



Q1 2022 Earnings Presentation

May 12, 2022

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Market & Business Update

Q1 2022

Highlights – Q1 2022

1

Robust **order intake, increasing by 25% YoY** to EUR 16.9m for Q1 2022. Strong **order backlog position of EUR 49m** as of March 2022.

2

Revenue of EUR 16.4m, up 7% YoY despite operational headwinds related to the ongoing supply chain disruptions.

3

NXG roll-out on track with two additional firm orders, including an order on which the conditionality was removed in Q1 2022.

4

Within a growing metal AM market, **SLM Solutions continues to gain market share** leveraging its strong **technological leadership position**.

Long term fundamentals driven by near-term challenges

MITIGATING STEPS

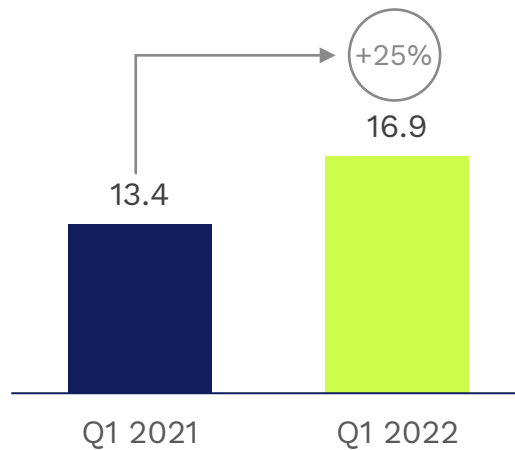
- ⇒ **Higher Safety Stock:** Increased safety stock levels to counteract disruptions due to longer lead times
- ⇒ **Configurations:** Evaluation of alternative system configurations wherever possible to optimize availability of materials
- ⇒ **Supplier Base:** Continued expansion of supplier base by qualification of new suppliers
- ⇒ **Utilizing AM:** Printing more parts on our own systems
- ⇒ **Flexible Production Lines:** Adjusting process to integrate scarce parts later
- ⇒ **Relationship Management:** Maintaining close connection with all suppliers



Robust Topline

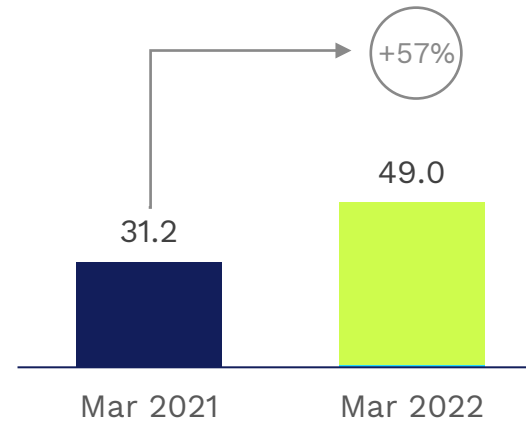
Order Intake

in EUR m



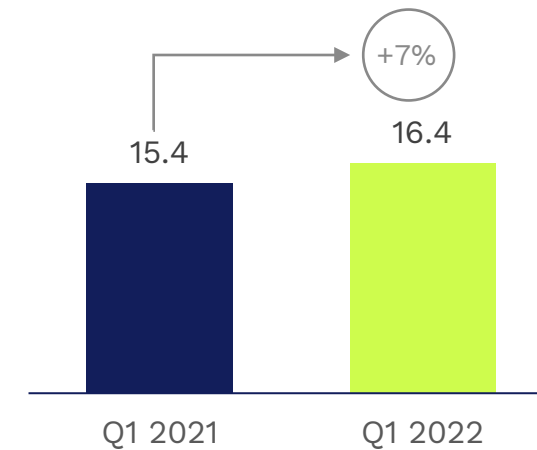
Backlog

in EUR m



Revenue

in EUR m



- ❑ Order intake during Q1 2022 of **EUR 16.9m, up 25% YoY**, driven by continued strength in demand for our existing portfolio, complemented by the roll-out of the NXG XII 600
- ❑ Order backlog position of **EUR 49m** as of March 2022, including firm orders for eight NXG XII 600 production systems, provide SLM with a strong base to achieve guidance for FY 2022.
- ❑ Approx. **half of the order backlog position comprises** of repeat customers, highlighting the strong value proposition of our portfolio
- ❑ Revenue **up 7% at EUR 16.4m**, as compared to Q1 2021, despite production downtime due to unavailability of certain electronic components.

Financial Overview

Q1 2022

Selected Financials

<i>in EUR m</i>	Q1 2022	Change	Q1 2021
Machine Revenue	11.4	1%	11.2
After Sales Revenue	5.0	21%	4.1
Gross Profit	10.4	3%	10.1
<i>Gross Profit Margin</i>	63%	- 3 pp	66%
Payroll	(11.0)	21%	(9.1)
Other Exps. & Income	(3.8)	18%	(3.2)
EBITDA	(4.4)	104%	(2.1)
Operating Cash Flow	(7.6)	52%	(5.0)
Working Capital	38.5	37%	28.2
Cash and cash equivalents	12.7	10%	11.5

- ⇒ **Machine Revenue:** Strong underlying demand environment, however supply chain disruptions have resulted in delayed order fulfillment.
- ⇒ **After-Sales Revenue:** Mainly driven by increase in consumables and ad-hoc services provided to existing customers.
- ⇒ **Payroll:** Increase driven by increased head-count to support growth strategy combined with some wage inflation, primarily in US.
- ⇒ **Operating Cash Flow:** Including cash outflow towards increased inventory position related to upcoming system deliveries.

Pro Forma Income Statement

as per Cost of Sales Accounting

<i>In EUR m</i>	Q1 2022	Q1 2021	FY 2021	Key Changes
Revenue	16.4	15.4	75.1	
Costs of goods sold	(10.7)	(8.5)	(44.2)	■ Cost of goods sold: Includes personnel costs of production department.
Gross profit	5.7	6.9	30.9	■ Gross Profit: Negatively impacted in Q1 2022 by underutilization of production caused by material shortages and unfavorable product mix.
<i>Gross Profit Margin</i>	35%	45%	41%	
Sales costs	(3.9)	(3.8)	(17.7)	
Administration costs	(5.6)	(5.6)	(23.2)	
Research & Development costs	(2.6)	(2.2)	(9.2)*	
Other operating income	0.4	0.9	3.4	
Other operating expenses	(0.2)	(0.3)	(0.7)	■ Other operating expenses: Includes ancillary expenses that are non-recurring in nature. All recurring operating expenses are now classified under either of Sales, Administration or Research & Development costs.
Earnings before interest and taxes (EBIT)	(6.3)	(4.1)	(16.3)	
Interest and similar expenses	(1.3)	(1.2)	(5.3)	
Interest & Other Income	0.0	0.0	0.1	
Earnings before taxes	(7.5)	(5.3)	(21.6)	
Income Tax	0.1	0.1	1.2	
Result for the period	(7.4)	(5.1)	(20.4)	
Earnings before interest and taxes (EBIT)	(6.3)	(4.1)	(16.3)	
Depreciation	1.9	1.9	7.7	
EBITDA	(4.4)	(2.1)	(8.6)	■ EBITDA: Not part of financial statements but will continue to be reported as it remains a key performance indicator.

*Internal reclassification as a result of change to cost of sales method of accounting

Capital Management

- ⇒ As of March 2022, the Company had a liquidity position of EUR 12.7m in cash and cash equivalents
- ⇒ Q1 2022 negatively impacted by inventory ramp-up for upcoming shipments incl. NXG XII 600 and lower down-payments
- ⇒ Management expects significant improvement in the 2nd quarter

Convertible Bond 2020/2026 - Third Tranche (EUR 30.2m)

- ⇒ Vote between May 20th – 23rd to resolve on a waiver of the conditions precedent for the offering and the issuance of the third tranche
 - ❑ As per a separate agreement, Elliott International L.P. through its associates* has agreed to vote in favor of such a proposal.
 - ❑ Completion of issuance expected in June 2022.

Convertible Bond 2017/2022

- ❑ Notional value of €58.5m
- ❑ Terms & Conditions amended by bondholders' resolution in Feb 2022 (Maturity Date → Oct 2024, interest -> 7.5% p.a.)
- ❑ Bondholders had the right to early redeem all or some of their Bonds on original maturity date (Oct 2022)
- ❑ In total, Bonds with a value of EUR 29.8 m subject to early redemption on original maturity date of 11 October 2022.

*Associates include Cornwall GmbH & Co. KG (being advised by Elliott Advisors (UK) Limited)

Guidance & long-term view

Targeting 5x revenue growth in 5 years

GUIDANCE

	2022E	2026E
Sales	At least EUR 100 m	~5x revenue growth vs 2021 guidance (~EUR 350 m)
EBITDA	Break-even on quarterly basis in second half	+++

Key Assumptions

2022E: Easing of supply chain constraints in second half, no significant COVID-19 restrictions in key markets, successful NXG XII 600 ramp up, no severe economic slowdown due to Ukraine-Russia crisis

2026E: Ramp-up in serial production of key industries as expected in market forecasts, no significant economic events

KEY LEVERS OF GROWTH

GROWING TAM

MARKET SHARE GROWTH OF
EXISTING PORTFOLIO

THE NXG XII 600

STEADY GROWTH IN
AFTER SALES REVENUE

Q&A

SLM SOLUTIONS - SET FOR GROWTH

~20%

~20% of revenue invested in R&D

40%

>40% of SLM Solutions are engineers – the world's best!

>200

Management team >200 years experience

4.0

Disruptive technology Enabling Industry 4.0

#1

The world's fastest LPBF-system. A true game changer

LPBF

Laser focused on one technology: LPBF

~450 >150

Excellence all the way: ~450 publications >150 patents, and growing

35

Average age: 35 years

>30

Diversity of employee base >30 countries represented +500 employees

52%

52% EBITDA Margin Improvement FY 2021 vs. FY 2020

22% YoY
REVENUE GROWTH FOR FY 2021
OUTPERFORMING GUIDANCE
FOR THE SECOND
CONSECUTIVE YEAR

Leading the market in multi-laser technology - Mar 2022 backlog (€49m) is >90% multi-laser

4 application Centers across the world to serve our customers

Enabling sustainable manufacturing everywhere

Millions of parts produced on our systems every year

750+ installed systems globally -

1400+ installed lasers

Ongoing parameter development and validation on more than 30 systems

DIVERSE PORTFOLIO & INDUSTRY COVERAGE

SERVICES	SOFTWARE	MATERIALS	APPLICATIONS

WORLD LEADER IN LPBF A HISTORY OF FIRSTS

2003

First Laser System Build rate up to 3 cc/h

<1 cc/h



2011

First Dual Laser System Build rate: up to 88 cc/h



2013

First Quad Laser System Build rate: up to 171 cc/h



2020

First 12 Laser System Build rate: >1000 cc/h



>1000 cc/h

SLM SOLUTIONS

DELIVERING THE FUTURE OF MANUFACTURING

NEXT GENERATION AM SOLUTIONS



Our company has formed the metal additive industry from the beginning, we will continue to be the driving force in the industry

We continue to push the limits of additive manufacturing and thereby expand and extend our technology leadership

Given our vast industrial experience, we deliver world-class operations and focus on relentless continuous improvement.

The success of our customers is our success. Customer first mentality for every employee in every department

Appendix

Cost Reconciliation – 2021

Total Cost Accounting vs Cost of Sales

FY 2021	Increase/decrease of finished and unfinished stock on hand	Other activated contributions	Cost of material	Payroll	Other operating income	Other operating expenses	Depreciation & amortization	Allocations	Total
In EUR m									
Costs of goods sold	1.6	0.0	(32.9)	(10.1)	0.0	(2.1)	(0.9)	0.1	(44.2)
Sales costs	(0.0)	0.0	(1.2)	(9.7)	0.0	(7.1)	(0.5)	0.8	(17.7)
Administration costs	0.0	0.0	(2.5)	(10.8)	0.0	(7.8)	(3.2)	1.0	(23.2)
Research & Development costs	0.0	6.3	(0.6)	(8.4)	0.0	(1.5)	(3.1)	(1.9)	(9.2)*
Other operating income	0.0	0.0	0.0	0.0	2.7	0.7	0.0	0.0	3.4
Other operating expenses	0.0	0.0	0.0	0.0	0.0	(0.7)	0.0	0.0	(0.7)
Total	1.6	6.3*	(37.0)	(39.0)	2.7	(18.6)	(7.7)	0.0	

Q1 2021	Increase/decrease of finished and unfinished stock on hand	Other activated contributions	Cost of material	Payroll	Other operating income	Other operating expenses	Depreciation & amortization	Allocations	Total
In EUR m									
Costs of goods sold	1.3	0.0	(7.0)	(2.3)	0.0	(0.4)	(0.2)	0.0	(8.5)
Sales costs	(0.0)	0.0	(0.2)	(2.3)	0.0	(1.4)	(0.1)	0.2	(3.8)
Administration costs	0.0	0.0	(0.7)	(2.6)	0.0	(1.8)	(0.8)	0.2	(5.6)
Research & Development costs	(0.0)	1.3	(0.1)	(2.0)	0.0	(0.3)	(0.8)	(0.4)	(2.2)
Other operating income	0.0	0.0	0.0	0.0	0.7	0.3	0.0	0.0	0.9
Other operating expenses	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	(0.3)
Total	1.2	1.3*	(7.9)	(9.1)	0.7	(3.9)	(1.9)	0.0	

*Internal reclassification as a result of change to cost of sales method of accounting

Cost Reconciliation – 2022

Total Cost Accounting vs Cost of Sales

Q1 2022	Increase/decrease of finished and unfinished stock on hand	Other activated contributions	Cost of material	Payroll	Other operating income	Other operating expenses	Depreciation & amortization	Allocations	Total
In EUR m									
Costs of goods sold	5.7	0.0	(12.7)	(3.1)	0.0	(0.4)	(0.2)	0.1	(10.7)
Sales costs	0.0	0.0	(0.2)	(2.6)	0.0	(1.1)	(0.1)	0.2	(3.9)
Administration costs	0.0	0.0	(0.2)	(2.8)	0.0	(2.1)	(0.8)	0.3	(5.6)
Research & Development costs	0.0	1.7	(0.2)	(2.5)	0.0	(0.3)	(0.8)	(0.6)	(2.6)
Other operating income	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.4
Other operating expenses	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	(0.2)
Total	5.7	1.7	(13.4)	(11.0)	0.4	(4.1)	(1.9)	0.0	