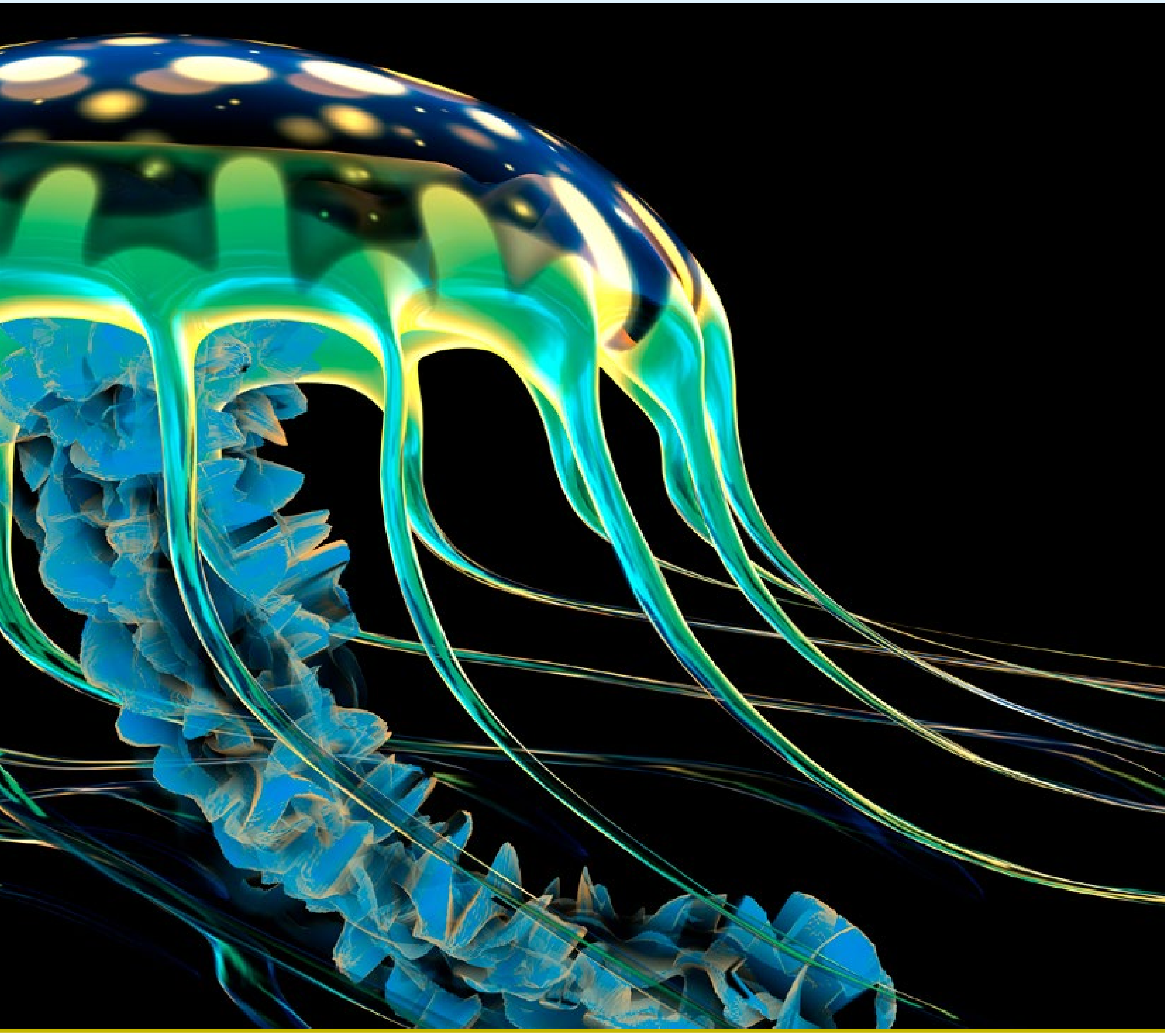
NYNOMIC
THE PHOTONICS GROUP



Annual Report of Nynomic AG

2023

Nynomic – The Photonics Group

Nynomic AG is an internationally leading manufacturer of products for permanent, contact-free and non-destructive optical measuring technology. Our products and services are based on a wide range of smart sensor technology for the measurement of optical radiation, besides smart technologies for data recording, processing and analysis. They can be scaled in various areas of application and, based on their good adaptability to the processes found at the customer, they create sustainable efficiency increases and therefore big benefits for the customer. As an innovative and technological market leader in photonics, we strive to offer our partners and customers worldwide first-class solution as a one-stop-shop, covering all needs from the development of a customised measuring solution to production and system integration.

Partnership to Nynomic means mutual trust, professionalism and continuity. Our aspiration is to fulfil and promote out customers' expectations at all times by developing safe, innovative and market-leading products.

Our success is rooted in the talents and skills of our employees, who, through their passion and performance, generate a successful and sustainable company development in the interest of all of our stakeholders. Technological perfection, team spirit, and personal responsibility are claims that are put into practice by our strong team.

Operating sites of the Nynomic Group:

USA

Avantes USA Inc., Louisville, USA

tec5 USA Inc., Plainview, USA

Purpl Scientific Inc., St. Louis, USA

Image Engineering USA Inc., South Lake Tahoe, USA

Photecture Inc., Plainview, USA

EUROPE

m-u-t GmbH, Wedel, GER

tec5 AG, Steinbach, GER

APOS GmbH, Wedel, GER

Avantes Holding B.V., Apeldoorn, NED

Avantes B.V., Apeldoorn, NED

LayTec AG, Berlin, GER

LayTec UK Ltd., Ince, GBR

Sensortherm GmbH, Steinbach, GER

LemnaTec GmbH, Aachen, GER

Spectral Engines GmbH, Steinbach, GER

Spectral Engines Oy, Helsinki, FIN

Image Engineering GmbH & Co. KG, Kerpen, GER

Image Engineering Komplementär GmbH, Kerpen, GER

MGG Micro-Glühlampen-Gesellschaft Menzel GmbH, Wentorf, GER

NLIR ApS, Farum, DNK

art photonics GmbH, Berlin, GER

ASIA

Avantes China Ltd., Beijing, CHN

tec5 China Ltd., Beijing, CHN

Avantes Hong Kong Ltd., Hong Kong, CHN

Avantes Shanghai Ltd., Shanghai, CHN

Shenzhen Image Engineering Optoelectronic Equipment Co. Ltd., Shenzhen, CHN

Key indicators*

118.0

The Nynomic Group reached a new record with sales slightly higher compared to the previous year.

in TEUR except for EBIT margin	2023	2022	Deviation in %
Consolidated revenue	117,985	116,793	1%
EBIT	15,432	15,083	2%
EBIT margin	13.1%	12.9%	1%

EBIT growth of around 2% highlights the continuity and dedication to long-term success.

15.4

Balance sheet data

In TEUR except for equity ratio	31/12/2023	31/12/2022	Deviation in %
Equity	103,934	77,027	35%
Financial liabilities	9,294	16,703	-44%
Balance sheet total	151,512	138,445	9%
Equity ratio	68.6%	55.6%	23%

* Based on the use of TEUR or EUR million, rounding differences in the annual report may occur compared to mathematically exact values (monetary units/percentages).

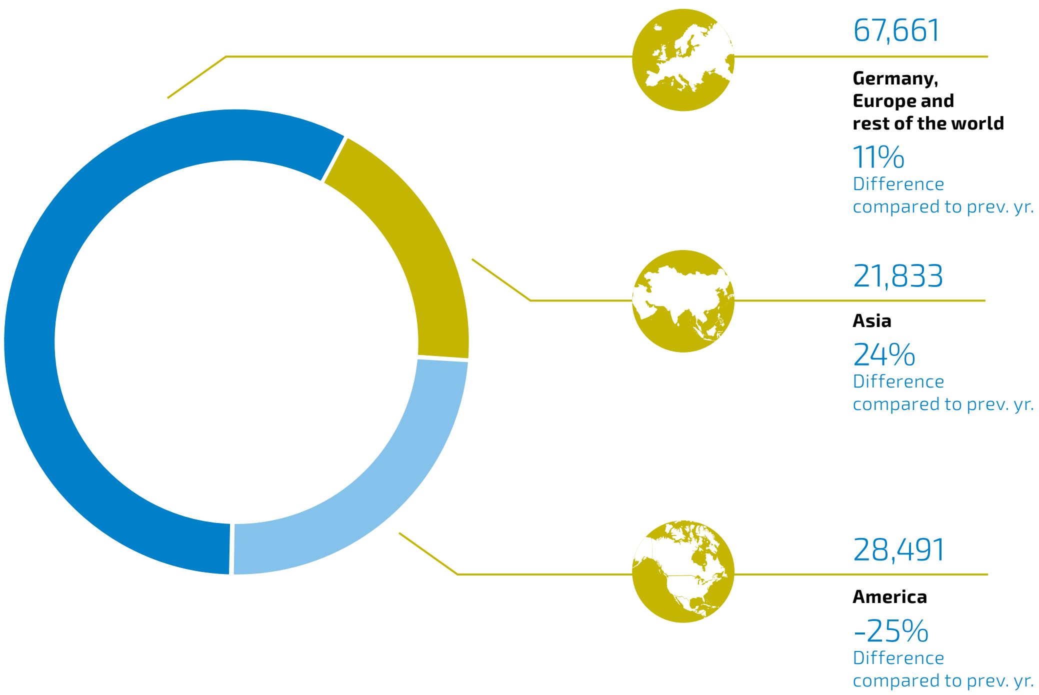
in TEUR except for EPS	2023	2022	Deviation in %
EBITDA	20,215	19,178	5%
Investments	13,039	10,641	23%
Depreciations and amortisations	4,783	4,095	17%
Personnel costs	40,208	36,855	9%
Operating cash flow	3,166	9,677	-67%
EPS before minority interests	€1.67	€1.69	-1%
EPS after minority interests	€1.47	€1.26	17%

Sales by segments

in TEUR	2023	2022	Deviation in %
Clean Tech	76,391	81,024	-6%
Life Science	17,064	18,538	-8%
Green Tech	24,530	17,231	42%

Sales by regions

in TEUR



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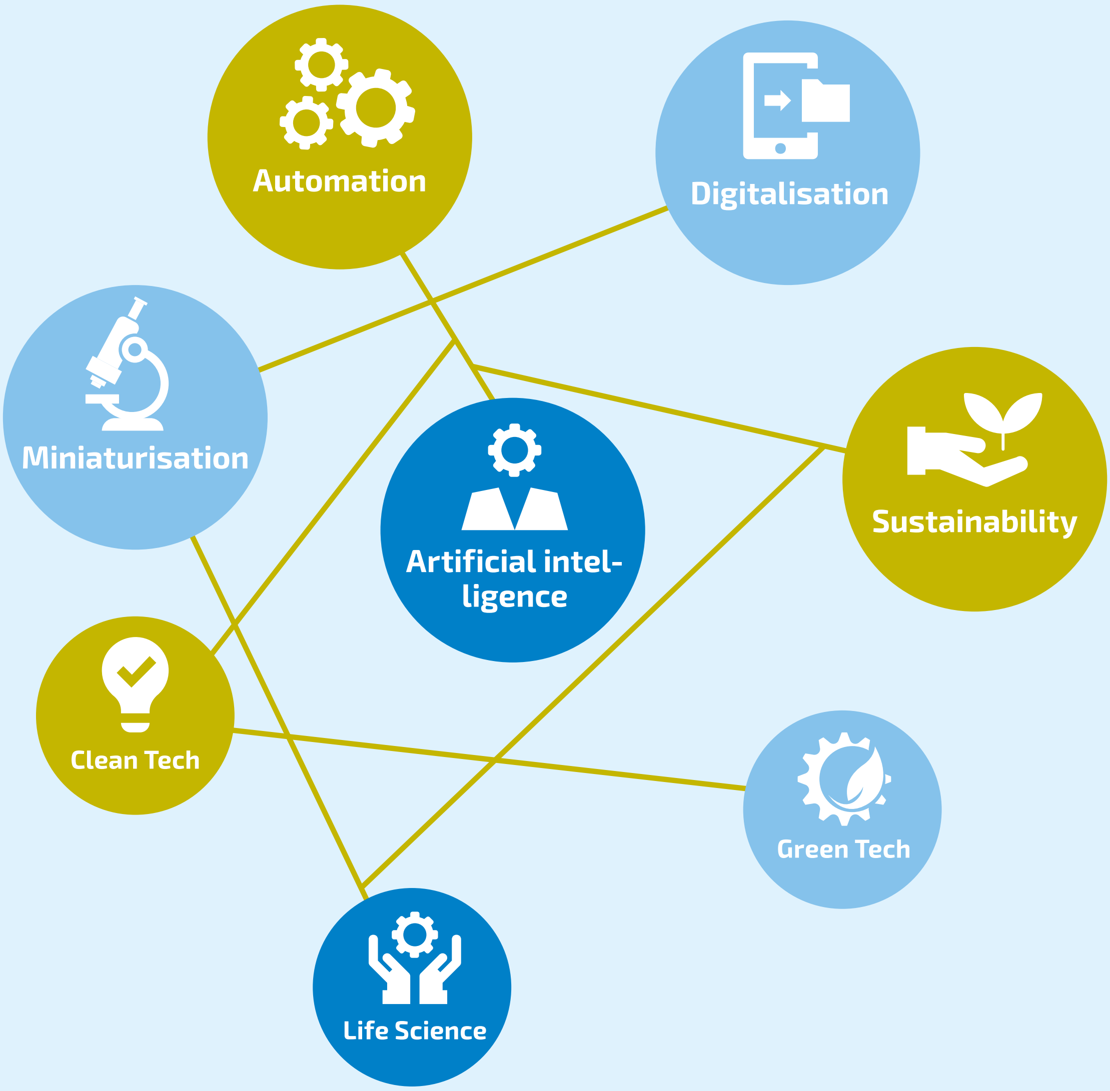
Strategic future fields – shaping the future together

Future technologies are of central importance to Nynomic. Miniaturisation, digitalisation, automation, artificial intelligence – Nynomic makes consistent use of constant technological change as the basis for a medium-term growth that is above the average in market comparison.

Our future fields go beyond disciplines, promising a decisive technological progress and contributing to the quality of life and the saving of resources. We take bold steps beyond what is known: Visions become successful business models that are adapted to the customer, sustainable and oriented on the long term. Thanks to our broad range of technological possibilities, we can find a practicable way to reach this vision of the future and we align the opportunities of tomorrow with the realities of the present day. We accomplish this by implementing innovative photonic measuring technology to measure parameters, which are of vital importance in the areas of life science, green tech and clean tech.



Letter from the Executive Board

Dear Shareholders of Nynomic AG,

In an environment characterised by many social and economic rifts, Nynomic once again performed good work and could close the financial year 2023 with solid results across forecasts.

For the fourth year in a row, sales and earnings of the Nynomic Group rose again to record highs in the financial year 2023. Group-wide sales increased to EUR 118.0 million (2022: EUR 116.8 million; +1%). EBIT in the financial year 2023 reached EUR 15.4 million and were therefore by 2% higher than the value of the previous year, which was EUR 15.1 million. In line with our forecast for the Group, the corresponding EBIT margin rose slightly to 13.1% (2022: 12.9%). The high-quality order backlog as at 31 December 2023, valuing rounded EUR 53.9 million, was at a solid level, but below the record order backlog at the end of the previous year (31 December 2022: EUR 89.5 million; -40%). The strong fluctuations in the order backlog around the reporting date reflect the high volatility within the individual quarters of the financial year. Customer demand in the first half-year of 2023 was dampened by filled warehouses as a result of the supply chain crisis in 2022. The product call-offs substantially increasing in the course of the year and the positive progress made in our high-margin development projects led to a very successful second half of the year.

The strength of our robust business model comes to show especially in uncertain times. The Nynomic Group's portfolio is extremely attractive, as we work continuously on the further development of our photonic technology and application fields, while we always focus on the needs of our customers. As a reliable partner, we deliver high-quality products and solutions and actively invest in our own growth at the same time. Global megatrends present big opportunities to Nynomic in the medium and long term. We have aligned ourselves with long-term trends such as digitalisation, demographic change, sustainability, and artificial intelligence. We see a particularly high need for innovation here, especially with regard to our customers' demands for making their processes quicker, more efficient, and saving more resources. We are in an excellent position to support our customers in these areas as well, due to the broad and diversified product portfolio of the Nynomic Group. Particularly in view of shaping future fields for a resource-efficient economy, the photonics industry has become established globally as one of the leading high-tech industries and it plays a decisive role as a driver of innovations. Our commitment to sustainability remains unchanged in challenging times. To us, business success also means making a positive contribution to resolving the global challenges by sustainable action and commitment to society and the environment.

As an internationally operating group of companies, we are already active in many regions of the world. We avoid dependencies through geographic diversification and make optimal use of regional market opportunities. In the year 2023, we strengthened our position further by the continuous internal development and strategic acquisitions, while we also tapped new markets. We want to establish value chains that are as close to the customer as possible and also reinforce our international position as a complete-solution provider. Since the US business of Nynomic is very important, we have founded a separate distribution and service company that primarily serves the North American market and is integrated in the Group. Especially our smaller subsidiaries that have not had their own distribution structures in the USA so far, will bundle their resources specifically in Photecture Inc. and thereby raise their regional market profile.

Besides the acquisition of a participation in the Danish NLIR ApS, the complete takeover of art photonics GmbH was an important strategic step for us to continue our success story from selective acquisitions to expanding the value creation in new technology sectors with future potential. We are now also in a very good position in the field of the promising medium infrared (MIR) technology and it is now about utilising synergies and taking full advantage of the results potentials.

We have handled the year 2023 very well on the whole and set the course for the future. Together as a team, we have managed the big challenges we were facing successfully in this year of global crises. This is by no means a given. At this juncture, we would like to thank our employees very much for their commitment and contribution to our shared vision.

Nynomic's profitability, capacity, and efficiency are the bases for reliable stability. We are looking at the best of prerequisites for further sustainable and profitable growth in the coming years. Therefore, we will also continue in the future to invest in growth – in line with our strategy – setting the course for reaching our sales and earnings targets in the medium term. The acquisition pipeline in markets with unchanged fundamental growth drivers continues to be well-filled. We are very optimistic that we will be able to make sensible additions to the 2024 portfolio with further acquisitions that are relevant to the future.

In the current financial year, the normalised inventories at our customers, the first-time consolidation of the most recent acquisitions, and the effects of corresponding synergy potentials should make a positive impact on our business development. We are seeing great progress in our high-margin solutions business for detecting medication forgeries. Our TactiScan® and PURPL Pro® also have great growth opportunities internationally and we expect them to make positive sales contributions as of the year 2024. Higher demand on the semiconductor market, especially on the compound market, new products, the continued consolidation at high-margin sales, increasing volume, and the lifting of classic synergy effects will contribute to additional profitable growth in the short to medium term.

We are therefore optimistic for the financial year 2024, even though we believe the broader economic development is burdened by the continued macroeconomic and geopolitical turbulences.

We are presently expecting sales growth in the financial year at least within a single-digit percentage range as well as a further expansion of the EBIT margin compared to the previous year. For the financial year 2024, we expect a still volatile development of sales in the course of the year with successively accelerating business dynamics.
In closing, we would like to thank you for your continued trust, your continued support, and for the valuable dialogue with you as the shareholders of Nynomic AG.

Kind regards,

Fabian Peters

Maik Müller

As a reliable partner, we deliver high-quality products and solutions and actively invest in our own growth at the same time.

"Thinking for the long term, acting dynamically – this is what we rely on at Nynomic."

Experienced management: The Executive Board of Nynomic AG

Fabian Peters has been a member of the Executive Board of Nynomic AG since 2015 and he is responsible for Finance, Controlling, Organisation, and Investor Relations.

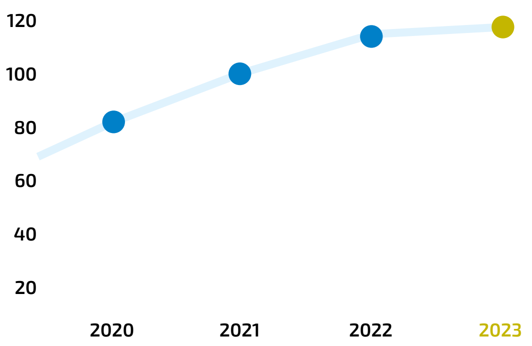
Maik Müller has been a member of the Executive Board of Nynomic AG since 2015 and he is responsible for Technology, Operations, and Research and Development.

Key indicators

in year-on-year comparison from 2020 to 2023

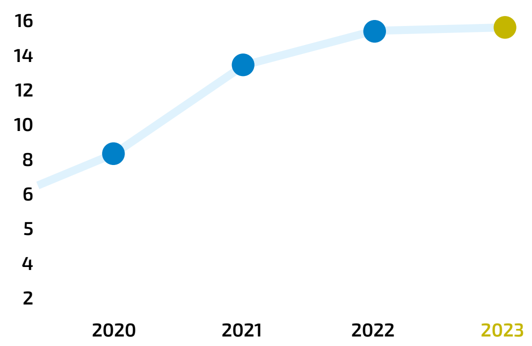
Sales revenues in EUR million

The Nynomic Group again achieved a slight sales growth in a challenging environment in the reporting year 2023.



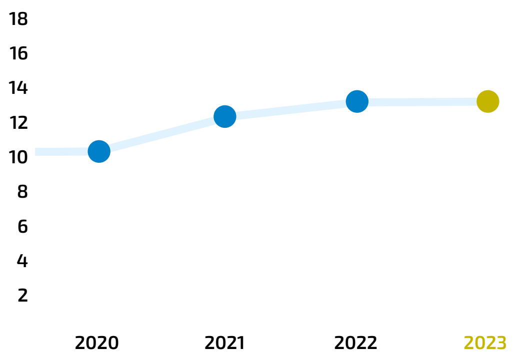
EBIT in EUR million

The Nynomic Group, with EBIT amounting to EUR 15.4 million, reached a new record in the fourth consecutive year.



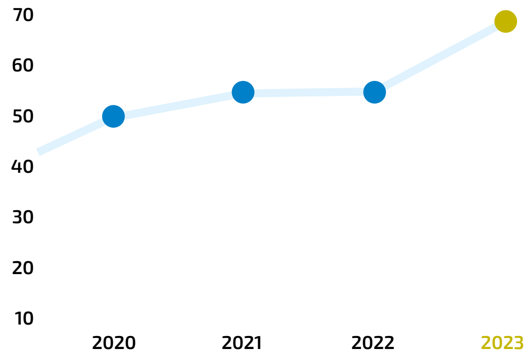
EBIT margin in %

The slightly higher EBIT margin of rounded 13% highlights Nynomic's ability to improve profitability and its long-term value creation.



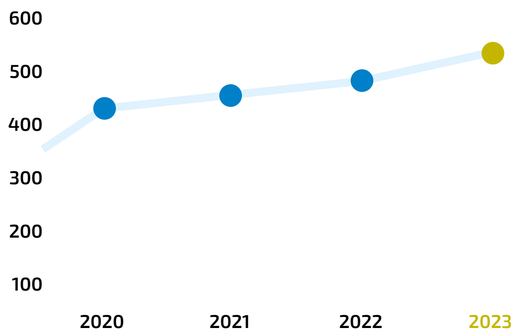
Capital-asset ratio in %

The higher equity ratio compared to the previous year reinforces the financial stability and confirms the robust balance structure.



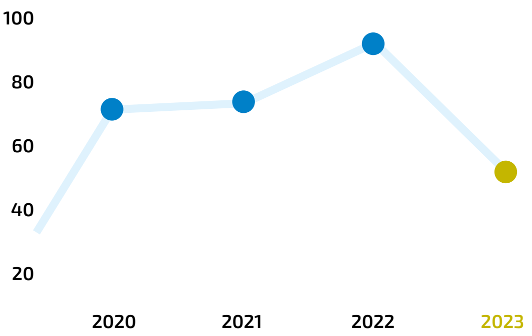
Average number of employees

The higher number of employees signals the Nynomic Group's commitment to continuous growth and personnel development.



Order backlog in EUR million

The high-value order backlog at the end of the year was notably below the level of the previous year and signifies the persisting volatility within the quarters.



Dr. Sven Claussen (left), Hans Wörmcke (*Chair of the Supervisory Board, middle*) and Hartmut Harbeck (right)

Report of the Supervisory Board

Dear Shareholders,

In spite of persisting economic and global challenges, the Nynomic Group again reported a good business result in the financial year 2023 with all-time high sales and EBIT.

We continued with the optimisation of our portfolio. By successfully staying the course of inorganic growth, the already comprehensive bandwidth of the Group's technology and solutions could be broadened even further.

In the past year, the Executive Board and the Supervisory Board continued their reliable and trusting cooperation. The overarching objective in the year 2023 was again giving the Nynomic Group a direction that is oriented on the responsible, qualified, transparent, and permanent increase in value.

In the financial year 2023, the Supervisory Board duly fulfilled the tasks within its responsibility under the law and articles of association, and continuously advised and supervised the Executive Board in directing the company.

Supervision and advising of the Executive Board in the management of the business

The Executive Board fulfilled its obligations to provide information at all times and regularly informed the Supervisory Board promptly and comprehensively, in writing and verbally, about all matters relevant to the company and the Group concerning strategy, planning, business development, risk situation, risk development, and compliance.

In addition, the Supervisory Board was informed in depth by the company's management of the contents and their bases of all important decisions, especially in view of further earnings and the growth strategy. The Supervisory Board was continuously informed about the participation and long-term acquisition plan for NLIR ApS, the founding of Photecture Inc. and its integration in the Nynomic Group, and about the acquisition process for all shares in art photonics GmbH. Moreover, the Executive Board informed the Supervisory Board about the developments of the Group and the individual companies in corresponding regular reports, provided outlooks for the current financial year and facilitated comparisons to previous periods. In light of the geopolitical and global economic uncertainties, the effects, responses and strategic implications with regard to the respective situation are discussed on a regular basis. This ensured that the Supervisory Board was provided with current information and data in all cases.

Besides the economic success, the group of companies is also focused on the areas of the environment, social and governance aspects, as well as responsible business management. Therefore, an intense exchange has been held regarding the sustainability agenda of the Nynomic Group in order to further promote the implementation of the sustainability strategy. Additional progress has been made in sustainability issues that are important to the Group.

Business cases requiring approval were presented promptly by the Executive Board for adopting resolutions. The Supervisory Board has informed in a timely manner of its resolutions in consideration of the requirements under the law and articles of association.

The Supervisory Board effected its respective approval promptly in all cases, partly by way of resolutions in circular procedure, which are permissible under the law and articles of association of Nynomic AG.

In addition, the Supervisory Board has been continuously and appropriately informed of the risk positions in the group. Operative and strategic adjustments were presented for this in each case and discussed in depth between the Executive Board and the Supervisory Board. In this context, the matter of cyber risk security and the corresponding security measures has also been considered.

In the financial year 2023, the Supervisory Board met altogether two times, notably on 4 May 2023 and on 13 December 2023. This way, the Supervisory Board observed the requirements under the law governing stock corporations with regard to the interval of Supervisory Board meetings, as the Supervisory Board had decided unanimously by resolution of 28 July 2016 to hold at least one meeting per calendar half-year. The formation of committees was also omitted in the financial year 2023.

Audit and approval of the annual report and consolidated financial statements, including annual and group management report, and the audit of the annual report and consolidated financial statements by the auditor

The Supervisory Board has received and acknowledged the annual report and the management report of Nynomic AG for the financial year 2023, the proposal by the Executive Board for the application of the net profit, the consolidated financial statements drafted by the Executive Board in accordance with Sec. 315e (3) HGB [German Commercial Code] pursuant to the International Financial Reporting Standards (IFRS) and the group management report of the Nynomic Group for the financial year 2023, as well as the audit reports of the auditors and the auditors of the consolidated financial statements within good time before the annual report meeting of the Supervisory Board on 7 May 2024.

Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, who were elected by the general shareholders' meeting as the auditors of the annual report and the consolidated financial statements for the financial year 2023, have audited the annual report including the management report, and the consolidated financial statements including group management report, and declared that the accounting regulations and principles have been fully observed. They have issued an unqualified audit certificate for each.

In the annual report meeting of the Supervisory Board on 7 May 2024, all of the aforementioned documents were discussed in detail with the auditor and tax adviser Stefan Evers of Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, who was attending the meeting in his capacity of the auditor of the annual report and consolidated financial statements, with the Executive Board attending as well. Mr Evers informed in the meeting about the course and results of his audit and he was available for questions and supplementing explanations. Information from Mr Evers was discussed in depth with the Executive Board and the Supervisory Board. The Executive Board and auditor of the annual report and consolidated financial statements answered all questions to the complete extent to the Supervisory Board. The auditor

of the annual report declared in addition that there are no significant weaknesses of the internal control and risk management system as relates to the accounting process.
The own, detailed review performed by the Supervisory Board of the annual report having been audited and provided with an unconditional audit certificate by the audit firm Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, and of the management report for the financial year 2023 did not result in any objections. The Supervisory Board agreed with the results of the auditor.

The separate, detailed review performed by the Supervisory Board of the consolidated financial statements having been audited and provided with an unconditional audit certificate by the audit firm Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, and of the group management report for the financial year 2023 also did not result in any objections. The Supervisory Board also agreed with the results of the auditor of the consolidated financial statements.

In substance, the estimations made by the Executive Board in the management report and in the group management report are consistent with the reports addressed to the Supervisory Board during the year. Based on the independent assessment of the position of Nynomic AG or of the Group and a forecast of the future development, the Supervisory Board arrives at the same estimations as the Executive Board. From the perspective of the Supervisory Board, the management report and the group management report present a true and fair view of the position and outlook of the Nynomic AG and the Group, respectively.

According to the final result of the audit of the annual report and the management report of Nynomic AG for the financial year 2023, the proposal from the Executive Board for the appropriation of the net profit, the consolidated financial statements, as well as the group management report for the financial year 2023, the Supervisory Board had no objections to them.

Against this background, the Supervisory Board approved the annual report and the management report drafted by the Executive Board for the financial year 2023, as well as the consolidated financial statements and the group management report for the financial year 2023 in the annual report meeting of the Supervisory Board on 7 May 2024. The annual report of Nynomic AG for the financial year 2023 was thereby approved.

Personnel changes on the Supervisory Board and Executive Board

No changes were made in the personnel on the Supervisory Board and the Executive Board during the financial year 2023.

The Supervisory Board expresses its special thanks to the employees of the Nynomic Group for their personal dedication in the financial year ended.

Wedel, May 2024

For the Supervisory Board

Hans Wörmcke
Chair of the Supervisory Board

Highlights 2023

01/2023
ESG Rating 2023: "Very good"
The affirmative upgrade in the sustainability rating is a success of the entire group of companies and the result of joint efforts.

01/2023
SPIE Photonics West 2023
We were extremely happy about the great interest taken in our innovative products and complex system solutions.

03/2023
Our trees are taking root!
Nynomic is making a commitment to the climate protection protect PLANT-MY-TREE® as a tree sponsor for an additional 100 trees.

05/2023
Cash capital increase successfully placed
This puts Nynomic in an excellent position for advancing the buy-and-build strategy in order to continue to expand its portfolio.

05/2023
First-time participation in the Equity Forum Spring Conference
The instantly extremely strong response is a positive reassurance to us for our work and our market potential.

06/2023
Large order in plant phenotypisation with signal effect
The significant order of a highly flexible multi-sensor system confirms the substantial growth potential in the green tech segment.

08/2023
The medium-term planning is raised significantly
The holistic business planning provides for continuing the profitable course to success by means of both organic as well as inorganic growth.

10/2023
Participation in the Scandinavian NLIR ApS
The takeover of shares rounds off our bandwidth of solutions by highly innovative technologies and underscores the progressing internationalisation of the Nynomic Group.

11/2023
Participation in the 36th MKK (Munich Capital Markets Conference)
We are very proud of the positive response we have received from investors and analysts at the capital market conference.

08/2023
Participation in the 10th HIT
Another event with great success: We use this platform year for year for valuable networking and the exchange of ideas with the financial community.

10/2023
Founding of Photecture Inc.
Our distribution company in North America acts as a central hub and thereby strengthens our presence and efficiency on the American market.

12/2023
Takeover of art photonics GmbH
This transaction as at 1 January 2024, with extremely high synergy potential, means sensible support and addition to the group of companies.

Photonic innovations

for a sustainable future

With our core competence in photonics being a key technology for sustainability, the Nynomic Group makes a valuable contribution to protecting the environment and resources in diverse areas. Our three segments Life Science, Clean Tech and Green Tech offer tremendous potential to contribute decisively to ecological sustainability with photonic high-tech solutions.

Whoever wants to be innovative, must be open for new things. For Nynomic, this means taking a forward-looking, solution-oriented approach and the acceptance of sometimes unusual challenges. We consistently utilise the dynamics of the photonics industry to help shape developments, identify changing needs, and continuously adapt and optimise our innovative range of solutions and products. In terms of sustainability, photonic technologies are often superior to other processes and enable us to make our customers' production processes more environmentally friendly. The simultaneously highly efficient and effective applications and processes of photonics demonstrate that economic efficiency and environmental protection are not mutually exclusive. At Nynomic, sustainable management and profitable growth are inseparable. We take great pride in creating value for our customers, our partners, the environment and society through our innovative, resource-efficient solutions. At Nynomic, technological progress and responsible corporate governance go hand in hand. We can rely on our corporate culture, which is based on mutual trust and forms the basis for positive social cooperation throughout the Group. Through our dedicated and skilled Nynomic team, we ensure that we remain competitive, continue to innovate and set the course for growth. We believe that our forward-looking approach to people development, including promotion, training, flexible working and work-life balance, is one of the keys to our success.

It is important to give our shareholders a comprehensive view of our commitment to a sustainable economic model. In doing so, we rely on openness, transparency, and the fulfilment of high standards in order to secure the trust of our interest groups.

We are proud that imug Rating GmbH, a highly regarded and independent ESG rating agency, has concluded our sustainability rating improved from "good" to "very good", despite the stricter rating criteria. This confirmation highlights our continuous progress and our consistent alignment on sustainability. The improved rating also encourages us further to intensify our efforts to meet the current and future requirements.

Our objective is to continue to assume a lead position in matters relating to sustainability in the future. We are firmly convinced that our commitment to sustainability not only has a positive effect on the environment and society, but that it will strengthen the success and resiliency of our group of companies for the long term.

The stock

The year 2022 was a weak year at the stock exchange, and this trend continued in the year 2023. Geopolitical crises, inflation, interest hikes – these negative effects especially impacted the real economy and the activity at international stock exchanges.

Even though Nynomic AG once again pushed back against the trend in the operating business and could even get ahead of developments in the generally crisis-ridden year of 2023 with modest growth, the stock price did not see an upturn due to the described framework conditions; despite the fact that the performance of Nynomic AG stock was significantly better compared to many other technology stocks.

The Nynomic share also proved its relative strength in comparison to the index it is listed in. While the Scale 30 Index fell by a tremendous 16% from 1,141.33 to 958.90 points between the first trading day on 2 January 2023 and the last trading day of the year on 29 December 2023, the Nynomic share noted a downturn around 8.4% from EUR 34.70 to EUR 31.80; and this came despite of the flow of positive news, including the significantly raised medium-term planning, which was published in August 2023. In November 2023, after another extremely volatile year, a temporary drop of stock prices in the small cap segment occurred. During this time of declining stock prices, the Nynomic share fell to EUR 28.00 for a short time.

Following the exclusively virtual general meetings organised by the company during the past three years, the general meeting in 2023 was once again held in person. The meeting was held in Hamburg for the first time. The location, offering better traffic connections and infrastructure, received positive and appreciative responses from the attending shareholders.

The research firms, Montega AG and NuWays AG, which are tasked with covering the Nynomic AG share, see the fair value of the Nynomic AG stock within a current bandwidth between EUR 47.00 and EUR 52.00 in the medium term under market conditions that are returning to normal.

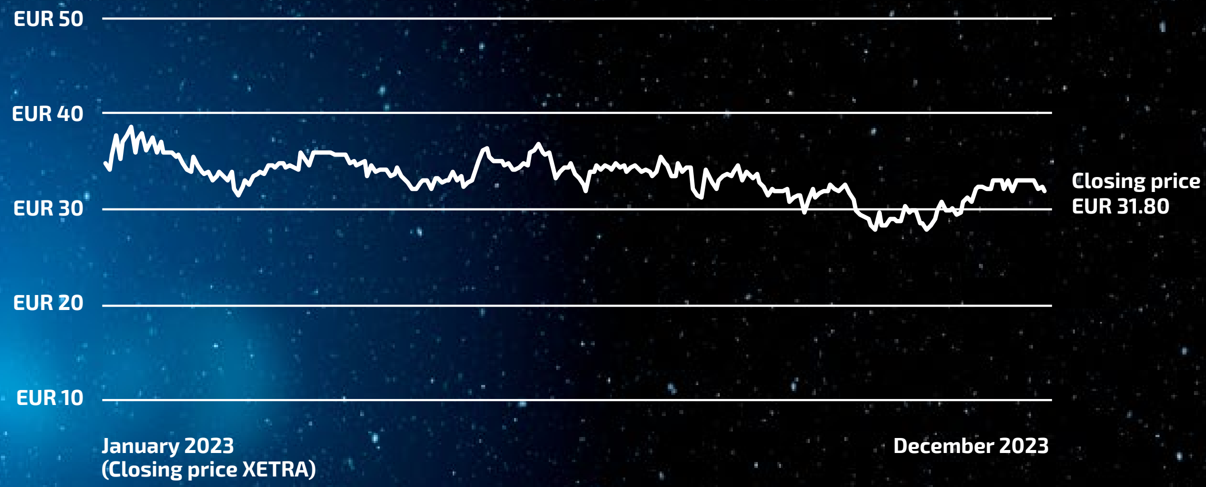
In the time after the reporting period, stock exchanges proved to be in good shape in the first weeks of the year 2024. The DAX reached a new all-time high at more than 17,000 points, and the Scale 30 Selection Index, in which the Nynomic share is listed as one of the strongest trading stocks in the entire Scale segment, noted increases in the double-digit percentage range.

Key indicators

	2018	2019	2020	2021	2022	2023
Highest stock price (in EUR)	27.80	25.60	37.30	54.40	46.20	**38.50**
Lowest stock price (in EUR)	16.00	14.90	12.00	32.90	25.60	**27.80**
Average volume (EUR per day)	145,847	69,275	105,186	225,586	115,514	**67,139**
Maximum volume (EUR per day)	1,984,156	853,437	1,474,849	1,163,363	2,337,597	**603,843**
EPS (incl. non-controlling shares) (in EUR)	1.86	0.85	0.98	1.66	1.69	**1.67**
EPS (excl. non-controlling shares) (in EUR)	1.71	0.87	0.83	1.37	1.26	**1.47**

Price development

Nynomic share



Scale 30 Index

Active investor relations management

The Nynomic AG stock (A0MSN1) has been listed by Deutsche Börse AG since 2 July 2007. The issue price at that time was EUR 10.20. Since 2018, the Nynomic stock has been listed in the Scale Growth Segment for SMB (small and medium businesses) of Deutsche Börse AG and it has been represented there since the introduction of the "Scale 30" Selection Index for stocks with the strongest sales.

Based on the significantly declining stock price developments in the small cap segment in 2022 and 2023, the index lost rounded 25% in value in the 6-year-comparison from February 2018 until February 2024, therefore dropping from about 1,300 to about 1,000 points. The stock price of the Nynomic AG share rose during the same period by rounded 70% from approx. EUR 20.60 to approx. EUR 34.50, despite the declining prices in the overall market during the two previous years.

Nynomic AG voluntary fulfils the transparency requirements of the higher-order stock exchange segments. Besides the mandatory half-year and full-year reporting, the key indicators of the third quarter of the respective financial year are also reported during the year.

The transparency and communication requirements are clearly surpassed by the participation in multiple capital market conferences a year such as the HIT Hamburger Investorentagen (Hamburg Investors' Days), the MKK Münchner Kapitalmarkt Konferenz (Munich Capital Market Conference), and for the first time in 2023, the Equity Forum Spring Conference. Earnings calls and roadshow events accompany the investor relations activities to improve the profile of Nynomic AG on the capital market. The extraordinarily strong interest of well-known investors and highly regarded financial analysts reconfirms and encourages the company simultaneously to broaden its financial communication.

The regular research studies prepared by the analyst firms NuWays AG and Montega AG, with the latter being specialised in small caps, confirm the appeal of the Nynomic stock in the year 2023 as well.

The designated sponsor from the start has been Oddo BHF Bank AG.

The company's website, www.nynomic.com, publishes information on the Group structure, the current versions of the company presentation, master data, ad-hoc notifications and corporate news, shareholder letters, financial reports, reports of the general meeting, a press digest, and research studies.

After the initial registration on the website, those who are interested will receive investor relations information automatically and in real time from Nynomic AG via its IR email distribution list.

The general meeting of Nynomic AG in 2024 will again be held as an in-person meeting and take place in Hamburg again, in light of the better traffic connections and good experiences from the previous year.

Financial calendar

02/07/2024	General shareholders' meeting of the financial year 2023
08/2024	Participation in the Hamburg Investors' Day (HIT)
30/08/2024*	Half-year report as at 30/06/2024
11/2024	Participation in the Munich Capital Market Conference (MKK)
29/11/2024*	Financial figures Q3 2024
31/03/2025*	Preliminary financial figures 2024

*latest date

Master data

Name	Nynomic AG
Total number of shares	6,556,320
Specialist	Baader Bank AG
Designated sponsor	Oddo BHF Bank AG
Capital market partner	ICF BANK AG
Stock exchange segment	Scale
ISIN	DE000A0MSN11
Security ID No. (WKN)	A0MSN1
Code	M7U

Consolidated financial statements of Nynomic AG as at 31 December 2023

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Consolidated balance sheet as at 31 December 2023

Assets

	Disclosures in the notes No.	in TEUR 31/12/2023	in TEUR 31/12/2022
Company Value	7.2	44,693	44,693
Intangible assets	7.2	3,549	2,206
Tangible assets	7.3	5,234	4,257
Rights of use according to IFRS 16	7.3	15,248	14,724
Participations	7.4	5,014	0
Other assets	7.5	120	175
Deferred tax liabilities		626	604
Non-current assets		**74,484**	**66,659**
Inventories	7.6	28,558	23,774
Trade receivables	7.7	22,014	16,425
Reimbursement claims from income and sales taxes	7.8	3,206	2,739
Other assets	7.8	861	1,884
Other non-financial assets	7.9	525	361
Cash	7.10	21,864	26,603
Current assets		**77,028**	**71,786**
Balance sheet total		**151,512**	**138,445**

Consolidated balance sheet as at 31 December 2023

Liabilities

	Disclosures in the notes No.	in TEUR 31/12/2023	in TEUR 31/12/2022
Subscribed capital	7.11	6,556	5,931
Capital reserve	7.11	40,452	22,098
Equity difference due to currency conversion	7.11	1,072	1,130
Consolidated net profit	7.11	50,778	41,474
Capital and reserves in the entitlement of the parent company's shareholders		**98,858**	**70,633**
Shares of other shareholders		5,076	6,394
Equity		**103,934**	**77,027**
Liabilities toward credit institutions	7.12	4,774	12,391
Leasing liabilities according to IFRS 16	7.3 / 7.12	12,918	12,518
Other liabilities	7.12	37	37
Deferred tax liabilities		167	155
Long-term liabilities		**17,896**	**25,101**
Trade payables	7.13	8,338	6,610
Prepayments received on account of orders	7.15	2,603	4,784
Liabilities toward credit institutions	7.15	4,520	4,312
Leasing liabilities according to IFRS 16	7.3 / 7.15	2,639	2,327
Other provisions	7.14	2,728	2,646
Other liabilities	7.15	6,996	12,165
Tax liabilities	7.15	1,858	3,473
Short-term liabilities		**29,682**	**36,317**
Balance sheet total		**151,512**	**138,445**

Consolidated statement of comprehensive income for the period from 1 January to 31 December 2023

Consolidated Income Statement

	Disclosures in the notes No.	in TEUR 2023	in TEUR 2022
Sales revenues	8.1	117,985	116,793
Changes in the inventory of finished products and work in progress		2,000	3,069
Other capitalised internal services	8.2	1,092	57
Overall performance		**121,077**	**119,919**
Cost of materials	8.3	-45,718	-51,223
Cost of personnel	8.4	-40,208	-36,855
Other operating expenses	8.5	-16,153	-13,551
Other operating income	8.6	1,217	888
EBITDA		**20,215**	**19,178**
Depreciations and amortisations	7.1	-4,783	-4,095
Operating result (EBIT)		**15,432**	**15,083**
Other interest and similar income	8.7	263	21
Expenses from associated companies	7.4	-58	0
Depreciations of financial investments and securities of current assets		0	-22
Interest and similar expenses	8.7	-1,077	-742
Earnings before taxes (EBT)		**14,560**	**14,340**
Taxes on profit and income	8.8	-4,028	-4,391
Consolidated net income for the year		**10,532**	**9,949**
Shares of other shareholders in the result		-1,227	-2,495
Consolidated net income for the year (excl. non-controlling interests)		**9,305**	**7,454**

Result per share (incl. shares of third parties) in EUR		1.67	1.69
Result per share (excl. shares of third parties) in EUR	5	1.47	1.26
Number of shares on average (prev. yr. on average)		6,313,975	5,904,323

Consolidated statement of comprehensive income

		in TEUR 2023	in TEUR 2022
Consolidated net income for the year		**10,532**	**9,949**
Unrealised result from currency conversion		-76	596
Other result		**-76**	**595**
Consolidated comprehensive income		**10,456**	**10,544**
of which allocated to non-controlling shares		1,209	2,669
of which allocated to Nynomic AG shareholders		9,247	7,875
Consolidated comprehensive income (excl. non-controlling interests)		**9,247**	**7,875**

Notes to the consolidated financial statements for the year 2023

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1. Description of the business activity

Nynomic AG (hereinafter also referred to as the "company") with registered office Am Marienhof 2 in Wedel, Germany, is the parent company of the Nynomic Group. These consolidated financial statements cover the company and its subsidiaries (hereinafter referred to collectively as the "Group" or "Nynomic"). Nynomic AG is entered in the commercial register of the Local Court of Pinneberg under number HRB 6913 PI.

Nynomic AG is listed at the open market, which is not an organised market according to Sec. 2 XI WpHG [German Securities Trading Act]. The shares are traded in the SMB "Scale" segment of Deutsche Börse AG in Frankfurt.

The Nynomic Group is a provider of series products and solutions for the technically demanding markets of contact-free and non-destructive optical measuring technology, which have the capacity of optimising a variety of applications to save resources and spare the environment.

2. Accounting bases

The consolidated financial statements of Nynomic AG and its subsidiaries for the financial year ending on 31 December 2023 were drafted in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union (EU), and the regulations of commercial law to be applied in supplementation according to Sec. 315e HGB.

The consolidated financial statements were supplemented by a group management report and further explanations required pursuant to Sec. 315e HGB. The reference values from the previous year were measured according to the same principles.

Stock option programmes:

The Group launched two stock option plans according to which certain managers and certain other employees are granted options to subscribe to shares of Nynomic AG. See Section 10.1 for further information regarding the valuation.

Original stock option programme

In the reporting year, some of the option holders have utilised the possibility to exercise the options under the stock option plan ("Conditional Capital 2014" according to the annual general meeting of 6 June 2014). This resulted in an increase of equity and an increase of liquid funds in the calendar year 2023. In the general meeting in June 2023, the remaining number of possible stock options was reduced to 122,500 stock options, of which 87,500 stock options can still be exercised until 31 December 2023.

Virtual Stock Option Programme 2023

The Executive Board of Nynomic AG decided with the agreement of the Supervisory Board to offer managers at the company and at the subsidiaries virtual stock options within the framework of target agreements. The programme represents a voluntary benefit from the company. The virtual stock options may be issued until 2024.

The options are to grant the respective option holder the right to a cash payment upon reaching certain company targets and personal targets.

The option holder is not granted any rights to shares, stock options, subscription rights or the acquisition or subscriptions.

The granted stock options may be exercised for the first time on expiration of a waiting period of four years from the date of the announcement within a period of a further five years. Any options not exercised will be forfeit without compensation at the end of nine years from the date of the announcement. The total volume comprises 507,000 options (of which 285,750 options have already been granted under target agreements). The stock options cannot be exercised if the performance condition is not fulfilled.

3. Valuation bases

The consolidated financial statements are generally drafted in application of the cost method. The consolidated financial statements are compiled in euros, which is the functional currency of the company. The presented financial data are rounded up or down to full thousands of euros (TEUR), unless stated otherwise. It is pointed out that rounding differences in the annual report may occur compared to mathematically exact values (monetary units/percentages).

The Group has drafted its annual report on the assumption that it will be able to continue its business activities.

The annual reports of the subsidiaries were drafted as at the reporting date of the consolidated financial statements, which is the same as the reporting date of Nynomic AG. The consolidated financial statements cover the reporting period from 1 January to 31 December 2023. The consolidated income statement was prepared in accordance with the total expenditure format. Other income was shown in the consolidated statement of comprehensive income.

The drafting of the consolidated financial statements in compliance with the IFRS, as they are to be applied in the EU, requires assumptions to be made for some items with effect on the recognition in the balance sheet or the Group's consolidated statement of comprehensive income. These estimations are based on historical empirical values of the company management.

The cash amounts disclosed in the consolidated financial statements, which are associated with valuation uncertainties, are reviewed continuously. In this regard, certain margins of discretion result for the author the consolidated financial statements:

These margins of discretion essentially relate to:
- the evaluation of intrinsic value of the goodwill or company value, in particular with regard to the estimate of future cash flows;
- the estimate of the useful lives of intangible assets and tangible assets;
- the estimate of the attributable fair value of virtual stock option programmes as a remuneration component.

The estimates and assumptions may differ from the actual results.

4. Consolidation principles

Basis of consolidation

Besides Nynomic AG, all subsidiaries are fully included in the consolidated financial statements, which are controlled indirectly or directly by Nynomic AG. Control is assumed to be present when the Group is exposed to fluctuating returns from its participation held in the companies and it has the ability to influence these returns by means of its power of control over the companies. Consolidation ends when the Group loses control over the subsidiary.

Associated companies are companies, which are subject to significant influence by Nynomic AG, but over which it exercises no control or joint control with regard to the financial and business policies. These are included in the consolidated financial statements according to the equity method.

The composition of the basis of consolidation is shown in the table below:

	31/12/2023	31/12/2022
Consolidated subsidiaries	**25**	**24**
of which: domestic	11	11
of which: international	14	13
Associated companies	**1**	**0**
of which: domestic	0	0
of which: international	1	0

The following companies are part of the basis of consolidation and were included in the consolidated financial statements:

	Share in equity in %
m-u-t GmbH, Wedel	100.00
tec5 AG, Steinbach	100.00
with its affiliates and its shares in equity:	
tec5 USA Inc., Plainview (New York/USA)	51.00
tec5 China Ltd., Peking (China)	80.00
Avantes Holding B.V., Apeldoorn (Netherlands)	100.00
with its affiliates and its shares in equity:	
Avantes B.V., Apeldoorn (Netherlands)	100.00
Avantes USA Inc., Louisville (Colorado/USA)	100.00
Avantes China Ltd., Peking (China)	60.00
Avantes Shanghai Ltd., Shanghai (China)	60.00
Avantes Hong Kong Ltd., Hong Kong (China)	60.00
APOS GmbH, Wedel	100.00
with its affiliates and its share in equity:	
APOS IP GmbH, Wedel	100.00
LayTec AG, Berlin	100.00
with its affiliates and its share in equity:	
LayTec UK Ltd., Ince (Greater Manchester/Great Britain)	100.00
Spectral Engines GmbH, Steinbach	100.00
with its affiliates and its shares in equity:	
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
MGG Micro-Glühlampen-Gesellschaft Menzel GmbH, Wentorf	100.00
Image Engineering GmbH & Co. KG, Kerpen	51.00
with its affiliates and its shares in equity:	
Shenzhen Image Engineering Optoelectronic Equipment Co. Ltd., Shenzhen (China)	51.00
Image Engineering USA Inc., South Lake Tahoe (California/USA)	51.00
Image Engineering Komplementär GmbH, Kerpen	51.00
Photecture Inc., Plainview (New York/USA)	100.00

Under the Purchase Agreement of 14 December 2023, the takeover of art photonics GmbH was executed with economic effect on 1 January 2024. This company was therefore included for the first time in the consolidated financial statements as at 1 January 2024.

Consolidation methods

The assets and debts of the domestic and foreign companies included in the consolidated financial statements are recognised according to Group-wide standardised financial accounting and valuation methods.

The annual reports of the included companies, which are drafted in foreign currencies, are converted based on the concept of the functional currency according to IAS 21 “The Effects of Changes in Foreign Exchange Rates” pursuant to the modified current-rate method. As the subsidiaries operate their business independently in a financial, economic and organisational view, the functional currency of the companies is generally identical to the respective country currency.

Assets and debts are consequently converted at the exchange rate of the reporting date and the expenses and income at the average exchange rate, which is determined on a monthly basis. The difference resulting from currency conversion is offset without effect on profits and disclosed separately in equity under currency reserves. The item for equity is maintained with historical rates. The following exchange rates were at the basis of the currencies decisive for the currency conversion:

		Annual average exchange rate		Exchange rate on the reporting date	
	EUR 1 =	2023	2022	2023	2022
China	RMB	7.66000	7.07880	7.85090	7.35820
Great Britain	GBP	0.86979	0.85276	0.86905	0.88693
Hong Kong	HKD	8.46500	8.24510	8.63140	8.31630
USA	USD	1.08130	1.05300	1.10500	1.06660
Denmark	DKK	7.45090	7.43960	7.45290	7.43650

If group affiliates leave the basis of consolidation, the associated difference for currency conversion is dissolved with effect on profit.

Capital consolidation follows the acquisition method according to IFRS 3 and IFRS 10.

Founding of new companies and company acquisitions

The initial consolidation takes place at the time of acquisition, i.e., on the date on which control is obtained over the acquired company. The company attains control if it can exert power of disposition over the subsidiary, is exposed to fluctuating returns from its participation, and if it can influence the yields in terms of amount based on its power of disposition.

The acquired assets and debts, as well as contingent liabilities are valued as at the acquisition date at their attributable fair values.

Subsequently to this, the acquisition costs of the acquired shares are offset against the proportionate, revalued equity of the subsidiary.

Any resulting previous difference is disclosed under intangible assets as goodwill or company value, any negative difference is directly recognised in the income statement with effect on profit after a repeated review.

The goodwill or company value is subjected to an annual impairment test pursuant to IAS 36 in the subsequent periods.

Receivables and payables, as well as expenses and income between consolidated companies are netted. The Group-internal deliveries and performances are exercised based on market prices as well as the internal transfer prices, which have been assessed based on the arm's length principle. There were material intermediary results in inventories resulting from Group-internal dealings in the reporting period. Consolidation processes with effect on the result are subject to the deferral of taxes.

Shares held in associated companies are reported according to the equity method. They are initially recognised at acquisition costs. Acquired company value or goodwill, if any, is not reported separately but included in the value recognised. After the initial recognition, the consolidated financial statements contain the Group's share in profit or loss up until the date on which the significant influence or joint control ends.

During the reporting year, one subsidiary was newly founded and one associated company was acquired.

5. Material accounting and valuation principles

Going concern

The Executive Board reasonably expects as at the date on which the financial statements were approved that the Group has sufficient resources to be able to continue its operating business in the foreseeable future. The consolidated financial statements therefore continue to be drafted on the premise of the going concern.

Accounting and valuation principles

The accounting of assets and debts of the domestic and foreign subsidiaries included by way of full consolidation follows consistent accounting and valuation methods.

Recognition

In accordance with IAS 1.56, it is differentiated between current and non-current assets as well as short- and long-term debts in the recognition on the balance sheet. An asset is classified as a current asset, if

- the realisation of the asset is expected within the ordinary business cycle or if the asset is held for sale or consumption during this period;
- the asset is held primarily for the trading purposes;
- the realisation of the asset is expected within twelve months after the reporting date;

or

- the asset is cash or cash equivalent, unless the exchange or application of the asset for satisfaction of an obligation is restricted for a period of at least twelve months from the reporting date.

All other assets are classified as non-current assets.

A debt is classified as a short-term debt, if
- satisfaction of the debt is expected within the ordinary business cycle;
- the debt is held primarily for trading purposes;
- satisfaction of the debt is expected within twelve months after the reporting date;

or
- the company does not have an unrestricted right to postpone the satisfaction of the debt by at least twelve months from the reporting date.

All other debts are classified as long-term debts.

Deferred tax assets and deferred tax liabilities are classified as non-current assets or long-term debts.

Discretionary decisions in application of accounting and valuation methods

Non-current intangible assets and tangible assets are recognised on the balance sheet at amortised costs. The likewise permissible possibility to recognise them at the attributable fair value was not used.

Goodwill or company values

Goodwill or company value pursuant to IFRS 3 represents the amount of the difference by which the total acquisition price for a company or operating business exceeds the attributable fair value of the newly acquired and revalued assets and debts. The goodwill or company values are not amortised according to schedule, but subjected to an impairment test at least once annually according to the rules of IAS 36.

For performance of the impairment test, the data of the medium-term planning prepared by the management are used to determine the use value. The planning premises are adjusted respectively to the current conditions. For this purpose, appropriate assumptions are taken into account in consideration of macroeconomic trends and historical developments. The results are assessed in consideration of the growth rate of the relevant market segment. It is currently between 1% p.a. and 2% p.a. The utility values to be assessed were based on discount interest rates on a bandwidth from 6% p.a. and 12% p.a. The discount interest rate respectively reflects the minimum risk-adjusted interest claim derived from the capital market.

Internally produced intangible assets

Internally produced intangible assets primarily consist of control software, which was entered on the asset side at the production costs. Intangible assets with a determinable period of use are amortised according to schedule in the straight-line method over the economic useful life.

Development costs are capitalised as intangible assets if the conditions for capitalisation according to IAS 38 are cumulatively fulfilled by internally produced intangible assets. Provided that all criteria for the capitalisation of development costs are fulfilled, all costs directly attributable will be capitalised. After the successful completion of the development project, the capitalised development costs will be depreciated over the scheduled product lifetime.

Purchased intangible assets

Purchased Intangible assets are recognised on the balance sheet at the acquisition costs and, if they are subject to wear and tear, they are reduced by the scheduled amortisations according to their useful life (1 to 10 years; straight-line method).

Tangible assets

Tangible assets are recognised at acquisition or production costs and, insofar as they are subject to wear and tear, they are reduced by scheduled depreciations. In this respect, the depreciation and amortisation method conforms to the expected course of consumption of the future economic utility. The depreciation or amortisation expense is usually assed based on the straight-line method. The depreciation or amortisation period is determined according to the expected useful life.

Production costs are assessed based on the attributable direct costs as well as proportional, directly attributable costs of material and production overhead, including depreciations due to production.

The scheduled depreciations and amortisations are based on the following useful lives:

Asset item	Useful life
Buildings	10 - 50 years
Machinery and technical equipment	2 - 19 years
Other machinery and equipment	1 - 23 years

Lease accounting pursuant to IFRS 16

The accounting standard IFRS 16 regarding the accounting of leases was applied for the first time with effect as of 1 January 2019. All relevant lease agreements have been valued and reclassified according to IFRS 16, similar to the present regulations on finance leasing.

A liability for a lease is recognised in the beginning of each lease, including such that used to be classified as operating leases. The amount of the leasing liability is calculated at the cash value of the future payments within the scope of the lease. The future payments are discounted as specific to each country at an average incremental borrowing rate between 1.50% and 2.00% as at the reporting date.

Use rights are recognised at the acquisition costs. As part of the initial valuation, these include the corresponding leasing liability, the leasing rates, which are paid in or before the beginning of the lease, initial direct costs as well as any costs incurred on termination of the lease (reinstatement or cancellation costs).

Leasing payments, which have not been capitalised in accordance with IFRS 16, are contained in operating expenses for the period. These are (for less than one year) short-term and low-value leases as well as variable lease payments, which are not based on an index.

Impairments

Goodwill and company values, and any assets not ready for use are not depreciated as scheduled but reviewed annually for impairments as at the reporting date.

For tangible and intangible assets with a measurable useful life, it is assessed on each reporting date, whether there are any indications for potential impairments pursuant to IAS 36 “Impairment of Assets” for the corresponding assets on each reporting date. If such indications are identified for individual assets, an impairment test will be performed for them. Within the scope of the impairment test, initially the recoverable value of the asset is determined and then compared to the book value, in order to identify any need for any need of depreciation.

The attributable fair value less the costs of disposal means the amount, which can be attained by the sale of an asset in a transaction on market conditions between knowledgeable parties intent on concluding a contract. The use value is measured by means of the discounted expected future cash inflow. For this purpose, an interest rate before taxes in line with the market is taken as the basis, which reflects the risks of the use of the asset that have not yet materialised in the estimated future cash inflow.

If the recoverable value of an asset is estimated to be lower than the book value, it will be written down to the recoverable amount. In the event of an appreciation in value in the subsequent period, the book value of the asset will be adjusted according to the recoverable amount.

The upper limit for appreciation is determined by the amount of the amortised acquisition and production costs, which would result if no depreciation had been recognised in the previous periods. The appreciation in value will be recognised immediately with effect on profit.

Inventories

Inventories are recognised at the lower of acquisition and production costs and net realisable value according to IAS 2, whereas the net realisable value means the estimated sales proceeds, less the estimated costs for completion and less the costs still incurred up until the sale. The acquisition costs include all costs of the acquisition and other incurred costs to bring the inventories in its current state. For this, the acquisition price reductions such as price discounts, bonuses and cash discounts are taken into account. The production costs include production-related full costs, which are measured based on a normal utilisation of capacities. Besides the direct costs, it also includes appropriate portions of the necessary costs for materials and production overhead as well as production-related depreciations that are directly attributable to the manufacturing process. At the same time, especially the costs that are incurred in the specific cost centres are considered. Costs for administration are taken into account insofar as they are attributable to the production. If the values are lower on the reporting date due to fallen prices, the latter will be recognised. If these reasons no longer apply and if the net sales proceeds have increased, the appreciations in value will be recognised as a reduction of the cost of materials in the corresponding period in which the change occurs.

Recognition and consideration of interest on debt pursuant to IAS 23 as part of the assessment of production costs for unfinished and finished products can be omitted with reference to the absent materiality of substantial production periods of manufacturing.

Financial Instruments

Financial instruments are contracts that result in a financial asset at a company and a financial liability or equity instrument at another company. According to IAS 32, these include, on the one hand, original financial instruments such as trade receivables and payables or also financial receivables and debts. On the other hand, they also include derivative financial instruments, which are used as hedging transactions to hedge the risks resulting from exchange rate and interest rate changes. Financial assets and financial liabilities are considered on the consolidated balance sheet from the date on which the Group becomes a contracting party of the financial instrument.

The existing financial instruments are recognised according to their classification in the category of "financial assets and financial liabilities valued at amortised cost."

Amortised cost of a financial asset or financial liability means the amount in which a financial asset or financial liability was valued on initial recognition, i.e., minus potential repayments, minus potential value reductions or potential irrecoverability, and plus/minus the cumulated distribution of any difference between the original amount and the amount repayable on final maturity (for example, premiums and transaction costs). This difference is distributed by means of the effective interest method over the maturity of the financial asset or financial debt.

In case of short-term receivables and payables, the amortised costs are generally equivalent of the nominal value or amount repayable.

Original financial instruments

The company's original financial instruments primarily consist of cash, trade receivables and payables, short- and long-term credits, and other financial assets and debts.

Trade receivables are recognised without interest based on their short-term nature and at the nominal value, less impairments for expected defaults. At the same time, both the specific default risk as well as a default risk of a group of receivables with comparable default risk profiles (portfolio-based impairment) derived from empirical values are taken into account by utilising an adjustment account. Insofar as the loss of the receivables is finally realised, the receivable is written off using any possibly previously created value adjustment.

Other receivables and assets are assessed at amortised costs. All recognisable default risks are taken into account by a corresponding value reduction. Long-term, non-interest and low-interest bearing receivables, which are substantial, are discounted.

In the financial year 2023, no significant need for value reductions arose for financial assets with the exception of trade receivables.

Cash is defined as cash balances and immediately available bank deposits at credit institutions with initial maturities of up to three months. These are recognised at the nominal amount.

Financial debts are generally assessed at the amortised costs in application of the effective interest method. Financial liabilities, which are recognised at their attributable current value with effect on profit, are not affected by this.

An equity instrument is any contractual agreement, which represents a residual claim to the assets of the Group after deduction of all debts. The issued shares are entered on the balance sheet as equity, with deduction of the costs that are directly attributable to the issuance of own shares from the equity.

Income taxes

The current taxes (paid or owed) on income and profit, as well as deferred taxes in the individual countries are shown as income taxes. The current taxes on profit and income of the Group are calculated in application of the valid tax rates as at the reporting date.

Deferred taxes

The accounting and valuation of deferred taxes is based on IAS 12 "Income Taxes." Deferred tax asset and liabilities are shown as separate items on the balance sheet to take further tax effects into account, which result from temporal differences between the values recognised on the balance sheet and the tax basis of assets and liabilities, as well as the tax loss carry-forwards.

Deferred tax assets and tax liabilities are calculated in the amount of the expected tax burden or tax relief in subsequent financial years, on the basis of the tax rate valid at the time of realisation. The effects from tax rate changes on the deferred taxes are recognised in the reporting period in which legislative procedure underlying the tax rate change is completed.

Deferred tax assets on differences between balance sheets and tax loss carry-forwards are only recognised if the recoverability of these tax benefits is probable within a predictable period of time.

Deferred tax assets and deferred tax liabilities are offset against each other, provided that the tax creditors are identical, deadlines are congruent, and a legal right to offsetting applies. Deferred tax assets and deferred tax liabilities are discounted according to the rules of IAS 12.

A tax rate of 30% is taken as the basis for the calculation of the deferred taxes of the domestic companies. Besides the flat corporate income tax including the solidarity surcharge in the amount of 15%, an effective trade tax rate of 15% is taken into account.

The deferred tax liabilities of the foreign companies are calculated at the tax rates applicable in the respective country. The deferred taxes are recognised as income from taxes or expenses for taxes, unless they concern items recognised directly as other income without effect on profits. In that case, the deferred taxes are also entered without effect on profit under other income.

Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," provisions are created to the extent that a present liability toward a third party exists, which resulted from a past event, and which will probably lead to a future outflow of resources and the amount of which can be reliably estimated. Other provisions are created only for legal and factual obligations in relation to third parties, unless there is more evidence supporting than opposing their existence as at the reporting date.

Provisions are recognised in their amount repayable discounted to the reporting date, insofar as the interest effect is material. The amount repayable also includes expected price and cost increases. The discounting is based on interest rates before taxes, which reflect the current market expectations with regard to the interest effect and depend on the corresponding maturity of the obligation. The interest portion of compounding is entered in the financial result.

Based on empirical values from the past, provisions are valued in consideration of the conditions as at the reporting date. Provisions for warranties are created in specific cases and in general. The amount of the provision is based on the historical development of warranty performances and a consideration of all present and future possible warranty cases weighted by probabilities of occurrence.

Sales revenues

Sales revenue means income, which has been earned in the course of the ordinary business of the corporate group (IFRS 15). These essentially comprise revenues from the sale of goods and the performance of services.
Revenue from the sale of goods are recognised when the customer has attained power of control and the performance obligation is fulfilled, a price is agreed or measurable, and its payment can be assumed. The fees for deliveries and services charged to the customer – reduced by reductions of proceeds and discounts – are disclosed under sales revenues.

Revenue from services is recognised according to the performance progress (IFRS 15.39 seqq.) of the contract as at the reporting date. The degree to which a contract is completed is measured based on output by means of the performed service. Revenue is recognised only if it is sufficiently probable that the company will receive the economic utility related to the contract. Otherwise, the revenue will be shown only to the extent that the incurred expenses are refundable.

If a contract contains several separable components (multi-component contracts), these performance obligations (IFRS 15.22 seqq.) will be recognised separately accordingly to the foregoing principles.

Profit/loss per share

The undiluted profit per share was calculated by division of the consolidated result allocated to the shareholders of the parent company by the weighted average number of common shares issued during each individual period.

For the calculation of the diluted profit per share, the result attributable to the holders of common shares of the parent company is divided by the weighted average number of common shares, which are outstanding during the year, plus the weighted average number of common shares, which would result from the conversion of all potential common shares with dilution effect into common shares.

The table below shows the amounts underlying the calculation of the undiluted and the diluted result per share:

	2023 in TEUR	2022 in TEUR
The result from continued operations attributable to the holders of common shares of the parent company	9,305	7,454

	2023	2022
Weighted average number of common shares for calculation of the undiluted result per share *	**6,313,975**	**5,904,323**
Potential dilution effects from:		
original stock options	87,500	122,500
Weighted average number of common shares, adjusted by the dilution effect	**6,401,475**	**6,026,823**

* The weighted average number of shares is the weighted average effect from changes of own shares in the course of a year.

	2023 in EUR	2022 in EUR
Profit/loss per share		
Undiluted in reference to the result attributable to the holders of common shares of the parent company	1.47	1.26
Diluted in reference to the result attributable to the holders of common shares of the parent company	1.45	1.24

Conversion rights or options were not outstanding, except for the original stock option programme. As in the previous financial year, other than the effects from the exercise of the original stock option programme, there were no dilution effects.

6. New and amended accounting standards

6.1 Standards, interpretations, and amendments to be applied for the first time in the financial year

The Group applied the new or amended standards and interpretations described below for the first time in the current financial year.

Standard		Application requirement in the EU	Amendments	Effects for Nynomic
IFRS 17	Insurance contracts	01/01/2023	IFRS 17 defines the reporting of insurance contracts and replaces IFRS 4.	No significant effects.
IAS 1 (Amendments)	Accounting and valuation methods	01/01/2023	The amendments to IAS 1 provide that "significant" accounting and valuation methods are to be replaced by "material" accounting and valuation methods.	No significant effects.
IAS 8 (Amendments)	Accounting-related estimates	01/01/2023	The amendments cover the definition of accounting-related estimates. It is clarified how to differentiate between changes in accounting and accounting-related estimates.	No significant effects.
IAS 12 (Amendments)	Deferred taxes	01/01/2023	IAS 12 introduces a temporary exception from accounting for deferred taxes. Until now, it has been unclear if this "initial recognition exemption" also applies in cases where the first-time recognition of an asset and a liability, respectively, creates a deductible and taxable temporary difference in the same amount. Concrete application cases are leases and reinstatement obligations. The IASB now clarifies that the exception from the recognition of deferred tax is not applicable to the aforementioned cases.	No significant effects.

6.2 Published but not yet applicable standards, interpretations, and amendments

The IASB has published the following accounting standards among others, which are not mandatory for application in the EU yet and which are not applied early by Nynomic either. The standards not listed below are of subsidiary importance to Nynomic.

Standard		Application requirement in the EU	Effects for Nynomic
IAS 1 (Amendments)	Classification of liabilities	01/01/2024	No significant relevance
IFRS 16 (Amendments)	Leases for sale-and-lease-back	01/01/2024	No significant relevance
IAS 7 / IFRS 7 (Amendments)	Supplier finance arrangements	01/01/2024	No significant relevance

7. Notes to the balance sheet

7.1 Non-current assets

The development of the individual items of non-current assets with a statement of depreciations for the financial year is presented in the asset analysis.

7.2 Goodwill or company values and intangible assets

As at 31 December 2023, the goodwill or company values amounted to TEUR 44,693 unchanged.

No major triggering events have been identified for goodwill or company value for 2023 nor have any needs for impairment been found on the basis of the presented planning. Therefore, no impairments had to be made on goodwill or company value in the financial year 2023.

Overall, scheduled amortisations on intangible assets were entered in the amount of TEUR 865 (prev. yr. TEUR 655).

7.3 Tangible assets

Additions to tangible assets amounted to TEUR 5,758.

Overall, scheduled depreciations on tangible assets were entered in the amount of TEUR 3,918 (prev. yr. TEUR 3,440) of which TEUR 2,802 on rights of use according to IFRS 16.

	Rights of use according to IFRS 16				Liabilities
	Buildings and land	Vehicle fleet	Equipment	Total	Total
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Status 01/01/2023	14,207	501	16	14,724	14,845
+ Additions	2,808	454	143	3,405	3,405
- Disposals	57	23	0	79	79
- Depreciation	2,468	311	22	2,802	0
- Repayment	0	0	0	0	3,075
+ Interest expense	0	0	0	0	463
Status 31/12/2023	**14,491**	**621**	**136**	**15,248**	**15,557**

Interest on the leasing liability was calculated at an effective interest rate of 1.5% and 2.0%.

7.4 Participating interests

Participating interests comprise the following as at the reporting date:

in TEUR	2023	2022
Participations in associated companies	1,303	0
Other participations	3,711	0
Total:	**5,014**	**0**

The shares in associated companies are the shares in NLIR ApS. This associated company is reported in these consolidated financial statements according to the equity method as described in the principles of consolidation (see Section 4). Expenses for associated companies were considered for the first time in the calendar year 2023 in the amount of TEUR 58. Other participating interests disclose a prepayment made for the acquisition of shares that were transferred economically only in 2024.

7.5 Other non-current financial assets

in TEUR	31/12/2023	31/12/2022
Other assets	120	175

7.6 Inventories

Inventories consist of the following as at the reporting date:

in TEUR	31/12/2023	31/12/2022
Raw materials and supplies	10,136	7,598
Unfinished products, work in progress	5,258	4,430
Finished products and merchandise	11,878	10,706
Prepayments made	1,286	1,040
Total:	**28,558**	**23,774**

7.7 Trade receivables

Trade receivables consist of the following:

in TEUR	31/12/2023	31/12/2022
Trade receivables	22,014	16,425

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

in TEUR	31/12/2023	31/12/2022
Gross value of trade receivables	22,281	16,472
Cumulative value adjustment	267	47
Book value of trade receivables	**22,014**	**16,425**

The default risk of receivables from customers is monitored by the relevant business unit. The customer's credit rating is assessed continuously. The individual credit facilities are determined according to this rating. Outstanding receivables from customers and contract assets are monitored at regular intervals. The need of impairment is analysed on each reporting date by means of an impairment matrix for the assessment of the expected credit defaults. Trade receivables are usually written off when they are irrecoverable. The maximum default risk as at the reporting date corresponds to the book value.

The Group evaluates the risk concentration in trade receivables and in the contract assets as being low, as its customers are resident in different countries, operate in different industries and mostly act on independent markets.

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

7.8 Other current financial assets

in TEUR	31/12/2023	31/12/2022
Reimbursement claims from income and sales taxes	3,206	2,739
Prepayments	345	636
Receivables from existing shareholders	0	546
Receivables from sponsorship projects	310	247
Other	206	455
Total:	**4,067**	**4,623**

As in the previous year, no restrictions of dispositions apply to other current financial assets.

7.9 Other current non-financial assets

in TEUR	31/12/2023	31/12/2022
Deferral of cost expenses	525	361

Expenses essentially related to payments for services received in the following period.

7.10 Cash

in TEUR	31/12/2023	31/12/2022
Cash in hand and bank balances	21,864	26,603

Regarding the change in cash balance, we refer to the Section "Comments regarding the cash flow statement."

Nynomic AG has concluded a multi-bank master agreement for bilateral loans in the total amount of EUR 32,000, of which a volume in the total amount of TEUR 21,000 has already been drawn down including by subsidiaries. As at 31 December 2023, the Group had approved credit facilities available, which have not been drawn down, in the amount of TEUR 13,161 (prev. yr. TEUR 5,820).

7.11 Equity

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

Subscribed capital

The share capital as at the reporting date is divided into 6,556,320 no-par bearer shares with a calculated share in the share capital of EUR 1.00 each. All shares are common shares granting one vote, respectively.

The share capital was increased in the financial year by TEUR 590 from TEUR 5,931 to TEUR 6,521, based on the authorisation granted by resolution of the general meeting on 28 June 2022. Another 35,000 new shares were issued under the stock option programme. The total issue amount of all of these new shares was TEUR 710. The share capital rose by TEUR 35 to TEUR 6,556; the difference was entered to the capital reserve. The conditional capital increase is used for the servicing of subscription rights resulting from stock options of the Executive Board members, employees of the company, and members of the Executive Board/ managing directors and employees of affiliates.

Authorised capital/conditional capital

By resolution of the general meeting of 28 June 2022, the articles of association were modified in § 4 (4.3) (Authorised Capital). The Executive Board is empowered by resolution of the general meeting of 28 June 2022 to raise the company's share capital with the agreement of the Supervisory Board, by up to TEUR 2,951 in total in the period up until 27 June 2027, by issuing new no-par bearer shares against contributions in cash and/or in kind (Authorised Capital 2022/I). The Authorised Capital 2021/I was cancelled.

The Authorised Capital 2022/I, after partial utilisation, still amounts to TEUR 2,360.

The share capital was increased by resolution of the general meeting of 6 June 2014 by up to TEUR 479 for granting subscription rights to employees and Executive Board members of the company or of an affiliate (Conditional Capital 2014/I).

Following to the partial utilisation of the total of EUR 238 in the financial years 2020, 2021, and 2022, the Conditional Capital 2014/I still amounted to TEUR 241. By resolution of the general meeting of 29 June 2023, the Conditional Capital 2014/I was lowered by TEUR 119 to TEUR 123.

The share capital was increased by up to TEUR 530, divided into 529,632 no-par bearer shares, by resolution of the general meeting of 29 June 2023 (Conditional Capital 2023/I).

Capital reserve

The capital reserve includes amounts that have been received for the issuance of shares beyond the calculatory value (agio).

Consolidated net profit

The consolidated net profit results from the profit carry-forward (TEUR 41,474) plus the current consolidated net income for the year, and less profit shares of minority shareholders (TEUR 1,227).

7.12 Other long-term financial liabilities

in TEUR	31/12/2023	31/12/2022
Liabilities toward credit institutions	4,774	12,391
Leasing liabilities according to IFRS 16	12,918	12,518
Other liabilities	37	37
Total:	**17,729**	**24,946**

Financial liabilities include loans from banks for the financing of the acquisition of shares in companies. Most of these are secured by collateral promises and granted guarantees of individual subsidiaries. The increase of leasing liabilities results essentially from a new lease agreement with a subsidiary.

7.13 Trade payables

This short-term item includes:

in TEUR	31/12/2023	31/12/2022
Trade payables	8,338	6,610

7.14 Other provisions

in TEUR	31/12/2023	31/12/2022
Other provisions	2,728	2,646

Other provisions comprise sales-dependent provisions in the amount of TEUR 1,953 (prev. yr. TEUR 1,429), procurement-related provisions in the amount of TEUR 13 (prev. yr. TEUR 13), product-related provisions in the amount of TEUR 0 (prev. yr. TEUR 12) and other provisions in the amount of TEUR 844 (prev. yr. TEUR 1,193).

7.15 Other short-term financial liabilities

This item includes:

in TEUR	31/12/2023	31/12/2022
Other liabilities	6,996	12,165
Prepayments received on account of orders	2,603	4,784
Liabilities toward credit institutions	4,520	4,312
Leasing liabilities according to IFRS 16	2,639	2,327
Tax liabilities	1,858	3,473
Total:	**18,616**	**27,061**

Tax liabilities include the liabilities for payroll, church and sales taxes, as well as taxes on profit and income.

8. Notes to the profit and loss statement

8.1 Sales Revenues

Sales revenues increased compared to 2022 by TEUR 1,192 or 1% to TEUR 117,985.

Breakdown of sales revenues

Sales revenues break down by business fields as follows:

in TEUR	2023	2022
Clean Tech	76,391	81,024
Life Science	17,064	18,538
Green Tech	24,530	17,231
Total:	**117,985**	**116,793**

Sales revenues break down by sales regions as follows:

in TEUR	2023	2022
Germany, Europe and rest of the world	67,661	60,960
America	28,491	38,204
Asia	21,833	17,629
Total:	**117,985**	**116,793**

8.2 Other capitalised internally produced services

Other capitalised internally produced services were valued at production costs and largely include costs of personnel as well as the direct material costs, which were incurred, among other, for the production of internally produced software and an internally produced sensor and a mapper.

8.3 Cost of materials

Cost of material comprises the following:

in TEUR	2023	2022
Expenses for raw materials and supplies, and purchased merchandise	42,320	47,297
Cost of purchased services	3,398	3,926
Total:	**45,718**	**51,223**

The reduction of the cost of materials is mostly due to a changed product mix.

8.4 Cost of personnel

in TEUR	2023	2022
Wages and salaries	33,654	31,123
Expenses on account of social security	5,847	5,196
Expenses relating to pension plans and employee benefits	707	536
Total:	**40,208**	**36,855**

	2023	2022
Number of employees on annual average	535	479

The increase in personnel costs and the number of employees results essentially from the growth in previous year in combination with the medium-term outlook and salary adjustments in line with the market within the existing employee structures.

8.5 Other operating expenses

Other operating expenses rose by 19% compared to the previous year. The expenses mostly consist of the following items:

in TEUR	2023	2022
Marketing/travel costs	3,979	2,312
Costs for external service providers	1,756	1,943
Consulting costs	1,235	1,314
Costs of sales	1,130	1,164
Occupancy costs	1,096	1,094
Motor vehicle costs	622	512
Maintenance	491	320
Other expenses	5,844	4,892
Total:	**16,153**	**13,551**

Other expenses largely include company/organisation-specific expenses in the amount of TEUR 3,297, personnel-related expenses in the amount of TEUR 1,214, and product/sales-related expenses in the amount of TEUR 1,103.

8.6. Other operating income

Other operating income rose by TEUR 329 or 37% compared to the previous year to TEUR 1,217. This income essentially consists of the following items:

in TEUR	2023	2022
Other allowances/COVID-19 relief	301	212
Income from payments in kind	273	237
Refunds according to the Expense Compensation Act ("Aufwendungsausgleichsgesetz")	109	98
Insurance benefits	23	3
Other income	511	338
Total:	**1,217**	**888**

8.7 Financial income and financial expenses

in TEUR	2023	2022
Other interest and similar income	263	21
Depreciations of financial investments and securities of current assets	0	-22
Interest and similar expenses	-1,077	-742
Total:	**-814**	**-743**

8.8 Income taxes

in TEUR	2023	2022
Current taxes on profit and income	4,038	4,530
Deferred taxes	-10	-139
Total income taxes:	**4,028**	**4,391**

As at the balance sheet date, the Group reports the following, unused tax loss carry-forwards for set-off against future profits:

in TEUR	2023	2022
Corporate income tax	19,247	20,393
Trade tax	19,204	20,338
Total:	**38,451**	**40,731**

in TEUR	2023	2022
Result before taxes from continued business divisions	14,560	14,340
Result for the period before taxes	**14,560**	**14,340**
Expected income tax expense in the amount of approx. 30% (prev. yr. 30%)	4,368	4,302

Essentially: other tax effects	-340	89
Actual expense for income tax (effective tax rate: 28%; prev. yr. 31%)	**4,028**	**4,391**
Income tax expense recognised with effect on profit	**4,028**	**4,391**

9. Notes to the cash flow statement

The financial resources disclosed in the consolidated cash flow statement comprise the cash balance sheet item, which consists of cash balances and deposits with credit institutions with a remaining maturity – calculated from the date of acquisition – of no more than three months.

The consolidated cash flow statement shows how the cash balance of the Nynomic Group has changed in the course of the financial year by inflows and outflows of funds. For this, the cash flows in the consolidated cash flow statement are broken down in accordance with IAS 7 (cash flow statement) into fund inflows from operating activity, investment and financing activities. The changes in the balance sheet items, which are considered for the development of the consolidated cash flow statement, are adjusted for the non-cash effects from currency conversion and changes in the basis of consolidation.

Operating activities

Based on the consolidated result after taxes, the inflows and outflows of funds are derived indirectly. The result after taxes is adjusted for this purpose by expenses without effect on payments, and the cash flow from operating activities is derived, taking changes in the working capital, provisions, and in other operating balance sheet items into account.

The operating cash flow in the financial year ended amounted to TEUR 3,166 (prev. yr. TEUR 9,677). Causes for the reduction compared to the previous year were in particular the strong reduction of liabilities and higher income tax payments.

Investment activities

The investment cash flow is measured based on actual payment transactions. It includes cash flows relating to the acquisition, production, and sale of intangible assets, tangible assets, and financial investments, which are not part of cash resources.

In addition, the option provided according to IAS 7.33 is used to disclose the included interest as part of the invested cash flow.

The investment cash flow in the reporting period amounted to TEUR -13,524. At the same time, the investment cash flow includes payment transactions for new and replacement investments, prepayments made for a participation as well as acquired shares in an associated company.

Financing activities

The financing cash flow is measured on the basis of the actual payment transactions and, besides the borrowing and repayment of loans, and other financial liabilities, it includes cash flows between the Group and its shareholders.

Paid interest is disclosed according to the option pursuant to IAS 7.33 as cash flow from financing activities.

The financing cash flow in the reporting period amounted to TEUR 5,828. Other than from capital increases and payment inflows from borrowed loans, the financing cash flow largely results mainly comprises payments for the repayment of loans and leasing liabilities.

10. Further disclosures

10.1 Share-based remuneration

Original stock option programme

The original stock option programme is shown at the level of the shareholders and therefore does not lead to expenses in the profit and loss statement as at the date when the options are granted. At the level of Nynomic AG, the exercise of these stock option programmes merely results in a strengthening of equity and increase of liquid funds.

In 2023, the Executive Board of Nynomic AG was authorised to issue subscription rights to Nynomic AG stocks until June 2028 in accordance with the terms of the 2023 Stock Option Plan.

Development during the financial year

The table below shows the number and weighted average exercise price (WAEP) as well as the development of the stock options during the financial year:

	2023 Number	2023 WAEP in EUR
Outstanding in the beginning of the reporting period	**122,500**	**20.75**
Granted during the reporting period	0	0.00
Exercised during the reporting period	35,000[1]	20.28
Expired during the reporting period	0	0.00
Outstanding at the end of the reporting period	**87,500**	**20.94**
Exercisable at the end of the reporting period	87,500	

[1] The weighted average stock price at the time of the option exercise in 2023 amounted to EUR 33.53.

The weighted average remaining contract period for the stock options outstanding as at 31 December 2023 is about 2.5 years. The exercise prices for options outstanding as at the end of the reporting period are at EUR 6.60, EUR 14.45 and EUR 23.40.

Virtual stock option programme

The claim for payment against the company amounts to the difference between the exercise price and the valid basic option price, limited to max. EUR 20 per share. The value resulting from this is added to the provision at the level of Nynomic AG, proportionally over the waiting period of four years (TEUR 815; prev. yr. TEUR 1,474) at the level of Nynomic AG and to other liabilities at the level of the Nynomic Group. The options are issued in each calendar year after the personal goal achievement of the option holders has been determined.

In the current financial year, already issued virtual stock options from the year 2020 were repurchased at a price of EUR 8.10 per share.

10.2 Guarantees and other commitments

No guarantees and other commitments exist as at the reporting date.

10.3 Other financial obligations

Material other financial obligations outside of the facts recorded according to IFRS 16.

11. Events after the balance sheet date

With economic effect as of 1 January 2024, Nynomic AG took over the shares in art photonics GmbH, Berlin.

No events with significant relevance occurred after 31 December 2023.

12. Mandatory disclosures and supplementary information pursuant to the HGB (German Commercial Code)

12.1 Mandatory disclosures pursuant to Sec. 315e HGB and Sec. 264 (3) HGB

The consolidated financial statements of Nynomic AG were drafted in accordance with Sec. 315e HGB, with exempting effect for consolidated financial statements pursuant to the German Commercial Code, in compliance with the guidelines issued by the IASB. At the same time, the consolidated financial statements and the group management report are consistent with Directive 2013/34/EU of the European Union on annual financial statements, consolidated financial statements and related reports of certain types of undertakings. In order to reach equivalence with consolidated financial statements prepared pursuant to the regulations of the Commercial

Code, all disclosures and notes are published, which are required by the German Commercial Code and which go beyond the mandatory disclosure obligations pursuant to the IFRS.

By integration in the consolidated financial statements of Nynomic AG, tec5 AG and LayTec AG have made use of the simplifications according to Sec. 264 (3) HGB as fully consolidated German companies. In addition, the local regulations for simplifications analogous to Sec. 264 (3) HGB are also used for Avantes UK Ltd. by its inclusion in the consolidated financial statements.

12.2 Number of employees

The average number of employees breaks down as follows:

	2023	2022
Office staff	464	405
Industrial staff	67	66
Students/interns	1	8
Trainees	3	0
Total:	**535**	**479**

12.3 Fees of the auditor

The fees for the services received from the auditors as well as their affiliates or partner firms amount to:

in TEUR	2023	2022
Services related to the annual report	110	106
Tax consulting services	51	40
Business consulting	26	11
Other audit services	36	5
Total:	**223**	**162**

The fees for the annual report services relate to expenses for the audit of the consolidated financial statements of Nynomic AG and the mandated annual reports of the parent company and of the subsidiaries which are included in the consolidated financial statements. Other audit services relate to the issuance of certificates.

12.4 Related parties pursuant to IAS 24

Deemed a related party in the definition of IAS 24 “Related Party Disclosures” are companies or persons, who control the Group or who are controlled by it, unless they are already included in the consolidated financial statements as consolidated company, and companies and persons, who by operation of provisions under the articles of association or by contractual agreement, have the ability to decisively control the financial and business policy of the management of Nynomic AG or who are involved in the joint management of Nynomic AG. Control is given in this respect when a shareholder holds more than half the voting rights in Nynomic AG.

Deemed related parties of Nynomic AG are furthermore the members of the Executive and Supervisory Boards. There were no supply and service relationships in the reporting period between the company and the members of either of the two bodies, or they were transacted on a low scale in accordance with the arm’s length principle.

No credits or advances have been granted to the members of the Executive Board and Supervisory Board during the reporting year.

Appointed as **members of the Executive Board** in the financial year 2023 were:

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

Each member of the Executive Board has power of joint representation together with one further member of the Executive Board.

Total remuneration of the Executive Board

The protective clause according to Sec. 314(3) HGB in conjunction with Sec. 286 (4) HGB is applied.

Appointed as **members of the Supervisory Board** in the financial year 2023 were:

	acting as
Mr Hans Wörmcke (Chair), Heist	entrepreneur
Dr Sven Claussen (Deputy Chair), Hamburg	Lawyer at Weiland law firm
Mr Hartmut Harbeck, Wedel	entrepreneur

Total remuneration of the Supervisory Board

The total remuneration of the Supervisory Board amounts to TEUR 68 (prev. yr. TEUR 68).

13. Appropriation of net income

Nynomic AG closes the financial year 2023 as parent company with net income for the year in the amount of TEUR 1,652. The Executive Board proposes to offset the net income for the year against net profit and carry it forward to new account.

14. Statement by the Executive Board

These consolidated financial statements as at 31 December 2023 and the group management report were drafted on 29 March 2024 by the legal representatives of Nynomic AG, who are responsible for the completeness and correctness of the information contained therein. The consolidated financial statements were drafted in accordance with International Financial Reporting Standards (IFRS). It complies with Directive 83/349/EC. The figures of the previous year have been assessed according to the same principles. The consolidated financial statements were supplemented by a group management report and further disclosures as required pursuant to Sec. 315e HGB.

Wedel, on 29 March 2024

Fabian Peters
Executive Board of
Nynomic AG

Maik Müller
Executive Board of
Nynomic AG

NYNOMIC

THE PHOTONICS GROUP

118.0

Group sales in EUR million

Group EBIT in EUR million

15.4

Composition and development of consolidated fixed assets in the financial year 2023

	Acquisition or production costs				
	Status 01/01/2023	Additions	Reclassifica-tions	Disposals	Status 31/12/2023
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
A. Non-current assets					
I. Intangible assets					
1. Internally produced industrial property rights and similar rights and assets	386	0	0	0	386
2. Purchased concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	5,893	527	400	678	6,142
3. Company Value					
- from the individual annual reports	0	0	0	0	0
- from capital consolidation	45,857	0	0	0	45,857
4. Prepayments made	524	1,682	-400	0	1,806
	52,660	**2,209**	**0**	**678**	**54,191**
II. Tangible assets					
1. Land and buildings	1,412	25	0	0	1,437
2. Technical equipment and machinery	2,539	112	0	14	2,637
3. Other machinery and equipment	11,597	1,524	-226	2,193	10,702
4. Prepayments made and assets under construction	56	692	226	226	748
5. Rights of use according to IFRS 16	22,437	3,405	0	79	25,763
	38,041	**5,758**	**0**	**2,512**	**41,287**
III. Financial assets					
1. Participations in associated companies	0	1,361	0	58	1,303
2. Other participations	0	3,711	0	0	3,711
	0	**5,072**	**0**	**58**	**5,014**
Total non-current assets	**90,701**	**13,039**	**0**	**3,248**	**100,492**

	Accumulated depreciation							Carrying amounts	
	Status 01/01/2023	Additions	Reclassifica-tions	Disposals	Additions	Status 31/12/2023		Status 31/12/2023	Status 31/12/2022
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR		in TEUR	in TEUR
	371	15	0	0	0	386		0	15
	4,226	850	0	677	0	4,399		1,743	1,667
	0	0	0	0	0	0		0	0
	1,164	0	0	0	0	1,164		44,693	44,693
	0	0	0	0	0	0		1,806	524
	5,761	**865**	**0**	**677**	**0**	**5,949**		**48,242**	**46,899**
	132	33		0	0	165		1,272	1,280
	2,201	109	0	13	0	2,297		340	338
	9,014	974	0	2,160	0	7,828		2,874	2,583
	0	0	0	0	0	0		748	56
	7,713	2,802	0	0	0	10,515		15,248	14,724
	19,060	**3,918**	**0**	**2,173**	**0**	**20,805**		**20,482**	**18,981**
	0	0	0	0	0	0		1,303	0
	0	0	0	0	0	0		3,711	0
	0	**0**	**0**	**0**	**0**	**0**		**5,014**	**0**
	24,821	4,783	0	2,850	0	26,754		73,738	65,880

Composition and development of consolidated fixed assets in the financial year 2022

	Acquisition or production costs				
	Status 01/01/2022	Additions	Reclassifica-tions	Disposals	Status 31/12/2022
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
A. Non-current assets					
I. Intangible assets					
1. Internally produced industrial property rights and similar rights and assets	386	0	0	0	386
2. Purchased concessions, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	5,875	745	-406	321	5,893
3. Company Value					
- from the individual annual reports	0	0	0	0	0
- from capital consolidation	41,757	4,100	0	0	45,857
4. Prepayments made	0	524	0	0	524
	48,018	**5,369**	**-406**	**321**	**52,660**
II. Tangible assets					
1. Land and buildings	1,150	7	522	267	1,412
2. Technical equipment and machinery	2,120	113	783	477	2,539
3. Other machinery and equipment	13,897	1,070	-2,211	1,159	11,597
4. Prepayments made and assets under construction	4	52	0	0	56
5. Rights of use according to IFRS 16	18,481	4,030	0	74	22,437
	35,652	**5,272**	**-906**	**1,977**	**38,041**
Total non-current assets	**83,670**	**10,641**	**-1,312**	**2,298**	**90,701**

	Accumulated depreciation							Carrying amounts	
	Status 01/01/2022	Additions	Reclassifica-tions	Disposals	Additions	Status 31/12/2022		Status 31/12/2022	Status 31/12/2021
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR		in TEUR	in TEUR
	349	22	0	0	0	371		15	37
	4,346	633	-432	321	0	4,226		1,667	1,529
	0	0	0	0	0	0		0	0
	1,164	0	0	0	0	1,164		44,693	40,593
	0	0	0	0	0	0		524	0
	5,859	**655**	**-432**	**321**	**0**	**5,761**		**46,899**	**42,159**
	2	34	362	266	0	132		1,280	1,148
	1,885	206	509	398	0	2,201		338	235
	11,070	861	-1,751	1,166	0	9,014		2,583	2,827
	0	0	0	0	0	0		56	4
	5,374	2,339	0	0	0	7,713		14,724	13,107
	18,331	**3,440**	**-880**	**1,831**	**0**	**19,060**		**18,981**	**17,321**
	24,190	**4,095**	**-1,312**	**2,152**	**0**	**24,821**		**65,880**	**59,480**

Composition and development of the consolidated equity in the financial year 2023 and the previous year

	Parent company					
				Remaining cumulated consolidated result		
	Subscribed capital	Capital reserve	Earned group equity	Balancing item in result of foreign currency conversion	Other neutral transactions	**Equity of parent company**
	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR	in TEUR
Status 01/01/2022	**5,901**	**21,720**	**34,424**	**708**	**-384**	**62,369**
Capital increase*	30	0	0	0	0	30
Addition to reserves **	0	378	0	0	0	378
Share acquisitions from minority shareholders	0	0	0	0	-20	-20
Paid dividends	0	0	0	0	0	0
Consolidated net income for the year	0	0	7,454	0	0	7,454
Other consolidated result	0	0	0	422	0	422
Consolidated comprehensive income	**0**	**0**	**7,454**	**422**	**0**	**7,876**
Status 31/12/2022	**5,931**	**22,098**	**41,878**	**1,130**	**-404**	**70,633**
Capital increase*	625	0	0	0	0	625
Addition to reserves **	0	18,354	0	0	0	18,354
Other changes	0	0	0	0	0	0
Paid dividends	0	0	0	0	0	0
Consolidated net income for the year	0	0	9,305	0	0	9,305
Other consolidated result	0	0	0	-58	-1	-59
Consolidated comprehensive income	**0**	**0**	**9,305**	**-58**	**-1**	**9,246**
Status 31/12/2023	**6,556**	**40,452**	**51,183**	**1,072**	**-405**	**98,858**

* of which from the granting of new shares to third parties TEUR 590 (prev. yr. TEUR 0) and from the exercise of stock option programmes according to IFRS 2 TEUR 35 (prev. yr. TEUR 30).
** Addition to reserves exclusively from issuance of new shares.

Of the parent company's consolidated equity earned up until the reporting date
- TEUR 37,117 is available for distribution to shareholders of the parent company (prev. yr. TEUR 35,466);
- TEUR 0 is subject to statutory payout blocks (prev. yr. TEUR 0);
- TEUR 0 is subject to payout blocks according to the articles of association (prev. yr. TEUR 0).

	Minority shareholder			Consolidated equity
	Minority equity	Remaining cumulated Consolidated result / Balancing item in result of foreign currency conversion	**Equity of minority shareholders**	
	in TEUR	in TEUR	in TEUR	in TEUR
	3,905	232	4,137	66,506
	0	0	0	30
	0	0	0	378
	20	0	20	0
	-432	0	-432	-432
	2,495	0	2,495	9,949
	0	174	174	596
	2,495	**174**	**2,669**	**10,545**
	5,988	406	6,394	77,026
	0	0	0	625
	0	0	0	18,354
	0	0	0	0
	-2,528	0	-2,528	-2,528
	1,227	0	1,227	10,532
	0	-17	-17	-76
	1,227	**-17**	**1,210**	**10,456**
	4,688	388	5,076	103,934

Consolidated cash flow statement for the financial year 2023

			Disclosures in the notes, no.	2023 in TEUR	2022 in TEUR
1.		Result for the period (consolidated net profit/loss for the year) including shares of other shareholders in the result)		10,531	9,949
2.	+/-	Depreciations/appreciations of items of non-current assets		4,783	4,095
3.	+/-	Increase/reduction of provisions		82	277
4.	+/-	Other non-cash expenses/income		209	-259
5.	-/+	Increase/reduction of inventories, trade receivables and other assets not attributable to investing or financing activities		-9,946	-11,895
6.	+/-	Increase/reduction of inventories, trade payables and other liabilities not attributable to investing or financing activities		-1,978	6,120
7.	-/+	Profit/loss from the disposal of items of non-current assets		369	132
8.	+/-	Interest expenses/interest income		814	720
9.	+/-	Income tax expense/receipts		4,028	4,391
10.	-/+	Income tax payments		-5,726	-3,853
11.	**=**	**Operating cash flow**	**9.**	**3,166**	**9,677**
12.	-	Payments made for investments in intangible assets		-6,362	-1,269
13.	-	Payments made for investments in plant, property and machinery		-2,353	-1,303
14.	-	Payments made for investments in financial assets		-5,072	0
15.	+	Received interest		263	21
16.	**=**	**Investment cash flow**	**9.**	**-13,524**	**-2,551**
17.	+	Deposits from additions to equity from shareholders of the parent company		18,979	408
18.	+	Deposits from the issuance of bonds and borrowing of (financing) loans		4,000	19
19.	-	Disbursements from repayment of bonds and (financing) loans		-11,410	-4,435
20.	-	Disbursements from repayment of leasing liabilities as relates to IFRS 16		-2,604	-2,351
21.	-	Paid interest		-1,077	-742
22.	-	Paid dividends to other shareholders		-2,060	-432
23.	**=**	**Financing cash flow**	**9.**	**5,828**	**-7,533**
24.		Changes in cash and cash equivalents		-4,530	-407
25.	+/-	Changes in cash and cash equivalents due to exchange rates and valuation		-209	262
26.	+	Cash and cash equivalents in the beginning of the period		26,603	26,748
27.	**=**	**Cash and cash equivalents at the end of the period**		**21,864**	**26,603**

Group management report for the financial year 2023

Contents

A. Business activity and framework conditions

Nynomic AG with registered office in Wedel, Germany, is the parent company of the Nynomic Group. The Nynomic Group (for short: "Group" or "Nynomic") includes the parent company and its subsidiaries. The Group is an internationally leading manufacturer of products for permanent, contact-free and destruction-free optical measuring technology. The Nynomic Group has a clear marketing concept as system provider for everything from the component to the device. It is globally positioned with its independent brands and subsidiaries in the financial year 2023 with around 535 employees on average and it increasingly takes advantage of synergy effects to increase the profitability within the Group.

The smart photonics solutions build upon a technology platform based on spectral sensor technology. They can be scaled in various application areas and, based on their good adaptability to the processes found at the customer, they represent high efficiency increases and high customer benefit. Nynomic utilises technological change based on miniaturisation as the basis for its medium-term growth, which is above the average in market comparison.

An increased utility results by integration in the customer's value chain. At the same time, the development effort that is employed specifically for each use case covers everything from a customer-specific solution to a series product, which represents the optimal fulfilment of customer requirements. With regard to a sustainable development in industrial processes, the Nynomic Group supports its customers with innovative technological solutions that facilitate energy-efficient, resource-saving, and environmentally friendly processes.

The products manufactured by the Nynomic Group are marketed under their own name or the customer's label. The Nynomic Group is focused on future-oriented segments such as green tech (agriculture and environmental technology), clean tech (application fields in the entire industrial sector) and life science (laboratory automation and medical technology). Demographic developments, climate change, increasing resource shortages, and the trend toward sustainability, as well as the resulting stricter regulatory requirements in these markets result not only in demand that transcends cyclical developments but also future-oriented growth.

New production technologies exponentially increase the possibilities of the applications regarding the prices per piece that can be generated and the possible miniaturisation of the products. The innovative products of the company replace conventional solutions here and enable new applications.

There is a large number of small and medium-sized manufacturers in the measuring and sensor technology segment, from manufacturers to resellers, from engineering office to specialised service providers and institutes, which operate in sensor and measuring technology. Nynomic stands out from many providers for its technological complete solutions that are oriented on the customer and the further development of the Group portfolio.

Nynomic could raise the Group sales by EUR 1.2 million or +1% to EUR 118.0 million and is thus slightly below the industry trend (+ 6%; see 2023 Industry Statistics of AMA Verband für Sensorik und Messtechnik e.V.)
The Group includes shareholdings in companies that operate in the business fields of optical technology,

medical devices technology, sensor technology, control engineering, and related fields. These include m-u-t GmbH (Wedel/Germany), Avantes Group (Apeldoorn/Netherlands), tec5 Group (Steinbach/Germany), APOS Group (Wedel/Germany), LayTec Gruppe (Berlin/Germany), Spectral Engines Group (Steinbach/Germany), LemnaTec GmbH (Aachen/Germany), Sensortherm GmbH (Steinbach/Germany), Image Engineering Group (Kerpen/Germany), MGG Micro-Glühlampen-Gesellschaft Menzel GmbH (Wentorf/Germany), NLIR ApS (Copenhagen/Denmark), and Photecture Inc. (Plainview/USA). The shares in art photonics GmbH (Berlin/Germany) were acquired effective 1 January 2024. A prepayment on this participation was already made in 2023. Nynomic AG thereby holds direct and indirect participating interests in 26 companies as at the balance sheet date. The company's shareholdings emphasise its orientation as full-range provider in the high-tech market environment of photonics.

Nynomic's business is concentrated on three strongly growing markets:

Life Science with a focus on laboratory automation and medical technology;
Green Tech with applications in the areas of agriculture and environmental technology; and
Clean Tech with application fields in the entire industrial sector.

Focus points of the individual operating subsidiaries are, accordingly, as follows:

m-u-t GmbH

m-u-t GmbH, Wedel, is an established provider of series products and solutions in technologically demanding markets. Be it control technology, sensor technology, laboratory automation or spectrometry, m-u-t GmbH delivers custom system solutions for measuring and control technology challenges. The company's core competences meanwhile are, e.g., the manufacturing and development of products for permanent, contact-free and destruction-free optical measuring technology.

tec5 AG

tec5 AG with its subsidiaries, having been affiliated in the Nynomic Group since 2007, is one of the world's leading providers of components and systems for industrial optical spectroscopy (UV–VIS–NIR & Raman diode array spectroscopy and the related software solutions).

tec5 AG develops and manufactures high-quality products for use in processes for a large number of applications. A profit and loss transfer agreement with Nynomic AG has been in place since 2016. In 2020, the new company moved to new spaces adjusted to its needs in Steinbach, and also moved its registered office there. In order to utilise synergies, Sensortherm GmbH and Spectral Engines GmbH also moved their registered offices to this location.

Avantes Holding B.V.

In the financial year 2008, Avantes Holding B.V., Apeldoorn, including its subsidiaries was integrated in the Group. The company is specialised in the development and production of spectroscopy devices for OEM applications and the scientific market. It develops and produces spectrometers, light sources for UV, VIS and NIR, as well as fibre optics or optical waveguides, accessories and customer-specific adjustments. The products of Avantes are used, among other, in the biomedical industry, agriculture, the chemicals and food industry, inline process control and radiometry and thin layer analysis.

APOS GmbH

Nynomic AG took over 55% of the shares in APOS GmbH, Wedel, in 2016 and the remaining shares in 2020. APOS is a provider and technology leader for optical measuring and control technology systems in the wood-based materials industry, biomass power plants, and other bulk materials applications. The focus of APOS GmbH rests on select niche industries with core competence in finding solutions of scalable applications, therefore rounds out the offer range of the Nynomic Group.

LayTec AG

Nynomic AG took over LayTec AG, Berlin, in 2017. LayTec is a company operating worldwide and a market-leading supplier of in-process measuring technology. LayTec products are primarily used for the in-situ process control for the manufacturing of light diodes and semiconductor lasers, monitoring of solar cell manufacturing processes as optical in-line methodology and enabling the real-time analysis in research and development of novel types of layer materials. LayTec is a market leader in the in-situ measuring technology for LED and VCSEL epitaxy. In 2023, a profit transfer agreement was signed with LayTec.

Spectral Engines GmbH

In 2018, 75% and in 2020 the remaining shares of Spectral Engines Oy, Helsinki, were acquired. In 2020, Spectral Engines GmbH was involved as an intermediary, holding 100% of the shares in Spectral Engines Oy and Purpl Scientific Inc. This was a further important step to strengthen the distribution structure and homogenise the technology platform. The location in Steinbach therefore represents the new headquarters of Spectral Engines. The underlying technology of Spectral Engines consists of MEMS-based spectral sensors, complemented by an independent, highly innovative solution for cloud-based data processing and a corresponding platform for machine learning. The main target markets of Spectral Engines are industrial applications (smart industry), applications in agriculture (smart agriculture) and applications in the market of the pharmaceuticals industry (smart medical). By virtue of the ability to produce highly cost-efficient miniaturised spectrometers in large piece numbers, a variety of new sales markets and applications are tapped, especially also in the very broadly based environment close to the consumer.

LemnaTec GmbH

In 2019, 100% of the shares of LemnaTec GmbH, Aachen, were taken over. The operating business of LemnaTec (old) was acquired including the right to continue the LemnaTec company as part of an asset deal by a newly founded GmbH. The company has become established around the world as a leading specialist for hardware and software systems in the field of digital plant phenotyping and large-scale screenings. The application areas for of plant phenotyping of LemnaTec are primarily found in agrochemistry, agricultural and plant research, as well as plant breeding, also including small applications in the lab as well as large-scale installation for greenhouses and open-field facilities. In this respect, the management is gradually transferring the know-how gained from the projects, for example, to the product-based business model.

Sensortherm GmbH

In 2019, 100% of the shares in Sensortherm GmbH, Steinbach, were taken over. Sensortherm GmbH develops, produces and sells smart infrared measuring technology. It is used to reach highly precise measuring speeds and signal outputs (setting times). Sensortherm is among the technology leaders of the digital pyrometer technology and offers economically and technically high-quality solutions. Steinbach has been the new headquarters of Sensortherm GmbH since 2020.

Image Engineering GmbH & Co. KG

In 2021, 51% of the shares of Image Engineering GmbH & Co. KG, Kerpen, were taken over. Since its founding in the year 1995, Image Engineering has been setting new standards in the development and production of testing and calibration equipment for cameras and multi-sensor systems and it is one of the technology leaders in this segment. The lead expertise in the field of image quality measurement is a central starting point to be able to optimally serve the rising need in the future for multi-sensor calibration system, e.g., in automotive, security and medical technology. By virtue of the acquisition of Image Engineering, the strongest growth market of calibration technology for multi-sensor systems with manifold applications in highly diverse industries has become accessible to Nynomic.

MGG Micro-Glühlampen-Gesellschaft Menzel GmbH

In 2021, 100% of the shares of MGG Micro-Glühlampen-Gesellschaft Menzel GmbH, Wentorf near Hamburg, were taken over. MGG GmbH, founded in 1963, has been a well-known manufacturer of micro-light bulbs. These are important components in nearly all areas of modern electrical engineering and electronics, which are primarily used in optical measuring technology, as well as in security and medical technology applications. Besides standard products, MGG develops and manufactures special lamps according to customer-specific requirements. The expansion of the technology portfolio contributes to an efficient improvement of the Nynomic Group's value creation depth.

NLIR ApS

In the year 2023, rounded 31% of NLIR ApS, Copenhagen, were taken over. NLIR is based on the novel, patented Upconversion technology. The heart of this technology is a non-linear crystal that converts light in the middle infrared range into a near, visible light. By virtue of the extremely high scanning speed and sensitivity, this technology permits the unprecedented scaling of mid- infrared measuring systems from the lab to process applications. Given the potential to implement further, thus far unresolved process applications, the share takeover makes an important contribution to the further expansion of the Nynomic Group's technology leadership.

Photecture Inc.

Founded in 2023, Photecture Inc., Plainview, operates as a 100% subsidiary of Nynomic AG in the form of a distribution company, primarily for the North American market. As a strong sales presence in the very large American market, especially the resources of the Nynomic Group subsidiaries, which have so far not had their own sales structures in the USA, are bundled in Photecture to create synergies and maximise the efficiency of sales activities. In the medium term, the offer of services for regional customers will be continuously expanded beyond sales.

art photonics GmbH

With economic effect as of 1 January 2024, Nynomic AG took over 100% the shares in art photonics GmbH, Berlin. In 2023 already, Nynomic AG made a prepayment on the participation. art photonics sets new standards time and again in the development and production of special fibres for optical measuring technology and it is one of the global technology leaders in this segment. The leading expertise in this technology of polycrystalline mid-infrared (PIR-) and metal-coated silica fibres is used for the design of various spectroscopy probes, for example, for medical diagnostics and industrial in-process control. In addition, there are many further applications in the field of medical and industrial lasers.

Nynomic is represented and present globally int eh relevant technology markets of Europe, North America and China through participations, customers and distributors.

B. Business development including presentation of the asset, financial and earnings position

Sales development

In the course of another demanding year, the Nynomic Group accomplished to outperform the results of the previous year according to the communicated business forecast, reaching a record result in sales. Group-wide sales revenues amounted to EUR 118.0 million and were therefore slightly above the strong level of the previous year (2022: EUR 116.8 million; +1%). Consequently, sales prove to have robust stability and signify the high demand for innovative photonic products and solutions of the Nynomic Group. A further growth impulse resulted from the unabating trend of sustainable and resource-efficient production and quality processes. Within the scope of the holistic growth strategy, the Nynomic Group strengthened its continuous internal development and further strategic acquisitions, and it entered new markets with high sales potential.

Group Sales by Segments

The operating business of the Nynomic Group is broadly based on the product side and divided into the three segments Clean Tech, Life Science and Green Tech. All segments continually profit from megatrends such as the unabated expansion of digitalisation and the ever higher quality and performance demands for companies within diverse supply chains.

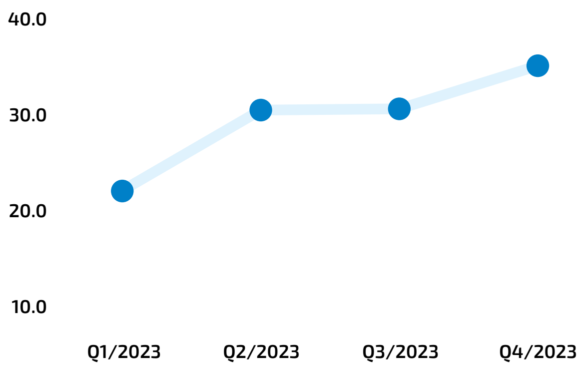
The life science and clean tech segments showed effects from high inventories at the customer's side, which are due to the challenges encountering supply chains in the year 2022. Despite these challenges, the clean tech segment continued to keep its dominant position as lead segment, thanks to its broad OEM base and its versatile industrial applications. The clean tech segment remains the biggest generator of sales during the reporting period with sales of EUR 76.4 million and its share of 65% in total sales. Sales in the life science segment amounted to EUR 17.1 million in 2023 and are therefore rounded 8% below the level of the previous year. The contribution of this segment to total sales amounts to rounded 14%. The green tech segment reported a very positive development in the year ended. Growth of rounded 42% compared to the previous year, equalling sales of EUR 24.5 million, could be generated by its solutions for raising efficiency in agriculture. This segment consequently contributed about 21% to total sales of the group of companies and established itself as the second-strongest segment.

Group sales by regions

The primary focus rests on the European and American markets to further push ahead and accelerate sustainable growth. This will remain a strategic focus in the future as well. Sales in Germany, Europe and the rest of the world amount to EUR 67.7 million, which is an increase of its share in total sales to 57%. In America, the Nynomic Group was not able to reach the sales level of the previous year. At EUR 28.5 million it was rounded 25% below the sales in 2022. The share in total sales reduced from 33% to 24%. An increase of rounded 24% to EUR 21.8 million in sales was reported by the Asia region, which is equivalent of a share in total sales of rounded 19%.

The foreign share in group sales was approx. 57% (prev. yr. 60%) and moved above the industry trend of 48% (according to AMA Verband für Sensorik und Messtechnik e.V.).

Sales development in 2023 by quarters
in EUR million



The financial year 2023 was, as expected, characterised by high sales volatility in the course of the year. Due to the supply chain crisis in 2022, customer demand was affected by full inventories during the first half of 2023. Especially in the first quarter, customers showed restraint in product call-offs because of large stockpiles, which had been built up in result of last year's supply chain problems. There were also project postponements. In consequence, sales in the first quarter of 2023 were significantly below the historic high of the previous year. In Q1 2023, the company earned consolidated income of EUR 21.6 million. The marked decline by rounded 23% compared to the same quarter in the previous year was primarily caused by delayed call-offs by various customers, most of all in the semiconductor and mechanical engineering industries. In light of large customers shifting sales as anticipated, the first quarter developed according to the Executive Board's expectations. Sales of the Nynomic Group grew in the second quarter by rounded 20% compared to the same quarter in the previous year to reach EUR 31.2 million. This marked an increase by rounded 44% compared to the first quarter in 2023. Sales in the first half-year compared to the strong first-half of the previous year declined slightly by around 3% to EUR 52.8 million in consequence of the sobering start into the year.

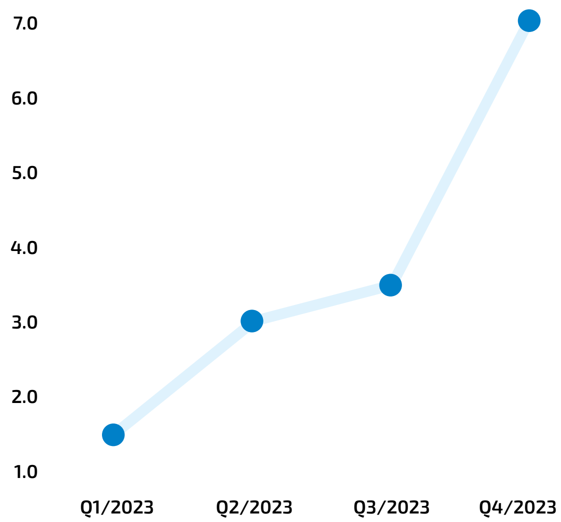
In result of the inventory adjustments on the part of customers in the first half-year, the corresponding product call-offs were significantly raised in the further course of the year and led to a very successful second half of the year. Accordingly, the Nynomic Group could outperform its strong performance of the previous year's third quarter by around 3% and earn consolidated income of EUR 30.6 million. At the end of the first three quarters, the high level of the previous year was nearly reached with sales of EUR 83.4 million (prev. yr. EUR 83.8 million), which highlights the improved business dynamics in the course of the year. Following to these solid results, Nynomic could report an above-average, strong fourth quarter based on confirmed call-off dates of earlier orders and several new projects in structurally growing markets, especially in pharmaceuticals and semiconductors. The Group posted new record of EUR 34.6 million in the extremely successful final quarter. This equals a sales growth by rounded 5% compared to the fourth quarter in the previous year. This catching-up effect signifies the high-quality pipeline of orders, which the Group was able to realise again without significant postponements on the customer side in the second half of the year after the delays in reference to the reporting date. Business in the course of 2023 developed as communicated by the Executive Board and led to record sales for the fourth year in a row.

The sales growth demonstrated that the group of companies profits in a challenging market environment from its diversified product and customer structure with positioning in the structural growth markets. The consistent implementation of the corporate strategy of acting as a solution provider for OEM customers, retention of employees and expanding the staff of highly qualified personnel, as well as the targeted acquisition of new technology gives the Group the opportunity to serve the respective customer segment by innovative solutions.

Operating result

The Nynomic Group realised profitable growth within the range of forecasts in the financial year 2023 as well. EBIT in the amount of EUR 15.4 million (prev. yr. EUR 15.1 million; +2%), marked a new best. Accordingly, the EBIT margin improved in a business environment characterised by macro- and geopolitical uncertainty to rounded 13.1% (prev. yr. 12.9%) and the communicated forecast was also met in this area. Cost increases due to higher purchase prices and salaries led to price adjustments for customers, even if at a certain delay. Investments in the technology portfolio, research and development, and in current projects are continued consistently to push ahead further growth. The Nynomic Group accomplished once again with these solid results to successfully combine sustainable growth and profitability. With gross profit higher by EUR 6.7 million[1] of now EUR 75.4 million, a result before taxes of EUR 14.6 million could be reached. In consideration of tax expenses of EUR 4.0 million, the financial year ended with consolidated net income for the year higher by EUR 0.6 million in the amount of EUR 10.5 million (prev. yr. EUR 9.9 million).

EBIT development in 2023 by quarters
in EUR million



[1] Gross profit = Total performance (sales revenues +/- inventory change + other capitalised internal services) less expenses for raw materials and supplies, and purchased goods less expenses for purchased services

EBIT in the first months of the financial year 2023 were affected by temporary overcapacities. In the first quarter, Nynomic achieved EBIT of EUR 1.5 million, which is a reduction by rounded 63% compared to the previous year. The reduction meanwhile is due to the underutilisation of capacities caused by the steep sales reduction and a changed product mix. In terms of the result, the second quarter was much better due to the strong sales boost compared to the first quarter. EBIT in the second quarter amounting to EUR 3.1 million were slightly above the same quarter in the previous year and at 107% significantly above the first quarter in 2023. At the end of the first half of the year, EBIT of EUR 4.6 million fell by rounded 34% compared to the same quarter in the previous year in consequence of the weak first quarter. The course of business in the first half of the year confirmed the volatility during the year that had been expected by the Executive Board.

EBIT of the third quarter reflect the sales dynamics and rose in year-on-year comparison by rounded 6% to reach EUR 3.7 million. EBIT of the first three quarters amounted to EUR 8.3 million and were therefore rounded 21% below the very strong level of the previous year. Reaching a new record high, the Nynomic Group could end the financial year 2023 profitably with EBIT of EUR 7.1 million after a clear plus of rounded 54% in the very successful fourth and final quarter compared to the same quarter in the previous year. The strong sprint to the finish line was owed, among other, to the invoices at the end of the year for high-margin development contracts.

It is confirmed in a retrospective assessment that the volatility during the individual quarters continues to intensify. This trend development will also be reflected in the future business development of the Group.

Taking a look at the distribution of the contributions to EBIT in the financial year, it is evident that the LayTec Group could make the highest contribution to the annual result. The Avantes Group and the tec5 Group could also make a very successful contribution to EBIT. m-u-t GmbH, MGG Micro-Glühlampen-Gesellschaft Menzel GmbH, Image Engineering Gruppe, Sensortherm GmbH, LemnaTec GmbH, and APOS Group made positive contributions to EBIT. The Spectral Engines Group and Photecture Inc. did not make a positive contribution to the consolidated EBIT.

The financial year 2023 was again positive after a very successful previous year. This is also reflected in the higher key earnings figures. The continued profitable growth course of Nynomic AG under persistently uncertain framework conditions emphasises the effectiveness of the buy-and-build strategy that is implemented by the Executive Board in order to generate tremendous growth and increasing synergy effects to raise profitability in the Group. From the perspective of the Executive Board, significant milestones for the further profitable growth of the Group were reached by selective acquisitions, which expand the product and service portfolio by promising fields in encouraging growth and future markets.

The solid results of the financial year 2023 show that the Executive Board has set the right strategic priorities and highlights the resilience and viability of the diversified business portfolio for the future.

Investments

In the financial year ended, investments in non-current assets were made in an amount of EUR 13.0 million. The addition to financial assets in the amount of EUR 5.0 million relates to an acquisition of shares in an associated company and a prepayment made on a participation.

Financing

The different investment measures were refinanced by a financing mix of internal and external financing. The Executive Board of Nynomic AG relies on bank loans as well as internal financing for the financing of financial investments. There was also no net liability toward credit institutions (liquid funds less liabilities toward credit institutions) anymore as at 31 December 2023.

The financing was predominantly provided under master agreements in the form of loans and current account credit facilities that have been agreed for a drawdown period up until 2026.

Personnel development

The average number of about 535 employees in the headcount increased in year-on-year comparison (prev. yr. headcount of about 479 employees). Therefore, personnel costs rose compared to the previous year by EUR 3.4 million to EUR 40.2, primarily due to the larger number of employees and slight adjustments to the general personnel costs.

Assets

Total assets of the company as at 31 December 2023 rose by 9% compared to the previous year. Besides the additions in participations, the major drivers of the growth of the balance sheet total were also the increase in inventories and in trade receivables.

The asset structure is characterised by the portion of non-current assets in the balance sheet total, which account for 49% (prev. yr. 48%). 19% (prev. yr.: 17%) of the balance sheet total comprise inventories. At the end of the financial year 2023, receivables and other assets account for a portion of rounded 15% (prev. yr.: 13%). Liquid funds comprise 14% (prev. yr. 19%) of total assets.

The capital structure is marked by a capital-asset ratio of 69% (prev. yr. 56%).

The liquidity situation in the financial year continued to be good. On the balance sheet date, the cash credit balance amounted to EUR 21.9 million (prev. yr. EUR 26.6 million). Beyond this, sufficient lines of short-term financing were available in the current account.

The debt ratio (liabilities/equity * 100%) in the year 2023 amounted to about 46% (prev. yr. 80%).

In addition – especially against the background of a sustainable focus on the buy-and-build strategy – the conservative handling of liquid funds, the servicing of the financing components and the timely procurement of required financing are regarded as important tasks for the future.

The Executive Board will use all possibilities of internal and external financing in an optimised way with the inclusion of the possibilities that are available in the Group, in order to support the continuous growth and service the obligations that are entered. For the future, the Executive Board expects a financial position corresponding to the business model.

Order backlog

A net order backlog in the value of EUR 53.9 million (prev. yr. EUR 89.5 million) could be carried over into the financial year 2024. In the current year, the order backlog reached a nearly normal level as in the previous years after it had been above the average in the year 2022. This was mostly caused by supply bottlenecks during the COVID-19 pandemic; in consequence of these bottlenecks, customers had stockpiled and reduced their orders in the reporting year to an average level.

The strong fluctuations in the order backlog around the reporting date reflect the high volatility within the individual quarters of the financial year 2023.

C. Report about Sustainability

Responsible actions enjoy the highest value in the Nynomic Group. The Executive Board therefore voluntarily expands its management report by some key aspects of the company strategy for reaching the sustainability goals.

It is a jointly practiced claim to continuously improve the economic, ecological and social effects of the business activity. Nynomic utilises the strong innovative power to develop high-quality solutions and products with positive sustainability effects, which enable customers to implement more energy-efficient processes that save resources and are more environmentally friendly. Environmental, social and labour matters, respect of human rights and the fight against corruption are consistently taken into account in the company-wide decisions and in daily actions.

Nynomic has generally established its self-commitment to environmental and climate protection and it implements a number of measures in environmental management and company environmental protection. We live up to promises of responsible handling for the use of energy, water, soil, areas, biodiversity, and the creation of waste, while we continuously implement improvement processes.

The corporate group is dedicated as a globally operating corporation to respect human rights, internationally recognised labour standards, and local laws, and explicitly equal opportunity and diversity. All employees at Nynomic have the same development opportunities, regardless of gender, origin, religion, physical limitations, marital status, age and sexual orientation. The employees are a key factor of success – the Group positions itself as an appealing employer offering job and advanced training, support for the next generation and talents, as well as modern and flexible framework conditions.

Besides compliance with legal regulations and observation of regulatory requirements, good corporate governance also means to Nynomic the group-wide fulfilment of additional, essential ethical and moral standards and requirements we have set for ourselves. Nynomic does not tolerate any influencing of decisions by advantages being granted. The consideration of social, ethical and ecological standards on the procurement side are in the focus of sustainable supplier management.

Transparency and systematic, comparable reporting is very important to Nynomic. The independent external sustainability rating by imug rating GmbH offers an objective assessment of the sustainability performance of the Nynomic group of companies. This rating considers, e.g., the subjects of company management, social aspects, the environment, products, and services, as well as controversies. The upgrade of the Nynomic Group in the second rating in 2023 from "good" to "very good" compared to 2022 confirms the successful sustainability efforts. The Executive Board is guided by the rating results to continuously identify further optimisation potentials and trigger additional activities.

To measure sustainable development, a few essential ESG KPIs in the sense of a materiality analysis are defined in addition within the group of companies and quantifiable goals are attributed to them. The subsidiaries of Nynomic AG report these key indicators to the parent company on a quarterly basis. Since the financial year 2022, Nynomic AG reports voluntarily and proactively on three select non-financial key indicators in order to make the sustainability communication even more professional beyond the regulatory requirements:

ESG criteria	Evaluation method	ESG KPIs	Target
Increase of the annual advanced training time for employees	Analysis of the average advanced training time per employee	Total number of training days relative to the total number of employees	At least two training days per year for each employee
Lowering the number of work accidents excluding accidents on the way to and from work subject to reporting requirements	Analysis of the number of work accidents subject to reporting requirements	Absolute number of work accidents subject to reporting requirements	Zero work accidents p.a. subject to reporting requirements
Reduction of the consumption of electrical energy	Analysis of electricity consumption in kWh per employee	Difference in electrical energy consumption compared to the previous year	Reduction of the consumption year-on-year (target min. 2% reduction p.a.)

in the areas of advanced training, safety at work, and energy management among others, Nynomic has set itself concrete targets and defined them in the KPIs listed in the table.

A major part of the success of the Nynomic Group is based on the skills and knowledge of the employees. Advanced training offers play are a key to employee loyalty and also improve the chances of receiving job applications from qualified new employees. The basis for lasting competence-based personnel development is the employee evaluation interview taking place once a year, in the course of which the need for qualification is assessed in view of the current and future tasks. Each employee used 1.5 days on average for advanced training in the reporting year 2023 (prev. yr. 1.1 days). By extending the time for advanced training, the Nynomic Group made significant progress during the reporting year toward its medium-term ESG goal of reaching at least two training days per employee, even if this goal was not reached fully yet.

A safe work environment in administrative and commercial areas is the basis for a healthy and encouraging workplace. The statutory requirements for safety at work are followed in order to reduce or avoid work accidents and to ensure the welfare of employees. Moreover, annual training and instructions are held on the subject of safety at work. The Nynomic Group pursues a preventive approach to identify potential dangers and eliminate the causes at an early point in time. The absolute number of work accidents at the corporate group was 0 in 2023 (prev. yr. 4). This means that the goal of not allowing any work accidents to happen was reached. All subsidiaries hold the claim of always continuing to improve work safety in all areas and also to prevent any accidents in the future to the furthest possible extent.

Nynomic makes a public commitment to environmental protection. Internally, structures and processes have been put in place in this regard to put this commitment into practice. The Nynomic Group assesses its electrical energy consumption as one significant indicator of the ecological dimension of sustainability. Regarding climate protection, the energy consumption of the subsidiaries are subject to constant monitoring, from which targeted improvement measures can be derived. By regular servicing of technical equipment and use of resource-saving technologies for replacements, high environmental standards are to be met and the highest possible energy efficiency is to be reached.

Electricity consumption per employee, based on the consumptions during the year 2023 as reported by the subsidiaries and consolidated on the Nynomic scorecard, was around 2,800 kWh (prev. yr. 2,500 kWh), which means that the target of an annual reduction of 2% in electricity consumption was not reached. This development can be mostly traced back to the effects of the COVID-19 pandemic in the previous year. Despite the elimination of restrictions, a substantial portion of employees continued to work from their home offices in the year 2022. The further return to work with personal attendance in the year 2023 then led to a higher energy consumption in the office buildings. The Nynomic Group remains resolved to keep intensifying its efforts to achieve energy efficiency, optimise consumption, and reach future reduction targets. At the same time, awareness and training of the employees for energy-efficient work practices is being strengthened further.

D. Opportunities and risk report

The risk management objectives and methods have lean design as appropriate not only to the company size, but also to the flat hierarchies, the number of employees and the area of activity. Nynomic AG has comprehensive planning and control tools in place. They help the Executive Board to detect business risks early on and be able to take effective countermeasures. The risk management system also covers and monitors opportunities and risks that are to be reported as part of the management report.

A risk management system is used for the monitoring and control of essential risks. This way, the risks are analysed at set intervals and relevant deviations in the risk position are reported to the Executive Board. The elements of the risk management system are, among other, the risk management, risk controlling, and risk reporting.

The business policy and activity of Nynomic AG is characterised by a not insignificant financing requirement, which can lead to liquidity bottlenecks when cash flows are low. The financial management covers the subjects of liquidity management, the management of currency and interest risks, as well as credit rating and country default risks.

Liquidity procurement risks and risks arising from payment flow fluctuations are countered by an active liquidity management and the provision of liquid funds. The timely provision of future liquid funds has been identified as a further central task for the future.

Financing interest risks are mitigated, if necessary, by means of simple derivative financial instruments (swaps/forward transactions). Interest rates of long-term liabilities are set for the periods to maturity under contractual agreements. The financial covenants to be observed under credit agreements are monitored regularly.

Human resources risks are also material to the business activity and potential risks are identified and measured within the scope of risk management. The efforts to manage human resources risks are concentrated on various aspects, including employee fluctuation, shortage of qualified personnel, and health-related risks, as well as safety at work. The human resources strategy focusing on employee retention and personnel development aims at minimising potential risks and promoting long-term stability.

Risk management also monitors and controls the risks relating to sustainability. Risks relating to sustainability can affect different areas of the company. This includes, among other, reputational risks due to lacking sustainability in business practices and regulatory risks due to changes in environmental and social regulations. This holistic approach in risk management contributes to strengthening the company's long-term sustainability and resilience. These risks are counteracted by a transparent sustainability strategy and communication with stakeholders, proactive monitoring and compliance with environmental and social regulations, as well as the integration of ESG criteria in the general business strategy.

None of the listed risks currently represent any dangers to the going concern for the Executive Board.

The Executive Board assumes in general that the risks are manageable for the company. Dealing with these risks is viewed strategically as an opportunity to be taken.

Opportunities are further presented especially in the operating business of the individual group subsidiaries. Based on both evolving legislation as well as new business relationships with well-known OEM customers, the Executive Board perceives opportunities and potentials to expand the business volume in all business segments. By further steady growth in the individual corporate groups, the participation quotas at the company are to further confirmed.

With the participation in LayTec AG, Berlin, another important milestone was set in the financial year 2017 to strengthen the portfolio of the Nynomic Group as a holistic provider of solutions. The focus of LayTec AG rests on clearly defined few niche industries with core competence in finding solutions of scalable applications rounds out the offer range of the Nynomic Group in the ideal way. By virtue of the direct integration in the Nynomic Group, LayTec AG receives even faster and more direct access to the technologies of the Nynomic Group and thereby enables accelerated growth potential. The acquisition of Spectral Engines Oy in the financial year 2018 and the restructuring of the group by implementation of Spectral Engines GmbH in 2020, and access to technical applications in the consumer segment facilitated market access for the Nynomic Group in the B2C segment for the first time. The Executive Board of Nynomic AG is convinced that the takeover of LayTec AG and Spectral Engines Group was a right and forceful step to reach the medium-term company objectives. The acquisitions of LemnaTec GmbH and Sensortherm GmbH in 2019 represented further important building blocks in the overall corporate development as a technological provider of non-destructive measuring technology. In 2020, the legal organisation of the Group was streamlined and made more efficient by internal corporate actions (e.g., merger and reassignment of shareholdings) and takeovers of minority shareholdings. The takeover of shares in Image Engineering GmbH & Co. KG in 2021 represented an important contribution to Nynomic AG as a strategically logical step to further expand the technology leadership and, by offering synergies and the expansion of competencies, it contributes to the continued positive development of the Nynomic Group in a strongly growing market. With the expansion of the technology portfolio and integration along the value chain in the second half of 2021 by acquisition of MGG Mico-Glühlampen-Gesellschaft Menzel GmbH, the Executive Board continued the successful buy-and-build strategy and emphasises its growth course that is aligned on sustainability. The takeover of operating business also contributes to the positive development of the entire corporate group by virtue of the bundling of market knowledge and product competencies, besides the efficient use of resources. By acquiring the participating interest in the Danish NLIR ApS in October 2023 and completing the takeover of art photonics GmbH as at 1 January 2024, we continue the success story leading from selective acquisitions to the expansion of the value chain in new technology fields with great promise for the future. Through these transactions, the Nynomic Group has now also secured an excellent position in the segment of the encouraging mid-infrared (MIR) technology. Besides this, the founding of Photecture Inc. in the financial year 2023 has integrated a designated distribution and service company in the Group which primarily serves the North American market. Establishing value chains in proximity to the customer reinforces the international positioning as a full-service provider for innovative spectroscopic products and solutions.

Based on global trends and the demographic development, constantly dwindling resources, and the related necessity to raise efficiency, the Executive Board believes that especially these markets are growing and additionally largely decoupled from cyclical fluctuations. Especially the demand for resource-efficient production and quality processes is an increasingly important growth driver, while photonics can decisively contribute to sustainability as a key technology in many areas of application. The efficient and environmentally compatible solutions of the Nynomic Group satisfy the rising demand for more sustainability.

In 2023, a range of investor relations measures were implemented by the Executive Board. These included the participation in analysts' and investors' conferences, organisation of road shows, and the publication of shareholder letters, press releases, and presentations. Moreover, several research analysts analysed the strategy chosen by Nynomic AG. These measures aimed at reinforcing the investors' confidence and ensuring transparent communication of the position and strategy of the group of companies.

Nonetheless, not even the Nynomic stock could escape the generally negative trend of the Scale 30 Index.

E. Forecast Report

Nynomic is focused group-wide on the segments of clean tech, green tech and life science. Based on the Nynomic key technology of in-process continuous online measuring technology, new potentials on the market opened up continuously in addition to the already existing applications.

The Executive Board still sees a large number of interesting and promising technology partnerships and development projects in all three segments. The corporate group has a broad, cross-industry, international network available so that new well-known OEM customers with interesting tasks in the field of measuring and sensor technologies have approached Nynomic again in the reporting year 2023. The Executive Board expects that these factors will further favour growth in the short to medium term. Based on the stable business relationships meanwhile we have also worked together with existing OEM customers on further developments and improvement potentials of existing products and solutions. It continues to be decisive to develop individual projects – jointly with the relevant OEM customers – in consideration of the opportunities and risks resulting from a vast number of development projects continuously into scalable and profitable products. This goal achievement is planned for the short and medium term.

The American sales market should mean attractive growth in the medium term. A dynamic development is expected based on the improved structures by the founding of a designated distribution company for the North American market in 2023.

The present sentiment on the markets is characterised by the uncertain geopolitical framework conditions. Internally, the company is keenly aware of the pressures relating to the persisting Ukraine war and the Middle East conflict, and it is prepared for the consequences on the continuous operational and production readiness as well as the challenges presented by the increased material requirements that go hand-in-hand with sales growth. Nonetheless, short-term effects on the procurement market side cannot be ruled out.

Investments

No key investments are planned in 2024 so far. The Executive Board is optimistic that the product portfolio of the Nynomic Group can be rounded off sensibly in the course of the financial year 2024 by further acquisitions with viability for the future.

Competitors

The market of photonics applications, which is relevant to Nynomic, is characterised around the world by a large number of competing providers. Besides some large, globally operating companies, there is a multitude of smaller companies, which delineate themselves regionally or which have specialised in certain target groups and technologies.

Business outlook

Even though the Group is not entirely detached from market developments, the Executive Board is viewing the future business development carefully but still optimistically in spite of the macroeconomic framework conditions being difficult to predict. In comparison to 2023, the Group-wide business planning provides for a further growth forecast with regard to sales and earnings.

The persisting Ukraine war and the Middle East conflict had no significant direct effects during the reporting year on the development of the Nynomic Group. Annual sales earned with direct customers in Ukraine and Russia of the previous financial years were on a very manageable scale and not significant in relation to the total sales of the Nynomic Group. What consequences the geopolitical changes will have in the future for the customers and supply chains of the Nynomic Group can currently not be completely assessed. The Executive Board believes that the diversified business model and the international positioning of the corporate group will contribute to softening the effects from geopolitical and macroeconomic risks. Thanks to the broadly based supplier network, it is expected that the supply chains will remain well-manageable as before. The development of alternative and additional supplier relations and the leveraging of additional synergy potentials in procurement are to provide targeted help to prevent potential future supply chain bottlenecks.

The Executive Board believes it has taken the required measures for the further profitable alignment. If additional steps should prove to be necessary in the future, these will also be rigorously taken.

A saturation of the developed total market segments will not occur in a long time in the Executive Board's estimation.

Nynomic AG believes there is a need to further push ahead with the policy of focussing on scalable products and with the brands concept to achieve the further positive group-wide business development.

Additional acquisitions of and shareholdings in companies can be a suitable instrument for Nynomic to implement its strategy.

In a broader economic environment characterised by persisting macroeconomic and geopolitical turbulences, the members of the company's Executive Board, Maik Müller and Fabian Peters, expect organic sales growth in at least the single-digit percentage range for the current financial year according to their present state of knowledge, and a further rise of the EBIT margin in year-on-year comparison. A still volatile sales development in the course of the year with successively accelerating business dynamics is expected. It is pushed ahead further with the implementation of measures to identify and evaluate non-financial aspects to get an even more comprehensive understanding of the performance and progress in the area of sustainability.

To what extent unanticipated events will influence the business in the course of geopolitical developments, however, cannot be entirely anticipated for the Nynomic Group either at this point in time.

Within the scope of the medium-term financial planning, the Executive Board believes there will be steady growth of sales and earnings in the subsequent years as well as stable double-digit EBIT margins, analogously to the years prior to the reporting year.

F. Other disclosures

Research and development

Research is usually engaged in jointly with cooperation partners. Moreover, the concrete product development is operated, which are reported as expenditures. In 2023, the expenditure for research and development in the segments of the Nynomic Group amounted to EUR 9.4 million. This emphasises the orientation of being a leading development provider of series products and solutions in a technologically demanding market.

Wedel, on 29 March 2024

Fabian Peters
Executive Board of
Nynomic AG

Maik Müller
Executive Board of
Nynomic AG

Audit certificate issued by the independent auditor

The audit certificate given below was issued on 19 April 2024 for the complete consolidated financial statements of Nynomic AG as at 31 December 2023 and the group management report for the financial year 2023:

To Nynomic AG, Wedel

AUDIT OPINION

We have audited the consolidated financial statements of Nynomic AG, Wedel, and its subsidiaries (the "Group"), consisting of the consolidated balance sheet as at 31 December 2023, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, and the consolidated cash flow statement for the financial year from 1 January 2023 to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting methods. In addition, we have audited the management report of Nynomic AG, Wedel, for the financial year from 1 January 2023 to 31 December 2023.

According to our evaluation based on the insights gained in the audit,

- the enclosed consolidated financial statements comply in all relevant aspects with the IFRS, as they are to be applied in the EU, and the supplementing German legal regulations to be applied pursuant to Sec. 315e (1) HGB [German Commercial Code], and they communicate a true and fair view of the company's assets and financial position as at 31 December 2023 as well as its earnings position for the financial year from 1 January 2023 to 31 December 2023; and

- the enclosed group management report communicates an overall accurate view of the Group's position. In all relevant aspects, this group management report is consistent with the consolidated financial statements, the German legal regulations and it presents a the opportunities and risks of the future development correctly.

In accordance with Sec. 322 (3) sent. 1 HGB, we declare that our audit has not led to any objections against the correctness of the consolidated financial statements and the group management report.

BASIS OF THE AUDIT OPINION

We have conducted our audit of the consolidated financial statements and the group management report in accordance with Sec. 317 HGB in consideration of the generally accepted German accounting principles for audits of annual accounts as defined by the Institut der Wirtschaftsprüfer [Institute of German Auditors] (IDW). Our responsibility according to these regulations and principles is largely described in the Section "Responsibility of the auditor for the audit of consolidated financial statements and the group management report" in our audit opinion. We are independent of the Group affiliates in accordance with the German regulations of commercial and professional law, and we have fulfilled our other duties of German professional law in compliance with these requirements. In our judgment, the supporting documents obtained by us are sufficient and appropriate to serve as the basis for our audit findings on the consolidated financial statements and the group management report.

FURTHER INFORMATION

The legal representatives and the Supervisory Board are respectively responsible for the further information. Further information includes

- The report of the Supervisory Board

- Remaining parts of the "Annual Report"

- Whereas not the consolidated financial statements, not the group management report, nor our audit certificate issued for them.

Our audit opinions regarding the consolidated financial statements and the group management report do not extend to the further information and accordingly, we do not present an audit opinion nor any other form of audit conclusion in this regard.

In connection with our audit of the consolidated financial statements, we have the duty to read the aforementioned further information and to consider whether the further information

- contains significant irregularities compared to the consolidated financial statements or to the information attained by us in the course of the audit; or

- appears otherwise presented as materially incorrect.

If, based on the audit performed by us, we conclude that a significant misrepresentation was made in this further information, we are obligated to report about this fact. We have nothing to report in this respect.

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

The legal representatives are responsible for the drafting of the consolidated financial statements, in compliance with the IFRS, as they are to be applied in the EU, and the supplementing German legal regulations pursuant to Sec. 315e (1) HGB in all essential aspects, and that it communicates a true and fair view of the asset, financial and earnings position of the Group in observation of these regulations. Furthermore, the legal representatives are responsible for the internal control mechanisms that the legal representatives have identified to be necessary to enable the preparation of consolidated financial statements free from significant misrepresentations due to fraudulent acts (i.e., manipulations of the accounting and asset damages) or mistakes.

In the drafting of the consolidated financial statements, the legal representatives are responsible for evaluating the Group's capacity to continue its business activity. In addition, they are also responsible for disclosing facts relating to the going concern insofar as relevant. Moreover, they are responsible for the accounting of the operating activities being based on the accounting principle of the going concern, unless there is the intention to liquidate the Group or discontinuation of the business operations or if there is no realistic alternative to this.

The legal representatives are also responsible for drafting a group management report, which communicates on the whole a true and fair view of the Group's position and which is consistent in all relevant aspects with the consolidated financial statements financial statements, complies with the German legal regulations, and presents the opportunities and risks of the future development accurately. Furthermore, the legal representatives are responsible for the mechanisms and measures (systems) that they have deemed necessary to enable the preparation of a group management report that complies with the applicable German legal regulations and in order to provide sufficient suitable supporting documents for the statements made in group management report.

The Supervisory Board is responsible for monitoring the accounting and reporting process of the Group that is used to draft the consolidated financial statements and the group management report.

RESPONSIBILITY OF THE AUDITOR OF ANNUAL ACCOUNTS FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Our objective is to obtain sufficient certainty as to whether the consolidated financial statements on the whole are free from significant misrepresentations in result of fraudulent acts or mistakes, and whether the group management report communicates overall a true and fair view of the Group's position and whether it is consistent in all relevant aspects with the consolidated financial statements and the facts found in the course of the audit, complies with the German legal regulations and presents the opportunities and risks of the future development accurately, and to issue an audit opinion that contains our audit findings on the consolidated financial statements and the group management report.

Sufficient certainty is a high degree of certainty, but no guarantee that a significant misrepresentation will be discovered in all cases in an audit conducted in accordance with Sec. 317 HGB and in observation of the generally accepted principles for audits of financial statements as defined by the Institut der Wirtschaftsprüfer (IDW).

Misrepresentations can result from fraudulent acts or mistakes, and they are considered to be significant if it could be reasonably expected that each incorrect statement or all of them together affect the economic decisions made on the basis of these consolidated financial statements and the group management report.

In the course of the audit, we exercise dutiful discretion and maintain a critical attitude. Moreover,

- We identify and evaluate the risks of significant misrepresentations in the consolidated financial statements and group management report resulting from fraudulent acts or mistakes, and we plan and conduct audit actions in response to these risks, and obtain supporting documents that are sufficient and suitable to serve as the basis of our audit findings. The risk that significant misrepresentations resulting from fraudulent acts are not discovered is higher than the risk that a significant misrepresentation in result of mistakes is not discovered, as intentional acts can include collusion, forgeries, deliberate incompleteness, misleading statements or rendering internal controls ineffectual, respectively.

- We obtain an understanding of the internal control system that is relevant for the audit of the consolidated financial statements and the mechanisms and measures relevant for the audit of the group management report, in order to plan audit actions that are appropriate under the given circumstances, whereas not with the aim of providing an audit opinion as to the effectiveness of these systems;

- We evaluate the appropriateness of accounting principles applied by the legal representatives and the justifiability of the values estimated by the legal representatives and the related disclosures;
- We draw conclusions based on the supporting documents obtained as to the appropriateness of the going-concern accounting principle applied by the legal representatives and as to whether there is significant uncertainty in connection with the events or circumstances that might give rise to substantial doubts as to the Group's going concern. If we conclude that there is significant uncertainty, we are obligated to refer in the audit opinion to the relevant information in the consolidated financial statements and the group management report or if this information is inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the supporting documents for the audit obtained by the date of our audit certificate. Future events or circumstances, however, can entail that the Group will no longer be able to maintain its going concern;

- We evaluate the presentation, structure, and content of the consolidated financial statements on the whole, including the disclosures, and whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements communicate a true and fair view in compliance with the IFRS, as they are to be applied in the EU, and the supplementing German legal regulations to be applied pursuant to Sec. 315e (1) HGB, and they communicate a true and fair view of the Group's assets, financial and earnings position.

- We obtain sufficiently suitable supporting documents for the accounting information of the companies or business activities within the Group in order to provide an audit opinion on the consolidated financial statements and the group management report. We are responsible for the instruction, supervision and performance of the audit of the Consolidated Financial Statements. We bear the sole responsibility for our audit opinion.

- We evaluate the consistency of the group management report with the consolidated financial statements, its compliance with legal regulations, and the view of the Group's position presented by it;

- We conduct audit actions with regard to the forward-looking statements made by the legal representatives in the group management report. In the process, we test on the basis of sufficient supporting documents in particular the significant assumptions that are underlying the legal representatives' forward-looking statements and evaluate whether the forward-looking statements have been derived correctly from these assumptions. We do not provide an independent audit opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will deviate significantly from the forward-looking statements.

We discuss with the persons responsible for supervision, among other aspects, the planned scope and scheduling of the audit as well as significant audit findings, including any significant deficiencies that we discover in the internal control system in the course of our audit.

Münster, on 19 April 2024

Clauß Paal & Partner mbB
Audit firm
Tax consultancy

Felix Hövelbernd
-Auditor-

Stefan Evers
-Auditor-

Nynomic's mission is to make the world a better place for the present and future generations.
We accomplish this by implementing innovative photonic measuring technology to measure parameters, which are of vital importance in the areas of life science, green tech and clean tech.

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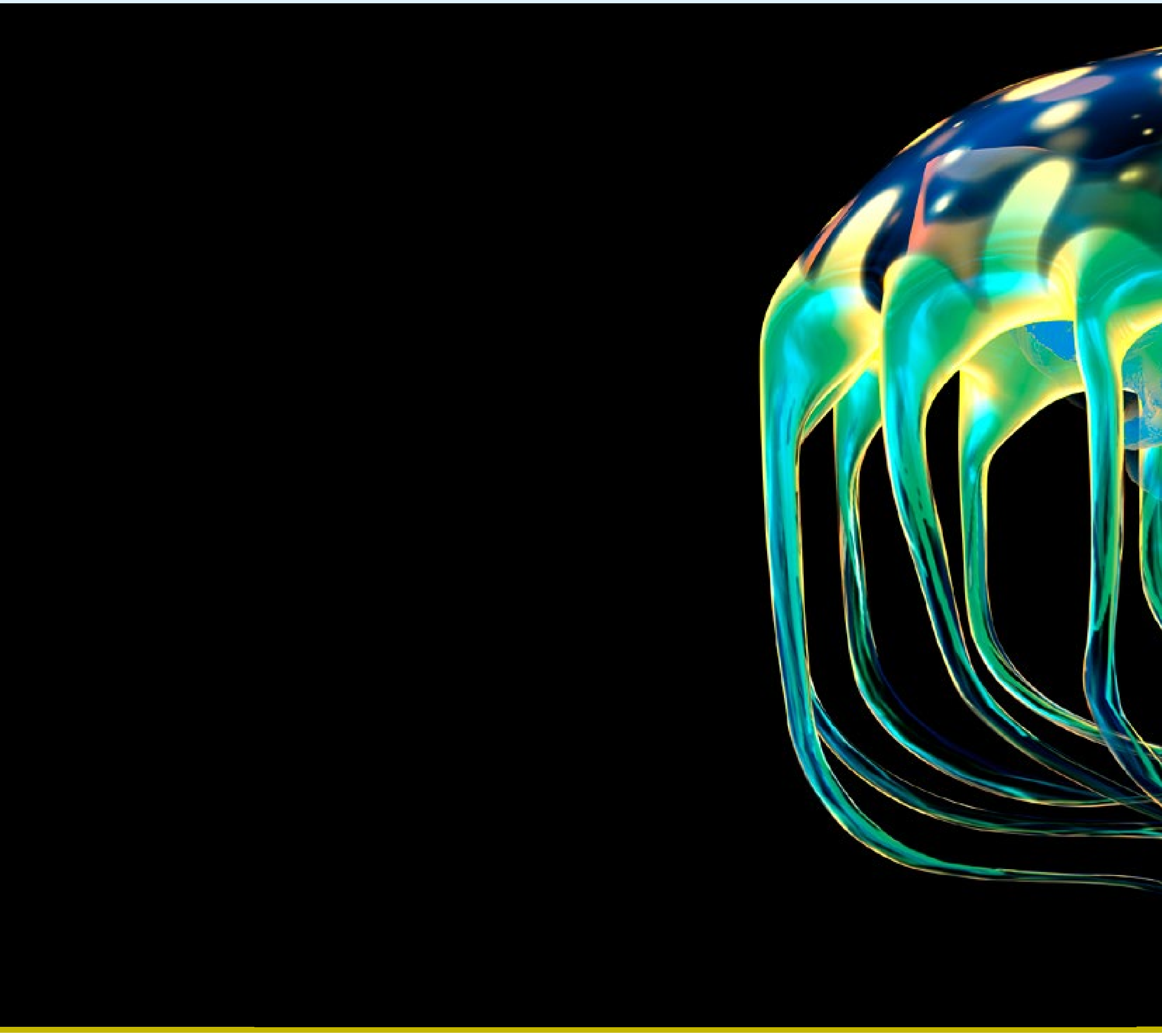

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