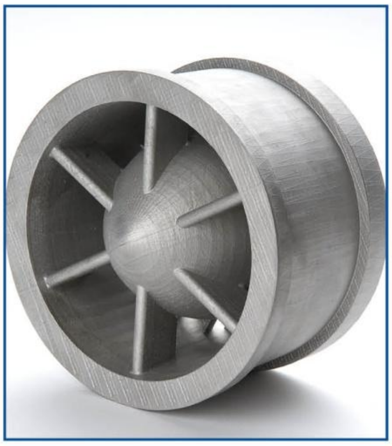
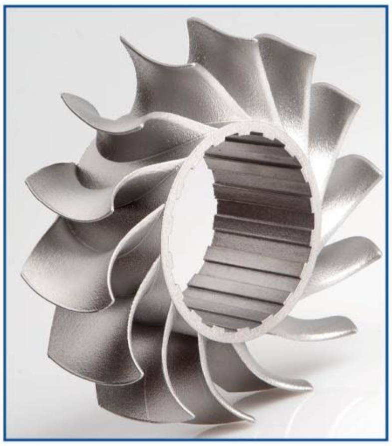
SLM Solutions Group AG
Q3 2014 Report

Highlights

	Unit	9M 2014	9M 2013	Change (in% or % points)
Revenue	TEUR	**18,842**	12,789	+47.3
Total output	TEUR	**22,202**	14,131	+57.1
Cost of materials	TEUR	**12,311**	7,370	+67.1
Cost of materials ratio (as % of total output)	%	**55.45**	52.16	+3.3
Personnel costs	TEUR	**5,836***	3,373	+73.0
Personnel cost ratio (as% of total output)	%	**26.29***	23.87	+2.4
Adjusted EBITDA	TEUR	**785**	591	+32.8
Adjusted EBITDA margin (as % of total output)	%	**4.17**	4.63	-0.5
Consolidated net result	TEUR	**-7,456**	-957	
Earnings per share**	EUR	**-0.42**	-0.06	
New order intake	Number of machines	**36**	14	+157.1
Machines sold	Number of machines	**27**	16	+68.8

		Sep. 30, 2014	Sep. 30, 2013	Change (in % or % points)
Non-current assets	TEUR	**21,398**	20,780	+3.0
Current assets	TEUR	**85,293**	11,587	+636.1
Equity ratio	%	**89.53**	42.93	+46.6
Total assets	TEUR	**106,691**	32,367	+229.6

* First nine months of 2014 adjusted for one-off expenses of 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,

SLM is growing – and in the third quarter of 2014, we continued to add to our new order intake. Moreover: we are growing faster – compared with 14 orders in the first nine months of 2013, in the same period this year we have already received 36 orders for machines. In addition, our customers' ordering patterns are changing to our advantage: while exclusively individual machines were ordered in the comparable period of 2013, five customers have already placed orders for multiple machines during the first nine months of 2014 – in order to deploy them in industrial production environments for direct part manufacturing. And our revenue is on a positive trend: we turned over EUR 18.8 million during the first nine months of 2014 – representing 47.3% growth compared with the previous year's EUR 12.8 million. In terms of total output, too, with EUR 22.2 million after the first nine months of 2014, we are already at the previous year's level – this too representing a further strong indicator of our growth!

At the time of our IPO, we announced that we aim to grow through three initiatives over the coming years: firstly, we wish to further extend our technology leadership through a focus on research and development; secondly, we aim to further expand our international sales and service network; and thirdly, we intend to play a greater role in the consumables business (metallic powders). We have come a considerable way with this strategy during the first nine months of the current year – quite apart from our operating successes.

The market for metal-based 3D printing is currently crossing a decisive inflection point. Major industrial customers are making a transition to deploying our selective laser melting systems for industrial series production. This trend signifies a major opportunity for us. Which is why we are focusing on our core business with laser melting systems – a technology that has the potential to revolutionise industrial manufacturing.

And we have undertaken various ventures during the past months to retain our leading position: in May, we launched a cooperation venture with Singapore's Nanyang Technical University (NTU), and opened our own local office, which allows us to be situated closer to our customers on the Asian markets, and to drive ahead decisively with our basic research. We have also intensified our sales activities at our American subsidiary. In our Rapid Prototyping (RP) segment, we will focus on selling consumables in the immediate future.

Already at the end of July, we expanded our Management Board team to include Henner Schöneborn. He has known our company for more than two decades, and is now driving our research and development ahead as Management Board member with responsibility for the areas of "Corporate Development and Innovation". Since October 1, 2014, Andreas Frahm, an expert in international service and sales, has comprised a further member of our Management Board team. As Managing Director of our operating subsidiary SLM Solutions GmbH, Mr. Frahm is responsible for our international sales, marketing and service activities.

In order to continue our operating successes, we have our ear to the market and network within our sector – including, f.e., at the TCT Live 2014, which was held in Birmingham, UK, between September 30 and October 2, 2014. At the end of October, we were also present with a stand at AIRTEC in Frankfurt, Germany. These important sector trade fairs enable us to play a significant role in helping to structure metal-based 3D printing developments. At the end of November, we will present ourselves to the specialist public and interested investors at EuroMold, which is being held at the same time as the Frankfurt Stock Exchange's German Equity Capital Forum – also in Frankfurt.

Our company owes its existence to its staff, and their know-how and commitment. We aim to further expand SLM Solutions' strength, thereby continuing to grow successfully. We are on track – and we will utilise the proceeds from the IPO consistently for our growth strategy over the coming months and years. I would like to thank our shareholders, customers, business partners and colleagues for the trust and confidence that they have invested in us, and I look forward to continuing this course together with you.

Lübeck, November 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 report's publication, most of these 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 first closing price at May 9 was EUR 18.04. The share has since performed well, rising by 7.0% to EUR 19.30 as of November 14, 2014, which corresponds to a market capitalisation of EUR 347 million on the basis of 17,980,867 shares traded. The stock outperformed the TecDAX (price index), which only grew by 0.5 % during this period until November 14. The average number of the company's shares traded per day on Xetra amounted to 37,701 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 that, in turn, comprises an important precondition for liquid trading in the stock, and boosts its attractiveness to investors.

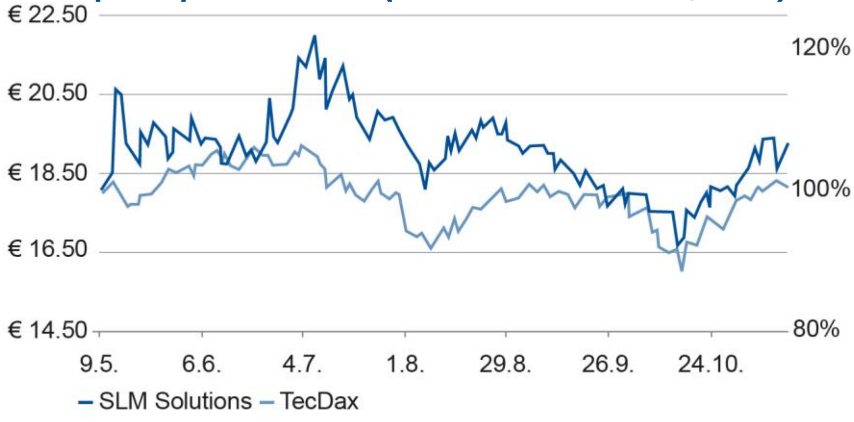
At the same time, key individuals of the company are also committed anchor shareholders: company founder Hans Ihde, Chairman of the Supervisory Board of the company, and majority shareholder of SLM shareholder Ceresio GmbH, and new Management Board member Henner Schöneborn, who has worked for SLM Solutions 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 November 14, 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% (2,917,282 shares) on November 14.

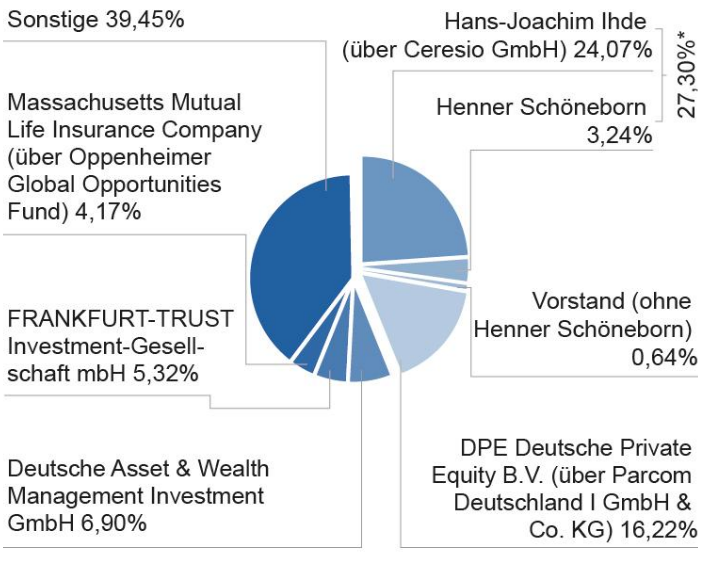
Key share data
(As of: November 14, 2014)

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 November 14, 2014	19.30
Number of shares	17,980,867 ordinary no par value bearer shares

Share price performance (as of: November 14, 2014)



Shareholder structure (as of: November 14, 2014)



* Pooling agreement: joint pursuit of interests pursuant to Section 22 (2) of the German Securities Trading Act (WpHG)

Group interim management report

Basis of the Group

Business model

SLM Solutions Group AG, headquartered 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, as well as other services such as machine maintenance. Our **RP ("rapid prototyping") segment**, which now represents a smaller business area for us, comprises our traditional business with vacuum casting systems and metal casting systems. We also offer a large number of consumables for various applications. Compared with the SLM segment, this area meanwhile possesses a subordinate and further reducing significance.

Our **product range** in our SLM segment currently comprises three systems – the SLM 125^{HL}, the SLM 280^{HL} and the SLM 500^{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 its lower level 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. The quality leadership of SLM Solutions products is being supplemented to an increasing extent by time gains in production as the result of deploying multi-laser technology. This allows manufacturing processes in industrial production such as precision milling to be increasingly replaced by laser melting.

Customers for our metal-based additive production systems are active in very different types of industrial areas, including aerospace, the energy sector, healthcare, 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**. We regularly define and evaluate interim targets for each pillar:

- 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 be more present in the **consumables business** (metal powders). 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 our 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**) provide the best indicator of profitability. In addition, this key indicator excludes 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 recognised. 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. Further market potentials in the industrial manufacturing area are being tapped increasingly by progress made with the multi-laser technology that we utilise. The company has a portfolio of intellectual property 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. In Singapore, SLM Solutions has been conducting basic research for our technology in cooperation with Nanyang Technical University (NTU) since September 1, 2014. Our investments in research and development will on the areas of installation space expansion, 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 24 employees. A total of 34 projects are being worked on.

Economic report

Macroeconomic situation in target markets

The leading German economic research institutions expect that the **global economy** will report moderate expansion over the full course of 2014. In particular, they see a continuation of the upturn in the USA. The Eurozone economy might not recover momentum until during the course of 2015, however. The growth tempo in emerging economies lies ahead of that of advanced economies, although it is somewhat weak on a long-term comparison (source: Joint Forecast Project Group, Autumn 2014). German gross domestic product (GDP) in the third quarter 2014 grew slightly compared with the previous quarter (growth of 0.1 percent), although it was up by 1.2 percent year-on-year (source: German Federal Statistical Office on November 14, 2014).

In October 2014, the International Monetary Fund implemented a further revision to its forecasts for the full 2014 year due to geopolitical risks, and now expects global GDP growth of just 3.3 percent year-on-year. The forecast for the **USA** was upgraded to 2.2 percent, downgraded to 0.8 percent the Eurozone, and reduced to 1.4 percent for Germany (source: IMF World Economic Outlook, October 2014).

Market for metal-based 3D printing

SLM Solutions operates in a very attractive global growth 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 to 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 due to direct component manufacturing (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 freedom of design 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 nine months of 2014: SLM Solutions Singapore Pte. Ltd. was founded at our Singapore site on July 2, 2014. 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), for which the Economic Development Board of the citystate is providing financial support. In this context, we now have an efficient platform for further-reaching fundamental research in the materials area, and for further development of our systems technology. The team has been expanded by six staff members, including five engineers for applications, service and research. The number of our staff grew to 137 as of the September 30, 2014 reporting date (September 30, 2013: 79) due to the expansion of our international sales function, and our research and development activities. During the first nine months of 2014, and compared with the prior-year period, our customers were increasingly making a transition to ordering several machines, which has given us an additional growth impulse in terms of new order intake.

During the first nine months of 2014, SLM Solutions was represented at numerous conferences and specialist trade fairs – including in Lübeck, Berlin, Düsseldorf, Ankara, Detroit, Tucson (Arizona), Birmingham (UK), and Frankfurt am Main. We utilise these opportunities to enter into intensive dialogue with sector representatives, customers and interested parties. At the 9th AIRTEC in Frankfurt am Main, a specialist exhibition for aerospace technology with B2B meetings and an international conference that was held between October 28 and 31, SLM Solutions showcased groundbreaking ways to deploy laser melting technology in industrial manufacturing. Also at the TCT Live 2014, a global business forum for 3D design and 3D manufacturing technologies, we established many interesting contacts, and presented our practice-proven systems technology to an audience of interested specialists.

At the end of November 2014, SLM Solutions will present laser melting technology to interested investors at EuroMold, the specialist 3D printing specialist fair, and at Deutsche Börse's German Equity Forum, both of which are being held at the same time in Frankfurt, and conduct in-depth one-on-one meetings.

Results of operations

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

The results of operations of SLM Solutions Group AG were characterised by strong revenue growth and a very good order book position during the first nine months of 2014. Revenue during the first nine months of 2014 was up by 47.3% to TEUR 18,842 (9M previous year: TEUR 12,789). Most of the revenue was generated in the company's core segment, the SLM segment (SLM = Selective Laser Melting), where revenue growth amounted to 77%. In the RP segment (RP = Rapid Prototyping), revenue fell further, as planned.

New order intake more than doubled year-on-year from 14 to 36 machines. These orders include three orders for the SLM 500 HL flagship product, currently the most productive laser melting system on the market. Compared with the previous 2013 year, when only individual machines were ordered, five customers have already submitted orders for several machines during the first nine months of 2014. This change in ordering behaviour from internationally operating industrial companies is proving to be a driver of sales revenue growth. **Total output** – the sum of sales revenue, inventory changes and other own work capitalised – of TEUR 22,202 was up by 57.1% compared with the previous year's level (9M previous year: TEUR 14,131). This reflects a strong increase in new order intake and the related higher level of finished goods and work in progress of TEUR 2,433 (9M previous year: TEUR 1,219).

Given higher business volumes, the **cost of materials** rose to TEUR 12,311 (9M previous year: TEUR 7,370). The cost of materials ratio (expressed as a percentage of a total output) increasing by 3.3 percentage points to 55.5 % (9M previous year: 52.2%). This is mainly due to inventory build-up.

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 during the first nine months of 2014. Of the total IPO costs of TEUR 12,261, TEUR 3,811 of expenses were 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 advisory costs, as well as bank fees and insurance cost) of TEUR 2,800 were reported among **other operating expenses.** The proportional compensation of previous shareholders of expenses arising from the IPO amounted to TEUR 1,812 during the first nine months of 2014, and is reported as an additional contribution carried directly to equity (see reimbursement of a total of TEUR 7,461 in the statement of changes in equity on page 21).
- 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. This considerably increased personnel expenses in the period under review, to TEUR 11,486 (9M previous year: TEUR 3,373). The expenses for the IPO bonus were fully reimbursed by the old shareholders, thereby resulting in no net charge for the company. The full compensation of the IPO bonus of TEUR 5,650 is reported as an additional contribution carried directly to equity (see reimbursement totalling TEUR 7,461 in statement of changes in equity on page 21). When adjusted for the IPO bonus, personnel expenses amount to TEUR 5,836, with the adjusted personnel expense ratio (expressed as a percentage of total output) of 26.29% being thereby 2.4 percentage points ahead of the previous year's level (9m previous year: 23.87%). Also to be taken into consideration in this context is the higher **number of employees** of 137 individuals as of the September 30, 2014 reporting date (September 30, 2013: 79), which is attributable to the implementation of the company's growth strategy.

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 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 746 were reported for this program in the first nine months of 2014. The calculated net bonus amounts of TEUR 448, which is available to purchase shares, was transferred to additional paid-in capital.

Other operating expenses totalled TEUR 7,594 (9M previous year: TEUR 3,252). When adjusted to reflect the one-off expenses for the IPO, the IPO bonus, the retention bonus reported among personnel expenses, and investor relations costs, **adjusted EBITDA** (earnings before interest, tax, depreciation and amortisation) amounted to TEUR 785 in the first nine months of 2014 (9M previous year: TEUR 591). This corresponds to an adjusted EBITDA margin (expressed as a percentage of revenue) of 4.2% (9M previous year: 4.6%). Adjusted EBITDA stood at TEUR -8,517 (9M previous year: TEUR 591, see 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 630 during the first nine months of 2014 (9M previous year: TEUR 405), 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 amounting to TEUR 961 (9M previous year: TEUR 1,148), and consequently below the 2013 level.

The **operating result (EBIT) adjusted** for the aforementioned one-off expenses and PPA-related amortisation stood at TEUR 155 (9M previous year: TEUR 186), with the EBIT margin (expressed as a percentage of sales revenue) equivalent to 0.8% (9M previous year: 1.5%). On an unadjusted basis, EBIT amounted to TEUR -10,108 (9M previous year: TEUR -962). Interest expenses of TEUR 301 were higher than in the previous year, although still at a low level (9M previous year: TEUR 206).

Tax income of TEUR 2,953 during the first nine months of 2014 was considerably ahead of the level of the prior-year period (9M previous year: TEUR 232). This increase is predominately attributable to capitalised tax savings resulting from tax loss carryforwards. The **net result** for the nine-month period consequently amounted to TEUR -7,456 (9M previous year: TEUR -957). Given 17,980,867 shares in issue, this corresponds to undiluted **earnings per share** of EUR -0.42.

Financial position

Cash flow from operating activities of TEUR -15,106 during the first nine months of 2014 was significantly below the level of the previous-year period (9M previous year: TEUR -1,973). This development arises predominantly from the considerably lower net result in the period under review, which entailed expensing IPO costs and the IPO bonus. In addition, a significantly higher level of funds was tied up in working capital due to the very good order book position. In particular, inventories and trade receivables registered a sharp increase compared with December 31, with trade receivables more than doubling.

Cash flow from investing activities of TEUR -2,034 during the first nine months of 2014 was markedly lower than the previous year's level (9M previous year: TEUR -9,125). 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 78,620 during the first nine months of 2014 (9M previous year: TEUR 10,682), and was considerably impacted by the cash proceeds from the IPO (TEUR 71,189), 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 3,811, which were reported directly in equity.

The **cash and cash equivalents position** as of September 30, 2014 (less term deposits at banks with a term of more than three months) increased considerably compared with December 31, 2013 to a level of TEUR 63,866 (December 31, 2013: TEUR 2,372).

Net assets

Due to the successful IPO and the continued corporate growth, the **total assets** of SLM Solutions Group AG grew significantly to TEUR 106,691 as of September 30 (December 31, 2013: TEUR 35,595).

In this context, **non-current assets** of TEUR 21,398 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). Intangible assets comprise the most significant non-current assets item, amounting to TEUR 17,791 (December 31, 2013: TEUR 18,971).

Current assets multiplied to TEUR 85,293 as of the balance sheet date (December 31, 2013: TEUR 14,569). This is primarily attributable to the sharp increase in liquid assets as a consequence of the IPO. Given the good order book position and seasonality factors that are typical of the sector, inventories and trade receivables rose sharply, with the latter more than doubling. Inventories amounted to TEUR 11,496 (December 31, 2013: TEUR 5,928), and trade receivables stood at TEUR 8,998 (December 31, 2013: TEUR 5,803). Between December 31, 2013 and September 30, 2014, current assets' share of total assets grew from 41% to 80%.

Due to the capital increase as part of the IPO, the company's **subscribed share capital** stood at TEUR 95,516 as of September 30, 2014 (December 31, 2013: TEUR 14,693). The equity ratio consequently registered a marked increase to almost 90% (December 31, 2013: 41%). The bolstering of equity was chiefly due to the payment received from the IPO capital increase of TEUR 72,367, most of which was transferred to additional paid-in capital.

Non-current liabilities reduced to TEUR 4,483 as of September 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). Deferred tax assets amounted to TEUR 1,075 (December 31, 2013: TEUR 5,167), and are connected mainly with the recognition of laser technology in the context of the PPA. The fall in deferred tax liabilities arises from offsetting with deferred tax asset deriving from tax loss carryforwards.

Current liabilities stood at TEUR 6,692 (December 31, 2013: TEUR 4,707), with trade payables amounting to TEUR 3,383 (December 31, 2013: TEUR 1,965). Expressed in terms of total assets (or total equity liabilities), current liabilities accounted for a 6% share as of September 30, 2014 (December 31, 2013: 13%).

Events after the balance sheet date

The Management Board of SLM Solutions GmbH, which is based in Lübeck and is the operating subsidiary of SLM Solutions Group AG, was expanded as of October 1, 2014, to include Andreas Frahm, who has since been responsible in this position for international sales, marketing and service activities. Mr. Frahm is a member of the Group management team.

Opportunities and risks

SLM Solutions Group AG operates in a technologically demanding future-oriented market that entails both opportunities and risks. The company implements various measures to safeguard the company as a going concern and to support its positive development and growth. A risk management system that is integrated as a continuous process into all significant corporate processes forms an important element of this. This system helps is to identify risks at an early stage, and to respond to them proactively. All relevant risks are identified, quantified, communicated and steered as part of a regular risk inventory.

Risk reporting is made to the Managing and Supervisory boards at predetermined intervals. Established structures ensure that opportunities and risks of relevance to business operations are identified at the right time. All regulations relating to the risk management system are aggregated and described within a risk manual that is valid across the entire Group. 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. As a result of the company's focus on the promising future business with laser melting systems, the revenue contribution from the smaller RP segment with rapid prototyping services will diminish by the end of 2014. 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. The company is of the view that it is probable that new order intake at the year-end will lie at the upper end of the targeted range.

Compared with the 28 machines that SLM Solutions sold in 2013, the current sales pipeline reflects higher demand for the company's products and accelerating market growth in the industrial manufacturing area. In addition, SLM Solutions recorded a new order intake of 36 machines during the first nine months of 2014 – reflecting a doubling compared with the 14 machines during the same period of the previous year.

As of November 14, 2014, new order intake stood at 43 machines – compared with 21 machines during the prior-year comparable period. While solely individual machines were ordered in the prior-year comparable period, major industrial customers increasingly made a transition to placing orders for multiple machines in 2014. This trend is already reflected in higher total output during the first nine months of 2014.

As SLM Solutions is continuously boosting its productivity and efficiency, the Management Board also anticipates a solid level of adjusted EBITDA in the 2014 fiscal year. The adjustments particularly comprise the costs of the IPO as well as the IPO bonus, which comprise a one-off charge to earnings in the 2014 fiscal year.

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

Contents

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

(in TEUR)	Jan. 1 - Sep. 30, 2014	Jan. 1 - Sep. 30, 2013	Jan. 1 - Dec. 31, 2013
Revenue	18,842	12,789	21,575
Increase in inventories of finished goods and work in progress	2,433	1,219	615
Other work performed by the company and capitalized	927	123	162
Total output	**22,202**	**14,131**	**22,352**
Cost of materials	-12,311	-7,370	-11,438
Gross profit	**9,891**	**6,761**	**10,914**
Personnel costs	-11,486	-3,373	-4,705
Other operating income	672	454	439
Other operating expenses	-7,594	-3,252	-4,553
EBITDA	**-8,517**	**591**	**2,095**
Depreciation and amortisation expense	-630	-405	-585
Amortisation PPA related	-961	-1,148	-1,531
Operating result (EBIT)	**-10,108**	**-962**	**-21**
Interest and similar expenses	-301	-206	-588
Other expenses	0	-21	0
Earnings before income taxes (EBT)	**-10,409**	**-1,189**	**-609**
Income taxes	2,953	232	179
Net result	**-7,456**	**-957**	**-430**
Attributable to:			
Controlling interests	-7,456	-957	-430
Non-controlling interests	0	0	0
Net result for the period attributable to parent company shareholders	-7,456	-957	-430
Number of shares in millions	18.0	n.a.	n.a.
Undiluted earnings per share (in EUR)*	-0.42	-0.06	-0.02
Diluted earnings per share (in EUR)	-0.42	-0.06	-0.02

* In each case calculated with 17,980,867 shares for ease of comparison

Consolidated income statement (July 1 – September 30, 2014)

(in TEUR)	July 1 - Sep. 30, 2014	July 1 - Sep. 30, 2013	July 1 - Dec. 31, 2013
Revenue	8,012	4,231	21,575
Increase in inventories of finished goods and work in progress	364	950	615
Other work performed by the company and capitalized	321	26	162
Total output	**8,698**	**5,207**	**22,352**
Cost of materials	-4,527	-2,574	-11,438
Gross profit	**4,170**	**2,633**	**10,914**
Personnel costs	-2421	-1,236	-4,705
Other operating income	385	336	439
Other operating expenses	-1,974	-1,328	-4,553
EBITDA	**160**	**405**	**2,095**
Depreciation and amortisation expense	-231	-163	-585
Amortisation PPA related	-320	-383	-1,531
Operating result (EBIT)	**-391**	**-141**	**-21**
Interest and similar expenses	-60	-61	-588
Other expenses	0	0	0
Earnings before income taxes (EBT)	**-451**	**-202**	**-609**
Income taxes	239	74	179
Net result	**-212**	**-128**	**-430**
Attributable to:			
Controlling interests	-212	-128	-430
Non-controlling interests	0	0	0
Net result for the period attributable to parent company shareholders	-212	-128	-430

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

(in TEUR)	Jan. 1 - Sep. 30, 2014	Jan. 1 - Sep. 30, 2013	Jan. 1 - Dec. 31, 2013
Net result for the period	-7,456	-957	-430
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	–	–	382
Taxes on actuarial gains and losses	–	–	-118
Income/expenses that are recycled to the income statement in the future:			
Exchange rate differences	-24	0	-1
Other comprehensive income	**-24**	**0**	**263**
Total comprehensive income	**-7,480**	**-957**	**-167**
Attributable to			
Shareholders of SLM Solutions Group AG	-7,480	-957	-167

Consolidated statement of comprehensive income (July 1 – September 30, 2014)

(in TEUR)	July 1 - Sep. 30, 2014	July 1 - Sep. 30, 2013	July 1 - Dec. 31, 2013
Net result for the period	-212	-128	-430
Items not to be reclassified to profit or loss:			
Actuarial gains and losses	–	–	382
Taxes on actuarial gains and losses	–	–	-118
Income/expenses that are recycled to the income statement in the future:			
Exchange rate differences	-25	0	-1
Other comprehensive income	**-25**	**0**	**263**
Total comprehensive income	**-237**	**-128**	**-167**
Attributable to			
Shareholders of SLM Solutions Group AG	-237	-128	-167

Consolidated statement of financial position

(in TEUR)	Sep. 30, 2014	Sep. 30, 2013	Dec. 31, 2013
Assets			
Cash and cash equivalents	63,898	-97	2,404
Trade receivables	8,998	4,260	5,803
Inventories	11,496	7,170	5,928
Current income tax receivables	0	0	172
Other assets	902	254	262
Total current assets	**85,293**	**11,587**	**14,569**
Intangible assets	17,791	18,701	18,971
Property, plant and equipment	3,415	2,008	2,051
Other assets	192	71	4
Total non-current assets	**21,398**	**20,780**	**21,026**
Total assets	**106,691**	**32,367**	**35,595**

(in TEUR)	Sep. 30, 2014	Sep. 30, 2013	Dec. 31, 2013
Equity and liabilities			
Trade payables	3,383	2,250	1,965
Other financial liabilities	56	555	56
Provisions	681	223	442
Tax provisions	0	14	0
Other liabilities	2,572	1,979	2,243
Total current liabilities	**6,692**	**5,021**	**4,707**
Financial liabilities	38	5,102	7,968
Pension plans and similar commitments	3,234	3,428	3,061
Deferred tax liabilities	1,075	4,922	5,167
Provisions	136	0	0
Total non-current liabilities	**4,483**	**13,452**	**16,196**
Subscribed share capital	17,981	72	81
Additional paid-in capital	85,489	15,085	15,085
Retained earnings	-7,929	-1,263	-472
Foreign currency translation	-25	0	-1
Equity attributable to equity holders of the parent	**95,516**	**13,894**	**14,693**
Total equity	**95,516**	**13,894**	**14,693**
Total equity and liabilities	**106,691**	**32,367**	**35,595**

Consolidated statement of cash flows

(in TEUR)	Jan. 1 - Sep. 30, 2014	Jan. 1 - Sep. 30, 2013	Jan. 1 - Dec. 31, 2013
Net result	-7,456	-957	-430
Depreciation and amortisation expense	1,591	1,553	2,116
Interest expenses	301	206	588
Net tax result	-2,953	-232	-179
(Income) losses from disposal of assets	0	0	-9
Other non-cash income	-211	-62	0
Non-cash expenses	720	0	0
Change in assets and liabilities			
Inventories	-5,168	-2,314	-1,071
Trade receivables	-5,008	383	-1,159
Pension liabilities	173	137	41
Trade payables	2,254	-480	-766
Provisions	374	5	224
Other assets and liabilities	147	512	1,018
Tax payments	130	-725	-828
Net cash provided by (used in) operating activities	**-15,106**	**-1,973**	**-455**
Payments relating to business combinations (less cash required)	0	-8,000	-8,000
Purchases of property, plant and equipment and intangible assets	-1,107	-1,002	-1,882
Payments for intangible assets produced by the company itself	-927	-123	-162
Cash inflows and (cash outflows) from the sale of participating interests, intangible assets, and property, plant and equipment	0	0	43
Net cash provided by (used in) investing activities	**-2,034**	**-9,125**	**-10,001**

(in TEUR)	Jan. 1 - Sep. 30, 2014	Jan. 1 - Sep. 30, 2013	Jan. 1 - Dec. 31, 2013
Proceeds from capital increase	71,189	8,013	8,022
Other proceeds from shareholders	7,461		0
Proceeds from issuance of debt	0	4,587	7,578
Repayment of debt	0	-1,842	-2,837
Repayment of leasing liabilities	0	-66	-139
Interest paid	-30	-10	-80
Net cash provided by (used in) financing activities	**78,620**	**10,682**	**12,544**
Net increase (decrease) in cash and cash equivalents	61,481	-416	2,088
Currency-related change in cash and cash equivalents	13	2	0
Cash and cash equivalents at start of period	2,372	284	284
Cash and cash equivalents at end of period*	**63,866**	**-129**	**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 differ-ences	Total	Non-controlling share-holders	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**
Net result	–	–	-957	–	**-957**	–	**-957**
Non-cash capital contribution	34	7,065	–	–	**7,099**	-7,109	**-10**
As of Sep. 30, 2013	**72**	**15,085**	**-1,263**	**0**	**13,894**	**0**	**13,894**
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	13,732	-13,732	–	–	**0**	–	**0**
Net result	–	–	-7,456	-24	**-7,480**	–	**-7,480**
Capital increase (IPO)	4,168	68,199	–	–	**72,367**	–	**72,367**
Reimbursement of shareholders	–	7,461	–	–	**7,461**	–	**7,461**
Other changes in equity	–	448	–	–	**448**	–	**448**
As of Sep. 30, 2014	**17,981**	**85,489**	**-7,929**	**-25**	**95,516**	**0**	**95,516**

Notes to the consolidated financial statements (IFRS) for the period from January 1, 2014 to September 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. SLM is represented with its own subsidiary in the USA and Singapore.

In the RP segment, which now comprises the smaller operating segment, the company assembles and sells vacuum casting machines and metal casting machines, and offers a large number of consumables for various applications in the rapid prototype manufacturing area. Compared with the SLM segment, this area meanwhile is of subordinate significance, which will decrease further. As a consequence, the order manufacturing services that it offered were discontinued in the third quarter of 2014.

These abbreviated consolidated interim financial statements of the SLM Solutions Group AG as of September 30, 2014 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

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 (Wertpapierhandelsgesetz, WpHG).

These consolidated interim financial statements, which have been reviewed by an auditor, 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 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:

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

SLM Solutions Singapore Pte Ltd. was founded in July 2, 2014.

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 hold the opinion 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 most important 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.

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 nine months of 2014. In order to better understand the operating business trend, these expenses are explained separately below:

	Until September 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 notes 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-off expenses that are not attributable to the primary operating business. These one-off 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.

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. The reimbursement of the IPO bonus occurred according to the interest held in the share capital by the previous shareholders before the IPO. The reimbursement of the other transaction costs occurred according to the share of the previous shareholders and of the company in the issue proceeds.

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 calculated by way of an estimate.

As of September 30, 2014, personnel expenses of TEUR 746 were reported in the interim consolidated financial statements for the retention bonus. The retention bonus program is to be classified partially as equity settled in the meaning of IFRS 2. The calculated net bonus amounts of TEUR 448, which is available to purchase shares, was transferred to additional paid-in capital. The calculated wage tax proportion of TEUR 298 was reported as a provision.

Note 6) Segment reporting

Sep. 30, 2014

(in TEUR)	SLM	RP	Reconciliation	Total
Revenue	**16,079**	**2,879**	**-116**	**18,842**
Costs	14,467	3,706	9,186	27,359
EBITDA	**1,612**	**-827**	**-9,302**	**-8,517**
Amortisation, depreciation and impairments				-630
Amortisation PPA related				-961
Interest and similar expenses				-301
Income taxes				2,953
Net result for the period				**-7,456**

30.09.2013

(in TEUR)	SLM	RP	Reconciliation	Total
Revenue	**9,045**	**3,681**	**63**	**12,789**
Costs	8,723	3,318	157	12,198
EBITDA	**322**	**363**	**-94**	**591**
Amortisation, depreciation and impairments				-405
Amortisation PPA related				-1,148
Interest and similar expenses				-206
Other expenses				-21
Income taxes				232
Net result for the period				**-957**

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 nine 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 as of September 30, 2014, 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 amortisation.

Note 8) Liquidity and financial liabilities

Both in the previous year and as of September 30, 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	Sep. 30, 2014	Dec. 31, 2013	Sep. 30, 2013	Difference 9-month period	Difference 12-month period
Trade receivables	8,998	5,803	4,260	3,195	4,738
Inventories	11,496	5,928	7,170	5,568	4,326
Other assets	902	262	254	640	648
Trade payables	-3,383	-1,965	-2,250	-1,419	-1,133
Provisions	-681	-442	-223	-239	-458
Other liabilities and accrued expenses	-2,572	-2,243	-1,979	-328	-593
Total	**14,760**	**7,343**	**7,232**	**7,417**	**7,528**

Funds tied up in working capital amounted to TEUR -7,528 for the (rolling) 12-month period elapsed, and to TEUR 7,417 for the January 1 to September 30, 2014 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 as of September 30, 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 3,811 of transaction costs which were already paid as of September 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

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

(in TEUR)	Sep. 30, 2014	Sep. 30 2013	Dec. 31, 2013
Cash and cash equivalents (balance sheet)	63,898	-97	2,404
Time deposits with financial institutions (maturity over three months)	-32	-32	-32
Cash and cash equivalents position (cash flow statement)	63,866	-129	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 September 30, 2014, the equity ratio amounts to 89.53% (September 30, 2013 balance sheet date: 42.93%; 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:

	Sep. 30, 2014	Sep. 30, 2013
Gross bonus payment in EUR	3,013,310.3	-
Beneficiaries' reference price in EUR	19.69	-
Assumed reporting date price at the date of the issue of the shares in EUR	17.95	-
Tax rate, flat	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	18,072,689	
Net result attributable to equity holders of the parent company (TEUR)	-7,456	-957

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.

As of September 30, 2014, these include:

- Dr. Markus Rechlin and his family
- Uwe Bögershausen and his family
- Hans-Joachim Ihde and his family
- Henner Schöneborn 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 September 30, 2014 as part of normal operating activities correspond in their scope to the business relationships during the first half nine months 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 September 30, 2014, with the exception of a new office rental agreement for the US subsidiary and a new office wing at 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

With an entry in the commercial register dated October 16, 2014, the Management Board of SLM Solutions Group AG was extended to include Mr. Andreas Frahm.

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, 2014)	**Measurement category**	**Carrying amount**	**Fair value**
Receivables and other assets	LaR	9,018	9,018
Financial liabilities	FLAC	3,477	3,477

Financial instruments (September 30, 2013)	**Measurement category**	**Carrying amount**	**Fair value**
Receivables and other assets	LaR	4,260	4,260
Financial liabilities	FLAC	7,759	7,759

Dr. Markus Rechlin
SLM Solutions Group AG

Uwe Bögershausen

Henner Schöneborn

REVIEW REPORT

To the SLM Solutions Group AG, Lübeck

We have reviewed the condensed interim consolidated financial statements, comprising the balance sheet, the income statement and comprehensive income statement, cash flow statement, statement of changes in equity and selected explanatory notes, together with the interim group management report of the SLM Solutions Group AG, Lübeck, for the period from 1 January 2014 to 30 September 2014, that are part of the quarterly financial report pursuant to § [Article] 37x Abs. [paragraph] 3 WpHG [Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review on the condensed interim consolidated financial statements and on the interim group management report in accordance with the 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 a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments 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 issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Luebeck, 20. November 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Herbers	gez. Beecker
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]