



Industrial Manufacturing Revolution

Q3-Report 2015



Highlights

	Unit	9M 2015	9M 2014	Change (in % or % points)
Revenue	TEUR	33,925	18,842	+80.0
Total operating revenue	TEUR	44,107	22,202	+98.7
Cost of materials	TEUR	25,677	12,311	+108.6
Cost of materials ratio (as % of total operating revenue)	%	58.3	55.5	+2.8
Personnel costs, adjusted*	TEUR	10,568*	5,836*	+81.1
Personnel cost ratio, adjusted (as % of total operating revenue)	%	24.0*	26.3*	-2.3
Adjusted EBITDA	TEUR	505	785	-35.7
Adjusted EBITDA margin (as % of revenue)	%	1.49	4.17	-2.7
Consolidated net result	TEUR	-1,942	-7,456	
Earnings per share (basic)**	EUR	-0.11	-0.42	
Earnings per share (diluted)***	EUR	-0.11	-0.39	
New order intake	Number of machines	64	36	+77.8
New order intake	TEUR	41,766	19,743	+111.5
Machines sold	Number of machines	48	27	+77.8
		30/09/2015	30/09/2014	Change (in % or % points)
Non-current assets	TEUR	26,943	21,398	+25.9
Current assets	TEUR	88,736	85,293	+4.0
Equity ratio	%	81.8	89.5	-7.7
Total assets	TEUR	115,678	106,691	+8.4

* In 9M 2015 adjusted for retention bonus of TEUR 1,455, in 9M 2014 adjusted for IPO bonus of TEUR 5,650

** Calculated in 9M 2015 with 17,980,867 shares (previous year: 17,980,867 shares), see Note 9 "Equity" for explanation

*** Calculated in 9M 2015 with 17,980,867 shares (previous year: 17,324,825 shares), see Note 9 "Equity" for explanation

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Letter from the CEO

Dear shareholders, customers, business partners and colleagues,

Our company experienced rapid revenue growth of 80 % during the first nine months of the year, reaching a level of EUR 33.9 million (previous year: EUR 18.8 million) which is already higher than the revenue for the full year 2014. Revenue generated with machines has almost doubled during the period under review (+97 %). The global market for additive manufacturing has grown by an average of 34 % over the past years, according to a recent report published by Wohlers Associates. We see ourselves as occupying pole position as technology leader, and we are pleased to be even outpacing market growth within this dynamic market environment.

A total of 64 machines were ordered in the reporting period (previous year: 36 machines). The value of the machines ordered has almost doubled to EUR 41.8 million during the period under review (previous year: EUR 19.7 million). Compared with the previous year, we have received three times as many orders for our flagship SLM500HL, which we have been producing in a new workshop hall in Lübeck since July.

Two thirds of our orders derived from producing customers that are increasingly utilising selective laser melting as a supplementary technology in series manufacturing. We are pleased with the diversity of our customers, who also operate in aerospace, the energy sector, medical technology and research. These clients include names such as SLS France in dental technology, or the US aerospace supplier Sintavia that will produce aircraft components on the three machines the company has ordered.

We take an optimistic view of the further course of this business year following our strong performance during the first nine months of the year. We are confident that we can reach the targets that we have set for ourselves given the continued dynamism. We continue to aim to generate an adjusted EBITDA margin of 12 to 13 %, and new order intake of at least 100 machines. We are drawing ever closer to our sales revenue target following the conclusion of the first nine months of the year: with the revenue generated during the period under review plus the order book position that we aim to process by year-end, at EUR 54.3 million we are already close to our 2015 target revenue range. Therefore, we now expect full year revenue to lie in the upper end of the target corridor of EUR 55 to 60 million or above it.

The fourth quarter is of great importance for us, also because the important 3D printing sector trade fair formnext will be held between November 17 and 20 in Frankfurt, as well as Deutsche Börse's Equity Capital Forum in the following week (November 23-25). We are looking forward to highly varied discussions with customers, business partners, investors and analysts in this context – please visit us at our trade fair stand.

We are bolstering our international sales and service network with the founding of two subsidiaries, in Shanghai and Moscow. The dynamic growth that we are experiencing requires that we bolster our team considerably, especially in sales and service, but also in product development. It is my experience that our staff are working together in a very committed manner to ensure that we not only retain, but also broaden, our flexibility and customer orientation as a growing company.

I would like to thank all our shareholders, customers, business partners and employees for your trust and confidence in our growth story.

Lübeck, November 6, 2015



Dr. Markus Rechlin (CEO)

The SLM Solutions Group AG share

Share price performance (as of: September 30, 2015)

The share of SLM Solutions Group AG has traded in the Prime Standard of the Frankfurt Stock Exchange since May 9, 2014.

The share has traded down over the past twelve months, with the closing price on September 30, 2015 amounting to EUR 14.73, which is 17 % below its September 30, 2014 closing price of EUR 17.74. The market capitalisation stood at EUR 264.9 million as of September 30, 2015 based on 17,980,867 traded shares (September 30, 2014: EUR 319.0 million). Overall, the company's share price has proved to be less volatile than comparable listed 3D printing companies, and outperformed the STOXX Global 3D Printing Tradable Index, which fell by 20 %. During the September 2014 to September 30, 2015 period, the SLM share significantly underperformed the TecDAX index, which appreciated by 37 %. The average number of SLM Solutions Group AG shares traded daily on Xetra amounted to 25,706 during the past twelve months.

Analysts

Seven analysts currently cover the SLM Solutions share, with six of them recommending it as a "Buy" as of the date when this annual report was published. No "Sell" recommendations were issued.

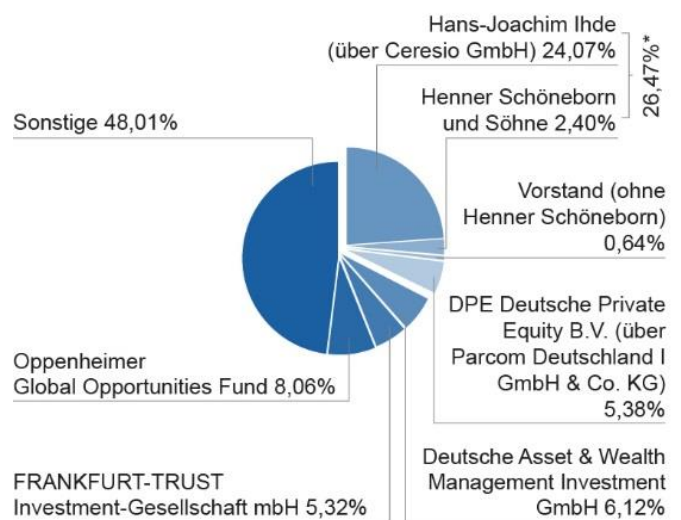
Investor relations

Since the IPO, SLM Solutions has cultivated intensive dialogue with the capital market. The Management Board of SLM Solutions sets great store in communicating frequently and transparently with the company's shareholders and stakeholders, and by informing them continuously about the company's development and growth. This is also to be ensured through regular publication of announcements of relevance to the company (such as new order intake), detailed financial reporting, and continuous personal contact with investors, analysts, journalists and the interested public.

The Management Board of SLM Solutions Group AG also participates frequently at capital market conferences, and presents the business model and strategy of SLM Solutions at roadshows in Europe and North America.

Interested capital-providers, investors and analysts can find more information, which is updated constantly, on our website www.slm-solutions.com within the Investor Relations area. Along with financial reports, mandatory announcements and corporate news articles, visitors to our website can also access roadshow and analyst presentations there. Telephone conferences with webcasts are held when we publish our quarterly results, and the recordings are subsequently available as downloads from our website. An electronic distribution list provides interested partners with important corporate news quickly and directly. Registration for this is via the company's website.

Shareholder structure (as of: October 30, 2015)



*Poolingvertrag: gemeinsame Interessenwahrnehmung nach §22 (2) WpHG

Financial calendar

Date	Event
November 17-20, 2015	formnext trade fair in Frankfurt
November 23-25, 2015	German Equity Capital Forum, Frankfurt

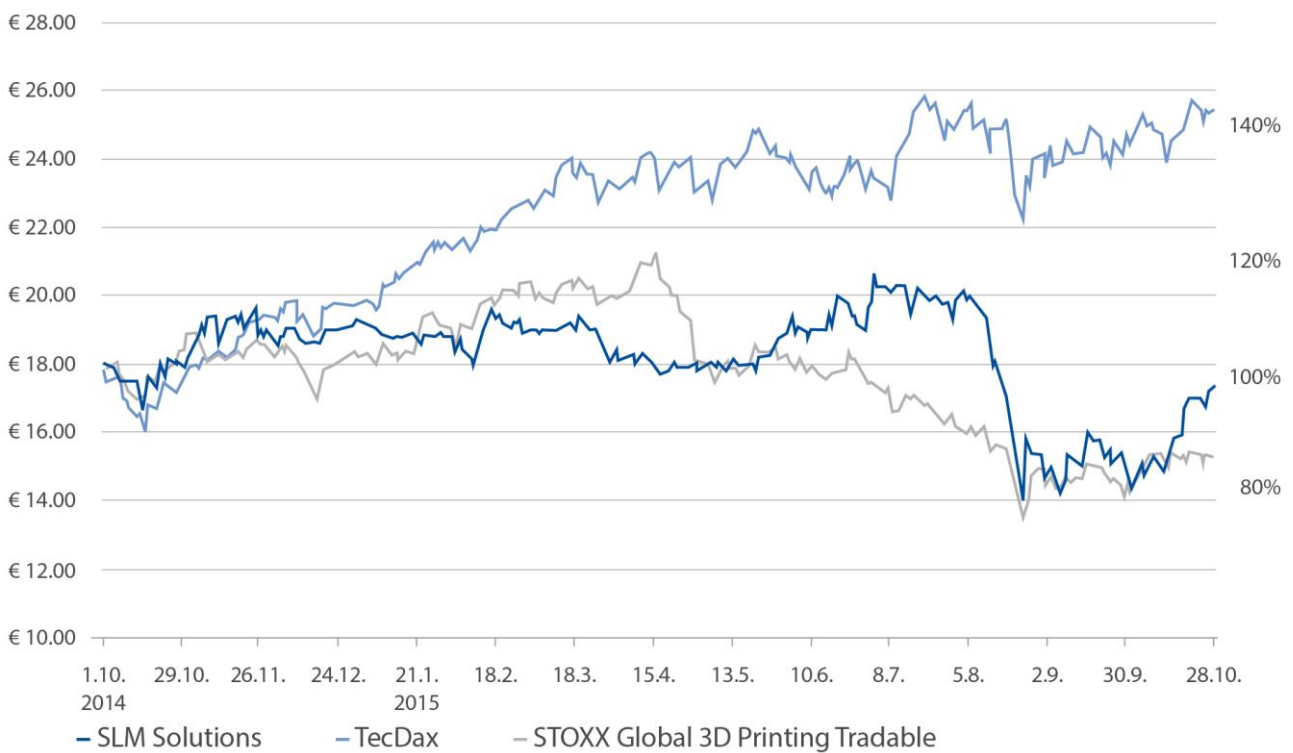
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Key data (as of: October 30, 2015)

ISIN	DE000A111338
German Securities Identification Code (WKN)	A11133
Ticker symbol	AM3D
Sector	Industry
Trading segment	Regulated Market (Prime Standard)
Stock exchange	Frankfurt Stock Exchange
Initial listing	May 9, 2014
Placing price in EUR	18.00
Closing price in EUR on October 30, 2015	17.30
Number of shares	17,980,867 ordinary no par value bearer shares

Share price performance (as of: October 30, 2015)



Group interim management report

Basis of the Group

Group structure

The SLM Solutions Group AG Group, headquartered in Lübeck, Germany, has five wholly-owned subsidiaries: along with the operating subsidiary SLM Solutions GmbH, which also has its headquarters in Lübeck, two further subsidiaries for sales and service were founded in the growth regions of relevance to the company, Singapore and the USA. As part of expanding the global sales and service network, SLM Solutions (Shanghai) Co. Ltd. was founded in China in July 2015, and SLM Solutions RUS OOO was founded in Russia in October.

Business model

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

SLM operates in the segments of "**Machine Sales**" and "**After Sales**". The Machine Sales segment comprises the development and production, as well as marketing and sales, of machines for selective laser melting. The machines are distributed through a global distribution network. This segment currently comprises the focus of business. The After Sales segment comprises a strategic focus for the company, and is becoming increasingly important. It includes the business with machine-related services, the sale of spare parts and accessories, and the sale of merchandise. The business with consumables (metallic powders) that is to be tapped further is also allocated to this segment.

The **product range** currently comprises three systems – the SLM 125^{HL}, the SLM 280^{HL} and the SLM500^{HL} – which are differentiated according to size of construction chamber and number of lasers with which they are equipped. These systems enable direct production of highly complex metal components from a large number of source materials such as aluminium, titanium, cobalt-chrome, Inconel, tool steel or stainless steel, as well as super alloys. Our systems are capable of processing any type of weldable alloy into a finished product.

SLM Solutions systems deploy **selective laser melting** technology: the additive manufacturing process starts with a 3D computer-produced model of the object to be manufactured. This object is melted in layers by applying single or multiple simultaneously operating laser beams in a metallic powder bed. Components manufactured in this way meet the highest quality standards in terms of stability, surface structure and biocompatibility – preference is given to different requirements depending on application area.

A significant **benefit of additive manufacturing** is its lower level of material consumption compared with conventional manufacturing methods. This approach also creates new latitudes of freedom in product design, which focuses on, and benefits, the component's desired functionalities. As a consequence, additive manufacturing is suitable to produce complex components as prototypes or in series. By contrast with conventional manufacturing processes, complexity does not comprise a cost factor in this context ("complexity comes for free"). In addition, the additive manufacturing of metal components offers enormous speed advantages, as no molds are required. The quality leadership of SLM Solutions products is being augmented to an increasing extent by time gains in production thanks to the deployment of multilaser technology. This allows industrial manufacturing processes such as precision cutting to be increasingly supplemented by laser melting.

SLM Solutions' **customers** are active in highly varied industrial areas, including energy, aerospace, automotive and mechanical engineering, as well as medical technology. Generally speaking, customers for SLM machines can be differentiated as contract manufacturers or end-customers. Besides Germany, SLM Solutions' **target markets** primarily include Europe, North America and Southeast Asia.

SLM Solutions' business is subject to **seasonal fluctuations that are typical of its sector**: a significant proportion of new order intake is generally generated during the fourth quarter of the year, while the first quarter is traditionally the weakest of the year. This is not only associated with customers' budget planning, but also with the fact that important sector trade fairs are generally staged toward the end of the year, such as formnext, which will be held in November 2015 in Frankfurt am Main.

Targets and strategy

SLM Solutions pursues the objective of maintaining the **position of the technologically leading provider in the metal-based additive manufacturing area over the long term**, playing a decisive role in shaping the technology, and thereby growing significantly and profitably in the foreseeable future – and of growing faster than the market, if possible. To this end, SLM Solutions pursues a **growth strategy consisting of three pillars**, for which interim targets are frequently defined and evaluated:

- SLM Solutions focuses on research and development (R&D) in order to secure and extend its technology leadership in the metal-based additive manufacturing area. The company is continuously optimising its portfolio of intellectual property rights. The strong growth in the number of R&D staff since the IPO is helping to expand the company's technology leadership in highly varied projects. SLM Solutions also cooperates with research institutes and universities in order to further develop its technology, and to enable it to be deployed for increasingly new applications from all sectors.
- Metallic powders comprise the starting material for manufacturing harnessing SLM Solutions' selective laser melting systems. As materials can be tailored extremely precisely to the respective application or machine, above-average margins can be achieved with the development and sale of metallic powders. Consequently, SLM Solutions plans to further step up the **consumables business**. A strategic partnership with a metallic powder producer is planned in the medium term. Acquisitions will also be considered, in principle.
- Given the complexity of selective laser melting, proximity to customers comprises a critical competitive advantage for SLM Solutions. SLM Solutions is gradually expanding its **international sales and service network** in order to loyalise existing customers long-term, generate recurring service revenues, and acquire new customers. The company is also boosting its presence through presentation centres, demo machines, customer training sessions, and presence at important sector trade fairs.

The funds raised from the capital increase as part of the IPO in 2014 continue to flow into these three strategic areas, and are also bolstering the company's working capital.

Management system

As part of the internal steering system, the Management Board of SLM Solutions Group AG is informed at regular intervals about internal key performance indicators. These mainly comprise

- the **personnel cost ratio** (defined as personal costs in relation to total operating revenue)
- the **cost of materials ratio** (defined as cost of materials in relation to total operating revenue)
- **supply quality** (defined according to an internal scoring model),
- **hiring** by functional areas, and
- **product mix in number of machines sold**.

SLM Solutions also identifies the following key indicators as central value and growth drivers for the business, and publishes them at regular intervals:

- The company's **sales revenue trend** is the key performance indicator to assess exploitation of the company's growth potential during a given past reporting period.
- For SLM Solutions, as a young growth company, earnings before interest, tax, depreciation and amortisation, adjusted to reflect one-off effects (**adjusted EBITDA**), provides us with our best indicator of profitability. This key indicator excludes national particularities relating to tax legislation and our selected financing structure, facilitating the comparison of the company with its international peer group.
- Moreover, two aspects need to be taken into account when assessing our revenue and earnings figures: firstly, shipments can be postponed beyond reporting dates – frequently in accordance with customers' wishes. For this reason, the **new order intake** that is achieved (number of machines, or value of new order intake in EUR) is an appropriate leading indicator of the company's growth, as both the number of machines sold and the revenue realised within the reporting period are retrospective. Secondly, SLM Solutions' business is subject to seasonal fluctuations that are typical of its sector: a significant proportion of new order intake is generally generated during the fourth quarter of the year, while the first quarter is traditionally the weakest.

Research and development

Research and development form significant components of the business success of SLM Solutions. Further market potentials in the industrial manufacturing area are being increasingly developed by the progress made with multilaser technology. The company possesses an extensive portfolio of intellectual property rights, including patents and licenses for selective laser melting technology and the hull-core imaging process.

As a selective laser melting pioneer, SLM Solutions benefits from worldwide cooperation ventures with universities and research institutions, some of which are subsidised by public-sector funding – in Germany, for example, by the Federal Ministry for Economic Affairs and Energy (BMWi) and the Federal Ministry of Education and Research (BMBF). In Singapore, SLM Solutions has been conducting basic research into selective laser melting technology in cooperation with Nanyang Technical University (NTU) since September 1, 2014. Investments in research and development focus on the areas of build chamber expansion, process improvement, materials research, the endurance and reliability of our selective laser melting systems, further improvements to build rates, and software development. The "Version 1.0" of the SLM 500^{HL} represents a continuous further development of the first model, and is enjoying increasing demand. SLM Solutions is also focusing on the increasingly interlinking and networking of industrial manufacturing processes ("Industry 4.0").

SLM Solutions' research and development department comprises 58 full-time equivalents (FTEs) on September 30, 2015 (previous year: 22 FTEs). Research and development spend amounted to TEUR 3,603 in the period under review (previous year: TEUR 1,717).

Economic and business report

Macroeconomic situation in target markets

In the important home market of **Germany**, gross domestic product (GDP) grew by 1.6 % year-on-year during the second quarter of 2015, according to final data from the German Federal Statistical Office, thereby reflecting stronger growth than at the start of the year (Q1 2015: 1.2 %).¹ Over the full course of 2015, GDP growth in Germany will prospectively amount to 1.5 %, according to the International Monetary Fund (IMF).

The **global economy** reported comparatively moderate growth of 3.4 % in 2014. The **Eurozone** economy saw a slow recovery at best, with growth amounting to only 0.9 % as a result of the euro and sovereign debt crises. Growth nevertheless received new impulses at the start of the year due to low raw materials prices and the low interest-rate environment in Europe. Industrialised nations have continued to report only moderate growth on average over the course of the year to date.

On the other hand, the **US economy** reported gains, with GDP up 2.4 % in 2014, reflecting improved economic policy conditions. In the IMF's aggregated "**Emerging and Developing Asia**" region, which includes not only China, but also India and the high-growth economies of the Southeast Asian ASEAN (Association of Southeast Asian Nations) economic zone, growth amounted to 6.8 %. Here, too, low energy prices provided a continuing boost to consumer sentiment.²

Market for metal-based 3D printing

SLM Solutions operates in a very attractive global **growth market for additive manufacturing processes** ("3D printing"). In their 2015 sector report, experts at Wohlers Associates forecast considerable growth for the global 3D printing market. They estimate global market volumes for additive manufacturing of USD 4.1 billion in 2014, following on from annual average growth of 33.8 % between 2012 and 2014. Market volumes are forecast to amount to USD 12.7 billion in 2018, and to USD 21.2 billion by 2020. SLM Solutions identifies attractive growth opportunities especially in the area of metal-based printing processes: the number of metal-

¹ German Federal Statistical Office, Detailed Results of Economic Performance in the Second Quarter of 2015, August 2015, https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2015/08/PD15_305_811.html;jsessionid=B5D1C4110F5072EFE67E71252D8D4D8A.cae3

² International Monetary Fund, World Economic Outlook. Adjusting to Lower Commodity Prices, October 2015, p. 7, 32-34, <http://www.imf.org/external/pubs/ft/weo/2015/02/pdf/text.pdf>

based additive manufacturing machines sold worldwide advanced by 54.7 % in 2014, according to Wohlers Associates. The global market volume in the metallic consumables area increased by 49.4 % to USD 48.7 million in 2014.³

The selective laser melting technology that SLM Solutions deploys ranks among the so-called "**powder bed fusion**" processes that offer greater precision, surface quality and design freedom compared with other 3D printing processes, according to strategy consultants at Roland Berger.⁴ SLM Solutions is of the view that the market for metal-based 3D printing is at a turning point, as international industrial companies are increasingly transitioning to utilising selective laser melting and other additive manufacturing technologies, not only for prototype production, but also increasingly for direct component manufacturing. The market is gaining dynamics from changes in the ordering patterns of major customers. Roland Berger currently sees the European industry in a lead position in powder bed fusion processes, and identifies major potentials especially in the aerospace and automotive areas.⁵ Based on its recent sector survey, market research institute Gartner assumes that the number of 3D printing machines shipped in the powder bed fusion area will grow by 47.2 % per annum up to 2019.⁶

Business progress

New order intake – a significant leading indicator of operating business trends – shows a very positive trend over the course of this year: SLM Solutions had received 64 orders for machines as of September 30, 2015 – reflecting growth of around 77.8 % compared with the previous year's first nine months (36 machines). This included 9 editions (a tripling, in other words) of the SLM 500^{HL} flagship product (previous year: 3), 42 editions of the SLM 280^{HL} (previous year: 27) and 13 editions of the smallest machine, the SLM 125^{HL} (previous year: 6).

The **value of the machines ordered** was up by 111.5 % during the first nine months of 2015 to reach TEUR 41,766 (previous year: TEUR 19,743), with the proportion of orders of multilaser machines remaining constantly high at around 55 %. A total of 42 % of the orders derived from industrial customers, and 25 % were placed by contract manufacturers – in total, 67% of the ordered machines are used in production environments.

Consolidated revenue jumped by 80.0 % to TEUR 33,925 in the period under review (previous year: TEUR 18,842), with especially the first quarter 2015 registering above-average strong growth rates. A total of 84.0 %, or TEUR 28,508, of the consolidated sales revenue derived from the core Machine Sales business (previous year: 76.7 % or TEUR 14,449), reflecting 97.3 % growth. In the third quarter of 2015, consolidated sales revenue was up by 97.3 % to TEUR 15,804 (previous year: TEUR 8,012).

After the conclusion of the **expansion of production capacities in Lübeck**, the company has been producing the SLM 500^{HL} in a separate workshop hall since July 2015 (including in the new "Version 1.0"). The "Version 1.0" is the result of the on-going development of the previous model with the number 0.9.

The **company's internationalisation** is also being advanced by the founding of two subsidiaries in Shanghai and Moscow (formed in July and October 2015). The Chinese subsidiary of the SLM Group was included in the financial statements for the first time in the third quarter of 2015.

In the pre-announcement of the new order intake figures for the first nine months of 2015, the SLM management confirmed the **full-year guidance** that it had provided at the start of the year. In the fourth quarter of 2015, SLM Solutions will be present again at formnext, the 3D printing sector trade fair, as well as at Deutsche Börse's 2015 Equity Capital Forum, seeking contact with business partners, customers, investors and analysts at these events in Frankfurt am Main.

Results of operations

During the first nine months of 2015, the **consolidated revenue** of SLM Solutions Group AG grew by 80.0 % to TEUR 33,925 (previous year: TEUR 18,842). Significantly higher inventories of work in progress and finished goods fed through to growth in **total operating revenue** (sum of sales revenue, increase in inventories of finished goods and work in progress, and other work performed by the enterprise and capitalised) of 98.7 % to reach a level of TEUR 44,107 (previous year: TEUR 22,202). The increase in inventories of TEUR 8,901 (previous year: TEUR 2,433) reflects TEUR 3,519 for work in progress and TEUR 5,382 for finished goods, which also include individual assemblies.

³ Wohlers Associates, Annual Worldwide Progress Report 2015, July 2015

⁴ Roland Berger, Additive Manufacturing – a game changer for the manufacturing industry?, November 2013

⁵ Roland Berger, Additive Manufacturing (AM) – Opportunities in a digitalized production, Additive Manufacturing European Conference presentation, Brussels, June 23, 2015

⁶ Gartner Forecast: 3D Printers, Worldwide, 2015

Other operating income of TEUR 1,277 (previous year: TEUR 672) mainly entails income relating to other accounting periods that derives from the restructuring of the Retention Bonus into a cash-settled scheme, and income from currency exchange rate fluctuations.

Given the higher business volume, the **cost of materials** rose by 108.6 % to TEUR 25,677 (previous year: TEUR 12,311). The **cost of materials ratio** (as % of total operating revenue) stood at 58.3 % as a consequence of the higher change in inventories (previous year: 55.5 %).

Due to the higher number of employees of 236 full-time equivalents as of September 30, 2015 (previous year: 118 FTEs), adjusted personnel costs reported a marked increase to TEUR 10,568 (previous year: TEUR 5,836). The adjustments during the period under review include an expense of TEUR 1,455 for the Retention Bonus Program, which is set up for three years and serves to secure long-term employee loyalty. In the previous year, personnel costs were adjusted for an amount of TEUR 5,650 for the IPO bonus, which the previous shareholders reimbursed in full. The adjusted **personnel cost ratio** (in % of total output) stood at 24.0 % (previous year: 26.3 %).

Other operating expenses of TEUR 8,633 were up by 13.7 % year-on-year (previous year: TEUR 7,594). When adjusted for the TEUR 2,800 of IPO costs that were incurred in the previous year, other operating expenses were up by 80.1 % due to the higher level of business volume. Items to be mentioned include travel expenses, commissions, expenses for trade fairs and marketing, outgoing freight costs, rents and other leasing expenses.

After adjusting for the TEUR 1,455 of one-off expenses for the Retention Bonus, adjusted **EBITDA** (earnings before interest, tax, depreciation and amortisation) amounted to TEUR 505 in the period under review (previous year: TEUR 785). In the previous year, EBITDA was adjusted to reflect the IPO bonus (TEUR 5,650), the Retention Bonus (TEUR 746), and one-off expenses that were not allocable to the operating business (TEUR 2,906). The adjusted EBITDA margin (in % of revenue) deteriorated by 2.7 percentage points to 1.5 % (previous year: 4.2 %). On an unadjusted basis, EBIT amounted to TEUR -950 (previous year: TEUR -8,517). **Depreciation, amortisation and impairment losses** totalled TEUR 2,174 (previous year: TEUR 1,591). These charges include an unchanged level of amortisation charges from the purchase price allocation (PPA) in an amount of TEUR 961 (previous year: TEUR 961) deriving from the acquisition of SLM Solutions GmbH by SLM Solutions Group AG in 2013.

The adjusted operating result (**EBIT**), which is adjusted to reflect the Retention Bonus and PPA-related amortisation, of TEUR -708 was down compared with the previous year (TEUR 155). In the previous year, the aforementioned adjustments at EBITDA level and the adjustment for the PPA-related amortisation of TEUR 961 were applied at EBIT level. The adjusted **EBIT margin** (in % of revenue) stood at -2.1 % (previous year: 0.8 %). On an unadjusted basis, EBIT amounted to TEUR -3,124 (previous year: TEUR -10,108). The **financial result** of TEUR 125 was above the previous year (TEUR -301).

Tax income amounted to TEUR 1,308 in the period under review (previous year: tax income of TEUR 2,953). As a consequence, the **consolidated net result** after taxes stood at TEUR -1,942 (previous year: TEUR -7,456). This corresponds to undiluted (basic) and diluted earnings per share of EUR -0.11 (previous year: basic earnings per share of EUR -0.42 and diluted earnings per share of EUR -0.39).

Financial position

During the first nine months of 2015, **cash flow from operating activities** amounted to TEUR -16,715 (previous year: TEUR -15,106). During the 12-month period since September 30, 2014, working capital has risen by 114.8 % to TEUR 31,704 (September 30, 2014: TEUR 14,759). Funds tied up in working capital amounted to TEUR 16,951 for the rolling 12-month period elapsed, and to TEUR 14,860 for the January 1 to September 30, 2015 period.

The **cash outflow from investing activities** of TEUR -5,467 was significantly above the previous year's TEUR -2,034. Investments during the reporting year were primarily attributable to the development of new application-oriented technologies, some of which were reported under work performed by the company and capitalised, as well as the company's own development machines. A total of TEUR 323 had been invested in the new production hall in Lübeck by September 30, 2015.

Cash flow from financing activities was recorded at a negligible level of TEUR -15 (previous year: TEUR 78,620). The previous year's figure included the TEUR 71,189 of cash inflows from the successful IPO, as well as an additional cash injection of TEUR 7,461 (reimbursement of the IPO bonus and other IPO costs by the previous shareholders).

Cash and cash equivalents (less TEUR 32 of time deposits at banks with a term of more than three months) stood at TEUR 41,359 as of September 30, 2015 (December 31, 2014: TEUR 63,531).

Net assets

The **total assets** of SLM Solutions amounted to TEUR 115,678 as of September 30, 2015, only slightly above their level at the end of the 2014 fiscal year (December 31, 2014: TEUR 112,175).

Non-current assets of TEUR 26,943 were 20.0 % above their level as of December 31, 2014 (TEUR 22,456), chiefly reflecting the growth in property, plant and equipment. This also includes the Application and Demonstration Centre in Lübeck that was opened in April. Intangible assets of TEUR 20,428 (December 31, 2014: TEUR 19,892) primarily comprise the laser technology and capitalised development expenses.

At TEUR 88,736 (December 31, 2014: TEUR 89,719), or 76.7 % of total assets, **current assets** continued to represent the predominant proportion of assets as of the balance sheet date. Inventories of TEUR 26,629 more than doubled in the period under review as a consequence of the positive order book position (December 31, 2014: TEUR 11,964). Trade receivables increased by 43.8 % to TEUR 17,472 (December 31, 2014: TEUR 12,147).

The **equity** of SLM Solutions remained at a high level of TEUR 94,645 as of September 30, 2015 (December 31, 2014: TEUR 97,045). The equity ratio stood at 81.8 % (December 31, 2014: 86.5 %). The TEUR 510 reduction in additional paid-in capital results from the restructuring of the Retention Bonus into a cash-settled scheme.

Given its high equity backing, the SLM Solutions Group carries only a minor level of debt. **Non-current liabilities** amounted to TEUR 5,542 as of September 30, 2015 (December 31, 2014: TEUR 5,950), the predominant portion of which was attributable to pension provisions of TEUR 4,828 (December 31, 2014: TEUR 4,544). Deferred tax liabilities derive mainly from a difference in the recognition of laser technology as part of the purchase price allocation between the IFRS accounts on the one hand and the tax accounts on the other.

Current liabilities stood at TEUR 15,492 as of the reporting date (December 31, 2014: TEUR 9,180). Of this amount, TEUR 6,749 was attributable to trade payables (December 31, 2014: TEUR 3,749). Current provisions of TEUR 1,485 (December 31, 2014: TEUR 1,288) relate primarily to anticipated warranty and maintenance services. Other liabilities of TEUR 7,195 (December 31, 2014: TEUR 4,105) chiefly include prepayments for orders and provisions for subsequent invoices.

Events after the balance sheet date

SLM Solutions RUS OOO, Moscow, Russia, a wholly owned subsidiary of SLM Solutions Group AG, was registered on October 15, 2015. This Russian company serves to expand the global sales and service network, and will be included for the first time in the consolidated financial statements in the fourth quarter of 2015.

Opportunities and risks

The opportunities and risks pertaining to SLM Solutions, which were presented on pages 46 to 50 of the 2014 Annual Report, are unchanged. Overall, risks remain limited and calculable. Based on currently available information, the Management Board is of the opinion that no significant individual risks that would be classified as going concern risks exist currently or in the foreseeable future.

Outlook

The SLM Solutions Group bases its forecast for 2015 on the following underlying **economic and sector-related assumptions**:

- The International Monetary Fund (IMF) in its latest figures published in October 2015 forecasts that the **global economy** will report weaker year-on-year growth of 3.1 %, compared with 3.4 % in 2014. In the company's target markets, a slight year-on-year reduction of the growth rate to just 1.5 % is anticipated in **Germany** (previous year: 1.6 %), while a marked increase in growth to 1.5 % is forecast for the **Eurozone** (previous year: 0.9 %). In the company's defined growth regions in which it is driving ahead with its international expansion, the IMF assumes continued strong growth of 2.6 % in the USA (previous year: 2.4 %), and slightly weaker growth in the "**Emerging and Developing Asia**" region of 6.5 % (previous year: 6.8 %). The IMF assumes that its economic forecasts (especially those for advanced economies) could receive further positive impacts from the continued low level of commodity prices. It nevertheless also identifies potentially negative factors affecting its forecasts in higher volatility on financial markets (especially in China), and a potentially slight downtrend in asset prices.⁷
- The annual Wohlers Report, which reports on the **global 3D printing sector** and publishes market estimates, identifies major growth potential especially in the area of additive manufacturing processes that are applied in industry: it forecasts global market volumes growing fivefold from USD 4.1 billion in 2014 to USD 21.2 billion by 2020. This forecast assumes that 5 % or more of global manufacturing will be additive in the future, and that no global recession occurs.⁸

- Based on its recent sector survey, market research institute Gartner assumes that the number of 3D printing machines shipped in the powder bed fusion area will grow by 47.2 % per annum up to 2019.⁹ SLM Solutions aims to exceed **market growth** as far as possible, and further expand its position as technology leader.

The Rapid Prototyping segment was almost fully relinquished toward the end of the 2014 fiscal year, and only the business with consumables is being continued, as it is of strategic interest. In view of this further focusing of the business model on selective laser melting, the Management Board of SLM Solutions Group AG is assuming a continuation of the growth course for the 2015 fiscal year:

- New order intake, as the most important indicator of the company's operating growth, should stand in excess of 100 machines over the full course of 2015 given the trends in customer ordering patterns to date.
- In addition, the Management Board anticipates an adjusted EBITDA margin (adjusted for one-off effects and in relation to consolidated revenue) of between 12 and 13 % in 2015.

The sales revenue target for the 2015 fiscal year is already clearly in view as of the September 30 balance sheet date: adding together the consolidated revenue of TEUR 33,925 during the first nine months of 2015 and the TEUR 20,354 of order book position as of September 30, 2015 that is to be processed by the year-end generates an amount of TEUR 54,279, equivalent to 98.7 % of the lower bar for the annual revenue of TEUR 55,000. The company Management Board now expects full year 2015 revenue to be in the upper end of the EUR 55 to 60 million target corridor or above it.

⁷ International Monetary Fund, World Economic Outlook. Adjusting to Lower Commodity Prices, October 2015, p. 7, 32-34, <http://www.imf.org/external/pubs/ft/weo/2015/02/pdf/text.pdf>

⁸ Wohlers Associates, Annual Worldwide Progress Report 2015, July 2015

⁹ Gartner Forecast: 3D Printers, Worldwide, 2015

Consolidated interim financial statements (IFRS) for the period from January 1, 2015 to September 30, 2015

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Consolidated income statement (January 1 to September 30, 2015)

(in TEUR)	Jan. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Revenue	33,925	18,842	33,559
Increase in inventories of finished goods and work in progress	8,901	2,433	3,268
Other work performed by the company and capitalised	1,281	927	2,430
Total operating revenue	44,107	22,202	39,257
Cost of materials	-25,677	-12,311	-21,040
Gross profit	18,430	9,891	18,217
Personnel costs	-12,023	-11,486	-14,328
Other operating income	1,277	672	1,443
Other operating expenses	-8,633	-7,594	-10,507
EBITDA	-950	-8,517	-5,175
Depreciation, amortisation and impairment losses	-2,174	-1,591	-2,147
Operating profit or loss (EBIT)	-3,124	-10,108	-7,322
Interest and similar expenses	-205	-301	-240
Other interest and similar income	80	0	0
Earnings before tax (EBT)	-3,250	-10,409	-7,562
Income taxes	1,308	2,953	2,463
Net profit or loss for the period	-1,942	-7,456	-5,099
Net profit or loss for the period attributable to parent company shareholders	-1,942	-7,456	-5,099
Number of shares in millions*	18.0	18.0	18.0
Basic earnings per share in EUR	-0.11	-0.42	-0.30
Diluted earnings per share in EUR**	-0.11	-0.39	-0.23

* Calculated each case with 17,980,867 shares

** see Note 9 Equity for explanation

Consolidated statement of comprehensive income (January 1 to September 30, 2015)

(in TEUR)	Jan. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Net profit or loss for the period	-1,942	-7,456	-5,099
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	0	0	-928
Income/expenses that are recycled to the income statement in the future:			
Income/expenses from currency translation	52	-24	14
Other comprehensive income			
Total comprehensive income	-1,890	-7,480	-6,013
Attribution of total comprehensive income:			
Shareholders of SLM Solutions Group AG	-1,890	-7,480	-6,013

Consolidated income statement (July 1 to September 30, 2015)

(in TEUR)	Jul. 1 - Sep. 30, 2015	Jul. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Revenue	15,804	8,012	33,559
Increase in inventories of finished goods and work in progress	2,780	364	3,268
Other work performed by the company and capitalised	450	321	2,430
Total operating revenue	19,033	8,698	39,257
Cost of materials	-11,536	-4,527	-21,040
Gross profit	7,497	4,170	18,217
Personnel costs	-4,332	-2,421	-14,328
Other operating income	514	385	1,443
Other operating expenses	2,907	-1,974	-10,507
EBITDA	773	160	-5,175
Depreciation, amortisation and impairment losses	-871	-551	-2,147
Operating profit or loss (EBIT)	-98	-391	-7,322
Interest and similar expenses	-96	-60	-240
Other interest and similar income	58		0
Earnings before tax (EBT)	-136	-451	-7,562
Income taxes	408	239	2,463
Net profit or loss for the period	272	-212	-5,099
Net profit or loss for the period attributable to parent company shareholders	272	-212	-5,099

Consolidated statement of comprehensive income (January 1 to September 30, 2015)

(in TEUR)	Jul. 1 - Sep. 30, 2015	Jul. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Net profit or loss for the period	272	-212	-5,099
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	0	0	-928
Income/expenses that are recycled to the income statement in the future:			
Income/expenses from currency translation	44	-25	14
Other comprehensive income	-8	-25	-914
Total comprehensive income	316	-237	-6,013
Attribution of total comprehensive income:			
Shareholders of SLM Solutions Group AG	316	-237	-6,013

Consolidated balance sheet

(in TEUR)	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
Assets			
Cash and cash equivalents	41,391	63,898	63,563
Trade receivables	17,472	8,998	12,147
Inventories	26,629	11,496	11,964
Current tax receivables	204	0	163
Other assets	3,039	902	1,882
Total current assets	88,736	85,293	89,719
Intangible assets	20,428	17,791	19,892
Property, plant and equipment	6,154	3,415	2,504
Other assets and deferred tax assets	360	192	60
Total non-current assets	26,943	21,398	22,456
Total assets	115,678	106,691	112,175

(in TEUR)	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
Equity and liabilities			
Trade payables	6,749	3,383	3,749
Other financial liabilities	64	56	38
Provisions	1,485	681	1,288
Other liabilities	7,195	2,572	4,105
Total current liabilities	15,492	6,692	9,180
Financial liabilities	0	38	0
Pension and similar obligations	4,828	3,234	4,544
Deferred tax liabilities	90	1,075	1,166
Provisions	624	136	240
Total non-current liabilities	5,542	4,483	5,950
Subscribed share capital	17,981	17,981	17,981
Additional paid-in capital	85,041	85,489	85,551
Retained earnings	-8,442	-7,929	-5,835
Other reserves	65	-25	-652
Equity attributable to parent company shareholders	94,645	95,516	97,045
Total equity	94,645	95,516	97,045
Total equity and liabilities	115,678	106,691	112,175

Consolidated cash flow statement

(in TEUR)	Jan. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Net profit or loss for the period	-1,942	-7,456	-5,099
Depreciation, amortisation and impairment losses	2,174	1,591	2,147
Interest expenses	205	301	240
Interest income	-80	0	0
Tax result as per income statement	0	-2,953	0
Non-cash income	-597	-211	0
Non-cash expenses	1,455	720	1,055
Change in assets and liabilities	-15,497	-7,139	-8,831
Inventories	-15,622	-5,168	-5,484
Trade receivables	-5,325	-5,008	-6,344
Pension liabilities	285	173	447
Trade payables	2,999	2,254	1,841
Provisions	205	374	541
Other assets and liabilities	1,960	147	168
Changes in tax receivables, deferred tax assets and tax provisions	-2,433	130	-2,836
Net cash provided by (used in) operating activities	-16,715	-15,106	-13,324
Purchases of property, plant and equipment and intangible assets	-4,187	-1,107	-1,998
Work performed by the enterprise and capitalised	-1,281	-927	-2,430
Cash inflows and (cash outflows) from the sale of participating interests, intangible assets, and property, plant and equipment	0	0	356
Net cash provided by (used in) investing activities	-5,467	-2,034	-4,072

(in TEUR)	Jan. 1 - Sep. 30, 2015	Jan. 1 - Sep. 30, 2014	Jan. 1 - Dec. 31, 2014
Other proceeds from shareholders	0	7,461	7,462
Capital injection from IPO	0	71,189	71,189
Repayment of debt	0	0	-18
Interest paid	-15	-30	-132
Net cash provided by (used in) financing activities	-15	78,620	78,501
Net increase (decrease) in cash and cash equivalents	-22,197	61,481	61,105
Currency-related change in cash and cash equivalents	25	13	54
Liquid assets at start of reporting period	63,563	2,404	2,404
Liquid assets at end of reporting period*	41,391	63,898	63,563
Fixed term deposits	-32	-32	-32
Cash and cash equivalents at end of reporting period	41,359	63,866	63,531

* To reconcile cash and cash equivalents in the balance sheet, see Note 8.

Consolidated statement of changes in equity

(in TEUR)	Sub- scribed share capital	Additional paid-in cap- ital	Retained earnings	Other reserves	Total	Non- controlling share- holders	Total equity
As of January 1, 2014	81	15,085	-472	-1	14,693	-	14,693
Consolidated net result			-7,481		-7,481		-7,481
Other equity changes	17,900	62,376			80,276		80,276
Non-cash capital contribution		8,028			8,028		8,028
As of September 30, 2014	17,981	85,489	-7,953	-1	95,516		95,516
As of January 1, 2015	17,981	85,551	-5,835	-652	97,045	-	97,045
Consolidated net result			-1,942		-1,942		-1,942
Other changes in equity		-510		52	-458		-458
As of September 30, 2015	17,981	85,041	-7,777	-600	94,645		94,645

Notes to the consolidated financial statements (IFRS) for the period from January 1, 2015 to September 30, 2015 SLM Solutions Group AG, Lübeck

Note 1) General information

SLM Solutions Group AG, headquartered in Lübeck, is an incorporated firm and the ultimate parent company of SLM group. SLM Solutions Group AG is registered at the commercial register of the Lübeck District Court (commercial register sheet number 13827). The company's address is Roggenhorster Strasse 9c, 23556 Lübeck, Germany.

Since May 9, 2014, the shares of SLM Solutions Group AG (German Securities Code/WKN: A11133) have been traded on the Frankfurt Stock Exchange, in the exchange's Prime Standard.

SLM operates in the segments of "Machine Sales" and "After Sales". The Machine Sales segment comprises the development of production, as well as marketing and sales, of machines for selective laser melting. The machines are distributed through a global distribution network. This segment currently comprises the focus of business.

The After Sales segment comprises a strategic focus for the company, and will become increasingly important as a consequence. It includes the business with machine-related services, the sale of spare parts and accessories, and the sale of merchandise. This area also includes the business with consumables (metallic powders) that is to be tapped further.

These abbreviated consolidated interim financial statements of the SLM Solutions Group AG as of September 30, 2015 were prepared in euros. Unless stated otherwise, all amounts are stated on a rounded basis in thousands of euros (TEUR). Differences of up to one unit (TEUR, %) relate to arithmetic rounding differences.

Note 2) Accounting policies

This interim Group report was prepared in compliance with International Financial Reporting Standards (IFRS) for interim reporting, as applicable in the EU. These interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim Group management report was compiled in compliance with the German Securities Trading Act (WpHG).

These consolidated financial statements are not comparable with a set of consolidated financial statements in scope and level of detail, but they include all disclosures required pursuant to IAS 34 and Section 37x (3) of WpHG in connection with Section 37w WpHG to convey a true and fair view of the financial position and performance relating to the interim financial statements.

The accounting policies applied in the abbreviated interim consolidated financial statements essentially correspond to those applied in the last set of consolidated financial statements as of the end of the 2014 fiscal year. The notes to the audited consolidated financial statements as of December 31, 2014 include a detailed description of the accounting policies (please also refer to the company's securities listing prospectus). The first-time application of new standards and interpretations (e.g. IFRS 10, IFRS 11 and IFRS 12) resulted in no significant effects.

Note 3) Scope of consolidation

Besides the parent company, SLM Solutions Group AG, Lübeck, Germany, the interim consolidated financial statements comprise the following companies:

Name	Interest in %
SLM Solutions GmbH, Lübeck	100
SLM Solutions NA, Inc., Novi, Michigan/USA*	100
SLM Solutions Singapore Pte Ltd**	100
SLM Solutions (Shanghai) Co. Ltd.***	100

* The shares in SLM Solutions NA are held by SLM Solutions GmbH, Lübeck.

** The shares in SLM Solutions Singapore Pte Ltd are held by SLM Solutions Group AG.

*** The shares in SLM Solutions (Shanghai) Co. Ltd are held by SLM Solutions Group AG.

Note 4) Seasonal effects on business activities

The company's revenue and operating earnings fluctuate from quarter to quarter, which is mainly due to the fact that shipments are frequently postponed beyond the last day of the quarter – often by customer request. For this reason, we believe that comparing revenue and operating earnings on a quarterly basis is of only limited relevance. Consequently, we find that the new order intake that is achieved provides a more suitable indicator of operating business trends. We are assuming that the impact of these effects will tend to lessen with rising production volumes over the coming years.

Secondly, our business is subject to seasonal fluctuations. A significant proportion of our annual order intake is typically generated during the fourth quarter of the year, with shipments consequently being concentrated towards the end of the year. The first quarter, by contrast, is traditionally the weakest quarter of the year. This occurs mainly due to customer budget restrictions or other requirements on the customer side. In addition, the most important sector trade fair, formnext, is usually held in November or December.

As a result, revenue and operating earnings for a particular quarter can diverge from our expectations and internal planning, being delayed to subsequent quarters accordingly. This should be taken into account when interpreting quarterly reporting.

Note 5) Effect of the successfully concluded IPO on the financial position and performance of SLM Solutions Group AG

The IPO that was concluded successfully on May 9, 2014 resulted in one-off expenses in the 2014 fiscal year that are not attributable to the operating activities. These one-off expenses significantly affected the company's financial position and performance, as presented in detail in the 2014 annual report.

With the successful conclusion of the IPO, SLM Group employees are participating in the so-called "retention bonus" program. This bonus program runs over three fiscal years (in each case due in the May of the respective fiscal year) and originally required that the annual tranche of the so-called net bonus payment that is due annually in May be rendered to the company's equity as a non-cash capital contribution.

As of September 30, 2015, personnel expenses of TEUR 1,455 were reported in the interim consolidated financial statements for the retention bonus. In 2014, the retention bonus program was to be classified partially as equity-settled in the meaning of IFRS 2. With the Supervisory Board resolution in May 2015, the Retention Bonus Program was reclassified as a cash-settled scheme, and the bonus amount that was calculated was recognised in its entirety as a provision.

Note 6) Segment reporting

Pursuant to IFRS 8, SLM Solutions Group AG is required to include segment reporting in the notes to its consolidated financial statements.

The composition of reportable segments has changed compared with the previous year. While a differentiation was made in the previous year between the SLM and the RP segments due to differing technologies, from January 1, 2015 the company has identified the segments of "Machine Sales" and "After Sales" as the main decision-makers for internal reporting to the Management and Supervisory boards. The "Machine Sales" segment comprises purely machine sales deriving from the selective laser melting area, along with accessories, on the basis of new order intake. The "After Sales" segment consists of service revenues, spare parts sales and merchandise sales.

September 30, 2015 (in TEUR)	Machine Sales	After Sales	Total
Revenue	28,508	5,417	33,925
Deployment of merchandise	-11,946	-4,220	-16,166
Gross profit	16,562	1,197	17,759
Expenses	-14,248	-4,461	-18,709
EBITDA	2,314	-3,264	-950
Depreciation, amortisation and impairment losses			-2,174
Interest and similar expenses			-125
Income taxes			1,308
Net profit or loss for the period			-1,942

September 30, 2014 (in TEUR)	Machine Sales	After Sales	Total
Revenue	14,449	4,393	18,842
Deployment of merchandise	-6,813	-3,530	-10,343
Gross profit	7,636	863	8,499
Expenses	-11,783	-5,233	-17,016
EBITDA	-4,147	-4,370	-8,517
Depreciation, amortisation and impairment losses			-1,591
Interest and similar expenses			-301
Income taxes			2,953
Net profit or loss for the period			-7,456

Along with depreciation, amortisation and impairment losses, significant expenses of TEUR 1,455 were incurred in the year under review in connection with the Retention Bonus (previous year: TEUR 746).

The above-presented segment revenue relates to revenue generated from business with external customers.

No significant transactions occurred between the segments.

Note 7) Non-current assets

Non-current assets remain significantly affected by the hidden reserves in the technology area which were disclosed in the context of the purchase price allocation that was performed in 2013. This purchase price allocation occurred as part of the acquisition by SLM Solutions Group AG of the majority of the shares in SLM Solutions GmbH.

Investments in non-current assets relate to intangible assets and property, plant and equipment. Primarily development expenses to be capitalised pursuant to IAS 38 are attributable to the intangible assets, and various plants and demonstration machines are attributable to the property, plant and equipment.

SLM regularly reviews – at least at the end of each quarter – the need for impairment charges for development projects that have not yet been completed. The Management Board is of the opinion that no non-current assets were impaired as of the balance sheet date, as a consequence of which the write-downs exclusively comprise amortisation.

Note 8) Liquidity and financial liabilities

Both in the previous year and as of September 30, 2015, liquidity was secured at all times.

The seasonal distribution of sales revenues that is typical of the sector results in a marked increase in capital tied up as working capital. This pre-financing, which is due to the business model, resulted in significantly negative cash flow from operating activities.

Working capital	Sep. 30, 2015	Dec. 31, 2014	Sep. 30, 2014	Difference	
				9-month period	12-month period
Trade receivables	17,472	12,147	8,998	5,325	8,474
Inventories	26,629	11,964	11,496	14,665	15,133
Other assets	3,039	1,882	902	1,158	2,137
Trade payables	-6,749	-3,749	-3,383	-2,999	3,366
Provisions	-1,485	-1,288	-681	-197	-804
Other liabilities and accrued expenses	-7,195	-4,104	-2,572	-3,091	-4,623
Total	31,711	16,851	14,759	14,860	16,951

Funds tied up in working capital amounted to TEUR 16,951 for the (rolling) 12-month period elapsed, and to TEUR 14,860 for the January 1 to September 30, 2015 period.

Investments during the current period under review are attributable mainly to the development of new application-oriented technologies and the production of demonstration machines. Operating and investing cash flows were financed from cash inflows from the successful IPO in 2014.

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

(in TEUR)	Sep. 30, 2015	Sep. 30, 2014	Dec. 31, 2014
Cash and cash equivalents position	41,391	63,898	63,563
Fixed term bank deposits (more than three-month term)	-32	-32	-32
Cash and cash equivalents position in cash flow statement	41,359	63,866	63,531

Note 9) Equity

By way of resolution of the Shareholders' General Meeting of March 20, 2014, the company's share capital was increased from company funds by EUR 13,732,940.00 to EUR 13,814,200.00. After converting into a public stock corporation and the issuing of shares as part of the IPO, the share capital is divided into 17,980,867 ordinary registered no par bearer shares, each with a notional value of EUR 1.00 in the share capital.

Number of shares before IPO	13,814,200	76.83 %
Capital increase	4,166,667	23.17 %
Number of shares after IPO	17,980,867	100.00 %

Please also refer to the consolidated statement of changes in equity for more information.

As of September 30, 2015, the equity ratio amounts to 81.82 % (September 30, 2014 balance sheet date: 89.53 %; December 31, 2014: 86.51 %).

Earnings per share (basic)

Basic (undiluted) earnings per share are calculated by dividing the earnings that are attributable to the parent company's shareholders by the average number of shares in issue during the fiscal year.

	Sep. 30, 2015	Sep. 30, 2014
Number of shares in issue as of January 1	17,980,867	-
Number of shares in issue during the fiscal year	-	17,980,867
Weighted average number of shares in issue	17,980,867	17,980,867
Consolidated net result attributable to parent company shareholders (in EUR)	-1,942,095.00	-7,456,195.88
Weighted average number of shares in issue	17,980,867	17,980,867
Basic (undiluted) earnings per share in EUR	-0.11	-0.42

Earnings per share (diluted)

The effects explained under Note 5 about the retention bonus program were taken into account when calculating diluted earnings per share. The number of shares to be issued lies at the discretion of neither the company nor the employee as the number of shares to be issued depends on wage tax charges. For this reason, the following potential shares in the meaning of IAS 33 were taken into account to calculate diluted earnings:

	Sep. 30, 2015	Sep. 30, 2014
Gross bonus payment in EUR	-	3,013,310.3
Beneficiaries' reference price in EUR	-	19.69
Assumed share price on share issue reference date in EUR	-	17.95
Flat rate tax charge, in %	-	40
Calculated tax payment in EUR	-	1,205,324
Net bonus level in EUR	-	1,807,986
Number of shares to be purchased	-	91,822
Number of shares, diluted	17,980,867	18,072,689
Consolidated net result attributable to parent company shareholders (in EUR) (undiluted/basic earnings)	-1,942,095.00	-7,456,195.88
Personnel costs for retention bonus in EUR	-	746,274.75
Consolidated net result attributable to	-1,942,095.00	-6,709,921.13
Consolidated net result in EUR (for diluted earnings)		
Weighted average number of shares in issue	17,980,867	17,233,003
Adjustments to share-based compensation as part of retention bonus	-	91,822
Weighted average number of shares in issue for diluted earnings per share	17,980,867	17,324,825
Consolidated net result attributable to parent company shareholders for diluted earnings per share (in EUR)	-1,942,095.00	-6,709,921.13
Weighted average number of shares in issue for diluted earnings per share	17,980,867	17,324,825
Diluted earnings per share in EUR	-0.11	-0.39

Note 10) Significant business transactions with related parties

Individuals companies which the reporting company can influence or which can influence the reporting company are regarded as related parties in the meaning of IAS 24.

The members of the Management and Supervisory boards, as well as shareholders holding significant interests in the company share capital, and members of their families, are defined as related parties of the SLM Group.

Management Board members and their related individuals as of September 30, 2015:

- Dr. Markus Rechlin and family
- Uwe Bögershausen and family
- Henner Schöneborn and family

Supervisory Board members and their related individuals as of September 30, 2015:

Hans-Joachim Ihde and family
Peter Grosch and family
Bernd Hackmann and family
Klaus-J. Grimberg and family
Volker Hichert and family
Lars Becker and family

Related party to the SLM Group comprise the following:

SLM Solutions GmbH
SLM Solutions NA, Inc. Michigan, USA
SLM Solutions Singapore Pte. Ltd.
SLM Solutions (Shanghai) Co. Ltd.
Parcom Deutschland I GmbH&Co.KG
Ceresio GmbH

Since the successful admission to stock market listing of the company, no shareholder exerts direct control.

Note 11) Other financial obligations and contingent claims

11.1) Other financial obligations

Other financial obligations arise from leasing and rental agreements.

11.2) Contingent claims

The company is not aware of any contingent claims as of the balance sheet date.

Note 12) Events after the balance sheet date

SLM Solutions RUS OOO, Moscow, Russia, a wholly owned subsidiary of SLM Solutions Group AG, was registered on October 15, 2015. This Russian company serves to expand the global sales and service network, and will be included for the first time in the consolidated financial statements in the fourth quarter of 2015.

Note 13) Other information

Financial assets and liabilities are recognized at amortised cost. Fair value accounting is affected neither for financial instruments nor for other assets (e.g. property, plant and equipment). The carrying amounts of financial instruments are identical with their fair values due to their short residual terms.

Financial instruments (September 30, 2015)	Measurement category	Carrying amount	Fair value
Receivables and other assets	LaR*	18,819	18,819
Financial liabilities	FLAC**	6,813	6,813

Financial instruments (September 30, 2015)	Measurement category	Carrying amount	Fair value
Receivables and other assets	LaR*	9,034	9,034
Financial liabilities	FLAC**	3,439	3,439

* Loans and Receivables

** Financial Liabilities measured at Amortised Cost

Lübeck, November 6, 2015



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