



# Geratherm®

*SOLUTIONS FOR A  
HEALTHY WORLD*

Half-yearly Report **2017**

# GERATHERM

## AT A GLANCE

| Facts and Figures  | January -<br>June<br>2017 | January -<br>June<br>2016 | Change        |
|--|---------------------------|---------------------------|---------------|
| <b>Sales revenues</b>  | <b>11,068 kEUR</b>        | <b>11,327 kEUR</b>        | <b>-2.3%</b>  |
| of which export share  | 9,361 kEUR                | 9,620 kEUR                | -2.7%         |
| Export ratio   | 85 %                      | 85 %                      | 0.0%          |
| Gross result (EBITDA)  | 1,745 kEUR                | 2,110 kEUR                | -17.3%        |
| <b>EBITDA margin</b>   | <b>15.8 %</b>             | <b>18.6 %</b>             | <b>-15.1%</b> |
| Amortisation and depreciation  | -554 kEUR                 | -562 kEUR                 | -1.4%         |
| <b>Operating result (EBIT)</b>   | <b>1,191 kEUR</b>         | <b>1,548 kEUR</b>         | <b>-23.0%</b> |
| <b>EBIT margin</b>   | <b>10.8 %</b>             | <b>13.7 %</b>             | <b>-21.2%</b> |
| Financial results  | 43 kEUR                   | -154 kEUR                 | >100.0%       |
| Result of ordinary activities  | 1,234 kEUR                | 1,394 kEUR                | -11.5%        |
| <b>Net earnings of the parent<br/>company's shareholders in the<br/>period concerned</b> | <b>862 kEUR</b>           | <b>988 kEUR</b>           | <b>-12.8%</b> |
| Long-term assets   | 4,675 kEUR                | 5,022 kEUR                | -6.9%         |
| Short-term assets  | 22,967 kEUR               | 21,857 kEUR               | 5.1%          |
| Balance sheet total  | 27,642 kEUR               | 26,879 kEUR               | 2.8%          |
| Equity capital   | 21,313 kEUR               | 19,561 kEUR               | 9.0%          |
| Return on equity   | 8.1 %                     | 10.1 %                    | -19.9%        |
| Equity ratio   | 77.1 %                    | 72.8 %                    | 5.9%          |
| Cash, cash equivalents and securities  | 10,802 kEUR               | 9,528 kEUR                | 13.4%         |
| <b>Earnings per share according to IFRS (EPS)*</b>                                       | <b>EUR 0.17</b>           | <b>EUR 0.20</b>           | <b>-15.0%</b> |
| <b>Earnings per share according to DVFA*</b>   | <b>EUR 0.17</b>           | <b>EUR 0.20</b>           | <b>-15.0%</b> |
| Number of employees at end of period   | 205                       | 204                       | 0.5%          |
| Total shares issued  | 4,949,999                 | 4,949,999                 | -             |
| * based on total shares issued   | 4,949,999                 | 4,949,999                 | -             |

## Business performance from 1 January to 30 June 2017

- Sales revenues EUR 11.1 million -2.3 %
- Gross result for first half of year (EBITDA) EUR 1.745 million -17.3 %
- Operating result (EBIT) EUR 1.191 million -23.0 %
- Results from ordinary business activities EUR 1.234 million -11.5 %
- Earnings after taxes (EAT) 862 kEUR -12.8 %
- Weaker second quarter due to dollar exchange rate and warming systems

### **Dear Shareholders and Parties Interested in Geratherm Medical,**

Geratherm Medical posted a weaker performance for the first six months of the current business year. After a strong first quarter, we had to compensate for a weak second quarter. Due to the high level of dollar holdings and accounts receivable on dollar basis, value adjustments in the amount of 278 kEUR were carried out at the end of the first six months of 2017. The situation affecting the Warming Systems segment continues to weigh on the operating result.

During the first six months of 2017 we posted sales revenues of EUR 11.1 million on the Group level. That represents a slight drop of 2.3 % compared to the same period last year. The gross profit increased by +1.2 % to EUR 7.7 million, which equates to a gross margin, based on the overall performance, of 67.9 % (2016: 64.2 %).

The EBITDA margin at the Group level amounted to 15.8 % during the first six months (2016: 18.6 %), the EBIT margin amounted to 10.8 % (2016: 13.7 %).

The sales of the Healthcare Diagnostic segment decreased by -2.7 % during the first six months. The EBIT margin amounted to 15.4 % (2016: 15.2 %). The Respiratory segment managed to build on its sales by +20.9 % compared to the same period last year. The EBIT margin amounted to 6.0 % (2016: 9.2 %). In the Warming Systems segment, we had to accept a -42.7 % decrease in sales. The main reason was the temporary suspension of the approval for products in this segment. The segment registered a negative EBIT margin.

The Cardio/Stroke segment managed to expand its sales by +23.0 %. The EBIT margin was 20.5 % (2016: 17.9 %).

The sales revenues generated during the second quarter of the business year decreased by -17.3% compared to the same period under review last year. In addition, we had to adjust the values of dollar holdings and accounts receivable in the amount of 275 kEUR. These two negative factors caused the gross profit EBITDA to sharply drop by -67.6 %, ending at 450 kEUR (2016: EUR 1.387 million) for the past three months. The EBIT was 187 kEUR (2016: EUR 1.104 million), which corresponds to an EBIT margin of 3.8 % on the Group level. We assume that the negative underlying conditions that we experienced during the second quarter will change in a positive way in the coming quarters. After deducting income tax, the company reported during the second quarter a consolidated net profit of 174 kEUR (2016: 888 kEUR). Less the minority interests, the result after taxes for the second quarter amounted to 241 kEUR or 5 EUR cents per share (2016: 15 EUR cents).

#### Facts and figures (in kEUR)

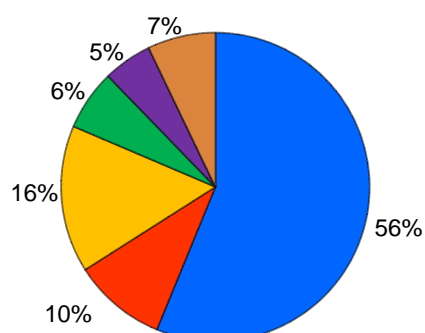
|               | II/17 | I/17  | IV/16 | III/16 | II/16 |
|---------------|-------|-------|-------|--------|-------|
| Sales         | 4,879 | 6,189 | 5,059 | 5,023  | 5,899 |
| EBITDA margin | 9.2 % | 20.9% | 19.6% | 12.1%  | 23.5% |
| EBIT          | 187   | 1,004 | 680   | 311    | 1,104 |
| EPS (EUR)     | 0.04  | 0.13  | 0.18  | 0.07   | 0.15  |
| Cash flow     | 343   | 1,290 | 656   | 600    | 1,184 |

#### Sales development

Sales development varied greatly in the individual countries and was affected in part by the date of the deliveries. We managed to post a slight +3.9 % increase in sales on the European market. Even our Brazilian subsidiary was able to register a +13.2 % growth in sales thanks to the improved underlying conditions. Sales on the German market have remained stable. Due to the postponement of deliveries intended for Saudi Arabia, we have to report a -26.2 % decline in sales on the Middle Eastern market. We also experienced a -38.4 % drop in sales on the US market due to seasonal factors. The sales posted in Other countries remained stable for the most part.



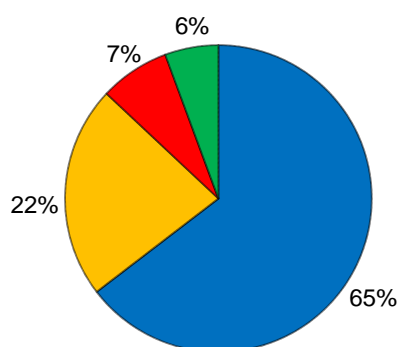
## Sales by regions 1/1- 30/6/2017



|                 | as of<br>30/6/2017<br>kEUR | as of<br>30/6/2016<br>kEUR |        |
|-----------------|----------------------------|----------------------------|--------|
| Europe          | 6,221                      | 5,989                      | +3.9%  |
| South America   | 1,083                      | 957                        | +13.2% |
| Germany         | 1,707                      | 1,707                      | 0.0%   |
| Middle East     | 702                        | 951                        | -26.2% |
| USA             | 567                        | 921                        | -38.4% |
| Other countries | 788                        | 802                        | -1.7%  |

The export quota of Geratherm Medical is still very healthy. All in all, 84.6 % (2016: 84.9 %) of Geratherm products were exported to more than 60 countries.

## Sales by segments 1/1- 30/6/2017



|                       | as of<br>30/6/2017<br>kEUR | as of<br>30/6/2016<br>kEUR |        |
|-----------------------|----------------------------|----------------------------|--------|
| Healthcare Diagnostic | 7,150                      | 7,347                      | -2.7%  |
| Respiratory           | 2,478                      | 2,050                      | +20.9% |
| Med. Warming Systems  | 816                        | 1,423                      | -42.7% |
| Cardio/Stroke         | 624                        | 507                        | +23.0% |

The sales of the Healthcare Diagnostic segment decreased by -2.7 % during the first six months of the year. Our best-selling product group – gallium-filled thermometers - generated a sales increase of 4.0 % during the first six months. The production and sales of gallium-filled thermometers make up a 38.1 % share of the overall sales. The digital clinical thermometer and blood pressure monitor product groups exhibited a weaker development.

The Respiratory segment, in which we offer products for testing pulmonary function, was able to continue its sales growth, as in the previous months, achieving a sales of +20.9 % on a six-month basis. In particular, the demand from emerging markets, including China, resulted in positive business performance.

Segment sales in the Medical Warming Systems business unit was very weak, registering a -42.7 % drop in sales. Negative factors that weighed on business performance included the sales development of LMT Medical and the blocked delivery of Warming Systems due to new regulatory requirements. We do believe, however, that we have overcome the low we experienced during the second quarter. LMT received the approval for its products on the Korean market at the end of the second quarter. With this approval, LMT is able to deliver on its first order for a medical system for premature babies amounting to approx. 500 kEUR, which will in turn have a positive impact on sales and earnings posted during the third quarter. With regard to our warming systems, we have adapted the extensive documentation and product files in terms of the new requirements posed by the licensing authority over the last twelve months. We will submit these again at the end of August 2017. We are optimistic that the licensing authority will reinstate the suspended approval again.

Business development in the Cardio/Stroke segment continued to be very positive. Sales increased by +23.0 %. The number of participating hospitals/stroke centers increased to 95 clinics and hospitals (2016: 75). As a result of that, we are already very close to achieving our goal of having more than 100 participating hospitals in Germany by the end of 2017.

### Earnings situation

The slight decline in sales and the extraordinary burdens posed by currency adjustments made to our dollar holdings and accounts receivable as well as the sales losses registered by Warming Systems resulted in a weaker performance for the first six months of 2017.

The gross profit margin of the overall performance amounted during the first six months to 67.9 % (2016: 64.2 %). The gross profit margin rose slightly by +1.2 % over the level posted last year. The gross profit (EBITDA) was EUR 1.745 million (2016: EUR 2.110 million). The EBITDA margin declined slightly from 18.6 % to 15.8 % compared to the same reference period last year. The write-offs decreased by 1.4 % to 554 kEUR (2016: 562 kEUR).

The operating result (EBIT) decreased by -23.0 % to EUR 1.191 million for the first six months of the current fiscal year. The EBIT margin dropped from 13.7 % to 10.8 %.

The financial result made a positive contribution to results in the amount of +43 kEUR. Restructuring measures carried out at our subsidiary Geratherm do Brasil did lead to a better operating result. The parent company took over a loan from a Brazilian bank with a 47 % quota. Doing so eliminated the burden on Geratherm do Brasil posed by the high interest payments on the extended loans amounting up to 35 % p.a.

The profits from ordinary business activities decreased by 11.5 % to EUR 1.234 million (2016: EUR 1.394 million). Income taxes amounted to a burden of 401 kEUR (2016: 264 kEUR).

The consolidated net profit for the first six months of 2017 was 833 kEUR (2016: EUR 1.131 million), a decrease of 26.3 %. After redeeming the result attributable to minority interests, a net income of 862 kEUR (-12.8%) for the first half of the year was generated for the shareholders of the parent company. The result per share for the first six months is 17 EUR cents (2016: 20 EUR cents).

### **Net assets and financial situation**

Geratherm Medical enjoys a stable asset situation. The balance sheet total of EUR 27.6 million is essentially formed by equity capital in the amount of EUR 21.3 million. The equity-to-assets ratio was 77.1 % as of the reporting date (2016: 72.8 %). The return on equity amounted to 8.1 % (2016: 10.1 %). The overall return on investment capital is 6.7 % (2016: 8.9 %).

As of 30 June 2017 the company had cash, cash equivalents and securities in the amount of EUR 10.8 million (2016: EUR 9.5 million). The increase in liquid funds can be attributed to the influx of EUR 2 million due to the capital increase assumed by the Swiss Eckenstein-Geigy-Stiftung (foundation) in the subsidiary apoplex medical. Thus, the company's financial situation is above-average.

The other long-term intangible assets increased by +57.8 % to 426 kEUR. The value of the assets represents an 11.0 % stake in Protembis GmbH Aachen. The company is developing a cardiological system "ProtEmbo" for preventing strokes during heart valve operations. The company received permission during the second quarter of 2017 to implant the system it developed in patients during an initial human clinical study.

Inventories increased by +6.3 % to EUR 8.3 million. The accounts receivable and other assets increased by +1.7 % to EUR 3.9 million during the first six months of the year. As at 30 June 2017, the company held securities worth EUR 3.1 million (+22.6 %). The increase in this item can mainly be attributed to the increase in the value of the securities held. The cash and cash equivalents amounted to EUR 7.7 million (-19.1 %)

The gross cash flow for the first six months fell to EUR 1.633 million (2016: EUR 1.940 million). The cash flow from business operations was -253 kEUR (2016: -668 kEUR). The cash flow from investments decreased to -803 kEUR (2016: EUR -1.651 million).

## Research and development

The focal point of our research and development efforts have not changed and primarily involved the business segments Medical warming systems, our subsidiary LMT, Geratherm Respiratory and apoplex medical.



## Annual general meeting

The annual general meeting of the shareholders of Geratherm Medical convened on 6 June 2017, at Grandhotel "Hessischer Hof" in Frankfurt am Main. All items on the agenda were discussed and adopted by our shareholders. The shareholders in attendance represented 55.96 % (2016: 58.79 %).

## Staff

The Geratherm Group had a staff of 205 persons in total as of 30 June 2017 (2016: 204), with 184 employees in Germany (2016: 187).

## Outlook

In spite of the weaker second quarter, we do expect a positive development for the remainder of the business year. The burdens placed on Geratherm due to new regulatory requirements should decrease in the next few months. We expect a re-licensing of the warming systems product group and a considerable increase in sales for our subsidiary LMT. The sales growth in the Respiratory and apoplex segments should continue.

Geschwenda, August 2017



Dr. Gert Frank  
Chief Executive Officer

## Consolidated profit and loss statement from 1 January 2017 to 30 June 2017

|  | April-June<br>2017<br>EUR | April-June<br>2016<br>EUR | Chan-<br>ge       | Jan.-June<br>2017<br>EUR | Jan.-June<br>2016<br>EUR | Chan-<br>ge       |
|--|---------------------------|---------------------------|-------------------|--------------------------|--------------------------|-------------------|
| Sales revenues   | 4,879,100                 | 5,898,955                 | -17.3%            | 11,067,807               | 11,326,868               | -2.3%             |
| Change in inventory of finished products and work in process                     | 230,654                   | 85,229                    | >100.0%           | -62,248                  | 79,569                   | -100.0%           |
| Other capitalised own work   | 36,550                    | 27,157                    | 34.6%             | 72,953                   | 52,043                   | 40.2%             |
| Other operating income   | 124,592                   | 174,508                   | -28.6%            | 252,845                  | 375,282                  | -32.6%            |
|  | 5,270,896                 | 6,185,849                 | -14.8%            | 11,331,357               | 11,833,762               | -4.2%             |
| Cost of materials  |                           |                           |                   |                          |                          |                   |
| Cost of raw materials, consumables and goods for resale                          | -1,393,303                | -1,837,469                | -24.2%            | -3,007,739               | -3,628,467               | -17.1%            |
| Costs of purchased services  | -356,766                  | -275,781                  | 29.4%             | -628,475                 | -601,945                 | 4.4%              |
|  | -1,750,069                | -2,113,250                | -17.2%            | -3,636,214               | -4,230,412               | -14.0%            |
| <b>Gross profit or loss</b>  | <b>3,520,827</b>          | <b>4,072,599</b>          | <b>-13.5%</b>     | <b>7,695,143</b>         | <b>7,603,350</b>         | <b>1.2%</b>       |
| Personnel expenses   |                           |                           |                   |                          |                          |                   |
| Wages and salaries   | -1,289,570                | -1,296,231                | -0.5%             | -2,570,666               | -2,485,220               | 3.4%              |
| Social security, pension and other benefits                                      | -285,026                  | -288,376                  | -1.2%             | -577,403                 | -546,561                 | 5.6%              |
|  | -1,574,596                | -1,584,607                | -0.6%             | -3,148,069               | -3,031,781               | 3.8%              |
| Amortisation of intangible assets and depreciation of tangible assets            | -262,248                  | -282,092                  | -7.0%             | -553,871                 | -562,008                 | -1.4%             |
| Other operating expenses   | -1,496,312                | -1,101,401                | 35.9%             | -2,801,695               | -2,461,435               | 13.8%             |
| <b>Operating results</b>   | <b>187,671</b>            | <b>1,104,499</b>          | <b>-83.0%</b>     | <b>1,191,508</b>         | <b>1,548,126</b>         | <b>-23.0%</b>     |
| Dividend income  | 0                         | 39,000                    | -                 | 0                        | 39,000                   | -                 |
| Income from securities trading   | 125,386                   | 13,647                    | >100.0%           | 125,386                  | 13,647                   | >100.0%           |
| Amounts written off for securities   | 0                         | 0                         | -                 | 0                        | 0                        | -                 |
| Securities-related expenses  | -658                      | -2,042                    | -67.8%            | -2,243                   | -3,681                   | -39.1%            |
| Other interest and similar income  | 3,301                     | 2,011                     | 64.1%             | 5,412                    | 3,138                    | 72.5%             |
| Interests and similar expenses   | 29,268                    | -113,696                  | >100.0%           | -85,738                  | -205,739                 | -58.3%            |
| <b>Financial results</b>   | <b>157,297</b>            | <b>-61,080</b>            | <b>&gt;100.0%</b> | <b>42,817</b>            | <b>-153,635</b>          | <b>&gt;100.0%</b> |
| <b>Result of ordinary activities</b>   | <b>344,968</b>            | <b>1,043,419</b>          | <b>-66.9%</b>     | <b>1,234,325</b>         | <b>1,394,491</b>         | <b>-11.5%</b>     |
| Income taxes   | -170,874                  | -155,594                  | 9.8%              | -400,899                 | -263,812                 | 52.0%             |
| <b>Consolidated profit for the year</b>  | <b>174,094</b>            | <b>887,825</b>            | <b>-80.4%</b>     | <b>833,426</b>           | <b>1,130,679</b>         | <b>-26.3%</b>     |
| Net earnings of non-controlling shareholders in the period concerned             | -66,599                   | 136,402                   | -100.0%           | -28,105                  | 142,625                  | -100.0%           |
| <b>Net earnings of the parent company's shareholders in the period concerned</b> | <b>240,693</b>            | <b>751,423</b>            | <b>-68.0%</b>     | <b>861,531</b>           | <b>988,054</b>           | <b>-12.8%</b>     |
| <b>Gross result (EBITDA) for the first months</b>                                | <b>449,919</b>            | <b>1,386,591</b>          | <b>-67.6%</b>     | <b>1,745,379</b>         | <b>2,110,134</b>         | <b>-17.3%</b>     |
| <b>Earnings per share (undiluted)</b>  | <b>0.05</b>               | <b>0.15</b>               | <b>-66.7%</b>     | <b>0.17</b>              | <b>0.20</b>              | <b>-15.0%</b>     |

## Consolidated balance sheet as of 30 June 2017

| Assets   | 30 June 2017<br>EUR | 31 December 2016<br>EUR | Change        |
|--|---------------------|-------------------------|---------------|
| <b>A. Long-term assets</b>                           |                     |                         |               |
| <b>I. Intangible assets</b>                          |                     |                         |               |
| 1. Development costs                                 | 363,843             | 303,696                 | 19.8%         |
| 2. Other intangible assets                           | 177,119             | 246,343                 | -28.1%        |
| 3. Goodwill  | 75,750              | 75,750                  | 0.0%          |
|  | 616,712             | 625,789                 | -1.5%         |
| <b>II. Tangible assets</b>                           |                     |                         |               |
| 1. Land, land rights and buildings                   | 1,165,841           | 1,202,108               | -3.0%         |
| 2. Technical equipment and machinery                 | 1,662,387           | 2,001,863               | -17.0%        |
| 3. Other equipment, factory and office equipment     | 300,044             | 322,578                 | -7.0%         |
| 4. Construction in process                           | 373,250             | 50,519                  | >100.0%       |
|  | 3,501,522           | 3,577,068               | -2.1%         |
| <b>III. Other assets</b>                             | 426,000             | 270,000                 | 57.8%         |
| <b>IV. Other long-term receivables</b>               | 131,002             | 275,659                 | -52.5%        |
| <b>V. Deferred taxes</b>                             | 0                   | 0                       | -             |
|  | <b>4,675,236</b>    | <b>4,748,516</b>        | <b>-1.5%</b>  |
| <b>B. Short-term assets</b>                          |                     |                         |               |
| <b>I. Inventories</b>                                |                     |                         |               |
| 1. Raw materials and supplies                        | 2,402,808           | 2,400,900               | 0.1%          |
| 2. Unfinished goods                                  | 1,042,890           | 1,125,026               | -7.3%         |
| 3. Finished goods and merchandise                    | 4,805,927           | 4,234,564               | 13.5%         |
|  | 8,251,625           | 7,760,490               | 6.3%          |
| <b>II. Receivables and other assets</b>              |                     |                         |               |
| 1. Trade receivables                                 | 3,231,348           | 3,288,213               | -1.7%         |
| 2. Tax receivables                                   | 275,997             | 161,560                 | 70.8%         |
| 3. Other assets                                      | 406,081             | 396,414                 | 2.4%          |
|  | 3,913,426           | 3,846,187               | 1.7%          |
| <b>III. Securities</b>                               | 3,101,250           | 2,529,800               | 22.6%         |
| <b>IV. Cash and cash equivalents</b>                 | 7,700,256           | 9,517,644               | -19.1%        |
|  | <b>22,966,557</b>   | <b>23,654,121</b>       | <b>-2.9%</b>  |
|  | <b>27,641,793</b>   | <b>28,402,637</b>       | <b>-2.7%</b>  |
| <b>Equity and liabilities</b>                        |                     |                         |               |
| <b>A. Equity capital</b>                             |                     |                         |               |
| I. Subscribed capital                                | 4,949,999           | 4,949,999               | 0.0%          |
| II. Capital reserves                                 | 12,174,192          | 11,035,367              | 10.3%         |
| III. Other reserves                                  | 4,001,342           | 5,275,788               | -24.2%        |
| Assignable to the shareholders of the parent company | 21,125,533          | 21,261,154              | -0.6%         |
| Shareholders of minority interest                    | 187,254             | -704,252                | >100.0%       |
|  | <b>21,312,787</b>   | <b>20,556,902</b>       | <b>3.7%</b>   |
| <b>B. Non-current liabilities</b>                    |                     |                         |               |
| 1. Liabilities to banks                              | 731,252             | 1,051,766               | -30.5%        |
| 2. Accrued investment subsidies                      | 321,494             | 365,745                 | -12.1%        |
| 3. Other long-term liabilities                       | 988,808             | 1,051,829               | -6.0%         |
|  | <b>2,041,554</b>    | <b>2,469,340</b>        | <b>-17.3%</b> |
| <b>C. Current debts</b>                              |                     |                         |               |
| 1. Liabilities to banks                              | 1,276,776           | 1,375,182               | -7.2%         |
| 2. Payments on accounts                              | 210,332             | 337,245                 | -37.6%        |
| 3. Trade accounts payables                           | 1,123,716           | 1,782,780               | -37.0%        |
| 4. Tax liabilities                                   | 444,685             | 673,611                 | -34.0%        |
| 5. Other short-term liabilities                      | 1,179,271           | 1,154,905               | 2.1%          |
|  | <b>4,234,780</b>    | <b>5,323,723</b>        | <b>-20.5%</b> |
| <b>D. Deferred tax liabilities</b>                   | 52,672              | 52,672                  | 0.0%          |
|  | <b>27,641,793</b>   | <b>28,402,637</b>       | <b>-2.7%</b>  |

## Consolidated statement of cash flows from 1 January to 30 June 2017

|  | January- June 2017<br>kEUR | January- June 2016<br>kEUR |
|--|----------------------------|----------------------------|
| Consolidated profit for the year                             | 833                        | 1,131                      |
| Other non-cash expenses                                      | -78                        | -113                       |
| Dividend income  | 0                          | -39                        |
| Interest earnings  | -5                         | -3                         |
| Interest expenses  | 86                         | 206                        |
| Decrease in deferred taxes                                   | 0                          | 92                         |
| Income tax expenditure                                       | 401                        | 172                        |
| Depreciation of fixed assets                                 | 554                        | 562                        |
| Income from securities trading                               | -125                       | -14                        |
| Loss from securities trading                                 | 0                          | 0                          |
| Amounts written off for securities                           | 0                          | 0                          |
| Amortisation of public grants and subsidies                  | -44                        | -54                        |
| Loss from disposal of fixed assets                           | 11                         | 0                          |
| <b>Gross cash flow</b>                                       | <b>1,633</b>               | <b>1,940</b>               |
| Increase in inventories                                      | -491                       | -632                       |
| Decrease/increase in trade receivables and other assets      | 186                        | -1,067                     |
| Decrease in current liabilities and other liabilities        | -727                       | -367                       |
| Cash inflow from dividends                                   | 0                          | 39                         |
| Cash inflow from interest                                    | 5                          | 3                          |
| Cash outflow from interest                                   | -86                        | -206                       |
| Cash outflow/inflow from taxes                               | -773                       | -378                       |
| <b>Cash flow from operations</b>                             | <b>-253</b>                | <b>-668</b>                |
| Cash outflow for investments in fixed assets                 | -637                       | -1,118                     |
| Cash inflow based on financial assets                        | 166                        | 514                        |
| Cash outflow based on financial assets                       | -332                       | -1,047                     |
| <b>Cash flow from investments</b>                            | <b>-803</b>                | <b>-1,651</b>              |
| Cash inflow from shareholders of minority interests          | 2,000                      | 0                          |
| Share acquisition from shareholders of minority interests    | 0                          | -100                       |
| Dividend payments  | -2,475                     | -2,475                     |
| Cash inflow from taking out loan liabilities                 | 208                        | 2,364                      |
| Cash outflow for repayment of loan liabilities               | -627                       | -2,381                     |
| De/increase in long-term liabilities                         | -63                        | 14                         |
| <b>Cash flow from financing activities</b>                   | <b>-957</b>                | <b>-2,578</b>              |
| <b>Change in cash and cash equivalents</b>                   | <b>-2,013</b>              | <b>-4,897</b>              |
| <b>Cash and cash equivalents at beginning of fiscal year</b> | <b>9,518</b>               | <b>9,683</b>               |
| <b>Exchange rate difference</b>                              | <b>195</b>                 | <b>-57</b>                 |
| <b>Cash and cash equivalents at end of fiscal year</b>       | <b>7,700</b>               | <b>4,729</b>               |

## Consolidated statement of change to the shareholders' equity as of 30 June 2017

|   |                           |                    | Other reserves                 |                                   |                             |   |                                       |                   |
|---|---------------------------|--------------------|--------------------------------|-----------------------------------|-----------------------------|---|---------------------------------------|-------------------|
|   | Subscribe<br>d<br>Capital | Capital<br>reserve | Market<br>valuation<br>reserve | Currency<br>conversion<br>reserve | Accumulate<br>d<br>earnings | Assignable<br>to share-<br>holders<br>of the<br>parent<br>company | Non-<br>control-<br>ling<br>interests | Equity<br>capital |
|   | EUR                       | EUR                | EUR                            | EUR                               | EUR                         | EUR   | EUR                                   | EUR               |
| <b>as of<br/>1 January 2016</b>   | <b>4,949,999</b>          | <b>11,035,367</b>  | <b>865,252</b>                 | <b>116,856</b>                    | <b>5,540,983</b>            | <b>22,508,457</b>   | <b>-569,240</b>                       | <b>21,939,217</b> |
| Purchase of shares<br>in the subsidiary<br>Geratherm<br>Respiratory GmbH<br>from shareholders of<br>minority interests                  | 0                         | 0                  | 0                              | 0                                 | -74,000                     | -74,000   | -26,000                               | -100,000          |
| Dividend paid to<br>shareholders  | 0                         | 0                  | 0                              | 0                                 | -2,475,000                  | -2,475,000  | 0                                     | -2,475,000        |
| <b>Transactions with<br/>shareholders and<br/>member partners</b>   | <b>0</b>                  | <b>0</b>           | <b>0</b>                       | <b>0</b>                          | <b>-2,549,000</b>           | <b>-2,549,000</b>   | <b>-26,000</b>                        | <b>-2,575,000</b> |
| Consolidated<br>earnings in period<br>concerned   | 0                         | 0                  | 0                              | 0                                 | 988,054                     | 988,054   | 142,625                               | 1,130,679         |
| Unrealised profits<br>and losses from<br>revaluation of<br>securities   | 0                         | 0                  | -763,897                       | 0                                 | 0                           | -763,897  | 0                                     | -763,897          |
| Currency translation<br>in the Group  | 0                         | 0                  | 0                              | -86,693                           | 0                           | -86,693   | -83,020                               | -169,713          |
| <b>Total consolidated<br/>income</b>  | <b>0</b>                  | <b>0</b>           | <b>-763,897</b>                | <b>-86,693</b>                    | <b>988,054</b>              | <b>137,464</b>  | <b>59,605</b>                         | <b>197,069</b>    |
| <b>as of<br/>30/6/2016</b>  | <b>4,949,999</b>          | <b>11,035,367</b>  | <b>101,355</b>                 | <b>30,163</b>                     | <b>3,980,037</b>            | <b>20,096,921</b>   | <b>-535,635</b>                       | <b>19,561,286</b> |
| <b>as of<br/>1 January 2017</b>   | <b>4,949,999</b>          | <b>11,035,367</b>  | <b>52,504</b>                  | <b>-5,504</b>                     | <b>5,228,788</b>            | <b>21,261,154</b>   | <b>-704,252</b>                       | <b>20,556,902</b> |
| Increase in share<br>capital of the<br>subsidiary apoplex<br>medical technologies<br>GmbH from<br>shareholders of<br>minority interests | 0                         | 1,138,825          | 0                              | 0                                 | 0                           | 1,138,825   | 861,175                               | 2,000,000         |
| Dividend paid to<br>shareholders  | 0                         | 0                  | 0                              | 0                                 | -2,475,000                  | -2,475,000  | 0                                     | -2,475,000        |
| <b>Transactions with<br/>shareholders and<br/>member partners</b>   | <b>0</b>                  | <b>1,138,825</b>   | <b>0</b>                       | <b>0</b>                          | <b>-2,475,000</b>           | <b>-1,336,175</b>   | <b>861,175</b>                        | <b>-475,000</b>   |
| Consolidated<br>earnings in period<br>concerned   | 0                         | 0                  | 0                              | 0                                 | 861,531                     | 861,531   | -28,105                               | 833,426           |
| Unrealised profits<br>and losses from<br>revaluation of<br>securities   | 0                         | 0                  | 280,325                        | 0                                 | 0                           | 280,325   | 0                                     | 280,325           |
| Currency translation<br>in the Group  | 0                         | 0                  | 0                              | 58,698                            | 0                           | 58,698  | 58,436                                | 117,134           |
| <b>Total consolidated<br/>income</b>  | <b>0</b>                  | <b>0</b>           | <b>280,325</b>                 | <b>58,698</b>                     | <b>861,531</b>              | <b>1,200,554</b>  | <b>30,331</b>                         | <b>1,230,885</b>  |
| <b>as of<br/>30 June 2017</b>   | <b>4,949,999</b>          | <b>12,174,192</b>  | <b>332,829</b>                 | <b>53,194</b>                     | <b>3,615,319</b>            | <b>21,125,533</b>   | <b>187,254</b>                        | <b>21,312,787</b> |



## Consolidated statement of comprehensive income as per IFRS for the period from 1 January to 30 June 2017

|   | January - June<br>2017<br>EUR | January - June<br>2016<br>EUR |
|---|-------------------------------|-------------------------------|
| <b>Consolidated profit for the year</b>   | <b>833,426</b>                | <b>1,130,679</b>              |
| <b>Income and expenses directly recognised in equity, which are reclassified to profit or loss under specific conditions:</b> |                               |                               |
| <b>Profits and losses from revaluation of securities</b>  | <b>280,325</b>                | <b>-763,897</b>               |
| Difference resulting from currency translation  | 117,134                       | -169,713                      |
| <b>Income and expenses directly included in equity capital</b>  | <b>397,459</b>                | <b>-933,610</b>               |
| <b>Total consolidated income</b>  | <b>1,230,885</b>              | <b>197,069</b>                |
| of which assignable to shareholders of minority interest  | 30,331                        | 59,605                        |
| of which assignable to shareholders of parent company   | 1,200,554                     | 137,464                       |

## Group segment report for the period from 1 January to 30 June 2017

| By product groups   | Healthcare<br>Diagnostic<br>Jan.-June<br>kEUR | Respiratory<br>Jan.-June<br>kEUR | Medical<br>Warming<br>Systems<br>Jan.-June<br>kEUR | Cardio/<br>Stroke<br>Jan.-June<br>kEUR | Consolidation<br>Jan.-June<br>kEUR | Reconciliation<br>Jan.-June<br>kEUR | Total<br>Jan.-June<br>kEUR |
|---|---|----------------------------------|--|--|------------------------------------|-------------------------------------|----------------------------|
| 2017  |   |                                  |  |  |                                    |                                     |                            |
| <b>Segment sales</b>  | <b>8,397</b>                                  | <b>2,044</b>                     | <b>882</b>   | <b>624</b>                             | <b>-882</b>                        | <b>3</b>                            | <b>11,068</b>              |
| <b>Operating results</b>  | <b>1,289</b>                                  | <b>122</b>                       | <b>-247</b>  | <b>128</b>                             | <b>-65</b>                         | <b>-36</b>                          | <b>1,191</b>               |
| including:  |   |                                  |  |  |                                    |                                     |                            |
| Amortisation of intangible assets and depreciation of tangible assets | 404   | 32                               | 84   | 24                                     | -6                                 | 16                                  | 554                        |
| <b>Segment assets</b>   | <b>11,072</b>                                 | <b>1,806</b>                     | <b>2,953</b>                                       | <b>2,917</b>                           | <b>0</b>                           | <b>8,894</b>                        | <b>27,642</b>              |
| <b>Segment debts</b>  | <b>4,830</b>                                  | <b>505</b>                       | <b>495</b>   | <b>499</b>                             | <b>0</b>                           | <b>0</b>                            | <b>6,329</b>               |

| By product groups   | Healthcare<br>Diagnostic<br>Jan.-June<br>kEUR | Respiratory<br>Jan.-June<br>kEUR | Medical<br>Warming<br>Systems<br>Jan.-June<br>kEUR | Cardio/<br>Stroke<br>Jan.-June<br>kEUR | Consolidation<br>Jan.-June<br>kEUR | Reconciliation<br>Jan.-June<br>kEUR | Total<br>Jan.-June<br>kEUR |
|---|---|----------------------------------|--|--|------------------------------------|-------------------------------------|----------------------------|
| 2016  |   |                                  |  |  |                                    |                                     |                            |
| <b>Segment sales</b>  | <b>8,199</b>                                  | <b>1,864</b>                     | <b>1,424</b>                                       | <b>507</b>                             | <b>-667</b>                        | <b>0</b>                            | <b>11,327</b>              |
| <b>Operating results</b>  | <b>1,250</b>                                  | <b>172</b>                       | <b>115</b>   | <b>91</b>                              | <b>-4</b>                          | <b>-76</b>                          | <b>1,548</b>               |
| including:  |   |                                  |  |  |                                    |                                     |                            |
| Amortisation of intangible assets and depreciation of tangible assets | 425   | 33                               | 58   | 11                                     | -10                                | 45                                  | 562                        |
| <b>Segment assets</b>   | <b>11,513</b>                                 | <b>1,868</b>                     | <b>3,050</b>                                       | <b>631</b>                             | <b>0</b>                           | <b>9,769</b>                        | <b>26,831</b>              |
| <b>Segment debts</b>  | <b>5,486</b>                                  | <b>485</b>                       | <b>707</b>   | <b>640</b>                             | <b>0</b>                           | <b>0</b>                            | <b>7,318</b>               |

| By region   | Europe            | South America     | Germany           | Middle East       | USA               | Other             | Total             |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2017  | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR |
| <b>Sales revenues</b>   | <b>6,221</b>      | <b>1,166</b>      | <b>2,428</b>      | <b>702</b>        | <b>645</b>        | <b>788</b>        | <b>11,950</b>     |
| Elimination of intragroup sales                                       | 0                 | -83               | -721              | 0                 | -78               | 0                 | -882              |
| <b>Sales revenues on third parties</b>                                | <b>6,221</b>      | <b>1,083</b>      | <b>1,707</b>      | <b>702</b>        | <b>567</b>        | <b>788</b>        | <b>11,068</b>     |
| <b>Gross profit or loss</b>   | <b>4,313</b>      | <b>723</b>        | <b>1,233</b>      | <b>486</b>        | <b>393</b>        | <b>547</b>        | <b>7,695</b>      |
| <b>Operating results</b>  | <b>719</b>        | <b>29</b>         | <b>206</b>        | <b>81</b>         | <b>65</b>         | <b>91</b>         | <b>1,191</b>      |
| including:  |                   |                   |                   |                   |                   |                   |                   |
| Amortisation of intangible assets and depreciation of tangible assets | 338               | 8                 | 96                | 38                | 31                | 43                | 554               |
| Amortisation of public grants and subsidies                           | 27                | 0                 | 8                 | 3                 | 2                 | 4                 | 44                |
| <b>Acquisition costs of fixed assets for the period</b>               | <b>0</b>          | <b>-6</b>         | <b>486</b>        | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>480</b>        |
| <b>Segment assets</b>   | <b>0</b>          | <b>2,031</b>      | <b>25,572</b>     | <b>0</b>          | <b>39</b>         | <b>0</b>          | <b>27,642</b>     |

| By region   | Europe            | South America     | Germany           | Middle East       | USA               | Other             | Total             |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2016  | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR | Jan.-June<br>kEUR |
| <b>Sales revenues</b>   | <b>5,989</b>      | <b>989</b>        | <b>2,342</b>      | <b>951</b>        | <b>921</b>        | <b>802</b>        | <b>11,994</b>     |
| Elimination of intragroup sales                                       | 0                 | -32               | -635              | 0                 | 0                 | 0                 | -667              |
| <b>Sales revenues on third parties</b>                                | <b>5,989</b>      | <b>957</b>        | <b>1,707</b>      | <b>951</b>        | <b>921</b>        | <b>802</b>        | <b>11,327</b>     |
| <b>Gross profit or loss</b>   | <b>3,960</b>      | <b>712</b>        | <b>1,163</b>      | <b>629</b>        | <b>609</b>        | <b>530</b>        | <b>7,603</b>      |
| <b>Operating results</b>  | <b>764</b>        | <b>218</b>        | <b>224</b>        | <b>122</b>        | <b>118</b>        | <b>102</b>        | <b>1,548</b>      |
| including:  |                   |                   |                   |                   |                   |                   |                   |
| Amortisation of intangible assets and depreciation of tangible assets | 320               | 5                 | 94                | 51                | 49                | 43                | 562               |
| Amortisation of public grants and subsidies                           | 31                | 0                 | 9                 | 5                 | 5                 | 4                 | 54                |
| <b>Acquisition costs of fixed assets for the period</b>               | <b>0</b>          | <b>14</b>         | <b>679</b>        | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>693</b>        |
| <b>Segment assets</b>   | <b>0</b>          | <b>1,825</b>      | <b>24,938</b>     | <b>0</b>          | <b>68</b>         | <b>0</b>          | <b>26,831</b>     |

## Notes on Interim Consolidated Financial Statements for the Period from 1 January 2017 to 30 June 2017

### Accounting and Valuation Methods

The interim consolidated financial statements of Geratherm Medical AG were prepared for the first six months of the 2017 business year in accordance with the rules of the International Financial Reporting Standards (IFRS) valid on the date of the financial statements and in consideration of the guidance provided by the International Financial Reporting Interpretations Committee (IFRIC), as is mandatory in the European Union.

The accounting, evaluation and consolidation principles were maintained, as shown in the Notes to Consolidated Financial Statements for 2016 Fiscal Year.

The valuation of assets and liabilities is based in part on estimates and/or assumptions about future developments. For instance, the statements on economic useful life for long-term assets are based on estimates and assumptions. In addition, the assessment of the intrinsic value of deferred taxation allocated to the losses carried forward and the impairment tests of the cash-generating units and the assets is based on the corporate planning, which of course involves uncertainties such that the actual values may deviate from the made assumptions and estimates in individual cases. Estimates and the underlying assumptions are regularly checked and evaluated with regard to possible impact on accounting.

### Consolidated Group

The following changes occurred in the consolidation group as of 30 June 2017: In accordance with the resolution of the shareholders' meeting from 13 Apr. 2017, the share capital of apoplex medical technologies GmbH was increased by EUR 61,842 to EUR 680,209 by creating new company shares. The share capital has been paid in full. Geratherm's interests in apoplex medical technologies GmbH thus changed from 58.76 % to 53.42 %.

| Company  | Share quota<br>30/6/2017 | Share quota<br>31/12/2016 |
|--|--------------------------|---------------------------|
| GME Rechte und Beteiligungen GmbH, Geschwenda, Deutschland   | 100.00 %                 | 100.00 %                  |
| apoplex medical technologies GmbH,<br>Pirmasens, Germany   | 53.42%                   | 58.76 %                   |
| Geratherm Respiratory GmbH,<br>Bad Kissingen, Germany  | 65.27 %                  | 65.27 %                   |
| Geratherm Medical do Brasil Ltda.,<br>Sao Paulo, Brazil  | 51.00 %                  | 51.00 %                   |
| Sensor Systems GmbH, Steinbach Hallenberg, Germany   | 100.00 %                 | 100.00 %                  |
| Capillary Solutions GmbH, Geschwenda, Germany  | 100.00 %                 | 100.00 %                  |
| LMT Medical Systems GmbH, Lübeck, Germany<br><i>Subsidiary of LMT Lübeck</i><br><i>LMT Medical Systems Inc., Ohio, USA</i> | 66.67 %<br><br>100.00 %  | 66.67 %<br><br>100.00 %   |

## Equity capital

The development of the equity capital is shown in the consolidated statement of change to the shareholders' equity.

The subscribed capital of Geratherm Medical AG amounts all in all to EUR 4,949,999 as at 30 June 2017 (2016: EUR 4,949,999) and is divided into 4,949,999 (2016: 4,949,999) share certificates issued to the bearers. The subscribed capital has been paid in full. As of the reporting date there were no own shares held by the company.

The shareholders of Geratherm Medical AG have agreed during the annual general meeting of the company on 6 June 2017 in Frankfurt am Main to distribute a dividend of 0.50 EUR per individual share.

The dividend was distributed in the amount of EUR 2,475,000 on 9 June 2017.

These interim consolidated financial statements as at 30 June 2017 were not audited or reviewed by the company's auditors.

## Financial statement affidavit

To the best of my knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group interim management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Geschwenda, August 2017



Dr. Gert Frank  
Chief Executive Officer

## COMPANY CALENDAR 2017

|                          |             |
|--------------------------|-------------|
| Quarterly report Q1/2017 | 23 May ✓    |
| Half-yearly report 2017  | 23 August ✓ |
| Quarterly report Q3/2017 | 23 November |

## COMPANY CALENDAR 2018

|                          |             |
|--------------------------|-------------|
| Quarterly report Q1/2018 | 24 May      |
| Half-yearly report 2018  | 23 August   |
| Quarterly report Q3/2018 | 22 November |

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