NYNOMIC
THE PHOTONICS GROUP

Nynomic AG Half-Year Report
2020

Nynomic Group sales reached a new high after a weaker previous year.

Sales EUR 36.9 million

EBIT EUR 3.6 million

EBIT achieved in the first half of 2020 is at the previous year's level and within the planned target range.

Key figures

in TEUR except EBIT margin and EPS	1st HY 2020	1st HY 2019	Deviation in %
Group sales	36,859	29,310	26%
EBIT	3,640	3,604	1%
EBIT margin	9.9%	12.3%	-20%
EBITDA	5,300	5,005	6%
Capital expenditure	592	833	-29%
Depreciation	1,660	1,401	18%
Personnel costs	14,113	11,700	21%
Cash flow from operating activities	3,967	2,641	50%
EPS before minority interests*	0.48 €	0.48 €	0%
EPS after minority interests*	0.43 €	0.53 €	-19%

Sales by segment

in TEUR	1st HY 2020	1st HY 2019	Deviation in %
Life Science	8,062	6,516	24%
Clean Tech	23,630	17,595	34%
Green Tech	5,167	4,564	13%
Other revenue**	0	635	-100%

Sales by region

inT EUR	1st HY 2020	1st HY 2019	Deviation in %
Germany, Europe and other remaining countries	23,319	20,035	16%
America	10,523	7,100	48%
Asia	3,017	2,175	39%

Balance sheet data

in TEUR except equity ratio	30.06.2020	31.12.2019	Deviation in %
Equity	40,587	32,848	24%
Financial liabilities	30,121	25,379	19%
Total assets	88,848	79,231	12%
Equity ratio	45.7%	41.5%	10%

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

** Reclassified into segments for 2020.

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Letter from the Management Board

Dear Nynomic AG shareholders,

The Nynomic Group has performed well in the first half of 2020. Despite the environment being volatile and marked by social and economic uncertainty, we had a successful start to the year and continued to deliver a strong performance in the second quarter.

Nynomic AG is in a robust position to cope with the coronavirus crisis and is once again proving to be a resilient company. Its results for the first half of the year are encouraging. It achieved group sales of EUR 36.9 million (PY: EUR 29.3 million; +26%) and EBIT of EUR 3.6 million (PY: EUR 3.6 million; +0%) in the first six months of 2020. At around 10% (PY: 12%), its EBIT margin was at a solid level overall. Its order backlog reached a new high of EUR 45.1 million, representing an increase of 19%, at the end of the first half of 2020. This provides a solid foundation for the future and demonstrates the strong market position that the Group has achieved thanks to its high levels of expertise and innovativeness.

The coronavirus pandemic has had a significant impact around the world and it also affected our business activities in the first half of 2020. We have continued to work in a focused and determined manner despite the difficult conditions which this unprecedented crisis has caused. Our Life Science portfolio has enabled us to exploit the significant growth potential of medical products and thereby benefit from the stabilising effect of risk diversification. The sales growth we have achieved in some business areas due to substantially increased demand is compensating for the impact the pandemic has had on other business areas. The Nynomic Group is now benefitting from its stable and resilient business model and the diversification strategy it has pursued in terms of products, markets and regions in recent years.

The measures we have introduced have enabled us to maintain our production, logistics and other business operations throughout the group. Our top priority currently is to ensure the health and safety of our employees. Our well-established organisational and technical measures are enabling us to relocate many business activities to our home office smoothly. The Nynomic team has mastered working in the new environment, and we are very proud of it. It is very important that we should be able to pursue our business model within our sales and other processes consistently and without disruption.

The Nynomic Group is now benefitting from its stable and resilient business model and the diversification strategy it has pursued in terms of products, markets and regions in recent years.

Our Annual General Meeting took place on 14 July 2020. Holding this meeting virtually (for the first time) enabled us to hold it as planned and to pass the required resolutions despite the current restrictions on gatherings. The meeting expressed its confidence in the members of Nynomic AG's Management and Supervisory Boards for the 2019 financial year by a large majority and approved all items on the agenda. We are grateful to you for this.

The ongoing restrictions resulting from the pandemic continue to cloud the economic outlook for 2020. The significant challenges we all face, and the general uncertainty we all feel, make it difficult to provide a reliable forecast for the rest of the 2020 financial year. Based on the business developments and planning described in this report, we confirm our full-year forecast for consolidated sales exceeding EUR 70 million with an EBIT margin of over 10%, despite declining growth expectations worldwide. However, we cannot at this time predict, even for the Nynomic Group, the extent to which unforeseeable events in the wake of the coronavirus pandemic will affect business during the rest of the year.

Our solid asset and financial position ensures that we have sufficient liquidity. We are using our comfortable net cash position to pursue our buy and build strategy actively. We evaluate our processes and goals on a regular basis and are never satisfied with the milestones we have already achieved. Our track record of product developments in the field of innovative non-contact measurement technology and successful acquisitions of strategically appropriate additions to our business should position us well for the future.

With best wishes,

Fabian Peters

Maik Müller

Nynomic AG Management Board
Fabian Peters

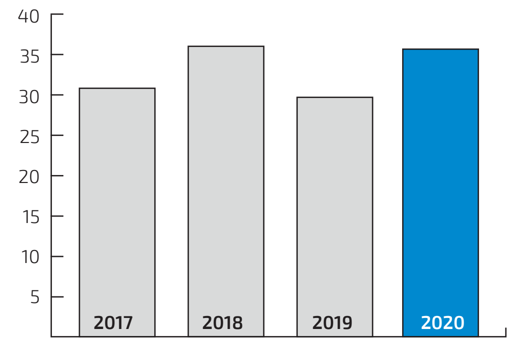
Nynomic AG Management Board
Maik Müller

Key figures*

Comparison 1st half 2017 to 1st half 2020

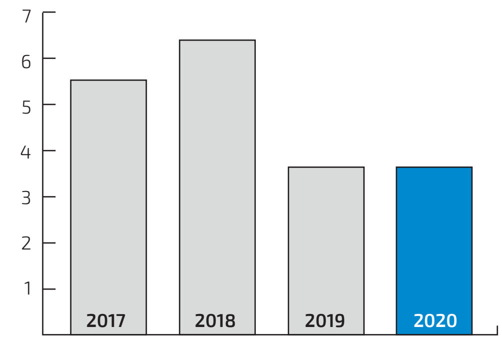
Sales in million EUR

The Nynomic Group achieved sales well above the previous year despite the difficult economic environment.



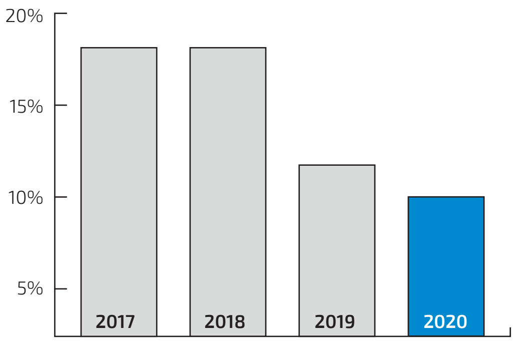
EBIT in million EUR

EBIT was maintained at a stable level, as in the previous year.



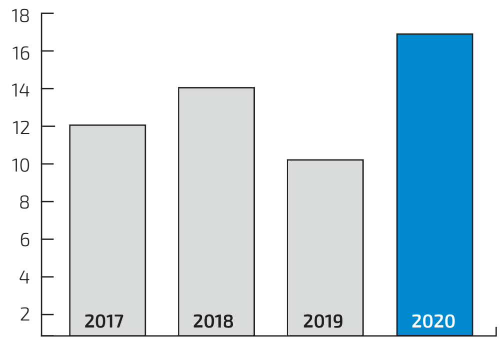
EBIT margin in %

The EBIT margin dropped by 2% compared to the previous year.



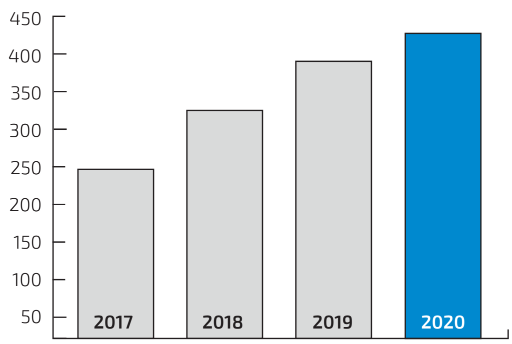
Cash on hand in million EUR

The capital increase announced in June 2020 increased the cash on hand.



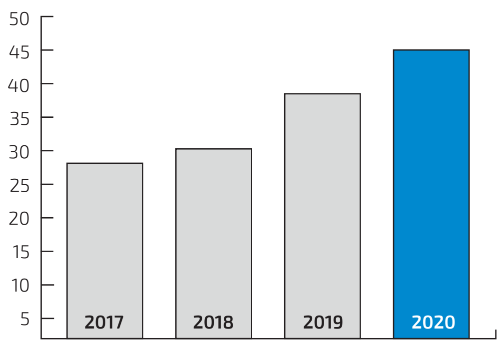
Average employee numbers**

The number of employees increased due to the integration of LemnaTec GmbH and Sensortherm GmbH.



Order backlog in million EUR

The Nynomic Group had a record order backlog of EUR 45.1 million as of the end of June 2020.



* The key figures since 2018 are shown in accordance with IFRS.

** The average number of employees until 2018 is based on full-time employees.

The Nynomic share

During the reporting period from 1 January to 30 June 2020, the Nynomic share price was negatively affected on the one hand by the temporary stock market crash caused by the coronavirus pandemic, and positively on the other hand by the Group's successful and counter-cyclical operating business performance.

The closing price was EUR 18.70 on 2 January and EUR 21.90 on 30 June. The Scale 30 index fell from 1,118 to 1,064 points, after a much larger interim low, in the same period.

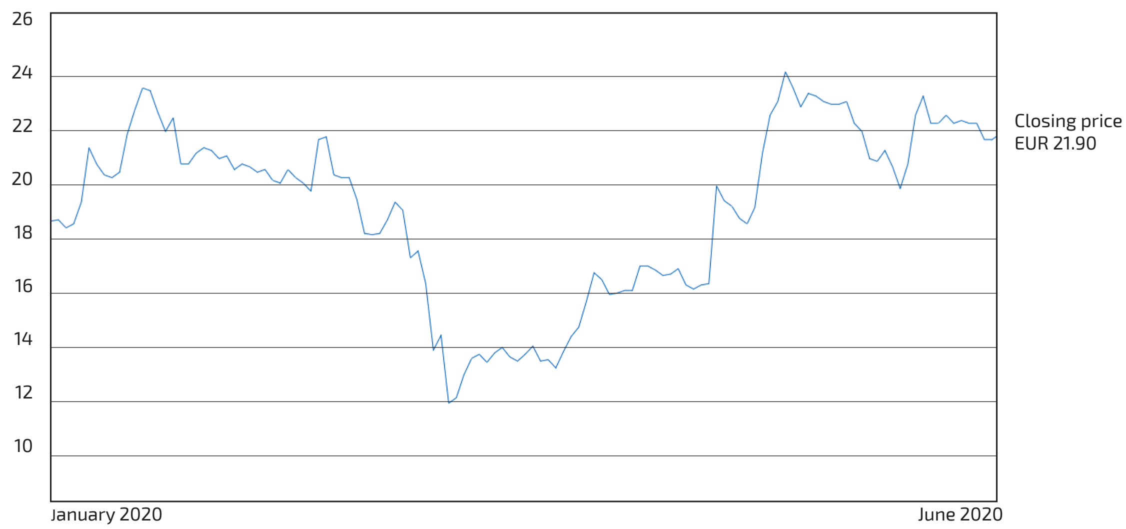
The Nynomic share price was above EUR 20 before the crisis but was pulled down to just over EUR 12 within a few trading days in the general downward slide.

Following positive sales and earnings figures, the share price almost doubled during the general market recovery and thereby regained its pre-crisis level.

Buy recommendations from market reports such as "Platow Börse" and "Der Aktionär" supported the rises.

Recent research reports by Montega AG (fair value: EUR 31.00) and Warburg Research (EUR 28.00) suggest further upwards potential.

Nynomic share price development (in EUR)



(closing price on XETRA)

Master data

Name	Nynomic AG
Total number of shares	5,323,500
Specialist	Baader Bank AG
Designated Sponsor	Oddo Seydler Bank AG
Capital Market Partner	M.M.Warburg & CO (AG & Co). (until 30.06.2020) ICF BANK AG (from 01.07.2020)
Stock exchange segment	Scale
ISIN / WKN / abbreviation	DE000A0MSN11 / A0MSN1 / M7U

Consolidated balance sheet as of 30 June 2020

Assets

	in TEUR 30.06.2020	in TEUR 31.12.2019
Goodwill	32,869	32,869
Intangible assets	2,067	2,255
Property, plant and equipment	2,883	2,937
Participations	0	0
Rights of use in accordance with IFRS 16	5,919	5,235
Deferred tax assets	230	230
Non-current assets	**43,969**	**43,526**
Inventories	13,058	11,608
Receivables from goods and services	11,007	9,481
Refund claims from income taxes	1,179	2,776
Other assets	1,687	860
Other non-financial assets	391	336
Cash and cash-equivalents	17,558	10,644
Current assets	**44,880**	**35,705**
Balance sheet total	**88,848**	**79,231**

Consolidated balance sheet as of 30 June 2020

Liabilities

	in TEUR 30.06.2020	in TEUR 31.12.2019
Subscribed capital	5,324	5,070
Capital reserve	9,087	4,284
Equity capital difference from currency conversion	139	224
Consolidated balance sheet profit	22,852	21,811
Capital and reserves attributable to the shareholders of the parent company	**37,401**	**31,389**
Non-controlling interests	3,186	1,459
Equity capital	**40,587**	**32,848**
Liabilities to credit institutes	25,278	21,562
Leasing liabilities in accordance with IFRS 16	4,655	4,030
Deferred tax liabilities	0	26
Long-term liabilities	**29,933**	**25,618**
Liabilities from goods and services	5,134	3,603
Liabilities to credit institutes	4,843	3,817
Leasing liabilities in accordance with IFRS 16	1,510	1,463
Other provisions	2,021	1,795
Other liabilities	4,035	9,927
Liabilities from income taxes	786	160
Current liabilities	**18,329**	**20,765**
Balance sheet total	**88,848**	**79,231**

Consolidated income statement for the period from 1 January to 30 June 2020

	in TEUR 1st Half-year 2020	in TEUR 1st Half-year 2019
Sales revenues	36,859	29,310
Changes in inventories for finished goods and work in progress	592	327
Other capitalised own work	94	87
Overall performance	**37,546**	**29,724**
Cost of materials	-13,991	-9,981
Personnel costs	-14,113	-11,700
Other operating expenses	-4,803	-4,282
Other operating income	662	1,244
EBITDA	**5,300**	**5,005**
Depreciations	-1,660	-1,401
Operating result (EBIT)	**3,640**	**3,604**
Other interest and similar income	9	19
Interest and similar expenses	-312	-351
Earnings before taxes (EBT)	**3,336**	**3,272**
Taxes on income and earnings	-867	-851
Consolidated net profit	**2,469**	**2,421**
Minority interests in earnings	-303	257
Consolidated net profit (excluding non-controlling interests)	**2,166**	**2,678**

Consolidated comprehensive income statement

	in TEUR 1st Half-year 2020	in TEUR 1st Half-year 2019
Consolidated net profit	**2,469**	**2,421**
Change in equity from initial consolidation of value in use (IFRS 16)	0	-10
Other income	0	-10
Consolidated comprehensive income	**2,469**	**2,411**
Earnings per share (including minority interests) in EUR	0.48	0.48
Earnings per share (excluding minority interests) in EUR	0.43	0.53
Average number of shares	5,096	5,070

Notes to the consolidated interim financial statements as of 30 June 2020

General information about the consolidated interim financial statements

These unaudited half-year consolidated financial statements were prepared 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 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 standards in accordance with the HGB.

The IAS 34 (interim financial reporting) requirements 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 income statement 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 Regulated Unofficial Market (Open Market), which is not an organised market within the meaning of section 2 (11) of the German Securities Trading Act (WpHG). The shares are traded in the SME "Scale" segment of Deutsche Börse AG in Frankfurt.

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

New accounting standards

Since 1 January 2019, the Company has been required to show leases in accordance with IFRS 16 (Leases). 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.

Scope of consolidation

Subsidiaries included

Nynomic AG is the 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	100.00
tec5 AG, Oberursel/Taunus	100.00
with its affiliated companies and their shares in the capital:	
tec5 USA Inc., Plainview (New York/USA)	51.00
tec5 China Ltd., Peking (China)	80.00
Avantes Holding B.V., Apeldoorn (Netherlands)	100.00
with its affiliated companies and their shares in the capital:	
Avantes B.V., Apeldoorn (Netherlands)	100.00
Avantes Inc., Louisville (Colorado/USA)	100.00
Avantes China Ltd., Peking (China)	60.00
Avantes Hong Kong Ltd., Hongkong (China)	60.00
Avantes UK Ltd., Leatherhead (Surrey/Great Britain)*	100.00
APOS GmbH, Wedel	100.00
with its affiliated companies and their shares in the capital:	
APOS IP GmbH, Wedel	100.00

LayTec AG, Berlin	100.00
with its affiliated companies and their shares in the capital:	
LayTec in-line GmbH, Berlin**	100.00
LayTec Vertriebs- und Service GmbH, Berlin**	100.00
LayTec UK Ltd., Ince (Greater Manchester/Great Britain)	95.68
Spectral Engines Oy, Helsinki (Finland)	100.00
with its affiliated companies and their shares in the capital:	
Purpl Scientific Inc., St. Louis (Missouri/USA)	100.00
LemnaTec GmbH, Aachen	100.00
Sensortherm GmbH, Sulzbach	100.00

*This company is dormant.

**Effective 1 January 2020, merged with LayTec AG, Berlin.

Information on accounting and valuation methods

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

Self-developed intangible assets were capitalised at cost in accordance with IAS 38. This refers to the creation of control software. The software is reduced by scheduled depreciation (5 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 scheduled depreciation over their useful lives (3-10 years, straight-line method).

Tangible fixed assets (PP&E) were carried at acquisition or production 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 value. 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 cost in accordance with IAS 2, including any necessary overheads.

Receivables and other assets were carried at nominal value. Individual risks were accounted for through 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 price increases into account. 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 their 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 income statements 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 tec5 USA Inc.'s individual financial statements. 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 5,323,500 no-par value bearer shares, each with a notional value of EUR 1.00. All shares are ordinary shares with one voting right each.

Nynomic AG's Management Board decided, with the Supervisory Board's approval, to implement a capital increase. Nynomic AG's share capital was increased by EUR 253,500, excluding shareholders' pre-emption rights, partly using existing Authorised Capital 2019. This corresponds to 5% of the existing share capital.

The increase was made in return for cash contributions through the issue of 253,500 new bearer shares ("New Shares"). This increased the Company's share capital from EUR 5,070,000 to EUR 5,323,500.

The share capital was conditionally increased by up to EUR 478,500 by resolution of the annual general meeting on 6 June 2014 to grant subscription rights to employees and members of the management of the Company or an affiliated company (Conditional Capital 2014/I).

The Management Board was authorised by a resolution of the annual general meeting on 26 June 2019 to increase the share capital by up to EUR 2,535,000 against cash and/or non-cash contributions by issuing new bearer shares (Authorised Capital 2019).

The share capital was conditionally increased by up to EUR 2,056,500 by resolution of the annual general meeting on 26 June 2019 to grant subscription and/or conversion rights to the holders of options and/or convertible bonds (Conditional Capital 2019).

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 income statement

Breakdown of sales

Sales revenues are broken down as follows:

by area of activity

	in TEUR
Life Science	8,062
Clean Tech	23,630
Green Tech	5,167
Total	**36,859**

by sales region

	in TEUR
Germany, Europe and other remaining countries	23,319
America	10,523
Asia	3,017
Total	**36,859**

Income taxes

The income tax expense mainly relates to the current profit of the first 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 made only limited use of financial instruments.

Number of employees

The average number of employees during the first half of 2020 (including the members of the Management Board) was as follows:

Salaried employees	370
Waged workers	58
Students/interns	3
Apprentices	0
Total	**431**

Supplementary report

The Management Board and some senior executives took the opportunity to exercise share option rights. This resulted in a capital increase from the issue of treasury shares to employees. There were no other events of special significance after the end of the first half of 2020.

Management Board

The Management Board consists of:

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

The members of the Management Board are each entitled to represent the Company jointly with one other member of the Management Board. The Company avails itself of the exemption in section 286 (4) HGB read in conjunction with section 315e HGB.

Supervisory Board

The Supervisory Board consists of:

- Mr Hans Wörmcke (Chairman), Heist, entrepreneur
- Dr Sven Claussen (Deputy Chairman), Hamburg, lawyer and partner in Weiland Rechtsanwälte Partnerschaftsgesellschaft mbB
- Mr Hartmut Harbeck, Wedel, entrepreneur

Declaration by the legal representatives

These consolidated interim financial statements as of 30 June 2020 and the interim group management report were prepared on 21 August 2020 by Nynomic AG's Management 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 section 315e HGB.

Wedel, 21 August 2020

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

Consolidated cash flow statement for the period from 1 January to 30 June 2020

			in TEUR 1st Half-year 2020	in TEUR 1st Half-year 2019
1.		Result for the period (consolidated net profit/(loss) for the period, including minority interests)	2,469	2,421
2.	+/-	Depreciation/write-ups of fixed assets	1,660	1,401
3.	+/-	Increase/decrease in provisions	227	-2,258
4.	+/-	Other non-cash expenses/income	-85	14
5.	-/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-2,261	2,001
6.	+/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	1,397	-1,371
7.	+/-	Interest expenses/income	303	333
8.	+/-	Income tax expense/income	867	851
9.	-/+	Income tax payments	-610	-751
10.	**=**	**Cash flows from operating activities**	**3,967**	**2,641**
11.	-	Outgoing payments for capital expenditure on assets	-592	-833
12.	-	Outgoing payments for additions to the consolidated group less acquired cash and cash-equivalents	-5,111	0
13.	+	Interest received	9	19
14.	**=**	**Cash flow from investment activities**	**-5,694**	**-814**
15.	+	Proceeds from equity contributions by shareholders of the parent company	5,057	0
16.	+	Proceeds from issuing bonds and taking out (financial) loans	6,862	0
17.	-	Outgoing payments for the repayment of bonds and (financial) loans	-2,120	-881
18.	-	Outgoing payments for the repayment of financial liabilities relating to IFRS 16	-886	-660
19.	-	Interest paid	-312	-351
20.	**=**	**Cash flow from financing activities**	**8,601**	**-1,892**
21.		Net change in cash and cash-equivalents	6,873	-65
22.	+/-	Effects of exchange rate and valuation-related changes on cash and cash-equivalents	-7	20
23.	+	Cash and cash-equivalents at the beginning of the period	10,458	10,878
24.	**=**	**Cash and cash-equivalents at the end of the period**	**17,324**	**10,833**

Composition of and change in cash and cash-equivalents

	in TEUR 1st Half-year 2020	in TEUR 1st Half-year 2019
Cash on hand and bank balances	10,644	11,078
Liabilities to credit institutes due at any time	-185	-200
Financial funds at the beginning of the period	**10,458**	**10,878**
Cash in hand, cheques and bank balances	17,558	11,055
Liabilities to credit institutes due at any time	-234	-221
Financial funds at the end of the period	**17,324**	**10,833**
Change in cash and cash-equivalents	6,866	-44

Consolidated interim financial statements as of 30 June 2020

The statements made in the 2019 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.

Nynomic AG acquired the remaining 25% of Spectral Engines Oy from its founding shareholders during the first half of 2020. It also acquired the remaining 45% of the shares in APOS GmbH from the remaining founding shareholder during the first half of the year. These acquisitions served to consolidate the group structure and to reduce minority interests in the group.

A contribution by a strategic investor at normal market price conditions resulted in a 5% capital increase out of authorised capital, excluding shareholders' pre-emption rights, and further strengthened the Company's capital base. The additional liquidity will help the Company to implement its buy and build strategy.

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 Nynomic Group's business performance was positive in the first half of 2020 compared to the previous year, despite the serious global crisis. Group-wide sales increased to approximately EUR 36.9 million (PY: EUR 29.3 million; +26%) despite the challenging market environment. The increase in sales compared to the same period of the previous year was mainly due to the current increase in demand for medical equipment and a recovery of operating business in the semiconductor market.

The upward trend in order intakes in the first half of 2020, which amounted to approximately EUR 47.7 million (PY: EUR 32.0 million; +49%), and the new record order backlog of approximately EUR 45.1 million (PY: EUR 38.0 million; +19%) confirm that the Nynomic Group's products and services continue to be in high demand and that its strategic orientation is successful.

Operating result

The consolidated operating result for the first half of 2020 is characterised by an increase in sales and by capital expenditure on products and markets. EBIT of approximately EUR 3.6 million (PY: EUR 3.6 million; +0%) was achieved in the period from 1 January to 30 June 2020, which is within the planned target range.

The tec5 and m-u-t subgroups both exceeded their sales and earnings levels from the previous year in the first half of 2020. The Avantes, LayTec and Sensortherm subgroups performed according to plan and thereby also contributed positively to the half-year result. Spectral Engines, which was integrated into the Group in 2018, and LemnaTec, which was consolidated in the third quarter of 2019, were not yet profitable in the first half of 2020, as their start-up costs still had to be taken into account and they were adversely affected by the current difficult economic situation.

Gross margin decreased slightly compared to the previous year, mainly due to changes in the product portfolio. The cost structure is virtually unchanged compared to the previous year. While personnel costs remained at a higher level due to consolidation effects, other operating expenses and depreciation were only slightly higher than in the previous year.

Capital expenditure

In the past first half of the year, replacement capital expenditure was mostly made on operating and office equipment, amounting to approximately EUR 0.6 million.

Financing

Financing of share acquisitions by banks and use of current account facilities amounted to EUR 30.1 million on the reporting date. EUR 2.1 million was repaid in the first half of 2020, as scheduled.

Net liabilities to credit institutes (cash and cash-equivalents less liabilities to credit institutes) amounted to EUR 12.6 million as of 30 June 2020 (as of 31 December 2019: EUR 14.7 million).

EUR 6.2 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). A similar 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 lease 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 banks and by implementing capital measures.

The Management Board considers the ongoing monitoring of liquidity to be one of its core group-wide tasks and it has implemented appropriate controls for this purpose. The Management Board expects the Company's financial position to remain stable in the foreseeable future.

Assets

As of 30 June 2020, the Company's total assets increased again, by around 12% to EUR 88.8 million compared to 31 December 2019. The asset structure is characterised by fixed assets accounting for 49% of total assets (PY: 53%). Inventories and trade receivables account for around 27% (PY: 26%), and cash and cash-equivalents for around 20% (PY: 16%), of total assets.

The equity ratio of 46% (PY: 47%) demonstrates the group's solid financing structure.

At EUR 13.8 million, working capital (current assets less current liabilities) was higher than on the 31 December 2019 reporting date (EUR 8.1 million). The increase was due to seasonal factors.

Cash and cash-equivalents increased to EUR 17.6 million, mainly due to a capital increase out of authorised capital in June 2020.

Other provisions increased by EUR 0.2 million in the first half of the year.

Personnel

There were approximately 431 employees in the first half of 2020, which represents an increase of about 11% compared to 2019 (when there were approximately 388 employees). A total of around 46 employees of LemnaTec and Sensortherm were included for the first time for the entire first half of 2020. The increase in personnel expenses compared with the first half of 2019 was therefore mainly caused by volumes or consolidation effects.

Order backlog

A net order backlog of EUR 45.1 million (as of 31 December 2019: EUR 34.2 million) was carried forward as of 1 July 2020. The m-u-t and tec5 subgroups held the major part (about EUR 36.8 million) of the order backlog. The increase of about EUR 10.9 million demonstrates the strategically robust orientation of the group.

B. Report on opportunities and risks

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

The Company's risk management objectives and methods are lean in line with its size, flat organisational structure, number of employees and field of activity.

The Nynomic Group has extensive planning and control instruments at its disposal and these support the Management 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 any deviations in the Company's risk position to be reported to the Management Board.

The Management Board generally assumes that the Company can manage its risks and sees management of these risks as a strategic opportunity that should be taken.

C. Forecast report

The risk and opportunity report has not changed significantly from the 2019 annual report. There are still no apparent risks that could endanger Nynomic Group's continued existence.

The Nynomic Group focuses on the Life Science, Clean Tech, and Green Tech segments throughout the group. Its core technology in process-integrated continuous online measurement technology enables it to continually tap new market potential to supplement its existing applications.

Due to global trends such as demographic changes, constantly dwindling resources, and the consequent need to increase efficiency, these markets are growing disproportionately in the medium and long term and are generally free of cyclical fluctuations.

Capital expenditure

Significant direct capital expenditure on tangible and intangible fixed assets is neither planned nor needed.

The Management Board sees the implementation and integration of the new subsidiaries as a focal point, as part of its medium-term corporate strategy, for the group's development.

Acquisition of the remaining shares in Spectral Engines Oy and APOS GmbH will strengthen the Group's position under company law.

Competition

The market for the Nynomic Group's photonics applications is characterised by a large number of competing suppliers worldwide. In addition to a few large and globally active companies, there are many smaller companies that are regional in scope or that specialise in specific target groups and technologies. The Nynomic Group is pursuing a group-wide sales strategy and a general increase in sales activities.

Company forecast

The Nynomic Group is able to defy the global coronavirus pandemic because of its management's ability to adapt to constantly changing conditions, its employees' motivation and commitment, its apparently crisis-proof product portfolio, and its worldwide positioning in terms of markets, customers and subsidiaries.

Management believes that the Nynomic Group remains well positioned for the medium and long term, even after the current macroeconomic slowdown.

Automation, use of smart and miniaturised measurement technology in new application areas, and connectivity with intelligent machines and products (Industry 4.0 and IoT) will continue to gain in importance as growth drivers.

Management considers that, with the Company's continued focus on sustainable customer products and potential and its consistent pursuit of its buy and build strategy, it is reasonable to expect that it will achieve its medium-term growth target of EUR 100 million in sales with an EBIT margin of approximately 15%.

Management reconfirms its forecast for the entire 2020 financial year.

Management therefore expects, based on its current state of knowledge, consolidated sales of over EUR 70 million with an EBIT margin of over 10% for the entire 2020 financial year.

However, management cannot at this time predict the extent to which unforeseeable events in the wake of the coronavirus pandemic will affect business during the rest of the year.

D. Other disclosures

Research and development

The Nynomic Group usually conducts research in collaboration with cooperation partners. It also undertakes specific product development which is recorded as an expense. In the first half of 2020, research and development expenses within the Nynomic Group's segments amounted to approximately EUR 3.5 million. This demonstrates the group's focus as a leading supplier of series products and solutions in a technologically demanding market.

Wedel, 21 August 2020

Fabian Peters
Nynomic AG
Management Board

Maik Müller
Nynomic AG
Management Board

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References

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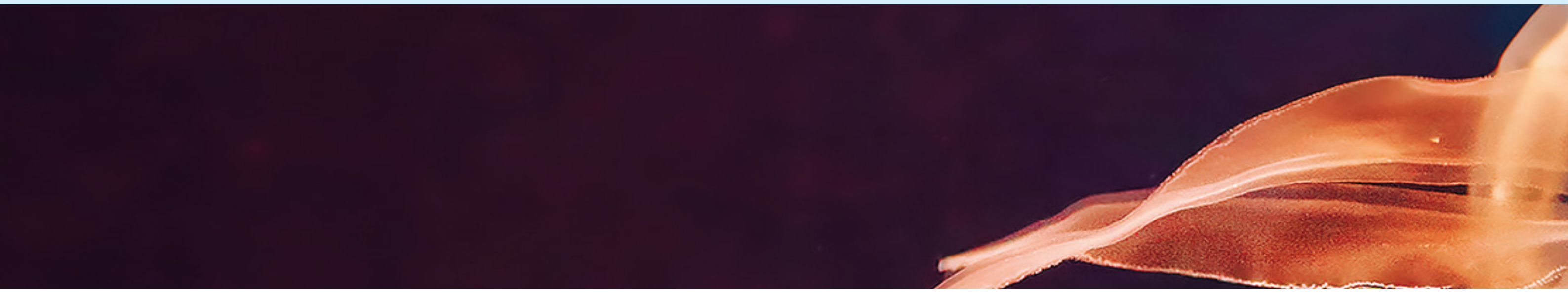

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