



PIONEERING TECHNOLOGY

9M Report 2020

SLM
SOLUTIONS



Briefing Note by the Management Board

Dear shareholders, customers, stakeholders and employees,

Despite the continuous challenges caused by the Covid-19 pandemic, we were able to deliver another solid performance. In the third quarter, revenues decreased by 13% to EUR 14.8 million compared to 3Q19, while revenues for the first three quarters of EUR 45.9 million are up 37% when compared to the same period in the previous year. We continue to experience cautious spending from many of our customers. While our order in-take has improved compared to the first half of the year, we are below prior year's levels as customers in end markets such as aviation and automotive significantly reduced capital expenditures. Despite this currently cautious business environment across our established customer base, we continue to receive increased interest from new customers as the pandemic has highlighted the shortcomings of supply chain models which can be effectively addressed by additive manufacturing. We expect this heightened focus to positively impact demand for our products in the coming years.

Our quarterly EBITDA result of EUR -6.2 million was negatively impacted by a one-off EUR 2.3 million inventory adjustment which marks the finalization of our inventory review which we started earlier this year. Most of this impact relates to inventory items purchased years ago. As we revamped our supply chain team and professionalized our processes over the last year, we are confident that we will not experience such issues in the future.

As we move into the final months of the year, we are looking forward to the most important event at SLM this year, the launch of our new next generation machine which will be revealed to the public on Nov 10th via a digital event. This new generation will push the limits of metal additive manufacturing to a whole new level. Our next generation machine will be the first powder bed fusion machine to enable price competitive large-scale serial production of metal additive parts. SLM's next generation machine will therefore significantly increase the addressable market for our products to areas of traditional, previously more cost competitive manufacturing methods such as castings and milling. On behalf of all of us at SLM, I would like to invite you to join us to the launch, which can be accessed through www.slm-pushing-the-limits.com.

As we continue to reinvent SLM Solutions, we also launch a new company logo and website which we look forward to introducing to you soon. This rebrand goes deeper than colors and shapes - committed to its upward growth, the company is laser focused on the future and leading the industry in metal additive innovation.

Lübeck, November 5, 2020

A handwritten signature in black ink, appearing to read 'Meddah Hadjar'. The signature is stylized and fluid.

Meddah Hadjar

Highlights

| | Unit | Comparison to previous quarter | | | Comparison 9M/2020 vs. 9M/2019 | | |
|--------------------------------------|------|--------------------------------|-----------|-----------|--------------------------------|-----------|----------|
| | | Q3 / 2020 | Q3 / 2019 | Change | 9M / 2020 | 9M / 2019 | Change |
| Revenue | kEUR | 14,756 | 17,058 | (13)% | 45,934 | 33,436 | +37% |
| Total output | kEUR | 14,335 | 15,673 | (9)% | 46,397 | 34,003 | +36% |
| EBITDA | kEUR | (6,232) | (773) | +706% | (12,241) | (19,680) | (38)% |
| EBITDA margin (% of total output) | | (43)% | (5)% | (38) pts. | (26)% | (58)% | +32 pts. |
| Period result | kEUR | (8,985) | (3,857) | +133% | (21,482) | (34,653) | (38)% |
| EPS* | EUR | (0.45) | (0.20) | | (1,09) | (1,75) | |
| Order intake (in value) | kEUR | 11,891 | 17,402 | (32)% | 25,570 | 38,169 | (33)% |
| Order backlog | kEUR | 19,467 | 18,380 | +6% | | | |

* Undiluted and diluted calculated with 19,778,953 shares

Business Performance

Revenues

SLM generated total revenues of kEUR 14,756 in the third quarter of 2020 (Q3/2019: kEUR 17,058) of which kEUR 11,335 was generated by the segment "Machine Business" (prior year kEUR 13,363, representing 77% of total revenues (prior year: 78%). The segment "After Sales Business" generated revenues of kEUR 3,420 (previous year: 3,695), a 7% reduction compare to the previous year's level.

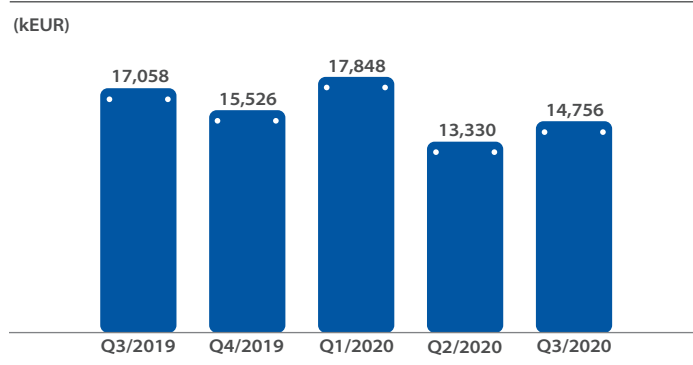
Orders

During the third quarter of 2020 SLM Solutions secured orders with an order value of kEUR 11,891, compared to kEUR 17,402 in Q3/2019.

The order backlog as of September 30, 2020 comprised a total value of kEUR 19,467. This represented a 6% increase in backlog value compared to kEUR 18,380 as of September 30, 2019.

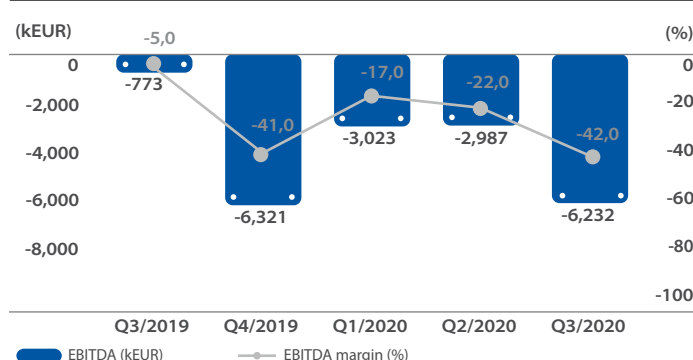
Economic Report

Development of Group Revenue



- Group Revenue of kEUR 14,756 for Q3/2020 represented an 13% decrease from Q3/2019 (kEUR 17,058).
- Total Output of kEUR 14,335 in Q3/2020 was 9% below Q3/2019 (kEUR 15,673).

EBITDA (kEUR) and EBITDA Margin (%)



- In Q3/2020, EBITDA decreased significantly compared to the prior quarter from kEUR -6,232 in Q2/2020 to kEUR -2,987.
- The EBITDA was significantly impacted by inventory adjustments and higher expenses in personnel costs compare to Q2/2020. The personnel costs in Q2/2020 were positively driven by short-term work in the headquarter in Luebeck as well as government support for personnel costs in the subsidiaries due to COVID-19.
- Personnel Expenses increased by 19% from kEUR 7,625 in Q2/2020 to kEUR 9,052 in Q3/2020.
- The Material Cost Ratio (in relation to Total Output) of 57% in Q3/2020 was significantly higher than in Q2/2020 (45%). This was related to inventory adjustments due to aged inventory.
- The Depreciation decreased by 21% from kEUR 2,184 in Q2/2020 to kEUR 1,718 in Q3/2020. related to the change of the depreciation schedule of the machines in the application centres and testing machines in the R&D from five to seven years.
- In the third quarter 2020 the Net Financial Result of kEUR -8,985 is lower than in Q2/2020 (kEUR -6,399).

Working Capital

- Based on an LTM (last 12 month) Group Revenue of kEUR 61,460 and a Working Capital of kEUR 28,737 the Capital Intensity as of the reporting date was 47%.
- Compared to June 30, 2020 inventories decreased significantly by 20% to kEUR 22,307 end of September 2020 (June 30, 2020: kEUR 27,994). The decrease is mainly driven by inventory adjustments as well as improved usage of existing inventory across our operations.
- Trade receivables decreased by 20% to kEUR 12,168 in Q3/2020 compared to June 30, 2020 (kEUR 15,194) due to the lower revenue performance compare to Q2/2020.
- Trade payables decreased by 2% to kEUR 5,738 in Q3/2020 compared to June 30, 2020 (kEUR 5,856) due to lower material purchases in Q3.

Business Forecast

The Management Board confirms the guidance communicated on 12 August 2020, expecting a revenue increase of at least 20% compared to the previous year for the full year 2020 (revenue 2019: EUR 49.0 million). For Group EBITDA, SLM Solutions expects an improvement to a level between EUR -13 million and EUR -18 million (EBITDA 2019: EUR -26.0 million). This forecast is based on the assumption that there will be no significant deterioration of the COVID-19 situation with extensive lockdown measures in the Company's key sales markets during the remainder of 2020.

Group Consolidated Profit and Loss Statement (January 1 to September 30, 2020)

| in kEUR | 01/01/– 09/30/2020 | 01/01/– 09/30/2019 | 01/01/– 12/31/2019 |
|--|-----------------------|-----------------------|-----------------------|
| Revenue | 45,934 | 33,436 | 48,962 |
| Increase/decrease of finished and unfinished stock on hand | -3,306 | -2,351 | -7,524 |
| Other activated contributions | 3,768 | 2,918 | 3,368 |
| Total output | 46,397 | 34,003 | 44,806 |
| Cost of material | -22,141 | -16,796 | -20,896 |
| Gross profit | 24,255 | 17,207 | 23,910 |
| Payroll | -26,457 | -25,249 | -31,871 |
| Other operating income | 2,334 | 1,448 | 1,635 |
| Other operating expenses | -12,368 | -12,648 | -19,234 |
| Proceeds from associated companies | -5 | -438 | -442 |
| EBITDA | -12,241 | -19,680 | -26,001 |
| Depreciation | -6,086 | -6,177 | -8,659 |
| Operational result (EBIT) | -18,327 | -25,857 | -34,660 |
| Interest and similar expenses | -3,303 | -3,146 | -4,152 |
| Interest received | 16 | 113 | 176 |
| Earnings before tax (EBT) | -21,614 | -28,890 | -38,636 |
| Tax payable | 131 | -5,762 | -8,419 |
| Result for the period | -21,482 | -34,653 | -47,055 |
| Shares on issue (Mio) | 19,779 | 19,779 | 19,779 |
| EPS* | -1.09 | -1.75 | -2.38 |

* undiluted and diluted calculated with 19,778,953 shares

Consolidated Group Result (January 1 to September 30, 2020)

| in kEUR | 01/01/– 09/30/2020 | 01/01/– 09/30/2019 | 01/01/– 12/31/2019 |
|---|-----------------------|-----------------------|-----------------------|
| Result for the period | -21,482 | -34,653 | -47,055 |
| Income and expenditure in future not to be reclassified into P&L Account | | | |
| Actuarial Profit and Loss | 0 | 0 | -730 |
| Income and expenditure in future to be reclassified into P&L Account | | | |
| Income/Expenses from currency conversion | -479 | 79 | 130 |
| Other comprehensive income | | | |
| Group Overall Result | -479 | 79 | -600 |
| Allocation of Overall Result | -21,962 | -34,573 | -47,655 |
| Shareholders of SLM Solutions Group AG | -21,962 | -34,573 | -47,655 |

Group Consolidated Profit and Loss Statement (July 1 to September 30, 2020)

| in kEUR | 07/01/- 09/30/2020 | 07/01/- 09/30/2019 |
|--|-----------------------|-----------------------|
| Revenue | 14,756 | 17,058 |
| Increase/decrease of finished and unfinished stock on hand | -1,948 | -2,270 |
| Other activated contributions | 1,527 | 885 |
| Total output | 14,335 | 15,673 |
| Cost of material | -8,130 | -6,116 |
| Gross profit | 6,204 | 9,557 |
| Payroll | -9,052 | -7,625 |
| Other operating income | 779 | 621 |
| Other operating expenses | -4,162 | -3,094 |
| Proceeds from associated companies | -2 | -234 |
| EBITDA | -6,232 | -773 |
| Depreciation | -1,718 | -1,963 |
| Operational result (EBIT) | -7,949 | -2,736 |
| Interest received | -1,206 | -1,036 |
| Interest and similar expenses | -8 | 26 |
| Earnings before tax (EBT) | -9,163 | -3,746 |
| Taxes payable | 179 | -112 |
| Result for the period | -8,985 | -3,857 |
| Shares on issue (Mio) | 19,779 | 19,779 |
| EPS (EUR)* | -0,45 | -0,20 |

* undiluted and diluted calculated with 19,778,953 shares

Consolidated Group Result (July 1 to September 30, 2020)

| in kEUR | 07/01/ 09/30/2020 | 07/01/ 09/30/2019 |
|---|----------------------|----------------------|
| Period Result | -8,985 | -3,857 |
| Income/expenditure in future not to be reclassified into P&L Account | | |
| Actuarial Profit and Loss | 0 | 0 |
| Income/Expenditure in future to be reclassified into P&L Account | | |
| Income/Expenses from currency conversion | 52 | -469 |
| Other comprehensive income | | |
| Group Overall Result | 52 | -469 |
| Allocation of Overall Result: | -8,933 | -4,326 |
| Shareholders of SLM Solutions Group AG | -8,933 | -4,326 |

Consolidated Balance Sheet

| in kEUR | 09 / 30 / 2020 | 09 / 30 / 2019 | 12 / 31 / 2019 |
|--|----------------|----------------|----------------|
| Assets | | | |
| Cash on hand | 25,872 | 28,114 | 25,523 |
| Accounts receivable | 12,168 | 19,280 | 15,488 |
| Other financial assets | 258 | 0 | 345 |
| Inventories | 22,307 | 35,067 | 28,281 |
| Other non-financial assets | 7,362 | 2,959 | 1,817 |
| Current tax receivables | 333 | 0 | 475 |
| Total Current Assets | 68,301 | 85,421 | 71,929 |
| Intangible assets | 27,173 | 26,085 | 24,288 |
| Tangible assets | 38,176 | 37,611 | 39,136 |
| Companies accounted for by equity method | 0 | 262 | 0 |
| Other financial assets | 193 | 207 | 525 |
| Other non financial assets | 196 | 678 | 717 |
| Deferred tax assets | 13 | 0 | 43 |
| Total Non Current Assets | 65,751 | 64,843 | 64,708 |
| Total Assets | 134,051 | 150,264 | 136,637 |

| in kEUR | 09 / 30 / 2020 | 09 / 30 / 2019 | 12 / 31 / 2019 |
|--|----------------|----------------|----------------|
| Equity and liabilities | | | |
| Trade payables | 5,738 | 7,442 | 5,341 |
| Financial liabilities | 2,591 | 3,162 | 2,591* |
| Other non-financial liabilities | 6,274 | 4,848 | 4,054 |
| Provisions | 6,638 | 4,765 | 5,293 |
| Tax provisions | 0 | 4 | 23 |
| Deferred Revenue | 833 | 0 | 0 |
| Total current liabilities | 22,076 | 20,222 | 17,246 |
| Financial liabilities | 75,132 | 65,538 | 64,098 |
| Pensions and similar obligations | 7,231 | 6,715 | 6,719 |
| Other financial liabilities | 1,009 | 0 | 1,256 |
| Other non-financial liabilities | 41 | 204 | 425 |
| Provisions | 0 | 70 | 139 |
| Deferred tax liabilities | 3,646 | 0 | 2,24 |
| Total non-current liabilities | 87,059 | 72,528 | 74,877 |
| Subscribed share capital | 19,779 | 19,779 | 19,779 |
| Additional paid-in capital | 100,589 | 98,255 | 98,225 |
| Consolidated loss for the period included in retained earnings | -92,819 | -58,934 | -71,337 |
| Reserves | -2,633 | -1,556 | -2,153 |
| Total equity | 24,916 | 57,514 | 44,514 |
| Equity and liabilities (total) | 134,051 | 150,264 | 136,637 |

*Annual report Financial liabilities (kEUR 2,085) and Other financial liabilities (kEUR 451)

Group Cash Flow Statement

| in kEUR | 01/01/- 09/30/2020 | 01/01/- 09/30/2019 | 01/01/- 12/31/2019 |
|--|-----------------------|-----------------------|-----------------------|
| Net profit/loss for the period | -21,482 | -34,653 | -47,055 |
| Depreciation, amortisation and impairment losses | 6,086 | 6,177 | 8,659 |
| Interest expenses | 3,303 | 3,146 | 4,152 |
| Interest income | -16 | -113 | -176 |
| Income tax | -131 | 5,762 | 8,419 |
| Non-cash expenses | 5 | 438 | 442 |
| Changes in assets and liabilities | 10,264 | 19,724 | 28,440 |
| Inventories | 5,974 | 1,695 | 8,482 |
| Accounts receivable | 3,320 | 15,644 | 19,268 |
| Pensions and similar obligations | 512 | 1,161 | 1,165 |
| Liabilities | 398 | -2,398 | -4,500 |
| Provisions | 1,072 | 275 | 872 |
| Other liabilities | -2,192 | 2,119 | 3,144 |
| Other assets and liabilities | 1,181 | 1,227 | 7 |
| Income taxes paid | 0 | 899 | 833 |
| Other changes in current assets | 0 | 0 | -260 |
| Net cash inflow/outflow from operational activities | -1,972 | 1,381 | 3,453 |
| Cash outflows for investments in intangible assets and property, plant and equipment | -4,119 | -7,267 | -9,482 |
| Investments in development costs | -3,768 | -2,918 | -3,368 |
| Cash outflow for investments in Joint Ventures | 0 | -200 | -200 |
| Cash outflow for investments in financial assets | 0 | -4 | 0 |
| Interest received | 21 | 26 | 36 |
| Net cash inflow/outflow from Investment activities | -7,867 | -10,363 | -13,015 |
| Capital injection by shareholders | 0 | 13,000 | 13,000 |
| Cash injection by Convertible Bond | 15,000 | 0 | 0 |
| Cash outflows for loans | -975 | -667 | -963 |
| Repayment of lease liabilities | -334 | -346 | -850 |
| Interest payments | -3,148 | -2,922 | -3,985 |
| Net cash inflow/outflow by financing activities | 10,543 | 9,065 | 7,202 |
| Net increase/reduction in cash and cash equivalents | 704 | 83 | -2,360 |
| Change in financing funds due to exchange rate changes | -356 | 245 | 97 |
| Cash and cash equivalents at the start of reporting period | 25,523 | 27,786 | 27,786 |
| Cash and cash equivalents at the end of reporting period | 25,872 | 28,114 | 25,523 |

Statement of changes in Group Equity

| in kEUR | Subscribed share capital | Capital reserves | Consolidated loss for the period included in retained earnings | First time application reserve | Foreign exchange equalization reserve | Other Reserves | Equity |
|---|--------------------------|------------------|--|--------------------------------|---------------------------------------|----------------|---------------|
| Balance as of 01/01/2019 | 17,981 | 87,023 | -24,281 | -632 | -51 | -953 | 79,087 |
| Consolidated group result | | | -34,653 | | | | -34,653 |
| Changes in equity from foreign currency | | | | | | 79 | 79 |
| Change of equity from capital increase | 1,798 | 11,202 | | | | | 13,000 |
| Balance as of 09/30/2019 | 19,779 | 98,225 | -58,934 | -632 | -51 | -874 | 57,514 |
| Balance as of 01/01/2020 | 19,779 | 98,225 | -71,337 | -549 | 79 | -1,683 | 44,514 |
| Consolidated group result | | | -21,482 | | | | -21,482 |
| Equity of Convertible Bond | | 2,364 | | | | | 2,364 |
| Change in equity from foreign currency | | | | | -479 | | -479 |
| Balance as of 09/30/2020 | 19,779 | 100,589 | -92,819 | -549 | -400 | -1,684 | 24,916 |

Segment Reporting

The structure of the reportable segments has not changed compared with the previous year. The Board has identified the segments "Machine Business" and "After Sales Business" as the core business activities for the internal reporting system. In the segment "Machine Business" machines from the sector Selective Laser Melting, including options such as powder

screening plant and other peripheral equipment are being considered. In the segment "After Sales Business" Service, spare parts, commodities together with powder, training and the installation of machines are taken into account.

| 01 / 01 / - 09 / 30 / 2020 in kEUR | Machine Sales Business | After Sales Business | Total |
|--|---------------------------|-------------------------|----------------|
| Revenue | 35,093 | 10,841 | 45,934 |
| Expenses | -41,482 | -16,107 | -57,589 |
| EBITDA | -6,388 | -5,266 | -11,654 |
| Depreciation, amortisation and impairment losses | | | -6,086 |
| Interest result | | | -3,286 |
| Taxes on income | | | 131 |
| Net profit/loss for the period | | | -20,895 |

| 01 / 01 / - 09 / 30 / 2019 in kEUR | Machine Sales Business | After Sales Business | Total |
|--|---------------------------|-------------------------|----------------|
| Revenue | 22,737 | 10,699 | 33,436 |
| Expenses | -35,023 | -18,093 | -53,116 |
| EBITDA | -12,285 | -7,395 | -19,630 |
| Depreciation | | | -6,177 |
| Interest result | | | -3,033 |
| Tax payables | | | -5,763 |
| Result of the period | | | -34,653 |

Apart from depreciation and tax payables there was no other significant non-operative expenditure. The revenue of the segments as shown represents the revenue generated through sales to external customers.

There are no significant business activities between the segments.



Meddah Hadjar



Sam O'Leary

Imprint

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