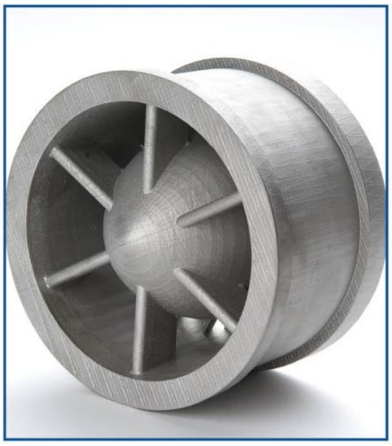
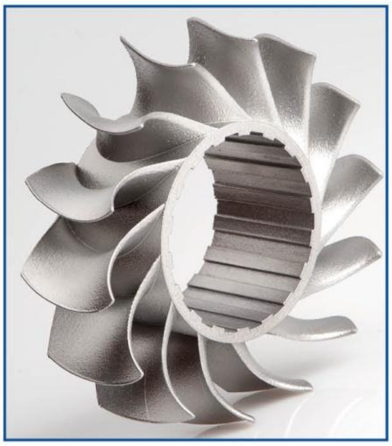
SLM Solutions Group AG
H1 Report 2014



Highlights

	Unit	H1 2013	H1 2014	Change (in % or % points)
Revenue	TEUR	8,558	10,830	+26.5
Total output	TEUR	8,924	13,504	+51.3
Cost of materials	TEUR	4,796	7,784	+62.3
Cost of materials ratio (as % of total output)	%	53.7	57.6	+3.9
Personnel costs	TEUR	2,137	3,415*	+59.8
Personnel costs ratio (as % of total output)	%	23.9	25.3*	+1.4
Adjusted EBITDA	TEUR	186	98	-47.3
Adjusted EBITDA margin (as % of revenue)	%	2.2	0.9	-1.3
Consolidated net result	TEUR	-829	-7,244	
Earnings per share**	EUR	-0.05	-0.40	
New order intake	Number of machines	10	20	+100.0
Machines sold	Number of machines	11	15	+36.4

		Dec. 31, 2013	Jun. 30, 2014	Change (in % or % points)
Non-current assets	TEUR	21,026	20,945	-0.4
Current assets	TEUR	14,569	86,863	+496.2
Equity ratio	%	41.3	88.6	+47.3
Total assets	TEUR	35,595	107,808	+202.9

* First half of 2014 adjusted for the one-off expenses of the IPO bonus of TEUR 5,650.
** Relating to 17,980,867 shares, undiluted

Contents

Letter from the Management Board

Dear shareholders, customers, business partners and colleagues,

Ladies and gentlemen,

Looking back on the first half of 2014, we can say that we are continuing on our growth path and are gradually implementing the strategy that we announced as part of our IPO. During the first half of the year, we grew our revenue by 26.5% year-on-year to reach EUR 10.8 million. In addition, new order intake doubled from 10 to 20 machines. Here, it should be noted that the product mix is developing in a very beneficial way for us. Among the machines ordered, the proportion of SLM 500^{HL}, our flagship product, is increasing, which is feeding through to a rise in our average order value. Major industrial companies around the whole world are developing specific plans to deploy our machines for the direct production of components. We anticipate further growth impulses from this in the future.

As an innovation leader in a dynamic market environment, it goes without saying for us that part of our strategy is to extend our lead and edge through further investments in our technology and through strategic partnerships with research institutions. I am pleased that in May we entered into a cooperation venture with Singapore's Nanyang Technical University, and that we opened our own office there, which will not only allow us to be closer to our customers on the Asian markets, but will also play a decisive role in advancing our fundamental research. We have also intensified our sales activities at our American subsidiary through expanding our team, having hired several service technicians and sales engineers.

During the first half year, we were again presence of numerous conferences and trade fairs – including in Lübeck, Berlin, Düsseldorf, Ankara, Detroit, Orlando (Florida) and Tucson (Arizona). Such events comprise ideal fertile ground for new business relationships, and enable SLM Solutions with its innovations to play a key role in developing the public profile of the metal-based 3D printing sector.

Research and development play a critical role in our growth strategy for the coming years. Hence, we welcome a new member to our Management Board team: Henner Schöneborn. Mr. Schöneborn has worked for SLM Solutions and its predecessor companies since 1993, possesses almost three decades of sector experience, and knows the market and metal-based 3D printing technology better than almost any other individual. Mr. Schöneborn will provide new impulses as the Management Board member with responsibility for "Corporate Development and Innovation". We look forward to our cooperation with him.

Our company owes its existence to our staff and their know-how. For this reason, our wish is that all colleagues who continue to accompany SLM Solutions in the long-term participate in the IPO's success. The retention bonus system in the aftermath of the IPO contributes to providing long-term incentives for our employees.

We can make the following overall observation: In terms of our ambitious targets, we are on track – and we aim to deploy the proceeds from our successful IPO for our growth strategy. I would like to thank our shareholders for the trust and confidence that they have invested in us, and I look forward to continuing this course together with you.

Lübeck, August 2014

Dr. Markus Rechlin (CEO)

The SLM Solutions share

On May 9, 2014, SLM Solutions Group AG successfully realised its IPO on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange, and consequently entered into intensive dialogue with the capital market.

CFO Uwe Bögershausen is the first **point of contact** within the company for capital-providers, investors and analysts. The Investor Relations area of the website www.slm-solutions.com provides further information that is constantly updated. An electronic distribution list provides all interested parties directly with important corporate news. The focus is on transparency and topicality in this context.

BHF-BANK and Deutsche Bank act as **designated sponsors** to the company. The development of our company and the performance of our share is covered long-term by **analysts** from both of these institutions, as well as by Credit Suisse, equinet Bank, Commerzbank and CANACCORD Genuity. At the time of this reports publication, most of the analysts were recommending the share as a "buy".

Trading in the share started on May 9 at an opening price of EUR 18.20, slightly above the EUR 18.00 placement price. The share has since performed well, rising by 9 % to EUR 19.69 as of August 22, 2014, which corresponds to a market capitalisation of EUR 354 million on the basis of 17.980.867 shares traded. The average number of shares of the company traded per day on Xetra amounted to 51,895 during this period.

After the successful placement of parts of the existing shareholders' shares as part of the IPO, a **free float** of 55.83 % (10,039,226 shares) was reached. This ensures a broadly diversified shareholder structure which, in turn, comprises an important precondition for liquid trading in the stock, and boost its attractiveness for investors.

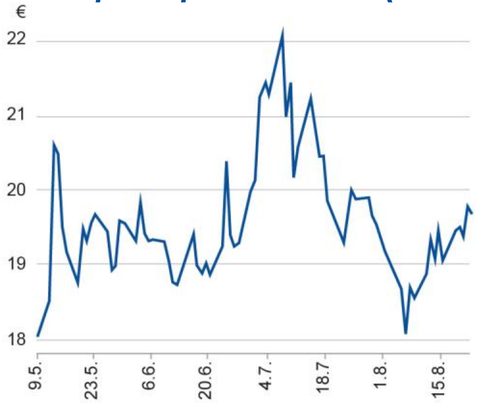
At the same time, key individuals of the company are also committed anchor shareholders: Company founder Hans Ihde, Chairman of the Supervisory Board of the company, and majority shareholder of SLM shareholder Ceresio GmbH, and new Management Board member Henner Schöneborn, who has worked for SLM Solutions and its predecessor companies since 1993, together hold a voting rights interest of 27.30 % (4,909,587 shares) through a pooling agreement, and pursue their interests jointly (status as of August 22, 2014).

The interest held by former majority owner, Parcom Deutschland I GmbH & Co. KG, a fund that is advised by DPE Deutsche Private Equity GmbH in Munich, amounted to 16.22 % on August 22 (2,917,282 shares).

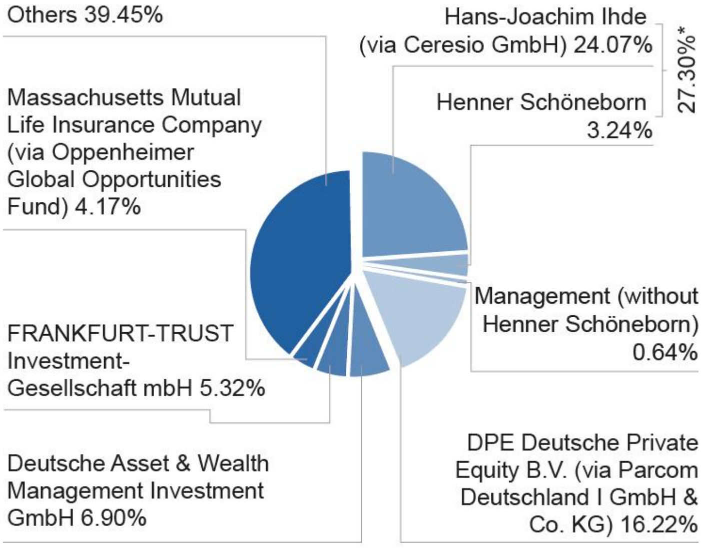
Key share data
(As of August, 22 2014)

ISIN	DE000A111338
German Securities 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 August 22, 2014	19.69
Number of shares	17,980,867 ordinary no par value bearer shares

Share price performance (as of: August 22, 2014)



Shareholder structure (as of: August 22, 2014)



*Pooling agreement: joint pursuit of interests pursuant to Section 22 (2) WphG

Group interim management report

Basis of the Group

Business model

SLM Solutions Group AG, which has its headquarters in Lübeck, Germany, is a leading provider of **metal-based additive manufacturing technology** ("3D printing technology"). Our business is split into two segments. Our main business is aggregated within our **SLM ("selective laser melting") segment** – in other words, the assembly, marketing and sale of metal-based additive manufacturing systems that deploy our selective laser melting technology. Our services also include the sale of accessories and consumables, as well as other services such as machine maintenance. Our smaller **RP ("rapid prototyping") segment** comprises our traditional business with vacuum casting systems, metal casting systems, and related services such as order production of prototypes and small manufacturing series ("job shop").

Our **product range** in our SLM segment currently comprises three systems – the SLM 125^{HL}, the SLM 280^{HL} and the SLM500^{HL} – which are differentiated according to the size of construction chamber and the number of lasers employed. These systems enable the direct production of highly complex metal components from a large number of source materials such as aluminium, titanium, tool steel and stainless steel. Our systems can process any type of meltable alloy. The process starts with a computer-generated 3D model of the object to be manufactured, which is melted in layers by using 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, and are increasingly suitable for deployment in industrial production environments.

One of the **benefits of additive manufacturing** is reduction of material consumption compared with conventional manufacturing methods. This approach also creates a new type of freedom in product design that focuses on the desired functionalities of the component. Additive manufacturing is thereby particularly appropriate for series production of complex components, as complexity in this context no longer represents a cost factor compared with conventional production methods.

Customers for our metal-based additive production systems come from very different types of industrial areas, including aerospace, the energy sector, healthcare system and automotive manufacturing. Along with Germany, SLM Solutions' main **target markets** comprise Europe, North America and, to an increasing extent, Asia.

Targets and strategy

We pursue a growth strategy based on **three pillars** for each of which we regularly define and evaluate interim targets:

- Firstly, we intend to continue to place a particular focus on **research and development**. For this reason, we are constantly working on optimising our portfolio of intellectual property rights. We regard investments in further developing our technology as a decisive factor for long-term corporate growth and to bolster our competitive position.

- Secondly, we aim to further expand our **international sales and service network**. We are also strengthening our local presence with showrooms and demonstration machines, as well as customer training sessions, and we are improving our brand recognition.

- Thirdly, we intend to enter into the **consumables business** (metal powders) to a greater extent. We plan to enter into a strategic partnership with a metal powder manufacturer in the medium term to this end, or alternatively to realise an acquisition.

The funds that we raised from the capital increase as part of our IPO are being applied in equal proportions to these three strategic areas, and also serve to strengthen the company's working capital.

Management system

As part of the internal controlling system, the Management Board of SLM Solutions Group AG is informed at regular intervals about **internal key performance indicators**. Above and beyond this, we identify the following key indicators as central value and growth drivers for a company, and report on them at regular intervals:

- For us, the company's **sales growth** is the decisive key indicator to assess the extent to which the company's growth potential is being exploited.

- For us, as a young growth company, earnings before interest, tax, depreciation and amortisation adjusted for the one-off expenses primarily in the context of the IPO (**adjusted EBITDA**) provides the best indicator of profitability. In addition, this key indicator strips out national particularities relating to tax legislation and our selected financing structure, making it easier to compare our company with the international peer group.

- Moreover, two aspects need to be taken into account when assessing our quarterly revenue and earnings figures: Firstly, shipments can be delayed beyond the quarterly reporting date – frequently by customer request – which is why the **new order intake** that we report is a more suitable indicator than the number of machines sold or the revenue realised. Secondly, our business is subject to seasonal fluctuations that are typical of our sector: A significant proportion of our new order intake is generally achieved during the fourth quarter of the year, while the first quarter is traditionally the weakest quarter of the year.

Research and development

Research and development forms a significant component of the business success of SLM Solutions. The company has a portfolio of intellectual ownership rights, including patents for selective laser melting technology and the hull-core imaging process. As a pioneer of the groundbreaking technology of selective laser melting, we benefit from cooperation ventures with universities and research institutions, some of which are supported by public-sector funds. Our investments in research and development will concentrate on the areas of process improvement, materials research, the resilience and reliability of our selective laser melting systems, further improvements to build rates, and software development. Our research and development department currently comprises 18 people. A total of 28 projects are being worked on, including 12 new technologies and 16 new products. In addition, 9 further projects are in the project pipeline.

Economic report

Macroeconomic situation in target markets

The leading German economic research institutions continue to expect the **world economy** to report robust growth over the full course of 2014, primarily driven by advanced economies. The UK and Japan will be among others drivers of this growth (source: Joint Economic Forecast Group; Joint Economic Forecast Spring 2014). The pace of global economic growth is expected to increase during the second half of 2014 (source: ifo Institute, economic forecast of June 26). The **Eurozone** economy has been on an uptrend since mid-2013, mainly driven by the economic locomotive of **Germany**: Although German gross domestic product (GDP) in the second quarter 2014 was down by 0.2 percent compared to the previous quarter it was up by 0.8 percent year-on-year (source: German Federal Statistical Office of August 14, 2014).

In July 2014, the International Monetary Fund reviewed its forecasts for the full 2014 year, and now anticipates slightly lower global GDP growth of 3.4% year-on-year. For the **USA**, the forecast was downgraded sharply to 1.7%, amounts to 1.1% for the Eurozone, and for Germany it was improved to 1.9% (source: IMF World Economic Outlook, July 2014).

Market for metal-based 3D printing

SLM solutions operates in a very attractive growth niche of the global market for additive manufacturing processes ("3D printing"). Experts at Wohlers Associates forecast considerable growth for the overall market for 3D printing in their latest 2014 sector report. They estimate that the global market volume will increase from USD 3 billion in 2013 to USD 12.5 billion in 2018, and above USD 21 billion by 2020 (source: Wohlers Associates, Annual Worldwide Progress Report, July 2014). Although the share of metal-based printing processes was still relatively small at 9 percent in 2012, we identify particularly attractive growth opportunities in this context (source: CODEX Partners, Metal 3D printing market survey, February 2014).

The selective laser melting that SLM Solutions applies 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 Roland Berger (source: Roland Berger, Additive Manufacturing – a game changer for the manufacturing industry?, November 2013). SLM Solutions is of the opinion that the market for metal-based 3D printing is at a turning point, as a growing number of internationally operating industrial companies are transitioning to utilising selective laser melting and other additive manufacturing technologies not only for prototype production, but increasingly also for the direct manufacturing of components.

Business development

We achieved decisive progress in the implementation of our growth strategy during the first half of 2014: At our site in Novi, Michigan (USA), we expanded our team to include two technical staff members and one commercial employee. SLM Solutions Singapore Pte. Ltd. was founded at our Singapore site. This new subsidiary bolsters our company's sales activities in Asia, opening up new markets for us. We also concluded a collaboration agreement with Nanyang Technical University (NTU) which the Economic Development Board of the citystate is supporting with USD 5 million. We hired three sales staff in this context, and also have an efficient platform for further-reaching fundamental research in the materials area, and for further development of our systems technology.

During the first half of 2014, SLM Solutions was represented at numerous conferences and specialist trade fairs – including in Lübeck, Berlin, Düsseldorf, Ankara, Detroit and Tucson (Arizona). We utilise these opportunities to enter into intensive dialogue with sector representatives, customers and interested parties. At the METAV trade fair in Düsseldorf in March this year, which was held under the motto of "smart solutions – more efficiency", SLM Solutions for the first-time presented the full additive manufacturing process chain at its stand – ranging from data preparation to the laser melting process, and through to powder recycling and reprocessing. Over an area covering 36,000 m², almost 700 presenters from 26 countries were visited by 41,000 visitors from 70 countries. As a consequence, this trade fair represented a surprise success for us as we were presenting there for the first time. A further highlight was the Conference on Additive Manufacturing with Powder Metallurgy (AMPM), which was held in May in Orlando, Florida: here, too, SLM Solutions presented innovative solutions for additive manufacturing.

Results of operations

The figure stated in the text below can include rounding differences.

The results of operations of SLM Solutions Group AG was characterised by revenue growth and a decidedly positive orderbook position during the first half of 2014. **Revenue** of TEUR 10,830 was 26.5% higher than in the first of 2013 (H1 previous year: TEUR 8,558). Most of the revenue was generated in the company's core segment, the SLM segment (SLM = Selective Laser Melting). In the RP segment (RP = Rapid Prototyping), revenue fell, as planned.

SLM Solutions' order book position registered a positive trend during the first six months of 2014: **New order intake** was doubled year-on-year from 10 to 20 machines. These orders include two orders for the SLM500^{HL} flagship product, currently the most productive laser melting system on the market. This shift towards high-value systems boosts the total value of the machines that have been ordered, an important driver of corporate sales revenues. **Total output** – the sum of sales revenue, inventory changes and other own work capitalised – grew to TEUR 13,504 (H1 previous year: TEUR 8,924). This growth is primarily due to strong new order intake and a related increase in the stocks of finished goods and work in progress of TEUR 2,069 (H1 previous year: TEUR 269).

Given higher business volumes, the **cost of materials** rose to TEUR 7,784 (H1 previous year: TEUR 4,796), with the cost of materials ratio (expressed as a percentage of a total output) increasing by 3.9 percentage points to 57.6% (H1 previous year: 53.7%).

A large proportion of the **one-off costs of the IPO** on May 9, 2014 have already been reimbursed to the company by the old shareholders. Of the total costs of TEUR 12,261, TEUR 3,811 was also offset directly with additional paid-in capital pursuant to IAS 32 (please also see note 5 to the consolidated financial statements). They had no impact on profit or loss as a consequence. The extraordinary items expensed during the period under review in connection with the IPO amounted to TEUR 8,450, and are composed as follows:

- **One-off expenses** for the IPO (preliminary, auditing and consulting costs, as well as bank fees and insurance charges) of TEUR 2,800 and Invester Relations costs of TEUR 43 were reported among **other operating expenses**, which totalled TEUR 5,620 (H1 previous year: TEUR 1,924). The previous shareholders committed themselves to proportionally reimburse expenses for the IPO, as not only new shares from a capital increase were placed, but also old shareholders' existing shares. The reimbursement amounted to TEUR 1,812 during the first half of 2014. As it was charged only shortly before June 30, 2014, the claim was reported on the balance sheet as an other current asset.

- One-off expenses for the "IPO bonus" of TEUR 5,650 were reported in accordance with IFRS within personnel expenses, although these had already been fully reimbursed to SLM Solutions by the old shareholders. Personnel expenses consequently registered a marked increase in the period under review to TEUR 9,065 (H1 previous year: TEUR 2,137). The expenses for the IPO bonus were nevertheless fully reimbursed by the old shareholders, thereby resulting in no net charge for SLM Solutions. This reimbursement is reported as an additional payment without affecting profit and loss directly to equity capital (please refer to the statement of changes in equity on page 21). When adjusted for the IPO bonus, personnel expenses amount to TEUR 3,415, with the personnel expense ratio (expressed as a percentage of total output) of 25.3 % being thereby ahead of the previous year's level (H1 previous year: 23.9 %). It should be taken into account that this also reflects an increase in the **number of employees** as reported as of the balance sheet date to 106 (June 30, 2013: 74).

The one-off IPO bonus is attributable to all members of the Management Board of SLM Solutions Group AG and all staff of the SLM Group who started work at the company before January 1, 2013. All of these staff now hold shares in the company. With the IPO bonus, the company is recognising the services of these individuals in the past and in connection with the IPO on May 9, 2014. The beneficiaries' individual bonus entitlements are calculated according to the respective activity and duration of company service. The level of the total bonus payments is calculated on the basis of the value of the existing shares at the time of the initial listing, among other factors.

With the successful conclusion of the IPO, SLM Group employees also participate in the so-called "**retention bonus**" program, a three-year bonus program geared to fostering employee loyalty to the company. Personnel expenses of TEUR 282 were reported for this program in the period under review. The retention bonus program is partly to be categorised as equity settled in the meaning of IFRS 2, as a consequence of which TEUR 169 is carried directly to equity without affecting profit and loss.

When taking into account the aforementioned one-off expenses, **adjusted EBITDA** (earnings before interest, tax, depreciation and amortisation) stood at TEUR 98 (H1 previous year: TEUR 186). This corresponds to an adjusted EBITDA margin (expressed as a percentage of revenue) of 0.9% (H1 previous year: 2.2%). Unadjusted EBITDA amounted to TEUR -8,677 (H1 previous year: TEUR 186, see also consolidated income statement on page 13). When examining the earnings figures, too, it should be noted that quarterly reporting entails observation from a reporting date perspective, and that the business of SLM Solutions is subject to seasonal fluctuations.

Depreciation and amortisation amounted to TEUR 399 during the first half of 2014 (H1 previous year: TEUR 241), with **amortisation applied to intangible assets determined as part of purchase price allocation** (amortisation PPA related) in connection with the acquisition of SLM Solutions GmbH in the previous year amounted to TEUR 641 (H1 previous year: TEUR 765), and consequently below the previous year's level.

As a consequence, the **operating result (EBIT) adjusted** for IPO expenses and PPA-related amortisation stood at TEUR -301 (H1 previous year: TEUR 110), with the EBIT margin (expressed as a percentage of sales revenue) equivalent to -2.8% (H1 previous year: 1.3%). On an unadjusted basis, EBIT amounted to TEUR -9,717 (H1 previous year: TEUR -821). Interest expenses amounted to TEUR 241 (H1 previous year: TEUR 145), consequently remaining at low level.

Tax income of TEUR 2,714 was significantly above the level in the same period of the previous year (TEUR 157). This increase is predominately attributable to capitalised tax loss carryforwards. In consequence, the **net result for the period** amounted to TEUR -7,244 (H1 previous year: TEUR -829), equivalent to EUR -0.40 of basic **earnings per share** on the basis of 17,980,867 shares.

Financial position

Cash flow from operating activities amounted to TEUR -13,300 during the first half of 2014 (H1 previous year: TEUR -1,187). This change arises from a lower level of net result in the period, which included the reporting through profit or loss of IPO expenses, and a marked increase in funds tied up in working capital due to the good order book situation. In particular, inventories and trade receivables registered a sharp increase compared with December 31.

Cash flow from investing activities of TEUR -1,232 was significantly lower than in the first half of 2013 (TEUR -8,607). The previous year's figure was considerably affected by TEUR 8,000 of payments connected with the takeover of SLM Solutions GmbH. Investments during the current period under review were primarily attributable to the development of new application-oriented technologies, some of which were reported among work performed by the company and capitalised.

Cash flow from financing activities amounted to TEUR 77,652 during the first half of 2014 (H1 previous year: TEUR 10,170), and was considerably impacted by the cash proceeds from the IPO (TEUR 72,024), and the cost reimbursement obligation on the part of the old shareholders. In this context, the gross cash proceeds from the capital increase as part of the IPO of TEUR 75,000 were offset with the transaction costs of TEUR 2,976 which were already paid as of June 30, 2014 and which are reported directly in equity. The cash proceeds from the capital increase amounted to TEUR 5,650.

As a consequence, the **cash and cash equivalents position** at the end of the period under review (minus time deposits with financial institutions with a maturity of over three months and current account liabilities) reported a marked increase compared with December 31, 2013 to TEUR 65,492 (December 31, 2013: TEUR 2,372).

Net assets

Given the successful IPO and the continued corporate growth, the **total assets** of SLM Solutions grew significantly to TEUR 107,808 as of June 30 (December 31, 2013: TEUR 35,595).

In this context, **non-current assets** of TEUR 20,945 as of the balance sheet date were at a similar level to the end of the previous fiscal year (December 31, 2013: TEUR 21,026). The most significant non-current assets item, intangible assets, amounted to TEUR 18,141 as of June 30 (December 31, 2013: TEUR 18,971).

Current assets multiplied to TEUR 86,863 as of the balance sheet date (December 31, 2013: TEUR 14,569), which is particularly attributable to the strong growth in liquid assets as a consequence of the IPO. Inventories and trade receivables also grew due to the good order book position. Inventories amounted to TEUR 9,710 (December 31, 2013: TEUR 5,928), and trade receivables amounted to TEUR 8,487 (December 31, 2013: TEUR 5,803). Between December 31, 2013 and June 30, 2014, current assets' share of total assets grew from 41% to 81%.

Given the capital increase as part of the IPO, the company's **share capital** stood at TEUR 95,474 as of June 30, 2014 (December 31, 2013: TEUR 14,693). The equity ratio consequently registered a marked increase to around 89% (December 31, 2013: 41%). The bolstering of equity was chiefly due to the payment received from the IPO capital increase of TEUR 72,366, most of which was transferred to additional paid-in capital.

Non-current liabilities reduced to TEUR 4,439 as of June 30, 2014 (December 31, 2013: TEUR 16,196), primarily reflecting the sharp drop in financial liabilities to TEUR 38 (December 31, 2013: TEUR 7,968). The deferred tax assets are mainly connected with the recognition of the laser technology as part of the PPA, and amounted to TEUR 1,173 (December 31, 2013: TEUR 5,167). The decrease in deffered tax liabilities results from the offsetting with deferred tax assets from tax loss carryforwards. **Current liabilities** stood at TEUR 7,895 (December 31, 2013: TEUR 4,707), with trade payables amounting to TEUR 3,481 (December 31, 2013: TEUR 1,964). Expressed in terms of total assets (or total equity liabilities), current liabilities accounted for a 7% share as of June 30, 2014 (December 31, 2013: 13%).

Events after the balance sheet date

As of September 1, 2014, SLM will have its own sales branch in the strategically important location of Singapore. This branch, which is located in Singapore's German Centre, was opened on September 1, 2014, and allows SLM Solutions to considerably expand its business in Asia. Along with sales, the company is focusing on establishing the sales and dealer network in neighbouring countries. Secondly, in May 2014 SLM Solutions assigned a corporation agreement worth EUR 3 million with Singapore's Nanyang Technical University (NTU).

With an entry in the commercial register on July 30, 2014, SLM Solutions Group AG expanded its Management Board to include industry expert Henner Schöneborn. To date, Mr. Schöneborn has held the position of Executive Vice President within the company. On the new three-man

Management Board of SLM Solutions, he is responsible for the "Corporate Development and Innovation" area.

Opportunities and risks

Due to the IPO of SLM Solutions Group AG, risk reporting does not yet occur at the targeted intervals and in the targeted detail. Structures that have been in place to date ensure that opportunities and risks of relevance to business operations are identified at the right time. At present, SLM Solutions Group AG is not aware of any going concern risks.

Please refer to the remarks contained in the securities listing prospectus for the company dated April 25, 2014 for a detailed presentation of specific risks to which the company can be exposed. This is available on the company's website at www.slm-solutions.com within the Investor Relations area. No significant changes have occurred to the opportunities and risks compared with these presentations.

Outlook

On a current basis, the Management Board of SLM Solutions continues to assume significant revenue growth and a solid adjusted EBITDA margin in the 2014 fiscal year. New order intake, the most important indicator of the company's operating growth, should amount to between 40 and 50 machines given the trend during the year to date.

Compared with the 28 machines that SLM Solutions sold in 2013, the current sales pipeline reflects higher demand for the company's products. In addition, SLM Solutions recorded a new order intake of 20 machines during the first six months of 2014 – reflecting a doubling compared with the 10 machines during the same period of the previous year.

As of August 22 to 2014, new order intake stood at 27 machines – compared with 12 machines during the prior-year comparable period. This includes 2 orders for the SLM 500^{HL}, as a result of which the product mix, and with it the total value of machines ordered, is developing in a very beneficial manner. This trend is already reflected in higher total output during the first six months of 2014.

As SLM Solutions is continuously boosting its productivity and efficiency, the Management Board also anticipates a solid adjusted EBITDA in the 2014 fiscal year. Adjustments comprise mainly one-off costs for the IPO as well as the IPO bonus that affect the result for the 2014 fiscal year onetime.

Consolidated interim financial statements (IFRS) for the period from January 1, 2014 to June 30, 2014

Contents

Consolidated income statement (January 1 – June 30, 2014)

(in TEUR)	Jan. 1 – June 30, 2014	Jan. 1 – June 30, 2013	Jan. 1 - Dec. 31, 2013
Revenue	10,830	8,558	21,575
Increase in inventories of finished goods and work in progress	2,069	269	615
Other work performed by the company and capitalized	606	97	162
Total output	**13,504**	**8,924**	**22,352**
Cost of materials	-7,784	-4,796	-11,438
Gross profit	**5,721**	**4,128**	**10,914**
Personnel costs	-9,065	-2,137	-4,705
Other operating income	287	119	439
Other operating expenses	-5,620	-1,924	-4,553
EBITDA	**-8,677**	**186**	**2,095**
Depreciation and amortisation expense	-399	-241	-585
Amortisation PPA related	-641	-765	-1,531
Operating result (EBIT)	**-9,717**	**-821**	**-21**
Interest and similar expenses	-241	-145	-588
Other expenses	0	-21	0
Earnings before income taxes (EBT)	**-9,958**	**-987**	**-609**
Income taxes	2,714	157	179
Net result	**-7,244**	**-829**	**-430**
Attributable to:			
Controlling interests	-7,244	-829	-430
Non-controlling interests	0	0	0
Net result attributable to parent company shareholders	-7,244	-829	-430
Number of shares (in millions)	18.0	n.a.	n.a.
Basic earnings per share (in EUR*)	-0.40	-0.05	-0.02
Diluted earnings per share (in EUR)	-0.40	-0.05	-0.02

* Calculated with 17,980,867 shares in each case for purposes of comparison

Consolidated income statement (April 1 – June 30, 2014)

(in TEUR)	Apr. 1 – June 30, 2014	Apr. 1 – June 30, 2013	Jan. 1 - Dec. 31, 2013
Revenue	7,141	4,689	21,575
Increase in inventories of finished goods and work in progress	651	139	615
Other work performed by the company and capitalized	186	30	162
Total output	**7,977**	**4,858**	**22,352**
Cost of materials	-4,780	-2,494	-11,438
Gross profit	**3,198**	**2,364**	**10,914**
Personnel costs	-7,696	-1,079	-4,705
Other operating income	191	67	439
Other operating expenses	-3,266	-1,069	-4,553
EBITDA	**-7,573**	**283**	**2,095**
Depreciation and amortisation expense	-213	-130	-585
Amortisation PPA related	-321	-436	-1,531
Operating result (EBIT)	**-8,107**	**-284**	**-21**
Interest and similar expenses	-78	-58	-588
Other expenses	0	-21	0
Earnings before income taxes (EBT)	**-8,185**	**-363**	**-609**
Income taxes	2,342	46	179
Net result	**-5,843**	**-316**	**-430**
Attributable to:			
Controlling interests	-5,843	-316	-430
Non-controlling interests	0	0	0
Net result attributable to parent company shareholders	-5,843	-316	-430

Consolidated statement of comprehensive income (January 1 – June 30, 2014)

(in TEUR)	Jan. 1 – June 30 2014	Jan. 1 – June 30, 2013	Jan. 1 - Dec. 31, 2013
Net result	-7,244	-829	-430
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	–	–	382
Taxes on actuarial gains and losses	–	–	-118
Items to be reclassified to profit or loss:			
Exchange rate differences	1	0	-1
Other comprehensive income	**1**	**0**	**263**
Total comprehensive income	**-7,243**	**-829**	**-167**
Attributable to			
Shareholders of SLM Solutions Group AG	-7,243	-829	-167

Consolidated statement of comprehensive income (April 1 – June 30, 2014)

(in TEUR)	Apr. 1 - June 30, 2014	Apr. 1 - June 30, 2013	1. Jan. - 31. Dec. 2013
Net result	-5,843	-316	-430
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	–	–	382
Taxes on actuarial gains and losses	–	–	-118
Items to be reclassified to profit or loss:			
Exchange rate differences	-6	0	-1
Other comprehensive income	**-6**	**0**	**263**
Total comprehensive income	**-5,849**	**-316**	**-167**
Attributable to			
Shareholders of SLM Solutions Group AG	-5,849	-316	-167

Consolidated statement of financial position

(in TEUR)	June 30, 2014	June 30, 2013	Dec. 31 2013
Assets			
Cash and cash equivalents	65,537	694	2,404
Trade receivables	8,487	3,630	5,803
Inventories	9,710	5,658	5,928
Current income tax receivables	0	0	172
Other assets	3,130	375	262
Total current assets	**86,863**	**10,357**	**14,569**
Intangible assets	18,747	19,104	18,971
Property, plant and equipment	2,194	1,613	2,051
Other assets	4	91	4
Total non-current assets	**20,945**	**20,808**	**21,026**
Total assets	**107,808**	**31,165**	**35,595**

(in TEUR)	June 30, 2014	June 30, 2013	Dec. 31 2013
Equity and liabilities			
Trade payables	3,481	1,973	1,965
Other financial liabilities	69	100	56
Provisions	506	223	442
Tax provisions		14	
Other liabilities	3,839	1,187	2,243
Total current liabilities	**7,895**	**3,628**	**4,707**
Financial liabilities	38	5,029	7,968
Pension plans and similar commitments	3,176	3,375	3,061
Deferred revenue		3	
Deferred tax liabilities	1,173	5,107	5,167
Total non-current liabilities	**4,439**	**13,515**	**16,196**
Subscribed share capital	17,981	72	81
Additional paid-in capital	85,210	15,085	15,085
Retained earnings	263	-1,135	-472
Foreign currency translation	-1	0	-1
Equity attributable to equity holders of the parent	**95,474**	**14,022**	**14,693**
Total equity	**95,474**	**14,022**	**14,693**
Total equity and liabilities	**107,808**	**31,165**	**35,595**

Consolidated statement of cash flows

(in TEUR)	June 30, 2014	June 30 2013	Dec. 31, 2013
Net result	-7,244	-829	-430
Depreciation, amortisation and impairments	1,040	1,006	2,116
Interest expenses	241	144	588
Net tax result	-2,714	-157	-179
(Income) losses from disposal of assets			-9
Other non-cash income	-141	-62	
Non-cash expenses	442		
Change in assets and liabilities			
Inventories	-3,382	-801	-1,071
Trade receivables	-2,684	1,013	-1,159
Pension liabilities	115	85	41
Trade payables	1,517	-757	-766
Provisions	115	5	224
Other assets and liabilities	-667	-220	1,018
Changes in income tax receivables, deferred tax assets and tax provisions	62	-614	-828
Net cash provided by (used in) operating activities	**-13,300**	**-1,187**	**-455**
Payments relating to business combinations (less cash required)		-8,000	-8,000
Purchases of property, plant and equipment and intangible assets	-626	-510	-1,882
Payments for internally generated intangible assets	-606	-97	-162
Proceeds and (outgoing payments) from sales of investments, intangible assets and property, plant and equipment			43
Net cash provided by (used in) investing activities	**-1,232**	**-8,607**	**-10,001**

(in TEUR)	June 30, 2014	June 30 2013	Dec. 31, 2013
Proceeds from capital increase	72,024	8,013	8,022
Other proceeds from shareholders	5,650	0	0
Proceeds from issuance of debt		4,587	7,578
Repayment of debt		-2,369	-2,837
Repayment of leasing liabilities		-51	-139
Interest paid	-22	-10	-80
Net cash provided by (used in) financing activities	**77,652**	**10,170**	**12,544**
Net increase (decrease) in cash and cash equivalents	63,120	376	2,088
Currency-related change in cash and cash equivalents	0	2	0
Cash and cash equivalents at beginning of period	2,372	284	284
Cash and cash equivalents at end of period*	**65,492**	**662**	**2,372**

* To reconcile cash and cash equivalents in the balance sheet see Note 9.

Consolidated statement of changes in equity

(in TEUR)	Subscribed share capital	Additional paid-in capital	Retained earnings	Currency translation differences	Total	Non-controlling interests	Total equity
As of January 1, 2013	**25**	**8,020**	**-306**	**0**	**7,739**	**7,109**	**14,848**
Issuance of limited liability company shares	13	–	–	–	**13**	–	**13**
Consolidated net result	–	–	-829	–	**-829**		**-829**
Non-cash capital contribution	34	7,065	-	-	7,099	-7,109	-10
As of June 30, 2013	**72**	**15,085**	**-1,135**	**0**	**14,022**	**-**	**14,022**
As of January 1, 2014	**81**	**15,085**	**-472**	**-1**	**14,693**	**0**	**14,693**
Non-cash capital contribution	–	8,028		–	**8,028**	–	**8,028**
Transfers	13,733	-13,733	-	-	**0**	-	**0**
Consolidated net result	–	–	-7,243	–	**-7,243**	–	**-7,243**
Capital increase (IPO)	4,167	68,199	-	-	**72,366**	-	**72,366**
Reimbursement of shareholders	–	7,462	-	–	**7,461**	–	**7,461**
Other changes in equity	–	169	–	–	**169**	–	**169**
As of Jun. 30, 2014	17,981	85,210	-7,715	-1	**95,474**	-	**95,474**

Notes to the IFRS consolidated financial statements for the period from January 1, 2014 to June 30, 2014 SLM Solutions Group AG, Lübeck

Note 1) General information

SLM Solutions Group AG (previously: SLM Solutions Holding GmbH, "SLM"), headquartered in Lübeck, is a joint-stock company (Kapitalgesellschaft) and the ultimate parent company of SLM group. SLM Solutions Group AG is registered at the commercial register (Handelsregister) at local court (Amtsgericht) Lübeck (HRB 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 "selective laser melting" (SLM segment) and "rapid prototyping" (RP segment). The SLM segment comprises the production and development of machines for selective laser melting, as well as the sale of related consumables and materials. The machines are distributed through a global distribution network. In the USA and Singapore (please see note 12, events after the balance sheet date), SLM is represented with its own subsidiary.

In the RP segment, which now comprises the smaller operating segment, the company assembles and sells vacuum casting machines and metal casting machines. In addition, related services and a large number of consumables for different applications are offered in the rapid prototype manufacturing area. This segment has become more insignificant in relation to the SLM segment. The operative business is continued in a slightly reduced form.

These abbreviated consolidated interim financial statements of the SLM Solutions Group AG as of June 30, 2013 were prepared in euros. Unless stated otherwise, all amounts are stated on rounded basis in thousands of euros (TEUR). Differences of up to one unit (TEUR, %) relate to arithmetic rounding differences.

Note 2) Accounting principles

The consolidated interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) for the interim financial reporting that have to be adopted in the EU. These interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim group management report has been prepared in compliance with the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

These reviewed interim 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 37yof WpHG in connection with section 37w (2) to convey a true and fair view of the net assets, financial position and results of operations relating to the interim financial statements.

The accounting methods 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 2013 fiscal year. The notes to the audited consolidated financial statements as of December 31, 2013 include a detailed description of the accounting principles (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, and has not changed compared with December 31, 2013:

Name	Interest in %
SLM Solutions GmbH, Lübeck	100
SLM Solutions NA, Inc., Commerce, Michigan/USA*	100

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

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 wane 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 sector trade fair, Euromold, 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 accordingly to subsequent quarters. This should be taken into account when interpreting quarterly reporting.

The results as of the reporting period ending on June 30, 2014 do not necessarily allow conclusions to be drawn about future earnings trends.

Note 5) Effects of the successfully concluded IPO on the net assets, financial position and results of operations of SLM Solutions Group AG

The IPO that was successfully implemented on May 9, 2014, fed through to a high level of one-off expenses in the 2013 fiscal year (12-month period) and during the first half of 2014. In order to better understand the operating business trend, these expenses are explained separately below:

	Until June 2014			
Expenses*	**Level**	**Reimbursement****	**Net charge for company**	**2013*****
Leading costs	264	140	124	66
Advisory costs	1,313	547	766	100
Auditing costs	822	433	389	–
Bank fees	3,147	130	3,017	–
Insurance	1,065	562	503	–
IPO bonus	5,650	5,650	0	–
	12,261	**7,462**	**4,799**	**166**

* Some of these expenses are reported directly in equity, and some of them in expense. See also the explanations below.
** In compliance with IFRS, the reimbursement is shown as a deposit by shareholders outside the income statement
*** All of the costs incurred in the 2013 fiscal year were carried through profit or loss

In the 2013 and 2014 financial years, the successfully concluded IPO generated one-time expenses that are not attributable to the primary operating business. These one-time expenses significantly affected the company's net assets, financial position and results of operations.

Of the total IPO costs of TEUR 12,261, expenses of TEUR 3,811 are to be offset directly with additional paid-in capital, without impact on profit or loss, in accordance with IAS 32. Of the difference of TEUR 8,450, an amount of TEUR 5,650 is reported in personnel expenses, and an amount of TEUR 2,800 in other operating expenses.

The previous shareholders obligated themselves to proportional compensation of the expenses connected with the successfully placed IPO, as existing shares of previous shareholders were placed along with the issuance of new shares. The level of the reimbursement was calculated after taking into account all costs, and, along with the full reimbursement of the IPO bonus (see below), amounts to a further TEUR 1,812 (net). This reimbursement is shown in the IFRS consolidated financial statements as another additional payment to equity in accordance with the general regulations of the IFRS framework. As it was charged only shortly before June 30, 2014, the claim was reported on the balance sheet as an other current asset. As a consequence, this was not yet cash effective as of June 30, 2014.

In addition, the shareholders have committed themselves to completely reimburse the IPO bonus. This reimbursement of TEUR 5,650 is also shown as an additional payment into equity. This payment was already received before June 30, 2014. The reimbursement of the IPO bonus was calculated by the capital share of existing shareholders prior to the IPO. The reimbursement of the additional transaction costs was calculated by the proportion of the IPO proceeds of the existing shareholders and the company.

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 requires that the annual tranche of the net bonus payment that is due annually in May is rendered to the company's equity as a non-cash capital contribution. The net bonus payment is calculated from the bonus to which the employee is entitled, less his or her individual tax payment that the company pays in advance to the tax authority. From this net bonus payment, the employee acquires shares by way of a non-cash capital contribution at a fixed subscription price of EUR 19.69. As the date of the non-cash capital contribution is critical for the measurement of the wage tax consequences, the net bonus level and the number of potential shares were identified as part of an estimation.

A personal expense of TEUR 282 for the retention bonus was recorded in the consolidated interim financial statements as of June 30, 2014. The retention bonus program is to be partially classified as equity-settled in the meaning of IFRS 2. For this reason, of the personal expense of TEUR 282, TEUR 169 was offset directly with additional paid-in capital. The resulting net bonus amount of TEUR 169, which is for the acquisition of shares available, was allocated to the capital reserve. The calculated payroll taxes of TEUR 113 was recognized as a provision.

Note 6) Segment reporting

30.06.2014

(in TEUR)	SLM	RP	Bridge	Total
Revenue	**8,958**	**1,897**	**-25**	**10,830**
Costs	8,274	2,316	8,917	19,507
EBITDA	**684**	**-419**	**-8,942**	**-8,677**
Amortization, depreciation and impairments				-399
Amortization PPA related				-641
Interest and similar expenses				-241
Income taxes				2,714
Net result for the period				**-7,244**

30.06.2013

(in TEUR)	SLM	RP	Bridge	Total
Revenue	**6,096**	**2,514**	**-52**	**8,558**
Costs	5,879	2,266	227	8,372
EBITDA	**217**	**248**	**-279**	**186**
Amortization, depreciation and impairments				-241
Amortization PPA related				-765
Interest and similar expenses				-145
Other expenses				-21
Income taxes				157
Net result for the period				**-829**

No impairment charges needed to be reported in the segmental results. In relation to the comparable periods, segment assets changed only to a normal operating extent as no significant disposal or investment measures were implemented, as planned.

Segment results for the first six months in any given fiscal year are considerably impacted by seasonal effects (please see note 4). The estimated expenses from the IPO that have been incurred by the balance sheet date are reported in the reconciliation of the segmental result for the first six months of 2014, as these expenses cannot be allocated to any segment, and are not included in the assessment of segment results in internal reporting.

Note 7) Non-current assets

Non-current assets remain significantly affected by the hidden reserves in the technology area which were disclosed parting the context of the purchase price allocation that was performed in the previous year. 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 are attributable mainly to development expenses to be capitalised pursuant to IAS 38.

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 amortization.

Note 8) Liquidity and financial liabilities

Both in the previous year and during the first half year of 2014, 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. Together with higher legal and advisory expenses in connection with the IPO that was successfully concluded on May 9, 2014, this business model-related pre-financing fed through to markedly negative cash flow from operating activities.

Working capital	June 30, 2014	Dec. 31, 2013	June 30, 2013	Difference 6-month period	 12-month period
Trade receivables	8,487	5,803	3,630	2,684	4,857
Inventories	9,710	5,928	5,658	3,782	4,052
Other assets	3,130	262	375	2,868	2,755
Trade payables	-3,481	-1,965	-1,973	-1,517	-1,508
Provisions	-506	-442	-223	-64	-283
Other liabilities and accrued expenses	-3,839	-2,243	-1,187	-1,595	-2,652
Total	**13,501**	**7,343**	**6,280**	**6,158**	**7,221**

The commitment in working capital amounted to TEUR 7,221 for the elapsed (rolling) 12-month period, and to TEUR 6,158 for the January 1 to June 30, 2014 for the period.

In the previous year, cash flow from investing activities was considerably affected by the acquisition of SLM Solutions GmbH, Lübeck, and as a consequence can be compared with the cash flow from investing activities for the first quarter 2014 to only a limited extent.

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

Cash flow from financing activities is significantly characterised by the proceeds from the IPO and the shareholders' obligation to reimburse costs. The gross IPO proceeds of TEUR 75,000 were offset with the TEUR 2,976 of transaction costs which were already paid as of June 30, 2014 and which were reported directly within equity.

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

(in TEUR)	June 30, 2014	June 30, 2013	Dec. 31, 2013
Cash and cash equivalents balance sheet	65,537	694	2,404
Time deposits with financial institutions (maturity over three months)	-32	-32	-32
Current account financial institutions	-13	0	0
Cash and cash equivalents cash flow statement	65,492	662	2,372

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 split 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 June 30, 2014, the equity ratio amounts to 88.56 % (June 30, 2013 balance sheet date: 44.99 %; December 31, 2013: 41.3 %).

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:

	Jun. 30, 2014	Jun. 30, 2013
Gross bonus payment in EUR	3,013,310.3	-
Beneficiaries' subscription price in EUR	19.69	-
Assumed reporting date price at the date of the issue of the shares in EUR	20.18	-
Tax rate, flat	40 %	-
Calculated tax payment in EUR	1,223,323.63	-
Net bonus level in EUR	1,789,986.68	-
Number of shares to be purchased	90,931	-
Number of shares, diluted	18,071,798	
Net result attributable to equity holders of the parent company (TEUR)	-7,244	-829

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 Board 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 June 30, 2014:

- Dr. Markus Rechlin and his family
- Uwe Bögershausen and his family
- Hans-Joachim Ihde and his family

Parcom Deutschland I GmbH & Co. KG, which has its corporate seat in Germany, was the majority shareholder of SLM Solutions Group AG until the successful conclusion of the IPO. ING Group NV, which has its corporate seat in Amsterdam, the Netherlands, was the ultimate parent company of the Group until the date of the successful IPO.

Since the successful admission to stock market listing of the company, no shareholder exerts direct control. Due to their remaining interests in the subscribe share capital, which are also subject to lock-up holding periods, the old shareholders (Parcom Deutschland I GmbH & Co. KG and its shareholder and managing director, Mr. Henner Schöneborn, as well as Ceresio GmbH and its shareholder and managing director) can continue to exert significant influence over the company, and exert notional control at Shareholders' General Meetings depending on the presence majority.

In order to improve the transparency of the business relationships with related parties, the information about business transactions with related parties is split into two different categories.

The services and other business transactions rendered until June 30, 2014 as part of normal operating activities correspond in their scope to the business relationships during the first half year of 2013, and, with the exception of the shareholder financing existing until February 28, 2014 (see note 8 of the Q1 report 2014), exert no significant influence on the net assets, financial position and results of operations of SLM.

In addition, cost transfer statements were issued to the company in anticipation of the IPO which have a significant effect on SLM's net assets, financial position and results of operations, and which are explained in note 5.

Note 11) Other financial obligations and contingent claims

11.1) Other financial obligations

Other financial obligations arise from leasing and rental agreements. Please refer to our remarks in the consolidated financial statements as of December 31, 2013 as no new significant financial obligations have been entered into up until June 30, 2014, with the exception of a new office rental agreement for the US subsidiary and a new office tract of the SLM Solutions GmbH.

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

As of September 1, 2014, SLM will have its own sales branch in the strategically important location of Singapore. SLM Solutions Singapore Pte. Ltd. was already founded on July 2, 2014 for this purpose. This branch, which is located in Singapore's German Centre, will be opened on September 1, 2014, and allows SLM Solutions to considerably expand its business in Asia. Along with sales, this company is focusing on establishing the sales and dealer network in neighbouring countries. Secondly, in May 2014 SLM Solutions assigned a corporation agreement worth EUR 3 million with Singapore's Nanyang Technical University (NTU). This agreement has given birth to the newly created NTU Additive Manufacturing Centre, which concentrates on deploying 3D printing technologies in the biomedicine area, although it will also research new materials and technologies for the aerospace and energy sectors. The project is being supported by the Singapore Ministry of Finance and will go into operation in the third quarter.

With an entry in the commercial register dated July 30, 2014, the Management Board of SLM Solutions Group AG was extended to include Mr. Henner Schöneborn.

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 (June 30, 2014)	**Measurement category**	**Carrying amount**	**Fair value**
Receivables and other assets	LaR	10,534	10,534
Financial liabilities	FLAC	3,588	3,588

Financial instruments (June 30, 2013)	**Measurement category**	**Carrying amount**	**Fair value**
Receivables and other assets	LaR	3,639	3,639
Financial liabilities	FLAC	7,190	7,190

Dr. Markus Rechlin
SLM Solutions Group AG

Uwe Bögershausen

Henner Schöneborn

REVIEW REPORT

To SLM Solutions Group AG, Lübeck

We have reviewed the condensed consolidated interim financial statements - comprising the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and selected explanatory notes - and the interim group management report of SLM Solutions Group AG, Lübeck, for the period from January 1, 2014 to June 30, 2014, which are part of the half-year financial report pursuant to § 37w of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to the interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Lübeck, August 27, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

Herbers [signed]	Beecker [signed]
German Public Auditor	German Public Auditor

Responsibility statement

We confirm to the best of our knowledge and in accordance with the applicable reporting principles, that the consolidated interim financial statements give a true and fair view of the assets, financial and earning position of the Group and that the business development in the consolidated management report is presented in a way that provides the reader with a true and fair view of the position of the Group and in a way that reflects the opportunities and risks associated with the expected development of the Group.

August 2014

Dr. Markus Rechlin
SLM Solutions Group AG

Uwe Bögershausen

Henner Schöneborn