NYNOMIC
THE PHOTONICS GROUP

Annual Report Nynomic AG

2018

Sales of the Nynomic Group of the current fiscal year succeeded in attaining a new high of EUR 67 million.

Sales: EUR 67.1 million

EBIT: EUR 10.1 million

The EBIT level of EUR 10 million exceeded for the first time together with double-digit growth in the EBIT margin of 15% underlines the high earnings potential of the Nynomic Group.

Indicators

In TEUR except for EPS	31/12/2018*	31/12/2017	Deviation in %
Group Sales	67,076	60,693	11%
EBIT	10,091	9,123	11%
EBIT Margin	15.0%	15.0%	0%
EBITDA	13,245	10,179	30%
Investments	15,239	8,343	83%
Depreciations	3,154	1,056	199%
Personnel Costs	23,400	17,814	31%
Cash flow from operating activities	2,178	8,998	-76%
EPS before minority interests**	€1.50	€1.27	18%
EPS after minority interests**	€1.35	€0.97	39%

Sales by segment

In TEUR	31/12/2018*	31/12/2017	Deviation in %
Life Science	11,560	8,887	30%
Clean Tech	43,692	41,840	4%
Green Tech	10,408	8,613	21%
Other Segments	1,416	1,353	5%

Sales by region

In TEUR	31/12/2018*	31/12/2017	Deviation in %
Germany, Europe and all other remaining countries	44,030	32,611	35%
America	17,264	25,024	-31%
Asia	5,782	3,058	89%

Balance sheet data

In TEUR except equity ratio	31/12/2018*	31/12/2017	Deviation in %
Equity	22,876	16,731	37%
Financial Liabilities	20,727	3,725	456%
Total Assets	59,075	49,141	20%
Equity Ratio	38.7%	34.0%	14%

* Inclusion of Spectral Engines Oy took place from May 2018.
** In the reporting period, the number of shares was calculated as a weighted average.

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Letter from the Management Board

Dear Nynomic AG Shareholders,

In 2018, we succeeded in continuing the extremely successful development we have enjoyed in recent years. Our company is stronger than ever before. We have achieved our goals with regard to the key financial indicators for the financial year 2018 with success, and we have once again succeeded in further expanding our growth and high earning power.

The 2018 financial year at a glance:
Nynomic AG reports peak values for all key financial figures. Consolidated sales have increased to EUR 67.1 million (2017: EUR 60.7 million, +11%). Consolidated EBIT of EUR 10.1 million was also higher than in the previous year (2017: EUR 9.1 million, +11%). The EBIT margin remained stable at 15% (2017: 15%), while the EPS after minority interests increased significantly to EUR 1.35 (2017: EUR 0.97). The order volume reached a strong level of EUR 35.3 million (2017: EUR 41.2 million) at the end of the year. This underscores our customers' confidence in the performance of our company and provides a sound basis for the 2019 financial year.

There were many developments at Nynomic AG in 2018. We used our excellent overall position to further develop the Group in a goal-oriented manner and were able to set an important course for the future from both an operational and strategic point of view.

This includes strengthening the Group through carefully planned acquisitions in order to consistently expand our market-leading position in new growth markets in the photonics sector.

Our majority stake in the Finnish company, Spectral Engines Oy, a leader in the development of MEMS-based spectral sensors and a highly innovative company gives us access to the attractive B2C market segment for the first time. In addition, we have also taken over the remaining shares in LayTec AG as part of our strategy to reduce the number of third-party shares across the Group. The new subsidiaries are already well integrated in the Nynomic Group, and in addition to new innovation skills, these transactions have enabled us to generate economies of scale.

Another strategic landmark decision was the renaming of our company from m-u-t AG to Nynomic AG. The new name reflects our increased international focus and supports communication with the ever-growing number of international stakeholders.

Nynomic has developed very well over the past few years in a rapidly changing economic, technological and social environment. In 2019, geopolitical tensions are likely to persist and macroeconomic risks will increase. We are convinced that we can only secure our long-term success when we view change as opportunity. Our goal is to identify future trends at an early stage in order to be able to help shape and drive forward transformations in our industry. We see a variety of options for shaping the future and intend to use our high earning power and competitiveness to act quickly and flexibly. We are building on our strengths and are highly confident of our ability to successfully master the challenges ahead. Our aim is to develop highly complex and innovative solutions and corresponding products in the field of spectroscopy that also meet the needs of our future customers. Our employees do their best to achieve this every day.

The focus of our business activities lies in continuously increasing the value of our company. Our consistent focus on value-oriented, long-term profitable growth will help us secure our corporate success in a sustainable manner.

We see a variety of options for moulding the future and intend to use our high earning power and competitiveness to act quickly and flexibly.

We hope that you, dear shareholders, will continue to accompany us on this journey and we promise to do our utmost in 2019 to live up to the trust you have placed in us.

Our very best regards,

Fabian Peters

Maik Müller

Management Board of Nynomic AG
Fabian Peters

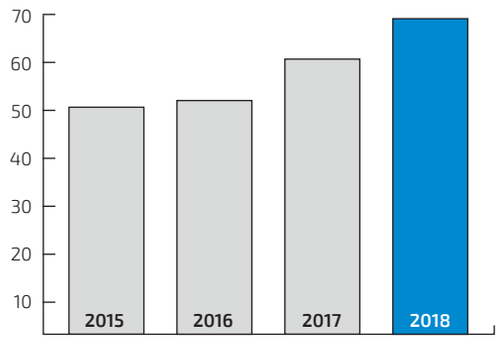
Management Board of Nynomic AG
Maik Müller

Key Figures

year-on-year comparison from 2015 to 2018

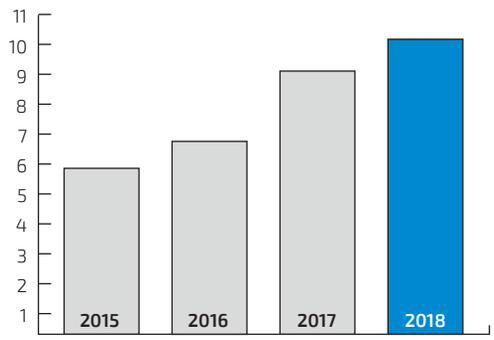
Sales in million EUR

Revenues rose again in the financial year, with our acquisitions successfully contributing to sales growth.



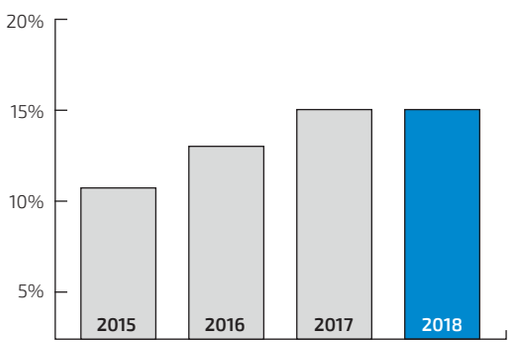
EBIT in million EUR

EBIT is showing steady growth to the current level of EUR 10.1 million and we succeed in increasing it by 70% vis-à-vis the 2015 reporting year.



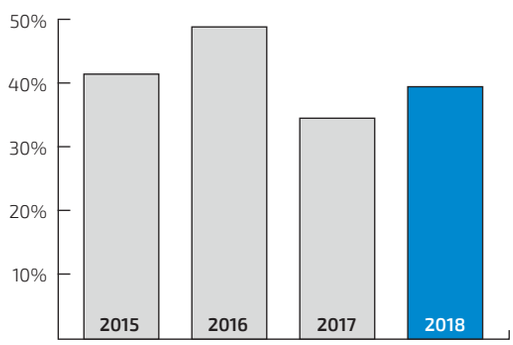
EBIT margin in %

Our EBIT margin of the 2018 fiscal year is on a par with that of the previous year at around 15%.



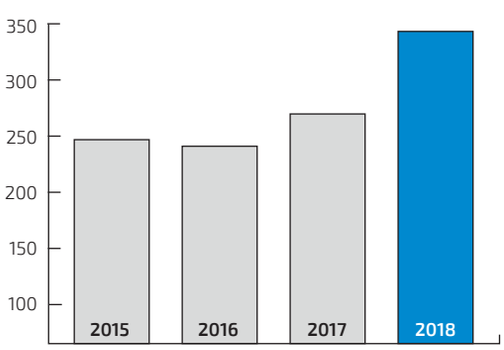
Equity Ratio in %

The increase in equity of the fiscal year contributed significantly to a renewed strengthening of the equity ratio.



Average number of employees*

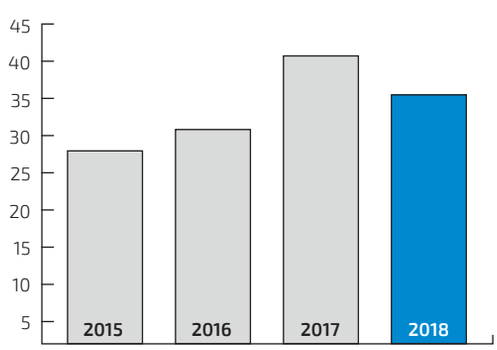
As a result of the integration of LayTec AG and Spectral Engines Oy, the number of employees has increased by around 41% over the past two fiscal years.



* The average number of employees refers to full-time employees.

Order backlog in million EUR

Our order volume is slightly below that of the previous year's level at around EUR 35 million, but still remains at a very solid level.



Report of the Supervisory Board

Dear Shareholders,

The past financial year has again been successful, both financially and strategically. The Nynomic Group continues to grow. In the course of business, the company achieved an encouraging increase in sales and earnings and succeeded in solidifying its growth strategy with another promising acquisition.

In the financial year that ended in 2018, the Supervisory Board duly performed the duties incumbent on it by law and the Articles of Association and advised and supervised the Management Board on a continuous basis in matters relating to the management of the company.

Supervising and advising the Management Board in conducting business

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

In addition, the Supervisory Board was informed in detail by the Company's Management Board about the contents and fundamentals of all important decisions, in particular with regard to future earnings and the growth strategy. Furthermore, the Management Board also informed the Supervisory Board, at all times, about the completed acquisition process for Spectral Engines Oy. The Management Board informed the Supervisory Board in corresponding quarterly reports about developments at the Group and the individual companies, provided outlooks on the current financial year and facilitated comparisons with previous periods. The Supervisory Board was thus always provided with up-to-date information and data.

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

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

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

In the 2018 financial year, the Supervisory Board convened a total of three times; namely on March 28, 2018, May 8, 2018 and December 18, 2018. By doing so, the Supervisory Board complied with the provisions of stock corporation law regarding the frequency of recurrence of Supervisory Board meetings since the Supervisory Board unanimously decided by resolution on July 28, 2016 to hold a minimum of at least one meeting every half of a calendar year.

The formation of committees was also waived in the 2018 financial year.

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

The Supervisory Board has received and acknowledged the annual financial statements and the Management Report of Nynomic AG for the 2018 financial year prepared by the Management Board, the proposal for the appropriation of the balance sheet profit, the consolidated financial statements and the Group Management Report of the Nynomic Group for the 2018 financial year and the auditors' reports by the Group auditors in good time before the balance

sheet Supervisory Board meeting on May 7, 2019. The auditor appointed by the Annual General Meeting for the financial year 2018, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, has audited the annual financial statements, the Management Report and the consolidated financial statements together with the Group Management Report and declared that the principles of the German Commercial Code (HGB) have been complied with in full. They issued an unqualified audit opinion.

During the meeting of the Supervisory Board on May 7, 2019, all the aforementioned documents were discussed in detail with auditor and tax consultant Stefan Evers of Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, in his role as auditor of the financial statements. Mr. Evers informed the meeting about the progress and results of his audit and was available to answer questions and provide additional information. The information provided by Mr. Evers was discussed in detail with the Management Board and the Supervisory Board. The Management Board, the auditors and the Group auditors answered all questions posed by the Supervisory Board in their entirety. In addition, the auditors stated that there are no significant weaknesses in the internal control and risk management system relating to the accounting process.

The Supervisory Board's in-depth review of the annual financial statements was audited by the auditing firm, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, and was provided with an unqualified audit opinion and the Management Report for the 2018 financial year revealed no objections. The auditor's findings were approved by the Supervisory Board.

Also, the in-depth review conducted by the Supervisory Board internally of the consolidated financial statements and the Group Management Report for the financial year 2018, audited and provided with an unqualified audit opinion by the auditing firm, Clauß Paal & Partner mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Münster, also revealed no objections. The Supervisory Board also approved the results of the Group auditors here.

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

Following the final result of the audit of the annual financial statements and the Nynomic AG Management Report for the 2018 financial year, the proposal by the Management Board regarding how to appropriate the net retained profits and use the consolidated financial statements and Group Management Report for the 2018 financial year, received no objections from the Supervisory Board.

Against this background, the Supervisory Board approved the annual financial statements and the Management Report for the 2018 financial year prepared by the Management Board, as well as the consolidated financial statements and the Group Management Report for the 2018 financial year in its balance sheet during the Supervisory Board meeting on May 7, 2019. The annual financial statements of Nynomic AG for the 2018 financial year have thus been adopted.

Changes to personnel of the Supervisory Board and Management Board

In 2018, there were no fundamental changes to personnel of the Supervisory Board and Management

Board. On December 18, 2018, with effect from the end of December 31, 2018, the Supervisory Board appointed Dr. Sven Claussen to the position of Deputy Chairman of the Supervisory Board.

The Supervisory Board would like to thank the members of the Management Board and all the employees at the Nynomic Group for the commitment they show every day, which again has resulted in a very successful financial year.

We would also thank our customers, business partners and shareholders for the trust they have placed in us.

Wedel, May 2019

For the Supervisory Board

Hans Wörmcke
Chairman of the Supervisory Board

The Nynomic share

Also in the 2018 financial year, the Nynomic Group succeeded in achieving highly encouraging operating figures in terms of sales and earnings.

After four years of annual price increases in the high double-digit percentage range, however, share price performance in the reporting year declined for the first time since 2013: After a closing price of around EUR 20 on January 2, 2018, the Nynomic share priced closed trading on 31/12/2018 at just around EUR 17.

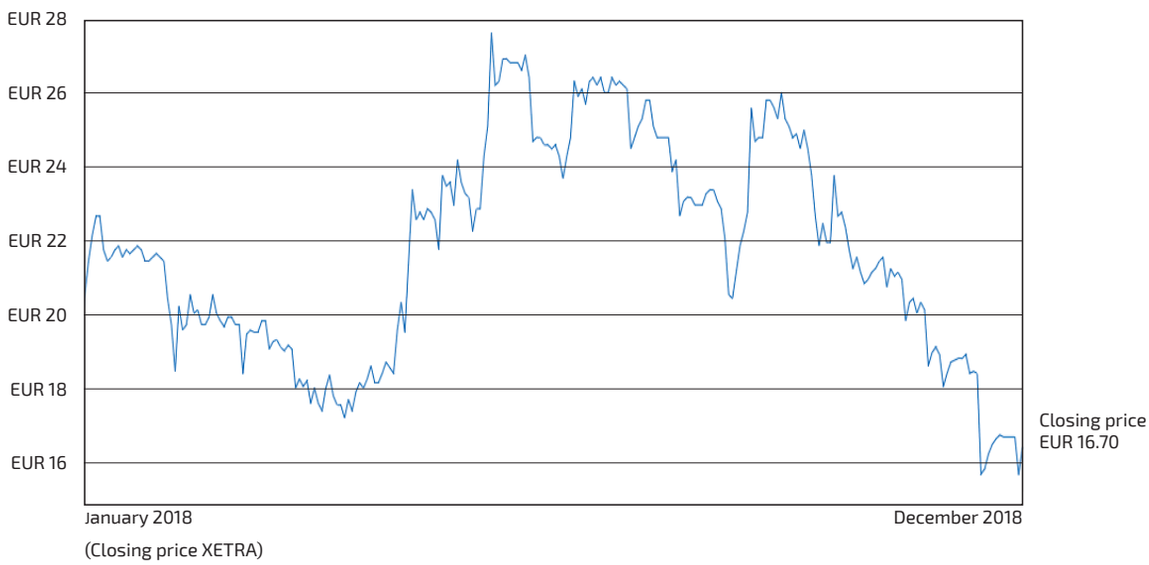
In October 2018, enormous price distortions took place, especially in the small cap segment, which the Nynomic share was unable to escape, hence dropping from around EUR 26 to around EUR 16 within a short period of time.

After the end of the reporting period, however, the Nynomic share was able to close with an approx. 50% increase in the first quarter of 2019 and levelled out towards the end of the quarter at approx. EUR 24, corresponding to a company valuation of around EUR 120 million.

The selection index Scale30, in which the Nynomic share is listed, only recovered by around 10% during the same period.

On the occasion of the two-year anniversary of the launch of the Deutsche Börse AG Scale Segment, a number of financial media outlets could be seen discussing this anniversary. In the review of the performance of all 52 individual stocks, the Nynomic share came in at first place.

Price development of the Nynomic (m-u-t) share



Key Figures

	2013	2014	2015	2016	2017	2018
Maximum Price (in EUR)	3.72	5.68	6.28	8.45	19.60	27.80
Minimum Price (in EUR)	2.12	2.70	3.11	5.26	8.10	16.00
Average Volume (EUR per day)	16,886	33,853	45,135	37,575	102,295	145,847
Maximum Volume (EUR per day)	133,806	324,788	93,438	393,036	646,451	1,984,156
EPS (including non-controlling interests) (in EUR)	0.03	0.38	0.98	1.00	1.27	1.50
EPS (excluding non-controlling interests) (in EUR)	neg.	0.23	0.64	0.76	0.97	1.35

Active investor relations management

Nynomic AG has been listed on the Scale Segment of Deutsche Börse AG since 01/03/2017. Due to the relatively high free float trading volume, the Nynomic share is listed in the Scale30 selection index.

In addition to mandatory reporting in the form of a semi-annual report and annual report for the entire financial year, the company also reports the most important key figures for the first and third quarters voluntarily, for reasons of transparency.

Ad hoc releases and corporate news, as well as all other important information and publications, are published on the dedicated IR website www.nynomic.com.

Interested parties can receive company information in push mode after registering with the IR mail distributor.

As early as its sixth year of publication, a shareholder letter with informative additions to the mandatory reporting and numerous and varied background information on the day-to-day operations of the individual Group companies is published, during both the spring and the end of the year.

The relevant media coverage of the company will be published as an additional service of the company without comment in the press review under the menu item of the same name on the IR website.

Regular research reports on the Nynomic share were issued in 2018 by the Morningstar, Edison, Oddo BHF and Warburg Research (as of 01/08/2018).

The designated sponsor was still Oddo Seydler Bank AG, in addition to M.M.Warburg Bank since 01/08/2018.

Personal meetings with the departments of the company are possible at the annual general meeting in the middle of the year.

In addition, the company's board members will be presenting these to the financial community at capital market conferences - in 2018 these were Hamburg Investor day HIT and the Munich Capital Market Conference MKK.

Financial Calendar

26/06/2019	Annual General Meeting, Wedel
22/08/2019	Participation in the "Hamburger Investorentag" (HIT - Hamburg Investor day)
30/08/2019*	Semi-Annual Report as of 30/06/2019
29/11/2019*	Figures for Quarter 3 2019
10-11/12/2019	Participation in the "Münchner Kapitalmarkt Konferenz" (MKK - Munich capital market conference)
31/03/2020*	Preliminary figures for 2019

*Last deadline

Master Data

Name	Nynomic AG (as of 02/08/2018) m-u-t AG Meßgeräte für Medizin- und Umwelttechnik (until 01/08/2018)
Total number of shares	5,070,000
Specialist	Baader Bank AG
Designated Sponsor	Oddo Seydler Bank AG M.M.Warburg & CO (AG & Co.)
Capital Market Partner	M.M.Warburg & CO (AG & Co.)
Trading Segment	Scale
ISIN	DE000A0MSN11
WKN	A0MSN1
Abbreviation	M7U

Information on the 2018 financial year and outlook

In comparison to previous years, the past 2018 financial year is the most successful year in the history of the Nynomic Group. This impressively highlights the high level of effectiveness of the strategy of the future-oriented and sustainable alignment of the Group implemented by the Nynomic AG Management Board.

The original annual plan for the 2018 financial year, communicated in March 2018, provided for a sales level of approximately EUR 66.0 million to EUR 68.0 million and an EBIT of approximately EUR 10.0 million. Due to the development in business that was encouraging, this forecast was confirmed several times in the course of the financial year. At the end of the financial year, the Group was able to report sales of around EUR 67.1 million and EBIT of around EUR 10.1 million, and by doing so successfully achieving the target set.

Group Sales development

In the 2018 financial year, the Nynomic Group once again increased its sales and achieved record sales of around EUR 67.1 million. In the quarterly review, it can be seen that the first two quarters were extremely successful with each quarter generating revenue of around EUR 18.0 million. Compared with the second half of the year, revenue increased by around EUR 5.5 million in the first half of the year. The third quarter was somewhat weaker, while sales in the fourth quarter again reached a high level. As in the 2017 financial year, each quarter in 2018 exceeded each quarter for the previous year. While the average monthly sales in the previous year amounted to around EUR 5.1 million, these increased to around EUR 5.6 million in the 2018 financial year.

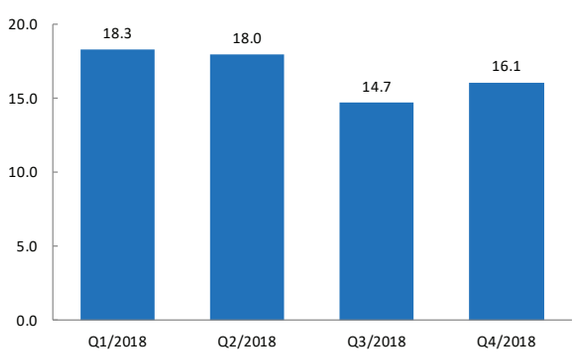
Compared to the previous year, a clear change in revenue distribution by region was demonstrated. While sales in America sank by around -31%, sales in Germany, Europe and the other countries served increased by around 35%. The decline in sales in the United States of around EUR 7.8 million therefore succeeded in being fully compensated for by the increase in sales in Germany, Europe and the other countries served by around EUR 11.4 million. The main reason for the decline in sales in the United States was due to the expected lower purchase volume by a major customer, while the increase in sales in Germany, Europe and other countries resulted from the inclusion of the LayTec Group. The fact that sales in Asia almost doubled, contributing around 9% of total sales, is highly satisfactory.

Within the segments, revenue levels increased in each case compared to the previous year. The largest share of sales, at around EUR 43.7 million (corresponding to around 65% of total sales), is attributable to the Clean Tech segment, where sales increased by around 4% compared to the previous year. The largest percentage increase in sales was achieved by the Life Science segment with around 30%, while the Green Tech segment increased its sales by around 21% in terms of a year-on-year comparison. Both segments contributed around 33% of total Group sales in the year under review.

As expected, the development of sales in the year under review went along with the inclusion of the newly acquired subsidiaries, LayTec AG and Spectral Engines Oy, each contributing positively to the sales performance of the Group.

Development of sales in the quarterly periods in 2018

in million EUR



Group EBIT development

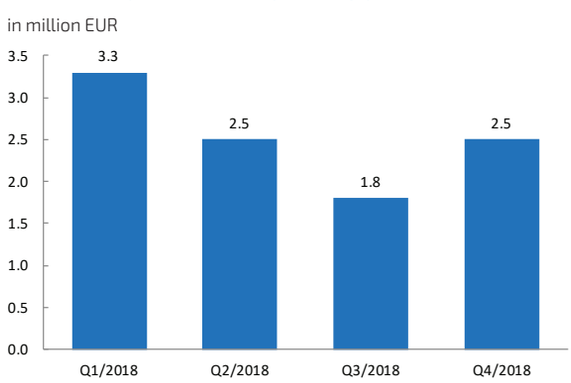
A very successful EBIT of EUR 3.3 million was reported in the first quarter of the financial year due to the high level of sales, while EBIT for the second quarter dipped slightly below the first quarter at EUR 2.5 million. As in the previous year, the first two quarters therefore

made a substantial contribution to the annual EBIT at EUR 5.8 million and around 57%, while the second half of the year ended at a somewhat lower, but still at the high level of around EUR 4.3 million. Owing to the fall in Group sales, the third quarter was the weakest quarter of the reporting year. As a result of increased customer demand and owing to year-end effects, the fourth quarter succeeded in producing an increased EBIT.

When looking at the distribution of EBIT contributions in the financial year, it can be seen that the Avantes Group also made a similarly high contribution to the annual result in addition to the tec5 Group. Included in the consolidated income statement for the first time in the 2018 financial year, the LayTec Group achieved a very satisfactory EBIT, while the Spectral Engines Group and APOS Group have not yet contributed positively to the consolidated EBIT. The contribution by m-u-t GmbH was below that of the LayTec Group. After the already very successful previous year, the 2018 financial year was again extremely impressive, which is reflected in the current record result.

Overall, the Nynomic Group ended the 2018 financial year with an EBIT of around EUR 10.1 million at a stable EBIT margin of around 15% compared to the previous year. The EBIT again increased by around EUR 1.0 million (+11%) compared to the previous year.

EBIT development in the quarterly periods in 2018



Acquisitions within the holdings

Two changes had an impact on the shareholding structure of the Nynomic Group in the 2018 financial year.

In March 2018, Nynomic AG was able to announce the acquisition of the remaining 4.4% of LayTec AG (Berlin/Germany), which was acquired in November 2017, thus increasing its shareholding to 100%. LayTec AG is a market leading supplier of process integrated measurement technology and world market leader in measurement technology for LED and VCSEL epitaxy. The LayTec Group was fully consolidated in the consolidated financial statements in the 2018 report.

Over the remainder of the financial year, the acquisition of 75% of Spectral Engines Oy (Helsinki/Finland) was announced in May 2018. With the participation in Spectral Engines, the Nynomic Group opens up a new high-growth market environment in the B2C segment, which thus far could not be addressed with the very successfully integrated companies, m-u-t, tec5, Avantes, APOS and LayTec. The core technology from Spectral Engines is formed by MEMS-based spectral sensors, which have been developed as a disruptive approach to extremely miniaturised and cost-effective detectors. In the further course of the financial year, the first strategic contract in the field of Smart Home Applications with the European market leader, Bosch Siemens-Hausgeräte GmbH (BSH), concerning the supply of MEMS-based spectral sensors was concluded. Its inclusion in the consolidated financial statements took place from the purchase date in May 2018.

Outlook

The Management Board at Nynomic AG published its forecast for the 2019 financial year in March 2019. Compared to the previous year, the Management Board expects consolidated sales to rise slightly above the previous year's level with an EBIT margin in the range of approx. 12% to 15%.

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

Consolidated Financial Statements of Nynomic AG as of December 31, 2018

Consolidated Balance Sheet as of December 31, 2018

Assets

	31/12/2018 EUR	31/12/2017 EUR
A. Fixed Assets		
I. Intangible Assets		
1. Self-created industrial property rights and similar rights and assets	104,756.54	127,424.14
2. Licenses, industrial property rights and similar rights and assets purchased, as well as licenses to such rights and assets	2,196,850.44	1,187,381.60
3. Company Value	20,086,692.54	9,342,00.09
	22,388,299.52	**10,656,805.83**
II. Property, plant and equipment		
1. Technical equipment and machinery	147,312.53	10,487.79
2. Misc. plant, operating and business equipment	1,955,916.37	2,008,644.09
3. Advance payments and plants under construction	227,295.17	0.00
	2,330,524.07	**2,019,131.88**
III. Investments		
1. Misc. Investments	0.00	678,505.28
2. Cooperative Shares	52.00	52.00
	52.00	**678,557.28**
	24,718,875.59	**13,354,494.99**
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	3,668,972.97	2,184,200.66
2. Work in progress, unfinished tasks	1,734,332.10	1,288,465.92
3. Finished goods and merchandise	5,176,133.17	5,342,217.35
4. Advance Payments	20,884.66	4,102.90
	10,600,322.90	**8,818,986.83**
5. Advance payments received on orders	-173,621.36	-383,013.75
	10,426,701.54	**8,435,973.08**
II. Receivables and other assets		
1. Receivables from goods and services	10,057,322.08	6,221,046.00
2. Receivables from companies in which there is an equity interest	0.00	2,897.89
3. Misc. Assets	2,030,915.83	704,420.27
	12,088,237.91	**6,928,364.16**
III. Cash on hand, bank balances and checks	11,077,970.12	19,560,396.15
	33,592,909.57	**34,924,733.39**
C. Prepaid Expenses		
Prepaid Expenses	278,472.17	130,215.81
D. Deferred tax assets		
Deferred tax assets	484,604.23	732,054.43
Total Assets	**59,074,861.56**	**49,141,498.62**

Consolidated Balance Sheet as of December 31, 2018

Liabilities

	31/12/2018 EUR	31/12/2017 EUR
A. Equity Capital		
I. Subscribed Capital	5,070,000.00	4,785,000.00
II. Deposits paid to implement the approved capital increase	0.00	4,568,550.00
III. Capital Reserve	4,283,550.00	0.00
IV. Equity capital difference from currency conversion	239,278.77	-2,572.35
V. Group profit retained - of which consolidated profit carried forward TEUR 4,144 (PY.: consolidated loss carried forward TEUR 586)	10,955,826.73	4,044,727.84
VI. Non-controlling interests	2,327,225.45	3,335,408.49
	22,875,880.95	**16,731,113.98**
B. Accruals		
1. Tax Provisions	310,673.12	362,258.00
2. Misc. Provisions	10,404,846.09	22,931,532.60
	10,715,519.21	**23,293,790.60**
C. Special items for investment grants		
Special items for investment grants	30,219.00	0.00
D. Liabilities		
1. Liabilities to credit institutes	20,727,327.55	3,724,616.12
2. Liabilities from goods and services	1,910,370.21	2,426,070.90
3. Misc. Liabilities - of which from taxes: TEUR 1,179 (PY.: TEUR 1,313) - of which within the scope of social security: TEUR 198 (PY.: TEUR 34)	2,769,240.53	2,910,943.23
	25,406,938.29	**9,061,630.25**
E. Accruals and deferrals		
Accruals and deferrals	46,304.11	54,963.79
Total Liabilities	**59,074,861.56**	**49,141,498.62**

Consolidated Income Statement for the period of January 1 to December 31, 2018

		2018 EUR	2017 EUR
1.	Sales Revenues	67,075,547.70	60,693,456.30
2.	Increase in the inventory of finished and unfinished products	279,782.00	1,666,998.50
3.	Other capitalised own work	377,974.88	17,660.75
4.	Other operating income - of which from currency conversion: TEUR 27 (PY.: TEUR 2)	3,677,554.22	1,267,812.38
5.	Cost of materials		
	a) Expenses for raw materials, consumables and supplies and related goods	-22,478,111.84	-26,463,577.69
	b) Expenses for purchased services	-1,762,239.74	-588,337.96
6.	Personnel Expenses		
	a) Wages and salaries	-19,702,840.17	-15,358,467.47
	b) Social security contributions and expenses for pensions and for support - thereof for pensions: TEUR 557 (PY.: TEUR 110)	-3,697,125.22	-2,455,673.10
7.	Depreciation on intangible fixed assets and property, plant and equipment	-3,154,123.34	-1,056,189.45
8.	Miscellaneous operating expenses - Thereof for currency conversions: TEUR 37 (PY.: TEUR 12)	-10,525,545.72	-8,601,000.23
9.	Other interest and similar income	51,800.65	31,543.13
10.	Interest and similar expenses	-321,643.79	-203,702.40
11.	Taxes on income and earnings - of which income from deferred taxes TEUR 22 (PY.: expense TEUR 35)	-2,257,756.55	-2,874,022.03
12.	**Earnings after taxes**	**7,563,273.08**	**6,076,500.73**
13.	Miscellaneous Taxes	-4,364.50	-5,219.66
14.	**Consolidated net income (including non-controlling interests)**	**7,558,908.58**	**6,071,281.07**
15.	Profit attributable to non-controlling interests in the consolidated result	-747,228.31	-1,440,584.43
16.	**Consolidated net income (excluding non-controlling interests)**	**6,811,680.27**	**4,630,696.64**
17.	Consolidated profit carried forward (PY.: group loss carried forward)	4,144,146.46	-585,968.80
18.	**Group profit retained**	**10,955,826.73**	**4,044,727.84**

Notes to the Consolidated Financial Statements as of December 31, 2018

General information on the consolidated financial statements

Nynomic AG is head-quartered in Wedel, Germany and is registered in the Commercial Register at Pinneberg District Court under number HRB 6913 PI. By resolution of the Annual General Meeting on June 29, 2018, the name was changed from **m-u-t AG Meßgeräte für Medizin- und Umwelttechnik** to **Nynomic AG**.

The preparation of the consolidated financial statements and the Group Management Report of Nynomic AG (hereinafter also referred to "Nynomic" or "Company"), Wedel, was carried out in accordance with German commercial law and the supplementary provisions of the German Stock Corporation Act.

The consolidated income statement was prepared using the total cost method.

The financial year for the Group and the consolidated companies correspond to the calendar year.

The shares are admitted to the over-the-counter market, which is not an organised market subject to Section 2 XI of the Securities Trading Act (WpHG), and are traded in the segment Scale at Deutsche Börse AG in Frankfurt.

The following accounting and valuation methods continued to prevail in application to the preparation of the consolidated financial statements.

As a subsidiary of Nynomic AG, tec5 AG, Oberursel, fulfils the requirements of Section 264 (3) of the German Commercial Code (HGB) and is therefore exempted from the accounting, auditing and disclosure requirements regulated there pursuant to the resolution of the Annual General Meeting.

Scope of consolidation

Subsidiaries Included

Nynomic AG is directly or indirectly the parent company of the following subsidiaries in terms of Section 290 of the GCC, which are included in the consolidated financial statements in accordance with the principles of full consolidation:

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

Other Participations

CGM Germany GmbH (formerly: Photomed GmbH), Seefeld, Germany (10%) was included in the acquisition costs until 2018 under application of the exemp-

tion pursuant to Section 311 (2) GCC. The shares of CGM Germany GmbH (formerly: Photomed GmbH) were sold in 2018.

In 2018, 75% of the shares in Spectral Engines Oy, Helsinki/Finland, were acquired. The company is included in the consolidated financial statements from May 2018.

SURAGUS GmbH, Dresden, was a 44.45% subsidiary of LayTec AG until 2018. It was included in the acquisition costs under application of the exemption pursuant to Section 311 (2) GCC. As of the end of 2017, disposal of the shares in LayTec AG was agreed at a fixed purchase price with the existing LayTec AG shareholders as part of the sale of the shares in SURAGUS in 2018. The sale took place as planned in 2018.

Consolidation Principles

The individual financial statements of the companies included in the full consolidation (subsidiaries pursuant to Sec. 290 GCC) are structured according to uniform accounting and valuation principles that correspond to those of the parent company.

The consolidated balance sheet date has the same reporting date as the separate financial statements for the parent company and its subsidiaries.

All expenses and income, as well as all liabilities and receivables, between the fully consolidated companies, as well as inter-company profits from inter-company delivery and service relationships were eliminated.

As part of the first-time consolidation of Spectral Engines Oy on May 1, 2018, all assets, liabilities and prepaid expenses for the subsidiary were adopted. Owing to the acquisition that took place during the year, an interim financial statement was prepared for the acquisition date of May 1, 2018. Income and expenses were included on a economically appropriate level from May 1, 2018.

Capital consolidation for the companies fully consolidated for the first time up until January 1, 2010, took place at the time of the first consolidation according to the book value method pursuant to Section 301 (1) (1) GCC. F.; Initial consolidation is carried out on the basis of the valuations when the shares are acquired. Differences resulting from the consolidation of capital are charged to the reserves pursuant to Sec. 309 (1) (3) GCC (old version).

Differences arising from the increase in shares in already fully consolidated companies after January 1, 2010 were treated as a capital transaction by shareholder groups within the Group. Any resulting difference was offset against the reserves or other allocatable equity.

If no equity is available for offsetting after that date, any remaining goodwill is recognised as goodwill from capital consolidation and amortised over the expected useful life of 10 to 15 years in accordance with the economic life cycle of the core technologies acquired.

Information on accounting policies

The assets acquired in the consolidated financial statements are valued uniformly pursuant to Sec 308 GCC.

Self-developed intangible assets are activated at cost pursuant to Section 248 GCC. This involves the creation of ERP software or control software. The ERP software is reduced by scheduled depreciation (5 years, straight-line method). The control software was used at the end of 2013 and since then has been depreciated over its normal useful life (10 years, straight-line method).

Purchased intangible assets are recognised at cost and, since they are subject to wear and tear, are depreciated over their useful lives (3-10 years; straight-line method).

Tangible assets are recognised at acquisition or production cost and are reduced by scheduled depreciation insofar as they are subject to wear-and-tear. Property, plant and equipment are depre-

ciated according to their expected useful life. Depreciation takes place using the straight-line method.

Further depreciation on intangible assets and property, plant and equipment is carried out if impairment is expected to be permanent.

The production costs of self-constructed assets not only include direct costs, but also proportionate overheads and depreciation caused by production.

Inventories are stated at their procurement cost, or at the lower cost of replacement, or at the lower selling price, minus all costs incurred up to the point of sale. The values of inventories are determined by means of permissible valuation simplification procedures, taking into account the lowest value principle. A fixed value calculated on the basis of the average purchase price was applied to the small inventory of small items of stock which has been stable for several years.

Inventories of **raw materials and supplies** are capitalised at average cost or at lower current market prices on the balance sheet date.

Valuation of **work in progress and finished goods and services** is carried out at cost in accordance with Section 255 (2) GCC, including the necessary overheads, as well as by observing the lowest value principle.

All identifiable risks in inventories resulting from an longer than average storage duration, reduced usability and lower replacement costs are taken into account by applying appropriate depreciation. **Receivables and other assets** are stated at face value. Individual risks are taken into account by applying value adjustments. The general default and credit risk is adequately taken into account by applying a general bad debt provision.

Provisions take into account all identifiable risks and contingent liabilities. These are recognised at the amount of the settlement amount, which is required according to reasonable commercial judgement taking into account price increases. Interest-free provisions with a term of more than one year are discounted at an average market interest rate in accordance with Section 253 (2) GCC.

Liabilities are stated at the settlement amount.

The **conversion of financial statements from subsidiaries in foreign currency** takes place in accordance with Section 308a GCC using the modified closing rate method, i.e. the balance sheets were converted at the mean spot exchange rate (exception: equity at historical rates) and the profit and loss statements are converted at the annual average exchange rate; Resulting differences were recognised directly in equity in a reconciliation item for currency conversion differences.

Explanations to the balance sheet

Fixed Assets

The development of the individual fixed asset items, including the depreciation carried out during the financial year, can be found in the Group asset table.

Intangible assets include proprietary rights and similar rights and assets with a book value of TEUR 105. Expenses for research and development throughout the Group in the past financial year amounted to approximately EUR 6.1 million.

In accordance with Section 255 (2) GCC, besides personnel costs, production costs include the necessary overheads and also expenses for external service providers.

Property, plant and equipment include the cost of self-produced prototypes with a total volume of TEUR 86. The depreciation of prototypes takes place according to schedule.

Receivables and other assets

Receivables and other assets have a residual term

of less than one year, with the exception of the amount of TEUR 48.

Deferred tax assets

The calculation of deferred taxes is based on temporary differences between balance sheet items from the perspective of commercial law and tax law. Deferred taxes include deferrals at tec5 USA Inc. and Spectral Engines Oy, interim profit elimination deferrals and expense and income consolidation. Pursuant to Section 306 GCC, latencies were recognised at an unchanged average tax rate of 30% at the time of the probable reversal.

Equity

The composition and development of consolidated equity can be found in the statement of changes in equity.

Subscribed Capital

Share capital is divided into 5,070,000 bearer, no-par-value shares with a theoretical share in the share capital of EUR 1.00 as of the balance sheet date. All shares are ordinary shares with one vote each.

Contribution paid to implement the approved capital increase

The resolution of the Management Board of November 28, 2017 regarding the increase in the share capital by EUR 285,000.00 from EUR 4,785,000.00 to EUR 5,070,000.00 against a capital increase in kind was approved by the Supervisory Board on the same day. The contribution in kind takes the form of ordinary and preference shares of LayTec Aktiengesellschaft, Berlin. In particular, the Supervisory Board also approved the resolutions of the Executive Board regarding the content of the share rights and the terms of the share issue, in particular the issue price of EUR 16.03 as well as the exclusion of subscription rights for the remaining shareholders.

The issue price was calculated on the basis of a three-month average. The Xetra closing price (http://www.boerse-frankfurt.de/aktie/kurshistorie/Mut-Aktie/FSE) as of November 28, 2017 was EUR 16.81. The issue of shares was registered as an entry in the Commercial Register February 16, 2018.

Authorised capital/Conditional capital

At the Annual General Meeting on July 14, 2017, the Executive Board was authorised, with the approval of the Supervisory Board, to increase the share capital until July 14, 2022, by issuing new bearer shares by up to EUR 2,392,500.00 in cash and/or cash equivalents contributions in kind (Authorized Capital 2017/I). The rights of existing shareholders to subscribe may be excluded here with the approval of the Supervisory Board. The provisions on authorised capital can be found in Sec. 4 of the Articles of Association.

After partial utilisation in 2018 of EUR 285,000.00, the 2017/I authorised capital amounts to EUR 2,107,500.00.

By resolution of the Annual General Meeting on June 6, 2014, the share capital is increased to EUR 478,500.00 to grant subscription rights to employees and members of the Company management or management from an affiliate (Conditional Capital 2014/I).

With the cancellation of the 2012 conditional capital of EUR 1,815,000.00, the share capital for the company is increased by up to EUR 1,914,000.00 conditional on the issue of up to 1,914,000 new no-par-value bearer shares (Conditional Capital 2017/I).

Capital Reserve

The capital reserve includes amounts that were generated from the issue of shares above the notional value (premium). In the previous years, offsetting was made with the differences arising from the increase in shares in already fully consolidated companies (tec5 AG and Avantes Holding B.V.).

Group profit retained

Group profit retained includes accumulated profits from previous years. In the financial year, the resulting difference (TEUR 99) was set off from the increase in shares in the already fully consolidated LayTec AG.

Other Provisions

Other provisions mainly include the recognition of the purchase price obligations for the acquisition of shares in LayTec AG, guarantee obligations, personnel provisions and the provision for the negative goodwill resulting from the first-time consolidation of APOS GmbH, which expires over the term of the costs still to be expected from the business development. Other provisions - with the exception of the partial purchase price obligation to LayTec AG of approx. TEUR 2,817 are short-term.

Liabilities

Liabilities to banks account for a share of TEUR 13,037 with a residual term of more than one and less than five years. Liabilities of TEUR 3,249 have a remaining term of less than one year.

The collateralisation of liabilities to banks as of the balance sheet date is partly due to the pledging of shares. Other liabilities include the recognition of a liability with a remaining term of between one and five years in the amount of TEUR 180.

Notes on the income statement

Revenue Breakdown

Revenues break down as follows:

By Activity

	TEUR
Life Science	11,560
Clean Tech	43,692
Green Tech	10,408
Other Segments	1,416
Total	**67,076**

By sales region

	TEUR
Germany, Europe and all other remaining countries	44,030
America	17,264
Asia	5,782
Total	**67,076**

Fee for the group auditors

The total fee charged by the Group auditors for the financial year amounts to TEUR 83, of which TEUR 65 relates to the annual audit, TEUR 10 to tax consultancy services, TEUR 5 to ongoing business advisory and TEUR 3 to special payments in connection with the capital increase in kind. In addition, in 2018, TEUR 39 was attributable to consultancy fees in connection with the acquisition of shares in LayTec AG and Spectral Engines Oy.

Taxes on income and earnings

The income tax expense relates essentially to the current result for the financial year. Substantial tax back payments or reimbursements for previous years did not arise.

Misc. Information

Contingencies

There were no contingent liabilities as of the reporting date.

Other financial obligations

Other financial obligations in the area of vehicle and equipment rental and leasing amount to a total of TEUR 4,101 with an average term until 2023 and serve to protect liquidity and flexibility.

The Board

The Supervisory Board consists of:

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

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

Supervisory Board

The Supervisory Board consists of:

- Mr Hans Wörmcke, Heist, Managing Director of EVAC GmbH (Chairman)
- Mr Hartmut Harbeck, Wedel, Director Special Projects, Mining at TOMRA Sorting GmbH (Deputy

Chairman until December 31, 2018)

- Dr. Sven Claussen, Hamburg, Attorney at Weiland Rechtsanwälte (attorneys at law) (Deputy Chairman from January 1, 2019)

Total remuneration of the Management Board

The protection clause pursuant to Sec. 314 (3) GCC in conjunction with Sec 286 (4) GCC is claimed.

Total remuneration of the Supervisory Board

The total remuneration of the Supervisory Board amounts to TEUR 37 (PY.: TEUR 37).

Number of employees

The average number of full-time employees (including directors) during the financial year 2018 amounts to:

Salaried Employees	287
Wage Earners	52
Students/Interns	3
Trainees	0
Total	**342**

Supplementary Report

In the course of the further internationalisation of the Nynomic Group, the Management Board and Supervisory Board approved by resolution dated March 25, 2019 that the Company will prepare its accounts for the 2019 financial year according to IFRS.

There were no other events of particular significance that occurred after the end of the financial year.

Appropriation of earnings

As the parent company, Nynomic AG concludes the 2018 financial year with a net income of TEUR 9,080. The Management Board proposes to carry forward the net profit for the year to new account.

Supplementary information to the cash flow statement

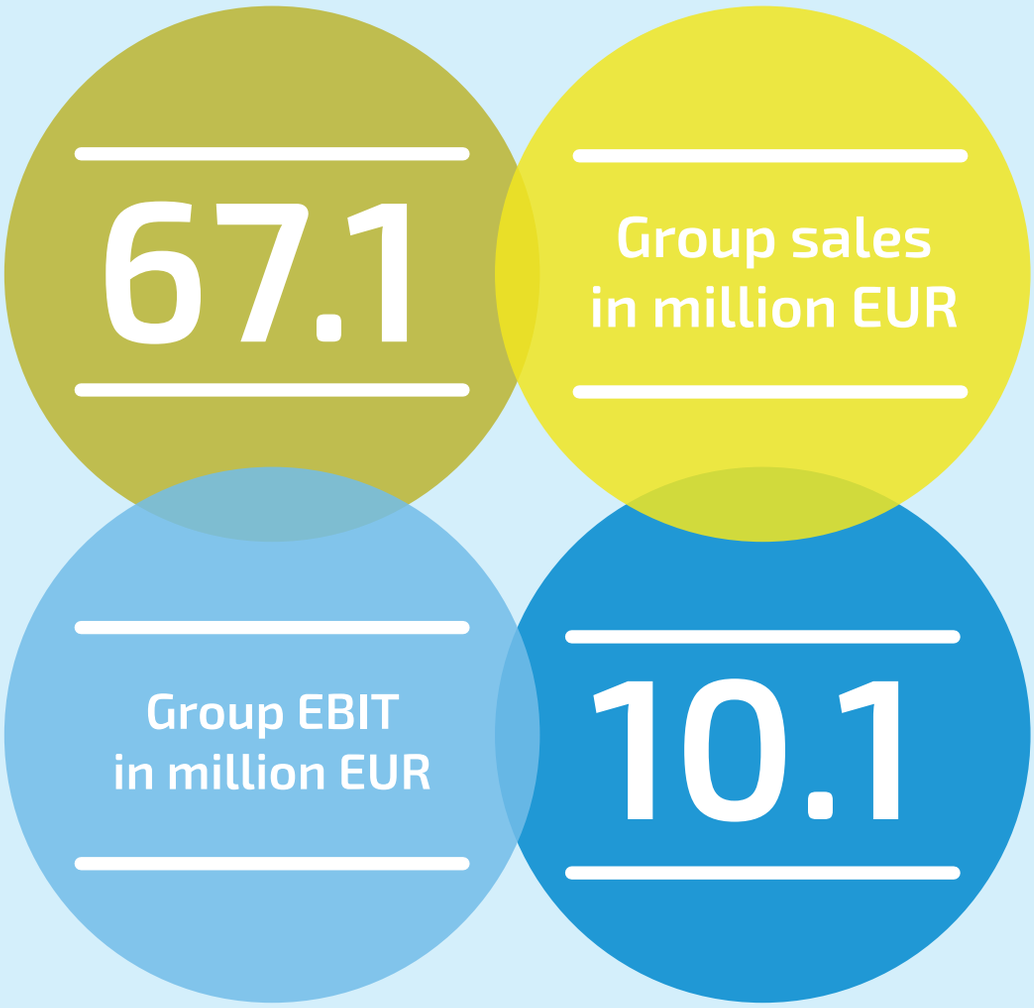
The cash flow statement is presented in accordance with the indirect method and complies with the principles of German GAAP No. 21

Cash and cash equivalents consist of cash on hand, checks and bank balances minus any liabilities due to banks due at any time.

Wedel, March 29, 2019

Fabian Peters
Management Board of
Nynomic AG

Maik Müller
Management Board of
Nynomic AG


67.1
Group sales
in million EUR
Group EBIT
in million EUR
10.1

Composition and development of Group assets in the 2018 financial year

	Acquisition and production costs				
	Last updated: 01/01/2018	Additions	Additions from First-time Consolidation	Disposals	Last updated: 31/12/2018
	EUR	EUR	EUR	EUR	EUR
A. Fixed Assets					
I. Intangible Assets					
1. Self-created industrial property rights and similar rights and assets	386,252.59	0.00	0.00	0.00	386,252.59
2. Licenses, industrial property rights and similar rights and assets purchased, as well as licenses to such rights and assets	2,725,945.55	673,273.12	924,944.94	18,968.94	4,305,194.67
3. Company Value					
- From the individual accounts	0.00	0.00	0.00	0.00	0.00
- From the capital consolidation	10,934,911.78	0.00	12,531,146.68	0.00	23,466,058.46
	14,047,109.92	**673,273.12**	**13,456,091.62**	**18,968.94**	**28,157,505.72**
II. Tangible Assets					
1. Technical equipment and machinery	31,559.00	145,234.33	38,726.65	0.00	215,519.98
2. Misc. plant, operating and business equipment	9,404,022.63	692,358.81	6,334.02	351,875.06	9,750,840.40
3. Advance payments and plants under construction	0.00	227,295.17	0.00	0.00	227,295.17
	9,435,581.63	**1,064,888.31**	**45,060.67**	**351,875.06**	**10,193,655.55**
III. Investments					
1. Misc. Investments	678,505.28	0.00	0.00	678,505.28	0.00
2. Cooperative Shares	52.00	0.00	0.00	0.00	52.00
	678,557.28	**0.00**	**0.00**	**678,505.28**	**52.00**
Total fixed assets	**24,161,248.83**	**1,738,161.43**	**13,501,152.29**	**1,049,349.28**	**38,351,213.27**

	Cumulated Depreciations					Book Values	
	Last updated: 01/01/2018	Additions	Disposals	Last updated: 31/12/2018		Last updated: 31/12/2018	Last updated: 31/12/2017
	EUR	EUR	EUR	EUR		EUR	EUR
	258,828.45	22,667.60	0.00	281,496.05		104,756.54	127,424.14
	1,538,563.95	578,961.86	9,181.58	2,108,344.23		2,196,850.44	1,187,381.60
	0.00	0.00	0.00	0.00		0.00	0.00
	1,592,911.69	1,786,454.23	0.00	3,379,365.92		20,086,692.54	9,342,000.09
	3,390,304.09	**2,388,083.69**	**9,181.58**	**5,769,206.20**		**22,388,299.52**	**10,656,805.83**
	21,071.21	47,136.24	0.00	68,207.45		147,312.53	10,487.79
	7,395,378.54	718,903.41	319,357.92	7,794,924.03		1,955,916.37	2,008,644.09
	0.00	0.00	0.00	0.00		227,295.17	0.00
	7,416,449.75	**766,039.65**	**319,357.92**	**7,863,131.48**		**2,330,524.07**	**2,019,131.88**
	0.00	0.00	0.00	0.00		0.00	678,505.28
	0.00	0.00	0.00	0.00		52.00	52.00
	0.00	**0.00**	**0.00**	**0.00**		**52.00**	**678,557.28**
	10,806,753.84	**3,154,123.34**	**328,539.50**	**13,632,337.68**		**24,718,875.59**	**13,354,494.99**

Composition and development of the consolidated equity in the 2018 financial year and previous year

	Parent Company					
	Subscribed Capital	Deposits made for the implementation of the approved capital increase	Capital Reserve	Earned consolidated Equity	Cumulative other comprehensive income ---------- Adjustment items from foreign currency conversion	
	EUR	EUR	EUR	EUR	EUR	
Last updated: 31/12/2016	**4,785,000.00**	**0.00**	**0.00**	**4,198,393.06**	**536,687.50**	
Capital Increase	0.00	4,568,550.00	0.00	0.00	0.00	
Share acquisitions by minority shareholders	0.00	0.00	0.00	0.00	0.00	
Dividends Paid	0.00	0.00	0.00	0.00	0.00	
Change to the consolidation scope	0.00	0.00	0.00	0.00	0.00	
Consolidated net income	0.00	0.00	0.00	4,630,696.64	0.00	
Other consolidated result	0.00	0.00	0.00	-4,784,361.86	-539,259.85	
Total comprehensive income	**0.00**	**0.00**	**0.00**	**-153,665.22**	**-539,259.85**	
Last updated: 31/12/2017	**4,785,000.00**	**4,568,550.00**	**0.00**	**4,044,727.84**	**-2,572.35**	
Implementation of the approved capital increase	285,000.00	-4,568,550.00	4,283,550.00	0.00	0.00	
Share acquisitions by minority shareholders	0.00	0.00	0.00	0.00	0.00	
Dividends Paid	0.00	0.00	0.00	0.00	0.00	
Change to the consolidation scope	0.00	0.00	0.00	0.00	0.00	
Consolidated net income	0.00	0.00	0.00	6,811,680.27	0.00	
Other consolidated result	0.00	0.00	0.00	99,418.62	241,851.12	
Total comprehensive income	**0.00**	**0.00**	**0.00**	**6,911,098.89**	**241,851.12**	
Last updated: 31/12/2018	**5,070,000.00**	**0.00**	**4,283,550.00**	**10,955,826.73**	**239,278.77**	

Of the parent company's consolidated equity of TEUR 10,956 (PY: TEUR 4,045) generated at the balance sheet date

- TEUR 23,458 (PY: TEUR 14,378) is available for distribution to the shareholders of the parent company,
- TEUR 0 (PY: TEUR 0) is subject to statutory distribution blocks,
- TEUR 0 (PY: TEUR 0) is subject to distribution block, in accordance with articles of incorporation.

		Minority Shareholders			Consolidated Equity
	Equity parent company	Minority Capital	Cumulative other comprehensive income ---------- Adjustment items from foreign currency conversion	**Equity minority shareholders**	
	EUR	EUR	EUR	EUR	EUR
	9,520,080.56	**3,781,505.40**	**343,811.28**	**4,125,316.68**	**13,645,397.24**
	4,568,550.00	0.00	0.00	0.00	4,568,550.00
	0.00	-928,628.20	0.00	-928,628.20	-928,628.20
	0.00	-1,340,124.00	0.00	-1,340,124.00	-1,340,124.00
	0.00	274,428.01	0.00	274,428.01	274,428.01
	4,630,696.64	1,440,584.43	0.00	1,440,584.43	6,071,281.07
	-5,323,621.71	0.00	-236,168.43	-236,168.43	-5,559,790.14
	-692,925.07	**1,440,584.43**	**-236,168.43**	**1,204,416.00**	**511,490.93**
	13,395,705.49	**3,227,765.64**	**107,642.85**	**3,335,408.49**	**16,731,113.98**
	0.00	0.00	0.00	0.00	0.00
	0.00	-298,599.62	0.00	-298,599.62	-298,599.62
	0.00	-1,657,264.19	0.00	-1,657,264.19	-1,657,264.19
	0.00	76,595.83	0.00	76,595.83	76,595.83
	6,811,680.27	747,228.31	0.00	747,228.31	7,558,908.58
	341,269.74	0.00	123,856.63	123,856.63	465,126.37
	7,152,950.01	**747,228.31**	**123,856.63**	**871,084.94**	**8,024,034.95**
	20,548,655.50	**2,095,725.97**	**231,499.48**	**2,327,225.45**	**22,875,880.95**

Consolidated cash flow statement for the 2018 financial year

			2018 EUR	2017 EUR
1.		Profit for the period (consolidated net income including minority interests)	7,558,908.58	6,071,281.07
2.	+/-	Depreciations/Write-ups on fixed assets	3,154,123.34	1,056,189.45
3.	+/-	Increase/Decrease in provisions	-913,668.04	2,121,616.59
4.	+/-	Other non-cash expenses/income	-133,846.58	672,326.85
5.	-/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-7,051,408.37	-947,183.65
6.	+/-	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-944,267.74	-1,172,189.05
7.	-/+	Profit/Loss on the disposal of fixed assets	42,304.50	30,853.80
8.	+/-	Interest expenses/Interest income	269,843.14	172,159.27
9.	+/-	Income tax expense/income	2,257,756.55	2,874,022.03
10.	-/+	Income tax payments	-2,061,891.23	-1,881,162.68
11.	**=**	**Cash flow from operating activities**	**2,177,854.15**	**8,997,913.68**
12.	-	Payments for investments in intangible assets	-673,273.12	-84,163.79
13.	-	Payments for investments in property, plant and equipment	-1,064,888.31	-592,555.90
14.	+	Proceeds from the disposal of financial assets	678,505.28	0.00
15.	-	Payments for additions to the consolidation scope and share purchases	-24,415,771.49	0.00
16.	+	Interest received	51,800.65	31,543.13
17.	**=**	**Cash flow from investment activities**	**-25,423,626.99**	**-645,176.56**
18.	+	Proceeds from the issue of bonds and taking out (financial) loans	18,164,389.00	0.00
19.	-	Payments from the repayment of bonds and (financial) loans	-1,863,449.14	-1,544,247.27
20.	-	Interest paid	-321,643.79	-203,702.40
21.	-	Dividends paid to other shareholders	-1,657,264.19	-1,340,124.00
22.	**=**	**Cash flow from the financing activity**	**14,322,031.88**	**-3,088,073.67**
23.		Effective change in cash and cash equivalents (total of 11, 17 and 22)	-8,923,740.96	5,264,663.45
24.	+/-	Exchange rate and valuation-related changes in cash and cash equivalents	134,062.45	-672,326.85
25.	+/-	Changes in cash and cash equivalents with consolidation effects	206,278.16	4,494,755.19
26.	+	Financial funds at the beginning of the period	19,461,203.86	10,374,112.07
27.	**=**	**Financial funds at the end of the period**	**10,877,803.51**	**19,461,203.86**

Composition and change in financial resources

	2018 EUR	2017 EUR
Cash and bank balances	19,560,396.15	10,552,815.27
Liabilities due at any time to banks	-99,192.29	-178,703.20
Funds at the beginning of the period	**19,461,203.86**	**10,374,112.07**
Cash on hand, checks and bank balances	11,077,970.12	19,560,396.15
Liabilities due at any time to banks	-200,166.61	-99,192.29
Funds at the end of the period	**10,877,803.51**	**19,461,203.86**
Change in cash and cash equivalents	-8,583,400.35	9,087,091.79

Group Management Report for the 2018 financial year

Structure

A. Business activity and general conditions
B. Business development including representation of net assets, financial and earnings position
C. Opportunity and Risk Report
D. Outlook
E. Miscellaneous Information

A. Business activity and general conditions

Nynomic AG (short: "Group" or "Nynomic"), based in Wedel, Germany, is a leading international manufacturer of products for permanent, non-contact and non-destructive optical metrology. The Nynomic Group has a clear marketing concept as a system supplier ranging from the component to the device. The Group has a global presence with its own brands and subsidiaries and has a workforce of around 370 employees (headcounted) and is increasingly using synergy effects to increase profitability within the Group.

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

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

The products manufactured by the Nynomic Group are marketed under its own name or under the customer's label.

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

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

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

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

Thanks to the excellent market position of its customers and the good spread of risk, Nynomic has again succeeded in mirroring the industry trend and/or outperform the industry revenue growth forecast of 10% (according to the AMA Association for Sensors and Measurement). Group sales increased by EUR 6.4 million or 11% to EUR 67.1 million.

The Group retains holdings in companies active in the fields of optical technology, medical device technology, sensor technology, control technology and related fields. These include, in particular, m-u-t GmbH (Wedel/Germany), Avantes Group(Apeldoorn/Netherlands), tec5 Group(Oberursel/Germany), APOS Group (Wedel/Germany) and LayTec Group (Berlin/Germany).

In 2018, the investment portfolio was expanded by taking up a 75% stake in Spectral Engines Oy (Helsinki/Finland), giving Nynomic AG a direct or indirect stake in eighteen companies. The company's investments underline its orientation as a comprehensive supplier in the high-tech market environment for photonics.

m-u-t GmbH

m-u-t GmbH is an established supplier of series products and solutions in technologically demanding markets. m-u-t GmbH manufactures products for permanent, non-contact and non-destructive optical metrology. The company focuses on the following high-growth markets in the field of metrology:

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

tec5 AG

tec5 AG and its subsidiaries has been part of the Group since 2007, and is one of the world's leading suppliers of components and systems for industrial optical spectroscopy (UV-VIS-NIR & Raman diode array spectroscopy). tec5 AG develops and manufactures high-quality products for use in a variety of applications. The product spectrum ranges from electronic assemblies via light sources and optical components to complete UV-VIS-NIR & Raman spectrometer systems with associated software solutions. These products are sold under their own name and to OEMs.

Avantes Holding B.V.

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

APOS GmbH

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

LayTec AG

LayTec AG, Berlin, was acquired in 2017. LayTec is a global company and market leading supplier of process-integrated metrology. LayTec products are used for in-situ process control in the manufacture process of light-emitting diodes and semiconductor lasers, for monitoring the production processes for solar cells as optical in-line metrology and for facilitating real-time analysis in the research and development of novel layer materials. LayTec is the market leader in in-situ metrology for LED and VCSEL epitaxy with 85% of its installations being made outside Europe.

Spectral Engines Oy

In 2018, the acquisition of 75% of Spectral Engines Oy, Helsinki/Finland, took place with an option of acquiring a further 25%. The core technology of Spectral Engines is formed by MEMS-based spectral sensors, which have been developed as a disruptive approach to extremely miniaturised and cost-effective detectors. In 2017, series maturity was achieved and supplemented by an independent, highly innovative solution for cloud-based data processing and a corresponding platform for machine learning. The main target markets for Spectral Engines are industrial applications (smart industry), applications in agriculture (smart

farming) and applications in the home appliances market (white appliances and smart home). The ability to mass-produce miniaturised spectrometers in a very cost-effective manner opens up a large number of new sales markets and applications, especially in the very broadly diversified consumer environment. Its main sales markets are currently to be found in the USA, Europe and China. With its holding participation in Spectral Engines, the Nynomic Group is opening up a new high-growth market environment in the previously unattainable B2C segment.

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

B. Business development including representation of net assets, financial and earnings postition

Sales Development

Business development at the Nynomic Group in 2018 was once again characterised by a significant increase in sales of approx. 11% (PY.: 11%). In total, the Group achieved sales of approx. EUR 67.1 million (PY.: EUR 60.7 million). Further growth could be achieved in particular through the takeover and integration of LayTec AG at the end of 2017. Increases in the sales figures for the Avantes Group and m-u-t GmbH compensated for volume-related reductions in the tec5 Group in 2018.

The international share of Group sales amounted to approx. 46% (PY.: 56%), slightly below the industry trend of 55% (according to the AMA Association for Sensors and Measurement).

Consistent implementation of the Company's strategy of acting as a solution provider for OEM customers, the retention and development of highly qualified employees and the targeted acquisition of new technology, provides the Group with the opportunity to service complex tasks with innovative solutions for the respective customer segment. Customers recognise and reward this, so that the general business situation and course of business continue to be viewed positively by the Management Board.

Business Results

The consolidated operating result succeeded in being further increased. The 2018 financial year closes again with a record result. With an EBIT, as a significant financial performance indicator, of EUR 10.1 million (PY.: EUR 9.1 million) and an EBIT margin of 15% (PY.: 15%), the 2018 financial year succeeded in responding to the developments made in the previous years and again ended very successfully.

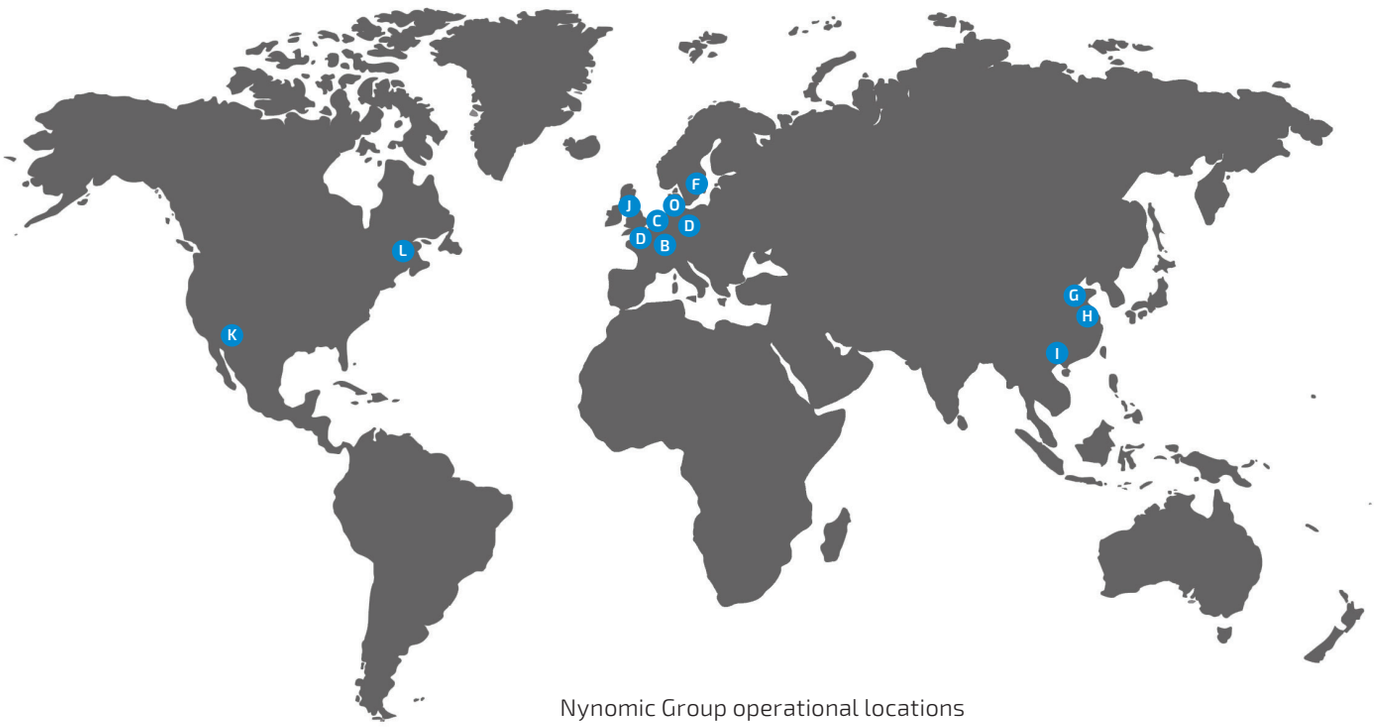
With a gross profit of EUR 43.5 million which has now increased by EUR 8.2 million[1], earnings before taxes of EUR 9.8 million could be achieved. Taking into account tax expenses of EUR 2.3 million, the financial year ended with a consolidated net profit of EUR 7.6 million (PY.: EUR 6.1 million), which represents an increase of EUR 1.5 million.

This successful development in business illustrates the effective implementation of the Management Board's buy-and-build strategy in order to achieve disproportionate growth and increasing synergy effects in order to increase profitability within the Group.

Investments

In the past financial year, new and replacement investments in fixed assets amounted to approximately EUR 15.2 million. Additions from the first-time consolidation of EUR 12.5 million relate to the goodwill acquired from the acquisition of Spectral Engines Oy, Helsinki, and the remaining shares in LayTec AG, Berlin. This goodwill is amortized over its useful economic life when first included in the consolidated financial statements as of May 1 or January 1, 2018. The depreciation of goodwill amounted to EUR 1.8 million in the year under review. A further EUR 2.7 million is attributable to the new purchase of intangible assets and operating and office equip-

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



Nynomic Group operational locations

- O m-u-t GmbH, Wedel, GER
- B tec5 AG, Oberursel, GER
- C APOS GmbH, Wedel, GER
- D Avantes B.V., Apeldoorn, NED
- D LayTec AG, Berlin, GER
- F Spectral Engines Oy, Helsinki, FIN
- G Avantes China Ltd., Beijing, CHN
- H tec5 China Ltd., Beijing, CHN
- I Avantes Hong Kong Ltd., Hong Kong, HKG
- J Avantes UK Ltd., Leatherhead, GBR
- K Avantes Inc., Louisville, USA
- L tec5 USA Inc., Plainview, USA

ment. The stake in SURAGUS GmbH was sold (back) to the existing LayTec AG shareholders at a book value of EUR 0.7 million in 2018 as agreed.

Financing

The various investment measures in place were refinanced through a finance mix of internal and external financing. In terms of external financing, the Nynomic Management Board draws on both bank loans and self-financing. The purchase of shares in Spectral Engines Oy was financed by bank financing. The takeover of LayTec AG was financed both by a capital increase in kind (share swap) and by the free cash holdings available in the Group. The purchase price obligation for the remaining shares in Avantes Holding B.V. was largely settled by bank loan. The loan was paid out as early as in the first quarter of 2018. The net obligation to banks (cash and cash equivalents less liabilities to banks) as of December 31, 2018 was approx. EUR 9.6 million (PY.: net assets EUR 15.8 million).

Current account liabilities could be further reduced with the current cash flow as of the reporting date. Liabilities to banks due at any time amounted to EUR 0.2 million as of the balance sheet date (PY.: EUR 0.1 million).

Human resource development

The number of approx. 342 full-time employees increased year-on-year. In addition to an overall increase in headcount, the employees at Spectral Engines Oy and LayTec AG were also taken into account. Against the background of the increase in the number of staff members, personnel expenses of approx. EUR 23.4 million increased by approx. 31% year-on-year.

Assets

The total assets of the Company increased by 20% as of December 31, 2018 compared to the previous year. The asset structure is characterised by a 42% share of fixed assets in the balance sheet total (PY.: 27%). This increase is almost entirely attributable to the capitalised goodwill from the acquisition of shares in Spectral Engines Oy and the remaining shares from LayTec AG. 18% (PY.: 17%) of the balance sheet total is accounted for by inventories. Receivables and other assets at the end of the 2018 financial year accounted for approx. 20% (PY.: 14%). Cash and cash equivalents comprise 19% (PY.: 40%) of total assets.

The capital structure is characterised by an equity ratio of 39% (PY.: 34%). In the financial year, a small offsetting of the free equity with the resulting positive goodwill resulted from the increase in the remaining shares in the already fully consolidated Avantes Holding B.V. totalling EUR 0.1 million.

Other provisions decreased by EUR 12.5 million to EUR 10.4 million compared to the previous year. The cause here, in particular, is due to the settlement of purchase price obligations from the acquisition of shares in 2017. A smaller remaining purchase price component from an agreed earn-out arrangement is first due in 2023.

The liquidity situation continued to be good in the financial year. Cash and cash equivalents within the Group decreased and liabilities to credit institutions decreased as a result of the scheduled refinancing of purchase price payments in 2018. At the balance sheet date, the cash balance amounted to approx. EUR 11.1 million (PY.: EUR 19.6 million). In addition, there are sufficient lines available for short-term financing in the current account.

The debt-equity ratio (liabilities/equity* 100%) was around 158% in 2018 (PY.: 194%).

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

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

Order Backlog

A net order volume of EUR 35.3 million (PY.: EUR 41.2 million) was transferred to the 2019 financial year. The reduction in order volume also reflects the change in customer ordering behaviour towards shorter order cycles.

C. Opportunity and Risk Report

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

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

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

Liquidity acquisition risks and risks from cash flow fluctuations are counteracted by active liquidity management and the provision of liquid funds. The timely provision of future cash and cash equivalents continues to be recognised as a key task for the future. Financing interest risks can be mitigated if required by simple derivative financial instruments (swaps/forward transactions). Long -term obligations are fixed-rate over the term. The financial ratios to be maintained in loan agreements are regularly monitored.

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

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

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

The investment in LayTec AG, Berlin, represents another important milestone in strengthening the portfolio of the Nynomic Group as a comprehensive supplier of solutions. The focus by LayTec AG on precisely defined industry niches with the core competence of creating solutions for scalable applications ideally complements the range of services offered by the Nynomic Group. The direct integration into the Nynomic Group gives LayTec AG even faster and more direct access to technologies from the Nynomic Group, and by doing so enables accelerated growth potential.

With the acquisition of Spectral Engines Oy and access to technical applications in the consumer segment, the Nynomic Group has entered the B2C segment for the first time.

The Management Board at Nynomic AG is convinced that the acquisition of LayTec AG and Spectral Engines Oy represents a correct and consistent step towards achieving medium-term corporate goals.

In 2018, the IR measures by the Management Board were further intensified. In addition to participating in analyst and investor conferences, several research analyses were conducted, which confirmed the success and strategy of Nynomic AG.

Despite a difficult stock market environment, the stock market price succeeded in being maintained at an encouraging level owing to good business figures and the presence of the Management Board, in contrast to the rather negative market environment.

D. Outlook

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

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

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

Investments

No significant investments are yet planned for 2019. Nevertheless, together with the Business Development Unit, the Management Board will continue to observe the M&A market for interesting companies that complement the Nynomic product portfolio.

Competitors

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

Company Outlook

The future development of business within the Group currently appears favourable to the Management Board, even against the current background of economic development.

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

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

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

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

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

The Management Board at the Company, consisting of the members Maik Müller and Fabian Peters, expect sales slightly above the previous year's level

for the current financial year, with an EBIT margin of 12% to 15% according to current information.

E. Misc. Data

Research and Development

Research is usually conducted in collaboration with cooperation partners. Specific product development is undertaken, which represents an expense. In 2018, research and development expenses within the segments at the Nynomic Group totalled approx. EUR 6.1 million. This underlines the Company's focus as a leading developer of series-products and solutions in a technologically demanding market.

Wedel, March 29, 2019

Fabian Peters
Management Board of
Nynomic AG

Maik Müller
Management Board of
Nynomic AG

Independent Auditor's Report

To Nynomic AG, Wedel

AUDIT JUDGMENTS

We have audited the consolidated financial statements of Nynomic AG, Wedel, and its subsidiaries (the Group) - consisting of the Consolidated Balance Sheet as of December 31, 2018, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows for the year's ending of January 1, 2018 through to December 31, 2018 and the notes to the consolidated financial statements, including the presentation of the accounting policies. In addition, we have reviewed the consolidated Management Report of Nynomic AG, Wedel, for the financial year of January 1, 2018 to December 31, 2018.

In our opinion, based on the findings of the audit and in accordance with generally accepted accounting principles in Germany,

- The consolidated financial statements represent a true and fair view of the Group's net assets and financial position as of December 31, 2018 and the results of its operations for the financial year of January 1, 2018 to December 31, 2018 and

- The appended Group Management Report represents an accurate picture of the Group's overall position. In all material respects, the Group Management Report is consistent with the consolidated financial statements, complies with the legal requirements in Germany and accurately presents the opportunities and risks of future development.

According to Section 322 (3) (1) GCC, we declare that our audit has not resulted in any objections concerning the regularity of the consolidated financial statements and the Group Management Report.

BASIS FOR THE AUDITOR'S JUDGEMENTS

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

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

The legal representatives are responsible for preparing the consolidated financial statements, which, in all material respects, comply with German commercial law, and for ensuring that the consolidated financial statements provide a true and fair picture of the financial position, financial performance and cash flows of the Company in accordance with generally accepted accounting principles. In addition, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with generally accepted accounting principles in order to facilitate the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, and if applicable, they have a responsibility to state matters that relate to the continuation of the business. They are also responsible for accounting for continuing operations on the basis of the accounting principle, unless contrary to fact or law.

The legal representatives also are responsible for preparing the Group Management Report, which reflects a true and fair picture of the Group's position, is in all material respects consistent with the consolidated financial state-

ments, complies with German legal requirements and accurately reflects the opportunities and risks relating to future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to facilitate the preparation of the Group Management Report in accordance with applicable German legal requirements and to provide sufficient suitable evidence for the statements in the Group Management Report.

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

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

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

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

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

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

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

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

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

- We assess the overall presentation, structure and content of the consolidated financial statements including

the disclosures and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements represent a true and fair picture of the assets, liabilities and financial position in accordance with generally accepted accounting principles in Germany and the earnings situation of the Group.

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

- We assess the consistency of the Group Management Report with the consolidated financial statements, its legislation and the picture it conveys of the position of the Group.

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

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

Münster, Germany, April 23, 2019

Clauß Paal & Partner mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Tobias Höllmann
-Auditor-

Stefan Evers
-Auditor-

CLAUS PAAL & PARTNER mbB
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT - STEUERBERATUNGSGESELLSCHAFT
WIRTSCHAFTS-
PRÜFUNGS-
GESELLSCHAFT
SIEGEL
MÜNSTER

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