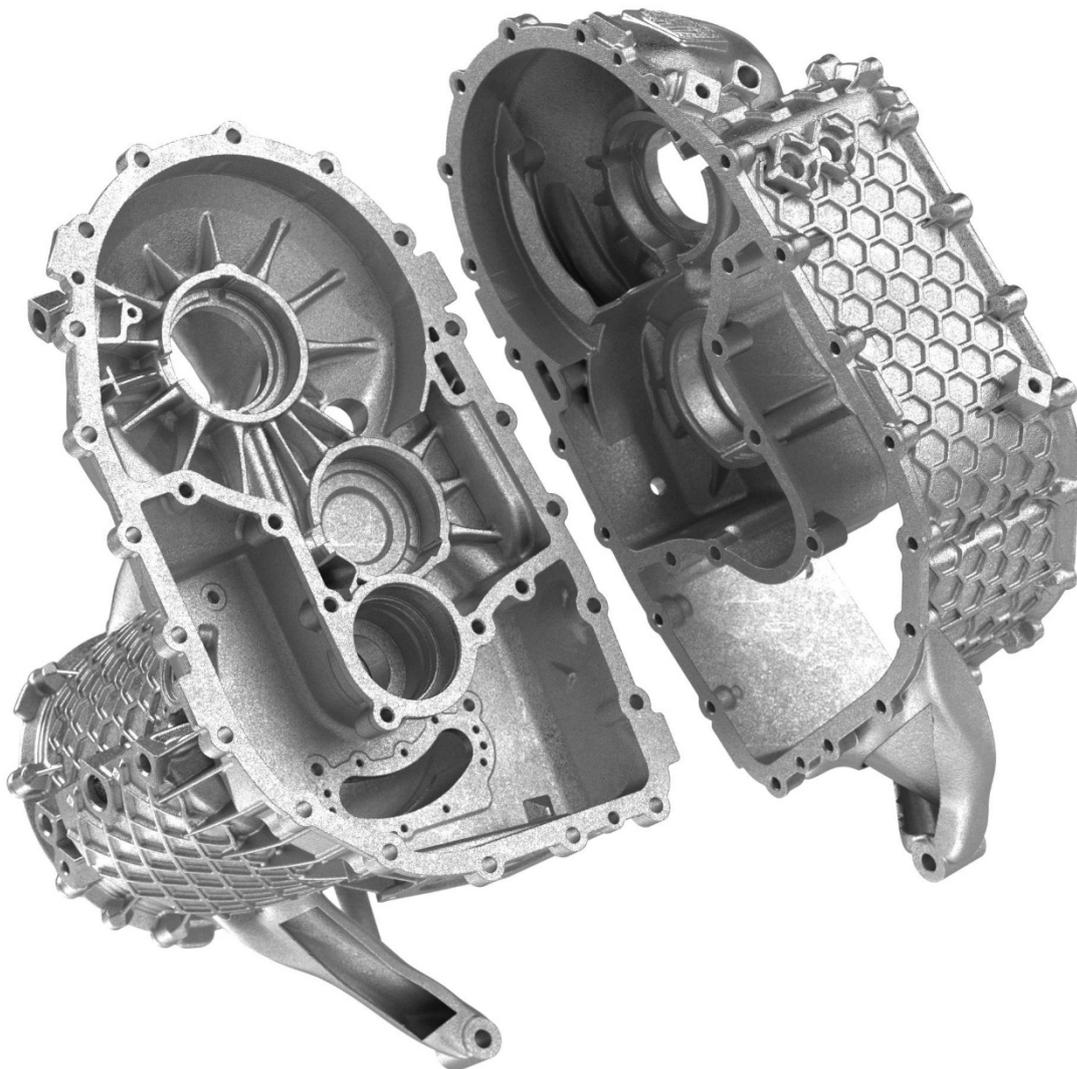


H1 REPORT

2021

PUSHING THE LIMITS

A NEW ERA OF
MANUFACTURING



Briefing Note

Dear shareholders, customers, stakeholders, and employees,

SLM Solutions had a solid first half of 2021. Order-intake in H1 21 increased by over 80% to year-over-year to €24.7m. Revenues and EBITDA were in the same range as in the prior year period which is fully aligned with our internal operating plan which expects the majority of the growth materializing in the second half of the year which is supported by our strong backlog position which improved by almost 60% to €31.2m when compared to H1 20.

We continue to experience strong interest in the NXG XII 600 across all our key industries. In the second quarter, we signed a Memorandum of Understanding (MoU) with a major US aerospace company. Currently, we are in MoU negotiations with two other key players in the US aerospace industry. Furthermore, we received an additional purchase order from an automotive customer. Given the ongoing positive momentum of the NXG XII 600 across the automotive, aerospace and energy industries, we expect to have our production capacity of 10-15 machines in 2022 sold out by the end of the year.

Given the significant growth opportunities of the US space industry, we announced to build a center of excellence for nickel based super alloys on the US West Coast which is expected to be operational in Q4 2021.

On the product side, we launched our Free Float software which allows our customers to perform support free printing, thereby saving costs and time due to lower powder usage and a decrease in post-processing activity.

In June, we were granted patent protection for our proprietary industry leading multi-laser overlap technology. As multi-laser systems will be the driving force of the overall industry growth, this patent is very significant and underscores our broad and deep IP portfolio which covers all relevant areas of the powder-bed-fusion process.

Finally, we notably strengthened our balance sheet over the last months. In April, we received the second tranche of €15m from our convertible bond agreement which we signed last year. Furthermore, we successfully performed an equity raise of €25m. The proceeds from both transactions support us to continue the investments in strategically important areas such as the NXG XII 600 as well as the expansion of our international sales and service network such as our planned center of excellence at the US West Coast.

Lübeck, August 12th, 2021



Sam O'Leary
Chief Executive Officer, SLM Solutions

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FINANCIAL HIGHLIGHTS

	Unit	1H21	1H20	Change
Revenue	€m	31.7	31.2	2%
Total Output	€m	38.9	32.1	21%
EBITDA	€m	-6.2	-6.0	-3%
Period Result	€m	-12.3	-12.5	2%
Order In-take	€m	24.7	13.7	81%
Order Backlog	€m	30.2	19.2	58%

MANAGEMENT REPORT

Orders

SLM Solutions received orders of €11.3m in the second quarter of 2021 representing an increase of 6% compared to 2Q20 (€10.7m). The increased order in-take reflects the improved business environment compared to the prior year period which was impacted by the COVID-19 pandemic.



The management expects a further improvement of order-intake in the second half of the year.

Backlog

The company ended the second quarter of 2021 with an order backlog of €30.2m which was a slight decrease compared to the prior quarter (1Q21: €31.2m) and a significant improvement to 2Q20 (€19.2m). The increase compared to 2Q20 was mainly driven by the significantly higher order in-take during the first quarter.



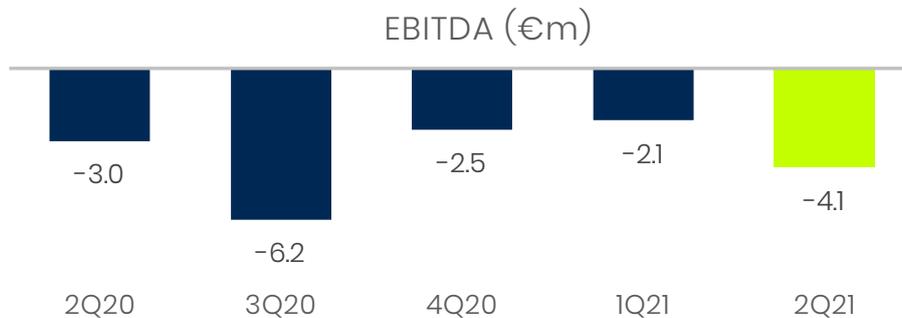
Revenue

Revenue in 2Q21 increased compared to the second quarter of 2020 to €16.4m from €13.3m. Key reason for the higher revenue was a faster backlog conversion of machine orders and a slight increase in after-sales revenue. The revenue is aligned with the expectations of the management and builds a solid foundation to achieve the revenue guidance issued for the total year.



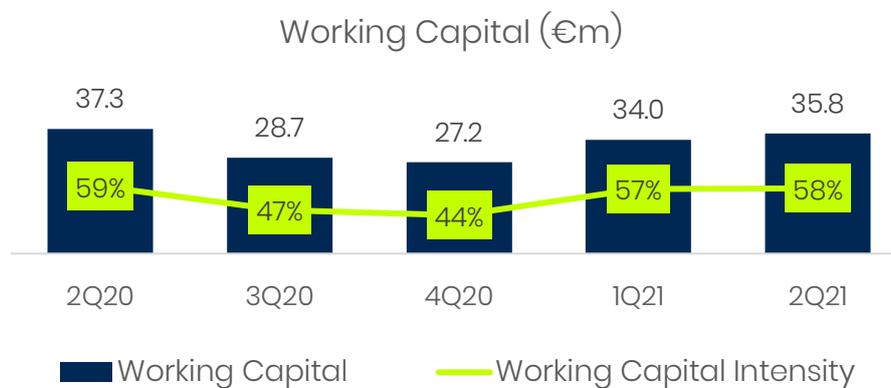
EBITDA

SLM Solutions' EBITDA decreased in the second quarter of 2021 with €-4.1m compared to 2Q20 (€-3.0m). The better EBITDA in the second quarter of 2020 was mainly driven by one-off effects such as the receipt of support payments in the U.S. as part of the so-called Paycheck Protection Program as well as lower personnel costs at the German site as a result of short-time work as well as the reduction of vacation and overtime accruals following the implemented company vacation.



Working Capital

Working capital increased in the reporting period to €35.8m compared to 1Q21 (€34.0m) while decreasing year-over-year from €37.3m in 2Q20. The main driver for the increase quarter-over-quarter was the rise in inventories in response to the ongoing constraints of global supply chains. The company expects that receivables will reduce until the end of the year while inventory is expected to further increase driven by the start of manufacturing of the NXG XII 600.



Opportunities & Risks

The opportunities and risks classified as action relevant on pages 43-46 in the Annual Report 2020 have been reviewed and are still considered relevant as of the issue date of this report. Besides the opportunities and risks highlighted in the annual report, the company identified two additional main risks which are described in the following paragraph. For further information on previously identified risks and opportunities, pls refer to the detailed description in our Annual Report 2020.

Global Supply Constraints

SLM Solutions is dependent on its supplier base to manufacture its machine and purchase spare parts to service them. Since the beginning of the year, global supply chains have been significantly impacted by raw material and capacity shortage leading to longer lead times and price increases. As a consequence, SLM experiences longer lead times for some of its part and also faces price increase requests by a majority of its suppliers, the company has experienced only minimal impacts to its operations and its supplier prices to date. However, if the shortage continues and even accelerates, SLM Solutions may not be able to deliver machines to its customers on time and may experience significantly higher production costs.

Impact of potential COVID-19 restrictions

SLM Solutions experienced a significant improvement in its business environment since the beginning of the year as more and more restrictions across its key markets in North America and Europe were lifted. Over the last months though, infections rates have increased worldwide mainly caused by the Delta variant of the COVID-19 virus. We are currently not able to predict the further development of infections and potential restrictions. If severe restrictions in one or more of our key markets are implemented, we expect a significant impact on our business.

Forecast

As communicated in our annual report 2020, we expect to achieve revenue growth of at least 15% and at least a slight improvement in EBITDA in 2021 when compared to 2020. Based on the performance in 1H 2021, the management confirms its guidance.

To achieve the guidance, it is critical that the business environment across SLM Solutions' key markets does not significant worsen in the second half of 2021.

Financial Statements

Group Consolidated Profit and Loss Statement (January 1 to June 30, 2021)

(in kEUR)	1H21	1H20
Revenue	31,737	31,178
Increase/decrease of finished and unfinished stock on hand	3,906	-1,358
Other activated contributions	3,223	2,242
Total output	38,866	32,062
Cost of material	-18,128	-14,011
Gross profit	20,738	18,051
Payroll	-19,286	-17,405
Other operating income	834	1,555
Other operating expenses	-8,500	-8,206
Proceeds from associated companies	0	-3
EBITDA	-6,214	-6,010
Depreciation & amortization	-3,744	-4,368
Earnings before interest and taxes (EBIT)	-9,958	-10,378
Interest and similar expenses	-2,611	-2,097
Interest & Other Income	22	25
Earnings before taxes	-12,547	-12,451
Tax payable	291	-47
Result for the period	-12,256	-12,498
<i>Earnings per share</i>	-0.62	-0.63

Consolidated Group Result (January 1 to June 30, 2021)

(in kEUR)	1H21	1H20
Result for the period	-12,256	-12,498
Income and expenditure not to be reclassified to profit or loss in the future:		
Actuarial Profit and Loss	0	0
Income and expenditure to be reclassified to profit or loss in the future:		
Income/Expenses from currency conversion	-14	-531
Other comprehensive income	0	0
Consolidated total comprehensive income	-12,270	-13,029
Attribution of comprehensive income:		
Shareholders of SLM Solutions Group AG	-12,270	-13,029

Consolidated Statement of Financial Position (as of June 30, 2021)

(in kEUR)	6/30/ 2021	6/30/ 2020
Assets		
Cash and cash equivalents	15,475	15,010
Trade receivables	18,030	15,194
Other financial assets	0	256
Inventories	25,960	27,994
Current tax receivables	0	55
Other non-financial assets	5,369	5,050
Total current assets	64,835	63,559
Intangible assets	30,166	26,185
Property, land and equipment	37,010	36,612
Other financial assets	198	94
Other non-financial assets	142	196
Deferred tax liabilities	327	51
Total long-term assets	67,843	63,139
Total assets	<u>132,678</u>	<u>126,697</u>
Equity and liabilities		
Trade payables	8,153	5,856
Financial liabilities	3,640	2,548
Other non-financial liabilities	8,569	6,393
Provisions	5,311	5,612
Tax provisions	11	0
Amounts owed to affiliated companies	0	0
Total current liabilities	25,684	20,408
Financial liabilities	86,858	63,827
Pensions and similar obligations	7,221	7,061
Other financial liabilities	771	1,151
Other non-financial liabilities	44	39
Provisions	97	0
Deferred tax liabilities	6,364	2,727
Total non-current liabilities	101,355	74,804
Total equity	5,639	31,485
Equity and liabilities (total)	<u>132,678</u>	<u>126,697</u>

Consolidated Statement of Cash Flows (January 1 to June 30, 2021)

(in kEUR)	1H21	1H20
Net profit/loss for the period	-12,256	-12,498
Depreciation, amortization and impairment losses	3,744	4,368
Interest expenses	2,611	2,097
Interest income	-22	-26
Income tax	-430	47
Non-cash expenses	0	3
Change in assets and liabilities	-6,422	2,087
<i>Inventories</i>	-5,190	287
<i>Accounts receivable</i>	-4,581	294
<i>Pensions and similar obligations</i>	239	342
<i>Liabilities</i>	1,171	890
<i>Provisions</i>	229	45
<i>Other assets and liabilities</i>	3,347	229
Income taxes paid	0	0
Other changes in current assets	0	0
Net cash flows from operating activities	-11,138	-3,921
Cash outflows for investments in intangible assets and property, plant and equipment	-1,054	-1,333
Investments in development costs	-3,223	-2,242
Interest received	22	12
Net cash inflow/outflow from investment activities	-4,255	-3,562
Capital injection by shareholders	0	0
Contribution from convertible bond	15,000	0
Cash outflows for loans	-666	-666
Repayment of lease liabilities	-116	-220
Interest payments	-2,440	-2,013
Net cash flows from financing activities	11,778	-2,900
Net increase(decrease) in cash and cash equivalents	-3,614	-10,383
Change in financing funds due to exchange rate changes	225	-131
Cash and cash equivalents at the start of reporting period	18,864	25,523
Cash and cash equivalents at the end of reporting period	15,475	15,010

Consolidated Statement of Changes in Equity
(as of June 30, 2021)

(in kEUR)	Sub- scribed capital	Capital reserve	Consoli- dated loss for the period included in retained earnings	First time appli- cation reserve	Foreign ex- change equali- zation reserve	Other reser- ves	Equity
As at 01. January 2020	19,779	98,225	-71,337	-549	79	-1,683	44,514
Consolidated group result			-12,498				-12,498
Change of equity from foreign currency					-531		-531
As at 30. June 2020	19,779	98,225	-83,833	-549	-452	-1,683	31,485
As at 01. January 2021	19,779	100,583	-101,588	-549	-656	-1,800	15,769
Consolidated group result			-12,256				-12,256
Equity from convertible bond		2,141					2,141
Change in equity from foreign currency					-14		-14
As at 30. June 2021	19,779	102,725	-113,845	-549	-670	1,800	5,639

Notes to the Consolidated Annual Financial Statements (IFRS) for the period of January 1 to June 30, 2021

Note 1) General comments

The consolidated interim financial statements of SLM Solutions as at June 30, 2021, has been prepared in EUR. Unless otherwise stated, all amounts are given in thousand euros (kEUR).

Deviations of up to one unit (kEUR, %) are due to rounding differences.

In the interim financial statements, both the notes and the consolidated interim financial statements are presented in a condensed form.

The interim financial statements were not audited by KPMG or any other third party.

Note 2) Segment Reporting

January 1 to June 30, 2021 (in kEUR)	Maschine Business	After Sales Business	Total
Revenue	23,381	8,356	31,737
Expenses	25,997	11,954	37,951
EBITDA	-2,616	-3,598	-6,214
Depreciation, amortisation and impairment losses			-3,744
Interest result			-2,589
Taxes on income			291
Net profit/loss for the period			-12,256

January 1 to June 30, 2020 (in kEUR)	Maschine Business	After Sales Business	Total
Revenue	23,758	7,421	31,178
Expenses	27,407	9,780	37,187
EBITDA	-3,650	-2,359	-6,010
Depreciation, amortisation and impairment losses			-4,368
Interest result			-2,073
Taxes on income			-47
Net profit/loss for the period			-12,498

Note 3) Subsequent Events

On 13 July 2021, the company successfully completed a capital increase against cash contribution. In an accelerated bookbuilding process, a total of 1,450,000 shares were placed with both existing as well as new institutional investors across Europe and the US at a placement price of EUR 17.25 per share.

Approximately two thirds of the proceeds from the issuance of the new shares are intended to be used to continue the investments in strategically important areas such as the NXG XII 600 as well as the expansion of the international sales and service network (i.e. US West Coast facility). The remainder of the proceeds will be used to fund the ongoing business operations.

Affirmation by the legal representatives

We hereby certify to the best of our knowledge that in accordance with the applicable accounting principles the group interim consolidated financial statement conveys an accurate picture commensurate with the actual conditions of the assets, financial position, and earnings of the group. We also certify that the interim management report including the course of business and business trend reflect a true picture of the actual conditions, opportunities, and risks facing the group in the foreseeable future.

Lübeck, August 12th, 2021



Sam O'leary



Dirk Ackermann

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