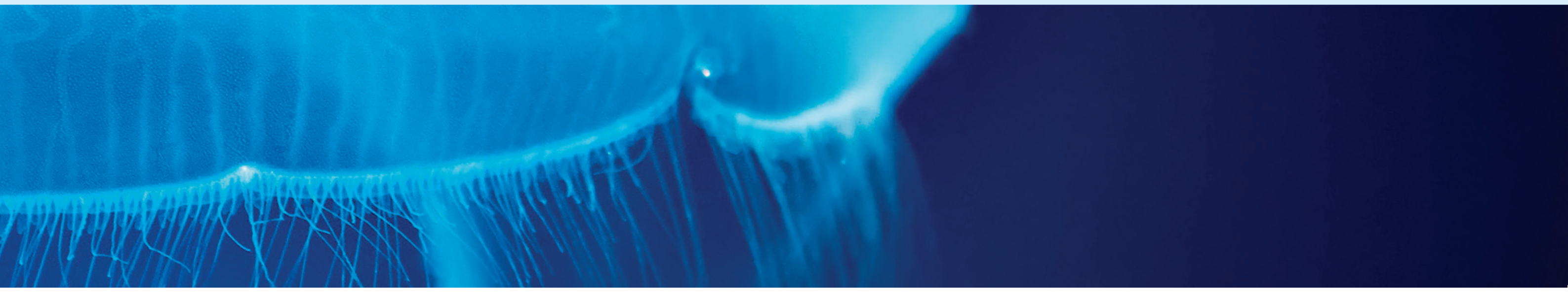
NYNOMIC
THE PHOTONICS GROUP



Nynomic AG Half-Year Report

2019

Compared to the previous year, the 1st half of 2019 was characterised by a decline in sales.

Sales EUR 29.3 million

EBIT EUR 3.6 million

In line with the lower sales level, EBIT fell below the previous year's level.

Key figures

in TEUR except EBIT margin and EPS	1st HY 2019*	1st HY 2018*	Deviation in %
Group sales	29,310	36,298	-19%
EBIT	3,604	6,449	-44%
EBIT margin	12%	18%	-33%
EBITDA	5,005	7,048	-29%
Investments	833	335	149%
Depreciations	1,401	599	134%
Personnel costs	11,700	11,538	1%
Cash flow from operating activities	2,641	-2,441	208%
EPS before minority interests**	€0.48	€0.96	-50%
EPS after minority interests**	€0.53	€0.84	-37%

Sales by segment

in TEUR	1st HY 2019*	1st HY 2018*	Deviation in %
Life Science	6,516	5,037	29%
Clean Tech	17,595	25,632	-31%
Green Tech	4,564	4,888	-7%
Other segments	635	741	-14%

Sales by regions

in TEUR	1st HY 2019*	1st HY 2018*	Deviation in %
Germany, Europe and other remaining countries	20,035	23,121	-13%
America	7,100	10,759	-34%
Asia	2,175	2,418	-10%

Financial statement data

in TEUR except equity ratio	30.06.2019*	31.12.2018*	Deviation in %
Equity	32,462	29,692	9%
Financial liabilities to banks	19,644	20,727	-5%
Total assts	68,739	65,861	4%
Equity ratio	47.2%	45.1%	5%

* Presentation in accordance with IFRS.
** The number of shares was calculated as a weighted average in the reporting period.

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Letter from the Managment Board

Dear Nynomic AG Shareholders,

Due to the overall slowing economy and geopolitical uncertainties, the 2019 financial year is proving to be challenging, as was to be expected. Nevertheless, the Nynomic group was able to close the first six months of 2019 as planned in a significantly weaker market phase than in the previous year.

Overall, group sales and earnings as well as the EBIT margin have fallen below the very strong 2018 first half. In the first six months of 2019, group sales of EUR 29.3 million (PY: EUR 36.3 million; - 19%) and EBIT of EUR 3.6 million (PY: EUR 6.4 million; - 44%) were achieved. At around 12% (PY: 18%), the EBIT margin remained at a solid overall level. Despite the difficult economic situation, which has affected our customers' investment behaviour, we continue to see a larger number of placed orders. At EUR 38 million, the order backlog was up 19% at the end of the first half of 2019, reaching a new record high at the reporting date. This provides a good basis for a moderate upturn in business activities over the rest of the year.

Now is the right time for us to change the Nynomic group's accounting to IFRS. These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the first time. We decided to do so after the international focus of our company had become more firmly established and the acceptance and dissemination of IFRS standards had increased as a result of the mandatory IFRS consolidated accounting of publicly traded parent companies. The conversion to IFRS is important for us because IFRS reporting offers our international investors and stakeholders a clearer overview and transparency than HGB accounting and enables better comparability with foreign competitors.

The Nynomic AG annual general meeting was held on 26 June 2019. A large number of long-term and new shareholders came to Wedel and followed the remarks of the Managment Board and the subsequent general debate. All proposals for resolutions on the agenda were adopted with a vast majority. We would like to extend our sincere gratitude and appreciation to you, our esteemed shareholders, for your continued support and confidence in us.

The pace of expansion of the global economy has significantly slowed in the first half of 2019. Overall, the economic outlook is characterised by ongoing uncertainty. The current economic slowdown has also impacted the semiconductor industry, exacerbated by effects from the typical cyclical fluctuations in demand. Nevertheless, we are optimistic about the future and are certain that the trend towards long-term growth, driven by megatrends such as automation and digitisation, will continue. We believe that we are well positioned because our core competence in photonics offers promising solutions in a variety of sectors for the complex challenges and opportunities associated with these global megatrends. In this respect, we are continuing our goal of leading the Nynomic group in the medium term to a sales level of EUR 100 million with an EBIT margin of approx. 15%.

Based on the favourable period-over-period rise in orders and the growth prospects, the Managment Board remains confident that the Nynomic group will achieve the lower end of the communicated tar-

We believe that we are well positioned because our core competence in photonics offers promising solutions in a variety of sectors for the complex challenges and opportunities associated with these global megatrends.

get range of approx. EUR 67 million to EUR 70 million in consolidated sales and an EBIT range of approx. EUR 8 million to EUR 10.5 million in 2019 as a whole for the full financial year 2019.

We will continue to consistently advance the implementation of our profitable growth strategy and adhere to our investment plans in order to further expand our market position in the photonics industry and increase our sustained competitiveness. In addition to the organic growth, the expansion of application areas to existing and new markets will also be of importance to us.

In light of this, we are pleased about the recent announcement of the successful takeover of the LemnaTec GmbH business operations. As the seventh pillar of the Nynomic group, LemnaTec expands our technological competence by the field of phenotyping.

The Aachen-based company is a worldwide leading specialist for hardware and software systems in the field of digital plant phenotyping and high-throughput screening and is firmly established in the highly attractive agro-industry with many years of experience and know-how.

As an internationally recognised high-tech group, Nynomic provides innovative ideas and is shaping the future of technology. We would be delighted if you would continue to join us on this exciting road ahead.

Sincerely,

Fabian Peters

Maik Müller

Management Board of Nynomic AG
Fabian Peters

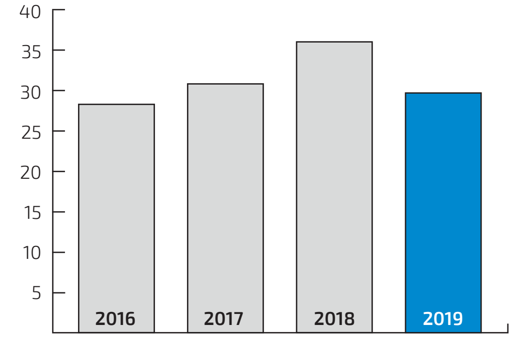
Management Board of Nynomic AG
Maik Müller

Key Figures*

Comparison 1st half 2016 to 1st half 2019

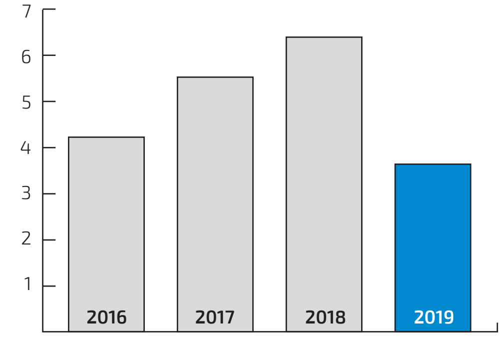
Sales in million EUR

The general economic climate and postponed customer orders led to weaker group sales in the 1st half of 2019.



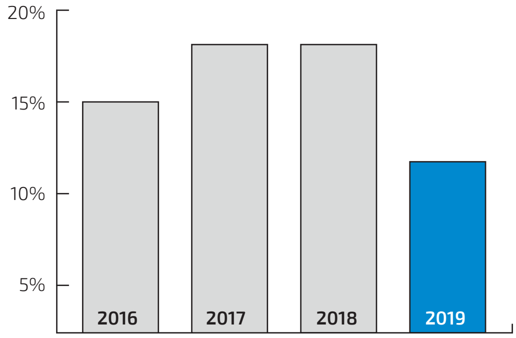
EBIT in million EUR

The EBIT of approx. EUR 3.6 million results from a year-on-year reduction in sales of around -19%.



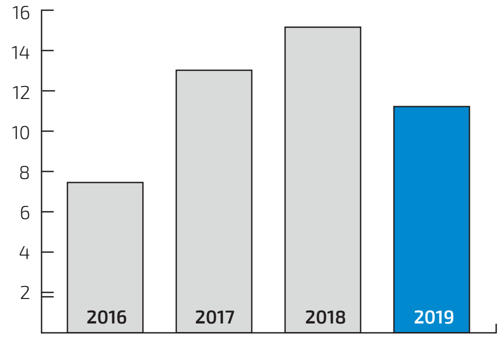
EBIT margin in %

The EBIT margin dropped 6% year-on-year. A rebound is expected.



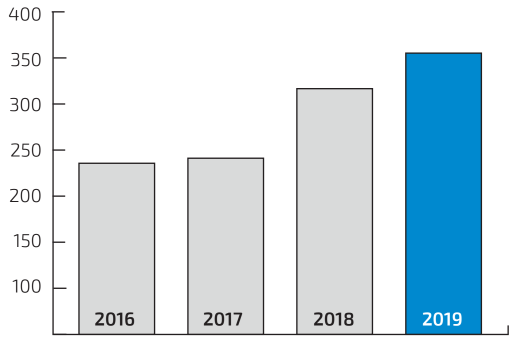
Cash on hand in million EUR

Cash on hand was slightly reduced compared to the previous year but remains on a solid level.



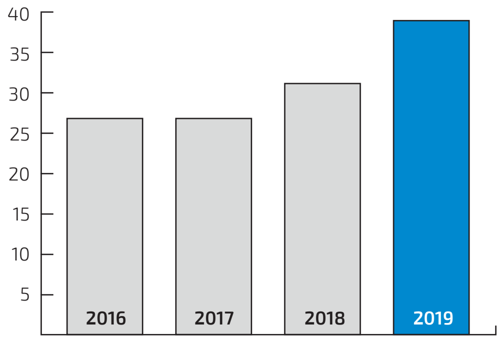
Average employee numbers**

The Nynomic group has a stable employee base.



Order backlog in million EUR

At around +19%, the order backlog was high at the time of reporting and above the previous year's level.



* Key figures for 2016 and 2017 are shown in accordance with the German Commercial Code (HGB), and in accordance with IFRS since 2018.
** The average number of employees is based on full-time employees.

The share

In the reporting period from 1 January to 30 June 2019, the Nynomic share price was very volatile. On 2 January, the share closed at EUR 17.60; on June 28, the closing price remained almost unchanged at EUR 17.65. In the same period, the Scale30 Index was up 16% gains from 924 to 1,068 points.

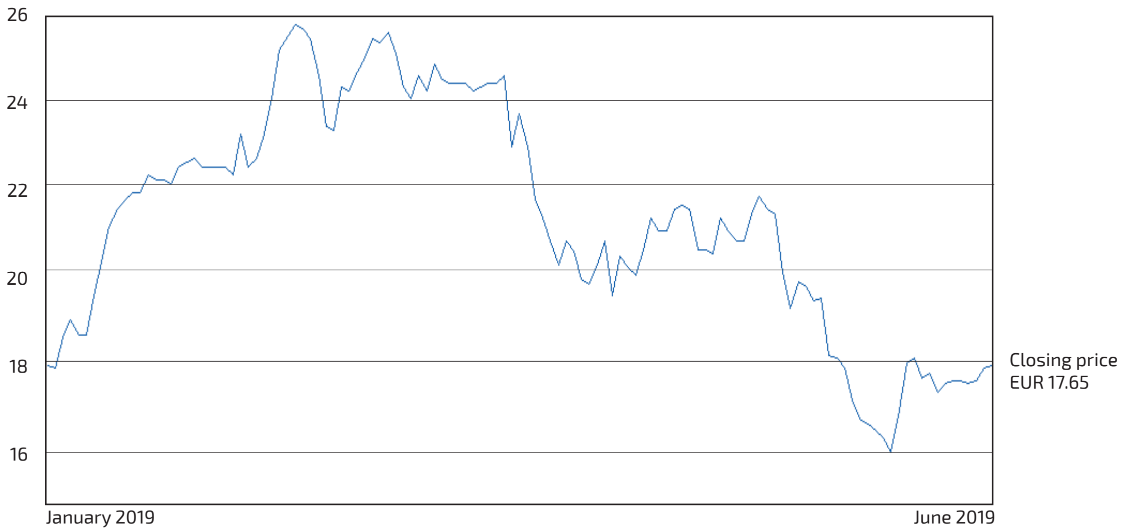
In January, the Nynomic share price rose to around EUR 22, fluctuating from EUR 22 to EUR 26 in February and March. April to June saw significant price movements and the share price fell to an annual low at EUR 16 at the beginning of June.

Thereafter, the share levelled off between approx. EUR 17 and EUR 18 for weeks.

In the first half of 2019, Nynomic AG was the subject of discussion in publications such as Focus Money, Euro am Sonntag and Frankfurter Allgemeine Zeitung.

The latest research updates from Warburg Research (fair value: EUR 31.00) and Montega AG (fair value: EUR 31.00), published in mid-August after the first and preliminary figures were made public for the first half of 2019, see clearly the Nynomic share undervalued at the current price level.

Nynomic share price development (in EUR)



(closing price XETRA)

Master data

Name	Nynomic AG
Total number of shares	5,070,000
Specialist	Baader Bank AG
Designated sponsor	Oddo Seydler Bank AG
Capital market partner	M.M.Warburg & CO (AG & Co.)
Stock exchange segment	Scale
ISIN / WKN / abbreviation	DE000A0MSN11 / A0MSN1 / M7U

Consolidated Balance Sheet as of 30 June 2019

Assets

	30.06.2019 TEUR	31.12.2018 TEUR
Non-current assets		
Goodwill	26,903	26,903
Intangible assets	2,107	2,302
Property, plant and equipment	2,566	2,300
Rights of use from leasing	4,830	0
Participations	0	0
Deferred tax assets	380	485
	36,786	**31,990**
Current assets		
Inventories	10,674	10,427
Trade receivables	6,958	10,057
Refund claims from income taxes	1,270	1,270
Other assets	1,625	761
Prepayments and accrued income	371	278
Cash and cash equivalents	11,055	11,078
	31,953	**33,871**
Balance sheet total	**68,739**	**65,861**

Consolidated Balance Sheet as of 30 June 2019

Liabilities

	30.06.2019 TEUR	31.12.2018 TEUR
Equity capital		
Subscribed capital	5,070	5,070
Capital reserve	4,284	4,284
Equity capital difference from currency conversion	274	239
Net profit	20,450	17,772
Capital and reserves attributable to the shareholders of the parent company	**30,078**	**27,365**
Non-controlling interests	2,384	2,327
	32,462	**29,692**
Long-term debt		
Financial liabilities to banks	15,640	17,478
Financial liabilities from leasing	4,820	0
Other financial liabilities	3,074	2,997
	23,534	**20,475**
Current liabilities		
Other provisions	1,621	3,879
Liabilities from income taxes	997	311
Financial liabilities to banks	4,004	3,249
Trade payables	2,114	1,910
Other liabilities	3,981	6,298
Deferred income	26	47
	12,743	**15,694**
Balance sheet total	**68,739**	**65,861**

Consolidated statement of comprehensive income for the period 1 January to 30 June 2019

Consolidated profit and loss statement

	1st HY 2019 TEUR	1st HY 2018 TEUR
Sales	**29,310**	**36,298**
Changes in stock of finished goods and work in progress	327	1,086
Other own work capitalised	87	0
Other operating income	1,244	1,196
Costs of materials	-9,981	-14,994
Personnel expenses	-11,700	-11,538
Other operating expenses	-4,282	-5,000
EBITDA	**5,005**	**7,048**
Depreciations	-1,401	-599
EBIT	**3,604**	**6,449**
Other interest receivable and similar income	19	12
Interest payable and similar expenses	-351	-191
EBT	**3,272**	**6,270**
Income taxes	-851	-1,450
EAT	**2,421**	**4,820**
Non-controlling interests	257	-607
Income attributable to shareholders	2,678	4,214
Other comprehensive income	0	0
Consolidated total comprehensive income	**2,421**	**4,820**

Basic earnings per share (in EUR)	0.53	0.84
Diluted earnings per share (in EUR)	0.53	0.84
Weighted-average number of shares outstanding	5,070,000	4,997,569

Notes to the consolidated interim financial statements as of 30 June 2019

General information on the consolidated interim financial statements

These unaudited half-year consolidated financial statements were prepared for the first time in accordance with the International Financial Reporting Standards (IFRS) in full compliance with the IFRS applicable in the European Union and with the additional requirements of German commercial law and stock corporation law pursuant to Section 315e of the German Commercial Code (HGB).

The change in accounting policy took effect retroactively on 1 January 2018. The previous year's figures in this report therefore also fully comply with IFRS.

The consolidation, accounting and valuation methods were also applied in preparing these interim financial statements, insofar as they were in agreement with the IFRS, unchanged from the previous accounting methods in accordance with HGB. As of 1 January 2018, there were no material differences for the group's equity resulting from changing the accounting from HGB to IFRS.

The provisions of IAS 34 (interim financial reporting) were observed.

Nynomic AG has its registered office in Wedel and is registered in the commercial register of the Pinneberg Local Court under No. HRB 6913 PI.

The consolidated profit and loss account was prepared using the total cost method.

The financial year for the group and the consolidated companies corresponds to the calendar year.

The shares are listed on the open market, which is not an organised market within the meaning of the German Securities Trading Act (Sec. 2 XI WpHG). The shares are traded on Scale, the Frankfurt-based Deutsche Börse's segment for small and medium-sized enterprises.

The accounting and valuation methods explained below were applied in the preparation of the consolidated interim financial statements.

IFRS standards to be applied for the first time

As of 1 January 2019, the company is required to show leases in accordance with IFRS 16 (leases) for the first time. This requires lessees to recognise assets and liabilities in the balance sheet for most leases. Accordingly, the value in use on the basis of future lease payments is shown at its present value as an asset and simultaneously as a lease liability in the balance sheet. The value in use is determined over the contractual useful life using mathematical valuation models.

The mandatory application of the new leasing regulations for all companies had an impact on the balance sheet total as of 30 June 2019 (EUR +4,830,000) due to the recognition of leased assets and leasing liabilities (EUR +5,480,000 each) and on the profit and loss account due to the reduction in leasing expenses (EUR -750,000) under other operating expenses charged to depreciation (EUR +650,000) and interest expenses (EUR +90,000). Deferred taxes arose at the same time due to deviations from the tax values. The average weighted marginal external financing rate of the lessees was 3.5%.

Scope of consolidation

Subsidiaries included

Nynomic AG is a direct or indirect parent company of the following subsidiaries within the meaning of IFRS 10, which are included in the consolidated interim financial statements in accordance with the principles of consolidation:

	Share of capital in %
m-u-t GmbH, Wedel (Germany)	100.00
tec5 AG, Oberursel/Taunus (Germany)	100.00
with its affiliated companies and their shares in the capital:	
tec5 USA Inc., Plainview (New York, USA)	51.00
tec5 Technology Co., Ltd, Beijing (China)	80.00
Avantes Holding B.V., Apeldoorn (The Netherlands)	100.00
with its affiliated companies and their shares in the capital:	
Avantes B.V., Apeldoorn (The Netherlands)	100.00
Avantes Inc., Broomfield (Colorado, USA)	100.00
Avantes China Ltd., Beijing (China)	60.00
Avantes Hong Kong Ltd., Hong Kong (China)	60.00
Avantes UK Ltd., Leatherhead (Surrey, Great Britain)	100.00
APOS GmbH, Wedel (Germany)	55.00
with its affiliated company and its share in the capital:	
APOS IP GmbH, Wedel (Germany)	100.00
LayTec AG, Berlin (Germany)	100.00
with its affiliated companies and their shares in the capital:	
LayTec in-line GmbH, Berlin (Germany)	100.00
LayTec Vertriebs- und Service GmbH, Berlin (Germany)	100.00
LayTec UK Ltd., Ince (Greater Manchester, Great Britain)	95.68
Spectral Engines Oy, Helsinki (Finland)	75.00
with its affiliate company and its share in the capital:	
Purpl Scientific Inc., St. Louis (Missouri, USA)	100.00

Information on accounting and valuation methods

The assets included in the consolidated interim financial statements are valued in the same way in accordance with IFRS 10.

Self-developed intangible assets are capitalised at cost in accordance with IAS 38. This refers to the creation of control software. The software is reduced by systematic depreciation (5 years or 10 years, straight-line method).

Purchased intangible assets were carried at cost and, to the extent that they are subject to wear and tear, were reduced by systematic depreciation over their useful lives (3-10 years, straight-line method).

Tangible fixed assets (PP&E) were carried at cost and, if subject to wear and tear, reduced by scheduled depreciation. Assets attributable to tangible fixed assets (PP&E) were depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method.

Inventories were carried at the lower of cost or market. If the net realisable value was less than the carrying amount, the inventories were written down to this lower value.

Work in progress and finished goods and services were valued at production costs in accordance with IAS 2, including the necessary overheads.

Receivables and other assets were carried at nominal value. Individual risks were accounted for by value adjustments. Default and credit risks were sufficiently taken into account by value adjustments.

Provisions take into account all identifiable risks and contingent liabilities. They are disclosed at the settlement value required in accordance with reasonable commercial judgement, taking into account price increases. Provisions without interest with a term of more than one year are discounted using an average market interest rate before taxes.

Liabilities are disclosed at the settlement value.

The **financial statements of subsidiaries in foreign currencies were translated** in accordance with IAS 21 using the modified closing rate method, i.e. the balance sheets and the profit and loss accounts were translated at the closing rate (exception: shareholder equity at historical rates) and at the average rate for the year respectively; any resulting differences were reported in equity as an adjustment item for currency conversion differences and included in comprehensive income.

Notes to the balance sheet

Deferred tax assets and liabilities

The calculation of deferred taxes is based on temporary differences arising from the difference to approaching the matter under tax law. Deferred taxes include deferred taxes in the individual financial statements of tec5 USA Inc.; deferred taxes from the elimination of intercompany profits were recognised at an unchanged average tax rate of 30% at the time of the probable reversal. Minor deferred tax liabilities were offset against deferred tax assets in the individual financial statements of a subsidiary.

Subscribed capital

On the reporting date, the share capital was divided into 5,070,000 no-par value bearer shares, each equivalent to a share in the issued share capital of EUR 1.00. All shares are ordinary shares with one voting right each.

The share capital was increased by up to EUR 478,500.00 by resolution of the annual general meeting on 6 June 2014 to grant subscription rights to employees and members of management of the company or an affiliated company (Conditional capital 2014/I).

The share capital is to be increased by up to EUR 2,535,000.00 by resolution of the annual general meeting on 26 June 2019 against cash contributions and/or contributions in kind by issuing new no-par value bearer shares (Authorised capital 2019).

The share capital has been increased by up to EUR 2,056,500.00 by resolution of the annual general meeting on 26 June 2019 to grant subscription and/or conversion rights to the holders of bonds with warrants and/or convertible bonds (Conditional capital 2019).

Other financial liabilities

Other financial liabilities mainly include existing purchase price obligations for the purchase of shares in LayTec AG.

Other liabilities

Other liabilities mainly relate to short-term personnel obligations and tax payments.

Granted collateral

The company's assets are free of any granted collateral.

Notes to the profit and loss statement

Breakdown of sales

Sales revenues are broken down as follows:

by area of activity

	TEUR
Life Science	6,516
Clean Tech	17,595
Green Tech	4,564
Other segments	635
Total	**29,310**

by sales region

	TEUR
Germany, Europe and other remaining countries	20,035
America	7,100
Asia	2,175
Total	**29,310**

Income taxes

The income tax expense mainly relates to the current net profit of the 1st half of the year. The group income tax rate remains unchanged compared with the same period a year earlier.

Other disclosures

Contingent liabilities

There were no contingent liabilities as of the reporting date.

Disclosures on financial instruments

The company used derivative financial instruments only to a limited extent.

Number of employees

The average number of full-time employees during the 1st half of 2019 (including the Management Board Members) is as follows:

Salaried employees	299
Waged workers	54
Students/interns	1
Apprentices	0
Total	**354**

Supplementary report

With the purchase agreement dated 12 August 2019, the business operations of LemnaTec GmbH, Aachen were acquired and taken over at a purchase price in the mid six-digit range. There were no other events of special significance after the end of the 1st half of 2019.

Managment Board

The Managment Board consists of:

- Mr Fabian Peters, Westerrönfeld
- Mr Maik Müller, Kronberg im Taunus

The members of the Managment Board are each entitled to represent one other member of the board together. The provisions of Sec. 286(4) of the German Commercial Code (HGB) in conjunction with Sec. 315e HGB do not apply.

Supervisory Board

The supervisory board consists o:

- Mr Hans Wörmcke (Chairman), Heist, entrepreneur
- Dr Sven Claussen (Deputy Chairman as of 1 January 2019), Hamburg, attorney and partner at Weiland Rechtsanwälte Partnerschaftsgesellschaft mbB
- Mr Hartmut Harbeck (Deputy Chairman until 31 December 2018), Wedel, entrepreneur

Declaration of the legal representatives

These consolidated interim financial statements as of 30 June 2019 and the interim group management report were prepared on 27 August 2019 by the Nynomic AG Managment Board, which is responsible for the completeness and accuracy of the information contained therein. The consolidated interim financial statements have been prepared in accordance with IFRS, in particular the rules on interim financial reporting pursuant to IAS 34. They comply with Directive 83/349/EEC. The previous year's figures were calculated in accordance with the same principles. The consolidated interim financial statements have been supplemented by an interim group management report and other disclosures as required by Sec. 315e of the German Commercial Code (HGB).

Wedel, August 27, 2019

Fabian Peters	Maik Müller
Management Board of Nynomic AG	Management Board of Nynomic AG

Consolidated cash flow statement from 1 January to 30 June 2019

			1st HY 2019 TEUR	1st HY 2018 TEUR
1.		Net profit for the period (consolidated net profit for the period including minority interests)	2,421	4,821
2.	+/-	Depreciation/write-ups of fixed assets	1,401	599
3.	+/-	Increase/decrease in provisions	-2,258	-1,927
4.	+/-	Non-cash change in shareholder equity	14	767
5.	-/+	Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	2,001	-4,527
6.	+/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-1,371	-2,172
7.	+/-	Interest expenses/interest income	333	178
8.	+/-	Income tax expenses/income	851	1,450
9.	-/+	Income tax payments	-751	-1,630
10.	**=**	**Cash flow from operating activities**	**2,641**	**-2,441**
11.	-	Payments for capital expenditures in fixed assets	-833	-335
12.	+	Proceeds from disposals of financial assets	0	660
13.	-	Payments for additions to the scope of consolidation	0	-19,448
14.	+	Interest received	19	12
15.	**=**	**Cash flow from investing activities**	**-814**	**-19,111**
16.	+	Proceeds from issuing bonds and taking out (financial) loans	0	18,400
17.	-	Payments from the repayments of bonds and (financial) loans	-1,541	-757
18.	-	Interest paid	-351	-114
19.	-	Dividends paid to minority interests	0	-1,124
20.	**=**	**Cash flow from financing activities**	**-1,892**	**16,405**
21.		Net change in cash and cash equivalents	-65	-5,147
22.	+/-	Effects of exchange rate and valuation-related changes on cash and cash equivalents	20	27
23.	+/-	Consolidation-related changes in cash and cash equivalents	0	206
24.		Cash and cash equivalents at beginning of period	10,878	19,461
25.	**=**	**Financial funds at the end of the period**	**10,833**	**14,547**

Composition and change in cash and cash equivalents

	1st HY 2019 TEUR	1st HY 2018 TEUR
Cash on hand and bank balances	11,078	19,560
Liabilities to banks due at any time	-200	-99
Financial funds at the beginning of the period	**10,878**	**19,461**
Cash in hand, cheques and bank balances	11,055	14,760
Liabilities to banks due at any time	-222	-213
Financial funds at the end of the period	**10,833**	**14,547**
Change in cash and cash equivalents	-45	-4,914

Interim group management report to the interim financial statements as of 30 June 2019

The statements made in the 2018 annual report on the group business model, strategy and objectives and on research and development in the group are still accurate at the time this interim report is prepared.

With the purchase agreement dated 12 August 2019, the business operations of LemnaTec GmbH, Aachen were acquired and taken over by a wholly owned new subsidiary of Nynomic AG. The purchase price was in the mid six-digits. The new subsidiary of Nynomic AG will be integrated into the group as the seventh pillar under the name of LemnaTec GmbH, with the location, employees and all major parts of operations remaining the same. With the agro-industry, the Aachen-based company has firmly established itself in a highly attractive future market. The digital phenotyping technology is of great interest to science, bioeconomics and the development and quality control of agricultural products. LemnaTec GmbH, with more than 20 employees at its Aachen location, is expected to generate sales between EUR 5–7 million in the first full 2020 financial year.

Structure

A. Business performance including presentation of the net assets, financial position and results of operations
B. Report on opportunities and risks
C. Forecast report
D. Other disclosures

A. Business performance including presentation of the net assets, financial position and results of operations

Sales trend

The uncertainty that can currently be observed, especially in the capital goods markets for semiconductors and electronics, in addition to the economic outlook considering the prevalent macroeconomic conditions has had a slowing effect in the first six months of the financial year.

Accordingly, the Nynomic group's business performance in the 1st half of 2019 was more restrained compared to the previous year. Group sales fell to approximately EUR 29.3 million (PY: EUR 36.3 million; -19%). The year-on-year decline in sales is to some extent put into perspective when considering the non-recurring effects in the first halves of 2017 and 2018, which exceeded planning expectations due to customer-related sales.

The upward trend of order intakes in the amount of approx. EUR 32 million (PY: EUR 26.8 million; +19%) and the record order backlog of approx. EUR 38 million (PY: EUR 31.8 million; +19%) confirm that the products and services of the Nynomic group continue to be in high demand – and thus confirms its strategic orientation.

Operating result

The consolidated operating result in the first half of 2019 was influenced by the drop in sales. In the period from 1 January to 30 June 2019, EBIT was approximately EUR 3.6 million (PY: EUR 6.4 million; -44%). Here, too, EBIT is within the planned target range compared with the adjusted non-recurring effects of the first six months of 2017 and 2018.

In the 1st half of 2019, the tec5 sub-group was unable to reach its sales and earnings level from the previous year due to market changes. However, due to implemented measures, there are indications that an improvement in earnings can be expected in the foreseeable future. The Avantes and m-u-t subgroups performed according to plan and both successfully contributed to the half-year result. Spectral Engines, which was integrated into the group in 2018, was not yet profitable in the 1st half of 2019, mostly due to the fact that the contract with Bosch-Siemens-Hausgeräte GmbH (BSH) is still in the start-up phase and related start-up costs must be taken into account. The LayTec subgroup ended the 1st half of 2019 slightly below the expected level due to postponements of customer deliveries to the 2nd half of 2019.

Compared to the previous year, the gross margin essentially increased due to a change in the product portfolio. The cost structure is virtually unchanged compared to the previous year. While personnel costs remained consistent, other operating expenses and depreciation showed a similarly high reallocation due to the first-time presentation requirements of IFRS 16.

Capital expenditures

In the first half of the year, replacement capital expenditures were mostly made in operating and business equipment, amounting to approximately EUR 0.8 million.

Financing

The bank's financing of the share acquisitions amounted to EUR 19.6 million on the reporting date. Repayment in the first half of the year was on schedule (EUR 0.9 million).

The net obligation to banks (cash and cash equivalents less liabilities to banks) amounted to EUR 8.6 million as of 30 June 2019 (31 December 2018: EUR 9.6 million).

EUR 4.8 million of liabilities from lease financing relate to the present value of rental payments for rented premises and office equipment, which were recognised as liabilities for the first time as of 1 January 2019 in accordance with IFRS 16 (leases). An identical amount was capitalised under fixed assets as the value in use from leasing and is depreciated over the term of the underlying rental agreements. Liabilities from lease financing are also reduced by the underlying rental payments.

In addition to its strong financing power, the company continues to have sufficient access to funds to finance its medium-term corporate strategy by making full use of lines of credit provided by the banks and by implementing capital measures.

The Managment Board considers the ongoing monitoring of liquidity to be one of its group-wide core tasks. Appropriate controlling instruments have thus been set up. The Managment Board expects the financial position to remain stable in the future.

Assets

As of 30 June 2019, the company's total assets increased once more by more than 4% to EUR 68.7 million according to IFRS compared to 31 December 2018. The asset structure is characterised by a share of fixed assets in the balance sheet total of 53% (PY: 48%). This increase is mainly attributable to the first-time application of the new accounting rules for leasing in accordance with IFRS 16, according to which the majority of rental payments are to be shown as liabilities or assets at the present value of the rental payments.

The equity ratio of 47% (PY: 45%) documents the solid financing structure of the group.

At EUR 12.2 million, working capital (current assets less current liabilities) was slightly above the reporting date value as of 31 December 2018 (EUR 10.3 million). The slight increase is due to seasonal fluctuations.

At EUR 11.1 million, cash and cash equivalents remained at a consistently high level.

Other provisions also decreased by EUR 2.3 million in the first half of the year, owing to seasonal fluctuations.

Personnel

The number of full-time employees (approx. 354) in the 1st half of the year rose by approx. 9% compared to 2018 to 326 employees. A total of 25 full-time employees at Spectral Engines are included for the first time for the first half of the year. The increase in personnel expenses compared to the 1st half of the year 2018 is therefore mainly volume induced or related to the consolidation.

Order backlog

A net order backlog of EUR 38.0 million was taken on as of 1 July 2019 (as of 31 December 2018: EUR 35.3 million). The order backlog is, owing to seasonal factors, on target. The majority of the order backlog is attributable to m-u-t with EUR 21.9m. The tec5 and Avantes subgroups also contributed EUR 7.0 million and EUR 6.1 million, respectively, to the order backlog. The approx. EUR 2.7 million increase is due to a successful order intake within the Avantes group and the tec5 group.

B. Report on opportunities and risks

The aim of the group's risk management is to identify potential risks at an early stage so as to avert imminent damage to the company by taking suitable measures and to rule out any threat to its existence.

The risk management objectives and methods are lean in line with company size, flat hierarchical structure, number of employees and field of activity.

The Nynomic group has extensive planning and control instruments at its disposal, which lend support to the Managment Board in identifying business risks at an early stage and in taking effective countermeasures.

A risk management system is used to monitor and control significant risks. This enables risks to be analysed at defined intervals, allowing for relevant deviations in the risk position to be reported to the Managment Board.

The Managment Board generally assumes that the company can manage the risks. Dealing with these risks is strategically seen as an opportunity that needs to be seized.

C. Forecast report

The risk and opportunity report has not changed significantly from the 2018 annual report. There are still no apparent risks that could endanger the going concern of Nynomic.

Nynomic focuses on the Life Science, Clean Tech and Green Tech segments on a group-wide level. On the basis of Nynomic's core technology in process-integrated continuous online measurement technology, new market potential is continuously being tapped in addition to existing applications.

Due to global trends such as demographic changes, constantly dwindling resources and the need to increase efficiency, these markets in particular are growing disproportionately fast in the medium and long term and are also largely decoupled from cyclical fluctuation patterns.

Capital expenditures

Significant direct capital expenditures in intangible and tangible fixed assets are not planned or necessary.

As part of its medium-term corporate strategy, the Managment Board sees the implementation and integration of the new subsidiaries as a focal point for corporate development.

In addition to the acquisition of business opportunities through the takeover of LemnaTec GmbH's business operations, the takeover of a further majority interest is also seen as a logical instrument for future growth.

Competition

The relevant market for Nynomic's photonics applications is characterised by a large number of competing suppliers worldwide. In addition to a few large and globally active companies, there is a multitude of smaller companies that have set themselves apart regionally or that specialise in specific target groups and technologies. Nynomic is driving a group-wide sales strategy and a general increase in sales activities.

Company forecast

Following the slowing economy, management believes that the Nynomic group continues to be well positioned for the medium and long term.

The main growth drivers such as automation, the use of smart and miniaturised measurement technology in new application areas and connected intelligent machines and products (Industry 4.0/IoT) will continue to gain in importance.

In this respect, achieving the medium-term growth target of EUR 100 million in sales with an EBIT margin of approx. 15% is considered to be realistic.

In addition to further focusing on sustainable customer products and customer potential, consistently pursuing the "buy and build" strategy makes the medium-term growth target realistic.

Management has reconfirmed its forecast for the overall 2019 financial year.

Accordingly, group sales of approximately EUR 67.0 to 70.0 million and an EBIT range of approximately EUR 8.0 to 10.5 million are expected, with the degree to which the forecast will be achieved, according to current knowledge, being at the lower end of the target corridor.

D. Other disclosures

Research and development

Research is usually conducted together with cooperation partners. In addition, specific product development is carried out that is cost effective. In the 1st half of 2019, research and development expenses within the segments of the Nynomic group amounted to approx. EUR 3.2 million. This highlights the company's focus on becoming a leading supplier of serial products and solutions in a technologically demanding market.

Wedel, August 27, 2019

Fabian Peters
Management Board
of Nynomic AG

Klaus Müller
Management Board
of Nynomic AG

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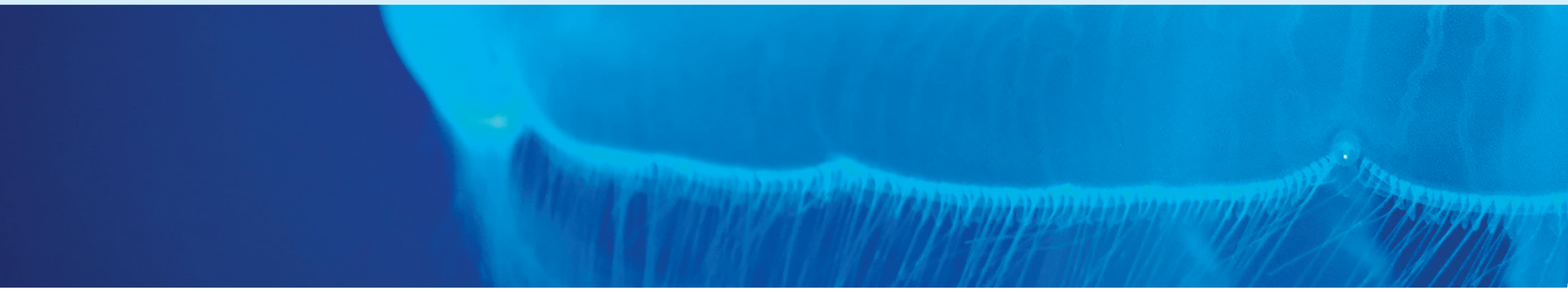

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