NYNOMIC
THE PHOTONICS GROUP

Annual Report Nynomic AG

2020

In the year under review, the Nynomic Group once again achieved record sales of EUR 78.6 million.

Sales EUR 78.6 million

EBIT EUR 8.0 million

Group EBIT increased compared to the previous year and reached a value of EUR 8.0 million.

Key Figures*

in EUR '000 except for EPS	31/12/2020	31/12/2019	Deviation in %
Group Sales	78,558	64,859	21%
EBIT	7,965	6,425	24%
EBIT Margin	10.1%	9.9%	2%
EBITDA	11,432	9,547	20%
Investments	11,681	12,631	-8%
Depreciations	3,467	3,122	11%
Personnel Costs	28,477	25,356	12%
Cash generated from operations	6,368	3,559	79%
EPS before minority interests	€0.98	€0.85	15%
EPS after minority interests	€0.83	€0.87	-5%

Sales by segment

in EUR '000	31/12/2020	31/12/2019	Deviation in %
Life Science	18,158	13,611	33%
Clean Tech	47,606	40,842	17%
Green Tech	12,794	10,406	23%

Sales by region

in EUR '000	31/12/2020	31/12/2019	Deviation in %
Germany, Europe and all other remaining countries	47,893	39,112	22%
America	20,370	17,827	14%
Asia	10,295	7,920	30%

Balance sheet data

in EUR '000 except for equity ratio	31/12/2020	31/12/2019	Deviation in %
Equity	50,977	32,848	55%
Financial Liabilities	27,359	25,379	8%
Total Assets	103,018	79,231	30%
Equity Ratio	49.5%	41.5%	19%

* The use of EUR '000 or EUR million may result in rounding differences occurring in the annual report in mathematically exact values (monetary units/percentages).

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Nynomic - The Photonics Group

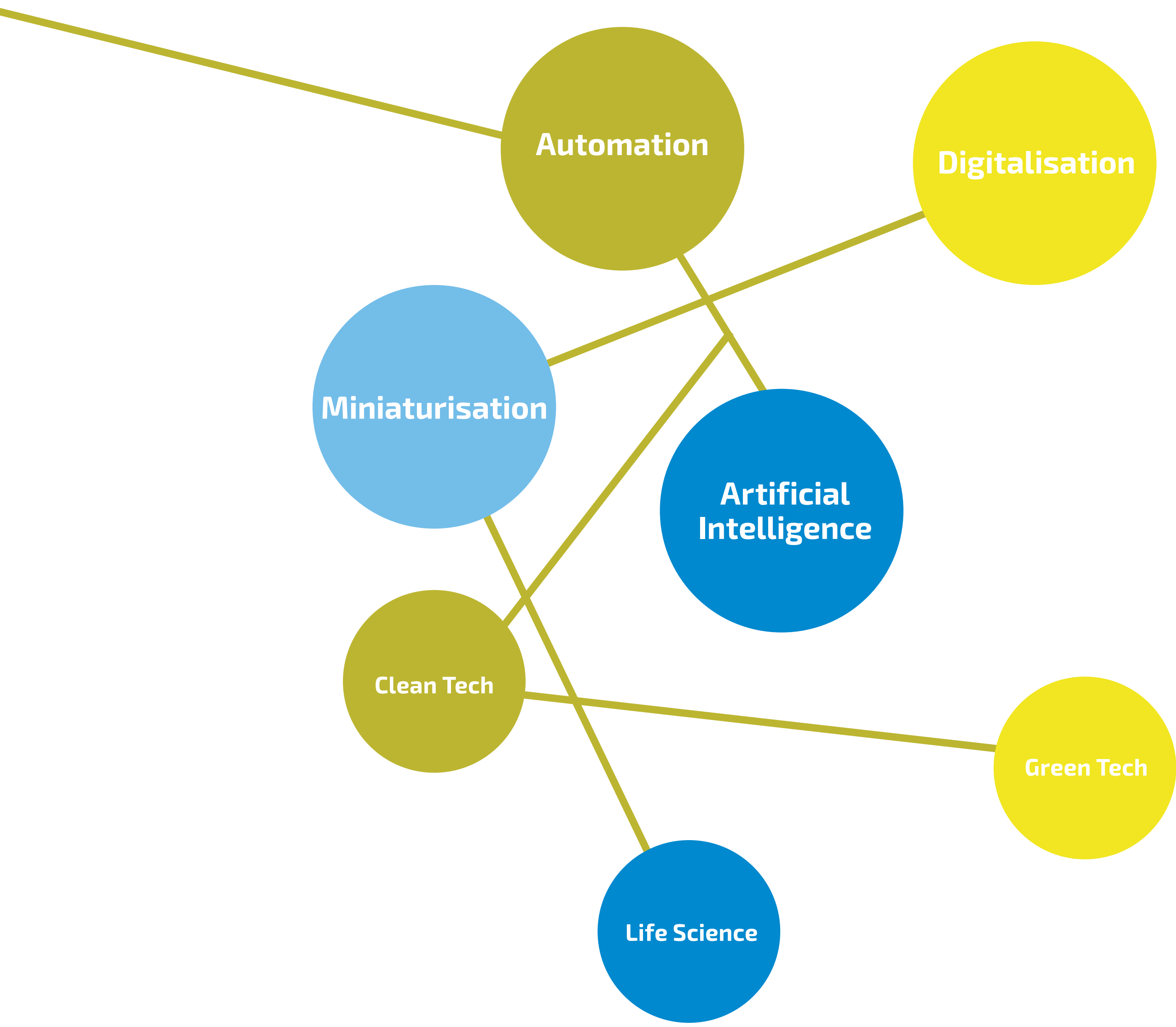
Nynomic AG is a leading international manufacturer of products for permanent, non-contact and non-destructive optical metrology. Our products and services are based on a wide range of intelligent sensors for measuring optical radiation and smart technologies for data acquisition, processing and evaluation. The solutions can be scaled to different areas of application and, owing to their excellent adaptability to the processes in place at the customer, represent a sustainable increase in efficiency and customer benefit. As an innovative and technological market leader in photonics, we strive to offer our partners and customers worldwide first-class solutions as a one-stop shop, from the development of an individual measurement solution to production and system integration. For Nynomic, partnership means mutual trust, professionalism and continuity. It is our mission to meet and support our customers' expectations by developing safe, innovative and market-leading products at all times.

Our success is based on the talents as well as the skills of our employees who, with their passion and performance, bring about successful and sustainable business development for the benefit of all our stakeholders. Technological perfection, team spirit and personal responsibility are the standards our dedicated team lives by.

Strategic fields for the future - Shaping the future together

Future technologies are of key strategic importance to Nynomic. Miniaturisation, digitalisation, automation, artificial intelligence - Nynomic consistently uses constant technological change as the basis for its above-average growth in the medium term compared to the market.

Our future fields transcend disciplines, promise significant technological progress and contribute to quality of life and the conservation of resources. We take courageous steps beyond the usual: visions become successful business models that are tailored to the customer, viable and sustainably oriented. Thanks to the broad spectrum of technological possibilities available to us, we can find a viable path towards this vision of the future and match the opportunities of tomorrow with the realities of today. We achieve this by implementing innovative photonic measurement technology to measure parameters that are of vital importance in the Life Science, Green Tech and Clean Tech segments.



Letter from the Executive Board

Dear Nynomic AG Shareholders,

Despite the challenges posed by the COVID-19 pandemic, we still managed to end the 2020 financial year very successfully. This confirms that we have been on the right strategic course in recent years. The Nynomic Group continues to grow dynamically.

The 2020 financial results are better than expected. In terms of sales, we grew strongly compared to the previous year. With a 21% increase in sales to EUR 78.6 million (2019: EUR 64.9 million), we exceeded our planned sales target. EBIT also increased by 25% to EUR 8.0 million (2019: EUR 6.4 million), reaching the double-digit EBIT margin of 10.2% (2019: 9.9%) targeted. The significant increase of 112% in the order book to a new record value of EUR 72.6 million as of December 31, 2020 (December 31, 2019: EUR 34.2 million) signals the continued growth potential of the Nynomic Group.

2020 was a year in which the spread of the corona virus significantly impacted our business and our work and also changed our personal and social lives in unprecedented ways. In coping with the effects of the COVID-19 crisis, we have shown that we are able to react to rapidly changing conditions with high speed in terms of decision-making and implementation, and that we are also able to master entrepreneurial challenges extremely well throughout the Group. At the same time, we also pursued interesting projects for the future. The resilience and agility of the Nynomic AG business model was a key factor in our success in these unpredictable times.
However, the corona pandemic has once again shown how important it is to have a strong team in order to emerge from such an extraordinary crisis in a strong position. Thanks to our employees' remarkable organisational adaptability and willingness to change, we were not only able to design our processes safely and efficiently even in times of unforeseen challenges, but also align ourselves even more innovatively and competitively. This flexibility has proven to be a decisive advantage for the whole Nynomic Group.

At the same time, the diversification of our business allows us to balance the entrepreneurial risks. Last year, Nynomic reported successes in all three segments, which in future, should offer considerable sales potential. This includes, for example, the intensification of our strategic technology partnership with a subsidiary of the globally active EW Group for the development of innovative measurement and automation solutions in animal health and animal breeding. The high-volume follow-up contract in the medical technology sector, and as our largest contract ever, a milestone in our company history, also reflects our ability to act and the high quality of our business and proves that the comprehensive and systematically built Nynomic portfolio can withstand challenging market conditions.

The success of our customer's business is our focus at Nynomic.
Their satisfaction is paramount to us, even in difficult phases.

The success of our customer's business is our focus at Nynomic. Their satisfaction is paramount to us, even in difficult phases. Our aim is to consistently align ourselves with the needs of our customers in order to support them with our specific expertise and experience in technological solutions to complete their projects and bring innovations to the market without delay. This is the case along the entire value chain for non-contact optical measurement technology, from the idea at the product development stage to production and service – reliably, flexibly and quickly, thanks to scalable and digitally-oriented corporate processes.

Nynomic has the right tools on board to continue to benefit from the dynamic and very promising development of the photonics industry in the future. In combination with other technologies, the variety of possible photonics applications is already impressive, and new fields of application in promising markets are constantly being added – especially in the wake of the accelerated digital transformation. Nynomic is well prepared for these fundamental issues of the future: we initiate and actively shape change processes for the long-term benefit of our Company and the community.

We too do not know how long and in what form the COVID-19 pandemic will continue to dominate our daily lives and the global economy. With a focus on the sustainable development of our Company, we will continue to act early where necessary in these volatile times and seize our opportunities where possible, particularly by investing in profitable growth. In doing so, we will build on our technological expertise and strict quality standards and use the innovative strength and synergy effects of our powerful consolidated management report to expand our leading market position. Thanks to our robust positioning, we are confident about the current 2021 financial year, despite the ongoing economic uncertainties, and expect consolidated revenue of well over EUR 80.0 million and a further increase in the EBIT margin. In view of the very pleasing progress made in the 2020 financial year, the tailwind from the record order book and the continued positive growth prospects, we have revised and reformulated the strategic medium-term planning for Nynomic Group. The accelerated growth plan now envisages a medium-term sales target of around EUR 150 million with an EBIT margin of at least 15%.

We would be delighted if you to continue to accompany Nynomic AG on its promising path into the future.

Thank you for placing your trust in us.

Our warmest regards,

Fabian Peters

Maik Müller

Chairman of Nynomic AG
Fabian Peters

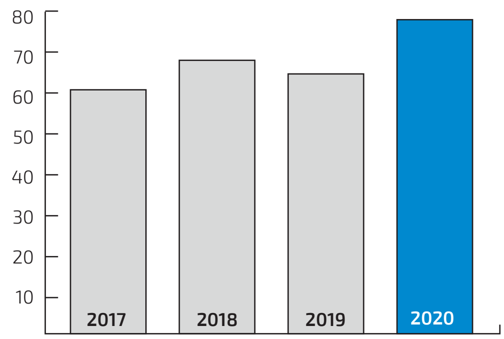
Chairman of Nynomic AG
Maik Müller

Key figures*

Year-on-year comparison from 2017 to 2020

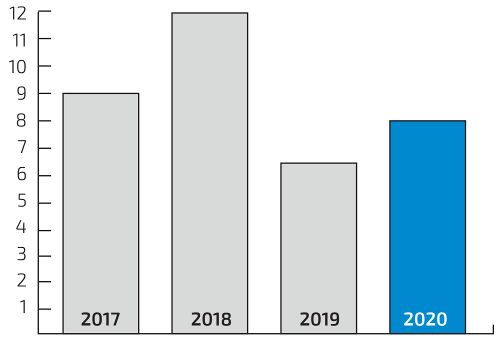
Sales in millions of Euros

Despite the global pandemic, the Nynomic Group succeeded in increasing its sales by 21% to a new record level of around EUR 78.6 million in the reporting year.



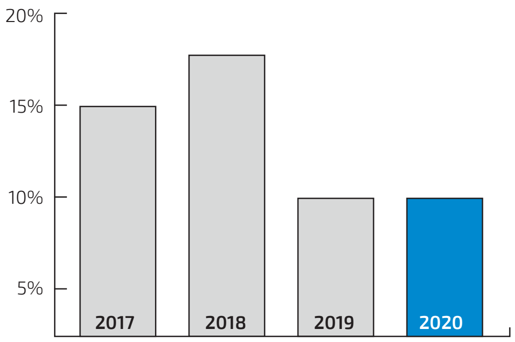
EBIT in millions of Euros

Compared to the previous year, EBIT increased to a level of around EUR 8.0 million; this continues to be impacted by the support given to the new subsidiaries.



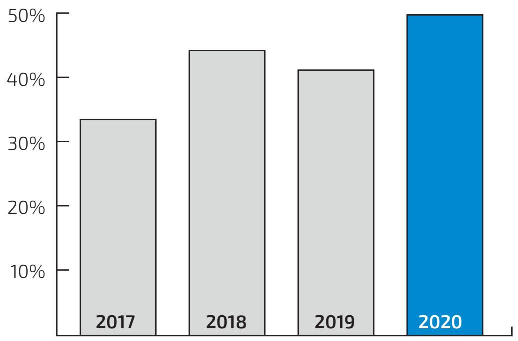
EBIT margin in %

The EBIT margin of 10% in the reporting year around. An expansion of the EBIT margin is expected in the coming financial years.



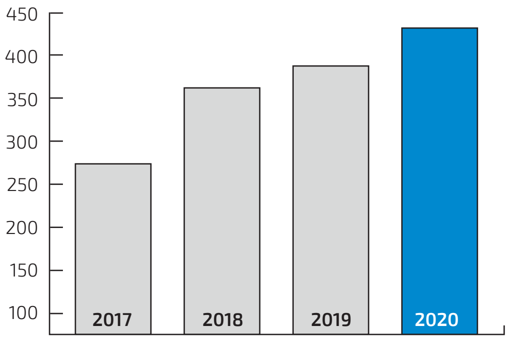
Equity ratio in %

The equity ratio increased by around 19% compared to the previous year and underlines the Group´s solid equity base.



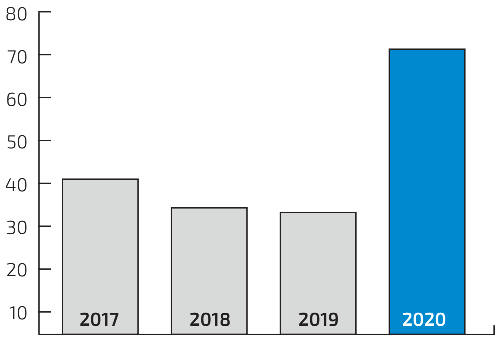
Average number of employees**

Due to the full-year inclusion of the employees of LemnaTec GmbH and Sensortherm GmbH, the number of employees increased year-on-year.



Order backlog in millions of EUR

Nynomic registered a record order intake in the reporting year, which led to a new high in the order backlog of around EUR 72.6 million.



* Figures from 2018 adjusted to IFRS (if required).
** Average number of full-time employees up to and including 2017.

Supervisory Board Report

Dear Shareholders,

With the strong results in the past 2020 financial year, Nynomic AG once again succeeded in demonstrating the resilience of its business model under the most difficult conditions. The Executive Board acted decisively and consistently in an extremely challenging environment and manoeuvred Nynomic safely through the crisis. Thanks to its market- and innovation-oriented diversification strategy, the Nynomic Group is well positioned to continue on its successful path of growth.

As in previous years, the trusting and close cooperation between the Supervisory Board and the Executive Board has proven its worth. In the 2020 financial year completed, the Supervisory Board duly performed the duties incumbent upon it under the law and the Articles of Association and continuously advised and supervised the Executive Board in the management of the Company.

Supervision of and advisory to the Executive Board in the management of the Company's affairs

The Executive Board fulfilled its duties to provide information at all times and informed the Supervisory Board in writing and verbally both regularly, promptly and comprehensively about all issues of strategy, planning, business development, the risk situation, risk development and compliance relevant to the Company and the Group.

In addition, the Company's Executive Board informed the Supervisory Board in detail about the contents and fundamentals of all important decisions, in particular with regard to future earnings and the growth strategy. The Executive Board informed the Supervisory Board in corresponding quarterly reports about developments at the Group and the individual companies, gave outlooks on the current financial year and facilitated comparisons with previous periods. In light of the COVID-19 pandemic, the impact, responses and strategic implications of each situation were discussed throughout the year. This meant that the Supervisory Board was constantly furnished with up-to-date information and data.

The Executive Board promptly submitted resolutions requiring approval for resolution. The Supervisory Board promptly communicated its decisions on these matters, taking into account legal and statutory requirements.

The Supervisory Board promptly gave its approval at all times, partly by means of resolutions in circulation procedures that are permissible under law and Articles of Association of Nynomic AG.

In addition, the Supervisory Board was informed about risk positions at the Group in a continuous and adequate manner. Operational and strategic adjustments were submitted and discussed in detail between the Executive Board and the Supervisory Board.

In the 2020 financial year, the Supervisory Board convened a total of twice, on May 26, 2020 and December 15, 2020. By doing so, the Supervisory Board complied with the provisions of stock corporation law regarding the frequency of recurrence of Supervisory Board meetings, since the Supervisory Board unanimously decided by resolution on July 28, 2016 to hold a minimum of at least one meeting per calendar half-year.

The formation of committees was also waived in the 2020 financial year.

Audit and approval of the annual and consolidated financial statements together with the annual and consolidated management report and audit by the auditor of the annual and consolidated financial statements.

The Supervisory Board has received and acknowledged the annual financial statements and the Management Report of Nynomic AG for the 2020 financial year prepared by the Executive Board Pursuant to Section 315e (3) German Commercial Code (HGB) in accordance with International Financial Reporting Standards (IFRS), the proposal for the appropriation of the balance sheet profit, the consolidated financial statements and the consolidated management report of the Nynomic Group for the 2020 financial year and the auditors' reports by the Group auditors in good time before the balance sheet Supervisory Board meeting on May 6, 2021.

The auditor appointed by the Annual General Meeting for the financial year 2020, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, has audited the annual financial statements, the Management Report and the consolidated financial statements together with the consolidated management report and declared that the provision and principles of the (HGB) have been complied with in full. They issued an unqualified audit opinion.

At the meeting of the Supervisory Board on May 6, 2021, all the aforementioned documents were discussed in detail with auditor and tax consultant Stefan Evers of Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, in his function as auditor of the financial statements. Mr. Evers informed the meeting about the progress and results of his audit and was available to answer questions and provide additional information. The information provided by Mr. Evers was discussed in detail with the Executive Board and the Supervisory Board. The Executive Board, the auditors and the Group auditors answered all questions posed by the Supervisory Board in their entirety. In addition, the auditors stated that there are no significant weaknesses in the internal control and risk management system relating to the accounting process.

The Supervisory Board's in-depth review of the annual financial statements audited by the auditing firm, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, and provided with an unqualified audit opinion and the Management Report for the 2020 financial year revealed no objections. The auditor's findings were approved by the Supervisory Board.

Also, the in-depth review conducted by the Supervisory Board internally of the consolidated financial statements and the consolidated management report for the financial year 2020, audited and provided with an unqualified audit opinion by the auditing firm, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, also revealed no objections. The Supervisory Board also approved the results of the Group auditors here.

In terms of contents, the estimates made by the Executive Board in the Management Report and the consolidated management report are consistent with the reports made to the Supervisory Board during the year. Based on its own assessment of the situation for Nynomic AG or the Group and its own forecast for future developments, the Supervisory Board comes to the same conclusions as the Executive Board. From the point of view of the Supervisory Board, the Management Report and consolidated management report provide a realistic picture of the situation at Nynomic AG and the Group and their prospects.

Following the final result of the audit of the annual financial statements and the Nynomic AG Management Report for the 2020 financial year, the proposal by the Executive Board concerning to how appropriate the net retained profits and use the consolidated financial statements and consolidated management report for the 2020 financial year, received no objections from the Supervisory Board.

Against this background, the Supervisory Board approved the annual financial statements and the Management Report for the 2020 financial year prepared by the Executive Board, as well as the consolidated financial statements and the consolidated management report for the 2020 financial year in its balance sheet Supervisory Board meeting on May 6, 2021. The annual financial statements of Nynomic AG for the 2020 financial year are thus adopted.

Changes to personnel on the Supervisory Board and Executive Board

In 2020, there were no changes to personnel on the Supervisory Board and Executive Board.

The Nynomic Group concluded the 2020 financial year successfully, which was challenging in every respect. The Supervisory Board thanks the members of the Executive Board and all employees for their dedicated support and their remarkable flexibility in dealing with the consequences of the COVID-19 pandemic.

Wedel, Germany, May 2021
On behalf of the Supervisory Board

Hans Wörmcke
Chairman of the Supervisory Board

The Nynomic share

The year 2020 will be remembered as one of the most turbulent years on the stock market due to the impact of the corona pandemic. After a crash in the spring as a result of the first lockdown, an unprecedented recovery phase followed within a very short period of time over the course of the year.

The Nynomic share closed at EUR 18.70 on January 2, 2020, the first trading day of the year. At the end of the first half of the year, the closing price as of June 30, 2020 was already back at EUR 21.90, after the share temporarily tested the EUR 12.00 mark in the general downward trend. With a closing price of EUR 36.50 (+95%) on December 30 2020, the Nynomic share almost succeeded in doubling in the course of 2020; on the other hand, after the crash in the spring, Scale30, the overall market index, developed from 1,118 to 1,523 points (+36%). The share price increase was also accompanied by buy recommendations for the Nynomic share from the financial press.

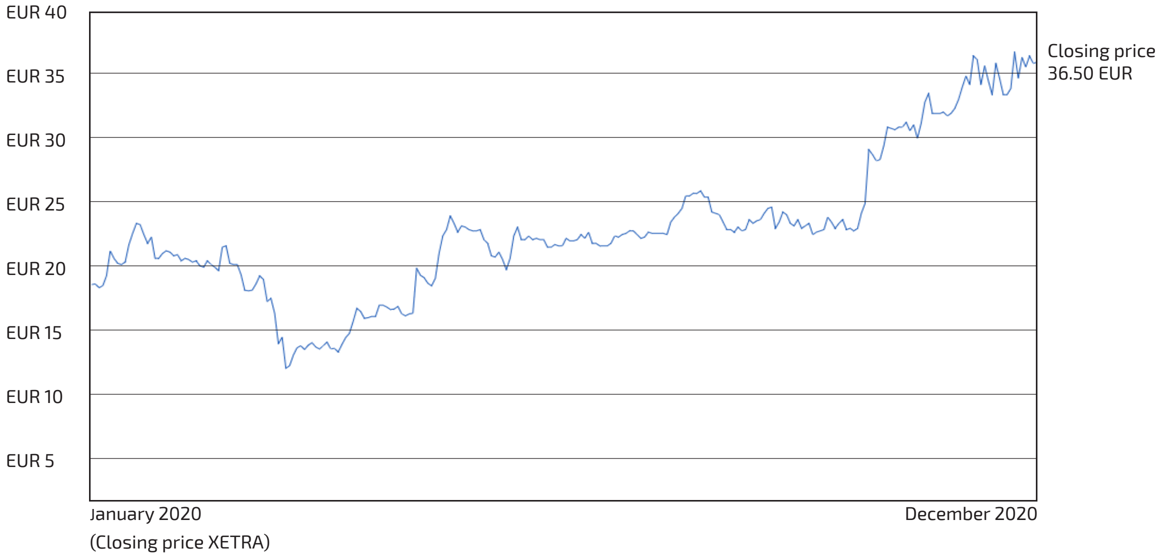
A highly satisfactory business development, crowned by the receipt of the largest order in the Company's history, formed the basis for the share's development.

Despite all the turbulence on the stock markets, the successful implementation of two increases in capital in the reporting period further strengthened the consolidated management report's equity base, so that the requisite financial flexibility for a continuation of the buy-and-build strategy could further be expanded with the support of the capital market.

In the spring of 2021, the Nynomic share mainly hovered in a corridor between EUR 34.00 and EUR 40.00, and the Scale30 Index succeeded in overcoming the 1,700 point threshold.

Following the publication of the Nynomic Group's new medium-term planning, Montega AG initially raised the share price target to EUR 45.00.

Nynomic share price performance



Key figures

	2015	2016	2017	2018	2019	2020
Maximum price (in EUR)	6.28	8.45	19.60	27.80	25.60	37.30
Minimum price (in EUR)	3.11	5.26	8.10	16.00	14.90	12.00
Average volume (EUR per day)	45,135	37,575	102,295	145,847	69,275	105,186
Average volume (EUR per day)	93,438	393,036	646,451	1,984,156	853,437	1,474,849
EPS* (incl. non-controlling interests) (in EUR)	0.98	1.00	1.27	1.86	0.85	0.98
EPS* (excl. non-controlling interests) (in EUR)	0.64	0.76	0.97	1.71	0.87	0.83

* EPS from 2018 adjusted to IFRS.

Active investor relations management

Nynomic AG share (A0MSN1) is listed on the Scale Segment from Deutsche Börse AG. The segment for small and medium-sized enterprises has developed excellently since the four years of its launch on March 1, 2017 until today with an index performance of approx. +70%. For the same period, the Nynomic share show a performance of approx. +250%. It is also listed in the Scale30 selection index of the most liquid stocks.

With regard to the scope and quality of reporting, Nynomic AG traditionally orients itself on a voluntary basis towards the transparency requirements of the higher equity segments. Hence, in addition to the mandatory half yearly and end of year reporting, the most important key figures for the interim quarters are also reported.

Financial reports, ad hoc announcements, corporate news, analyst studies, AGM report, letters to shareholders and other relevant shareholder information are published on a specially set up IR website at www.nynomic.com.

After registering on the website, interested parties receive the above information from the Company in close to real time by e-mail in push mode.

The purpose of the shareholder letter from the Executive Board is to further supplement the mandatory reporting. For many years, it has informed shareholders in spring and at the end of the year about the background to the day-to-day business of the Group's brands from the perspective of the Executive Board.

The "Press Review" section on the website contains uncommented, up-to-date reports on Nynomic AG from the finance media as additional extra service for shareholders.

In the 2020 financial year, the coverage of the Nynomic share was once again prepared by Montega AG and Warburg Research.

Since its listing in 2007, the designated sponsor has-been Oddo Seydler Bank AG.

In 2020, the Executive Board once again represented the Nynomic Group at the pertinent capital market conferences in the north and south of Germany. While the Hamburg Investor Day (HIT) was held as a face-to-face event, the MKK Munich Capital Market Conference was held virtually for the first time last year due to the corona pandemic, as was the Company's Annual General Meeting, which unfortunately has had to be planned as a virtual Annual General Meeting again for 2021.

Financial calendar

30/06/2021	Virtual general meeting, Wedel
25/08/2021	Participation in the 6th "Hamburger Investorentag" (HIT - Hamburg investor day)
31/08/2021*	Semi-Annual Report as of 30/06/2021
30/11/2021*	Figures for Quarter 3, 2021
07-08/12/2021	Participation in the 32nd "MKK" - Munich capital market conference
31/03/2022*	Preliminary figures for 2021

*Last deadline

Master data

Name	Nynomic AG
Total number of shares	5,692,000
Specialist	Baader Bank AG
Designated Sponsor	Oddo Seydler Bank AG
Capital market partner	ICF BANK AG (from 01/07/2020) M.M.Warburg & CO (AG & Co.) (until 30/06/2020)
Trading Segment	Scale
ISIN	DE000A0MSN11
WKN	A0MSN1
Abbreviation	M7U

2020 Highlights

02/2020

Major contract in the medical devices field

This follow-up contract is based on a longstanding, highly successful customer partnership and proves the high dynamic growth in the Life Science segment.

04/2020

Takeover of the remaining shares in APOS GmbH

This represents a further step in the consolidation of the group structure.

05/2020

Acquisition of the remaining shares in Spectral Engines Oy

With the complete takeover, the Nynomic Group increases its market presence in promising and strategically important applications.

06/2020

Spectral Engines: Top Company in AI

"Finland's Artificial Intelligence Accelerator (FAIA)" recognises Spectral Engines as a top artificial intelligence Company in Finland.

06/2020

Capital increase successfully placed

The successful capital increase reflects the high level of confidence of the capital market in the strategic direction and growth potential of Nynomic.

09/2020
Significant expansion of the technology partnership with Agri Advanced Technologies GmbH (AAT)
Proof that Nynomic can successfully cooperate with leading global players.

11/2020
Nynomic AG successfully raises another round of capital
The proceeds from the placement provide additional financial stability and flexibility for the Group's continuing organic and inorganic growth.

11/2020
New Company building: tec5 is preparing for the future
The tec5 team is delighted with the new and modern company building in Steinbach near Frankfurt.

10/2020
Largest contract in the Company's history in the field of medical products
The major order confirms Nynomics' customer expertise and advanced product quality in innovative measurement and automation technology.

12/2020
Participation in the virtual MKK (Munich Capital Market Conference)
Ongoing investor interest underlines the attractiveness of Nynomic AG once again.

08/2020
Nynomic AG participated in the Hamburg Investor Day (HIT)
For the third time in a row, Nynomic AG gained strong interest from a knowledgeable group of participants.

Consolidated financial statements of Nynomic AG as of December 31, 2020

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Consolidated balance sheet as of December 31, 2020

Assets

	Notes in the Annex, No.	in EUR '000 31/12/2020	in EUR '000 31/12/2019
Company value	6.2	33,966	32,869
Intangible assets	6.2	2,233	2,255
Tangible assets	6.3	2,886	2,937
Rights of use according to IFRS 16	6.3	11,854	5,235
Misc. financial assets	6.4	523	0
Deferred tax claims		214	230
Long-term assets		**51,676**	**43,526**
Inventories	6.5	15,053	11,608
Receivables from goods and services	6.6	12,299	9,481
Reimbursement claims from income and sales taxes	6.7	805	2,776
Misc. financial assets	6.7	849	860
Misc. non-financial assets	6.8	222	336
Cash	6.9	22,114	10,644
Current assets		**51,342**	**35,705**
Total Assets		**103,018**	**79,231**

Consolidated balance sheet as of December 31, 2020

Liabilities

	Notes in the Annex, No.	in EUR '000 31/12/2020	in EUR '000 31/12/2019
Subscribed capital	6.10	5,692	5,070
Capital reserve	6.10	15,962	4,284
Difference in equity from currency conversion	6.10	242	224
Consolidated balance sheet profit	6.10	26,187	21,811
Capital and reserves attributable to shareholders of of the parent company		**48,083**	**31,389**
Minority interests		2,894	1,459
Equity		**50,977**	**32,848**
Liabilities to credit institutes	6.12	22,453	21,562
Lease liabilities in accordance with IFRS 16	6.3/6.12	10,149	4,030
Misc. liabilities	6.12	509	0
Deferred tax liabilities		0	26
Long-term liabilities		**33,111**	**25,618**
Liabilities from goods and services	6.13	4,900	3,603
Liabilities to credit institutes	6.14	4,906	3,817
Lease liabilities in accordance with IFRS 16	6.3/6.14	1,881	1,463
Misc. provisions	6.11	1,481	1,795
Misc. liabilities	6.14	4,640	9,927
Income tax liabilities	6.14	1,122	160
Current liabilities		**18,930**	**20,765**
Total assets		**103,018**	**79,231**

Consolidated statement of comprehensive income for the period from January 1 to December 31, 2020

	Notes in the Annex, No.	in EUR '000 2020	in EUR '000 2019
Sales revenues	7.1	78,558	64,859
Inventory changes to finished and unfinished products		2,561	351
Other capitalised own work		229	309
Overall performance		**81,348**	**65,519**
Cost of materials	7.2	-32,595	-24,387
Personnel expenditure	7.3	-28,477	-25,356
Misc. operating expenses	7.4	-9,478	-7,017
Misc. company income	7.5	634	788
EBITDA		**11,432**	**9,547**
Depreciations	6.1	-3,467	-3,122
Operating result (EBIT)		**7,965**	**6,425**
Misc. interest and similar income	7.6	22	29
Interest and similar expenses	7.6	-689	-701
Earnings before taxes (EBT)		**7,298**	**5,753**
Taxes on income and earnings	7.7	-2,115	-1,454
Consolidated net profit		**5,183**	**4,299**
Minority interests		-807	122
Consolidated net profit (excluding non-controlling interests)		**4,376**	**4,421**

Consolidated statement of comprehensive income

	in EUR ' 000 2020	in EUR ' 000 2019
Consolidated net profit	**5,183**	**4,299**
Unrealised result from currency translation	18	-15
Change in equity from initial consolidation of values in use IFRS 16	0	-384
Misc. result	18	-399
Consolidated total result	**5,201**	**3,900**
Earnings per share (incl. third-party shares) in EUR	0.98	0.85
Earnings per share (excluding third-party shares) in EUR	0.83	0.87
Average number of shares (previous year: on average)	5,288	5,070

Notes on the consolidated financial statements for the financial year 2020

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1. Business activity description

Nynomic AG (hereinafter also referred to as the "Company") with its registered office in Wedel is registered in the Commercial Register at Pinneberg District Court under the number HRB 6913 PI.

The Company is listed on the Open Market (Freiverkehr), which is not an organised market pursuant to Sec. 2 XI Securities Trading Act (WpHG). The shares are traded in the "Scale" SME segment of Deutsche Börse AG in Frankfurt, Germany.

The Nynomic Group (in short: "Group" or "Nynomic") is a provider of series products and solutions in the technologically demanding markets of non-contact and non-destructive optical metrology that is able to optimise a wide range of applications in a resource and environmentally friendly manner.

2. Accounting principles

The consolidated financial statements were prepared on December 31, 2020, in accordance with the International Financial Reporting Standards (IFRS) as to be applied in the European Union (EU) and the supplementary commercial provisions of law to be applied in accordance with Section §315e German Commercial Code (HGB).

The first-time application of all IFRS was carried out in full for the opening balance sheet as of 1 January 2018. A significant changeover effect resulted from the "recycling" of goodwill. In order to maintain "balance sheet continuity", the options under IFRS 1 for the initial and full application of IFRS were exercised in such a way that the impact on the asset, financial and earnings position was reduced to the minimum necessary in accordance with the IFRS regulations.

Effects on equity the first time the IFRS were implemented fully resulted as follows: Equity as of January 1, 2018 in accordance with the German Commercial Code (HGB) of EUR 16,731,000 increased by the recognition of goodwill of EUR 5,030,000 to EUR 21,761,000. The increased amount corresponds to the equity as of January 1, 2018 according to IFRS.

There were no effects on the current result for 2018, taking into account the full implementation of IFRS, apart from the adjustment of goodwill amortisation of EUR 1,786,000.

The consolidated financial statements were supplemented by a consolidated management report and other explanatory notes required under Sec. 315e German Commercial Code (HGB). The comparative values of the previous year were determined according to the same principles.

Share option programmes:

Original share option programme

The original share option programme had been granted to selected executives of Nynomic AG and its subsidiaries in the past. In the current calendar year, some option holders have made use of the option to exercise the options from the share option plan for 2015. This led to a boost in equity and an increase in cash and cash equivalents in the current calendar year 2020.

Virtual share option programme 2020

The Executive Board of Nynomic AG has decided, with the approval of the Supervisory Board, to offer virtual share options to the Company's executives and its subsidiaries. The programme represents a voluntary service by the Company. The virtual share options can be issued until 2024.

The purpose of the options is to entitle the respective option holder to a cash payment upon the achievement of certain corporate goals as well as individual targets.

The option holder is not granted any claims to shares, share options, subscription rights or their acquisition or subscriptions.

The share options granted can be exercised for the first time after the expiry of a waiting period of four years from the announcement date in a period of another five years. Options that are not exercised expire without compensation nine years after the announcement date. The total volume consists of 507,000 options.

The payment claim against the Company is the difference between the exercise price and the base price applicable to the option. The options are issued in each calendar year after individual achievement of the target has been determined for the beneficiary.

3. Valuation bases

The consolidated financial statements are prepared using the historical cost convention. The consolidated financial statements of Nynomic AG are prepared in EUR '000. It should be noted that rounding differences may occur in relation to the mathematically precise values (monetary units, percentages).

The financial statements of the subsidiaries were prepared on the reporting date for the consolidated financial statements, which corresponds to the reporting date of Nynomic AG. The consolidated financial statements cover the reporting period from January 1 to December 31, 2020. The Group income statement was prepared using the total cost method. The misc. income was presented in the consolidated statement of comprehensive income.

The preparation of the consolidated financial statements in accordance with IFRS as adopted by the EU requires assumptions to be made about certain items that affect the amounts recognised in the Group's statement of financial position or statement of comprehensive income. These estimates are based on management's historical experience.

The underlying assumptions and estimates are reviewed on an ongoing basis. In doing so, certain judgements are made by party preparing the consolidated financial statements:

These mainly relate to:
• the assessment of the recoverability of goodwill, in particular in relation to the estimation of future cash flows
• the estimation of useful lives for intangible assets and for property, plant and equipment

The estimates and assumptions may differ from the actual results.

4. Consolidation principles

Scope of consolidation

In addition to Nynomic AG, all subsidiaries are fully included in the consolidated financial statements. These comprise eight domestic (previous year: nine) and eleven foreign companies (previous year: eleven) that are included on the basis of full consolidation.

Inclusion occurs when there is direct or indirect control. Control is assumed to exist when the Group is exposed to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

The following companies are included in the scope of consolidation and have been included in the consolidated financial statements:

	Share of capital in %
m-u-t GmbH, Wedel	100.00
tec5 AG, Steinbach	100.00
with its affiliates and their shares in the capital:	
tec5 USA Inc., Plainview (New York/USA)	51.00
tec5 China Ltd., Beijing (China)	80.00
Avantes Holding B.V., Apeldoorn (Netherlands)	100.00
with its affiliates and their shares in the capital:	
Avantes B.V., Apeldoorn (Netherlands)	100.00

Avantes USA Inc., Louisville (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	100.00
with its affiliate and its share in the capital:	
APOS IP GmbH, Wedel	100.00
LayTec AG, Berlin	100.00
With its affiliate and their its in the capital:	
LayTec UK Ltd., Ince (Greater Manchester/Great Britain)	95.68
Spectral Engines GmbH, Steinbach	100.00
With its affiliates and their shares in the capital:	
Spectral Engines Oy, Helsinki (Finland)	100.00
Purpl Scientific Inc., St. Louis (Missouri/USA)	100.00
LemnaTec GmbH, Aachen	100.00
Sensortherm GmbH, Steinbach	100.00

* Company is dormant.

Consolidation methods

The assets and liabilities of the domestic and foreign companies fully included in the consolidated financial statements are recognised in accordance with accounting and valuation methods that apply uniformly throughout the Group.

The financial statements of the consolidated companies prepared in foreign currencies are prepared on the basis of the functional currency concept in accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates” translated using the modified closing rate method. Since the subsidiaries conduct their business independently in financial, economic and organisational terms, the functional currency of the companies is basically identical to the respective national currency.

The assets and liabilities are consequently converted at the closing rate and the expenses and income at the average rate, which is determined monthly. The difference resulting from currency conversion is offset without affecting profit or loss and reported separately in equity under currency reserves.

		Average annual rate		Closing rate	
	1 EUR =	2020	2019	2020	2019
China	RMB	7.87470	7.73550	8.02250	7.82050
Great Britain	GBP	0.88970	0.87777	0.89903	0.85080
Hong Kong	HKD	8.85870	8.77150	9.51420	8.74730
USA	USD	1.14220	1.11950	1.22710	1.12340

If Group companies leave the scope of consolidation, the relevant currency translation difference is reversed through profit or loss.

Capital consolidation is carried out in accordance with IFRS 3 and IFRS 10 using the purchase method.

Initial consolidation takes place at the time of acquisition, i.e., at the time when control over the acquired company is obtained. The entity obtains control when it has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of those returns based on its power of disposal.

The acquired assets and liabilities as well as contingent liabilities are measured at their fair values at the time of acquisition.

Subsequently, the acquisition costs of the acquired shares are offset against the pro rata revalued equity of the subsidiary.

Any resulting positive difference is recognised under intangible assets as goodwill; any negative difference is recognised immediately in the income statement following reassessment.
Goodwill is subject to an annual impairment test in subsequent periods in accordance with IAS 36.

Receivables and liabilities as well as expenses and income between consolidated companies have been eliminated. Intra-group management deliveries and services are made on the basis of both market prices and transfer prices determined on the basis of the "dealing-at-arms-length principle". In the reporting period, no material intercompany profits in inventories and property, plant and equipment existed from intercompany deliveries. Consolidation transactions affecting profit or loss are subject to the accrual of deferred taxes, whereby deferred tax assets and liabilities are netted if there is an enforceable right to offset actual tax refund claims against actual tax liabilities and to the extent that they relate to income taxes levied by the same tax authority.

Company acquisitions

Nynomic AG acquired 55% of APOS GmbH, Wedel, in the 2016 financial year and the remaining shares in 2020. Due to the inclusion of the Company in previous years in the form of full consolidation, the acquisition of the remaining shares did not lead to any adjustments to assets or liabilities. Goodwill increased by EUR 758,000.

In 2018, 75% and in 2020 the remaining shares in Spectral Engines Oy, Helsinki/Finland, were acquired. In 2020, the interposition of Spectral Engines GmbH, which holds 100% of the shares in Spectral Engines Oy and Purpl Scientific Inc., counted as a step towards strengthening the distribution structure for the technology. Due to the inclusion of the Spectral Engines Oy in previous years in the form of full consolidation, the acquisition of the remaining shares did not lead to any adjustments to assets or liabilities. Goodwill increased by EUR 528,000.

5. Key accounting and valuation principles

Accounting and valuation principles

The assets and liabilities of the domestic and foreign subsidiaries included by way of full consolidation are accounted for using standardised accounting and valuation methods.

Disclosure

In accordance with IAS 1. 56 (Presentation of Financial Statements), a distinction is made in the balance sheet between current and non-current assets as well as current and non-current liabilities.

Decisions in the application of accounting and valuation policies

Current intangible assets and property, plant and equipment are recognised in the balance sheet at amortised cost. No use is made of the also permissible option to recognise these at fair value.

Goodwill

Goodwill according to IFRS 3 represents the difference by which the total purchase price for a company or business exceeds the fair value of the newly acquired and revalued assets and liabilities. Goodwill is not amortised, but is subject to an impairment test at least once a year in accordance with the regulations of IAS 36.

Intangible assets produced in-house

Intangible assets produced in-house include ERP software and control software, which are capitalised at production cost. Intangible assets with a determinable useful life are amortised on a straight-line basis over their useful economic life.
Development costs are capitalised as intangible assets if the requirements for capitalisation of intangible assets produced in-house according to IAS 38 are cumulatively met. Insofar as all criteria for the capitalisation of development costs are met, all directly attributable costs are capitalised. Upon successful completion of the development project, capitalised development costs are amortised over the planned product life.

Intangible assets acquired for consideration

Intangible assets acquired are recognised at cost and, if subject to wear and tear, are amortised over their useful lives (3-10 years; straight-line method).

Property, plant and equipment

Property, plant and equipment are recognised at acquisition or production cost and, if subject to wear and tear, are reduced by scheduled depreciation. Here, the depreciation method corresponds to the expected trend in consumption for the future economic benefit. The depreciation expense is usually determined on the basis of the straight-line method. The depreciation period is determined according to the expected useful life.

The cost of production is determined on the basis of the directly attributable direct costs and a proportion of the directly attributable material and production overheads, including production-related depreciation.

Scheduled depreciation is based on the following useful lives:

Fixed asset	Useful life
Machines and technical systems	3-10 years
Misc. plant, operating and business equipment	3-23 years

For property, plant and equipment and intangible assets with determinable useful lives, an assessment is made at each reporting date as to whether there are any indications of possible impairment in accordance with IAS 36 "Impairment of Assets" for the corresponding assets. If such indications are identified for individual assets, an impairment test is carried out for them. In the impairment test, the recoverable amount of the asset is first determined and then compared with the boom value in order to determine any need for impairment.

The fair value minus costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties. The value in use is determined on the basis of the discounted expected future cash inflows. A pre-tax discount rate is used to reflect the risks associated with the use of the asset that are not yet reflected in the estimated future cash flows.

If the recoverable amount of an asset is estimated to be less than its book value, the asset is written down to its recoverable amount. If the value is reversed in the subsequent period, the book value of the asset is adjusted according to the recoverable amount.

The reversal limit is determined by the amount of amortised cost that would have resulted if an impairment loss had not been recognised in prior periods. The reversal of the impairment loss is recognised immediately in profit or loss.

Lease accounting in accordance with IFRS 16

The IFRS 16 accounting standard was applied to lease accounting for the first time with effect from January 1, 2019. All relevant leasing contracts were evaluated and reclassified in accordance with IFRS 16 similar to the previous regulations on finance leasing.

A lease liability is recognised at the inception of each lease, including those previously classified as operating leases. The amount of the lease liability is calculated at the present value of the future payments under the lease. The future payments are discounted on a country-by-country basis using an average marginal borrowing rate of 1.75% at the reporting date.

The rights of use are recognised at acquisition cost. As part of the initial valuation, these include the corresponding lease liability, lease payments made on or before the inception of the lease, initial direct costs and any costs incurred on termination of the lease (reinstatement or abandonment costs).

Lease payments not capitalised in accordance with IFRS 16 are included in operating expenses for the period. These are short-term (less than one year) and low-value leases and variable lease payments not based on an index.

Inventories

Inventories are measured at the lower of cost and net realisable value in accordance with IAS 2, where net realisable value is the estimated selling price minus the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of acquisition and other costs incurred to bring the inventories to their present condition. Purchase price reductions such as price reductions, bonuses or discounts are taken into account. Production costs include production-related full costs determined on the basis of normal capacity utilisation. In addition to direct costs, this includes appropriate components of the necessary material and production overheads as well as production-related depreciation that can be directly allocated to the production process. In particular, the costs incurred on the specific cost centres are taken into account. Administrative costs are taken into account insofar as they are attributable to production. If the values are lower on the balance sheet date due to lower prices on the sales market, these are recognised. If these reasons cease to apply and the net disposal proceeds have increased, the reversal of the impairment loss is recognised as a reduction in the cost of materials in the period in which the change occurs.

The accounting and inclusion of interest on borrowings in accordance with IAS 23 in the context of determining production costs for work in progress and finished goods can be waived with reference to the lack of relevance of long-term production periods for production.

Finance instruments

Finance instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. According to IAS 32, these include original finance instruments such as trade receivables and payables or financial receivables and payables. On the other hand, this also includes derivative finance instruments that are used to hedge against risks from changes in exchange rates and interest rates. Financial assets and financial liabilities are recognised in the consolidated balance sheet from the date on which the Group becomes a party to the contractual provisions of the financial instrument.

The existing financial instruments are recognised in accordance with their classification in the category "financial assets and financial liabilities measured at amortised cost".
The amortised cost of a financial asset or financial liability is the amount at which a financial asset or financial liability is measured at initial recognition, minus any principal repayments, minus any impairment losses or uncollectible amounts, and plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount (for example, discounts and transaction costs). This difference is distributed over the term of the financial asset or financial liability using the effective interest method.

In the case of current receivables and liabilities, the amortised cost generally corresponds to the nominal amount or the repayment amount.

Original finance instruments

The Company's original finance instruments consist primarily of cash and cash equivalents, trade receivables and payables, short-term and long-term borrowings and other financial assets and liabilities.

Trade receivables are non-interest bearing due to their short-term nature and are recognised at nominal value minus impairments due to expected bad debts. Both the individual default risk and a default risk derived from empirical values for a group of receivables with comparable default risk profiles (portfolio-based allowance) are taken into account using an allowance account. If the loss on the receivable is finally realised, the receivable is derecognised using any previously recognised allowance.

Misc. receivables and assets are carried at amortised cost. All recognisable default risks are taken into account by means of a corresponding devaluation. Long-term non-interest-bearing or low-interest-bearing receivables that are material are discounted.

Cash and cash equivalents are cash on hand and immediately available bank balances with an original term of up to three months. These are accounted for at their nominal value.

Finance liabilities are generally valued at amortised cost using the effective interest method. This does not include financial liabilities that are recognised at fair value through profit or loss.

An equity instrument is any contractual arrangement that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The shares issued are accounted for as equity, with the costs directly attributable to the issue of own shares deducted from equity.

Deferred taxes

Deferred taxes are accounted for and measured in accordance with IAS 12 "Income Taxes". Deferred tax assets and liabilities are presented as separate line items in the balance sheet to reflect the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The effects of tax rate changes on deferred taxes are recognised in the reporting period in which the legislative procedure underlying the tax rate change is completed. Deferred tax assets on balance sheet differences and on tax loss carry forwards are only recognised if the realisability of these tax benefits is probable within a foreseeable time frame.

Deferred tax assets and deferred tax liabilities are offset against each other insofar as the identity of tax creditors and matching maturities as well as a legal right to offset exists. In accordance with IAS 12, deferred tax assets and liabilities are not discounted.

Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", provisions are recognised when the Group has a present obligation to a third party as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Misc. provisions are only recognised for legal and constructive obligations to third parties where there is more evidence for their existence than against them at the balance sheet date.

Provisions are recognised at their discounted settlement amount on the balance sheet date if the interest effect is material. The settlement amount also includes the expected price and cost increases. The discounting is based on pre-tax interest rates that reflect current market expectations with regard to the interest effect and that depend on the corresponding term of the obligation. The interest component of the compounding is recognised in the financial result.

Provisions are measured on the basis of past experience, taking into account the circumstances on the balance sheet date. Provisions for warranties are created on a case-by-case basis and as a lump sum. The amount of the provision is based on the historical development of warranties as well as a consideration of all current and future possible warranty cases weighted with their probability of occurrence.

Sales revenues

The sales revenues define income generated in the ordinary course of business of the group of companies (IFRS 15). This essentially includes income from the sale of goods and the provision of services.

Revenue from the sale of goods is recognised when the customer has obtained control and the performance obligation has been fulfilled, a price has been agreed or can be determined and payment can be assumed. The sales revenues include the fees charged to customers for goods and services, minus sales deductions and discounts.

Revenue from services is recognised in accordance with the stage of completion (IFRS 15.39 ff.) of the contract at the balance sheet date. The degree of completion of the order is determined based on the service provided. Income is only recognised when it is probable that the economic benefits associated with the contract will flow to the entity. Otherwise, income is recognised only to the extent that the expenses incurred are recoverable.

If a contract contains several separable components (multiple-element arrangements), these performance obligations (IFRS 15.22 ff.) are realised separately in accordance with the aforementioned principles.

Earnings per share

Earnings per share were calculated by dividing the consolidated profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during each period. With the exception of the original share option programme, there were no conversion or option rights outstanding. As in the previous financial year, there were no dilution effects except for effects from a potential exercising of the original share option programme.

6. Notes on the balance sheet

6.1. Fixed assets

The development of the individual fixed asset items is shown in the fixed asset movement schedule, together with the depreciation and amortisation for the financial year.

6.2 Intangible assets

The addition of patents, trademarks and software mainly relates to intangible assets of the Spectral Engines Group amounting to EUR 583,000.

As of December 31, 2020, goodwill amounts to EUR 33,966,000. The additions to goodwill in the amount of EUR 1,286,000 are due to the remaining shares acquired in Spectral Engines Oy and APOS GmbH. The disposal results from a purchase price adjustment.

In the 2020 financial year, no impairment losses had to be recognised on goodwill.

6.3 Property, plant and equipment

Property, plant and equipment includes the production costs for prototypes produced in-house, some of which are already being used as demonstration objects, with a residual book value of EUR 8,000. The prototypes are depreciated according to schedule.

The additions to the acquisition costs for property, plant and equipment totalled EUR 9,677,000 (previous year: EUR 8,432,000), of which EUR 8,680,000 related to the addition of rights of use in accordance with IFRS 16 and EUR 828,000 to other equipment and office furniture and equipment.

Depreciation of property, plant and equipment totalled EUR 2,654,000 (previous year: EUR 2,364,000), of which EUR 1,734,000 was recognised for rights of use in accordance with IFRS 16.

	Rights of use according to IFRS 16				Liabilities
	Buildings and land	Vehicle fleet	Equipment	Total	Total
	in EUR '000	**in EUR '000**	**in EUR '000**	**in EUR '000**	**in EUR '000**
Last updated: 01/01/2010	5,007	167	61	5,235	5,493
+ Additions	8,048	632	0	8,680	8,623
- Disposals	327	0	0	327	270
- Depreciation	1,499	220	16	1,734	0
- Repayment	0	0	0	0	1,987
+ Interest costs	0	0	0	0	171
Last updated: 31/12/2020	**11,230**	**579**	**45**	**11,854**	**12,030**

6.4 Misc. long-term financial assets

in EUR '000	**31/12/2020**	**31/12/2019**
Misc. financial assets	523	0

Misc. assets mainly relate to receivables from former shareholders of a subsidiary.

6.5 Inventories

Inventories are composed as follows as of the reporting date:

in EUR '000	31/12/2020	31/12/2019
Raw materials and supplies	5,056	4,261
Work in progress, unfinished tasks	2,694	1,718
Finished goods	7,129	5,544
Advance payments	189	176
Advance payments received on orders	-16	-91
Total:	**15,053**	**11,608**

6.6 Trade receivables

Trade receivables are composed as follows:

in EUR '000	31/12/2020	31/12/2019
Receivables from trade accounts	12,299	9,481

The fair values of trade receivables correspond to the book values as of the reporting date.

in EUR '000	31/12/2020	31/12/2019
Gross value of accounts recei-vable trade	12,373	9,564
Cumulative allowance	74	83
Book value of trade receivables	**12,299**	**9,481**

Default risks are taken into account by means of value adjustments.

6.7 Misc. current financial assets

in EUR '000	31/12/2020	31/12/2019
Reimbursement claims from income and sales taxes	805	2,776
Refund claims	0	255
Receivables from funding projects	350	195
Down payments	251	175
Misc.	248	235
Total:	**1,654**	**3,636**

As in the previous year, no restrictions on disposal exist for misc. current financial assets.

6.8 Misc. current non-financial assets

in EUR '000	31/12/2020	31/12/2019
Accrual of cost expenses	222	336

Cost expenses relate to payments from services to be received in the subsequent period.

6.9 Cash

in EUR '000	31/12/2020	31/12/2019
Cash and bank balances	22,114	10,644

For changes in cash and cash equivalents, please refer to the section "Notes to the cash flow statement".

6.10 Equity

The composition and development of equity is shown in the statement of changes in equity.

Subscribed capital

As of the reporting date, the share capital is divided into 5,692,000 no-par value bearer shares with an notional share in the share capital of EUR 1.00 each. All shares are ordinary shares with one voting right each.

The Executive Board of the Company resolved in its meeting on June 12, 2020, with the consent of the Supervisory Board on June 12, 2020, to increase the share capital of the Company by EUR 254,000 to EUR 5,324,000 against cash contributions by partially utilising the 2019 authorised capital. The issue price was EUR 19.95 per share.

By resolution of the Supervisory Board of August 12, 2020, a capital increase of EUR 115,000 to EUR 5,439,000 took place (2014 conditional capital). The conditional capital increase serves to service subscription rights from share options held by members of the Executive Board, employees of the Company and members of the Executive Board/managing directors and employees of affiliated companies.

In its meeting on November 12, 2020, the Executive Board of the Company resolved, with the approval of the Supervisory Board on November 13, 2020, to increase the share capital of the Company by EUR 254,000 to EUR 5,692,000 against cash contributions by partially utilising the 2019 authorised capital. The issue price was EUR 28.00 per share.

Authorised capital/conditional capital

By cancelling the previous 2017 conditional capital, the share capital of the Company will be conditionally increased by up to EUR 2,056,000 by issuing up to 2,056,500 new no-par value bearer shares (2019/I conditional capital). By resolution of the Annual General Meeting of June 26, 2019, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the Company in the period up to June 25, 2024 by up to a total of EUR 2,535,000 against cash and/or non-cash contributions by issuing new no-par value bearer shares (2019/I authorised capital).

After partial utilisation in the 2020 financial year of EUR 507,000, the 2019/I authorised capital still amounts to EUR 2,028,000.

At the Annual General Meeting of July 14, 2017, the Executive Board was authorised, with the consent of the Supervisory Board, to increase the share capital by up to EUR 2,393,000 by issuing new no-par value bearer shares against cash and/or non-cash contributions until July 14, 2022 (2017/I authorised capital). The rights of existing shareholders to subscribe may be excluded here with the approval of the Supervisory Board. The provisions on authorised capital can be found in Sec. 4 of the Articles of Association. By resolution of the Annual General Meeting of June 26, 2019, the 2017/I authorised capital of July 14, 2017 was cancelled.

After partial utilisation in the 2018 financial year of EUR 285,000, the 2017/I authorised capital most recently amounted to EUR 2,108,000 still.

By resolution of the Annual General Meeting of June 6, 2014, the share capital was increased by up to EUR 479,000 for granting subscription rights to employees and members of the Company management or an affiliated company (2014/I conditional capital).

After partial utilisation in the 2020 financial year of EUR 115,000, the 2014/I conditional capital still amounts to EUR 364,000.

Under cancellation of the previous 2012 conditional capital in the amount of EUR 1,815,000 the share capital of the Company is conditionally increased by up to EUR 1,914,000 through the issue of up to 1,914,000 new no-par value bearer shares (2017/I conditional capital).

Capital reserve

The capital reserve contains amounts that were generated when shares were issued in excess of the arithmetical value (premium).

Group profit retained

The consolidated net profit results from the profit carried forward (EUR 21,811,000) plus the current consolidated net profit; minus profit shares of minority shareholders (EUR 807,000).

6.11 Misc. provisions

in EUR '000	31/12/2020	31/12/2019
Misc. provisions	1,481	1,795

Misc. provisions consist of sales-related provisions of EUR 602,000 (previous year: EUR 846,000), procurement-related provisions of EUR 8,000 (previous year: EUR 84,000) and remaining misc. provisions of EUR 871,000 (previous year: EUR 865,000).

6.12 Misc. long-term financial liabilities

in EUR '000	31/12/2020	31/12/2019
Liabilities to credit institutes	22,453	21,562
Lease liabilities in accordance with IFRS 16	10,149	4,030
Misc. liabilities	509	0
Total:	**33,111**	**25,592**

Financial liabilities include loans to banks due to financing the acquisition of shares in companies. These are mainly secured through the assumption of debt and the granting of guarantees by individual subsidiaries. The increase in leasing liabilities is mainly due to a newly leased property at the Steinbach location. The misc. liabilities essentially relate to liabilities to former shareholders of a subsidiary.

6.13 Liabilities from goods and services

These current items include:

in EUR '000	31/12/2020	31/12/2019
Trade payables to third parties	4,900	3,603

6.14 Misc. current financial liabilities

These items include:

in EUR '000	31/12/2020	31/12/2019
Misc. liabilities	4,640	4,627
Liabilities to credit institutes	4,906	3,817
Lease liabilities in accordance with IFRS 16	1,881	1,463
Income tax liabilities	1,122	160
Liabilities from the acquisition of affiliated companies	0	5,300
Total:	**12,549**	**15,367**

7. Notes on the income statement

7.1 Sales Revenues

Sales revenues increased by EUR 13,699,000 or 21% to EUR 78,558,000 compared to 2019.

Breakdown of sales revenues

Sales revenues by activity break down as follows:

in EUR '000	2020	2019
Clean Tech	47,606	40,842
Life Science	18,158	13,611
Green Tech	12,794	10,406
Total:	**78,558**	**64,859**

Sales revenues are broken down by sales region as follows:

in EUR '000	2020	2019
Germany, Europe and all other remaining countries	47,893	39,112
America	20,370	17,827
Asia	10,295	7,920
Total:	**78,558**	**64,859**

7.2 Cost of materials

The cost of materials is composed as follows:

in EUR '000	2020	2019
Expenses for raw materials, consumables and supplies and related goods	32,053	24,119
Expenses for purchased services	542	268
Total:	**32,595**	**24,387**

The increase in the cost of materials is due to the higher sales volume.

7.3 Personnel expenses

in EUR '000	2020	2019
Wages and salaries	23,937	21,164
Social security contributions	3,922	3,483
Expenses for pension provision and support	618	709
Total:	**28,477**	**25,356**

	2020	2019
Average number of employees over the year	430	382

The increase in personnel expenses and the number of employees is mainly due to the improved order situation and the full-year inclusion of Sensortherm GmbH and LemnaTec GmbH.

7.4 Misc. operating expenses

Misc. operating expenses increased by 35% compared to the previous year. The expenses mainly consist of the following items:

in EUR '000	2020	2019
Consulting costs	1,791	1,371
Cost of external service providers	1,149	875
Marketing/travel expenses	932	1,776
Cost of sales	726	622
Occupancy costs	554	611
Vehicle costs	401	405
Maintenance	281	276
Misc. expenses	3,644	1,081
Total:	**9,478**	**7,017**

Misc. expenses mainly include company/organisation-related expenses of EUR 1,777,000, personnel-related expenses of EUR 996,000 and product/sales-related expenses of EUR 833,000.

7.5 Misc. operating income

Misc. operating income decreased by EUR 154,000 or 20% to EUR 634,000 compared to the previous year. The item is essentially made up of the following positions:

in EUR '000	2020	2019
Income from benefits in kind	173	163
Misc. subsidies	122	159
Income from the reduction of value adjustments	94	49
Reimbursements under the Expenditure Compensation Act	84	34
Insurance compensation	8	300
Misc. income	153	83
Total:	**634**	**788**

7.6 Financial income and expenses

in EUR '000	2020	2019
Misc. interest and similar income	22	29
Compounding of provisions	0	-155
Interest and similar expenses	-689	-546
Total:	**-667**	**-672**

7.7 Income Taxes

Income taxes include current taxes (paid or owed) on income and earnings in the individual countries as well as deferred taxes. The calculation of the Group's current taxes on income is based on the tax rates applicable on the balance sheet date.

A tax rate of 30% is used to calculate the deferred taxes for the domestic companies. In addition to the corporation tax at a flat rate of 15%, an effective trade tax rate of 15% is also taken into account.

For foreign companies, deferred taxes are calculated using the tax rates applicable in the respective country. Deferred taxes are recognised as tax income or expense unless they relate to items recognised directly in misc. comprehensive income. In this case, the deferred taxes are also recognised in misc. comprehensive income. The tax expense is broken down according to its origin as follows:

in EUR '000	2020	2019
Current taxes on income and profit	2,085	1,221
Deferred taxes	30	233
Total taxes on income:	**2,115**	**1,454**

As of the balance sheet date, the Group has the following unused tax loss carry forwards to offset against future profits:

in EUR '000	2020	2019
Corporation tax	14,104	10,905
Business tax	14,406	10,543
Total:	**28,510**	**21,448**

in EUR '000	2020	2019
Earnings before taxes from continuing operations	7,298	5,753
Profit for the period before taxes	**7,298**	**5,753**
Projected income tax expense of approx. 30% (previous year: 30%)	2,190	1,726
Essentially: use of tax losses not previously recorded	-75	-272
Actual income tax expense (effective tax rate: 29%; prev. year: 25%)	**2,115**	**1,454**
Income tax expense recognised in profit or loss	**2,115**	**1,454**

8. Notes on the cash flow statement

The cash and cash equivalents shown in the consolidated cash flow statement comprise the balance sheet item cash and cash equivalents, which consist of cash in hand and bank balances with a residual term - calculated from the date of acquisition - of no more than three months.

The consolidated cash flow statement shows how the cash and cash equivalents of the Nynomic Group have changed during the financial year as a result of cash inflows and outflows. For this purpose, the cash flows in the consolidated cash flow statement are divided into cash inflows from operating activities, investing activities and financing activities in accordance with IAS 7 (Cash Flow Statements).

The changes in the balance sheet items considered for the development of the consolidated cash flow statement are adjusted for the non-cash effects of currency translation and changes in the scope of consolidation.

Operating activities

The cash inflows and outflows are derived indirectly based on the consolidated profit after tax. Earnings after tax are adjusted for non-cash expenses and the cash flow from operating activities is calculated taking into account the changes in working capital, provisions and other operating balance sheet items.
The cash flow from operating activities in the past financial year amounted to EUR 6,368,000 (previous year: EUR 3,559,000). The main reason for the change compared to the previous year was the strong increase in inventories and receivables as well as the increase in liabilities.

Investment activity

The cash flow from investment activities is determined on the basis of actual payment transactions. This includes cash flows in connection with the acquisition, production and sale of intangible assets and property, plant and equipment that are not part of cash and cash equivalents.

In addition, use is made of the option under IAS 7.33 to show interest received as part of the investing cash flow.

In the reporting period, the cash flow from investment activities amounted to EUR -6,953,000. The cash flow from investment activities includes payment transactions for new and replacement investments in fixed assets as well as the payment of an earn-out to the former shareholders of LayTec AG.

Financing activity

Cash flow from financing activity is determined on the basis of actual payment transactions and, in addition to the raising and repayment of loans and misc. financial liabilities, includes payment flows between the Group and its shareholders.

Interest paid is reported as cash flow from financing activities in accordance with the option under IAS 7.33.

In the reporting period, cash flow from financing activities amounted to EUR 12,269,000. The cash flow from financing activities results mainly from equity increases and also includes payments to minority shareholders from distributions within the Group (EUR -621,000) and interest payments of EUR -689,000.

9. Miscellaneous information

9.1 Contingent liabilities

There were no contingent liabilities as at the balance sheet date.

9.2 Misc. financial obligations

There are no significant misc. financial obligations outside the scope of IFRS 16.

9.3 Related party disclosures according to IAS 24

Related parties within the meaning of IAS 24 "Related

Party Disclosures" are companies or persons that control or are controlled by the Group, unless they are already included in the consolidated financial statements as a consolidated company. Related parties are companies or persons that control or are controlled by the Group, unless they are already included in the consolidated financial statements as a consolidated company, as well as companies and persons that, by virtue of provisions in the Articles of Association or contractual agreements, have the power to govern the financial and operating policies of the Nynomic AG management to a significant extent or are involved in the joint management of Nynomic AG. Control exists here if a shareholder holds more than half of the voting rights in Nynomic AG.

Related parties of Nynomic AG also include the members of the Executive Board and the Supervisory Board. In the reporting period, there were no supply and service relationships between the Company and the members of both boards or were conducted on a small scale as between third parties.

10. Events after the balance sheet date

The Executive Board of Nynomic AG has approved the distribution of these consolidated financial statements to the Supervisory Board after their preparation on March 26, 2021. The Supervisory Board is responsible for reviewing and approving the consolidated financial statements at its meeting on May 6, 2021.

No other events of material significance took place after December 31, 2020.

11. Mandatory information and additional information according to the German Commercial Code (HGB)

11.1 Mandatory information according to Sec. 315e GCC and Sec. 264 (3) GCC

The consolidated financial statements of Nynomic AG are prepared in accordance with Sec. 315e German Commercial Code (HGB) with discharging effect for consolidated financial statements in accordance with the German Commercial Code (HGB) in accordance with the guidelines of the IASB. At the same time, the consolidated financial statements and consolidated management report comply with the European Union Directive on Group Accounting (2013/34/EU). In order to achieve equivalence with consolidated financial statements prepared in accordance with German commercial law, all disclosures and explanations required by the German Commercial Code (HGB) and going beyond the disclosure requirements required by IFRS, are published.

Through its inclusion in the consolidated financial statements of Nynomic AG, tec5 AG, as a fully consolidated affiliated German company, has made use of the simplifications provided for in Sec. 264 (3) of the German Commercial Code (HGB). Furthermore, Avantes UK Ltd. also makes use of the local regulations concerning the simplifications of Sec. 264 (3) German Commercial Code (HGB) by being included in the consolidated financial statements.

11.2 Number of employees

The average number of employees breaks down as follows:

	2020	2019
Salaried employees	343	326
Industrial workers	82	52
Students/interns	5	4
Trainees	0	0
Total:	**430**	**382**

11.3 Auditor's fees

The fees for the services rendered by our auditor and the companies affiliated with them or network companies are as follows:

in EUR '000	2020	2019
Final audit service	105	89

Tax consultancy services	14	9
Management consulting	11	23
Misc. auditing services	7	6
Total:	**137**	**127**

The fees for the audit services relate to expenses for auditing the consolidated financial statements of Nynomic AG and the annual financial statements prescribed for the subsidiaries included in the consolidated financial statements. Misc. audit services relate to the issue of certificates.

11.4 Executive Board

The following gentlemen were appointed as members of the Executive Board in the 2020 financial year:

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

The members of the Executive Board are each entitled to represent another member of the Executive Board in community.

11.5 Supervisory Board

The following gentlemen were appointed as members of the Supervisory Board in the 2020 financial year:

	Occupation
Mr. Hans Wörmcke (Chairman), Heist	Businessman
Dr. Sven Claussen (Deputy Chairman), Hamburg	Attorney at Weiland Rechtsanwälte
Mr. Hartmut Harbeck, Wedel	Businessman

Total remuneration of the Executive Board

The safeguard clause pursuant to Sec. 314 (3) GCC (HGB) in conjunction with Sec. 286 (4) GCC (HGB) is invoked.

Total remuneration of the Supervisory Board

The total remuneration of the Supervisory Board amounts to EUR 37,000 (previous year: EUR 37,000).

12. Appropriation of profits

As the parent Company, Nynomic AG closes the 2020 financial year with a net profit for the year of EUR 1,229,000. The Executive Board proposes to carry forward the net profit for the year to new account.

13. Statement by the Executive Board

These consolidated financial statements as of December 31, 2020 and the consolidated management report were prepared on March 26, 2021 by the legal representatives of Nynomic AG, who are responsible for the completeness and accuracy of the information contained therein. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). It is consistent with Directive 83/349/EEC. The previous year's figures were determined according to the same principles. The consolidated financial statements were supplemented by a consolidated management report and other explanatory notes required under Sec. 315e German Commercial Code (HGB).

Wedel, Germany, March 26, 2021

Fabian Peters	Maik Müller
Chairman of Nynomic AG	Chairman of Nynomic AG

Composition and development of group assets in the 2020 financial year

	Acquisition and production costs					
	Last up-dated: 01/01/2020	Additions	Additions from initial consolida-tion	Transfers	Disposals	Last up-dated: 31/12/2020
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
A. Fixed assets						
I. Intangible assets						
1. Self-created industrial property rights and similar rights and assets	392	0	0	-6	0	386
2. Licenses, industrial property rights and similar rights and assets purchased, as well as licenses to such rights and assets	4,918	707	0	72	5	5,692
3. Company value						
- from the individual accounts	0	0	0	0	0	0
- from the capital consolidation	34,033	1,286	0	0	189	35,130
4. Advance payments	0	11	0	0	0	11
	39,343	**2,004**	**0**	**66**	**194**	**41,219**
II. Tangible assets						
1. Technical equipment and machinery	323	37	0	0	16	344
2. Misc. plant, operating and business equipment	11,025	828	0	410	143	12,120
3. Advance payments and plants under construction	344	132	0	-476	0	0
4. Rights of use according to IFRS 16	6,763	8,680	0	0	327	15,116
	18,455	**9,677**	**0**	**-66**	**486**	**27,580**
III. Investments						
1. Misc. investments	0	0	0	0	0	0
2. Cooperative shares	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**
Total fixed assets	**57,798**	**11,681**	**0**	**0**	**680**	**68,799**

	Cumulated depreciations							Book values	
	Last up-dated: 01/01/2020	Additions	Additions from first-time consolida-tion	Transfers	Disposals	Write-ups	Last up-dated: 31/12/2020	Last up-dated: 31/12/2020	Last up-dated: 31/12/2019
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
	310	22	0	-6	0	0	326	60	82
	2,745	791	0	6	12	0	3,530	2,162	2,173
	0	0	0	0	0	0	0	0	0
	1,164	0	0	0	0	0	1,164	33,966	32,869
	0	0	0	0	0	0	0	11	0
	4,219	**813**	**0**	**0**	**12**	**0**	**5,020**	**36,199**	**35,124**
	145	46	0	0	1	0	190	154	178
	8,610	874	0	0	96	0	9,388	2,732	2,415
	0	0	0	0	0	0	0	0	344
	1,528	1,734	0	0	0	0	3,262	11,854	5,235
	10,283	**2,654**	**0**	**0**	**97**	**0**	**12,840**	**14,740**	**8,172**
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	14,502	**3,467**	**0**	**0**	**109**	**0**	**17,860**	**50,939**	**43,296**

Composition and development of the consolidated equity in the 2020 financial year and previous year

	Notes in the Annex, No.	Parent company				
		Subscribed capital	Capital reserve	Earned consolidated equity	Accumulated other consolidated earnings	
					Adjustment items from foreign currency conversion	Other neutral transactions
		in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Last updated: 01/01/2019		**5,070**	**4,284**	**17,772**	**239**	**0**
Dividends paid		0	0	0	0	0
Consolidated net profit		0	0	4,423	0	0
Other consolidated result		0	0	0	-15	-384
Consolidated total result		**0**	**0**	**4,423**	**-15**	**-384**
Last updated: 31/12/2019		**5,070**	**4,284**	**22,195**	**224**	**-384**
Capital increase *		622	0	0	0	0
Allocation to reserves **		0	11,678	0	0	0
Share acquisitions by minority shareholders		0	0	0	0	0
Dividends paid		0	0	0	0	0
Consolidated net profit		0	0	4,376	0	0
Other consolidated result		0	0	0	18	0
Consolidated total result		**0**	**0**	**4,376**	**18**	**0**
Last updated: 31/12/2020		**5,692**	**15,962**	**26,571**	**242**	**-384**

* Of which new shares were granted to third parties in the amount of EUR 507,000 and stock option programmes according to IFRS 2 in the amount of EUR 115,000 were exercised.

** Allocation to the reserves exclusively from the granting of new shares in 2020.

Of the consolidated equity of the parent company of EUR 27,306,000 (previous year: EUR 26,077,000) generated as of the balance sheet date

- Are available for distribution to the shareholders of the parent company EUR 27,306,000 (previous year: EUR 26,077,000)
- Are subject to statutory distribution blocks EUR 0 thousand (previous year: EUR 0 thousand)
- are subject to a dividend block of EUR 0 thousand (previous year: EUR 0 thousand).

	Minority shareholders			Consolidated equity
		Accumulated other consolidated earnings		
Equity parent company	Minority capital	Adjustment items from foreign currency conversion	**Equity minority shareholders**	
in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
27,365	**2,097**	**232**	**2,239**	**29,694**
0	-746	0	-746	-746
4,423	-124	0	-124	4,299
-399	0	0	0	-399
4,024	**-124**	**0**	**-124**	**3,900**
31,389	**1,227**	**232**	**1,459**	**32,848**
622	0	0	0	622
11,678	0	0	0	11,678
0	1,249	0	1,249	1,249
0	-621	0	-621	-621
4,376	807	0	807	5,183
18	0	0	0	18
4,394	**807**	**0**	**807**	**5,201**
48,083	**2,662**	**232**	**2,894**	**50,977**

Consolidated cash flow statement for the 2020 financial year

			Notes in the Annex, no.	2020 in TEUR	2019 in TEUR
1.		Result for the period (consolidated net profit/(loss) including minority interests)		5,183	4,299
2.	+/-	Depreciations/write-ups on fixed assets		3,467	3,122
3.	+/-	Increase/decrease in provisions		-314	-2,330
4.	+/-	Misc. non-cash expenses/income		43	21
5.	-/+	Increase/decrease in inventories, trade receivables and misc. assets not attributable to investing or financing activities		-4,674	-1,032
6.	+/-	Increase/decrease in trade payables and misc. liabilities not attributable to investing or financing activities		806	-144
7.	-/+	Profit/loss on the disposal of fixed assets		224	28
8.	+/-	Interest expenses/interest income		667	701
9.	+/-	Income tax expense/income		2,115	1,454
10.	-/+	Income tax payments		-1,149	-2,560
11.	**=**	**Cash flow generated from operations**	**8.**	**6,368**	**3,559**
12.	-	Payments for investments in intangible assets		-723	-710
13.	-	Payments for investments in property, plant and equipment		-1,141	-1,364
14.	-	Payments for additions to the scope of consolidation less acquired cash and cash equivalents		-5,111	-4,532
15.	+	Interest received		22	29
16.	**=**	**Cash flow from investment activities**	**8.**	**-6,953**	**-6,577**
17.	+	Proceeds from equity contributions from shareholders of the parent company		13,416	0
18.	+	Proceeds from the issue of bonds and taking out (financial) loans		6,576	7,703
19.	-	Payments from the redemption of bonds and repayment of (financial) loans		-4,597	-3,051
20.	-	Payments from the repayment of lease liabilities in connection with IFRS 16		-1,816	-1,654
21.	-	Interest paid		-689	-546
22.	-	Dividends paid to other shareholders		-621	-746
23.	**=**	**Cash flow from the financing activity**	**8.**	**12,269**	**1,706**
24.		Change in cash and cash equivalents		11,684	-1,312
25.	+/-	Exchange rate and valuation-related changes in cash and cash equivalents		-214	39
26.	+/-	Changes in cash and cash equivalents with consolidation effects		0	839
27.	+	Financial funds at the beginning of the period		10,644	11,078
28.	**=**	**Financial funds at the end of the period**		**22,114**	**10,644**

78.6

Group sales in million EUR

Group EBIT in million EUR

8.0

Consolidated management report for the 2020 financial year

Structure

A. Business activity and general conditions
B. Business development including representation of net assets, financial position and cash flow
C. Opportunity and risk report
D. Outlook
E. Miscellaneous information

A. Business activity and general conditions

Nynomic AG (for short: "Group" or "Nynomic"), based in Wedel, Germany, is a leading international manufacturer of products for permanent, non-contact and non-destructive optical metrology. The Nynomic Group has a clear marketing concept as a system supplier ranging from the component to the device. The Group has a global presence with its own brands and subsidiaries and has a workforce of around 430 employees on average and is increasingly using synergy effects to increase profitability within the Group.

The Group's smart photonics solutions are built on a technology platform based on spectral sensor technology. The solutions can be scaled to different areas of application and owing to their excellent adaptability to the processes in place at the customer represent a high increase in efficiency and customer benefit. Nynomic utilises a technology transformation based on miniaturisation as the basis for its above-average growth in the medium-term compared to the market.

Being incorporated into the value chain of the customer results in increased utility and benefit. Ranging from customer-specific solutions to series production, precisely the amount of development effort required to optimally fulfil the customer's needs is put into each application case.

The products the Nynomic Group manufactures are offered in the market under their own name or with the customer's label.

The Nynomic Group focuses on future-oriented segments, such as Green Tech (agriculture and environmental technology), Clean Tech (areas of application throughout the industrial sector) and Life Science (laboratory automation and medical technology).

Demographic developments, climate change, increasing scarcity of resources and increasing regulatory requirements are leading to cyclically robust demand and sustainable growth in these markets.

New production technologies are increasing the potential of the applications with regard to the generatable unit prices and the possibility of miniaturising the products. The Company's innovative products displace conventional solutions and facilitate new applications.

There are a large number of small and medium-sized suppliers in the field of measuring and sensor technology, ranging from manufacturers to resellers, via engineering firms to specialised service providers, to institutes active in sensor technology and measuring technology. Nynomic distinguishes itself from the multitude of suppliers with its customer-oriented technological solutions and by enhancing the Group's portfolio.

Thanks to the excellent market position of its customers and the good diversification of risk, Nynomic was able to escape the negative industry trend (see industry statistics 2020 AMA Association for Sensors and Measurement). Group sales increased by EUR 13.7 million or +21% to EUR 78.6 million.

The Group is comprised of holdings in companies active in the business segments for optical technology, medical device technology, sensor technology, control technology and related areas. These include in particular m-u-t GmbH (Wedel/Germany), the Avantes Group (Apeldoorn/Netherlands), the tec5 Group (Steinbach/Germany), the APOS Group (Wedel/Germany), the LayTec Group (Berlin/Germany), the Spectral Engines Group (Steinbach/Germany), LemnaTec GmbH (Aachen/Germany) and Sensortherm GmbH (Steinbach/Germany).

In 2020, the investment portfolio was expanded by taking up the remaining shares of APOS GmbH (Wedel/ Germany) and Spectral Engines Oy (Helsinki/Finland). In addition, the interposition of Spectral Engines GmbH (Steinbach/Germany), which holds 100% of the shares in Spectral Engines Oy and Purpl Scientific Inc., counted as a step towards strengthening the distribution structure for the technology. Furthermore, the participation structure within the LayTec Group was streamlined by merging the German subsidiaries into LayTec AG as of 1 January 2020. This gives Nynomic AG a direct or indirect stake in nineteen different companies. The Company's investments underline its orientation as a comprehensive supplier on the high-tech market environment for photonics.

Nynomic focuses its business on three growth markets:

Life Science with a focus on laboratory automation and medical technology,
Green Tech with applications in agriculture and environmental technology and
Clean Tech with application fields throughout the industrial sector

The focal points of the operating subsidiaries are therefore as follows in individual terms:

m-u-t GmbH
m-u-t GmbH is an established supplier of series products and solutions in technologically demanding markets. Whether control technology, sensor technology, laboratory automation or spectrometry, m-u-t GmbH supplies customised system solutions for challenges in measurement and control. The Company's core competencies include the manufacture and development of products for permanent, non-contact and non-destructive optical measurement technology.

tec5 AG
tec5 AG and its subsidiaries has been part of the Nynomic Group since 2007, and is one of the world's leading suppliers of components and systems for industrial optical spectroscopy (UV-VIS-NIR & Raman diode array spectroscopy). Tec5 AG develops and manufactures high-quality products for use in a variety of applications. The product spectrum ranges from electronic assemblies via light sources and optical components to complete UV-VIS-NIR & Raman spectrometer systems with associated software solutions. These products are sold under their own name and to OEMs. A profit and loss transfer agreement has been in place with Nynomic AG since 2016. In 2020, the Company moved to new premises in Steinbach that have been adapted to its needs and also relocated its headquarters there. In order to exploit synergies, Sensortherm GmbH and Spectral Engines GmbH also moved their headquarters to this location subsequently.

Avantes Holding B.V.
In the 2008 financial year, Avantes Holding B.V. and its subsidiaries were integrated into the Group. The Company specialises in the development and production of spectroscopy equipment for OEM applications and the scientific market. The Company develops and produces spectrometers, light sources for UV, VIS and NIR and fibre optics and optical fibres as well as accessories and customer-specific adaptations. Avantes products are used in the biomedical, agricultural, chemical and food industries, inline process con-trol, radiometry and thin-film analysis.

APOS GmbH
Nynomic AG acquired 55% of the shares in the 2016 financial year in APOS GmbH, Wedel, and the remaining shares in 2020. APOS GmbH is a supplier and technology leader in optical measurement and control systems in the wood material industry, biomass power plants and other bulk material applications. The focus of APOS GmbH on a small number of industry niches with its core competence of creating solutions for scalable applications complements the Nynomic Group product range ideally.

LayTec AG
LayTec AG, Berlin, was acquired by Nynomic in 2017. LayTec is a global company and market leading supplier of process-integrated metrology. LayTec pro-

ducts are used for in-situ process control in the manufacture of light-emitting diodes and semiconductor lasers, for monitoring the production processes for solar cells as optical in-line metrology and for facilitating real-time analysis in the research and development of novel layer materials. LayTec is the market leader in in-situ metrology for LED and VCSEL epitaxy with 85% of its installations outside Europe.

Spectral Engines Oy

In 2018, the acquisition of 75% of Spectral Engines Oy, Helsinki/Finland took place, with the remaining shares being acquired in 2020. In 2020, the interposition of Spectral Engines GmbH, which holds 100% of the shares in Spectral Engines Oy and Purpl Scientific Inc., counted as a step towards strengthening the distribution structure for the technology. The Finland location continues to be responsible for the development and production of the products (hardware, software and applications). Sales activities are coordinated at the Steinbach location. The core technology from Spectral Engines is formed by MEMS-based spectral sensors, which have been developed as a disruptive approach to extremely miniaturised and cost-effective detectors. In 2017, series maturity was achieved and supplemented by an independent, highly innovative solution for cloud-based data processing and a corresponding platform for machine learning. The main target markets for Spectral Engines are industrial applications (smart industry), applications in agriculture (smart agriculture) and applications in the home appliances market (white appliances and smart home). The ability to mass-produce miniaturised spectrometers in a very cost-effective manner opens up a large number of new sales markets and applications, especially in the very broadly diversified consumer environment. Its main sales markets are currently to be found in the USA, Europe and China. With its holding participation in Spectral Engines, the Nynomic Group is opening up a new high-growth market environment in the previously insignificant B2C segment.

LemnaTec GmbH

In 2019, 100% of LemnaTec GmbH, Aachen/Germany, was acquired. The business operations of LemnaTec (legacy) were acquired by a newly founded limited company (GmbH) as part of an asset deal. The GmbH has the right to continue operating LemnaTec. The Company has established itself as a leading global specialist in hardware and software systems in the field of digital plant phenotyping and high-throughput screening. The areas of application for LemnaTec's plant phenotyping are mainly to be found in agrochemistry, agricultural, plant research and plant breeding and range from small applications in the laboratory to large-scale installations for greenhouses and open-field systems. The management has set itself the goal of transforming the know-how gained from the projects into a product-based business. First products have already been launched.

Sensortherm GmbH

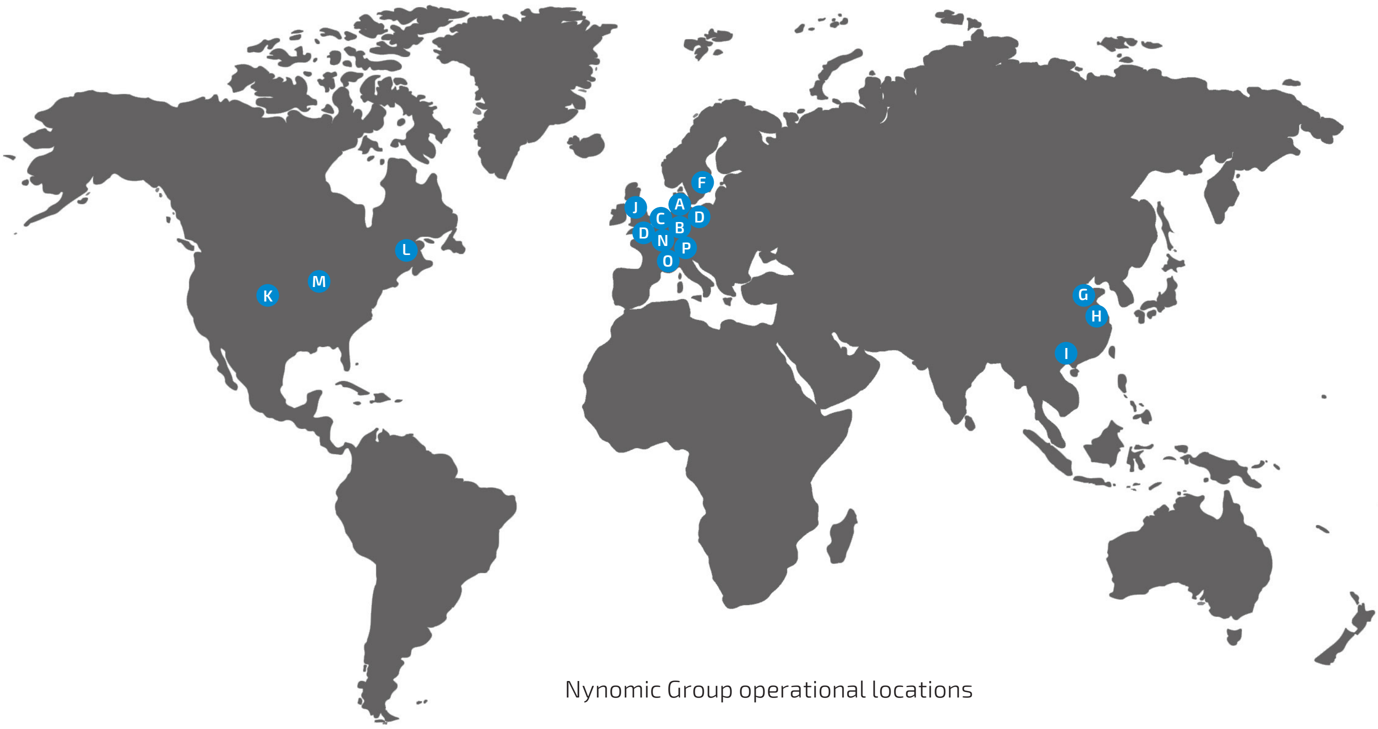
100% of Sensortherm GmbH, Steinbach/Germany, was taken over in 2019. Sensortherm GmbH develops, produces and sells intelligent infrared measurement technology. Sensortherm is one of the technology leaders in digital pyrometer technology and offers economical and technically high-quality solutions.

Nynomic is represented and present with equity interests, customers and distributors worldwide in the relevant technology markets in Europe, North America and China.

B. Business development including representation of net assets, financial position and cash flow

Sales development

Despite the global effects of the COVID-19 pandemic, the Nynomic Group can look back on a successful financial year in 2020. The Nynomic Group demonstrated its stability in a challenging market environment. Due to the significant increase in growth momentum, the sales target which was increased during the course of the year was exceeded. A new record figure was achieved with consolidated sales of EUR 78.6 million (previous year: EUR 64.9 million; +21%), and the good market position of the Nynomic Group was consolidated and further expanded. In



Nynomic Group operational locations

- A m-u-t GmbH, Wedel, GER
- B tec5 AG, Steinbach, GER
- C APOS GmbH, Wedel, GER
- D Avantes B.V., Apeldoorn, NED
- D LayTec AG, Berlin, GER
- F Spectral Engines Oy, Helsinki, FIN
- G Avantes China Ltd., Peking, CHN
- H tec5 China Ltd., Peking, CHN
- I Avantes Hong Kong Ltd., Hongkong, CHN
- J LayTec UK Ltd., Ince, GBR
- K Avantes Inc., Louisville, USA
- L tec5 USA Inc., Plainview, USA
- M Purpl Scientific Inc., St. Louis, USA
- N Sensortherm GmbH, Steinbach, GER
- O LemnaTec GmbH, Aachen, GER
- P Spectral Engines GmbH, Steinbach, GER

the future too, the Executive Board will continue to respond to long-term megatrends within customer applications in order, in particular, to continue to generate long-term revenue growth.

Consolidated sales by segment

A growth in revenue was recorded in all three segments in the reporting period. The Clean Tech segment reported sales of EUR 47.6 million and remains the largest contributor to sales with a share of around 61% of total sales. Due to the increased demand dynamics, especially in the area of medical technology, the Life Science segment achieved sales of EUR 18.2 million and hence exceeded the previous year's level by around +33%. Sales in the Green Tech segment also grew to EUR 12.8 million and contributed approx. 16% to total consolidated sales.

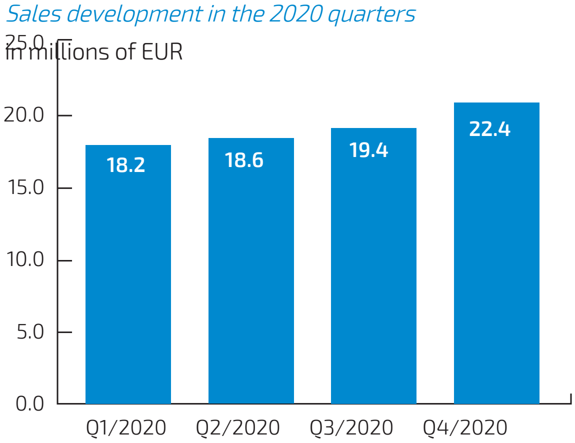
Consolidated sales by region

Sales increased across all regions. Sales in Germany, Europe and the rest of the world increased by around +22%, with a significant share attributable to high domestic demand, particularly in the Life Science segment. The Nynomic Group exceeded the previous year's sales in the Americas by around +14% and recorded an increase in sales of around +30% in Asia.

The international share of Group sales amounted to approx. 52% (previous year: 53%), slightly below the industry trend of 61% (according to the AMA Association for Sensors and Measurement Messtechnik e.V.).

Sales development in the 2020 quarters

in millions of EUR



The quarterly analysis shows that despite the outbreak of the corona virus in Europe, the first quarter got off to a solid start with an increase in sales of around 18%. The figures for the second quarter show a noticeable increase in sales of around 34% to EUR 18.6 million compared to the same quarter in the previous year. The continued strong sales growth in the third quarter with a growth rate of 22% encouraged the Executive Board of Nynomic AG to raise the forecast for the year despite the global challenges. The positive annual trend was also confirmed in the strong fourth quarter. With quarterly sales of EUR 22.4 million, the figure was significantly higher than the previous year and continued the strong and consistent growth dynamic impressively

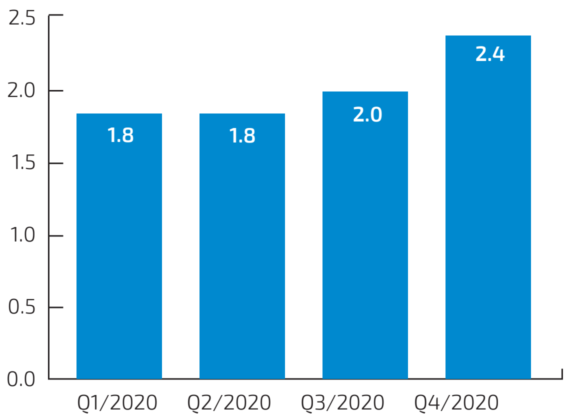
This means that the Nynomic Group has successfully returned to growth after a slight decline in sales in 2019. The significant increase in growth dynamics in the midst of the global pandemic is due in particular to the diversified product and customer structure. In the medical products sector in particular, the Company was able to sustainably expand its market share and generate significant growth. Consistent implementation of the Company's strategy of acting as a solution provider for OEM customers, the retention and development of highly qualified employees and the targeted acquisition of new technology, provides the Group with the opportunity to service complex tasks with innovative solutions for the respective customer segment. Customers recognise and reward this, so that the general business situation and course of business continue to be viewed positively by the Executive Board.

Operating result

The EBIT of EUR 8.0 million achieved in the 2020 financial year is significantly above the previous year's level (previous year: EUR 6.4 million; +24%). The targeted double-digit EBIT margin was achieved despite the challenges relating to the pandemic. With a gross profit[1] of now EUR 48.8 million, which has now increased by EUR 7.6 million, earnings before taxes of EUR 7.3 million could be achieved. Taking into account a tax expenses of EUR 2.1 million, the financial year ended with a consolidated net profit of EUR 5.2 million (previous year: EUR 4.3 million), which represents an increase of EUR 0.9 million.

EBIT development in the 2020 quarters

in millions of EUR



The quarterly analysis shows the positive earnings development, especially in the second half of 2020. After the first quarter, which fell slightly compared to the previous year, due in particular to shifts in the product mix and the macroeconomic uncertainties caused by corona, EBIT in the second quarter was brought back onto a growth path compared to the previous year. An EBIT of EUR 1.8 million was reported in Q2, which corresponds to a growth rate of around 20% compared to the same period in the previous year. On a half-yearly basis, this results in a constant EBIT of EUR 3.6 million in the first half of 2020 compared to the same period in the previous year. The EBIT in the third quarter continued the favourable momentum with a significant increase of around 82% to EUR 2.0 million. With a significant increase of approx. 41% in the strong fourth quarter to an EBIT of EUR 2.4 million, the Nynomic Group was able to close the 2020 financial year profitably.

A look at the distribution of the EBIT contributions in the financial year shows that m-u-t GmbH was able to make the highest contribution to the annual result. The tec5 Group, the Avantes Group and the LayTec Group also successfully contributed to EBIT. Sensortherm GmbH made a slightly positive contribution to EBIT. In addition to the APOS Group and LemnaTec GmbH, the Spectral Engines Group did not yet make a positive contribution to Group EBIT.

After a satisfactory previous year, the 2020 financial year again ended on a very positive note, which is reflected in growing earnings figures.

The very successful development of Nynomic AG in a difficult environment illustrates the effective implementation of the Board's buy-and-build strategy to achieve disproportionate growth and increasing synergy effects to increase profitability in the Group.

Investments

In the past financial year, new and replacement investments in fixed assets were made in the amount of EUR 11.7 million. The additions of the remaining shares in APOS GmbH, Wedel, and Spectral Engines Oy, Finland/Helsinki, did not result in any adjustments to assets or liabilities due to the previous full consolidations of these companies. There was no amortisation of goodwill in 2020.

Financing

The various investment measures in place were refinanced through a finance mix of internal and external financing. In terms of financing financial investments, the Nynomic Executive Board draws on bank loan but also self-financing. The purchase of shares in APOS GmbH was financed through current cash flow. The acquisition of the remaining shares in Spectral Engines Oy was also financed by ongoing cash flow. The net liability to banks (liquid funds less liabilities to banks) as of 31 December 2020 was reduced to EUR 5.2 million (previous year: EUR 14.7 million).

Current account liabilities were further utilised due to the investment measures undertaken. Liabilities to banks due at any time amounted to EUR 9.3 million (previous year: EUR 7.9 million), of which EUR 8.9 million relate to Nynomic AG with a term until 2024.

Human resources development

The average number of approximately 430 employees by head count increased compared to the previous year. Personnel expenses rose by EUR 3.1 million to EUR 28.5 million compared to the previous year.

[1] Gross profit = total output (sales revenues +/- change in inventories + other own capitalised work)
minus expenses for raw materials, consumables and supplies and related goods
minus expenses for purchased services

Assets

The total assets of the Company increased by 30% as of December 31, 2020 compared to the previous year. Key drivers of the increase in the balance sheet total were the increase in the present value of rental obligations (what are referred to as rights of use according to IFRS 16) from the long-term lease for tec5 AG in Steinbach and the extension of the lease for Avantes B.V. as well as the sales-driven increase in working capital at the end of the year and the addition to cash and cash equivalents from the issue of new shares in 2020.

The asset structure is characterised by the share of non-current assets in the balance sheet total of 50% (previous year: 55%). 15% (previous year: 15%) of the balance sheet total is accounted for by inventories. Receivables and misc. assets at the end of the 2020 financial year accounted for approx. 14% (previous year: 17%). Cash and cash equivalents comprise 21% (previous year: 13%) of total assets.

The capital structure is characterised by an equity ratio of 49% (previous year: 41%).

The liquidity situation continued to be good in the financial year. At the balance sheet date, the cash balance amounted to EUR 22.1 million (previous year: EUR 10.6 million). In addition, there are sufficient lines available for short-term financing in the current account.

The debt-equity ratio (liabilities/equity * 100%) was around 102% in 2020 (previous year: 141%).

Considering the sustainable focus of the buy-and-build strategy, the conservative use of liquid assets, the use of financing components and the timely procurement of necessary financial resources are still seen as important future tasks.

The Executive Board will make optimum use of all opportunities for internal and external financing, including opportunities in the Group, in order to serve steady growth and commitments. The Executive Board expects the financial situation to continue to be sound in the future.

Order backlog

A net order backlog of EUR 72.6 million (previous year: EUR 34.2 million) was transferred to the 2021 financial year. The significant increase in the order backlog results primarily from high demand in the medical technology sector. This in turn is partly due to the current COVID-19 pandemic and the associated need for optimisation in medical laboratories worldwide with regard to analysis and automation solutions. The Company expects this development to continue in the medium- to long-term and to provide further growth impetus for the Life Science segment.

C. Opportunity and risk report

The risk management objectives and methods are correspondingly lean in terms of company size, the flat hierarchical structure, the number of employees and the field of activity. Nynomic AG has extensive planning and control instruments in place. These support the Executive Board in recognising business risks at an early stage and taking effective countermeasures. The risk management system records and monitors opportunities and risks that are to be reported within the scope of the Management Report.

A risk management system is used to monitor and control material risks. This analyses evident risks at fixed intervals and reports relevant deviations in the risk position to the Executive Board. The elements of the risk management system include risk management, risk controlling and risk reporting.

The business policy and activities of Nynomic AG are characterised by not insignificant financing requirements, which can lead to liquidity bottlenecks if the cash flow is too low. Financial management encompasses the topics of liquidity management, currency and interest rate risk management and credit and counterparty default risks.

Liquidity acquisition risks and risks from cash flow fluctuations are counteracted by active liquidity management and the provision of liquid funds. The timely provision of future cash and cash equivalents continues to be recognised as a key task for the future.

Financing interest risks can be mitigated if required by simple derivative financial instruments (swaps/forward transactions). Long-term obligations are fixed-rate over the term. The financial ratios to be maintained in loan agreements are regularly monitored.

All the risks listed do not present a threat to the existence of the Company for the Executive Board.

Overall, the Executive Board assumes that the risks for the Company are manageable. Dealing with these risks is viewed strategically as an opportunity to be taken.

In particular, opportunities continue to remain in the operational businss of the individual Group subsidiaries. Owing to changing legislation and new business relationships with prominent OEM customers, the Executive Board sees opportunities and the potential to expand business volume in all business segments. Further steady growth in the individual Group companies is intended to further consolidate the participations in the Company.

The investment in LayTec AG, Berlin, in the 2017 financial year represents another important milestone in strengthening the portfolio of the Nynomic Group as a comprehensive supplier of solutions. The focus by LayTec AG on precisely defined industry niches with the core competence of creating solutions for scalable applications ideally complements the range of services offered by the Nynomic Group. The direct integration into the Nynomic Group gives LayTec AG even faster and more direct access to the technologies of the Nynomic Group and hence enables accelerated growth potential. The acquisition of Spectral Engines Oy in the 2018 financial year and the transformation of the Group through the implementation of Spectral Engines GmbH in 2020 and access to technical applications in the consumer segment opens up access to the market in the B2C segment for the Nynomic Group for the first time. The Executive Board of Nynomic AG is convinced that the acquisition of LayTec AG and the Spectral Engines Group represented a correct and consistent step towards achieving the Company's medium-term goals. The acquisition of LemnaTec GmbH and Sensortherm GmbH in the previous year created further important building blocks for the overall development of the Company into a technological provider of non-destructive measurement technology. In the past business year, internal measures under company law (e.g. mergers and reassignments of shareholdings) and the acquisition of minority interests were implemented to make the legal organisation of the Group more streamlined and efficient.

In 2020, the Executive Board continued to implement successful IR measures. In addition to participating in analyst and investor conferences, several research analyses were conducted, which confirmed the success and strategy of Nynomic AG.

Despite a difficult stock market environment at the beginning of the 2020 financial year, in particular due to the looming corona pandemic, the work performed by the Executive Board resulted in an extremely profitable 2020 financial year, which was rewarded with a share price that reached an all-time high at the turn of the year, contrary to the rather negative market environment.

D. Outlook

Nynomic focuses on the Group's Clean Tech, Green Tech and Life Science segments. Based on Nynomic core technology in process-integrated, continuous online measurement technology, new potential in the market is continuously opening up in addition to existing applications.

The Executive Board envisions a large number of interesting and promising development projects, especially in the segments for Green Tech and Clean Tech. While new and prominent OEM customers with interesting problems in the field of measurement and sensor technology have come to Nynomic, further developments and improvement potentials for existing products have also been developed in conjunction existing OEM customers. The aim now is to weigh up the opportunities and risks from a large number of development projects and develop individual projects - together with corresponding OEM customers - into scalable and profitable products. This achievement of goals is planned both in the short- and medium-term.

Owing to global trends and the demographic development, steadily dwindling resources and the associated need to improve efficiency, these markets are growing disproportionately and are largely decoupled from cyclical fluctuations.

The current mood in the markets continues to be shaped by the effects of the corona virus. The Company has a catalogue of measures in place through which it is internally sensitised and prepared for the virus and the consequences for the workforce as well as ongoing operational and production readiness. Nevertheless, short-term effects on the procurement market are still to be expected. The procurement market side is also burdened by the growth in sales and the associated need for more materials. That said, however, no delivery bottlenecks or order cancellations have been suffered thus far.

Investments

Significant investments are not yet planned for2021. Nevertheless, together with the Business Development Unit, the Executive Board will continue to observe the M&A market for interesting companies that complement the Nynomic product portfolio.

Competitors

The market relevant to Nynomic for photonics applications is characterised by a large number of competing suppliers worldwide. In addition to some major and global players, a large number of smaller companies exist that have regional boundaries or specialise in specific target groups and technologies.

Company outlook

The future development of business within the Group continues to appear favourable to the Executive Board, even against the medium-term background of economic development. Group-wide corporate planning also sees more favourable figures under the impact of corona than in 2020

The Executive Board assumes that it has taken the necessary measures to achieve a continued profitable direction. Should further steps prove necessary in future, these will also continue to be consistently implemented in the future.

In the opinion of the Executive Board, saturation of the overall market segments developed has by no means occurred.

The Executive Board sees further strong potential for growth in the coming years as well as a positive development in key earnings figures.

Nynomic AG sees the need to continue to focus on scalable products and further promote the brand concept for continued, positive group-wide Company development.

Additional company acquisitions and participations may be a suitable instrument for implementing the Nynomic strategy.

The Executive Board at the Company, consisting of the members Maik Müller and Fabian Peters, expect sales of well over EUR 80.0 million and a further expansion of the EBIT margin. However, the extent to which unforeseeable events in the wake of the corona pandemic will influence business in the further course of the year cannot be fully foreseen at this point in time, even for the Nynomic Group.

In the context of medium-term financial planning, the Executive Board continues to forecast steady revenue and earnings growth and stable double-digit EBIT margins in the following years.

E. Miscellaneous information

Research and development

Research is usually conducted in collaboration with cooperation partners. Specific product development is undertaken, which represents an expense. In 2020, research and development expenses within the segments at the Nynomic Group totalled approx. EUR 6.3 million. This underlines the Company's focus as a leading developer of series products and solutions in a technologically demanding market.

Wedel, March 26, 2021

Fabian Peters
Chairman of Nynomic AG

Maik Müller
Chairman of Nynomic AG

Independent Auditor's Report

The following auditor's report was issued on April 20, 2021 for the complete consolidated financial statements as of December 31, 2020 and the consolidated management report for the 2020 financial year of Nynomic AG:

To Nynomic AG, Wedel

AUDIT JUDGMENTS

We have audited the consolidated financial statements of Nynomic AG, Wedel, and its subsidiaries (the Group), consisting of the Consolidated Balance Sheet as of December 31, 2020, the Consolidated Income Statement, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the financial year from January 1, 2020 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the consolidated management report of Nynomic AG, Wedel, for the financial year from January 1, 2020 to December 31, 2020.

In our opinion, based on the findings of our audit, the accompanying consolidated financial

- statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German law pursuant to Sec. 315e (1) GCC (HGB) and give a true and fair view of the net assets and financial position of the Group as of December 31, 2020 and of the results of its operations for the financial year from January 1, 2020 to December 31, 2020 in accordance with these requirements and
- the accompanying consolidated management report as a whole provides a suitable view of the Group's position. In all material respects, the consolidated management report is consistent with the consolidated financial statements, complies with the legal requirements in Germany and accurately presents the opportunities and risks of future development.

According to Sec. 322 (3) (1) GCC (HGB), we declare that our audit has not resulted in any objections concerning the regularity of the consolidated financial statements and the consolidated management report.

BASIS FOR THE AUDITOR'S JUDGEMENTS

We have conducted our audit of the consolidated financial statements and consolidated management report in accordance with Sec. 317 GCC (HGB) in accordance with the generally accepted standards in Germany for auditing financial statements from the Institute of Public Auditors in Germany (IDW). Our responsibilities under these rules and policies are further described in the section entitled "Responsibility of auditors for auditing the consolidated financial statements and consolidated management report". In accordance with German commercial law and professional regulations, we are independent to the Group Companies and have fulfilled our remaining professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as the basis for our opinion concerning the consolidated financial statements and consolidated management report.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT

The legal representatives are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the IFRS as adopted by the EU and the additional requirements of German law pursuant Sec. 315e (1) German Commercial Code (HGB) and for those internal controls they determine necessary for facilitating the preparation of consolidated financial statements that are free from material misstatement, whether owing to fraud or error. In addition, the legal representatives are responsible for the internal controls which they have determined to be necessary in order to facilitate the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, and if applicable, they have a responsibility to state matters that relate to the continuation of the business. They are also responsible for preparing the financial statements on a going concern basis unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The legal representatives are also responsible for preparing the consolidated management report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to facilitate the preparation of the consolidated management report in accordance with applicable German legal requirements and to provide sufficient suitable evidence for the statements in the consolidated management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for preparing the consolidated financial statements and the consolidated management report.

RESPONSIBILITY OF THE AUDITOR FOR EXAMINING THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the consolidated management report overall gives a true and fair view of the Group's position and corresponds to legal requirements in Germany in all material respects and accurately reflects the opportunities and risks of future development and to provide an audit opinion that includes our audit opinions on the consolidated financial statements and the consolidated management report.

Sufficient security reflects a high degree of security, but is no guarantee that an audit conducted in accordance with Sec. 317 GCC (HGB) and in compliance with the generally accepted standards in Germany for auditing financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. , IDW) will always reveal a material misstatement. Misstatements can result from breaches or inaccuracies and are considered material if, individually or collectively, they could reasonably be expected to influence the economic decisions made by addressees based on these consolidated financial statements and the consolidated management report.

During the audit, we exercise due discretion and maintain a critical attitude. Furthermore,

- we identify and assess the risks of material misstatement in the consolidated financial statements and consolidated management report, whether intentional or unintentional, plan and perform audit procedures in response to such risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion. The risk that material misrepresentations will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interactions, counterfeiting, intentional incompleteness, misrepresentations or the overriding of internal controls.

- we gain an understanding of the internal control system relevant for auditing the consolidated financial statements and the arrangements and measures relevant to auditing the consolidated management report in order to design audit procedures that are appropriate in the given circumstances, but not with the aim of expressing an opinion on the effectiveness of this system.

- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by said legal representatives.

- we draw conclusions about the appropriateness of the accounting policy applied by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, whether material uncertainty exists in relation to events or circumstances that can raise significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required in the Auditor's Report to draw attention to the related disclosures in the consolidated financial statements and the consolidated management report or, if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, lead to the Group being unable to continue its business activities.

- we assess the overall presentation, structure and content of the consolidated financial statements, including the information, as well as whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements take into account the IFRS, as they are to be applied in the EU, and the supplementary German legal requirements pursuant to Sec. 315e (1) GCC (HGB) provide a true and fair picture of the net assets, financial position and results of operations of the Group.

- we obtain sufficient and appropriate audit evidence for the accounting information provided by the Company or business activities within the Group in order to pass an opinion on the consolidated financial statements and the consolidated management report. We are responsible for the guidance concerning, supervision and execution of the consolidated financial statements' audit. We are solely responsible for our audit opinions.

- we assess the consistency of the consolidated management report with the consolidated financial statements, its legislation and the picture it conveys of the position of the Group.

- we perform audits of the forward-looking statements presented by the legal representatives in the consolidated management report. Based of adequate and suitable audit evidence, we come to specific and significant assumptions underlying the forward-looking statements made by the legal representatives and assess the proper derivation of the forward-looking statements from these assumptions. However, we do not provide an independent opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss the planned scope and timing of the audit with those responsible for supervising it, as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Münster, Germany, April 20, 2021

Claußⁿ Paal & Partner mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Tobias Höllmann	Stefan Evers
Auditor	Auditor

Nynomic AG offers intelligent solutions for the permanent, non-contact and non-destructive optimisation of processes based on a broad technology platform. These solutions lead to a high level of customer benefit – payback times are short, efficiency gains are high.

Disclaimer

The facts and information contained in this report are reasonably up-to-date and subject to change in the future. Neither Nynomic AG, nor any company affiliated with the Company, nor management boards, supervisory boards, directors, employees or consultants of the Company, nor any other person, make express warranties or implied undertakings, and no reliability should be placed in the accuracy or completeness of the information contained in this report.

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The forward-looking statements contained in this report, such as assumptions, opinions and views of the Company or third parties, are provided for information purposes only, are based on current plans, estimates, assumptions and projections and involve uncertainties and risks. Various factors may cause future results, performance or events to differ materially from the statements made in this report. The Company neither represents nor warrants that the assumptions underlying the forward-looking statements are free of error, and the Company disclaims all responsibility for the future accuracy of the statements made in this report. There is no obligation to update the forward-looking statements.

When you receive this report, you acknowledge that you are solely responsible for assessing the market and market position of the Company and that you will conduct your own analysis and be personally responsible for reaching an opinion concerning the potential future development of the Company. This report is not a prospectus, nor does it intend to solicit an offer to purchase securities, nor does it constitute a marketing or sales effort, nor it is an invitation or solicitation to subscribe to or purchase any shares of the Company, nor is this report or any part thereof intended to provide a basis for any kind of offers or obligations, or to be relied upon in connection therewith.

Sources

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