

Quarterly Report Q1
Financial Year 2018 / 2019



Smart Factory Automation

Production Analytics

Industrie 4.0

Vision Competence for Digital Transformation

ISRA VISION AG: First quarter 2018/2019 – Growth path on track towards 200 +:
Revenues +10 %, EBT +11 %

Dynamic start into 2018/2019: ISRA profits from investments – double-digit growth guidance

- Revenues rises to 34.2 million euros, up 10 % (Q1 17/18: 31.2 million euros)
- EBT growth of 11 % to 6.9 million euros (Q1 17/18: 6.2 million euros)
- Earnings margins remain at high level:
 - EBITDA up 18 %, margin at 34 % of revenues and 31 % of total output (Q1 17/18: 32 % and 29 %)
 - EBIT up 11 %, margin at 20 % of revenues and 18 % of total output (Q1 17/18: 20 % and 18 %)
 - EBT up 11 %, margin at 20 % of revenues and 18 % of total output (Q1 17/18: 20 % and 18 %)
- Gross margin at 62 % of total output (Q1 17/18: 61 %) and 57 % of revenues (Q1 17/18: 57 %)
- Operating cash flow rises to 4.8 million euros (Q1 17/18: 4.4 million euros)
- Intense actions to improve efficiency in production continue to be in focus – cash flow expected to increase
- High order backlog of around 96 million euros gross (PY: 83 million euros gross)
- Acquisitions with focus on market and technology expansion at advanced stage
- Earnings per share after taxes up 15 % to 0.23 euros (Q1 17/18: 0.20 euros)
- Dividend increase of 27 % to 0.15 euros per share planned (PY: 0.118 euros)
- High equity ratio of 66 % (September 30, 2018: 63 %)
- Outlook for 2018/2019: Low double-digit growth in revenue and earnings – additional inorganic effects anticipated

In short form

(in € k)	FY 2018/2019 3 months		FY 2017/2018 3 months		Change
Revenues	34,224	89%*	31,241	91%*	10%
Gross profit	23,743	62%*	20,996	61%*	13%
EBITDA	11,699	31%*	9,951	29%*	18%
EBIT	6,938	18%*	6,263	18%*	11%
EBT	6,896	18%*	6,212	18%*	11%
Net profit	5,089	13%*	4,448	13%*	14%
Earnings per share after taxes	0.23		0.20		15%

* In relation to total output

Business activity

ISRA VISION AG (ISIN: DE 0005488100) – the TecDAX company for industrial image processing (machine vision) and one of the world's leading providers of surface inspection solutions and 3D machine vision applications, recorded double-digit revenue and earnings growth in the first quarter of the 2018/2019 financial year

to continue on its profitable growth path: With revenues increasing by 10 percent to 34.2 million euros (Q1 17/18: 31.2 million euros) and EBT growth of 11 percent to 6.9 million euros (Q1 17/18: 6.2 million euros), the Company made further progress toward its medium-term target of 200+. The operating cash flow increased to 4.8 million euros (Q1 17/18: 4.4 million euros). With the equity ratio rising by three percentage points to 66 percent (September 30, 2018: 63%), net liquidity of 1.8 million euros (September 30, 2018: 1.8 million euros) and the available credit lines, ISRA has solid capital resources for future growth opportunities and is optimally prepared for potential acquisition projects. Earnings per share (EPS) after taxes increased by 15 percent to 0.23 euros (Q1 17/18: 0.20 euros). ISRA is continuing its sustainable dividend policy; at the Annual General Meeting on March 19, 2019 the management will propose an increase in the dividend for the 2017/2018 financial year of 27 percent to 0.15 euros per share.

Regions and segments

With more than 25 locations worldwide, ISRA is one of the most broadly positioned providers in the machine vision industry. Its presence in all significant future markets and growth regions represents a further key pillar of its long-term business development alongside its multi-industry strategy. In addition to its existing locations, the Company is currently examining new opportunities for expansion in Great Britain, Eastern Europe, North and South America, as well as in India and South East Asia.

The first quarter of 2018/2019 showed positive business development in almost all regions. The Company recorded double-digit revenue growth in the European markets, with strong customer demand suggesting that the healthy order situation will continue in the coming months. Revenues in Asia were at a similar high level compared to the previous year. Orders from American customers saw similar development. Intensive marketing and sales activities and the strengthening of the regional management team in the US and Brazil are expected to result in increased order momentum in the coming months.

The Industrial Automation segment, whose customer base includes global automotive manufacturers and global players from a wide range of industries in particular, achieved growth of 7 percent in the first quarter of the 2018/2019 financial year, with revenues rising to 8.3 million euros (Q1 17/18: 7.8 million euros). EBIT also increased by 7 percent to 1.8 million euros (Q1 17/18: 1.7 million euros) with an EBIT margin at 18 percent of total output (Q1 17/18: 19%). In addition to innovative 3D machine vision solutions for robot-guided assembly and high-precision 3D metrology, the segment result was driven by the high level of customer demand for the "Touch & Automate" products that are designed for INDUSTRIE 4.0. ISRA expects to see additional momentum in the coming months thanks to its extended sales as well as its expanded business focus on smart factory automation and its planned entry into new markets for connected automation using machine vision, which will center on combining the Company's 3D machine vision expertise with robot automation. To this end, ISRA has already expanded its organization in a targeted manner and intensified its sales activities.

Revenues in the Surface Vision segment increased by 10 percent to 25.9 million euros in the first quarter of 2018/2019 (Q1 17/18: 23.4 million euros). EBIT amounts to 5.2 million euros (Q1 17/18: 4.6 million euros), corresponding to an EBIT margin of 18 percent of total output (Q1 17/18: 18%). The metal inspection business is continuing to benefit from the complete portfolio strategy – in the current financial year, the management anticipates additional growth thanks to the enhancement of innovative steel inspection solutions for the automotive industry as well as the expansion of new software solutions for the entire metal production process and INDUSTRIE 4.0-compatible systems. In the field of glass there are specifically demands for solutions for inspecting display glass and, increasingly, solar and automotive glass. The growth is being supported by intensive marketing and sales measures. With its extended focus on innovative materials, advanced materials (formerly plastics) generated higher revenues than in the same period of the previous year; the Company is

currently developing additional applications for innovative materials and extending well-established solutions. Revenues in the printing industry are rising significantly, with the management team being expanded in order to intensify activities in the area of digital print applications. Having implemented design-to-cost measures for the paper industry, the Company is concentrating on high-growth industries such as packaging and is stepping up its marketing and sales activities. In the security business (formerly specialty paper), ISRA is seeing high demand for its portfolio of specialized inspection solutions for high-security paper and printing. New revenue impulses emerge in the solar industry: Several major orders are already at an advanced stage of negotiation and expected to be completed in the near future. In the relatively new business area semiconductor, the Company is intensifying its focus on Asian markets following the successful acquisition of strategic orders from leading European manufacturers. Two high-volume projects are currently being negotiated. Service business contributed to the positive business development in the first quarter 2018/2019, again accounting for a double-digit share of revenues. The Company is consequently extending its Customer Support and Service internationally and plans to increase the service revenues above average in its revenue share in the medium term by diversified offers and realignment of the management.

Revenue and profit situation

In the first three months of the current financial year, ISRA increased its revenues by 10 percent to 34.2 million euros (Q1 17/18: 31.2 million euros). Total output rose to 38.3 million euros (Q1 17/18: 34.3 million euros), while the costs of production increased to 14.5 million euros (Q1 17/18: 13.3 million euros). As a result, the gross margin climbed by one percentage point to 62 percent of total output (Q1 17/18: 61%), corresponding to 57 percent of revenues (Q1 17/18: 57%).

In the first quarter of the financial year the Company invested 5.2 million euros (Q1 17/18: 5.0 million euros) in research and development, corresponding to a proportion of 14 percent of the total output (Q1 17/18: 14%). Sales and marketing expenditures amount to 6.6 million euros (Q1 17/18: 6.0 million euros) and thereby lead to a rate of 17 percent of total output (Q1 17/18: 17%). Despite the revenue growth and the expansion of organizational structures, administrative expenses saw considerably below-average growth of just three percent, remaining slightly over previous year level at 1.3 million euros (Q1 17/18: 1.2 million euros).

In the first quarter, ISRA confirmed and further extended the high margin level it achieved in the previous financial year: The gross margin (total output minus material and labor costs of production) increased to 62 percent of total output (Q1 17/18: 61%) and remains unchanged at 57 percent of revenues (Q1 17/18: 57%). EBITDA (earnings before interest, taxes and depreciation) increased significantly by 18 percent to 11.7 million euros (Q1 17/18: 10.0 million euros), thereby the EBITDA margin improved by two percentage points each to 34 percent of revenues (Q1 17/18: 32%) and 31 percent of total output (Q1 17/18: 29%). EBIT (earnings before interest and taxes) increased by 11 percent to 6.9 million euros (Q1 17/18: 6.3 million euros), the EBIT margin therefore corresponds to 20 percent of revenues (Q1 17/18: 20%) and 18 percent of total output (Q1 17/18: 18%). EBT (earnings before taxes) also improved by 11 percent to 6.9 million euros (Q1 17/18: 6.2 million euros), resulting in an EBT margin of 20 percent of revenues (Q1 17/18: 20%) and 18 percent of total output (Q1 17/18: 18%). Consolidated net profit after taxes and minority interests amounts to 5.1 million euros in the first quarter of 2018/2019 (Q1 17/18: 4.4 million euros), this corresponds to an increase of 15 percent as against the same period of the previous year. Accordingly, earnings per share improved by 15 percent to 0.23 euros (Q1 17/18: 0.20 euros).

Liquidity and financial situation

As of December 31, 2018, the Company's operating cash flow amounted to 4.8 million euros (December 31, 2017: 4.4 million euros). Expenditures for investments amounted to 4.6 million euros (December 31, 2017: 3.3 million euros). Cash flow from financing activities amounts to -1.3 million euros (December 31, 2017: 0.6 million euros). Following the reduction in its net debt in the previous financial year, ISRA has net liquidity of 1.8 million euros at the end of the first quarter of 2018/2019 (September 30, 2018: 1.8 million euros). Consolidated total assets amount to 306.5 million euros as of December 31, 2018 (September 30, 2018: 312.9 million euros). The first three months of the current financial year demonstrate the initial positive effects of the recently initiated actions for an increased production efficiency through process and capacity optimization: Inventories in the consolidated balance sheet declined slightly to 36.7 million euros (September 30, 2018: 36.9 million euros). Trade receivables amount to 105.0 million euros (September 30, 2018: 111.8 million euros). These include system deliveries already invoiced of 41.0 million euros (September 30, 2018: 45.5 million euros) as well as contract assets recognized under IFRS 15 of 64 million euros. (Receivables according to the percentage of completion method on September 30, 2018 at 66.3 million euros). Overall current assets total 184.6 million euros (September 30, 2018: 191.3 million euros), while non-current assets amount to 121.9 million euros (September 30, 2018: 121.6 million euros).

On the liabilities side of the balance sheet, trade payables amount to 11.2 million euros as of December 31, 2018 (September 30, 2018: 20.6 million euros). Current financial liabilities to banks and credit institutions decline to 32.4 million euros (September 30, 2018: 32.9 million euros), other financial liabilities amount to 12.2 million euros (September 30, 2018: 13.8 million euros) while non-current liabilities to credit institutions have been repaid in full. Tax liabilities were unchanged as against the previous year at 2.5 million euros (September 30, 2018: 2.5 million euros). Equity increased to 201.2 million euros (September 30, 2018: 197.8 million euros), meaning the equity ratio rose by 3 percentage points to 66 percent (September 30, 2018: 63%). Together with the available credit lines, this results in solid capital resources for future growth opportunities and potential acquisition projects.

Employees and management

In the first three months of the 2018/2019 financial year, ISRA had an average of 762 employees at more than 25 locations worldwide (Q1 17/18: 628). At the end of the first quarter on December 31, 2018, the Company had a total of 801 employees. Around 50 percent worked in Production and Engineering, around 20 percent in Marketing and Sales and 18 percent in Research and Development. Administration accounted for around 10 percent of the workforce. In terms of geographical distribution, nearly 70 percent of the Company's employees worked in Europe, around 20 percent in Asia and around 10 percent in North and South America.

The targeted expansion of the global teams, particularly in the value-adding business divisions, is continuously underpinning ISRA's sustainable growth path towards 200+. In addition to extending the product portfolio with a view to the Company's future orientation with its business focus on smart factory automation and production analytics, key steps to ensuring long-term business success include the strategic expansion of structures and the targeted management extension. As reported, experienced colleagues have already been brought on board in the areas of technical operations to optimize production efficiency, in the newly designed business area of smart factory automation, in finance operations, and in digital marketing for the realization of a future-oriented digital strategy and the development of new sales channels. Also at an international level, additional competencies are being transferred to the role of regional managers in order to allow them to leverage new market potential and promote growth locally.

Motivated and qualified teams form the fundamental basis for the Company's continued success. ISRA's personnel strategy therefore attaches particular value to highly educated, socially and interdisciplinary competent

employees. These qualities are specifically encouraged through a wide-ranging package of seminars and continued education as well as strategic management training, thereby enabling continuous professional and personal development for employees. A particular focus on intercultural and social skills helps to foster diversity and personal responsibility, which are among the most important elements of a motivational corporate culture and help to strengthen the teams' potential.

Trade fairs and international markets

High-profile international trade fairs provide ISRA with the ideal opportunity to place product innovations on the market and address potential customers around the world in a targeted manner with industry- and region-specific marketing measures. In the first quarter of the current financial year, the Company presented new and tried-and-tested products at 17 different leading trade fairs and strategically important industry events, thereby laying strong foundations for new and follow-up business. The Company was primarily represented in Europe, Asia and North America, demonstrating in particular solutions for the inspection of metal, plastic, solar, glass and semiconductor products and product innovations from the area of 3D robot vision.

With a focus on its extended portfolio for fully automated "random bin picking", which is now also available for particularly small components and at even higher speed, ISRA attended MOTTEK in Stuttgart, one of the leading international specialist trade fairs for production and assembly automation. Industry-specific new and enhanced products from the full range for metal inspection were presented at the Aluminium trade fair in Düsseldorf.

At the leading international trade fair for glass production and processing, glasstec, also held in Düsseldorf, the Company demonstrated its full portfolio for glass inspection as well as its innovative production analytics software tools for the glass industry. The product portfolio constitutes a particular focus on quality control in automotive glass and solar glass as well as sustainable process optimization in the float glass process. In attending the IMID trade fair in Korea, the Company strengthened its market presence in the important electronics market, primarily presenting solutions for the 3D inspection of glass displays and products for the health care sector. VISION in Stuttgart is the leading trade fair for image processing and an integral part of the Company's trade fair planning for a number of years; in the first quarter 2018/2019, a broad portfolio of products for 3D measurement and 3D robot guidance was presented at this event. At the C-Touch in Shanghai, the portfolio combination of solutions for the inspection of display and cover glass products, plastic coatings and optical films, attracted considerable interest among visitors.

As well as attending numerous leading international trade fairs, ISRA invites its customers to internal workshops. This is an important communication channel for understanding the future needs and requirements of customers and their industry-specific processes. Thereby new products can be developed and launched in a targeted and timely manner.

Research and development

With continuous investment in research and development, ISRA ensures that it has a permanently attractive product portfolio that customers in various industries can use to automate the quality control of their products and processes in their production chain, thereby improving their profitability. This forms the basis for the Company's leading technological position and is therefore of central strategic importance to ISRA's growth path. The innovation roadmap is continuously adapted to the technical progress as well as new demands and customer requirements in order to develop sustainably competitive products. The consequent design-to-cost approach enables optimal pricing for customers and a rapid return on investment in just a few months.

In the first three months of the 2018/2019 financial year, the Company invested 5.2 million euros (Q1 17/18: 5.0 million euros) or around 14 percent of its total output in research and development. Of this figure, 4.1 million euros (Q1 17/18: 3.0 million euros) are attributable to products soon to be launched on the market.

By adapting existing products, ISRA opens up new applications and markets. In this case, already developed standard modules from the fields of camera technology, lighting and sensors are configured together with existing software components for new applications. This systematic, cross-market use of existing components ensures strong synergies in R&D and short time-to-market. Current developments target, for example, high-potential 3D applications in the metal industry, the growing digital printing or the dynamic markets for displays, smart touch devices respectively automotive glass or semiconductors.

In addition to the development of new applications, the advancement of existing systems for higher performance and better cost structures is of high importance. The integration of embedded systems, ever faster computer technology and LED modules enable higher speeds and precision in inspection and shorter cycle periods in 3D robot automation respectively. These developments are being introduced in the new product generations for all target markets continuously, thus helping customers to achieve significantly more efficient production processes and consequently a high return on investment.

Against the background of INDUSTRIE 4.0, there is great interest by the industry to significantly increase efficiency and flexibility by continuing to implement „extreme“ automation. Out of this, ISRA has high potential in the field of smart factory automation. Intelligent 3D machine vision sensors from the „Touch & Automate“ product line for robot automation, prepared for INDUSTRIE 4.0, ensure seamless connectivity across the different hierarchy levels within a company as well as along the entire value chain. The consistent evaluation and use of the generated data to identify causes for production errors and process deviations as well as the sustainable optimization of the processes are thus possible. The ready-to-use solutions are not designed for use in the automotive industry exclusively, but rather enable the successive entry into new target industries with highly automated, discrete manufacturing outside the automotive industry.

At Group level, the field production analytics has high priority. In addition to advancing existing software tools to maximize revenue for customers and complementing features and versions for the ^EPROMI Production Intelligence software, further – generic as well as industry-specific – software tools are being prepared for market launch. Thus concepts for data-driven process and product optimization that enable the profitable use of production data e.g. in the metal, paper or solar industry, are currently in initial test projects and will soon expand ISRA's portfolio in the area of production analytics.

Share

ISRA's operational achievements in the previous financial year were also recognized by the capital market. Due to the positive development of the share price in 2017/2018 and the resulting market capitalization as well as the liquidity of the share, ISRA was included in the sector index TecDax with effect from March 18, 2018 and in the course of a rule change at the German Stock Exchange as of September 2018 in the SDAX. In the first quarter of the financial year 2018/2019 the share of ISRA VISION AG started with a closing price of EUR 43.80 on October 1, 2018 and traded on a XETRA-closing prices basis between a recorded high of 45.60 euros on October 2, 2018 and a low of 22.95 euros on December 17, 2018. The shares closed the first quarter of 2018/2019, and hence the 2018 calendar year, at 24.30 euros. In the most recent weeks, the share price has again shown a clearly positive development and closed at 31.70 euros on February 27, 2019 on XETRA.

Market capitalization at the end of the quarter on December 31, 2018 amounted to 532.3 million euros (December 31, 2017: 931.5 million euros). The trading volume more than doubled compared with the same period of the previous year. An average of 129,212 shares were traded per trading day on all German stock exchanges in the first three months of the 2018/2019 financial year. In the same period of the previous year, an average of 13,297 shares were traded per trading day. Adjusted for the stock split on May 23, 2018, this corresponds to an average daily trading volume of 66,485 shares.

ISRA VISION AG's shares are regularly tracked and rated by analysts publications at the research companies Warburg Research GmbH, Hauck & Aufhäuser Privatbankiers AG, Oddo Seydler Bank AG, as well as Matelan Research. The current analyst ratings are published for informational purposes on ISRA's website at www.isravision.com.

Outlook

ISRA has started the new financial year with a good first quarter in terms of revenues and profitability. The high order backlog of around 96 million euros gross (previous year: 83 million euros gross) and the robust order situation confirm that the Company is continuing on its growth path and provide a good starting point for achieving its targets for the year. The management is anticipating positive overall development in the various regions: ISRA is seeing sustained strong demand in Europe in particular, suggesting that the momentum in terms of order entries will continue over the coming months. In the Asian and American markets, business development is being supported by intensified marketing and sales activities. Significant growth dynamic emerges for the second half of the year in North America. Accessing new customers, industries and regions remains a central strategic objective of the Company in order to achieve sustainable revenue and business growth.

For the Industrial Automation segment, the management again expects to see a steady propensity to invest in the various customer markets in the upcoming quarters. Customers are demonstrating a sustained high level of interest in the easily installed systems of the „Touch & Automate“ portfolio for robot guidance and 3D inline metrology in particular. Projects from Asian countries for innovative touchscreen inspection systems for smart devices are in intensive preparations; order completion is expected for the near future.

Almost all sectors in the Surface Vision segment show a positive development. ISRA expects its portfolio combination for the inspection of automotive glass and quality control for components in head-up displays, as well as increased demand for solutions for the inspection of solar glass, to lead to growing revenue contributions for the glass industry in the coming months. The Company is supplementing its complete portfolio for customers in the metal industry with product innovations and enhancements and expects significant increase in revenues in the current financial year – not least thanks to innovative steel inspection solutions for the automotive industry as well as the expansion of INDUSTRIE 4.0-compatible systems. Following the implementation

of design-to-cost measures, intensive marketing and sales actions are in progress to address the additional revenue momentum for products for the paper industry. In the field advanced materials, the Company is currently developing additional potential applications in the area of innovative materials and extending tried-and-tested solutions to include new classification technologies in order to leverage additional business potential. In the print business, the high level of customer interest in the launch of new systems for the inspection of digital print products indicates further revenue growth. With a management extension the business will be further expanded in the future. In the niche market of security (formerly specialty paper), ISRA is currently examining possible portfolio enhancements that will open up additional market potential. The Company expects to see rising revenue contributions from the solar business in the second half of the year. Several major orders are already at an advanced stage. Furthermore, new growth momentum is anticipated from product innovations for multi-line production with the aim of multi-location networking. In the relatively new semiconductor business, ISRA is pressing ahead with its market entry in the Asian region in order to further strengthen its international customer base in this segment. Two strategically important projects are currently being negotiated. The Company is systematically expanding its customer service and support internationally and is planning to boost the share of its total revenues attributable to service revenues in the medium term through a diversified range of services and a realignment of management.

In addition to strengthening its organic growth, acquisitions remain a key element of the strategy. These activities are focused on companies that will sustainably advance ISRA's technology leadership, market position or expansion into new markets. Several potential targets from the areas of 3D industrial automation, production analytics software tools and embedded systems are currently being examined – some of them in advanced stages. In addition to the organic and acquisition-based growth, the management sees significant revenue potential in the enhancement of the product portfolio with INDUSTRIE 4.0 architecture for the new business areas of smart factory automation and production analytics.

Assuming no significant changes in the global economic conditions, the management is forecasting profitable organic revenue and earnings growth in the lower double-digit range in the 2018/2019 financial year; the potential closure of an acquisition project in the near future could lead to higher overall growth in the current year. The Company is addressing regional and industry-specific fluctuations by intensifying its marketing and sales activities. ISRA's strategy remains focused on sustainably expanding its global market position through product innovations for industrial automation accompanied by efficiency improvements as well as increasing its revenues to over 200 million euros in the medium term, meanwhile optimizing costs and working capital.

Consolidated Total Operating Revenue EBITDA-EBIT statement ^{1) 3) 5)}

from October 01, 2018 to December 31, 2018 in € k

(in € k)	FY 2018/2019 3 months (Oct. 01, 2018 - Dec. 31, 2018)		FY 2017/2018 3 months (Oct. 01, 2017 - Dec. 31, 2017)	
Net sales	34,224	89 %	31,241	91 %
Capitalized work	4,060	11 %	3,050	9 %
Total output	38,283	100 %	34,291	100 %
Cost of materials	6,836	18 %	6,368	19 %
Cost of labour excluding depreciation	7,704	20 %	6,927	20 %
Cost of production excluding depreciation	14,540	38 %	13,295	39 %
Gross profit	23,743	62 %	20,996	61 %
Research and development Total	5,179	14 %	4,971	14 %
Sales and marketing costs	6,634	17 %	5,971	17 %
Administration	1,265	3 %	1,228	4 %
Sales and administration costs excluding depreciation	7,898	21 %	7,199	21 %
Other revenues	1,033	3 %	1,125	3 %
EBITDA	11,699	31 %	9,951	29 %
Depreciation and amortization	4,761	12 %	3,688	11 %
Total costs	17,838	47 %	15,857	46 %
EBIT	6,938	18 %	6,263	18 %
Interest income	55	0 %	25	0 %
Interest expenses	-97	0 %	-77	0 %
Financing result	-43	0 %	-51	0 %
EBT	6,896	18 %	6,212	18 %
Income taxes	1,806	5 %	1,763	5 %
Consolidated net profit	5,089	13 %	4,448	13 %
Of which accounted to non-controlling shareholders	7	0 %	13	0 %
Of which accounted to shareholders of ISRA VISION AG	5,082	13 %	4,435	13 %
Earnings per share in € before income taxes ²⁾	0.31		0.28	
Earnings per share in € ²⁾	0.23		0.20	
Shares issued ⁴⁾	21,902,903		21,893,015 ⁶⁾	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ This pro forma statement is an additional presentation based on the comprehensive presentation given in previous years and not part of the IFRS consolidated financial statements.

⁴⁾ Weighted number of shares

⁵⁾ ISRA is applying the new standards IFRS 9 and IFRS 15 for the first time effective 1 October 2018. For the transition to the new rules, we have elected to use the modified retrospective method, under which the cumulative effects are recognized and prior-year figures are not restated.

⁶⁾ The prior-year figure was adjusted due to the comparability as a result of the stock split.

ISRA VISION AG voluntarily publishes a consolidated total operating revenue EBITDA-EBIT statement typical for the industry oriented to the cost-summary method. The key differences between the cost of sales method and the pro forma consolidated total operating revenue/EBITDA-EBIT calculation are as follows: Profit margins increase because they are now associated with net sales instead of total output (net sales plus capitalized work). Capitalized work no longer appears in the cost of sales method and is assigned to the R&D functional area. Depreciation and amortization is now spread over the relevant functional areas. The EBIT earnings and the EBT earnings of the pro forma total output EBITDA-EBIT statement do not deviate from the consolidated income statement, which corresponds to IFRS.

Consolidated Income Statement ^{1) 3) 5)}

from October 01, 2018 to December 31, 2018 in € k

(in € k)	FY 2018/2019 3 months (Oct. 01, 2018 - Dec. 31, 2018)		FY 2017/2018 3 months (Oct. 01, 2017 - Dec. 31, 2017)	
Net sales	34,224	100 %	31,241	100 %
Cost of sales	14,762	43 %	13,504	43 %
Gross operating result (gross profit)	19,461	57 %	17,737	57 %
Research and development	5,344	16 %	5,129	16 %
Total costs	5,179	15 %	4,971	16 %
Depreciation and amortization	4,311	13 %	3,262	10 %
Grants	-86	0 %	-54	0 %
Capitalized work	-4,060	-12 %	-3,050	-10 %
Sales and marketing costs	6,825	20 %	6,151	20 %
Administration	1,301	4 %	1,265	4 %
Sales and administration costs	8,126	24 %	7,416	24 %
Other revenues	948	3 %	1,070	3 %
Interest income	55	0 %	25	0 %
Interest expenses	-97	0 %	-77	0 %
Financing result	-43	0 %	-51	0 %
Earnings before taxes (EBT)	6,896	20 %	6,212	20 %
Income taxes	1,806	5 %	1,763	6 %
Consolidated net profit	5,089	15 %	4,448	14 %
Of which accounted to shareholders of ISRA VISION AG	5,082	15 %	4,435	14 %
Of which accounted to non-controlling shareholders	7	0 %	13	0 %
Earnings per share in € before income taxes ²⁾	0.31		0.28	
Earnings per share in € ²⁾	0.23		0.20	
Shares issued ⁴⁾	21,902,903		21,893,015 ⁶⁾	

¹⁾ According to IFRS unaudited

²⁾ Per-share result undiluted and diluted

³⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

⁴⁾ Weighted number of shares

⁵⁾ ISRA is applying the new standards IFRS 9 and IFRS 15 for the first time effective 1 October 2018. For the transition to the new rules, we have elected to use the modified retrospective method, under which the cumulative effects are recognized and prior-year figures are not restated.

⁶⁾ The prior-year figure was adjusted due to the comparability as a result of the stock split.

Consolidated Group Balance Sheet ^{2) 3)}

at December 31, 2018 in € k

(in € k)	Dec. 31, 2018 ¹⁾	Sept. 30, 2018
ASSETS		
Assets		
Short-term assets		
Inventories	36,666	36,929
Trade receivables	105,003	111,831
Cash and cash equivalents	34,187	34,716
Financial assets	2,914	3,236
Other receivables	3,710	2,434
Income tax receivables	2,143	2,135
Total short-term assets	184,622	191,281
Long-term assets		
Intangible assets	115,129	115,156
Tangible assets	5,147	4,815
Shareholdings in associated companies	12	12
Financial assets	1,329	1,282
Deferred tax claims	284	358
Total long-term assets	121,902	121,624
Total assets	306,524	312,905
EQUITY AND LIABILITIES		
Short-term liabilities		
Trade payables	11,171	20,621
Financial liabilities to banks	32,414	32,872
Other financial liabilities	12,154	13,822
Other accruals	1,579	1,020
Income tax liabilities	2,539	2,452
Other liabilities	1,546	1,618
Total short-term liabilities	61,403	72,406
Long-term liabilities		
Deferred tax liabilities	40,251	39,144
Pension provisions	3,638	3,586
Total long-term liabilities	43,889	42,730
Total liabilities	105,292	115,136
Equity		
Issued capital	21,914	21,906
Capital reserves	20,906	21,722
Profit brought forward	150,948	128,810
Net profit accounted to the shareholders of ISRA VISION AG	5,082	23,108
Other comprehensive income	541	361
Own shares	-28	0
Share of equity capital held by ISRA VISION AG shareholders	199,363	195,907
Equity capital accounted to non-controlling shareholders	1,869	1,862
Total equity	201,232	197,769
Total equity and liabilities	306,524	312,905

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

³⁾ ISRA is applying the new standards IFRS 9 and IFRS 15 for the first time effective 1 October 2018. For the transition to the new rules, we have elected to use the modified retrospective method, under which the cumulative effects are recognized and prior-year figures are not restated.

Consolidated Cash Flow Statement ^{1) 2)}

from October 01, 2018 to December 31, 2018 in € k

(in € k)	Oct. 01, 2018 - Dec. 31, 2018	Oct. 01, 2017 - Dec. 31, 2017
Consolidated net profit	5,089	4,448
Income tax payments	-1,001	-818
Changes in deferred tax assets and liabilities	1,181	1,716
Changes in accruals	611	1,004
Depreciation and amortization	4,761	3,688
Changes in inventories	264	-1,949
Changes in trade receivables and other assets	3,945	4,227
Changes in trade payables and other liabilities	-9,941	-8,276
Financial result	43	52
Other non-cash changes	-107	285
Cash flow from operating activities	4,845	4,376
Payments for investments in tangible assets	-365	-167
Payments for investments in intangible assets	-4,259	-3,100
Company acquisition	0	0
Cash flow from investment activities	-4,624	-3,267
Payments to company owners through acquisition of own shares	-836	0
Deposits from sales of own shares	0	606
Dividend payouts	0	0
Deposits from the assumption of financial liabilities	0	11
Repayments of financial liabilities	-458	0
Interest income	55	25
Interest expenses	-97	-77
Cash flow from financing activities	-1,337	565
Exchange rate-based value changes of the financial resources	586	-42
Change of financial resources	-530	1,632
Net cash flow		
Financial resources on 30.09.2018/30.09.2017	34,716	29,728
Financial resources on 31.12.2018/31.12.2017	34,187	31,360

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Boards (IASB). In the year under review the IFRS and SICs which must compulsorily be applied were followed.

Consolidated Statement of Changes in Equity ^{1) 2) 3)}

for the period October 01, 2018 to December 31, 2018 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of shareholders ISRA VISION AG	Accounted to non-controlling shareholders	Equity
As of Sep. 30, 2018	21,906	21,722	0	361	128,810	23,108	195,907	1,862	197,769
Conversion effect IFRS 9	0	0	0	0	-90	0	-90	0	0
Conversion effect IFRS 15	0	0	0	0	-880	0	-880	0	0
Profit brought forward	0	0	0	0	23,108	-23,108	0	0	0
Capital increase (conversion of capital reserve due to stock split)	8	-8	0	0	0	0	0	0	0
Acquisition of own shares	0	-808	-28	0	0	0	-836	0	-836
Sales of own shares	0	0	0	0	0	0	0	0	0
Payout	0	0	0	0	0	0	0	0	0
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	180	0	5,082	5,262	7	5,269
As of Dec. 31, 2018	21,914	20,906	-28	541	150,948	5,082	199,363	1,869	201,232

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IASs) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

³⁾ ISRA is applying the new standards IFRS 9 and IFRS 15 for the first time effective 1 October 2018. For the transition to the new rules, we have elected to use the modified retrospective method, under which the cumulative effects are recognized and prior-year figures are not restated.

Consolidated Statement of Changes in Equity ^{1) 2)}

for the period October 01, 2017 to December 31, 2017 in € k

(in € k)	Issued capital	Capital reserves	Own shares	Other not-income-affecting changes in equity	Profit brought forward	Net profit of the period	Equity of shareholders ISRA VISION AG	Accounted to non-controlling shareholders	Equity
As of Sep. 30, 2017	4,381	38,800	- 159	921	110,886	20,508	175,338	1,710	177,049
Profit brought forward	0	0	0	0	20,508	-20,508	0	0	0
Acquisition of own shares	0	0	0	0	0	0	0	0	0
Sales of own shares	0	447	159	0	0	0	606	0	606
Payout	0	0	0	0	0	0	0	0	0
Changes in shares of non-controlling shareholders	0	0	0	0	0	0	0	0	0
Overall earnings	0	0	0	- 192	0	4,435	4,243	13	4,256
As of Dec. 31, 2017	4,381	39,247	0	729	131,395	4,435	180,188	1,723	181,910

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

Segment Reporting by Division ^{1) 2) 3)}

for selected positions of the consolidated income statement in € k

(in € k)	Industrial Automation Division		Surface Vision Division	
	Oct. 01, 2018 - Dec. 31, 2018	Oct. 01, 2017 - Dec. 31, 2017	Oct. 01, 2018 - Dec. 31, 2018	Oct. 01, 2017 - Dec. 31, 2017
Revenues	8,330	7,801	25,893	23,440
EBIT	1,776	1,656	5,160	4,608

¹⁾ According to IFRS unaudited

²⁾ The Company's quarterly consolidated financial statements were prepared in accordance with the International Accounting Standards (IAS) of the International Accounting Standards Board (IASB). In the year under review the IFRS/IASs and SICs which must compulsorily be applied were followed.

³⁾ ISRA is applying the new standards IFRS 9 and IFRS 15 for the first time effective 1 October 2018. For the transition to the new rules, we have elected to use the modified retrospective method, under which the cumulative effects are recognized and prior-year figures are not restated.

Explanatory notes

Basic accounting and valuation methods

The Company's quarterly consolidated financial statements were prepared in line with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). In the year under review the IFRSs and SICs which must compulsorily be applied were followed.

Darmstadt, February 28, 2019

The executive board

ISRA VISION AG

Industriestraße 14

64297 Darmstadt

Germany

Tel.: +49 (6151) 948-0

Fax: +49 (6151) 948-140

investor@isravision.com

WWW.ISRAVISION.COM