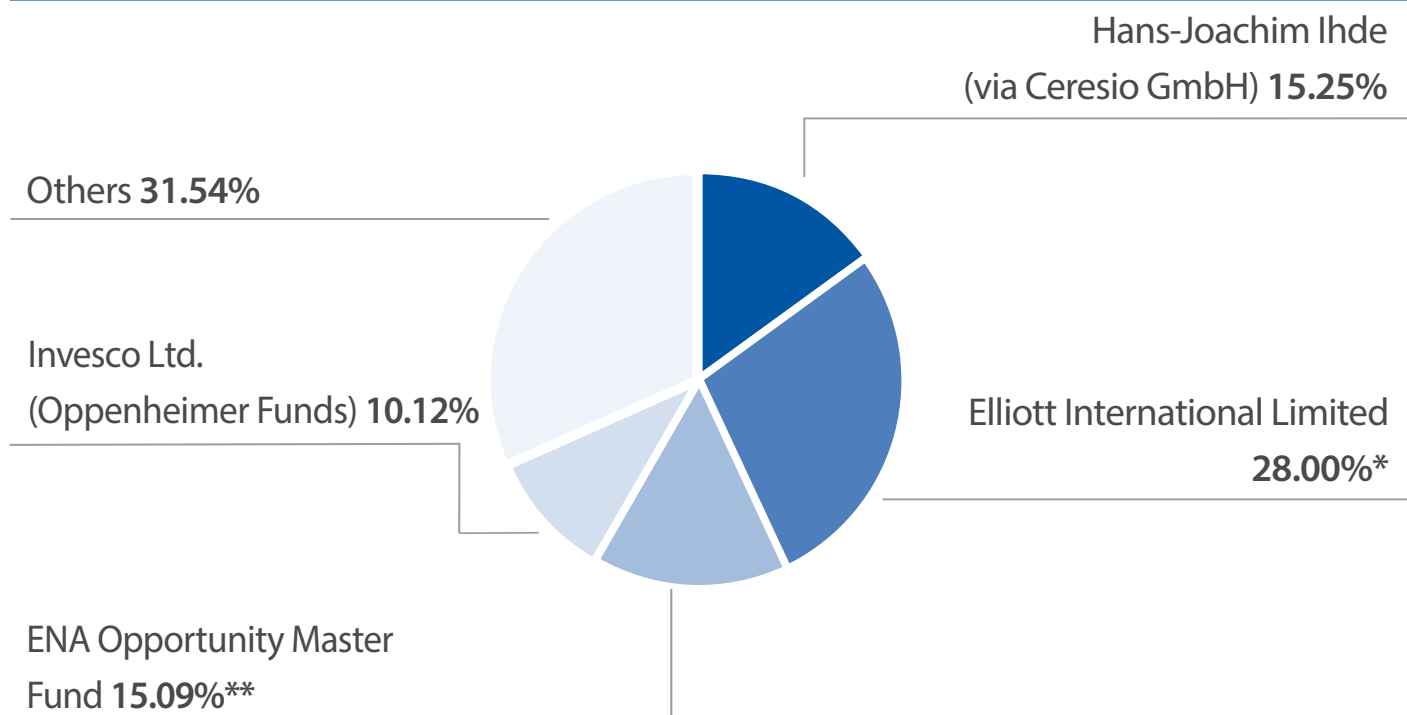
Investor relations

Since being listed, SLM Solutions Group AG has maintained an intensive dialog with the capital market. The board of SLM Solutions Group AG places a very strong emphasis on communicating regularly and transparently with the shareholders and stakeholders of the company to continuously keep them informed as to the development of the corporation. This is assured through the regular publication of company relevant information, transparent financial reporting, and ongoing personal contact with investors, analysts, journalists, and interested public.

The board and managers at SLM Solutions Group AG who are responsible for investor relations participate regularly in capital market conferences and present the business model and strategy of SLM Solutions Group AG at road shows throughout Europe and North America.

Besides consistently updated financial reports, mandatory notifications, and corporate news, visitors to the Group's website, www.slm-solutions.com, will find analysts' presentations and presentations held at road shows. At the time of publication of the quarterly reports, telephone conferences including webcasts are recorded and are subsequently available as downloads. Registration using an electronic distribution feature ensures that important corporate news will be directly available to interested parties in a timely manner.

Shareholder structure (as at: July 03, 2019)



* To interpret the voting rights announcements: Shares attributed to Mr. Paul E. Singer from Elliott International Limited through the subsidiary Cornwall GmbH & Co. KG.

** To interpret the voting rights announcements: Shares attributed to George Kounelakis from ENA Opportunity Master Fund LP.

The shareholder structure is based on the published notifications of voting rights and company information. SLM Solutions assumes no liability for the accuracy, completeness and timeliness of the information.

Financial calendar

Date	Event
November 07, 2019	9M Report 2019

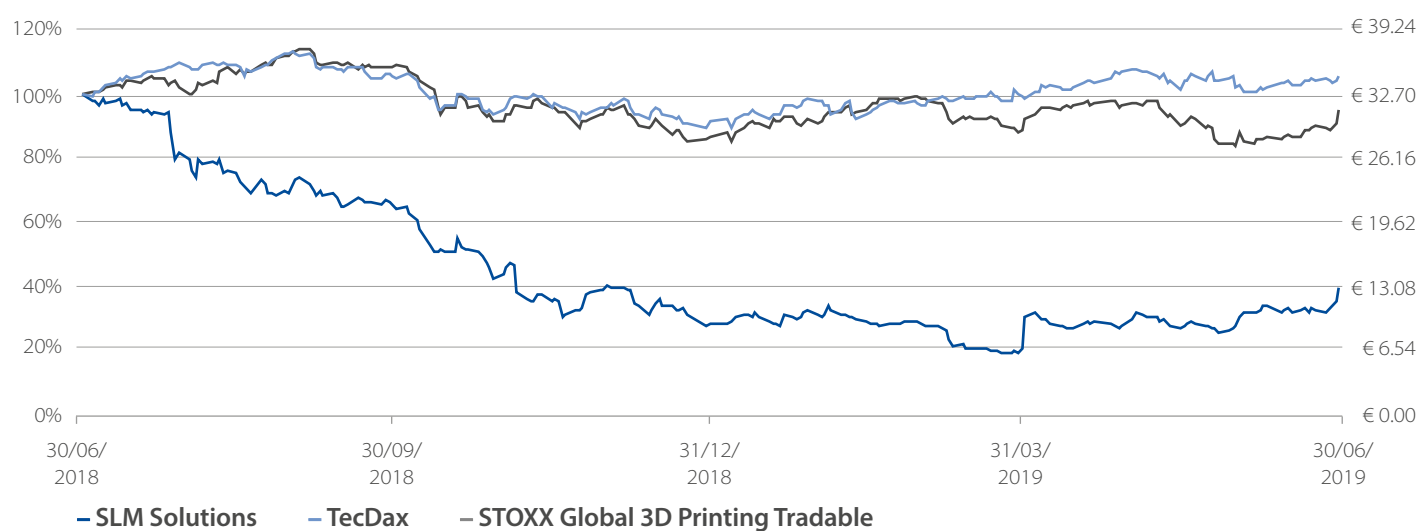
Investor relations contact

Cometis AG
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E-mail: griessmann@cometis.de

Key data (as at June 30, 2019)

ISIN	DE000A111338
Securities Identification Number	A11133
Ticker symbol	AM3D
Sector	Industry
Trading segment	Regulated Market (Prime Standard)
Stock Exchange	Frankfurt Stock Exchange
Index	Prime Standard
First listing	May 9, 2014
Placement price	18.00
Closing price on June 28, 2019	12.70
Shares on issue	19,778,953 ordinary bearer shares without nominal value

Share price performance (as of: June 30, 2019)



Interim Group Management Report

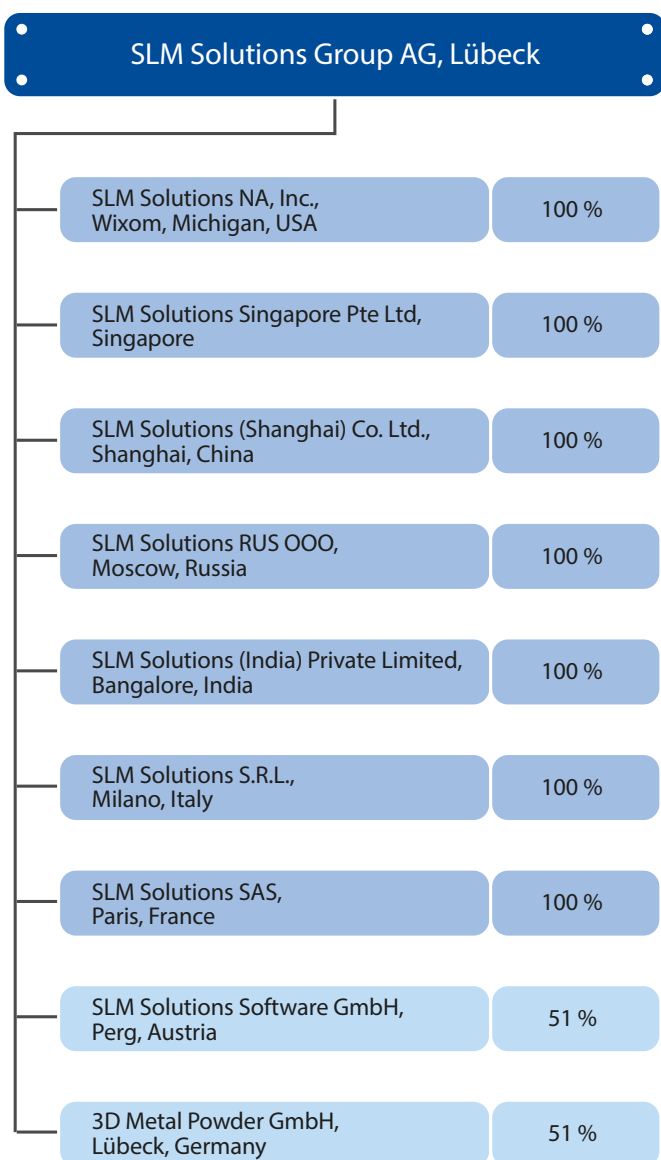
Group Fundamentals

Corporate Structure

As at June 30, 2019, the SLM Solutions Group AG (SLM AG) based in Lübeck, Germany, controls seven fully owned subsidiaries and two joint ventures. The headquarter of SLM Solutions Group AG is the sole production site of the group and pools a significant part of all operative and administrative tasks together with product development. SLM Solutions Group AG also coordinates worldwide sales and distribution activities. The subsidiaries in Singapore, USA, China, Russia, India, Italy, and France intensify local sales activities in their allocated geographical territories. In addition, they provide after sales service for customers.

SLM Solutions Group AG holds 51% of the share capital of the Austrian SLM Solutions Software GmbH. This company develops and markets special construction software that simplifies the optimal design of components in additive manufacturing.

The 3D Metal Powder GmbH based in Lübeck is a further joint venture established for the development, production, and sales of metal powders. SLM Solutions Group AG holds 51% of its capital stock. There is currently no business activity in this joint venture.



Employees

	June 30, 2019	June 30, 2018
Full-time equivalents (FTEs)		
Research and Development	88	94
Sales & Marketing	87	81
After Sales	76	66
Production	96	113
Administration	49	51
Total	396	405
Thereof Europe Based	328	351
Thereof USA based	32	29
Thereof Asia based	36	25

Business Model

The SLM Solutions Group AG based in Lübeck is a leading supplier of **metal-based additive manufacturing technology** ("3D printing").

The structure of the reportable segments has not changed compared to the report from the previous year. The segment Machine Business deals with machines from SLM's sector Selective Laser Melting together with options like powder sieving stations and other peripheral devices. The segment After Sales Business takes service, spare parts, commodities including powders, as well as training and installation of machines into account.

The **production** currently comprises of the four machine types, SLM®125, SLM®280, SLM®500, and SLM®800, which differ according to the size of the build chamber and the number of lasers installed. They allow direct manufacturing of highly complex metal components from a variety of source materials, such as aluminum, titanium, cobalt-chromium, IN, tool and stainless steel, and super-alloys. Nearly all weldable alloys can be processed into a finished product using the machines. The machines are continuously upgraded and equipped with new functionalities.

The machines designed by SLM Solutions Group AG use the technology of **selective laser melting**. This method starts from a computer generated 3D model of the part to be manufactured. By use of single or multiple lasers working simultaneously, the part is then melted layer by layer in a bed of metallic powder. Parts made using this process meet the highest standards of solidity, surface structure, and bio-compatibility, depending on the area of application and individual requirements.

One essential **advantage of additive manufacturing** is the reduced consumption of material compared to conventional production methods. In addition, it enables a new freedom of design with emphasis on the intended function of the part. This feature makes additive manufacturing ideally suitable for the production of complex components both for prototypes and series production. Contrary to conventional production methods, complexity is not a cost factor ("complexity comes for free"). Additive manufacturing of metal parts also offers a huge speed advantage since no tooling is needed. SLM's patented multi-laser technology underlines the leadership of the company in this field. Industrial manufacturing processes like precision milling are increasingly supplemented with laser melting machines.

According to McKinsey, additive manufacturing processes offer users many advantages. They allow, among other things, a reduction of time to market through rapid prototyping, product improvements due to the freedom of design freedom, and the reduction of waste produced during production.¹ Boston Consulting sees an enormous potential in AM technology to satisfy unmet needs in the manufacturing industry. AM technologies are actually crucial for realizing the vision of a "factory of the future" where production is improved through the application of new principles of manufacturing and the implementation of digital technologies and processes along the entire value chain.²

The **customers** of SLM Solutions Group AG come from a wide variety of industries, including the aviation and space industries, automotive, machine tools, engineering, the medical and energy sectors, both contract manufacturers and end-users. **Target markets** for SLM Solutions Group AG are Europe (including Germany) and the North American and Asia-Pacific regions.

SLM's machine business is subject to **cyclical fluctuations** typical of this industry. As a rule, a significant share of turnover and order intake is achieved in the fourth quarter with the first quarter traditionally being the weakest of the year. In order to minimize the impact of seasonality in the medium term, the board intends to expand SLM's after sales business, in particular, by widening the product portfolio to include less volatile products, such as consumables (powder) and software.

¹ McKinsey & Company: Additive manufacturing: A long-term game changer for manufacturers, September 2017, <https://www.mckinsey.com/business-functions/operations/our-insights/additive-manufacturing-a-long-term-game-changer-for-manufacturers>

² Boston Consulting Group: Get Ready for Industrialized Additive Manufacturing, 5. April 2017, <https://www.bcg.com/de-de/publications/2017/lean-manufacturing-industry-4.0-get-ready-for-industrialized-additive-manufacturing.aspx>

Goals and Strategy

The goal of SLM Solutions is to remain as **the leading supplier of metal based additive manufacturing in the long term**, to have a decisive impact on the technology and thus to grow significantly in the foreseeable future, preferably stronger than the market.

To that end, SLM Solutions is pursuing a medium-term **three pillar growth strategy** for which interim targets will be defined and evaluated regularly:

So as to secure the leadership in the area of metal based additive manufacturing, SLM focuses on **Research and Development (R&D)**. The portfolio of intellectual property rights is being optimized continually. The R&D team built up in the past years assures through numerous projects the extension of the technological leadership. In addition, SLM Solutions cooperates with research institutes and universities to further develop the technology and to ensure its use in constantly new applications in all industries.

SLM intends to evolve into a **comprehensive solutions and systems provider** in the area of additive manufacturing and expand into neighbouring business areas. SLM Solutions is moving more strongly into the business with metal powders, which is the source material for the laser melting machines made by the company. The expansion of the powder business will develop into the second pillar next to machine sales and help to contribute to the reduction of seasonality common in this industry. In order to obtain a high quality end product the manufacturing process of metal powder requires a specific know-how and quality assured procedures for which the market is willing to pay at present.

Due to the complexity of laser melting, customer proximity is for SLM Solutions a key competitive advantage. In order to build long-term customer relationships, generate recurring revenues, and attract new customers, SLM Solutions is expanding its **international sales and service network** step by step through the establishment of subsidiaries and marketing alliances on location. The company is constantly increasing its presence through application centres, demonstration machines, customer training, and participation at all important industry expositions and presentation events.

Control System

SLM has identified the following KPI's as key financial performance indicators of the business which are published regularly:

- **Order and sales performance** are the most relevant key figures to assess as to what degree the growth potential within a closed reporting period has been realized. These are regularly contrasted with the growth rate of the global market for additive manufacturing.
- For a young and growth oriented enterprise like SLM Solutions, the **EBITDA margin** is the best indicator for the company's earning power. For this indicator national particularities of the tax act, the chosen capital structure, the capitalisation ratio of the operating business are not being taken into account which makes the comparison with companies of the peer group easier. In the preceding years adjustments were made which referred to particular one-off effects, which impacted the results in the respective financial year.
- In addition, the **absolute EBITDA** serves as the key indicator for the profit generated by the company. The intention of this indicator is to present the operative business to enable the comparison with the results of the different financial years and other companies.

As part of the internal control systems, the Board of SLM Solutions Group AG is being informed regularly of internal performance indicators. These include:

- **Personnel cost ratio** (defined as ratio of personnel cost to total output)
- **Material cost ratio** (defined as ratio of material cost of total output)

Research and development

R&D is the essential prerequisite for the success of SLM Solutions Group AG's business. New market opportunities in the field of industrial manufacturing are being tapped through the progress in the development of multi-laser technology and the market leadership in this area. The company possesses a comprehensive portfolio of intellectual property, including patents and licenses for the selective laser melting technology and the hull-and-core imaging process.

Worldwide cooperation with universities and research institutions enables SLM Solutions Group AG to always be up to date. This provides the basis for the successful use of SLM technology in series production in various industries. Investments in research and development are focused primarily on productivity gains and robust production systems. But there are also improvements in materials research (such as difficult-to-mold/process materials), as well as the approach to shortening the overall production time of a new part. Digital interconnectedness is growing more and more important in the industrial manufacturing environment today and in the near future ("Industry 4.0"). SLM Solutions Group AG with its fully digitized processes is optimally positioned for this development.

As at June 30, 2019, the staff of the R&D department comprised 87.5 staff FTEs (full-time equivalents), down from 94 FTEs on June 30, 2018. R&D expenses in the reporting period at the same time increased from kEUR 6,299 (June 30, 2018) to kEUR 10,836 on June 30, 2019).

Economic Report

Overall economic situation in the target markets

According to the Kiel Institute for the World Economy (IfW), the expansion of the global economy accelerated temporarily at the beginning of 2019. Particularly in the advanced economies, gross domestic product increased surprisingly strong and world production rose by 0.8% in the first quarter. However, the IfW indicator of global economic activity, calculated on the basis of sentiment indicators from 42 countries, continues to point downwards.³ Compared to the assessment from March 2019, the IfW in the summer of 2019 expects the global economy to grow by 0.1 percentage points less for the current year, that is, by 3.2% instead of 3.3% as initially expected. For 2020, the IfW expects a slight increase in the growth rate to 3.3%. Particularly in the advanced economies, the IfW expects the economic recovery to slow and GDP growth to decline from 2.3% in 2018 to 1.9% in the current year and 1.6% in 2020.⁴ Economic uncertainties, such as the persistently looming Brexit situation, a further escalation of the trade dispute between the United States and China, or its extension to trade relations with the European Union, continue to pose a downside risk to the global economy.⁵

In Germany, economic output rose by 0.4% in the first quarter of 2019, seasonally and calendar-adjusted, compared with the previous quarter. According to the IfW, this is largely due to special factors such as catch-up effects in the automotive industry, in which sales difficulties from the autumn of 2018 were compensated for at the beginning of 2019. Overall, the IfW sees a deterioration of the basic economic trend in Germany, which can be seen, inter alia, from weaker foreign trade, a fall in industrial production in April and a slump in industrial new orders at the beginning of the year. According to the summer forecast from June 2019, the IfW expects a price-adjusted growth of German gross domestic product of 0.6% in 2019 (March forecast: 1.0%) and of 1.6% in 2020 (March forecast: 1.8%).⁶

The IfW also expects weaker growth in gross domestic product in the United States (2018: 2.9%, 2019: 2.4%, 2020: 1.5%), in the euro area (2018: 1.9%, 2019: 1.2%, 2020: 1.4%), Russia (2018: 2.3%, 2019: 1.3%, 2020: 1.6%), and Asia (2018: 6.5%, 2019: 5.9%, 2020: 5.8%).⁷

Market for additive manufacturing

SLM Solutions Group AG operates in the industry for additive manufacturing, which continues to be a growing, highly attractive global market. According to a study by Strategy &, the strategy consultancy of PricewaterhouseCoopers, the worldwide market for 3D printing products in the industry is expected to grow on average between 13 and 23% per annum to a market volume of EUR 22.6 billion in 2030. The largest market volume in 2030 will be in the aerospace industry (worldwide EUR 9.59 billion). In 2015, only 0.49% of all products were 3D printed in the industry; this percentage is estimated to grow to 5.2% in 2030. The certification of 3D printing technologies will be the central growth factor in the next two years. Tailoring design and construction to 3D printing processes will play the most important role by 2030. For the automotive industry, it is estimated that the 3D printing market volume will increase by an average of 15% annually to EUR 2.61 billion in 2030.

Based on a worldwide survey among 900 companies in 12 countries conducted by the Auditing and Management Consultants EY regarding metallic consumables, 52% of the respondents referred to metal as the most important work material for the implementation of additive manufacturing machines, far ahead of polymers (31%) and ceramic (6%).⁸ Deloitte estimates that by 2020 or 2021, it will be possible to reach the point where more than half of the additively manufactured parts are metal-based.⁹

The selective laser melting used by SLM Solutions Group AG belongs to the so-called "powder bed fusion" methods. According to the Boston Consulting Group, powder bed fusion is the leading technology in the field of metal-based additive manufacturing with a market share of approximately 85%.¹⁰ Roland Berger Strategy Consultants points out that these products offer greater accuracy, better surface quality, and more design freedom than other 3D printing processes.¹¹

Business Performance

During the first half of 2019, SLM Solutions Group AG recorded an **order intake** for 25 machines (June 30, 2018: 38 machines). 14 machines were ordered by new customers. **The value of the machines ordered** during the first half year is kEUR 20,767 (June 30, 2018: kEUR 23,288). As at June 30, 2019, the order backlog was 17 machines with a value of kEUR 14,644 (June 30, 2018: 140 machines with a value of kEUR 107,318). This decline is due to the fact that SLM does no longer expect the framework agreements originally announced in 2017 to generate actual orders. In particular, order expectations from the Chinese framework agreements did not materialize in the manner anticipated by the previous management. The framework agreements have effectively been put off and anticipated orders resulting from these framework contracts, which have previously been recognized as order intake, were completely eliminated from the order backlog in the second quarter of 2019. In total, 128 machines with a value of kEUR 97,508 were deleted. Irrespective of the developments regarding the framework agreements, the relationships with the respective customers are still ongoing and any future purchase orders will be booked as new order intake in line with SLM's general practice.

³ Institut für Weltwirtschaft: Kieler Konjunkturberichte, Weltkonjunktur im Sommer 2019, S. 2.

⁴ Institut für Weltwirtschaft: Kieler Konjunkturberichte, Weltkonjunktur im Sommer 2019, S. 7f.

⁵ Institut für Weltwirtschaft: Kieler Konjunkturberichte, Weltkonjunktur im Sommer 2019, S. 2.

⁶ Institut für Weltwirtschaft: Kieler Konjunkturberichte, Deutsche Konjunktur im Sommer 2019, S. 2ff.

⁷ Institut für Weltwirtschaft: Kieler Konjunkturberichte, Weltkonjunktur im Sommer 2019, S. 22 ff.

⁸ EY, EY's Global 3D printing Report 2016, Presentation for Press Conference, July 19, 2016, [http://www.ey.com/Publication/vwLUAssets/ey-presentation-3d-druck/\\$FILE/ey-presentation-3d-druck.pdf](http://www.ey.com/Publication/vwLUAssets/ey-presentation-3d-druck/$FILE/ey-presentation-3d-druck.pdf)

⁹ Deloitte Insights, Technology, Media, and Telecommunications Predictions 2019, S. 72, 2018

¹⁰ Boston Consulting Group, Surviving Disruption in Additive Manufacturing, January 7 2019, <https://www.bcg.com/de-de/publications/2019/surviving-disruption-additive-manufacturing.aspx>

¹¹ Roland Berger, Additive Manufacturing-a game changer for the manufacturing industry?, November 2013

The **segment Machine Business**, which accounts for the sale of machines including options, generated revenue of kEUR 9,374 (June 30, 2018: kEUR 21,201), representing 57.2% of the group revenue (June 30, 2018: 71.5 %), during the first half of 2019. The **segment After Sales Business**, comprising service revenue and the sale of spare parts and commodities, generated revenue of kEUR 7,004 (June 30, 2018: kEUR 8,441), representing 42.8% of group revenue (June 30, 2018: 28.5%).

The **international expansion** of the company continued with the grand opening of the application and demo center in Shanghai in May 2019. In terms of size and type, this center is unique in the Asian market.

The **fifth Annual General Meeting** of SLM Solutions Group AG took place on June 25, 2019. Among other points, the shareholders approved the acts of the management and supervisory boards, elected the new supervisory board and external auditors for the year 2019, and approved an authorized capital increase. Voting results were subsequently published on the company homepage.

Results of Operation

In the first half year 2019, **total sales** of SLM Solutions Group AG decreased by 44.8% to kEUR 16,378 (June 30, 2018: kEUR 29,643), with 57.2% derived from the sale of laser melting machines, the core business of the company (June 30, 2018: 71.5%). In this segment the revenue is down to kEUR 9,374 from kEUR 21,201 in the previous year (June 30, 2018). Due to the seasonal fluctuations of group sales, the management of SLM Solutions Group AG considers a rolling year assessment of a full year period as more meaningful: The cumulative revenue for the past twelve months (LTM) as at June 30, 2019, decreased to kEUR 58,395 and is down by 29.8% from that for the previous period 2018 (kEUR 83,149).

Overall performance (the total of sales revenue, changes in inventories and other capitalized expenses) of kEUR 18,330 is -47.1% and thus significantly below that of the prior year period at June 30, 2018 (kEUR 34,662). Specifically for R&D, capitalized expenses were above the prior year period: kEUR 2,033 in 2019 as compared to kEUR 1,343 as at June 30, 2018.

Other operating income of kEUR 827 was significantly below that for the prior year period at June 30, 2018 (kEUR 1,757), primarily due to lower currency gains.

Cost of material decreased significantly by 39.6% to kEUR 10,680 (June 30, 2018: kEUR 17,691). The cost of material ratio (as % of total output) of 58.3% was clearly higher than the previous year (June 30, 2018: 51.0%).

The workforce decreased slightly to 396 full-time equivalents (FTEs) as at June 30, 2019 (June 30, 2018: 405 FTEs); **personnel cost** of kEUR 17,624 increased by 24.9% compared with the prior year period (June 30, 2018: kEUR 14,112). The main reasons for this are tariff-related increases, the provision of pensions, and the provisions for the former chief sales officer and board member posted in May 2019. The personnel cost ratio (% of total output) was 96.2% (June 30, 2018: 40.7%).

Other operating expenses in the first half year 2019 were kEUR 9,554 and 13.4% above the previous year value as of June 30, 2018, kEUR 8,423. In addition to higher legal and consulting costs, the main items included costs for warranty services and first-time provision for risk in accordance with IFRS 9. Lower rental costs, on the other hand, reduced the increase in operating expenses.

EBITDA (earnings before interest, tax, depreciation, and amortization) in the reporting period was kEUR -18,907 (June 30, 2018: kEUR -3,814). EBITDA margin (as % of revenue) was -115.4% for the first half year 2019 (June 30, 2018: -12.9%). EBITDA for the past twelve months (LTM) as at June 30, 2019, was kEUR -23,134, which corresponds to an EBITDA margin of -39.6% in respect to the cumulative revenue of kEUR 58,395 for the 12 months at balance sheet date.

Depreciation for the first half of 2019 increased by 29.4% to kEUR 4,214 (June 30, 2018: kEUR 3,257). As before, this includes depreciation of kEUR 641 (June 30, 2018: kEUR 641) in connection with purchase price allocation and straight-line depreciation on company assets and the other linear depreciation on fixed assets and, for the first time, the impact of IFRS 16. For more details, we refer to the Annex of this report.

The **operating result (EBIT)** of kEUR -23,120 (June 30, 2018: kEUR -7,070) and EBIT margin of -141.2% (as % of revenue) for the first half year 2019 have deteriorated noticeably (June 30, 2018: -23.9%).

The **financial result** for the first half of 2019 was kEUR -2,024 (June 30, 2018: kEUR -2,074). This consists of interest income and expenses amounting to kEUR 2,110 (June 30, 2018: kEUR 2,077) and kEUR 86 (June 30, 2018: kEUR 3), respectively. The interest expenses refer mainly to the convertible bond issued in October 2017.

Tax expense for the first half 2019 was kEUR -5,651 (tax income June 30, 2018: kEUR 2,877). The main effect here is the first-time non-recognition of the amounts exceeding the deferred tax liabilities from the deferred tax assets from the loss carryforwards.

The **period result** after tax for the first half of 2019 was kEUR -30,795 (June 30, 2018: kEUR -6,267). This is equivalent to an undiluted and diluted earning per share (EPS) of EUR -1.56 (June 30, 2018: EUR -0.35). Cumulated over twelve months (LTM) as at June 30, 2019, EPS was EUR -1.92 (June 30, 2018: EUR -0.23). The calculation basis for all earnings per share listed in this paragraph is 19,778,983 (previous year: 17,980,867) shares outstanding at the respective reporting date.

Financial position

Cash flow from operating activities of kEUR 591 was in the positive range and significantly above the previous year value (June 30, 2018: kEUR -6,000). This is predominantly due to the deduction of trade receivables.

Cash flow from investment activities of kEUR -8,349 was below that for the prior year period at June 30, 2018 (kEUR -10,121). This refers pre-dominantly to investments in tangible fixed assets and development projects.

Cash flow from financing activities was kEUR 10,280 (June 30, 2018: kEUR -6,791), which relates to the capital increase in the end of March 2019.

As at June 30, 2019, **cash reserves** were kEUR 30,383 (June 30, 2018: kEUR 40,847).

Asset situation

Balance sheet total of the SLM Solutions Group AG as at June 30, 2019, was kEUR 154,747 (June 30, 2018: kEUR 173,161).

Long-term assets of kEUR 65,187 were at the same level as the prior year period (June 30, 2018: kEUR 65,111). Fixed assets of kEUR 37,871 made up the most significant part of the long-term assets (June 30, 2018: kEUR 37,932). This primarily represents the investment in the new headquarter in Lübeck-Genin. Intangible assets, such as laser technology and capitalized development cost, amounted to kEUR 25,768 in the first half 2019 and above that of the prior year period at June 30, 2018 (kEUR 22,812). Shareholdings in the two joint ventures in the amount of kEUR 908 (June 30, 2018: kEUR 939) were reported under the item "Investments accounted for using the equity method". In the other financial assets, a loan including final interest was charged to 3D Metal Powder GmbH in the amount of kEUR 264 (June 30, 2018: kEUR 259). The deferred tax assets were kEUR 0 (June 30, 2018: kEUR 2,976). This is explained by the fact that deferred taxes are capitalized on the loss carryforward only in the amount of the liability surplus.

Short-term assets of kEUR 89,561 (June 30, 2018: kEUR 108,050) as at the reporting date represent 57.9% of the balance sheet total (June 30, 2018: 62.4%). The main reason was the decrease in cash reserves to kEUR 30,383 (June 30, 2018: kEUR 40,847). Also, the trade receivables decreased to kEUR 18,350 and were significantly lower than in the prior year period (June 30, 2018: kEUR 30,713). Detailed information regarding the working capital is listed in the Group Annex under point 8.

Compared to the previous year, the company's **equity** decreased to kEUR 62,204 (June 30, 2018: kEUR 86,378) as at balance date. The equity ratio was 40.2% (June 30, 2018: 49.9%).

The **long-term liabilities** increased slightly from kEUR 71,088 (June 30, 2018) to kEUR 72,481 (June 30, 2019) compared to the previous year.

Short-term liabilities of kEUR 20,062 at balance date were noticeably above those at June 30, 2018, of kEUR 15,694. The increase in provisions is primarily due to the reserves for warranties in 2018 that can be regarded as short-term. Trade accounts payable at balance date amounted to kEUR 8,213 and slightly below the prior year period (June 30, 2018: kEUR 8,641). Other financial liabilities increased from kEUR 1,209 (June 30, 2018) to kEUR 3,088 as at June 30, 2019, due to the first-time recognition of obligations under IFRS 16 and new refinancing loans.

Opportunities and risks report

The opportunities and risks of SLM Solutions Group AG that were classified as action-relevant in the Annual Report 2018 on pages 42 to 46 have been reassessed, but this has not led to a new classification. For the first time, three risks have been assessed as relevant to action.

Loss of orders

The weak order situation could have a difficult impact on the acquisition of additional orders and service products as customers are insecure. The sales department actively monitors the order situation and watches the market.

Rollouts of non-marketable products or further developments

The market launch of technically non-marketable product developments could generate disproportionate rework and disappoint the confidence of our customers in our products. At the same time, the existing mature technology could lose its attractiveness. Through structured development management and prioritization of projects in consideration of existing capacities, the strategic group specifications can be implemented in a targeted manner.

Strong integration of product management into product development

Products that are tailored too closely to the requirements of an individual customer run the risk of not meeting overall market demands. SLM will therefore focus on more targeted product developments considered important by the market, and will increasingly rely on quality.

All other risks were also reassessed and evaluated as of June 30, 2019. The Board of Directors does not see any risks endangering the stock that could jeopardize business development.

Outlook report

SLM Solutions Group AG originally issued the following forecast for the fiscal year 2019:

- For fiscal year 2019, management expects growth again. Due to the continuing good position of the technology in the market, group sales of EUR 95 million are expected.
- For the forecast sales in fiscal year 2019, the Management Board expects an adjusted EBITDA margin (in relation to consolidated sales) of 0%.
- Since only production according to order is supposed to be carried out, a significant improvement compared to the actual cost of materials calculated in the financial year 2018 is expected for the financial year 2019.
- The personnel expense ratio in 2019 will improve slightly compared to the previous year as no new hires are planned.

After discussions with the management responsible for the international regions of the company, the Management Board of SLM Solutions Group AG came to the conclusion on July 26, 2019, that the sales and earnings forecast originally issued by the previous Executive Board team for the financial year 2019 cannot be achieved. The weak business development is attributable to the fact that the order situation in the first half of the current year was weaker than originally expected.

As announced on July 26, 2019, by the new Board of Directors, the group revenue and adjusted EBITDA margin of SLM Solutions Group AG will be significantly lower in 2019 than originally forecast. A more detailed forecast is not possible for the time being.

Group Interim Financial Statement (IFRS) For the Period January 1, to June 30, 2019

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Group Consolidated Profit and Loss Statement (January 1 to June 30, 2019)

in kEUR	H1 / 2019	H1 / 2018	2018
Revenue	16,378	29,643	71,659
Increase/reduction in inventory of finished goods and WIP	-81	3,676	9,399
Other capitalized internal services	2,033	1,343	3,355
Total output	18,330	34,662	84,413
Cost of materials	-10,680	-17,691	-44,805
Gross Profit	7,650	16,970	39,608
Payroll	-17,624	-14,112	-29,811
Other operating income	827	1,757	3,225
Other operating expenses	-9,554	-8,423	-20,838
Results from associated companies	-205	-6	-224
EBITDA	-18,907	-3,814	-8,040
Depreciation	-4,214	-3,257	-6,545
Operating result (EBIT)	-23,120	-7,070	-14,586
Interest received	86	3	15
Interest and similar expenses	-2,110	-2,077	-4,098
Earnings before tax (EBT)	-25,144	-9,144	-18,669
Tax payable	-5,651	2,877	5,287
Result for the period	-30,795	-6,267	-13,382
Period result attributable to the owners of the parent company	-30,795	-6,267	-13,382
EPS EUR*	-1.56	-0.35	-0.74

* Undiluted and diluted, on balance sheet date, based on 19,778,953 shares (prior year period: 17,980,867 shares)

Consolidated Group Results (January 1 to June 30, 2019)

in kEUR	H1 / 2019	H1 / 2018	2018
Result for the period	-30,795	-6,267	-13,382
Income/Expenses in future not to be reclassified into P&L Account			
Actuarial gains and losses*	0	34	-89
Income/Expenses in future to be reclassified into P&L account			
Income/Expenses from currency conversion	548	27	57
Group consolidated result	-30,247	-6,206	-13,415
Attributions to the consolidated result			
Shareholders of SLM Solutions Group AG	-30,247	-6,206	-13,415

*June 30, 2018: actuarial gains were reduced by kEUR 16 deferred tax liabilities from kEUR 50 to kEUR 34

Consolidate Profit and Loss Statement (April 1 to June 30, 2019)

in kEUR	Q2/2019	Q2/2018
Revenue	9,042	14,662
Increase in inventory of finished goods and WIP	-727	811
Other capitalized internal services	1,059	638
Total output	9,374	16,111
Cost of materials	-5,180	-8,128
Gross profit	4,194	7,983
Payroll	-9,303	-7,118
Other operating income	118	1,637
Other operating expenses	-5,699	-4,774
Results from associated companies	-94	28
EBITDA	-10,783	-2,245
Depreciation	-2,092	-1,668
Operating result (EBIT)	-12,875	-3,913
Interest received		2
Interest and similar expenses	-1,081	-997
Earnings before tax (EBT)	-13,956	-4,909
Tax payable	-9,136	1,765
Result for the period	-23,092	-3,143
Period result attributable to the owners of the parent company	-23,092	-3,143
EPS in EUR*	-1.17	-0.17

* Undiluted and diluted, on balance sheet date, based on 19,778,953 shares (prior year period: 17,980,867 shares)

Consolidated Group Result (April 1 to June 30, 2019)

in kEUR	Q2/2019	Q2/2018
Result for the period	-23,092	-3,143
Income/Expenses in future not to be reclassified into P&L Account		
Actuarial gains and losses*	0	34
Income/Expenses in future to be reclassified into P&L account		
Income/Expenses from currency conversion	483	92
Group consolidated result	-22,609	-3,017
Attributions to the consolidated result		
Shareholders of the SLM Solutions Group AG	-22,609	-3,017

* June 30, 2018: actuarial gains were reduced by kEUR 16 deferred tax liabilities from kEUR 50 to kEUR 34

Group Balance Sheet

in kEUR	June 30, 2019	June 30, 2018	December 31, 2018
Assets			
Cash on hand	30,383	40,847	27,786
Accounts receivable	18,350	30,713	34,757
Other financial assets	0	235	0
Stocks on hand	37,592	32,581	36,763
Current tax receivables	0	1,462	885
Other assets	3,236	2,212	2,533
Total current assets	89,561	108,050	102,723
Intangible assets	25,768	22,812	23,523
Tangible fixed assets	37,871	37,932	36,432
Financial assets accounted for Using the equity method	908	939	913
Other financial assets	264	259	261
Other assets	375	194	375
Deferred tax assets	0	2,976	5,698
Total non-current assets	65,187	65,111	67,202
Total assets	154,747	173,161	169,925

in kEUR	June 30, 2019	June 30, 2018	December 31, 2018
Liabilities			
Accounts payable*	8,213	8,641	9,840
Other financial liabilities*	3,088	1,209	1,714
Other non-financial liabilities*	3,938	3,946	3,459
Tax accruals	106	0	205
Other accruals*	4,717	1,898	4,490
Total current liabilities	20,062	15,694	19,710
Other financial liabilities	65,736	65,779	65,174
Pensions and similar obligations	6,471	5,309	5,554
Other non-financial liabilities	0	0	331
Deferred tax liabilities	0	0	0
Deferred revenue	204	0	0
Accruals	70	0	70
Total long-term liabilities	72,481	71,088	71,129
Subscribed capital	19,779	17,981	17,981
Capital reserve	98,225	87,023	87,023
Consolidated net loss	-55,077	-17,166	-24,282
Other reserves	-723	-1,460	-1,636
Total equity	62,204	86,378	79,087
Total liabilities	154,747	173,161	169,925

* Compared to the previous year, the short-term liabilities of the group were further broken down in the presentation. The previous year's balance sheet was adjusted accordingly to improve comparability in the balance sheet.

Consolidated Cash Flow Statement (January 1 to June 30, 2019)

in kEUR	H1 / 2019	H1 / 2018	2018
Result for the period	-30,795	-6,267	-13,382
Depreciation	4,456	3,257	6,545
Interest payable	2,110	2,073	4,098
Interest received	-86	-1	-15
Tax payable	5,651	-2,877	-5,286
Non-cash expenses	205	6	232
Change in assets and liabilities	18,152	-1,718	-6,490
Stock on hand	-829	-5,068	-9,250
Receivables	16,406	8,029	3,985
Pensions and similar obligations	917	15	260
Liabilities	-1,628	-2,346	-1,147
Accruals	226	-1,519	-41
Other liabilities	1,006	-2,164	513
Other assets and liabilities	2,053	1,335	-811
Income tax paid	899	-474	-113
Net cash-flow from operational activities	591	-6,000	-14,412
Payment for investments in intangible assets, assets, property, plant, and equipment	-6,132	-8,306	-8,974
Investments for development costs	-2,033	-1,343	-3,355
Investment in joint ventures	-200	-471	-671
Outflow for investment in financial assets	-2	-2	-5
Interest received	19	1	9
Net cash-flow from investment activities	-8,349	-10,121	-12,996
Proceeds from capital increase	13,000	0	0
Interest payments	-2,002	-1,654	-3,331
Repayments of loans	-476	-5,137	-5,335
Repayment of lease liabilities	-242	0	0
Net cash-flow from financial activities	10,280	-6,791	-8,666
Increase/Reduction in cash and cash equivalents	2,523	-22,912	-36,074
Currency related changes to cash and cash equivalents	74	47	148
Cash at the start of the reporting period	27,786	63,712	63,712
Cash at the end of the reporting period	30,383	40,847	27,786
Cash and cash equivalents at end of reporting period	30,383	40,847	27,786

* Compared to the previous year, the short-term liabilities of the group were further broken down in the presentation. The previous year's balance sheet was adjusted accordingly to improve comparability in the balance sheet.

Consolidated Statement of Changes in Group Equity

in kEUR	Subscribed capital	Capital Reserve	Consolidated Net Loss	Other Reserves	Total Equity
As at January 1 2018	17,981	87,023	-10,899	-972	93,133
Group result			-6,267		-6,267
Changes in equity from foreign currency				27	27
Change in equity from IFRS 9 and 15				-549	-549
Changes in equity resulting from actuarial gains/losses				34	34
As at June 30, 2018	17,981	87,023	-17,166	-1,460	86,378
As at January 1, 2019	17,981	87,023	-24,281	-1,636	79,087
Changes in equity from IFRS adjustments at January 1, 2019				365	365
Group result			-30,795		-30,795
Changes in equity from foreign currency				548	548
Changes in equity from capital increase	1,798	11,202		0	13,000
As at June 30, 2019	19,779	98,225	-55,077	-723	62,204

Group Annex (IFRS) For the Period January 1, 2018 to June 30, 2019 SLM Solutions Group AG, Lübeck

Note 1) General comments

SLM Solutions Group AG with its head office in Lübeck, is a publicly listed company and the ultimate parent company of the SLM Group. It is registered in the commercial register of the municipal court of Lübeck under HRB 13827. The company's address is Estlandring 4, 23560 Lübeck, Germany.

The shares of SLM Solutions Group AG (WKN A11133) have been traded on the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange) since May 9, 2014, where they are quoted in the Prime Standard.

The composition of the reportable segments has not changed compared to the previous year. The segment Machine Business and After Sales Business have been identified as main business areas by the board. The segment Machine Business deals with machines from the sector Selective Laser Melting together with options such as powder screening stations and other peripheral. The segment After Sales Business takes service activities, spare part sales, commodities including powder, training, and the installation of machines into account.

The consolidated interim financial statement of SLM Solutions Group AG as at June 30, 2019, has been prepared in euros. Unless otherwise stated, all amounts are given in thousand euros (KEUR). Deviations of up to one unit (KEUR, %) are due to calculation rounding differences.

In the interim financial statements, both the notes and the consolidated interim financial statements are presented in a condensed form.

Note 2) Accounting Principles

The interim consolidated financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS) for interim reporting as adopted by the EU and was compiled in compliance with IAS 34. The group management report was prepared in compliance with the Securities Trading Act (WpHG).

In terms of scope and level of detail, the interim consolidated financial statement is not comparable with a group consolidated financial, however, it contains all necessary details as per IAS 34 and § 115 section 5, clause 2 WpHG, and shows the actual earnings, financial, and asset situation required for the interim financial statement.

The accounting and valuation methods correspond essentially with those in the consolidated financial statement for the financial year 2018. A detailed description of the generally accepted accounting principles is contained in the consolidated financial statement as at December 31, 2018.

The income tax expense as shown in the interim report was calculated on the basis of the applicable tax rate currently expected.

New and amended standards adopted by the group

Numerous new or amended standards came into force in the current reporting period.

The first-time application of the new standard IFRS 16 Leases resulted in retroactive changes to the group's accounting policies.

The effects of the first-time application of this standard are described in Note 5 to this Annex. Other standard changes had no impact on the group's accounting policies.

There are currently no further standards relating to SLM that are not yet applied by the group.

Note 3) Consolidated Companies

In addition to the parent company SLM Solutions Group AG, Lübeck, the group interim financial statement comprises the following companies:

Name	Share in %
SLM Solutions NA, Inc., Wixom, Michigan/USA	100
SLM Solutions Singapore Pte Ltd	100
SLM Solutions Shanghai Co. Ltd.	100
SLM Solutions RUS OOO	100
SLM Solutions (India) Private Limited	100
SLM Solutions (Italy) S.R.L	100
SLM Solutions (France) SAS	100

SLM Solutions Group AG holds 51% of SLM Solutions Software GmbH, which was incorporated in 2016 and develops special construction software to simplify the optimal design of components for additive manufacturing.

Likewise, SLM Solutions Group AG holds 51% in 3D Metal Powder GmbH founded in 2016 with the general business purpose of development, production, and marketing of metal powders. Currently there is no business activity in this joint venture.

There is no controlling for the companies as shareholders' resolutions are required to be made unanimously despite the fact that the SLM AG holds 51%. Consequently, both companies are accounted for using the equity method.

Note 4) Seasonal influences on the business activities

SLM Solutions Group AG's business is subject to seasonal influences so that income and operational results of the company may fluctuate from quarter to quarter. Especially a weak fourth quarter has a strong impact on the full year result. In order to mitigate the risk of seasonal fluctuations, SLM Solutions Group AG is enhancing the composition of customer portfolio from manufacturing companies, service centers, and research institutes. After sales business, which is less affected by fluctuations, is in addition being expanded.

Note 5) First-time applicable IFRS for the Financial Year

IFRS 16 Leasing

IFRS 16 was published in January 2016. The standard implies that almost all leases are recognized in the balance sheet as the distinction between operating and finance leases for lessees is removed. Under the new standard, an asset (the right to use the leased object) and a financial liability for rental payments are recognized. The only exceptions relate to short-term leases and leases for leased assets of low value.

The accounting of the lessor has not changed significantly.

The effects on SLM Solutions Group AG are as follows:

- Fixed assets increased by kEUR 1,199.
- Liabilities increased:
 - short-term up to 1 year by kEUR 540;
 - long-term from 1 to 5 years by kEUR 658.
- The monthly depreciations in 2019 currently amount to kEUR 50 or kEUR 600, respectively for the total year 2019.
- The monthly interest in 2019 currently amounts to kEUR 6 or kEUR 48, respectively for the total year 2019.
- The monthly rental payments in 2019 currently decreased by kEUR 50 or kEUR 600, respectively for the total year 2019.

There were no significant earnings effects. As a result, no deferred taxes had to be recognized. There was also no effect on basic or diluted earnings per share.

Note 6) Segment Reporting

The composition of the reportable segments has not changed compared to the previous year. The segments Machine Business and After Sales Business have been identified as main business areas for internal reporting by the board. The segment Machine Business deals with machines from the sector Selective Laser Melting together with options like powder screening stations and other peripheral devices. The segment After Sales Business takes service activities, spare part sales, sales of commodities including powders, training, and the installation of machines into account.

H1/2019 in kEUR	Machine Business	After Sales Business	Total
Revenue	9,374	7,004	16,378
Expenses	-20,479	-14,805	-35,284
EBITDA	-11,106	-7,801	-18,907
Depreciation			-4,214
Interest result			-2,024
EBT			-25,144
Income tax			-5,651
Result for the period			-30,795

H1/2018 in kEUR	Machine Business	After Sales Business	Total
Revenue	21,201	8,441	29,643
Expenses	-24,737	-8,719	-33,456
EBITDA	-3,536	-278	-3,814
Depreciation			-3,257
Interest result			-2,073
EBT			-9,144
Income tax			2,877
Result for the period			-6,267

Apart from depreciation, there were no further significant non-cash expenses. The segment revenue as shown above represents sales revenue from business with external customers.

No significant transactions were generated between the segments.

Distribution of segment revenue:

in kEUR	2019	2018
Germany	4,409	5,743
Asia/Pacific	5,617	11,310
European countries (excl. Germany)	3,916	9,943
United States of America	4,344	5,873
Other countries	712	1,004
Summary	18,998	33,873
Bonus/rebates/discounts	-2,380	-4,230
Total	16,618	29,643

The above revenue information relates to the location of the customer.

Note 7) Long Term Assets

Investments in non-current assets primarily refer to the tangible fixed assets of technical equipment and machines. Investments in intangible assets refer mainly to development expenses to be capitalized according to IAS 38.

SLM Solutions undertakes regular checks – at least at the end of every quarter – as to the necessity of an extraordinary depreciation on development projects. As at June 30, 2019, projects with a residual carrying amount of kEUR 371 were written down unscheduled (June 30, 2018: kEUR 0). From the board's perspective, there has been no change in value of any long-term assets at reporting date so that the write-down beyond that only represents the scheduled straight-line depreciation.

Note 8) Liquidity and financial liabilities

Liquidity was assured at all times in both the prior year and as at June 30, 2019.

Working capital (kEUR)	June 30, 2019	December 31, 2018	June 30, 2018	Difference	
				6-month period	12-month period
Accounts receivable	18,350	34,757	30,713	-16,407	-12,363
Inventories	37,592	36,763	32,581	829	5,011
Accounts payable	-8,213	-9,840	-8,641	1,627	428
Total	47,729	61,680	54,653	-13,951	-6,924

The change in funds tied up in working capital for the (rolling) past 12 months' period was kEUR -6,924 and for the period from January 1, to June 30, 2019, kEUR -13,951. The funds committed as at balance day of June 30, 2019, in relation to the rolling group turnover of the past 12 months of kEUR 58,395 as at balance day on June 30, 2019, result in a working capital intensity of 81.7%.

Reconciliation of cash and cash equivalents in cash flow statements to cash and cash equivalents on balance sheet

in kEUR	June 30, 2019	June 30, 2018	December 31, 2018
Cash and cash equivalents as per balance sheet	30,383	40,847	27,786
Cash and cash equivalents cash-flow statement	30,383	40,847	27,786

Note 9) Equity

1,798,086 new shares were placed with institutional investors from the existing shareholder structure of the SLM Solutions Group AG as part of a capital increase on March 28, 2019. As a result, the share capital of SLM Solutions Group AG increased to EUR 19,778,953.00 million, divided into 19,778,953 shares (prior year: 17,980,867) with a nominal value of EUR 1.00 each.

In addition, reference is made to the statement of changes in equity.

As at June 30, 2019 the equity ratio was 40.2% (June 30, 2018: 49.9%; December 31, 2018: 46.5%) at a 10.6% lower balance sheet total in comparison to the preceding year.

Earning per Share (EPS) (undiluted and diluted)

The undiluted and diluted result per share is calculated by the quotient of the net profit attributable to the shareholders of the parent company and the average number of shares on issue during the financial year.

As in the preceding year, the diluted result corresponds to the undiluted result. The convertible bond issue may have a diluting effect, however, currently it does not which is due to the counter-dilution effect of the negative result for the year.

	June 30, 2019	June 30, 2018
Number of shares issued as at 01.01.	17,980,867	17,980,867
Number of shares issued during the financial year	1,798,086	-
Weighted average number of issued shares	19,778,953	17,980,867
Profit attributable to share holders of the parent company in EUR	-30,795,203.17	-6,267,082.37
Weighted average number of issued shares	19,778,953	17,980,867
Undiluted and diluted earnings per share in EUR	-1.56	-0.35

Note 10) Significant business transactions with related parties

Related parties within the meaning of IAS 24 are those persons or parties who can be influenced by the reporting entity or who can exert influence on the company.

The members of the Executive and Supervisory Boards of the SLM Group were identified as related persons.

Members of the Executive Board in 2019:

- Meddah Hadjar (from May 1, 2019)
- Dr. Gereon W. Heinemann
- Uwe Bögershausen (until June 30, 2019)
- Dr. Axel Schulz (until May 15, 2019)

Meddah Hadjar was appointed as CEO to the executive board on May 1, 2019. In June 30, 2019, with the expiration of his executive employment contract, Uwe Bögershausen stepped down from his position on the board and Dr. Axel Schulz was recalled from the executive board on May 15, 2019.

Members of the Supervisory Board as at June 30, 2019:

- Dr. Michael Mertin (from April 16, 2019)
- Hans-Joachim Ihde
- Peter Grosch (until April 15, 2019)
- Bernd Hackmann (until June 25, 2019)
- Klaus-J. Grimberg (until June 25, 2019)
- Volker Hichert (until May 13, 2019)
- Lars Becker (until April 15, 2019)
- Magnus René (from June 25, 2019)
- Thomas Schweppe (from April 16, 2019)
- Dr. Roland Busch (from June 25, 2019)
- Kevin Czinger (from June 25, 2019)

Related parties of the SLM Group are:

- Ceresio GmbH
- SLM Solutions Software GmbH
- 3D Metal Powder GmbH

Since December 18, 2015, there has been a share-based remuneration system for the board members and the previous board members Uwe Bögershausen, Dr. Markus Rechlin, and Henner Schöneborn. This program represents a virtual participation (SAR) based on share price increase during the previous year. Prior to the start of the period, the supervisory board determines at which price increase to issue which number of SAR. The maximum value of this participation is EUR 150,000 p.a. Payment is made two years after the issue of the SAR at the share price applicable at date of redemption, however not exceeding EUR 54.00 (cap). For Henner Schöneborn, redemption will already occur after one year. The contract stipulates a fundamental option as to the redemption in shares, whereas the supervisory board insists on redemption in cash only, which is consequently accounted for as cash-settled. The fair value of the commitments, calculated using a Monte Carlo simulation, amounts to kEUR 436 as of June 30, 2019, and the provision amount is kEUR 206. In the first half of 2019, expenses and income amounted to kEUR 61.

Note 11) Events after the balance sheet date

With effect from July 30, 2019, the Joint Venture Agreement from February 8, 2016, mutually agreed upon comes in full force. The CADS GmbH has taken over the shares of SLM Solutions Group AG in the amount of 51%.

There were no other events after the balance sheet date to affect the assets, financial condition, and earnings of the group.

Note 12) Other information

Deferred taxes also include active deferred tax assets on loss carryforwards. Contrary to previous years, losses carried forward as of June 30, 2019 were only recognized in the amount of the deferred tax liabilities over the other active deferred tax assets. Deferred taxes on the loss carryforwards were therefore taken into account as of June 30, 2019, in the amount of EUR 6.5 million.


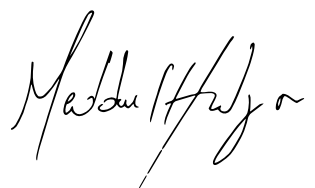
Information in accordance with Section 115 (5) of the WpHG

These interim financial statements and the interim group management report have not been reviewed by an auditor.

Affirmation by the legal representatives

We hereby certify to the best of our knowledge that in accordance with the applicable accounting principles the group interim consolidated financial statement conveys an accurate picture commensurate with the actual conditions of the assets, financial position, and earnings of the group. We also certify that the interim management report including the course of business and business trend reflect a true picture of the actual conditions, opportunities, and risks facing the group in the foreseeable future.

Lübeck, August 7, 2019



Meddah Hadjar

Dr. Gereon W. Heinemann

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