

INTERIM REPORT 3<sup>rd</sup> QUARTER 2014

# Q3



## Letter from the Management Board

Dear Shareholders,  
Ladies and Gentlemen,

Our company has been undergoing a comprehensive restructuring process since the beginning of this year. The Alphaform Excellence programme consists of five pillars: boosting sales, three individual packages of measures to optimise structures and processes at the Feldkirchen, Eschenlohe and Stade locations and the creation of an open, trusting corporate culture. With the exception of the Feldkirchen location, this programme is also having the planned effect. Thanks to significantly improved processes, the Additive Manufacturing Metals and Rapid Tooling business segment and the Precision Casting business segment at the Eschenlohe and Stade locations achieved above-average growth in revenue and results compared with the previous year's figures.

By contrast, it became apparent during the third quarter that additional efforts are required in Feldkirchen to rectify the process-related and structural defects. There were delays in processing orders, since, for example, second-hand machinery purchased needed far more warm-up time to be able to produce in the quality and at the speed required. This led to revenue being deferred as well as additional costs for material and personnel and depressed results in the third quarter of 2014. As a consequence, the results of the Alphaform Group remained below the level of the previous year in the first nine months.

We have reacted directly, taken various staffing measures and also launched an 11-point plan. This focuses on further optimising the use of machinery through improvements in the use of material, optimising the workflow and employment of staff, among other things. The 11-point plan is associated with additional non-recurring operating costs, which include external consulting services, although these costs are decreasing. It will guarantee that the full effects of the Alphaform Excellence programme will now also be felt in Feldkirchen. Following a consolidated loss on revenue of approximately € 30 million in the current year, the company aims to break even on this basis in 2015.

We have laid the basis for the return to profitability in the current financial year – not merely with the restructuring programme. 2014 stands for a comprehensive reorientation of the company. The Management Board of Alphaform has been strengthened since 1 October 2014 by the arrival of Thomas Kresser, an experienced General Manager and CFO. The company will receive a gross injection of capital amounting to around € 4.5 million in total from a capital increase from Authorised Capital involving existing investors and new, long-term focused investors. And in October 2014, Alphaform acquired the largest order in the company's history as a logical consequence of its sales efforts; it is worth € 10 million in total over three years.

All this makes it clear that Alphaform is on the right course. Its market is robust, its strategic focus is correct and a growing number of customers appreciate its unique expertise in industrial 3D printing. We now have to overcome the outstanding challenges in production at the Feldkirchen location and subsequently develop the business model as planned.

Yours

  
Dr Hanns-Dieter Aberle  
CEO

  
Thomas Kresser  
CFO



## Alphaform in Q3 2014: Reorientation continued to be stepped up

The present quarterly financial statements are shaped by the Alphaform Excellence programme launched at the beginning of 2014. While it has had the planned effect at the Eschenlohe and Stade locations and made improvements in revenue and results possible, unforeseen challenges have occurred at the Feldkirchen location. Alphaform is countering these with an additional 11-point plan. An overview of the key figures for the third quarter and the first nine months of the 2014 financial year is provided below:

- Revenue increased by 4.9% to € 7.273 million in the third quarter of 2014. Alphaform had generated revenue of € 6.935 million in the same period of the previous year. For the period from 1 January to 30 September 2014, revenue rose by 11.3% from € 19.543 million in 2013 to € 21.758 million in 2014.
- Incoming orders in the Group came to € 4.9 million as at 30 September 2014 compared with € 2.6 million as at 30 September 2013. This increase of 88% is also the result of the consistent intensification of sales as part of the Alphaform Excellence programme.
- Because of the costs of the restructuring and delays in the production workflow at the Feldkirchen location, at € -0.448 million, EBITDA remained below the previous year's level of € 0.250 million. After nine months, EBITDA totalled € -0.631 million compared with € 0.038 million in the first nine months of 2013.
- Consolidated net income after interest and taxes reached € -0.840 million in the third quarter after € -0.177 million in the previous year. For the period from 1 January to 30 September 2014, consolidated net income reduced from € -1.244 million in the first nine months of 2013 to € -1.824 million in the current reporting period.
- Consequently, earnings per share came to € -0.16 in the third quarter after € -0.03 in the previous year. Viewed over the first nine months as a whole, earnings per share fell from € -0.23 in 2013 to € -0.34 in 2014.
- The reduction in results as well as the increase in working capital required in view of increasing revenue led to cash flow from operating activities in the first nine months of the 2014 financial year falling to € -1.977 million as against € 0.519 million in the reporting period in the previous year.
- The number of employees increased by 18 in the last 12 months to 253 as at 30 September 2014. There were 235 people working in the Group on 30 September 2013. Alphaform strengthened sales in particular in line with its objectives.

## Key figures of the Alphaform Group

| T EUR, except employees and earnings per share                                   | Quarter 3   |             |               | 1 January - 30 September |               |              |
|--|-------------|-------------|---------------|--------------------------|---------------|--------------|
|  | 2014        | 2013        | Change in %   | 2014                     | 2013          | Change in %  |
| Revenue  | 7.273       | 6.935       | 4,9           | 21.758                   | 19.543        | 11,3         |
| EBITDA   | -448        | 250         | -279,2        | -631                     | -38           | -1.560,5     |
| Operating result   | -749        | -73         | -926,0        | -1.552                   | -965          | -60,8        |
| <b>Result after tax</b>  | <b>-840</b> | <b>-177</b> | <b>-374,6</b> | <b>-1.824</b>            | <b>-1.244</b> | <b>-46,6</b> |
| Earning per share (basic)  | -0,16       | -0,03       | -433,3        | -0,34                    | -0,23         | -47,8        |
| Earning per share (diluted)  | -0,14       | -0,03       | -366,7        | -0,31                    | -0,23         | -34,8        |
| Equity as of September 30 (2013 as of Dec, 31)                                   |             |             |               | 6.646                    | 6.626         | 0,3          |
| Total assets as of September 30 (2013 as of Dec, 31)                             |             |             |               | 17.048                   | 15.765        | 8,1          |
| Equity ratio (percent)   |             |             |               | 39,0                     | 42,0          | -7,2         |
| Cash and cash equivalents and securities as of September 30 (2013 as of Dec, 31) |             |             |               | 1.257                    | 1.152         | 9,1          |
| Group employees as of September, 30  |             |             |               | 253                      | 231           | 9,5          |

## Interim Group management report

### Company development/sector overview

Even though there was a significant deterioration in economic activity in key markets, such as Germany, in the third quarter, Alphaform was still unaffected. Alphaform therefore increased revenue by 4.9% year-on-year in the third quarter. The sales measures adopted as part of the Alphaform Excellence programme were already having a positive effect. Over the first nine months, Alphaform even improved revenue by 11.3% to € 21.8 million (2013: € 19.5 million). Both the Feldkirchen and Eschenlohe locations are benefiting from the stable demand for prototypes from the German automotive industry. Economic activity in the sector and the order situation are also still good for orthopaedic implants. All Alphaform locations are reporting rising production figures. The improvement in productivity already achieved as a result of the Alphaform Excellence programme has made it possible to handle the volume growth with a relatively low increase in headcount. Only at the Feldkirchen location was unplanned higher expenditure required to create a stable foundation for growth. Consequently, the original projected figures could not be achieved there.

The Additive Manufacturing Plastics and Modelling (AM Plastic) business segment at the Feldkirchen location achieved an increase in revenue of 8.8% to € 13.925 million in the first nine months of 2014. The two highly productive 3D printing machines that commenced operations for the first time in July made an important contribution to this. However, the segment result fell short of the previous year's figure. This is mainly attributable to non-recurring expenses resulting from the restructuring.

In the Additive Manufacturing Metals and Rapid Tooling (AM Metal) business segment, which is bundled in the subsidiary Claho at the Eschenlohe location, Alphaform achieved growth in revenue of 25% to € 3.815 million in the first nine months of 2014, which was also helped by increased cooperation with other Alphaform business segments. Also thanks to the smooth implementation of the Alphaform Excellence project at this location, the segment result doubled in the same period to € 0.176 million.

The Precision Casting business segment, which comprises the business of the subsidiary MediMet, increasingly converted its success in sales in the third quarter of 2014 to rising production figures. In cooperation with Claho, several custom titanium implants were created in 3D printing and then successfully implanted. Consequently, revenue increased by 15.9% in the third quarter, while growth amounted to 15.4% to € 5.644 million over the first nine months. At the same time, the Alphaform Excellence project increased capacity at the Stade location by eliminating bottlenecks and introducing process improvements. The segment result therefore improved by € 0.412 million or 8.8 percentage points.

The Alphaform subsidiaries in Scandinavia and the UK also made a positive contribution to the earnings development in the Group with rising revenue and earnings.

In the third quarter of 2014, however, EBITDA deteriorated significantly Group-wide from € 0.25 million in the previous year to € -0.45 million. EBITDA in the first nine months was € -0.63 million after € -0.04 million in the same period in the previous year. Consequently, net cash flow from operating activities was also well down on the previous year's figures. This situation was also affected by the increase in working capital required by the growth in revenue.

## **Net assets, financial position and results of operations**

### **Revenue development and order situation**

Consolidated revenue increased by 4.9% to € 7.273 million in the third quarter of 2014 as against € 6.935 million in the previous year.

The order backlog at the end of the third quarter of 2014 was € 4.9 million. It was therefore up by 88.5% as against the same date in the previous year (order backlog as at 30 September 2013: € 2.6 million).

### **Cost of materials and gross profit**

The cost of materials climbed by € 0.164 million from € 2.490 million in 2013 to € 2.654 million in the third quarter of 2014. Revenue increased by € 0.338 million in the same period. Consequently, the gross profit improved significantly to € 4.839 million after € 4.448 million in the same quarter in the previous margin; the corresponding margin increased by 2.4 percentage points to 66.5%.

### **Results of operations**

The Alphaform Group's results in the third quarter of 2014 came to € -0.840 million as against € -0.177 million in the third quarter of 2013. This is largely attributable to the non-recurring costs of the extensive restructuring, which Alphaform expects to result in total costs of more than € 1 million for 2014 as a whole.

### **Staff costs**

Staff costs rose by € 0.253 million to € 2.843 million in the third quarter of 2014 as against the same period of the previous year. This corresponds to a rise of 9.8%. This was firstly due to the 7.7% growth in headcount and secondly to the transition to accrual-based reporting of staff costs.

### **Depreciation and amortisation expense**

Depreciation and amortisation expense declined by 6.8% to € 0.301 million in the third quarter after € 0.323 million in the previous year. The investments in property, plant and equipment as part of the reorientation are currently financed by alternative models that do not give rise to depreciation.

### **Other operating expenses**

Other operating expenses increased by € 0.836 million to € 2.444 million as against the previous quarter – after € 1,608 million in the same quarter in the previous year. This was the result, in particular, of the anticipated increase in consulting expenses caused by the comprehensive restructuring.

## **Financing and cash flow**

The Group's statement of cash flows shows the origin and usage of cash flows in the first nine months of the 2014 and 2013 financial years. Here a distinction is made between cash flows from operating activities and from investing and financing activities.

Cash flow from operating activities totalled € -1.977 million in the first nine months after € 0.519 million in the same period in the previous year. The main cause of this fall, apart from lower results, was the increase in the working capital requirement resulting from growth in revenue in the current financial year.

Net cash used in investing activities amounted to € -0.467 in the first nine months of the current financial year compared with € -0.737 million in the previous year. Investment was primarily focused on the acquisition of property, plant and equipment.

Cash flow from financing activities posted a cash inflow of € 2.569 million in the period from 1 January to 30 September 2014, compared with a cash outflow of € -0.234 million in the same period in the previous year. Alphaform realised inflows from the capital increase and shareholder loan of € 3.180 million in total. This was matched by a marked reduction in utilisation of short-term credit facilities.

Cash and cash equivalents rose by € 0.131 million to € 1.257 million as at 30 September 2014 as against € 1.126 million in the previous year.

## **Statement of financial position**

Total assets amounted to € 17.048 million as at 30 September 2014, an increase of € 1.283 million from € 15.765 million as at 31 December 2013. The equity ratio decreased from 42.0% as at 31 December 2013 to 39.0% as at 30 September 2014.

The biggest changes compared to the end of 2013 relate to the items "Receivables" and "Other provisions/liabilities". Receivables increased from € 1.458 million as at 31 December 2013 to € 2.530 million as at 30 September 2014, essentially as a result of the growth in revenue. Other provisions/liabilities climbed from € 2.990 million as at 31 December 2013 to € 5.506 million as at 30 September 2014. This item includes the shareholder loan.

## **Employees**

On 30 September 2014, Alphaform employed 253 employees (expressed as full-time equivalents), of whom 8 were trainees. The increase of 7.7% compared with the previous year is mainly attributable to sales recruitment.



The employee structure as at 30 September 2014 and 30 September 2013 was as follows:

|                                | Quarter 3  |            |             |
|--------------------------------|------------|------------|-------------|
|                                | 2014       | 2013       | change in % |
| Alphaform AG                   | 102        | 92         | 10,9        |
| Alphaform -Claho GmbH          | 42         | 43         | -2,3        |
| Alphaform RPI Oy, Finland      | 16         | 16         | 0,0         |
| Alphaform Ltd., Großbritannien | 2          | 2          | 0,0         |
| Alphaform-Projekt GmbH         | 0          | 0          | 0,0         |
| MediMet GmbH                   | 91         | 82         | 11,0        |
| <b>employees group total</b>   | <b>253</b> | <b>235</b> | <b>7,7</b>  |

### Supplementary report

Thomas Kresser has strengthened the Management Board of Alphaform since 1 October 2014; he now runs the company jointly with the CEO Dr Hans-Dieter Aberle. Mr Kresser has more than 15 years' management responsibility as General Manager and CFO. He was previously the CFO of Alstom Deutschland AG.

On 15 September 2014, the Management Board of Alphaform AG, with the consent of the Supervisory Board, had decided to increase the company's share capital by making partial use of the company's Authorised Capital of € 5.85 million by up to € 1.8 million to up to € 7.65 million by issuing up to 1.8 million new no-par bearer shares with a pro rata amount of the share capital of € 1 per share. Following the end of the quarter, Alphaform promptly informed the capital market of progress with this capital increase. In total, the company will receive € 4.5 million.

On 16 October 2014, the company announced that the current restructuring was resulting in additional costs and, in this connection, drew attention to the effects of this unplanned additional expense on the forecast for 2014. Additional information on this forecast is provided in the risk report and outlook.

### Risk report and outlook

The Alphaform Group generates a significant proportion of its revenue from project orders for the automotive industry and series orders for medical orthopaedics. Precisely these industries are characterised by consistent pressure on suppliers, aggressive price competition, strict development budgets and shorter project deadlines. As it is not always possible to predict these processes, they represent a risk for the utilisation of our capacities and hence for the Alphaform Group's results.

## Outlook

Despite the marked downward revision of some economic forecasts, Alphaform assumes that demand will be stable for the rest of the 2014 financial year.

Additive Manufacturing (AM) business in both the AM Plastic and AM Metal / Rapid Tooling segments is expected to perform above the level seen in prior-year quarters; the expected growth is also likely to reflect the resurgent demand in the non-automotive segment in addition to the stimulus from development activity in the automotive sector. In the Precision Casting business segment, good demand for conventionally manufactured implants is anticipated.

In view of the additional challenges at the Feldkirchen location, the Management Board reacted directly and issued an 11-point plan. This focuses on further optimising the use of machinery at the Feldkirchen location through improvements in the use of material, optimising the workflow and employment of staff, among other things. The transparent 11-point plan is associated with additional non-recurring operating costs, which include external consulting services. However, it will guarantee that the full effects of the Alphaform Excellence programme will now also be felt in Feldkirchen. Following a consolidated loss on revenue of approximately € 30 million in the current year, the company aims to break even on this basis in 2015. However, with its comprehensive restructuring, Alphaform has now created a good base for its target medium-term growth.

Feldkirchen, November 2014



Dr Hanns-Dieter Aberle  
CEO



Thomas Kresser  
CFO

## Consolidated statement of comprehensive income

| In T EUR, with the exception of earnings per share and number of shares   | Quarter 3    |              | 1 January - 30 September |               |
|---|--------------|--------------|--------------------------|---------------|
|   | 2014         | 2013         | 2014                     | 2013          |
| Revenues  | 7.273        | 6.935        | 21.758                   | 19.543        |
| Changes in inventories  | -157         | -94          | -132                     | -352          |
| Other operating income  | 377          | 97           | 856                      | 212           |
| Cost of materials   | -2.654       | -2.490       | -7.773                   | -6.977        |
| <b>Gross profit</b>   | <b>4.839</b> | <b>4.448</b> | <b>14.709</b>            | <b>12.426</b> |
| Personnel expenses  | -2.843       | -2.590       | -9.009                   | -7.927        |
| Depreciation and amortisation costs and other write-offs                  | -301         | -323         | -921                     | -927          |
| Other operating expenses  | -2.444       | -1.608       | -6.331                   | -4.537        |
| <b>Operating result</b>   | <b>-749</b>  | <b>-73</b>   | <b>-1.552</b>            | <b>-965</b>   |
| Other interest and similar income   | 1            | 1            | 3                        | 2             |
| Interest and similar expenses   | -83          | -103         | -249                     | -278          |
| <b>Result before tax</b>  | <b>-831</b>  | <b>-175</b>  | <b>-1.798</b>            | <b>-1.241</b> |
| Taxes on income   | -7           | 0            | -22                      | 0             |
| Other taxes   | -2           | -2           | -4                       | -3            |
| <b>Result after tax</b>   | <b>-840</b>  | <b>-177</b>  | <b>-1.824</b>            | <b>-1.244</b> |
| <b>Attributable to</b>  |              |              |                          |               |
| Shareholders of Alphaform   | -831         | 0            | -1.782                   | 0             |
| Minority interest   | -9           | 0            | -42                      | 0             |
| <b>Other comprehensive income</b>   |              |              |                          |               |
| Currency translation difference economically independent foreign entities | 10           | -1           | 17                       | 6             |
| <b>Gross profit / loss</b>  | <b>-830</b>  | <b>-178</b>  | <b>-1.807</b>            | <b>-1.238</b> |
| <b>Profit/loss per share</b>  |              |              |                          |               |
| Profit/loss per share (basic)   | -0,16        | -0,03        | -0,34                    | -0,23         |
| Profit/loss per share (diluted)   | -0,14        | -0,03        | -0,31                    | -0,23         |
| Weighted average number of shares outstanding (basic)                     | 5.318.209    | 5.318.209    | 5.318.209                | 5.318.209     |
| Weighted average number of shares outstanding (diluted)                   | 5.850.000    | 5.318.209    | 5.850.000                | 5.318.209     |

## Consolidated statement of financial position

| T EUR   | 30 September<br>2014         | 31 December<br>2013         |
|---|------------------------------|-----------------------------|
| <b>Assets</b>                                     |                              |                             |
| Cash and cash Equivalents                         | 1.357                        | 1.252                       |
| free cash   | 1.257                        | 1.152                       |
| restricted cash                                   | 100                          | 100                         |
| Trade accounts receivable                         | 2.530                        | 1.458                       |
| Inventories                                       | 2.869                        | 2.282                       |
| Other current assets                              | 1.641                        | 1.645                       |
| <b>Total current assets</b>                       | <b>8.397</b>                 | <b>6.637</b>                |
| Property and equipment, net                       | 3.347                        | 3.846                       |
| Intangible assets, net                            | 4.418                        | 4.409                       |
| Cash and cash Equivalents                         | 858                          | 838                         |
| restricted cash                                   | 858                          | 838                         |
| Deferred Tax asset                                | 0                            | 8                           |
| Other non-current assets                          | 28                           | 27                          |
| <b>Total noncurrent assets</b>                    | <b>8.651</b>                 | <b>9.128</b>                |
| <b>Total Assets</b>                               | <b>17.048</b>                | <b>15.765</b>               |
| <b>T EUR</b>                                      |                              |                             |
|   | <b>30 September<br/>2014</b> | <b>31 December<br/>2013</b> |
| <b>Liabilities and shareholders' equity</b>       |                              |                             |
| Common stock, EUR 1 par value                     | 5.850                        | 5.318                       |
| Additional paid-in capital                        | 12.513                       | 11.325                      |
| Accumulated other comprehensive loss              | 17                           | 4                           |
| Accumulated profit/loss                           | -11.885                      | -10.019                     |
| Total equity of Alphaform shareholders            | 6.495                        | 6.628                       |
| Minority shares                                   | 151                          | -2                          |
| <b>Total shareholders' equity</b>                 | <b>6.646</b>                 | <b>6.626</b>                |
| Noncurrent liabilities                            |                              |                             |
| Liabilities due to banks                          | 564                          | 347                         |
| Other liabilities                                 | 2.253                        | 1.003                       |
| Finance lease obligations                         | 35                           | 251                         |
| Current liabilities                               |                              |                             |
| Current finance lease obligations                 | 276                          | 234                         |
| Liabilities due to banks                          | 1.558                        | 2.323                       |
| Trade accounts payable                            | 2.463                        | 2.994                       |
| Other provisions/liabilities                      | 3.253                        | 1.987                       |
| <b>Total liabilities</b>                          | <b>10.402</b>                | <b>9.139</b>                |
| <b>Total liabilities and shareholders' equity</b> | <b>17.048</b>                | <b>15.765</b>               |

2013: 5,318,209 shares per EUR 1 per value and 2013 5,850,000 shares per EUR 1 par value  
2013 and 2014 authorised capital stock EUR 2,127,313, 2013 and 2014 conditional capital EUR 531,820

## Consolidated statement of cash flows

| T EUR  | 1 January - 30 June |              |
|--|---------------------|--------------|
|  | 2014                | 2013         |
| Result after taxes   | -1.824              | -1.244       |
| Adjustments reconcile net profit/loss to net cash from/used in operating activities        |                     |              |
| Depreciation of property, plant and equipment  | 843                 | 840          |
| Depreciation of intangible assets  | 78                  | 87           |
| Sale of property, plant and equipment at residual value                                    | 35                  | 0            |
| Currency translation differences   | 13                  | 6            |
| Deferred taxes   | 8                   | 0            |
| Changes in operating assets and liabilities:   |                     |              |
| Trade receivables  | -1.072              | 867          |
| Inventories  | -587                | 0            |
| Other current assets   | 4                   | -501         |
| Restricted cash  | 0                   | 100          |
| Liabilities  | -531                | 633          |
| Other provisions and liabilities   | 1.056               | -269         |
| <b>Net cash from operating activities</b>  | <b>-1.977</b>       | <b>519</b>   |
| Acquisition of property, plant and equipment, excl. finance leases                         | -445                | -703         |
| Expenses for other loans   | -22                 | -34          |
| <b>Net cash used in investing activities</b>   | <b>-467</b>         | <b>-737</b>  |
| New Bank Loans   | 1.460               | 249          |
| Principal payments on bank loans   | -548                | -341         |
| Principals payments under finance leases   | -174                | -142         |
| Transactions with minority shares  | 111                 | 0            |
| Proceeds from capital increase   | 1.720               | 0            |
| <b>Net cash used in financing activities</b>   | <b>2.569</b>        | <b>-234</b>  |
| Net reduction in cash and cash equivalents   | 125                 | -452         |
| Restricted cash  | -20                 | -55          |
| Cash, cash equivalents and short term investments at beginning of period                   | 1.152               | 1.633        |
| <b>Cash and cash equivalents including short-term investments at the end of the period</b> | <b>1.257</b>        | <b>1.126</b> |
| <b>Additional cash flow statement disclosures</b>  |                     |              |
| Cash paid for interest   | 249                 | 278          |
| Revenue for interest   | 3                   | 2            |

## Consolidated statement of changes in equity

| All figures in EUR thousand except number of shares           | Common Stock     |              |                            | Accumulated other comprehensive income | Accumulated profit / deficit | Total equity of Alphaform shareholders | Minority shares | Total shareholders' equity |
|---|------------------|--------------|----------------------------|--|------------------------------|--|-----------------|----------------------------|
|   | Number of shares | Amount       | Additional paid-in-capital |  |                              |  |                 |                            |
| <b>IAS/IFRS shareholders' equity as of December 31, 2012</b>  | <b>5.318.209</b> | <b>5.318</b> | <b>11.325</b>              | <b>0</b>                               | <b>(3.861)</b>               | <b>12.782</b>                          | <b>0</b>        | <b>12.782</b>              |
| Result  |                  |              |                            |  | (1.244)                      | (1.244)                                |                 | (1.244)                    |
| Foreign currency translation                                  |                  |              |                            | 6                                      |                              | 6                                      |                 | 6                          |
| <b>IAS/IFRS shareholders' equity as of September 30, 2013</b> | <b>5.318.209</b> | <b>5.318</b> | <b>11.325</b>              | <b>6</b>                               | <b>(5.105)</b>               | <b>11.544</b>                          | <b>0</b>        | <b>11.544</b>              |
| <b>IAS/IFRS shareholders' equity as of December 31, 2013</b>  | <b>5.318.209</b> | <b>5.318</b> | <b>11.325</b>              | <b>4</b>                               | <b>(10.019)</b>              | <b>6.628</b>                           | <b>(2)</b>      | <b>6.626</b>               |
| Result  |                  |              |                            |  | (1.782)                      | (1.782)                                | 0               | (1.782)                    |
| Foreign currency translation                                  |                  |              |                            | 13                                     |                              | 13                                     |                 | 13                         |
| Transactions with non-controlling interests                   |                  |              |                            |  | (84)                         | (84)                                   | 153             | 69                         |
| Capital increase  | 531.791          | 532          | 1.188                      |  |                              | 1.720                                  | 0               | 1.720                      |
| <b>IAS/IFRS shareholders' equity as of September 30, 2014</b> | <b>5.850.000</b> | <b>5.850</b> | <b>12.513</b>              | <b>17</b>                              | <b>(11.885)</b>              | <b>6.495</b>                           | <b>151</b>      | <b>6.646</b>               |

## Notes to the consolidated financial statements (condensed)

### Basis of consolidation

The consolidated financial statements include Alphaform AG and all its subsidiaries in accordance with the method of full consolidation. There was no change in the group of consolidated companies in the third quarter of 2014 as against 31 December 2013.

The company held shares in the following subsidiaries as at 30 September:

#### Direct investments

- Alphaform-Projekt GmbH, Feldkirchen 100%
- Alphaform Ltd., Newbury, UK 100%
- Alphaform-Claho GmbH, Eschenlohe 100%
- Alphaform RPI Oy, Rusko, Finland 100%
- MediMet Precision Casting and Implants Technology GmbH 100%
- Art Shapes GmbH, Feldkirchen 50.4%

#### Indirect investments

- Alphaform Schweden AB, Stockholm, Sweden 100%

## **Key accounting policies**

### Principles of reporting

This report as at 30 September 2014 was prepared in condensed form compared to the consolidated annual financial statements in accordance with the regulations of IAS 34 “Interim Financial Reporting”.

The consolidated financial statements of Alphaform AG as at 31 December 2013 were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The accounting and consolidation policies applied in this report as at 30 September 2014 are the same as those in the consolidated financial statements as at 31 December 2013.

The accounting policies are applied consistently to all financial years presented in the financial statements. Expenses and income not normally incurred or generated until the end of a financial year are recognised by period for the purposes of interim financial reporting.

The recommendations of Deutsche Börse on quarterly reporting by companies listed in the Prime Standard are also applied.

The interim consolidated financial statements were neither audited in line with section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

The same principles of consolidation were applied in preparing the interim financial statements and calculating comparative figures for the previous year as in the 2013 consolidated financial statements.

## **Segment reporting**

A business segment is a distinguishable component of a group that is engaged in providing products or services and that is subject to risks and returns that are different to those of other business segments.

Segment information is provided on the Group's business and geographical segments. The basis for the primary segment reporting format is the Group's management structure and its internal financial reporting system. Segment earnings contain components that are directly attributable to the individual segment or that can be reasonably allocated to the segments.

## **Business segments**

The Group essentially has the three following business segments:

### **Additive Manufacturing Plastics and Modelling (AM Plastics/Modelling)**

The AM/3D Printing business segment comprises Alphaform AG (including the holding company), Art Shapes GmbH, Alphaform RPI Oy, Alphaform Schweden AB, Stockholm, Sweden, Finland, and Alphaform (UK) Ltd, UK.

### **Additive Manufacturing Metals and Rapid Tooling (AM Metal/Rapid Tooling)**

The AM Metal/Rapid Tooling business segment comprises Alphaform-Claho GmbH, Eschenlohe.

### **Precision Casting**

The Precision Casting business segment comprises MediMet GmbH, Stade.



Period from 1 January to 30 September 2014:

| T EUR                            | AM Plastic    | AM Metal /<br>Rapid Tooling | Presicion<br>Casting | Not<br>allocated | Group         |
|----------------------------------|---------------|-----------------------------|----------------------|------------------|---------------|
|                                  | 2014          | 2014                        | 2014                 | 2014             | 2014          |
| External revenues                | 13.920        | 2.217                       | 5.621                | 0                | 21.758        |
| Revenues with other segments     | 5             | 1.598                       | 23                   | -1.626           | 0             |
| <b>Revenues</b>                  | <b>13.925</b> | <b>3.815</b>                | <b>5.644</b>         | <b>-1.626</b>    | <b>21.758</b> |
| <b>Segment earnings</b>          | <b>-1.617</b> | <b>176</b>                  | <b>-122</b>          | <b>11</b>        | <b>-1.552</b> |
| Interest income                  | 14            | 15                          | 0                    | -26              | 3             |
| Interest expense                 | -182          | -33                         | -60                  | 26               | -249          |
| Other expenses, net              | 0             | 0                           | 0                    | 0                | 0             |
| <b>Profit/loss before taxes</b>  | <b>-1.785</b> | <b>158</b>                  | <b>-182</b>          | <b>11</b>        | <b>-1.798</b> |
| Income taxes                     | -22           | 0                           | 0                    | 0                | -22           |
| other taxes                      | -1            | 0                           | -3                   | 0                | -4            |
| <b>Net result for the period</b> | <b>-1.808</b> | <b>158</b>                  | <b>-185</b>          | <b>11</b>        | <b>-1.824</b> |

Period from 1 January to 30 September 2013:

| T EUR                            | AM Plastic    | AM Metal /<br>Rapid Tooling | Presicion<br>Casting | Not<br>allocated | Group         |
|----------------------------------|---------------|-----------------------------|----------------------|------------------|---------------|
|                                  | 2013          | 2013                        | 2013                 | 2013             | 2013          |
| External revenues                | 12.794        | 1.884                       | 4.865                | 0                | 19.543        |
| Revenues with other segments     | 0             | 1.167                       | 26                   | -1.193           | 0             |
| <b>Revenues</b>                  | <b>12.794</b> | <b>3.051</b>                | <b>4.891</b>         | <b>-1.193</b>    | <b>19.543</b> |
| <b>Segment earnings</b>          | <b>-478</b>   | <b>80</b>                   | <b>-534</b>          | <b>-33</b>       | <b>-965</b>   |
| Interest income                  | 24            | 1                           | 0                    | -23              | 2             |
| Interest expense                 | -213          | -36                         | -52                  | 23               | -278          |
| Other expenses, net              | 0             | 0                           | 0                    | 0                | 0             |
| <b>Profit/loss before taxes</b>  | <b>-667</b>   | <b>45</b>                   | <b>-586</b>          | <b>-33</b>       | <b>-1.241</b> |
| Income taxes                     | 0             | 0                           | 0                    | 0                | 0             |
| other taxes                      | 0             | 0                           | -3                   | 0                | -3            |
| <b>Net result for the period</b> | <b>-667</b>   | <b>45</b>                   | <b>-589</b>          | <b>-33</b>       | <b>-1.244</b> |

## Geographical segments

The geographical segments are divided into Central Europe and Northern Europe. Segment revenue information is presented on the basis of the domicile of the respective customer.

The following table shows the geographical distribution of revenue:

### Consolidated revenue 1 January to 30 September:

| T EUR          | Central Europe |               | North Europe |              | not allocated |          | Total         |               |
|----------------|----------------|---------------|--------------|--------------|---------------|----------|---------------|---------------|
|                | 2014           | 2013          | 2014         | 2013         | 2014          | 2013     | 2014          | 2013          |
| Germany        | 11.022         | 10.369        | 0            | 0            | 0             | 0        | 11.022        | 10.369        |
| Finland        | 45             | 40            | 1.441        | 1.499        | 0             | 0        | 1.486         | 1.539         |
| UK             | 31             | 170           | 2.445        | 2.140        | 0             | 0        | 2.476         | 2.310         |
| Rest of Europe | 2.689          | 1.601         | 107          | 0            | 0             | 0        | 2.796         | 1.601         |
| Rest of World  | 3.978          | 3.724         | 0            | 0            | 0             | 0        | 3.978         | 3.724         |
| <b>Total</b>   | <b>17.765</b>  | <b>15.904</b> | <b>3.993</b> | <b>3.639</b> | <b>0</b>      | <b>0</b> | <b>21.758</b> | <b>19.543</b> |

## Stock option plans

No stock options were issued to the Management Board or the Supervisory Board in 2014 or 2013.

## Related party disclosures

There were no changes within the Management Board or the Supervisory Board in the third quarter of 2014.

The table below shows the shareholdings of the Management Board and the Supervisory Board as at 30 September 2014:

|                   | Position                          | Shares as at<br>30.09.2014 | Percentage of<br>share capital <sup>1)</sup> |
|-------------------|-----------------------------------|----------------------------|--|
| Matti Paasila     | Chairman of the Supervisory Board | 60.000                     | 1,02   |
| DrHans J. Langer  | Supervisory Board                 | 976.659 <sup>2)</sup>      | 16,69  |
| Falk F. Strascheg | Supervisory Board                 | 852.317 <sup>3)</sup>      | 14,56  |
| <b>Total</b>      |                                   | <b>1.888.976</b>           | <b>32,27</b>                                 |

1) 5,318,209 shares

2) of which 976,659 shares held by LHUM Vermögensverwaltungs GmbH

3) of which 433,583 shares held in Renate Strascheg Holding GmbH;  
of which 418,734 shares in Falk Strascheg Holding GmbH

No stock options had been issued to members of the Management Board or the Supervisory Board as at 30 September 2014.

The company did not grant any loans to members of the Management Board or Supervisory Board.

There are currently no consulting agreements with current or former members of the Supervisory Board.

Dr Hans J. Langer, a member of the Supervisory Board of Alphaform AG, is also the CEO of EOS Holding AG, Krailling. EOS GmbH, a wholly owned subsidiary of EOS Holding AG, is one of Alphaform AG's largest suppliers of raw materials with a purchasing volume of € 0.953 million in the first nine months of 2014 (previous year: € 0.692 million).

### **Events after the first nine months**

At the meeting of the Supervisory Board on 15 September 2014, Mr Thomas Kresser was appointed as the new CFO of Alphaform AG with effect from 1 October 2014.

Alphaform AG has also successfully placed two capital increases with a total volume of € 4.5 million, as per the ad-hoc disclosures on 15 September 2014 and 15 October 2014.

Additional events, which are of major significance for Alphaform and could lead to changes in the assessment of the company have not occurred in addition to the developments mentioned.

## **Current financial calendar 2014**

Company presentation/Salutaris AG, Munich  
Date: 12 November 2014

Equity Forum, Frankfurt  
Offer of one-on-one talks with the Management Board  
Date: 25 November 2014

Publication of the Annual Report 2014: 30 March 2015

## **Investor Relations**

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