

Q1

QUARTERLY FINANCIAL REPORT
FOR THE PERIOD FROM
1 JANUARY TO 31 MARCH 2021

AT A GLANCE

GROUP KEY FIGURES

in KEUR

	Q1 2021	Q1 2020
Revenue	31,727	29,235
Gross profit	12,423	10,795
Gross profit margin	39.2%	36.9%
EBITDA	3,702	1,009
EBIT	2,693	-124
Consolidated net income	2,000	-373
Operating cashflow after income taxes	912	1,002
Employees (average)	324	403

	31/03/2021	31/12/2020
Total assets	99,283	96,684
Equity	66,174	64,079
Equity ratio	66.7%	66.3%
Cash and cash equivalents	14,969	34,718

STEMMER IMAGING IN FIGURES



Order intake:
EUR 35.6 million



EUR 0.31
earnings per share



66.7 per cent Equity ratio



>5,000 customers



324 employees,
70 per cent with a
technical background



15 subsidiaries
and represented
in >20 countries



This report and results from previous
fiscal years in English language versions
are available for you to download at
www.stemmer-imaging.com

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EXECUTIVE BOARD REPORT

STEMMER IMAGING AG started Q1 2021 on a positive note and continued its recovery in terms of order intake, revenue and earnings that began in the second half of 2020. As a result, the company has once again steered back onto the growth trajectory from before the pandemic in 2019.

Despite ongoing lockdown measures throughout the regions, rising demand was recorded across all core end markets. A combination of catch-up effects from the previous year and confidence in financial recovery for 2021 as a whole has made a significant impact.

Almost all companies experienced the rising upturn in business during the first quarter. The main driver of growth in the Group was the industrial segment, which developed strongly across the entire range of applications. Non-industrial applications, in particular the Artificial Vision areas such as sports & entertainment, food & agriculture, metrology, medical & life science and infrastructure once again made a positive contribution to the order situation.

The company successfully pressed ahead with plans to increase the amount of revenue earned from end consumers. In particular, STEMMER IMAGING was able to win major end consumer projects, especially in the automotive industry, and has already fulfilled the first deliveries. Transactions with system integrators also increased significantly, indicating the general acceleration of the economic recovery.

At EUR 35.6 million in total, order intake was significantly higher than in the previous quarter, and 11.9 per cent higher than in Q1 2020. At EUR 31.7 million, revenue in the first quarter was 8.5 per cent higher than in Q1 2020, and 10.5 per cent higher than in Q1 2019. The book-to-bill ratio of 1.1 sets a positive signal for future business development. According to the German Mechanical Engineering Industry Association (VDMA), the first three months of the year saw a 5% increase in sales of machine vision components. STEMMER IMAGING was able to develop better than the industry average here. In terms of order intake, the growth of 11.9% was slightly below the figures of 15% reported by the VDMA. However, the company's order intake was up on the respective previous quarter for the third quarter in a row and recorded an all-time high overall.

The company sees its strategic positioning confirmed with a comprehensive regional portfolio and special emphasis on growth markets and applications for the expansion of value-added services. The positive increase in gross profit from 36.9 per cent in Q1 2020 to 39.2 per cent underscores that customers reward the added value provided.

In addition, in the first quarter, STEMMER IMAGING also benefited from measures to extend the digitalisation of internal processes which have been introduced in the previous year. The company views the consistent pursuit of a digitalisation strategy as a key instrument to increase process and cost benefits to make a crucial contribution to safeguarding its long-term competitive advantage.

In terms of earnings before interest, taxes, depreciation and amortization (EBITDA), at EUR 3.7 million, STEMMER IMAGING achieved a pleasing increase in comparison to the previous year, which also exceeded the normalised EBITDA from Q1 2019 (EUR 3.1 million). Other operating expenses consistently below average and an overall improvement in the level of costs also had a positive effect on this result. The return on sales (ROS) was 11.7% in the first quarter of 2021 and thus within the target corridor of the mid-term guidance of >10% for the second quarter in a row.

The forecast for the remainder of the fiscal year remains shaped by uncertainty. Current supply bottlenecks for electronic components, and increasingly also for optical sensors, may have a negative impact on a stronger recovery. The development of the Covid-19 pandemic and the related economic impact for the 2021 fiscal year continue to represent sources of uncertainty.

Provided revenue growth is not halted by further deterioration of the global supply situation, a sustainable positive earnings trend and the achievement of the upper end of the forecast range for revenue and earnings are expected.

CONSOLIDATED INTERIM MANAGEMENT REPORT

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

NET ASSETS AND FINANCIAL POSITION

The total assets of the STEMMER IMAGING Group amounted to EUR 99.28 million as at 31 March 2021, a slight increase compared to 31 December 2020 (EUR 96.68 million).

Non-current assets went down to EUR 33.31 million as at 31 March 2021 (31 December 2020: EUR 34.26 million). The decrease was caused by the depreciation and amortisation of property, plant and equipment and intangible assets, including the value of leases, in accordance with IFRS 16. These were only countered by a low level of investment.

Due to the increase in revenue, trade receivables came to EUR 17.01 million, increasing compared to the value as at year-end 2020 (EUR 15.11 million).

Inventories were built up early on in the course of the business recovery, also due to supply bottlenecks in important supplier industries, in order to be able to ensure the company's supply availability during the economic recovery phase. At EUR 11.85 million, the value of inventories as at 31 March 2021 was up on the value as at 31 December 2020 (EUR 11.05 million).

Equity totalled EUR 66.17 million as at 31 March 2021 (31 December 2020: EUR 64.08 million). The equity ratio comes to 66.7 per cent (31 December 2020: 66.3 per cent).

Non-current liabilities amount to EUR 9.26 million as at 31 March 2021 (31 December 2020: EUR 10.01 million). This was caused by changes in non-current liabilities from bank loans of EUR 0.5 million and changes in non-current liabilities from lease agreements of EUR 0.19 million.

At the same time, current liabilities of EUR 22.60 million increased to EUR 23.85 million, primarily due to the increase in current trade payables of EUR 1.28 million.

Despite the increase in current fixed capital, the company was able to generate a positive cashflow from operating activities of EUR 0.91 million in the first quarter of 2021 (1 January to 31 March 2020: EUR 1.00 million). An important influential factor in operating cashflow is the increase in working capital, which is based on the recovery in inventories and trade receivables as a result of stronger economic activity. Working capital in relation to the rolling 12-month revenue is at 16.7 per cent.

Cashflow from investing activities EUR –19.69 million (1 January to 31 March 2020: EUR –0.14 million) is basically influenced by the short-term loan to PRIMEPULSE SE (EUR 19.74 million). At EUR –0.96 million, cashflow from financing activities is around the same level as the previous year's first quarter (1 January to 31 March 2020: EUR –1.12 million). The cash outflow was caused by bank loan repayments and repayments towards liabilities related to finance leases.

The cashflow in the first quarter is EUR –19.75 million and with the exception of the loan granted to PRIMEPULSE SE, is financially neutral. Net debt amounts to EUR –7.96 million.

RESULTS OF OPERATIONS

The first three months of the 2021 financial year were characterised by a further increase in economic activity. After the dramatic economic decline caused by the first wave of the coronavirus pandemic, STEMMER IMAGING was able to forge a path to recovery during the second half of 2020, which continued with increasing momentum in the first quarter of 2021.

Uncertainties currently arise from bottlenecks in the procurement of preliminary products such as electronic components and increasingly also optical sensors, which could hinder a stronger upswing. In addition, there is still uncertainty regarding the recovery of the markets in connection with the course of the coronavirus pandemic in certain countries.

STEMMER IMAGING recorded an order intake of EUR 35.6 million, which was thus above the respective previous quarter for the third quarter in a row (Q4 2020: EUR 32.6 million). The book-to-bill ratio of 1.1 also reflects the significant recovery in demand.

Revenue of STEMMER IMAGING resulted in EUR 31.73 million in the first quarter, which was 14.1 per cent up on the value for the fourth quarter of 2020, and 8.5 per cent up on that of the previous year.

Thanks to the increasing business recovery, nearly all subsidiaries saw a growth in revenue compared to the first quarter of 2020. Of particular note is the revenue development for the Swiss subsidiary, which saw a significant year-on-year increase in the first quarter of 2021. Brexit caused shifts in revenue, particularly at the beginning of the year, resulting in only a slight year-on-year increase in revenue for the UK subsidiary. The main driver of the increase in revenue in the Group was the industrial segment; the integrator business in particular developed strongly across the entire range of applications. In Artificial Vision, the sports & entertainment, food & agriculture, metrology, medical & life science and infrastructure sectors saw encouraging revenue development.

At 39.2 per cent, the gross profit margin saw a significant increase on the previous year (36.9 per cent). This development benefited from a combination of different factors. These were mainly positive influences from currency effects in material purchasing, the positive development of high-margin regions and a favourable product mix in the first quarter of 2021.

Personnel expenses came to EUR 6.21 million in the first three months of the 2021 fiscal year (1 January to 31 March 2020: EUR 6.84 million). The personnel expense ratio of the STEMMER IMAGING Group thus fell, due to the cost reduction measures implemented in 2020, from 23.4 per cent to 19.6 per cent.

Other operating expenses amounted to EUR 3.38 million (1 January to 31 March 2020: EUR 3.64 million). Savings of EUR 0.80 million were achieved in the areas of sales, administrative and operating expenses mainly due to cost-cutting and savings from the coronavirus-related lower level of activity. Foreign currency exchange rate losses fell by EUR 0.50 million as a result of overall more stable exchange rates with the Mexican peso and the Brazilian real compared with the first quarter of 2020. The savings were offset by the one-off expenses of EUR 1.04 million at the Dutch subsidiary, which were explained in the supplementary report to the 2020 Annual Report.

EBITDA amounted to EUR 3.70 million in the first quarter of the 2021 fiscal year (EBITDA margin: 11.7 per cent), a significant increase compared to the figure from the previous year of EUR 1.01 million (EBITDA margin: 3.5 per cent). The increase in revenue and the improved cost basis in the reporting period lead to above-average EBITDA growth. Operating earnings (EBIT) came to EUR 2.69 million for the first three months of the fiscal year (1 January to 31 March 2020: EUR –0.12 million). The EBIT margin went up from –0.4 per cent in the previous year to 8.5 per cent. The consolidated net income of the STEMMER IMAGING Group came to EUR 2.00 million for the first quarter of the 2021 fiscal year (1 January to 31 March 2020: EUR –0.37 million).

REPORT ON EXPECTED DEVELOPMENTS

STEMMER IMAGING has had a good start to 2021 and was able to continue the positive trend from the second half of 2020 in the first quarter of 2021.

Uncertainties remain in connection with the further course of the economic recovery.

The developments of the Covid-19 pandemic in individual countries and the further course of the tense situation concerning global availability and supply of preliminary products such as electronic components and increasingly also optical sensors will have a significant influence.

The Executive Board of STEMMER IMAGING AG stands by its expectation that revenue in the 2021 fiscal year will be between EUR 111 and 121 million. Profit (EBITDA) is also still expected to be between EUR 7.8 and 10.2 million. The Executive Board expects revenue and EBITDA at the upper end of the forecast range.

The Executive Board will provide more detailed statements on the development of the business for 2021 as a whole at the latest in the half-year report 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

ASSETS in KEUR

	31/03/2021	31/12/2020
Non-current assets		
Property, plant and equipment	5,293	5,894
Goodwill	19,459	19,418
Other intangible assets	8,176	8,543
Other investment securities	26	36
Other financial assets	44	43
Deferred tax assets	313	325
Total non-current assets	33,311	34,259
Current assets		
Inventories	11,854	11,048
Trade receivables	17,009	15,114
Contract assets	54	95
Receivables from affiliated companies	19,735	0
Other financial assets	87	195
Income tax receivables	669	385
Other assets and prepaid expenses	1,595	870
Cash and cash equivalents	14,969	34,718
Total current assets	65,972	62,425
Total assets	99,283	96,684

EQUITY AND LIABILITIES in KEUR	31/03/2021	31/12/2020
Capital and reserves		
Subscribed capital	6,500	6,500
Capital reserves	47,495	47,495
Revenue reserves	12,179	10,084
Total equity	66,174	64,079
Non-current liabilities		
Non-current loans	5,003	5,503
Provisions for pensions and similar obligations	42	42
Other financial liabilities	2,160	2,354
Other liabilities	258	250
Other provisions	194	193
Deferred tax liabilities	1,599	1,667
Total non-current liabilities	9,256	10,009
Current liabilities		
Current loans	2,002	2,002
Other provisions	246	230
Trade payables	10,916	9,635
Contract liabilities and advance payments received on orders	2,080	2,222
Liabilities to affiliated companies	4	35
Liabilities to associated companies	0	50
Other financial liabilities	1,904	2,159
Income tax liabilities	1,895	1,288
Other liabilities	4,806	4,975
Total current liabilities	23,853	22,596
Total liabilities	33,109	32,605
Total equity and liabilities	99,283	96,684

CONSOLIDATED INCOME STATEMENT

DEVELOPMENT FROM 1 JANUARY 2021 TO 31 MARCH 2021
in KEUR

	Q1 2021	Q1 2020
Revenue	31,727	29,235
Cost of materials	-19,304	-18,440
Gross profit	12,423	10,795
Other operating income	873	690
Personnel expenses	-6,213	-6,839
Other operating expenses	-3,381	-3,637
EBITDA	3,702	1,009
Depreciation and impairment of property, plant and equipment	-642	-736
EBITA	3,060	273
Amortisation of intangible assets	-367	-396
Operating earnings (EBIT)	2,693	-124
Loss from investments accounted for using the equity method	0	-5
Finance income	44	4
Finance costs	-21	-90
Profit before income taxes	2,716	-215
Taxes on income	-716	-158
Consolidated net income	2,000	-373
Of which:		
Shareholders of the parent company	2,000	-373
Number of shares (weighted average)	6,500,000	6,500,000
Earnings per share in EUR (diluted and basic)	0.31	-0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

DEVELOPMENT FROM 1 JANUARY 2021 TO 31 MARCH 2021

in KEUR

	Q1 2021	Q1 2020
Consolidated net income	2,000	-373
Other comprehensive income		
Items that will be reclassified to profit or loss in future under certain conditions		
Exchange differences that arose during the reporting period	95	161
Other comprehensive income after income taxes	95	161
Total comprehensive income	2,095	-212
Of which:		
Shareholders of the parent company	2,095	-212

CONSOLIDATED STATEMENT OF CASH FLOWS

FROM 1 JANUARY 2021 TO 31 MARCH 2021
in KEUR

	Q1 2021	Q1 2020
Cash flows from operating activities		
Consolidated net income	2,000	-373
Income tax expense recognised in profit or loss	716	158
Finance costs/income recognised in profit or loss	-23	85
Amortisation and depreciation of intangible assets, property, plant and equipment, and investment securities	1,009	1,133
Increase (+)/decrease (-) in provisions	83	-8
Other non-cash expenses/income	-53	-11
Gain/loss on disposal of property, plant and equipment and intangible assets	0	-2
Increase (-) in inventories, trade receivables and other assets	-3,270	-2,336
Increase (+) in liabilities and other liabilities	865	2,820
Interest received	44	4
Cash flows from operating activities	1,371	1,470
Income taxes paid	-459	-468
Net cash flows from operating activities	912	1,002
Cash flows from investing activities		
Payments for intangible assets	0	-22
Proceeds from disposals of property, plant and equipment	68	17
Payments for investments in property, plant and equipment	-35	-133
Proceeds from disposal of financial assets	14	0
Payments for investments in financial assets	-5	0
Payments for financial investments as part of short-term treasury management	-19,735	0
Net cash flows used in investing activities	-19,693	-138

FROM 1 JANUARY 2021 TO 31 MARCH 2021
in KEUR

	Q1 2021	Q1 2020
Cash flows from financing activities		
Repayment of loans	-984	-1,041
Proceeds from grants received	41	11
Interest paid	-21	-86
Net cash flows used in financing activities	-964	-1,116
Net decrease in cash and cash equivalents	-19,745	-252
Cash and cash equivalents at the beginning of the reporting period	34,718	27,974
Changes in cash due to exchange rate movements and remeasurement	-4	-341
Cash and cash equivalents at the end of the reporting period	14,969	27,381
Of which cash in hand and bank balances	14,969	27,381

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM 1 JANUARY TO 31 MARCH 2020

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As of 1 January 2020	6,500	47,495	10	-81	13,289	13,218	67,213
Consolidated net income	0	0	0	0	-373	-373	-373
Currency adjustments	0	0	0	161	0	161	161
As of 31 March 2020	6,500	47,495	10	80	12,916	13,006	67,001

FROM 1 JANUARY 2021 TO 31 MARCH 2021

in KEUR

	Subscribed capital	Capital reserves	Revenue reserves			Total	Total
			Reserve for actuarial gains/losses	Currency translation reserve	Other revenue reserve		
As of 1 January 2021	6,500	47,495	8	110	9,966	10,084	64,079
Consolidated net income	0	0	0	0	2,000	2,000	2,000
Currency adjustments	0	0	0	95	0	95	95
As of 31 March 2021	6,500	47,495	8	205	11,966	12,179	66,174

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDING 31 MARCH 2021

KEY CHANGES IN THE CURRENT REPORTING PERIOD

SIGNIFICANT EVENTS AND TRANSACTIONS

A loan agreement for EUR 20.00 million was concluded with PRIMEPULSE SE on 28 January 2021. So far amounts of EUR 15.00 million and USD 5.50 million have been disbursed. For the moment, the loan is limited to 31 December. For more information, please refer to the explanations in the 2020 Annual Report.

In March, the Executive Board became aware that funds of the Dutch subsidiary totalling EUR 1.04 million had been misdirected with unknown destination. The expenses from the loss of funds have been fully recognised in the earnings for the first quarter of 2021. Further expenses are not expected. Appropriate measures have been introduced and are currently being implemented.

FINANCIAL CALENDAR¹

Monday–Wednesday 17/–19/05 2021 VIRTUAL SPRING CONFERENCE	Wednesday 09/06 2021 (VIRTUAL) ANNUAL GENERAL MEETING, PUCHHEIM	Wednesday 11/08 2021 PUBLICATION OF Q2/6M 2021 INTERIM REPORT
Monday–Wednesday 20/–22/09 2021 BERENBERG & GOLDMAN SACHS GERMAN CORPORATE CONFERENCE, MUNICH	Wednesday 10/11 2021 PUBLICATION OF Q3/9M 2021 INTERIM REPORT	Monday–Wednesday 22/–24/11 2021 GERMAN EQUITY FORUM, FRANKFURT AM MAIN

¹ Dates may change at short notice.

IMPRINT

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The STEMMER IMAGING AG quarterly report is available in German and English.
The German version is legally binding.

STEMMER IMAGING is an active member of:

