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YTD 2020

What went well and what did not?

+ Renewed strong interest in additive manufacturing
+ Revenue continues to be up year over year
+ Improved focus on powder activities
+ Improved orders run rate Vs. H1
+ NextGen on schedule for launch and commercialization
+ Back to full work as of July and no COVID impact on the factory

− Muted capex spending in major industrial sectors resulting in orders inflow down year over year
− COVID continues to be the main concern for customers driving order slippages
− Major OEMs continue to be cautious about major capital equipment investments
− Low margin/rev deals due to market conditions
Additive Manufacturing Industry
Long-term fundamentals continue to improve

While COVID-19 continues to have a negative impact on the demand side...

- Confidence in key sectors for AM still muted (aviation, automotive)
- Customers’ focus remains on cash preservation
- Major restructuring measures
- Postponement of capex

... AM industry's long-term fundamentals significantly improved

- De-risking and onshoring supply chains has become key topic
- Significant increase in interest in AM from customer side
- Viability of AM economics consistently improving
- Increased investor focus on AM industry

**Expectation:** Continued adverse impact on short-term capital investments from customers due to COVID-19 but accelerated transition to Additive Manufacturing mass production in the long-term
Financial Performance

Solid performance in a difficult market environment

Financial KPIs

<table>
<thead>
<tr>
<th>in €m</th>
<th>3Q20</th>
<th>VPY</th>
<th>YTD20</th>
<th>VPY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td>11.9</td>
<td>(32)%</td>
<td>25.6</td>
<td>(33)%</td>
</tr>
<tr>
<td>Backlog</td>
<td>19.5</td>
<td>6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>14.8</td>
<td>(13)%</td>
<td>45.9</td>
<td>37%</td>
</tr>
<tr>
<td>Machines</td>
<td>11.1</td>
<td>(15)%</td>
<td>34.4</td>
<td>55%</td>
</tr>
<tr>
<td>After Sales</td>
<td>3.7</td>
<td>(7)%</td>
<td>11.5</td>
<td>3%</td>
</tr>
<tr>
<td>Total Output</td>
<td>14.3</td>
<td>(9)%</td>
<td>46.4</td>
<td>36%</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>43%</td>
<td>(18)pt</td>
<td>52%</td>
<td>2pt</td>
</tr>
<tr>
<td>Personnel Expenses</td>
<td>(9.1)</td>
<td>19%</td>
<td>(26.5)</td>
<td>5%</td>
</tr>
<tr>
<td>Other Expenses &amp; Income</td>
<td>(3.4)</td>
<td>(27)%</td>
<td>(10.0)</td>
<td>12%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(6.2)</td>
<td>U</td>
<td>(12.2)</td>
<td>(38)%</td>
</tr>
<tr>
<td>EBITDA%</td>
<td>(43)%</td>
<td>(39)pt</td>
<td>(26)%</td>
<td>31pt</td>
</tr>
<tr>
<td>Operating Cashflow</td>
<td>1.9</td>
<td>F</td>
<td>(2.1)</td>
<td>U</td>
</tr>
<tr>
<td>Working Capital</td>
<td>28.7</td>
<td>(39)%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Commentary

- Improved order in-take in Q3 compared to first half but still significantly impacted by Covid-19 challenges, however, backlog slightly up compared to previous quarter and 3Q19
- Machine revenues impacted by low order-intake in 1H20 and delayed machines deliveries
- Ongoing lower usage rates of existing install base and price pressure in After Sales Segment impacting revenues
- Gross Profit Margin significantly impacted by €2.3M inventory write-off/reserve
- Operating expenses positively impacted by reduction of A/R reserve, lower travel, marketing and legal expenses partially offset by negative FX impact from receivables revaluation (€0.5M) driven by overall EUR strength
- Positive operating cashflow mainly driven by A/R & inventory reduction
**Working Capital**

Positive momentum sustained

**Working Capital Development**

<table>
<thead>
<tr>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>82%</td>
<td>83%</td>
<td>78%</td>
<td>71%</td>
<td>59%</td>
<td>47%</td>
</tr>
</tbody>
</table>

- **Accounts Receivables**
  - Balance €3M ↓ driven by continuous success in collection of aged receivables driven by more rigor & better customer alignment
  - Expect additional improvements albeit on smaller scale

- **Inventory**
  - Finalized extensive inventory review within quarter leading to €2.3M 3Q20 P&L impact driven by various reasons
    - Inventory obsolescence policy adjusted based on learnings from review -> potential risk will be faster addressed
    - Poor demand forecasting process in the past
    - Past strategy to stock significant amounts of spare parts in the US not linked to failure/usages rates

  **No significant adjustments going forward expected**

- **Accounts Payables**
  - Slight reduction of A/P balance mainly driven by more thorough inventory stocking

**Ongoing operational improvements well reflected in working capital intensity**

Working capital intensity calculated as working capital divided by revenue in the last twelve months
COVID-19 slowed our plans, but we are well positioned for growth when the market picks up.

With our NextGen and the Renewed AM interest, AM adoption is expected to accelerate post COVID.

NextGen machine, a step changer on a different scale is here and will be launched November 10th, 2020.

Great progress on the organization and products’ industrialization with availability >90%.

Confirmation of guidance communicated on August 12th, 2020

- Revenue increase of at least 20% compared to 2019 (Revenue 2019: €49.0m)
- EBITDA between €(-13)-(18)m (EBITDA 2019: EUR (26.0)m).

Forecast based on assumption that there will be no significant deterioration of the COVID-19 situation with extensive lockdown measures in the Company's key sales markets during the remainder of 2020.
Next Generation Machine

Join us for our digital launch on Nov 10th, 4pm CET

A new chapter of Industrialization of AM

www.slm-pushing-the-limits.com