

## INTERIM REPORT 2019

RoodMicrotec reports a positive net result of EUR 5,000 for the first half of 2019 with a gross profit margin that is maintained at a consistent high level of 79%. Due to a softer market, geopolitical uncertainties and drops in demand of production burn-in, the total sales decreased by 7% to EUR 6.4 million compared to the first half of 2018. The second quarter showed a revenue increase of 12% compared to the first quarter. Significant growth in Supply Chain Management (SCM) partially compensated the decline in Qualifications & Failure Analyses. Within the end application markets, RoodMicrotec raised its sales in the industrial sector by 5%, whereas the automotive sector decreased by 17%. The strongest leading indicator, the book-to-bill ratio, is maintained at a level higher than one. These main leading indicators support a continuing improvement in the net result.

RoodMicrotec has continued to invest in new equipment, such as the automated optical inspection (AOI) system for wafer inspection to detect failures and damages of incoming wafers and to ensure the quality of outgoing wafers. The company will continue to invest and thus meet the demand of the industry in general and the automotive industry in particular.

Personnel expenses are maintained at the same level as last year, even though we are in the development phase for new SCM projects. This requires additional resources in test engineering, but thanks to the flexible setup of the company, personnel expenses in other areas could be adjusted. The operating expenses (without one-time costs) are also well under control, with reduction compared to 2018. Depreciation and financial costs are in line with the first half of 2018.

### Summary HY1 2019

(x EUR 1,000)	Unaudited HY1 2019	Unaudited HY1 2018
<b>Net Sales</b>	<b>6,393</b>	<b>6,843</b>
<b>Gross profit</b>	<b>5,049</b>	<b>5,686</b>
<i>Gross profit margin of net sales</i>	<i>79%</i>	<i>83%</i>
<b>EBITDA</b>	<b>807</b>	<b>913</b>
<i>EBITDA in % of net sales</i>	<i>13%</i>	<i>13%</i>
<b>EBIT</b>	<b>108</b>	<b>398</b>
<i>EBIT in % of net sales</i>	<i>2%</i>	<i>6%</i>
<b>Net result</b>	<b>5</b>	<b>276</b>
<i>Net result in % of net sales</i>	<i>0%</i>	<i>4%</i>

## Highlights HY1 2019

- RoodMicrotec expanded its SCM services into the Application Specific Standard Product (ASSP) market through a production and marketing cooperation with Fraunhofer IIS and EBV Elektronik, where a Memorandum of Understanding has been signed.
- RoodMicrotec establishes a long-term supply chain partnership with the Finnish fabless company CoreHW. CoreHW is added as partner for SCM projects and also as a customer.
- Three SCM projects have been booked and moved into the engineering phase.
- The automated optical inspection (AOI) system for wafer inspection is fully integrated and running in RoodMicrotec's production process to detect failures and damages of incoming wafers and to ensure the quality of outgoing wafers.
- RoodMicrotec received a verdict from the court regarding the legal proceedings against a debtor and released the provision of EUR 130,000 which was recorded in the 2018 financial results.
- Strong sales in the Supply Chain Management unit in the first-half of 2019 are confirming that our strategy to move into long-term engagements with our customers is successful.
- Since April 2019, RoodMicrotec is VDA6.2 certified. This extension to the ISO9001:2015 is focused on automotive requirements.
- The cash situation in the company is stable with no foreseeable need for additional cash to finance future investments.
- The net result was EUR 5,000 in the first half of 2019 (HY1 2018: EUR 276,000).
- Solvency ratio decreased to 39% due to IFRS16 adjustments (HY1 2018: 46%).
- Cash generated from operating activities was EUR 0.2 million (HY1 2018: EUR -0.2 million)
- Net working capital reduced to EUR 1.5 million (HY1 2018: EUR 2.0 million)

### Martin Sallenhag, RoodMicrotec CEO:

*"We are pleased with our performance so far and proud to report a positive net result for the first half of 2019, even though the market situation is challenging. This demonstrates that RoodMicrotec's strategy as well as the commitment of our employees continue to drive the company's future growth."*

## Financial Performance Indicators

(x EUR 1,000)	Unaudited HY1 2019	Unaudited HY1 2018	Change
<b>Result</b>			
Net sales	6,393	6,843	-450
Gross profit	5,049	5,686	-637
EBITDA	807	913	-106
EBIT	108	398	-290
Net result	5	276	-271
Net cash flow	-1,016	602	-1,618
Operating cash flow	187	-245	432
<b>Capital, debt &amp; liquidity ratios</b>			
Total assets	14,508	13,775	733
Group equity	5,661	6,330	-669
Net debt	2,763	1,415	1,348
Capital (net debt + group equity)	8,424	7,745	680
Gearing ratio (net debt/capital)	33%	18%	-15%
Solvency (group equity/ total assets)	39%	46%	-7%
Net working capital	1,458	1,992	-536
ROCE	1.2%	4.4%	-3.2%
<b>Assets</b>			
Tangible and intangible fixed assets	9,522	7,838	1,684
Investment in (in)tangible fixed assets	1,346	228	625
Depreciation of (in)tangible fixed assets	699	515	184
<b>Nominal shares issued (x 1,000)</b>	74,896	72,587	2,309
<b>Data per share (x EUR 1)</b>			
Group equity	0.08	0.09	0.01
EBIT	0.00	0.01	0.01
Net cash flow	-0.01	0.01	0.02
Net result	0.00	0.00	0.00
<b>Number of FTEs (Permanent)</b>			
At end of month	95	95	0
Average	94	94	0
<b>Sales / Average FTEs (Permanent)</b>	136	146	-10

### General

RoodMicrotec's focus is on Supply Chain Management (SCM), offering ASIC turnkey solutions for the industrial and automotive markets, where it is vital to collaborate closely with design houses, suppliers, foundries, institutes, customers and other related parties. In this process, in which the partners are to some extent interdependent, RoodMicrotec's SCM ensures that the weakest link is as strong as possible - this is exactly what turnkey solutions are all about.

Our customer base consists of major industrial and automotive companies throughout Europe, where the role of fabless (lacking fabrication capacity) design houses is growing rapidly. These companies help our clients to realize their ideas with high reliability and in a short timeframe. RoodMicrotec brings its clients together with design houses and assists in the physical realization of their projects, which is why we actively build and maintain relationships with the major players in Europe and Asia.

Moreover, our relationships with suppliers and institutes are also paramount in realizing turnkey projects. RoodMicrotec has excellent cooperation agreements with assembly houses and wafer foundries in Asia as well as in Europe that ensure swift and high quality supplies for our business. Through institutes, we remain at the forefront of research and technology and have access to innovative resources and ideas in the realization of turnkey projects.

By bringing together these key stakeholders, RoodMicrotec is in a unique position to offer SCM turnkey solutions to the industrial and automotive markets, thus ensuring a successful business venture for all partners involved.

We also continue to promote our other offerings to the market, especially our well renowned Failure Analysis capabilities and our well-equipped laboratory for Qualification & Reliability Investigations. There is also an increase in demand for pure Test Operations with development of SW and HW in combination with testing of devices in our 24/7 test operations floor.

Our strategy to move more into long-term engagements with our customers has shown to be successful, with significant increase in Supply Chain Management.

### Developments by operational unit (product /service group)

#### RoodMicrotec net sales HY1 2019 vs. HY1 2018

RoodMicrotec's half year sales decreased by 7% due to a weak start of the year based on difficult market conditions and especially in the area Qualification & Failure Analysis due to the customer initiated phase out of production burn-in. Within the end application markets, RoodMicrotec raised its sales in the industrial sector by 5% whereas the automotive sector decreased by 17% after one of our customers had lost a major project resulting in a drop in demand. The order backlog continues to be strong.

(x EUR 1,000)	HY1 2019	HY1 2018	Change
Test Operations	3,142	3,316	-5%
Supply Chain Management	1,596	1,460	+9%
Qualification & Failure & Analysis	1,655	2,067	-20%
<b>Total</b>	<b>6,393</b>	<b>6,843</b>	<b>-7%</b>

## Developments

During the first half of 2019, RoodMicrotec has continued to invest in new equipment to be able to serve the demanding automotive and industrial markets. The main addition is a new automatic optical inspection system for semiconductor wafers. The industry's requirements are quickly developing towards a full automation of processes. With this new capability, RoodMicrotec has a solution that fits the needs of the customers. The system is able to automatically handle 6, 8 and 12-inch wafers from cassette to cassette.

RoodMicrotec has also invested in a new test system from National Instruments to handle lower volume testing at a more cost efficient level. This system will enable RoodMicrotec to quickly develop test solutions for products that are not demanding the full support of an automatic test unit.

Upgrades to the existing test systems as well as additional external high frequency test units have been added to the portfolio of equipment in the test operations unit. These new acquisitions enable us to handle more complex products and they are already in full operation.

Three SCM projects have been booked during the period and the first stage, which is the engineering stage, has been started. This includes test program and hardware development as well as preparations for qualification. After this stage, the industrialization will be done, which includes test time reduction as well as yield optimization. Once these milestones have been done, the full volume production will be started.

RoodMicrotec is expanding its SCM services into the Application Specific Standard Product (ASSP) market through a production and marketing cooperation with Fraunhofer IIS and EBV Elektronik, where a Memorandum of Understanding has been signed. An ASSP is a device that can be used by many customers for similar applications. This will enable RoodMicrotec to supply customer with devices in smaller volume by having a higher total volume.

CoreHW, a Finnish fabless company, has been added as a partner for SCM projects. This long-term supply chain partnership will use the capabilities and services of RoodMicrotec for back-end manufacturing of full custom RF, analog and mixed-signal IC as well as catalog IC products, designed and marketed by CoreHW. RoodMicrotec, on the other hand, will develop the test solutions, including test software and interface hardware, execute product qualification as per desired industry standard and run mass production, including wafer sort, package assembly, final test and end-of-line services. In addition, RoodMicrotec will include CoreHW as partner in their design partner network for ASIC turnkey business, specifically for advanced wireless applications.

## Personnel

The number of full time employees (FTE) in the company is stable at 94, even though the composition is changing due to business needs. During the first half of 2019, we have strengthened the test engineering team with experienced employees to meet the need for the booked SCM projects. In other areas we have made adjustments to reflect the actual needs.

## Risk management

The various risks the company is exposed to are listed in RoodMicrotec's 2018 annual report. We strive to limit the risks, inter alia by periodical and systematic risk reviews of selected aspects. These reviews are conducted approximately eight times a year. If necessary, corrective measures are taken. In view of the negative developments in the financial markets, the management is devoting additional attention to cash management. Otherwise, the management does currently not foresee any material changes in its risks in 2019.

We are ISO9001:2015 certified since April 2016 which is risk management focused.

## Notes to the financial results

### Sales and result

Sales in the first half of 2019 were EUR 6.4 million, which is EUR 0.4 million lower compared to the first half of 2018 (HY1 2018: EUR 6.8 million). The gross profit margin was with 79%, below the level of the first half year of 2018 but expected due to the increase in supply chain management business.

EBITDA was EUR 0.8 million (HY1 2018: EUR 0.9 million). EBIT was EUR 0.1 million (HY1 2018: EUR 0.4 million). The decrease of EBITDA and EBIT is mainly the result of a lower sales revenue.

The total operating expenses were EUR 4.2 million against EUR 4.8 million in first half of 2018. Personnel expenses are stable with EUR 3.4 million compared to first half of 2018. The other operating expenses were EUR 0.8 million and decreased by EUR 0.7 million compared to the same period last year. The first half 2018 included one-off expenses related to the legal case of EUR 130,000 and bank charges of EUR 50,000 for the share issuance where in the first half year of 2019 based on a final verdict EUR 125,000 is released from the accruals and the provision for a tax audit started in 2018 could be released based on outcome of the inspection and had a positive effect of EUR 175,000. With a continued focus on further cost efficiency the other operating expenses are further reduced.

Net financing costs maintained at a same level of EUR 112,000.

### Cash flow

In the first half of 2019, net cash flow position reduced by EUR 1.0 million (HY1 2018: EUR +0.6 million). Cash generated from operating activities showed a further improvement and was positive by EUR 0.2 million (HY1 2018: EUR -0.2 million). The net cash flow from investing activities was EUR - 1.3 million and includes EUR 0.7 million for an automatic optical inspection system ordered in 2018, delivered in 2019. Cash generated from financing activities was EUR 62,000. The debt position is further reduced by payment of a final instalment of EUR 0.2 million. Furthermore, the proceeds from issuance of share capital of EUR 0.4 million contributed to the cash position, the balance of EUR 0.13 million relates to payments for lease terms (IFRS 16).

### Events after balance sheet date

On July 9<sup>th</sup>, 2019 the articles of association were amended consisting of change of corporate seat to Deventer.

### Outlook

Based on several new engagements as well as an increasing number of ASIC supply chain projects in the pipeline, RoodMicrotec expects a continuing revenue increase over the next years and the company expects to report yearly improving positive net results. With a softer market and geopolitical uncertainties, revenue for 2020 is expected to be in the range of EUR 16 million to EUR 18 million.

## Financial agenda

August 1 <sup>st</sup> , 2019	Conference call for press and analysts
October 17 <sup>th</sup> , 2019	Trading update quarter 3-2019
January 23 <sup>rd</sup> , 2020	Publication annual revenue 2019 (preliminary)
March 12 <sup>th</sup> , 2020	Publication annual figures 2019 (preliminary)
March 12 <sup>th</sup> , 2020	Conference call for press and analysts
April 9 <sup>th</sup> , 2020	Publication annual report 2019
April 9 <sup>th</sup> , 2020	Trading update quarter 1-2020
May 28 <sup>th</sup> , 2020	Annual general meeting of shareholders
May 29 <sup>th</sup> , 2020	Annual bondholders meeting
July 30 <sup>th</sup> , 2020	Publication interim report 2020
July 30 <sup>th</sup> , 2020	Conference call for press and analysts
October 15 <sup>th</sup> , 2020	Trading update quarter 3-2020

## Forward-looking statements

This interim report contains a number of forward-looking statements. These statements are based on current expectations, estimates and prognoses of the board of management and on the information currently available to the company. The statements are subject to certain risks and uncertainties which are hard to evaluate, such as the general economic conditions, interest rates, exchange rates and amendments to statutory laws and regulations. The board of management of RoodMicrotec cannot guarantee that its expectations will materialize. Furthermore, RoodMicrotec does not accept any obligation to update the statements made in this interim report.

## About RoodMicrotec

RoodMicrotec is a leading independent company for semiconductor supply and quality services. With 50 years of experience in the semiconductor and electronics industry, RoodMicrotec is well-established as a highly valued partner for many companies worldwide. The company provides full-turnkey ASIC services for complex microchips that are customized to handle specific applications for individual customers. In cooperation with strong partners, RoodMicrotec manages the entire development and production flow of ASICs in the target volume, ranging from low quantities up to multiple millions per year. The turnkey solution includes project management, wafer test, assembly, final test, qualification, failure analysis and logistics. All services comply with the industrial and quality requirements of the high reliability, aerospace, automotive, healthcare and industrial sectors. RoodMicrotec's headquarter is located in Deventer, Netherlands, with operational units in Nördlingen and Stuttgart, Germany.

For more information visit <https://www.roodmicrotec.com>

## Further information

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## 1. Consolidated statement of Profit or Loss

(x EUR 1,000)	Unaudited HY1 2019 <sup>1</sup>	Unaudited HY1 2018	Audited 2018
<b>NET SALES</b>	6,393	6,843	13,425
Cost of sales	-1,344	-1,157	-2,545
<b>GROSS PROFIT</b>	<b>5,049</b>	<b>5,686</b>	<b>10,880</b>
Personnel expenses	-3,437	-3,316	-6,555
Other operating expenses	-805	-1,457	-2,942
<b>TOTAL OPERATING EXPENSES</b>	<b>-4,242</b>	<b>-4,773</b>	<b>-9,497</b>
<b>EBITDA</b>	<b>807</b>	<b>913</b>	<b>1,383</b>
Depreciation and amortisation	-699	-515	-1,018
<b>EBIT</b>	<b>108</b>	<b>398</b>	<b>365</b>
Financial expenses	-103	-122	-241
<b>RESULT BEFORE TAX</b>	<b>5</b>	<b>276</b>	<b>124</b>
Taxation	–	–	1
<b>NET RESULT</b>	<b>5</b>	<b>276</b>	<b>125</b>
<b>EARNINGS PER SHARE</b>			
Basic	0.00	0.00	0.00
Diluted	0.00	0.00	0.00

<sup>1</sup> IFRS 16 Leases (IFRS 16) was adopted with effect from January 1, 2019. See 6 Notes “Adoption of IFRS 16 Leases”.

## 2. Consolidated statement of Comprehensive Income

(x EUR 1,000)	Unaudited HY1 2019 <sup>1</sup>	Unaudited HY1 2018	Audited 2018
Net profit (loss)	5	276	125
Remeasurement of defined benefit obligations	–	–	-1,055
Remeasurement of defined benefit obligations – DTL	–	–	32
Sale of revalued land - DTL	–	69	71
<b>Comprehensive income</b>	<b>5</b>	<b>345</b>	<b>-827</b>

<sup>1</sup> IFRS 16 Leases (IFRS 16) was adopted with effect from January 1, 2019. See 6 Notes “Adoption of IFRS 16 Leases”.

### 3. Consolidated Statement of Financial Position

(x EUR 1,000)	Unaudited HY1 2019 <sup>1</sup>	Unaudited HY1 2018	Audited 2018
<b>ASSETS</b>			
Property, plant and equipment	6,150	5,471	5,303
Right-of-use assets	1,039	–	–
Intangible assets	2,333	2,367	2,379
Deferred tax assets	1,420	1,353	1,420
Financial assets	–	503	81
<b>Non-current assets</b>	<b>10,942</b>	<b>9,694</b>	<b>9,183</b>
Inventories	432	488	593
Trade and other receivables	2,412	2,374	2,092
Cash and cash equivalents	722	1,219	1,738
<b>Current assets</b>	<b>3,566</b>	<b>4,081</b>	<b>4,423</b>
<b>TOTAL ASSETS</b>	<b>14,508</b>	<b>13,775</b>	<b>13,606</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital	8,239	7,985	8,006
Share premium	20,736	20,478	20,517
Revaluation reserve	1,943	2,033	1,943
Retained earnings	-27,751	-26,660	-27,751
Equity attributable to equity holders	3,167	3,836	2,715
Non-controlling interests	2,494	2,494	2,494
<b>Total equity</b>	<b>5,661</b>	<b>6,330</b>	<b>5,209</b>
Loans and borrowings	2,449	2,403	2,426
Lease liabilities	745	–	–
Retirement benefit obligation	3,441	2,849	3,374
Provisions	104	105	107
<b>Non-current liabilities</b>	<b>6,739</b>	<b>5,357</b>	<b>5,907</b>
Loans and borrowings	–	231	227
Lease liabilities	291	–	–
Trade and other payables	1,759	1,799	2,205
Current tax liabilities	58	58	58
<b>Current liabilities</b>	<b>2,108</b>	<b>2,088</b>	<b>2,490</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,508</b>	<b>13,775</b>	<b>13,606</b>

<sup>1</sup> IFRS 16 Leases (IFRS 16) was adopted with effect from January 1<sup>st</sup>, 2019. See 6 Notes “Adoption of IFRS 16 Leases”.

#### 4. Consolidated Statement of Changes in Equity

(x EUR 1,000)	Number of shares x1,000	Issued share capital	Share premium	Revaluation reserve	Retained earnings	Equity attribut. to parent	Non- controlling interests	<b>Total Equity</b>
Accounting policy changes - IFRS 9					-9	-9		<b>-9</b>
<b>Balance at 1 January 2018</b>	<b>66,716</b>	<b>7,339</b>	<b>19,906</b>	<b>2,216</b>	<b>-27,197</b>	<b>2,264</b>	<b>2,494</b>	<b>4,758</b>
Issuance of ordinary shares	5,871	646	572	-	-	1,218	-	<b>1,218</b>
Value of employee options granted	-	-	-	-	-	-	-	-
Net profit (loss)*	-	-	-	-	276	276	-	<b>276</b>
Sale of revalued land	-	-	-	-183	252	69	-	<b>69</b>
<b>Balance at 30 June 2018</b>	<b>72,587</b>	<b>7,958</b>	<b>20,478</b>	<b>2,033</b>	<b>-26,660</b>	<b>3,836</b>	<b>2,494</b>	<b>6,330</b>
Issuance of ordinary shares	192	21	19	-	-	40	-	40
Value of employee options granted	-	-	20	-	-	20	-	20
Net profit (loss)	-	-	-	-	-151	-151	-	<b>-151</b>
<b>Other comprehensive income:</b>								
Remeasurement of defined benefit obligation	-	-	-	-	-1,023	-1,023	-	<b>-1,023</b>
Sale of revalued land	-	-	-	-1	3	2	-	<b>2</b>
Revaluation of land and buildings	-	-	-	-89	89	-	-	-
<b>Balance at 31 December 2018</b>	<b>72,779</b>	<b>8,006</b>	<b>20,517</b>	<b>1,943</b>	<b>-27,751</b>	<b>2,715</b>	<b>2,494</b>	<b>5,209</b>
Accounting policy changes - IFRS 16 <sup>1</sup>					-5	-5		<b>-5</b>
<b>Balance at 1 January 2019</b>	<b>72,779</b>	<b>8,006</b>	<b>20,517</b>	<b>1,943</b>	<b>-27,756</b>	<b>2,710</b>	<b>2,494</b>	<b>5,204</b>
Issuance of ordinary shares	2,117	233	212	-	-	445	-	<b>445</b>
Value of employee options granted	-	-	7	-	-	7	-	<b>7</b>
Net profit (loss)*	-	-	-	-	5	5	-	<b>5</b>
<b>Balance at 30 June 2019</b>	<b>74,896</b>	<b>8,239</b>	<b>20,736</b>	<b>1,943</b>	<b>-27,751</b>	<b>3,167</b>	<b>2,494</b>	<b>5,661</b>

<sup>1</sup> IFRS 16 Leases (IFRS 16) was adopted with effect from January 1<sup>st</sup>, 2019. See 6 Notes "Adoption of IFRS 16 Leases".

At June 30<sup>th</sup>, 2019 the authorised share capital comprised 100,000,000 ordinary shares (June 30<sup>th</sup>, 2018: 80,000,000). The shares have a nominal value of EUR 0.11 each. At June 30<sup>th</sup>, 2019, 74,896,267 ordinary shares were in issue (June 30<sup>th</sup>, 2018: 72,587,399).

\* In the half year figures, profits/losses have been accounted as if added to or deducted from the retained earnings. However, in accordance with a resolution of the AGM, the actual addition to or deduction from the retained earnings is made at year-end.

## 5. Consolidated Cash Flow Statement

(x EUR 1,000)	Unaudited HY1 2019 <sup>1</sup>	Unaudited HY1 2018	Audited 2018
EBITDA	807	913	1,383
Adjustments for:			
- Share-based payments	7	–	20
- Movements in retirement benefit obligation and provisions	64	-50	-303
- Accrued interest	–	-3	-8
Changes in working capital:			
- Inventories	161	93	-12
- Trade and other receivables	-320	-394	-121
- Trade and other payables	-460	-720	-236
<b>Cash flow from operating activities</b>	<b>259</b>	<b>-161</b>	<b>723</b>
Interest paid	-72	-84	-160
<b>Net cash flow from operating activities</b>	<b>187</b>	<b>-245</b>	<b>563</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment	-1,286	-203	-446
Disposals of property, plant and equipment	–	326	326
Investments in intangible assets	-60	-25	-130
Net investments in financial assets	81	–	–
<b>Net cash flow from investing activities</b>	<b>-1,265</b>	<b>98</b>	<b>-250</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of share capital	445	1,218	1,258
Payment of lease terms	-158	–	–
Repayment of borrowings	-225	-469	-450
<b>Net cash flow from financing activities</b>	<b>62</b>	<b>749</b>	<b>808</b>
<b>Net cash flow</b>	<b>-1,016</b>	<b>602</b>	<b>1,121</b>
Cash +/- bank overdrafts at beginning of period	1,738	617	617
Cash +/- bank overdrafts at end of period	722	1,219	1,738
<b>Net cash flow</b>	<b>-1,016</b>	<b>602</b>	<b>1,121</b>

<sup>1</sup> IFRS 16 Leases (IFRS 16) was adopted with effect from January 1, 2019. See 6 Notes “Adoption of IFRS 16 Leases”.

## 6. Notes to the consolidated interim financial statements

### General information

RoodMicrotec N.V. is a public limited liability company with its registered office in Deventer, the Netherlands and publicly listed on the Euronext Amsterdam Stock Exchange since 1986. The consolidated interim financial statements of the company for the period ended June 30<sup>th</sup>, 2019 comprise the company and its subsidiaries (jointly referred to as 'RoodMicrotec'). RoodMicrotec includes the wholly-owned subsidiaries RoodMicrotec GmbH (Nördlingen, Germany) and RoodMicrotec International B.V. (Zwolle, The Netherlands).

### Basis of preparation

These consolidated interim financial statements have been prepared in accordance with IAS 34 (interim financial reporting). They do not include all the information required for full annual financial statements, and should therefore be read in conjunction with the consolidated financial statements of RoodMicrotec as of and for the year ended December 31<sup>st</sup>, 2018 included in the 2018 annual report.

The accounting policies applied in these consolidated interim financial statements are the same as those applied in its consolidated financial statements as of and for the year ended December 31<sup>st</sup>, 2018, except for the adoption of IFRS 16 *Leases* on January 1<sup>st</sup>, 2019.

Under IFRS 16, all lease contracts, with limited exceptions, are recognised in financial statements by way of right-of-use assets and corresponding lease liabilities. RoodMicrotec applied the modified retrospective method without restating comparative information. Further information in respect of the implementation of IFRS 16 is included in the notes.

The consolidated interim financial statements and the reconciliations included in this report and its enclosures have not been audited nor been reviewed by external auditors.

### Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 *Leases* on the interim financial statements and discloses the new accounting policies that have been applied from January 1<sup>st</sup>, 2019.

The company has adopted IFRS 16 using the modified retrospective transition approach, with the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity on January 1<sup>st</sup>, 2019. The company will therefore not restate comparative information prior to first adoption.

### Leasing activities and how these are accounted for

The company's leases various offices and cars. Rental contracts are typically made for fixed periods and may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Until the 2018 financial year, leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1<sup>st</sup>, 2019, leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and financial expenses. The financial expenses are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate (hereafter: IBR) is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The IBR used to discount the lease liabilities on January 1<sup>st</sup>, 2019 varies between 0% and 2.1%.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the company.

#### **Practical expedients**

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1<sup>st</sup>, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Furthermore, the company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

## Impact IFRS 16 on the statement of profit or loss

Due to the adoption of IFRS 16 in the first half year of 2019 other operational expenses decreased by EUR 161,000 and depreciation and financial expenses increased by EUR 155,000 respectively EUR 3,000.

(x EUR 1,000)	Unaudited HY1 2019	IFRS 16 impact	Excl. IFRS 16
<b>NET SALES</b>	6,393	–	6,393
Cost of sales	-1,344	–	-1,344
<b>GROSS MARGIN</b>	<b>5,049</b>	–	<b>5,049</b>
Personnel expenses	-3,437	–	-3,437
Other operating expenses	-805	161	-966
<b>TOTAL OPERATING EXPENSES</b>	<b>-4,242</b>	<b>161</b>	<b>-4,403</b>
<b>EBITDA</b>	<b>807</b>	<b>161</b>	<b>646</b>
Depreciation and amortisation	-699	-155	-544
<b>EBIT</b>	<b>108</b>	<b>6</b>	<b>102</b>
Financial expenses	-103	-3	-100
<b>RESULT BEFORE TAX</b>	<b>5</b>	<b>3</b>	<b>2</b>
Taxation	–	–	–
<b>NET RESULT</b>	<b>5</b>	<b>3</b>	<b>2</b>

## Impact IFRS 16 on the statement of financial position

The adoption of the new standard had a limited accumulated impact of EUR -5,000 in equity following the recognition of lease liabilities of EUR 1,074,000 and additional right-of-use assets of EUR 1,079,000. The detailed impact on the balance sheet at January 1<sup>st</sup>, 2019, is as follows:

(x EUR 1,000)	<b>Audited 31 December 2018</b>	<b>IFRS 16 impact</b>	<b>Unaudited 01 January 2019</b>
<b>ASSETS</b>			
Property, plant and equipment	5,303	–	5,303
Right-of-use assets	–	1,079	1,079
Intangible assets	2,379	–	2,379
Deferred tax assets	1,420	–	1,420
Financial assets	81	–	81
<b>Non-current assets</b>	<b>9,183</b>	<b>1,079</b>	<b>10,262</b>
Inventories	593	–	593
Trade and other receivables	2,092	–	2,092
Cash and cash equivalents	1,738	–	1,738
<b>Current assets</b>	<b>4,423</b>	<b>–</b>	<b>4,423</b>
<b>TOTAL ASSETS</b>	<b>13,606</b>	<b>1,079</b>	<b>14,685</b>
<b>EQUITY AND LIABILITIES</b>			
Issued capital	8,006	–	8,006
Share premium	20,517	–	20,517
Revaluation reserve	1,943	–	1,943
Retained earnings	-27,751	-5	-27,756
Equity attributable to equity holders	2,715	-5	2,710
Non-controlling interests	2,494	–	2,494
<b>Total equity</b>	<b>5,209</b>	<b>-5</b>	<b>5,204</b>
Loans and borrowings	2,426	–	2,426
Lease liabilities	–	809	809
Retirement benefit obligation	3,374	–	3,374
Provisions	107	–	107
<b>Non-current liabilities</b>	<b>5,907</b>	<b>809</b>	<b>6,716</b>
Loans and borrowings	227	–	227
Lease liabilities	–	275	275
Trade and other payables	2,205	–	2,205
Current tax liabilities	58	–	58
<b>Current liabilities</b>	<b>2,490</b>	<b>275</b>	<b>2,765</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>13,606</b>	<b>1,079</b>	<b>14,685</b>

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.



The recognised right-of-use assets relate to the following types of assets:

(x EUR 1,000)	Unaudited HY1 2019	Unaudited 01 January 2019
Properties/Office	867	938
Cars	172	141
<b>Total</b>	<b>1,039</b>	<b>1,079</b>

The table below provides explanation for the differences between operating lease commitments disclosed applying IAS 17 at the end of the annual reporting period and the openings balance of lease liabilities at January 1<sup>st</sup>, 2019:

(x EUR 1,000)	Unaudited 01 January 2019
<b>Reported operating lease commitments at December 31, 2018</b>	<b>1,123</b>
Less: short-term leases and low-value leases	-20
<b>Operating lease commitments at December 31, 2018 under IFRS 16</b>	<b>1,103</b>
Less: effects of discounting	-19
Add: renewal options	-
<b>Total lease liability at January 1, 2019</b>	<b>1,084</b>

#### Impact IFRS 16 on the condensed statement of cash flows

Due to the adoption of IFRS 16, cash payments for the principal portion of the lease liability are presented as part of cash flow from financing activities. Cash payments for the interest portion of the lease liabilities, short-term leases and low-value leases are presented as part of cash flow from operating activities.

Net cash flow from operating activities increased due to certain lease expenses no longer being presented as operating cash outflows and shifted to cash flows from financing activities. Therefore, net cash flow will remain unchanged.

(x EUR 1,000)	Unaudited HY1 2019
EBITDA	161
<b>Cash flow from operating activities</b>	<b>161</b>
Interest paid	-3
<b>Net cash flow from operating activities</b>	<b>158</b>
<b>Cash flow from financing activities</b>	
Repayment of lease terms	-158
<b>Net cash flow from financing activities</b>	<b>-158</b>
<b>Net cash flow</b>	<b>-</b>

## Segment reporting

RoodMicrotec does not have separate segments as referred to in IFRS 8. IFRS 8 requires the financial statements to present segment information that is in accordance with the internal information used by management of RoodMicrotec (chief operating decision maker) to assess performance and allocate resources.

RoodMicrotec focuses on a single operating segment considering the nature of its services and the type of class of customer for these services. This operating segment consist of three operational units, namely: Test Operations, Supply Chain Management and Qualification & Failure Analysis; to help the development of business level strategies. Management uses the consolidated results of operations to come up with informed business decisions.

Consequently, the disclosures for segment information are limited to net sales and non-current assets per country. In accordance to management reporting, net sales for the operational units Test Operations, Supply Chain Management and Qualification & Failure Analysis are also disclosed.

## Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate credit facility. Management monitors rolling forecasts of RoodMicrotec's liquidity reserve and cash and cash equivalents. Furthermore, liquidity planning is one of the major elements in RoodMicrotec's budget cycle. Management has tight monitoring procedures in place regarding direct cash flows. Both the cash position and sales forecasts are frequently reviewed. Managing the working capital position is important in managing our liquidity risk.

## Statement of trade and other receivables

Within RoodMicrotec's customer portfolio, RoodMicrotec is exposed to credit risk and currency risk. The management has set up credit control policies to reduce the credit risk and foreign exchange risk as much as possible. The foreign exchange risk is mitigated by exchange rate clauses in most of RoodMicrotec's contracts. The average credit rating of RoodMicrotec's customers is comparable to the industry.

## Net sales of HY1 2019 compared to HY1 2018

(x EUR 1,000)	Unaudited HY1 2019	Unaudited HY1 2018	Audited 2018
Test Operations	3,142	3,316	6,060
Supply Chain Management	1,596	1,460	3,283
Qualification & Failure Analysis	1,655	2,067	4,082
<b>Total</b>	<b>6,393</b>	<b>6,843</b>	<b>13,425</b>

## 7. Statement from the Board of Management

This statement is based on Article 5:25c, paragraph 2C of the Financial Supervision Act. The statements following this law are obliged as a ruling for the interim financial statements.

Our opinion of the interim financial statements is that it gives a true and fair view of the assets, liabilities, financial position and the result of RoodMicrotec N.V. and the companies included in the consolidation.

The interim financial statements give a true and fair view of the situation as per balance sheet date and of the developments during the first half year of 2019 of RoodMicrotec N.V. and the group companies for which the financial information is recognized in its financial statements. Otherwise, the risks are not expected to change materially in the second half of 2019.

Deventer, August 1<sup>st</sup>, 2019

### Board of Management

Martin Sallenhag, Chief Executive Officer

Arvid Ladega, Chief Financial Officer

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