

Half-Year Report 2018
International Growth

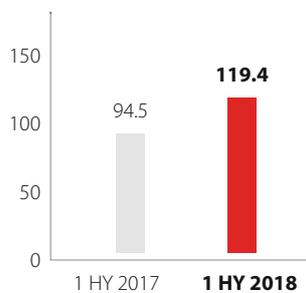
Nanogate Group at a glance

| | 1 st half year 2018 | 1 st half year 2017 |
|---------------------------------------------------------------|--------------------------------|--------------------------------|
| Sales | 119,415 | 94,525 |
| Overall performance | 122,509 | 94,702 |
| Gross profit margin (in % of Sales) | 57.1 | 59.3 |
| EBITDA | 12,708 | 10,951 |
| EBIT | 4,610 | 4,090 |
| EBT | 2,552 | 1,935 |
| Consolidated net income/loss | 1,818 | 1,415 |
| Earnings per share (EUR) | 0.38 | 0.33 |
| | 06/30/2018 | 12/31/2017 |
| Balance sheet total | 323,542 | 235,104 |
| Equity | 109,477 | 93,728 |
| Equity ratio (%) | 33.8 | 39.9 |
| Cash and cash equivalents | 42,309 | 20,281 |
| | 1 st half year 2018 | 1 st half year 2017 |
| Cash flow from operating activities after income taxes | 1,867 | 5,029 |
| Cash flow from investing activities (without external growth) | -15,449 | -3,943 |
| Employees (on average) | 1,551 | 1,191 |
| Sales per employee | 77 | 80 |

Nanogate Group in accordance with IFRS, in EUR ,000

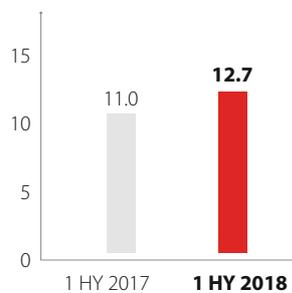
Sales

(EUR million)



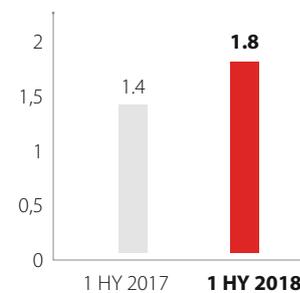
EBITDA

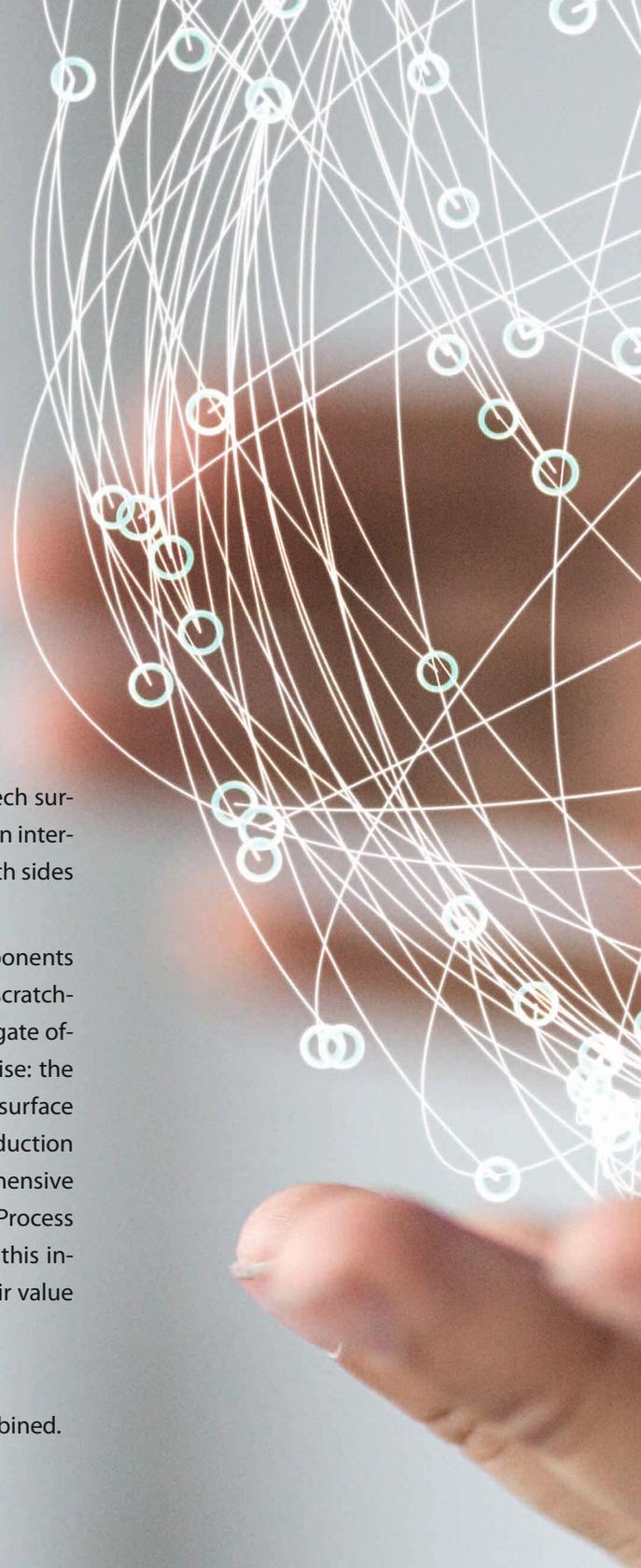
(EUR million)



Consolidated results

(EUR million)





NANOGATE SE – A WORLD OF NEW SURFACES

Nanogate is a leading global specialist for design-oriented high-tech surfaces and components of very high optical quality. The Group has an international market presence and its own production capacities on both sides of the Atlantic.

Nanogate develops and produces highquality surfaces and components and enhances them with additional properties (e.g. nonstick, scratch-proof, anticorrosive). As a long-standing innovation partner, Nanogate offers companies from a range of industries unique systems expertise: the development of complex components, the material design for the surface coating, the series coating of various substrates as well as the production and enhancement of complete plastic components. The comprehensive service portfolio for Advanced Materials Engineering, Advanced Process Engineering and Advanced Component Engineering is unique in this integrated form and provides customers with new prospects for their value creation.

With expertise and technology from Nanogate

- electronics, multifunctionality and high-quality design are combined.
- surfaces are given new properties and additional functions.
- plastics are put to use in ground-breaking areas of application.
- products are given environmentally friendly properties.

We create value. For our customers, our shareholders, our employees and for the environment and society.



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Letter to shareholders

Dear shareholders, customers, business partners and staff members,

Nanogate performed very well in the first half of the year while also making significant progress in strategic development. We increased sales and operating result, and extended our technology portfolio and sales potential. The Group strengthened its sustainability with additional investments and the first-time placement of a promissory note loan. As a leading international specialist for design-oriented high-performance surfaces and components, we have again extended our market position.

Sales and EBITDA significantly increased

Nanogate continued its previous profitable growth in the first half of the year. Sales increased by around 26 % to over EUR 119 million. Despite transaction and integration costs for new investments and the costs of the implementation of our growth strategy, the operating result (EBITDA) improved by around 16 % to EUR 12.7 million. Despite the investment course and the resulting increased depreciation and financing costs, the net profit for the first half of the year increased to around EUR 1.8 million. The earnings per share improved accordingly in the first half of the year to EUR 0.38 per share. Although the cash flow from operating activities is temporarily negatively impacted by the start-up of several major projects, we believe we are well-positioned financially. The cash inflow of EUR 50 million from the first-time placement of a promissory note loan is also contributing to this.

The fact that our company has achieved investment-grade status confirms our solid positioning. The high level of investor interest and the attractive conditions for Nanogate are also proof of our good operational development and our strategic orientation. Despite the increased borrowing costs, we also continue to ensure adequate equity capital. The equity ratio as of the reporting date June 30, 2018 forms a solid financial foundation for the expansion course.

In all our decisions, we focus on strengthening Nanogate and contributing to the increasing value of the company over the medium and long term, even if the share price does not in our view currently reflect the Group's potential. The attractiveness of the Nanogate share is also reflected in the free float share, which has seen further growth in recent months. In addition, the analysts' target prices stand between EUR 58.00 and EUR 64.20, indicating the price potential for the coming months. To allow our shareholders to participate in our company's financial success, a dividend of EUR 0.11 was again distributed in the summer. With this cautious dividend policy, we are, on the one hand, meeting our shareholders' desire for a dividend distribution and, on the other, ensuring the Group's strong financial capacity for expansion.

Technology Portfolio and Sales Potential Strengthened

We took several important steps in the first half of the year to further extend our international market position.

- We concluded the acquisition of our new sites in Slovakia and Austria in January, meaning that we now have additional technologies at our disposal and that we are opening up more international markets. In addition, we are benefiting from the cost advantages of production in Slovakia.
- We have again improved our position as an integrated systems provider for multifunctional surfaces and components of the highest optical quality; the acquisition of renowned design studio Holzapfel

Engineering Team GmbH (heT) has strengthened the Group's design and engineering competence. Our goal is to jointly develop the next generation of high-quality plastic components, and produce them within the Group as part of an integrated system. We believe this will ensure that our competitive position is strengthened over the long term.

- In the medium and long term, we see significant growth opportunities in the market for integrated smart surfaces – which we believe is the next revolution in the market for surfaces. This is because the integration of electronic functions into product surfaces, combined with multifunctional properties, will allow entirely new design and operating concepts for all kinds of devices in the future. We believe that the design of new interfaces between human and machine will be one of the mega-trends in product development in the coming years.

Largest Order in the Company's History

Thanks to the comprehensive and international market development, as well as our good positioning, we are gaining ever more important projects; we announced the largest order in our company's history in June. The new project has a volume of up to USD 100 million and strengthens our industrial business significantly. From 2019, Nanogate will be supplying components for kitchen appliances to a renowned U.S. manufacturer. At the same time, with this project we are achieving a breakthrough in the market for stainless steel replacement technologies. These applications represent the second pillar – alongside our chrome replacement solutions – of the N-Metals Design brand. We see significant growth potential in the metallization of plastics – likewise in the market for new mobility, where we have also received several new orders.

The new projects demonstrate that our internationalization strategy and expansion into the U.S. have been groundbreaking. In addition to several new orders from Asia, our center of excellence there is now also in operation for a German automotive manufacturer for the first time. The expected synergies and growth leverages between Europe and the USA are therefore making a greater contribution. In view of the good development of Nanogate Jay Systems, a new research and development center is currently being built there and capacities expanded. We are thankful to site development company JobsOhio for the approved investment grant of USD 2 million.

Götz Gollan Appointed New CFO

Götz Gollan, most recently a management board member at Frankfurt-based investment bank equinet Bank AG, has been appointed the new CFO of Nanogate SE with effect from September 1, 2018. He succeeds Daniel Seibert, who left Nanogate at the end of August for personal reasons after more than six years. He made a crucial contribution to our profitable course of growth over the past few years. We thank Daniel Seibert for his great personal commitment and preparedness to continue working in advisory capacity for the Group past the end of his term of office to ensure a smooth transition.

Forecast for 2018 as a Whole Confirmed

Following the pleasing business development in the first half of the year and a positive outlook for the remaining months, the Group is confirming its forecast for 2018 as a whole. The forecast predicts that Group sales will increase to more than EUR 220 million. At the same time, the operating result



Ralf Zastrau (CEO)

(EBITDA) is likely to increase to at least EUR 24 million. Consolidated net income will remain characterized by increased depreciation and amortization and by financing costs. The Group will be focusing on the launch of and preparation for the production of major orders in the coming quarters, which will entail a great deal of effort. In addition to this, the focus in the current fiscal year is primarily on the integration of the new sites, as well as the implementation of the comprehensive innovation program.



Michael Jung (COO)

Nanogate has significantly expanded its market position in recent years thanks to its Phase5 program and continued its profitable growth. We must now use this success as a basis for enhancing the company, making the Group's structure more efficient, defining future growth strategies and using this to derive the medium-term plan. This is how we will ensure our continued long-term success.

Yours,

Handwritten signature of Ralf M. Zastrau in blue ink.

Ralf M. Zastrau (CEO)

Handwritten signature of Michael Jung in blue ink.

Michael Jung (COO)

Handwritten signature of Götz Gollan in blue ink.

Götz Gollan (CFO)



Götz Gollan (CFO)



A conceptual image of a globe where the continents are represented by interlocking puzzle pieces. The globe is set against a dark blue background with a lighter blue curved shape in the foreground. The puzzle pieces are metallic and reflective, with some missing, suggesting a world in progress or a complex global challenge.

NEW HORIZONS

A WORLD OF NEW SURFACES

Across every continent, companies are using multifunctional surfaces to offer customers and users product worlds with new features and unusual designs. As a partner in innovation to world-leading corporate groups, Nanogate is therefore accelerating its international expansion.

Group Half-Year Report of Nanogate SE

1 Fundamental Principles of the Group

The Nanogate Group (Nanogate) is a leading global specialist for design-oriented high-tech surfaces and components. The Group develops and produces surfaces and components of the highest optical quality and enhances them with additional properties.

Nanogate launched its Phase5 growth program in 2014 and sales and profitability have since increased significantly. Market capitalization and the number of employees have also increased sharply. At the same time, the international market position was significantly strengthened, thanks to a number of acquisitions, as was the technology portfolio. With its slogan, "A world of new surfaces," Nanogate reinforces its aspiration of using intelligent surfaces and components to give products a competitive edge and to help its customers generate added value. It reflects Nanogate's promise to be a reliable partner for cutting-edge technology, rapid implementation and high-quality mass production.

1.1 Business Model

As a leading global specialist for design-oriented high-tech surfaces and components, Nanogate opens up the diverse possibilities offered by multifunctional and design-oriented surfaces and sophisticated components for companies in a wide range of industries. The focus is on applications for plastics as a particularly demanding substrate. Nanogate also offers systems and applications for other substrates, such as metal and glass. Innovative materials, as well as new designs and functions, are intended to increase the competitiveness and profitability of Nanogate customers and to reap environmental benefits. Nanogate's solutions and expertise can give companies a technological advantage and improve their products and processes.

Nanogate adopts the strategic approach of serving its customers as a long-term innovation partner. As an integrated systems provider, Nanogate manages and is responsible for all stages of development and design, through to production of the components and coating of the surfaces. As a result, Nanogate is also continuously enhancing its profitable components business, working in partnership with major global players to assume overall responsibility for selected complete components (high-tech components). At the same time, the Group is enlarging its technology portfolio in order to expand its market position with additional applications. Several acquisitions with which Nanogate has strengthened its technology portfolio have also contributed to this, as have the expansion of its capacities and the development of new markets. The value chain was at the same time continuously supplemented with further services.

Nanogate primarily focuses on attractive target industries such as the automotive, aviation, home appliance, interior, leisure and medical sectors. The company sees continued significant sales and margin potential across all of these markets for systems in the areas of N-Metals Design (decorative metallization of plastics) and N-Glaze (innovative plastics with glass-like properties). Significant funds have flowed into expanding both areas and the associated brands over recent years. The Group is also developing the future market for integrated smart surfaces. To do this, Nanogate is using its broad technology portfolio and will in the future also integrate electronics expertise into innovative plastic surfaces. This allows Nanogate to offer companies opportunities for innovative design and operating concepts.

Nanogate covers the entire value chain, relying on three strong pillars in its operating business:

I. Advanced Materials Engineering

Since it commenced operations, Nanogate has concentrated on exploiting the benefits of new materials for companies in the form of commercially successful global solutions. Nanogate therefore occupies the crucial interface between the manufacturers of source materials and the manufacturers of industrial and consumer goods across various sectors. With its many years of chemical expertise, Nanogate develops, produces and integrates surface systems based on its own as well as external source materials for the enhancement of numerous substrates. An important basis for this is its comprehensive experience in the use of new materials. Its existing expertise in the area of nanotechnology as a cross-sectional technology is an essential cornerstone of its innovative and comprehensive application and technology portfolio.

II. Advanced Process Engineering

Nanogate's numerous production and coating processes cover a wide range of functions and substrates. Its engineering expertise ranges from its own process development to plant construction and to patented enhancement processes in ongoing mass production. The Group operates under clean-room conditions on many projects in order to ensure the highest optical quality. In doing so, high-performance PVD processes and wet chemical coating processes of various kinds are used and its technology expertise is continuously developed. The wide range of systems includes, for example, ink-jet processes, flat-spray facilities and robot-assisted flow-coat systems. The combination of many years of experience and leading technologies ensures low reject rates and high levels of efficiency.

III. Advanced Component Engineering

In its operating subsidiaries, the Group has experience spanning decades in the development and production of components of the highest optical quality as well as in the multifunctional enhancement of surfaces. This primarily includes experience in the design process and the efficient manufacture of large volumes in plastic forming processes of the highest quality, and associated services such as laser etching, pressure mounting or pre-assembly. Nanogate is therefore able to meet the requirements of many customers for a complete, enhanced component. In the Advanced Polymers application area, in particular, companies benefit from the company's integrated expertise. Nanogate has a mastery of almost every plastic and a wide range of surface types.

1.2 Group Structure and Operating Subsidiaries

The Nanogate Group consists of the parent company Nanogate SE, Quierschied, and the consolidated subsidiaries Nanogate Industrial Systems GmbH, Quierschied, Nanogate GfO Systems GmbH, Schwäbisch Gmünd, Nanogate Textile & Care Systems GmbH, Quierschied, Nanogate PD Systems GmbH, Bad Salzuflen, Nanogate Vogler Systems GmbH, Lüdenschied, as well as Nanogate Goletz Systems GmbH and Nanogate Medical Systems GmbH, both in Kierspe. The shares in Nanogate Eurogard Systems B.V. and Nanogate Glazing Systems B.V. – both in Geldrop, the Netherlands – are pooled in the intermediate holding company Nanogate Nederland B.V. The Group has held around 80 % of the shares in Nanogate Jay Systems LLC (formerly the plastics division of Jay Industries Inc., Mansfield, Ohio, U.S.) since January 2017. The acquisition of selected business units of Austrian HTI High Tech Industries AG was concluded on January 23, 2018. The companies now trade as Nanogate Electronic Systems GmbH, Neudörfel, Austria, and Nanogate Slovakia s.r.o., Vrable, Slovakia, and are included in the consolidated financial statements from this date under the umbrella of the intermediate holding company Nanogate Central and Eastern Europe GmbH, Neudörfel, Austria. Part of the transaction was also an investment (without majority) in High Tech Plastics GmbH (HTP Austria), Fohnsdorf, Austria, which is recognized as an equity-accounted associated company and is currently implementing a focus strategy. In February 2018, Nanogate also invested in Finnish technology startup TactoTek Oy, Oulunsala, Finland, and in May 2018 agreed the acquisition of all shares in design studio Holzapfel Engineering Team GmbH (heT, in the future

Nanogate heT Engineering GmbH), Böblingen, which will be included in the consolidated financial statements from July 2018.

1.2.1 Nanogate SE

As the holding company, the parent company Nanogate SE is responsible for the strategic and operational management of the Group and its operating subsidiaries. Central material development and production, central functions such as finance and controlling, and services for all Group companies are also pooled in the management and technology holding company.

1.2.2 Nanogate Industrial Systems GmbH

Nanogate Industrial Systems GmbH concentrates on the industrial implementation of various high-performance surfaces, particularly on the market for metal surfaces, for example, surfaces made of aluminum or stainless steel, as well as metallization, especially of plastics. This is in addition to energy efficiency applications, among others, but also increasingly other solutions, such as coatings for products using stainless steel. The company also has a center of excellence for N-Metals at its Neunkirchen site, which encompasses applications under the N-Metals Design brand.

1.2.3 Nanogate Textile & Care Systems GmbH

Nanogate Textile & Care Systems GmbH targets various markets, including the sport/leisure market, involving do-it-yourself (DIY) systems for improved cleaning, as well as care and protection of textiles that also feature hygienic properties, for example. Some of the solutions are also sold under their own brands, such as “feldten” and “Empire”. The company received the German Brand Award in 2017 for the successful branding of the “Empire” products. Nanogate Textile & Care Systems also implements applications for functional textiles.

1.2.4 Nanogate GfO Systems GmbH

Nanogate GfO Systems GmbH specializes in the technical and optical enhancement of complex plastic and metal surface geometries. In addition, the company has an ink-jet technology that is unique in Europe.

1.2.5 Nanogate Eurogard Systems B.V.

Nanogate Eurogard Systems B.V. specializes in enhancing surfaces on two-dimensional components and is the global market leader in the specialist sector of coating transparent plastics. The company concentrates on the buildings/interiors, aviation and special-purpose vehicles and machinery sectors. The shares in Nanogate Eurogard Systems have been pooled in the Dutch holding company Nanogate Nederland B.V. since 2014.

1.2.6 Nanogate PD Systems GmbH

Nanogate PD Systems GmbH is one of Europe’s leading plastics processors and has a proprietary technology portfolio for optically sophisticated components. It is also considered to be a trailblazer in the growth market of glazing. A center of excellence for N-Glaze applications is operated at Nanogate PD Systems headquarters in Bad Salzufflen. With this center of excellence, Nanogate integrates development, production and subsequent enhancement of transparent and colored N-Glaze components in one location.

1.2.7 Nanogate Glazing Systems B.V.

Nanogate Glazing Systems B.V. focuses on the production, enhancement and molding of flat glazing components. These components are used in special-purpose forestry vehicles, for instance. Since 2015, the company has been opening up its safety applications line of business under the N-Glaze Security brand. The subsidiary supplements the existing expertise

within the Nanogate Group. The shares in the company have been pooled in the holding company Nanogate Nederland B.V. since 2014.

1.2.8 Nanogate Vogler Systems GmbH

Nanogate Vogler Systems GmbH specializes in technically advanced coatings for decorative multifunctional surfaces. The company's customers include major international companies, for example, from the automotive industry and building services, as well as leading domestic appliance manufacturers.

1.2.9 Nanogate Goletz Systems GmbH

Nanogate Goletz Systems GmbH offers a wide range of services for the manufacture and processing of smaller- and medium-sized design-oriented plastic components. The acquisition of the plastics specialist significantly expanded Nanogate's systems expertise in this high-demand area. The company supplies customers from the automotive, electronics and domestic appliances industries.

1.2.10 Nanogate Medical Systems GmbH

The Group is also represented in the medical technology sector by Nanogate Medical Systems GmbH. The subsidiary of Nanogate Goletz Systems GmbH specializes in the development and production of high-quality plastic articles for medical technology, and has corresponding certifications and manufacturing systems.

1.2.11 Nanogate Jay Systems LLC

Nanogate Jay Systems LLC is a leading, integrated provider for the high-quality enhancement of plastic surfaces and components. The shares in the company are pooled in the intermediate holding company Nanogate Technologies Inc.

With around 400 employees, Nanogate Jay Systems has been active on the market since 1968. This majority-owned subsidiary gives Nanogate powerful access to the U.S. market, having its own development and production capacities there and expanding its technology portfolio. The company covers the entire value chain, from the development and production of components to their final enhancement. Nanogate Jay Systems has particular expertise in lighting systems, in the metallization of surfaces and in efficient production technologies and development processes. Its customers include all of the well-known U.S. automotive groups and suppliers, as well as manufacturers from Japan and South Korea, and also, since 2018, a renowned German car manufacturer. The company is also increasingly active in other industries, such as domestic appliances.

As part of its innovation offensive, the Group is currently building a new research and development center at the existing site in Ohio, which is expected to go into operation in the first half of 2019. In addition to this, capacities for N-Metals Design are being increased – especially now the company has received the largest order in its history. As of 2019, Nanogate will supply components for kitchen appliances metallized with a stainless steel look to a renowned U.S. manufacturer.

1.2.12 Nanogate Slovakia s.r.o.

In addition to many years' experience in the automotive business, Nanogate Slovakia s.r.o. also has numerous projects for industrial companies. It focuses on manufacturing parts with further added value such as assembly and surface enhancement. In addition, Nanogate Slovakia has also established itself as a partner for the development and production of small batches – for example, for packaging and medical technology. Nanogate is benefiting from a new, high-performance and, at the same time, cost-efficient location, as well as from the

geographical expansion toward Eastern Europe. The shares are pooled in the intermediate holding company Nanogate Central and Eastern Europe GmbH.

1.2.13 Nanogate Electronic Systems GmbH

Nanogate Electronic Systems GmbH, acquired in 2018, is a leading provider of special plastic components, with a product focus outside the automotive environment. Its focus is on forward-looking technologies such as insert technology, high precision and micro-injection molding technology, the development and production of lightweight plastic components, as well as series injection molding with a high degree of automation. The production of high-precision and microcomponents, also for electronic applications, is highly automated. The unit has high development capabilities and will in the future collaborate with the Nanogate Group on innovations, for example, on new hybrid solutions requiring the combination of electronics, metal and plastics expertise. The company serves the entire value chain, from engineering to production to logistics. The shares are pooled in the intermediate holding company Nanogate Central and Eastern Europe GmbH.

1.3 Goals and Strategies

Nanogate is pursuing a long-term growth strategy so that it can continue to improve its good market position in the production and marketing of design-oriented, multifunctional surfaces and components, both nationally and internationally. The main aim is to raise the company's value with a greater business volume and increased profitability. Design-oriented, high-performance surfaces and components based on new materials and of the highest optical quality are a fundamental part of many products. Innovative materials are established in many sectors and, as a cross-sectional technology, catalyze technical progress by means of better products or more efficient processes. The Group's products thereby contribute equally to improving the competitiveness of its customers in their respective markets. Until now, sales of systems based on new technologies and of high-performance surfaces have been continuously increasing.

The main customer industries are the automotive, aviation, home appliance, interior, leisure and medical sectors. The focus is on systems that support value preservation (e.g. scratchproof coatings, UV protection and chemical stability), reduce the need for cleaning ("easy-to-clean"), have hygienic properties or contribute to energy efficiency. Also in particular demand are design-oriented surfaces and components made from innovative materials and the decorative metallization of plastics with unique properties and functions. The Group is opening up the market for integrated smart surfaces as a new field of application.

Market observers forecast continued strong growth in a heterogeneous and dynamic environment. According to a forecast from Research and Markets, the market for nanosurfaces is likely to increase by an annual average of almost 25 % and reach a volume of around USD 14 billion by 2022. The Zion Research market research institute expects, on the other hand, that the market for plastic surfaces could increase to a volume of more than USD 7.7 billion by 2021. Analysis firm Markets and Markets forecasts that the automotive industry will be the primary source of increasing demand; the market volume for glazing applications in the automotive industry alone is expected to grow to almost USD 4 billion by 2021, and they expect the global market for surfaces in the automotive industry to increase to over USD 16 billion. Nanogate itself sees for the future an accessible global market worth considerably more than EUR 1 billion for its products and applications.

The Group is concentrating its growth strategy on several particularly attractive target industries and on the development of new technologies and solutions. In sales, the Group uses two strong brand worlds:

- Nanogate develops, produces and sells systems and applications in metals under its N-Metals brand. These include, for example, energy efficiency solutions for heat exchangers in heating systems. The Group also sees significant opportunities for the decorative metallization of plastics, which are sold under the N-Metals Design brand. This attractive market is also driven by an increasing interest in chrome replacement solutions, for which Nanogate offers a broad portfolio. Nanogate has the relevant expertise and production capacities at several locations such as Mansfield, Ohio (U.S.) and in Neunkirchen and Schwäbisch Gmünd (Germany).
- The Group sells applications with innovative plastics mainly under the N-Glaze brand. The management sees major growth potential for glazing applications, particularly in the automotive sector, because innovative plastics can replace glass and metal as a material and offer greater scope for designing high-quality components. They also allow for a substantial reduction in weight, which can result in lower fuel and energy consumption, for example. The Group therefore has its own production capacities for the integrated manufacture of plastic components, the enhancement and coating of surfaces, and the production of colored or transparent, glazed plastic components with glass-like properties. This includes the integrated glazing center of excellence at the Bad Salzflen site, for example.

The Group's companies also manufacture and sell traditional applications, for example, in the leisure, home appliance, interior and medical sectors. Across all target industries, Nanogate attaches great importance to developing and distributing environmentally friendly systems and processes. The intention is to gain new customers and distribution partners – if possible, internationally active market leaders in their fields – with both existing and new technologies. Beyond this, Nanogate's focus is on further opening up international markets and new areas of application, including by means of new subsidiaries and joint ventures.

1.4 Management System

Despite the costs involved in implementing its ongoing Phase5 growth program – such as for capacity expansions – Nanogate intends to increase the operating result (EBITDA) over the long term. The management strives to find a balance between investing in growth on the one hand and optimizing its cost structure on the other. The Group is therefore managed using the two important performance indicators of sales and EBITDA. Further factors such as gross profit margin, EBIT, cash flow, working capital, investments and equity ratio are also used for operational and strategic management. In a monthly reporting system for the Group as a whole, target-performance comparisons are made, and deviations and key performance indicators are analyzed. In addition, control is exercised via qualitative results, such as the development of new solutions, the acquisition of reference customers and certifications by customers, suppliers, external institutions and companies.

2 Business Report

2.1 Macroeconomic Environment

Compared with 2017, the global economy is growing more strongly in 2018. In its World Economic Outlook of July 2018, the International Monetary Fund continues to forecast an economic growth of 3.9 % for the current year. While the IMF slightly reduced its expectations for Germany, the forecasts for the U.S. and China were confirmed (see also Section 4.1). The Federal Statistical Office reported in August that the German economy had continued its course of growth in the first half of the year, saying that the gross domestic product (GDP) was 0.5 % higher in the second quarter of 2018 than in the previous quarter. There was a somewhat weaker rise in GDP of 0.4 % in the first quarter of 2018.

The industries relevant to Nanogate performed largely positively. According to the VDA industry association, the global automotive industry recorded excellent growth; the number of new cars sold in the first half of 2018 in the three largest sales markets (EU 28 + EFTA, USA, China) increased by 1 million to a total of 28.8 million cars. While growth in Europe was 3 %, sales increased by 2 % in the U.S. and by almost 6 % in China. The German chemical industry achieved an increase in sales of 5.5 % in the first half of the year, while production according to VCI rose 5 %. The VDMA industrial association reported that German mechanical engineering firms had recorded a good first half-year. Market research institute GfK reported in July that in Germany private consumer spending was most recently characterized by a largely stable trend toward purchasing and income expectation, while economic expectations were increasingly subdued.

2.2 Important Events in the First Half of 2018

Nanogate continued its course of growth with great impetus in the first half of the year; sales increased by around 26 % to over EUR 119 million. Alongside a persistently high level of demand, the new sites in Slovakia and Austria were among the contributors to this for the first time. Despite transaction and integration costs for new investments and the costs resulting from our innovation offensive, the operating result (EBITDA) improved by around 16 % to EUR 12.7 million. Nanogate further improved its strategic positioning with additional long-term equity investments. In its operating business, the Group focused on expanding its product and technology portfolio gaining many new orders as part of its international market development.

Company Structure and Positioning

As part of its growth strategy and the expansion of the Group structure, Nanogate concluded acquisitions in Slovakia and Austria in January 2018, strengthening its industrial business, increasing its expertise and expanding its internationalization as a result. The transaction had been agreed in 2017. The integration of both new sites is likely to last until the end of 2019.

In addition, Nanogate acquired a stake of 4.43 % in the Finnish growth company TactoTek Oy for a low single-digit million amount while also entering into a cooperative agreement. The company offers solutions in the area of injection molded structural electronics (3D) and is specialized in the integration of printed circuits and electronic components in plastics. Nanogate intends to more rapidly open up the profitable market for integrated smart surfaces with this partnership.

In May, Nanogate announced the agreement to acquire design studio Holzapfel Engineering Team GmbH (heT), headquartered in Böblingen. This strengthens the Group's design and engineering expertise and further improves its competitive position. As a result, the company can join the dialogue with customers at an earlier stage in the value chain, analyzing their desires and needs, and developing innovative solutions. Our goal is to jointly develop the next generation of high-quality plastic components, and produce them within the Group as part of an integrated system. Great potential is particularly present in the target industries of automotive, aerospace, and home appliances – especially in the international market. The purchase price for the complete shares of heT is in the mid-single-digit million range and comprises cash and share components (from a capital increase against contributions in kind). The company, which generated net sales in 2017 in the mid-single-digit million range while obtaining an attractive EBITDA margin, and has no financial liabilities, will continue to be run by the current management team. The transaction was fully concluded in July 2018. The company will trade in the future as Nanogate heT Engineering GmbH.

Since 1995, heT has worked with several luxury and premium goods manufacturers in the automotive and other target industries, such as home appliances, and has left its mark on the development and design of well-known brand-name products. These years have seen the establishment of long-term, close relationships with customers, which usually show their impact as early as

during the initial concept phase of a product. This also includes a years-long development partnership with a key customer that generates substantial long-term sales contributions.

At the same time, Nanogate has optimized its financial structure and achieved a fund inflow of EUR 50 million as part of the placement of a promissory note loan with various tranches. The Group benefits here from its “investment grade” credit standing. The inflow of funds will primarily be used to refinance the existing liabilities and for growth financing. The restructuring enabled the company to ensure the favorable interest rate level and to diversify its entire financing structure. The revenue allows some of the existing liabilities with higher interest rate levels to be released early. In addition, Nanogate structured a new syndicated loan with its house banks, which partly includes a flexible revolving credit line with a term of up to seven years that had not yet been used in the first half of the year.

Simultaneously, a capital increase against contributions in kind was implemented as part of the transaction for the acquisition of the sites in Slovakia and Austria. Consequently, the share capital rose by EUR 275,000 to EUR 4,827,395.00, corresponding to 4,827,395 shares.

The Group announced in May that Götz Gollan would be the new CFO at Nanogate SE. He took the office with effect from September 1, 2018, and is now responsible for the areas of finance, controlling, risk, tax and legal. Gollan was previously a member of the management board (COO) at equinet Bank AG in Frankfurt am Main. A business administration graduate, he co-founded the bank in 1999 and managed it as CFO until 2011. He led Privatbank Berlin von 1929 AG as CEO between 2011 and 2016. Nanogate announced in March 2018 that the previous CFO Daniel Seibert would be leaving the company for personal reasons with effect from the end of August.

The shareholders' meeting in June resolved an unchanged dividend of EUR 0.11 per share. The other agenda items, such as the conclusion of a profit and loss transfer agreement with subsidiary Nanogate Textile & Care Systems GmbH, were also agreed.

Technology and Innovation

The Group will invest over EUR 20 million in its ongoing innovation program in 2018 in order to open up new markets and expand its portfolio. The investment program will focus on additional applications and systems for the metallization of plastics (N-Metals Design) and the combination of plastics and electronics (integrated smart surfaces). Furthermore, the production capacities and previous surface expertise will also be expanded.

The goal in the area of the N-Metals Design brand is to offer numerous applications in the area of chrome and stainless steel alternatives, decorative surface finishes and innovative lighting, for example. For the additional solutions, Nanogate is also establishing a new research and development (R&D) center at its site in Mansfield, Ohio, USA. The R&D center is expected to begin operations in the first half of 2019. For this purpose, the Group has received an investment grant of USD 2 million from the economic development organization JobsOhio. The U.S. subsidiary Nanogate Jay Systems will simultaneously expand capacities for N-Metals Design.

Part of the innovation program is also the development of new systems that combine electronics, multifunctionality and high-quality design in innovative surfaces. Integrated smart surfaces allow for the development of entirely new kinds of operating concepts for devices of all types. This in turn provides greater freedom in the design of components, allowing them to be more efficient, smaller and lighter. There is great demand from international groups for new switch designs, particularly in the automotive, aerospace, home appliance and consumer electronics markets. The investment in and cooperation with the Finnish start-up TactoTek will also contribute to the rapid opening up of this billion-dollar market, which is expected to emerge in the medium term.

Meanwhile, production for the N-Metals Design technology platform at the Neunkirchen site has also begun. Sampling is currently underway for initial projects. Nanogate is receiving considerable interest in applications related to the design-oriented metallization of plastics, with further preparatory work being conducted in this area ahead of series production. In connection with this, the Group agreed a strategic partnership with Liechtenstein-based surfaces specialist Oerlikon Balzers.

Nanogate has pooled an extensive portfolio of technologies for the metallization of plastics under the N-Metals Design brand name. In the past, the solutions have been developed in the U.S. and at various European sites. There are also solutions for replacing chrome and steel, the marketing for which began successfully with the largest order in the company's history. A third metallization application is currently being developed.

New Projects and Orders

The Group announced the largest order in the company's history in 2018. With a sales volume of up to USD 100 million, the project is Nanogate's breakthrough into the market of stainless steel replacement technologies. Nanogate will deliver the components for kitchen appliances to a renowned U.S. manufacturer starting in 2019, strengthening its industrial business. The process involves the use of heat-resistant plastic, which is metallized with a stainless steel look in a process developed and integrated by Nanogate. The technology is based on innovative forming processes and multifunctional enhancement. Included in this are a number of surface options, such as easy-to-clean or anti-fingerprint, with the possible integration of additional functions. The marketing of the new application, which was developed by the center of excellence in the USA, has been ongoing since the beginning of this year. Nanogate is thus expanding its N-Metals Design portfolio for plastic metallization as a second pillar.

The other new projects in the U.S. business include several additional orders for the innovative plastic components business. The total sales volume for the multi-year projects is in the low double-digit million range. The U.S. center of excellence will also kick off a project for a German automotive manufacturer for the first time. The start of production of interior components is already planned for the upcoming months. In addition, Nanogate is intensifying its relationship with Asian automotive companies. Since May 2018, Nanogate has been manufacturing reflectors for high-quality lighting components and enhancing them with N-Metals technologies for a South Korean vehicle manufacturer. Nanogate was also able to expand its market position with Japanese automotive customers. For example, the production of door components and plastic panels started in June 2018. Here Nanogate is also responsible for the production and coating of the complete component. The Group has been supplying another Japanese manufacturer with a black high-glaze finish from the N-Glaze brand since August 2018. All of these projects will be carried out at plants in North America.

Nanogate also extended its market position in the area of new mobility with several new orders. The total sales volume for the new multi-year projects is worth millions. For the projects for two German luxury manufacturers, Nanogate is relying on its plastics technologies, which are sold under the N-Glaze brand and work well with complex electronic systems. For example, production has begun on the coating of a component for vehicle interiors using ink-jet technology. Enhanced with a transparent surface, the components are used in assistance systems. Their purpose is to monitor the driver, for example, in order to recognize signs that they have become overly tired. Nanogate is also producing high-quality plastic components for a leading global manufacturer that will be used for camera and laser systems. The outer surfaces of the components are enhanced with high-quality N-Glaze scratchproof coatings to protect the sensors. These systems are essential for assistance systems in automated driving, where sensors monitor the distance to moving vehicles ahead and



automatically initiate emergency braking if required in order to prevent collisions with other cars or pedestrians.

2.3 Net Assets, Financial and Earnings Position

The Group performed well in the first half of the year. Sales increased by around 26 % to EUR 119.4 million, while the operating result (EBITDA) increased about 16 % to EUR 12.7 million despite the transaction and integration costs as well as the costs arising from the growth strategy. The Group also increased its financial latitude through the placement of a promissory note loan.

Business Performance Overview

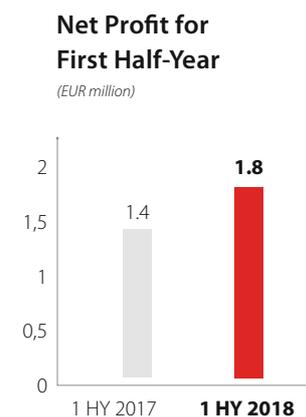
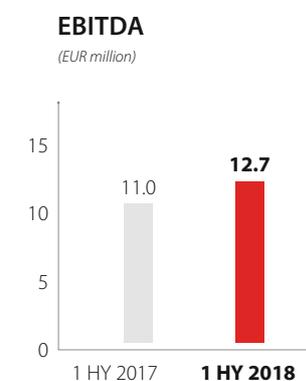
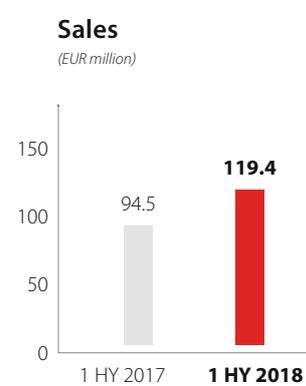
| In EUR million | 1 st half year 2017 | 1 st half year 2018 |
|--------------------------------|--------------------------------|--------------------------------|
| Sales | 94.5 | 119.4 |
| EBITDA | 11.0 | 12.7 |
| Net Profit for First Half-Year | 1.4 | 1.8 |
| Earnings per share (EUR) | 0.33 | 0.38 |

2.3.1 Earnings Position

Nanogate increased its Group sales in the first half of the year by around 26 % to EUR 119.4 million (previous year: EUR 94.5 million). Alongside the persistently high level of demand, the inclusion of the new sites for the first time also contributed to this, as did the switch to IFRS 15 to a limited degree. The changes in inventories amounted to EUR 0.9 million (previous year: EUR -0.5 million), while own work capitalized grew to EUR 0.6 million (previous year: EUR 0.2 million) in view of the innovation program. Other operating income amounted to EUR 1.6 million (previous year: EUR 0.5 million). The Group's overall performance thus increased to EUR 122.5 million (previous year: EUR 94.7 million).

In view of the greater business volume and both additional sites, the cost of materials increased to EUR 54.3 million (previous year: EUR 38.7 million). As the Group continues to pursue its strategy of increasing the proportion of component manufacturing, the gross profit margin (in relation to sales) amounted to 57.1 % (previous year: 59.3 %). Personnel expenses rose more slowly than sales to EUR 35.1 million (previous year: EUR 29.3 million). The greater other operating expense of EUR 20.4 million (previous year: EUR 15.8 million) reflects the integration of the new sites and the costs arising from the growth strategy.

Nanogate continued its long-term profitable course of growth in the first half of the year. Despite the significant costs of the expansion program, the operating result (EBITDA) improved by around 16 % to EUR 12.7 million (previous year: EUR 11.0 million). The EBITDA margin stood at 10.6 % (previous year: 11.6 %). The first-time application of IFRS 15 also negatively impacted earnings. In view of the significant investment and impact of the purchase price allocation (PPA) from the acquisitions in Slovakia and Austria, the EBIT remains characterized by increased depreciation and amortization. Nevertheless, EBIT rose to EUR 4.6 million (previous year: EUR 4.1 million). The financial result fell slightly to EUR 2.1 million (previous year: EUR 2.2 million). Earnings before taxes improved particularly strongly compared to sales by about 32 % to EUR 2.6 million (previous year: EUR 1.9 million). Overall, consolidated net income for the half-year rose by about 28 % to EUR 1.8 million (previous year: EUR 1.4 million). The earnings per share for the first half of the year improved to EUR 0.38 per share (previous year: EUR 0.33) despite the increased number of shares.



2.3.2 Financial Position

Nanogate is well-positioned financially for its ongoing growth strategy. The first-time placement of a promissory note loan is also contributing to this. As of the half-year reporting date of June 30, cash and cash equivalents rose significantly to EUR 42.3 million (December 31, 2017: EUR 20.3 million).

The Group's financial position reflects the costs of the innovation program. In addition, there are one-time fund outflows for the start-up of orders. For example, it was necessary to prefinance the manufacture of new tools during the reporting period in view of the new major orders, which can be billed only on completion and lead to payment receipts. In light of this, the cash flow from operating activities after income tax payments amounted to EUR 1.9 million (previous year: EUR 5.0 million). The cash flow from investing activities totaled EUR -15.4 million after the previous year's value of EUR -44.7 million was primarily due to the acquisition of the U.S. site. The cash flow from financing activities amounted to EUR 35.3 million (previous year: EUR 41.5 million) and primarily comprises the fund inflow from the placement of the promissory note loan, the repayment of existing liabilities and the distribution of the dividend.

2.3.3 Assets Position

With the company's course of expansion, total assets increased further to EUR 323.5 million (December 31, 2017: EUR 235.1 million). The equity ratio amounted to 33.8 % (December 31, 2017: 39.9 %). As of June 30, 2018, the gearing level (net bank liabilities/ EBITDA) stood at 3.0.

In view of the growth course, non-current assets increased to EUR 206.7 million (December 31, 2017: EUR 166.8 million), of which EUR 86.9 million were attributable to intangible assets (December 31, 2017: EUR 77.5 million) and EUR 108.9 million to property, plant and equipment (December 31, 2017: EUR 84.3 million).

Current assets rose to EUR 116.8 million (December 31, 2017: EUR 68.3 million). The inventories decreased to EUR 20.5 million (December 31, 2017: EUR 21.4 million), while trade receivables totaled EUR 44.8 million (December 31, 2017: EUR 21.6 million). Cash and cash equivalents increased to EUR 42.3 million (December 31, 2017: EUR 20.3 million).

Nanogate's equity exceeded EUR 100 million for the first time and improved to EUR 109.5 million (December 31, 2017: EUR 93.7 million). The main contributor to this was a capital increase against contributions in kind that was part of the transaction for the acquisition of the new sites. Consequently, the company's share capital rose by EUR 275,000 to EUR 4,827,395.00, corresponding to 4,827,395 shares. Transition effects from the first-time application of IFRS 9 and 15 increased equity by EUR 0.8 million.

Noncurrent liabilities increased to EUR 147.8 million (December 31, 2017: EUR 91.4 million). This is primarily the result of the first-time placement of the promissory note loan with a revenue of EUR 50 million, distributed across several tranches, and from the first-time integration of the new sites. Existing liabilities at poorer conditions were repaid with some of the fund inflow. The current liabilities stood at EUR 66.3 million (December 31, 2017: EUR 50.0 million).

2.4 Employees

The average number of employees increased in the first six months, primarily as a result of the new majority stakes in Nanogate Central and Eastern Europe GmbH, Nanogate Electronics GmbH and Nanogate Slovakia s.r.o., to 1,551 (previous year: 1,191). The number of trainees rose to 35 (previous year: 21). Sales per employee in the reporting period stood at around EUR 77,000 (previous year: EUR 80,000 million).

3 Risk and Opportunities Report

As a company operating globally, Nanogate sees many opportunities and risks for its business. As part of its value-oriented governance, the Group therefore operates comprehensive risk management as an integral component of its management system.

In view of the new long-term equity investments and sites, as well as new technologies and markets, the Group's complexity increased further in the first half of 2018. At the same time, the environment is becoming increasingly challenging. This is primarily due to the international trade dispute with protectionist steps in important global markets, connected with new customs and currency fluctuations, and new developments in the automotive industry as an important target market of the Group. The Group has also opened up new markets, for example, with its new technology platform as a replacement for steel, strengthening its sales potential with the largest order in the company's history.

Despite the increased complexity and the more challenging environment, the Management Board believes the existing risks are manageable. According to information currently available, the identifiable risks have no material impact on the net assets, financial and earnings position. There has therefore been in no significant overall change in the Group's risk opportunity profile in the reporting period, as presented in the 2017 annual report. The existing risk management system, the identified risks and the opportunities of the Group are detailed in the management report (page 42 et seq.). Please refer to these details.

4 Forecast

4.1 Future Economic and Industry Development

According to a forecast of the International Monetary Fund of July 2018, the global economy will grow as expected, and faster than in the previous year, although the IMF has slightly reduced its expectations for Germany. By contrast, Germany's leading economic research Institute has slightly raised its predictions for 2018 and 2019. According to its spring report, it now expects economic growth of 2.2 % for the current year and 2.0 % for next year.

Development of Economic Growth

| in % | 2017 | 2018 Forecast |
|-----------------------|------|---------------|
| Global (world output) | 3.7 | 3.9 |
| Germany | 2.2 | 2.2 |
| Europe (euro area) | 2.4 | 2.2 |
| U.S. | 2.3 | 2.9 |
| China | 6.9 | 6.6 |

Source: IMF, Spring report (for Germany)

Nanogate's main target industries are likely to perform well in 2018. In its forecast of December 2017, the German industrial association VDA expects growth in the global automotive market of 1 % to 86 million vehicles. For the year as a whole, the German chemical industry expects

production growth of 3.5 % and sales growth of 4.5 %, although demand in the second half-year is likely to be more restrained than in the first six months. In December 2017, the German VDMA industry association forecast further production growth of 3 % for mechanical and plant engineering, putting it at the same level as 2017. According to the industry association SPECTARIS, German medical technology manufacturers are expecting sales growth around 4 % after a stronger rise had originally been expected. In Germany private consumer spending – particularly significant for the target markets of automotive, home appliance and leisure, for example – is expected to increase by around 1.5 % in the current year according to a forecast by the market research Institute GfK, as long as conditions remains favorable.

4.2 Future Development of the Nanogate Group – Forecast for 2018

Business Development and Forecast for the 2018 Fiscal Year

| In EUR million | Actual 2017 | 2018 Forecast |
|----------------|-------------|---------------|
| Sales | 186.2 | > 220 |
| EBITDA | 21.5 | > 24 |

Following the company's positive performance in the first half of the year, the Group is also confident about the year as a whole. Over recent months, Nanogate has made considerable progress in developing strategically, structurally and operatively, and has significantly broadened its sales base. New sites and technologies, as well as new orders, support its course of growth. The Group anticipates significant opportunities over the medium and long term primarily in the metallization of plastics, the area of new mobility and integrated smart surfaces. From a strategic point of view, the intention is to place greater focus on strengthening the industrial business.

In addition to the pleasing business development in the first half of the year and a positive outlook for the remaining months, the Group is confirming its forecast for 2018 as a whole. The forecast predicts that Group sales will increase to more than EUR 220 million. At the same time, the operating result (EBITDA) is likely to increase to at least EUR 24 million. Consolidated net income will remain characterized by increased depreciation and amortization and by financing costs. The Group will be focusing on the launch of and preparation for the production of major orders in the coming quarters, which will entail a great deal of effort. In addition to this, the focus in the current fiscal year is primarily on the integration of the new sites, as well as the implementation of the comprehensive innovation program.

The growth pillars are still organic growth, international market development and selective external growth. Based on the further increase in the order base, the Management Board expects a continuation of the profitable growth course over the medium and long term. The Group is strategically, financially and operatively well positioned and appropriately equipped to expand its international market position. The strong performance in the first half of the year confirms Nanogate's forward-looking approach.

Quierschied, September 2018



Ralf M. Zastrau (CEO)



Michael Jung (COO)



Götz Gollan (CFO)

Consolidated income statement of Nanogate SE

for the period from January 1 to June 30, 2018

| | 1/1/ – 6/30/ 2018 | 1/1/ – 6/30/ 2017 |
|----------------------------------------------------------------------------------------|----------------------|----------------------|
| | EUR ,000 | EUR ,000 |
| Sales | 119,415 | 94,525 |
| Change in inventories of finished goods and work in progress | 851 | -538 |
| Other own work capitalised | 606 | 232 |
| Other operating income | 1,637 | 483 |
| Cost of materials | -54,281 | -38,660 |
| Personnel expenses | -35,074 | -29,257 |
| Other operating expenses | -20,446 | -15,834 |
| EBITDA | 12,708 | 10,951 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | -8,098 | -6,861 |
| EBIT | 4,610 | 4,090 |
| Financial income | 1,690 | 2,005 |
| Financial expenses | -3,748 | -4,160 |
| Earnings before taxes (EBT) | 2,552 | 1,935 |
| Tax expenses | -734 | -520 |
| Net result for the period | 1,818 | 1,415 |
| Earnings per share (EUR) | | |
| Earnings per share, basic (EUR) | 0.38 | 0.33 |
| Earnings per share, diluted (EUR) | 0.38 | 0.33 |
| Weighted average of no-par-value bearer shares | | |
| Basic | 4,781,562 | 4,263,996 |
| Diluted | 4,802,766 | 4,308,896 |

Consolidated statement of comprehensive income of Nanogate SE

for the period from January 1 to June 30, 2018

| | 1/1/ – 6/30/ 2018 | 1/1/ – 6/30/ 2017 |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| | EUR ,000 | EUR ,000 |
| Net result for the period | 1,818 | 1,415 |
| Other comprehensive income/loss | | |
| Items which will not be reclassified to P&L in the future | | |
| Actuarial gains/losses from defined-benefit pension commitments and similar obligations | 12 | 2 |
| Income taxes on items which are not retrospectively reclassified to P&L | -4 | -1 |
| | 8 | 1 |
| Items which will be reclassified to P&L in the future under certain conditions | | |
| Foreign operations and foreign currency translation | 865 | -2,461 |
| Income taxes on items which are not retrospectively reclassified to P&L | - | - |
| | 865 | -2,461 |
| Other comprehensive income/loss | 873 | -2,460 |
| Total net income/loss | 2,691 | -1,045 |

Consolidated statement of financial position of Nanogate SE

as of June 30, 2018

| Assets | 6/30/2018 | 12/31/2017 |
|-------------------------------|-----------|------------|
| | EUR ,000 | EUR ,000 |
| Non-current assets | | |
| Intangible assets | 86,914 | 77,527 |
| Property, plant and equipment | 108,865 | 84,299 |
| Other financial assets | 3,588 | 297 |
| Deferred tax assets | 6,900 | 4,105 |
| Other assets | 450 | 581 |
| | 206,717 | 166,809 |
| Current assets | | |
| Inventories | 20,496 | 21,380 |
| Trade receivables | 44,757 | 21,634 |
| Other financial assets | 2,186 | 1,337 |
| Income tax receivables | 885 | 931 |
| Other assets | 6,192 | 2,732 |
| Cash and cash equivalents | 42,309 | 20,281 |
| | 116,825 | 68,295 |
| | 323,542 | 235,104 |

| Equity and liabilities | 6/30/2018 | 12/31/2017 |
|--------------------------------|-----------|------------|
| | EUR ,000 | EUR ,000 |
| Equity | | |
| Subscribed capital | 4,827 | 4,552 |
| Capital reserves | 94,740 | 82,266 |
| Other reserves | -2,200 | -3,025 |
| Retained earnings | 12,110 | 9,935 |
| | 109,477 | 93,728 |
| Non-current liabilities | | |
| Pension provisions | 885 | 916 |
| Other provisions | 1,242 | 484 |
| Financial liabilities | 100,737 | 50,409 |
| Other financial liabilities | 30,032 | 28,738 |
| Deferred tax liabilities | 13,331 | 10,252 |
| Other liabilities | 1,573 | 594 |
| | 147,800 | 91,393 |
| Current liabilities | | |
| Other provisions | 6,930 | 7,813 |
| Financial liabilities | 19,621 | 16,044 |
| Trade payables | 19,305 | 12,260 |
| Other financial liabilities | 10,877 | 6,624 |
| Income tax liabilities | 151 | 956 |
| Other liabilities | 9,381 | 6,286 |
| | 66,265 | 49,983 |
| | 323,542 | 235,104 |

Consolidated statement of cash flows of Nanogate SE

for the period from January 1 to June 30, 2018

| | 1/1 – 6/30/ 2018 | 1/1 – 6/30/ 2017 |
|------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| | EUR ,000 | EUR ,000 |
| Earnings before taxes | 2,551 | 1,935 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 8,098 | 6,861 |
| Increase/Decrease in provisions | -1,148 | 1,725 |
| Result from the disposal of non-current assets | 40 | - |
| Other non-cash income and expenses | -306 | 660 |
| Interest income | -429 | -8 |
| Interest expenses | 2,620 | 2,007 |
| Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities | -6,971 | -193 |
| Decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities | -2,090 | -5,799 |
| Cash flow from operations before taxes | 2,365 | 7,188 |
| Income tax payments | -498 | -2,159 |
| Cash flow from operating activities | 1,867 | 5,029 |
| Proceeds from the disposal of property, plant and equipment | 6 | - |
| Payments for investments in intangible assets | -536 | -170 |
| Payments for investments in property, plant and equipment | -9,949 | -4,064 |
| Proceeds from investments in financial assets | 505 | 12 |
| Payments for investments in financial assets | -5,627 | -10 |
| Payments for the acquisition of consolidated companies | - | -40,792 |
| Proceeds from investments in other assets | - | 340 |
| Payments for investments in other assets | - | -53 |
| Interest received | 152 | 2 |
| Cash flow from investing activities | -15,449 | -44,735 |
| Proceeds from capital increases | - | 13,762 |
| Dividend payment | -707 | - |
| Payments in connection with consolidated companies | -1,000 | -1,950 |
| Proceeds from the raising of loans | 56,348 | 43,408 |
| Payments for the redemption of loans | -15,924 | -10,800 |
| Payments for the redemption of finance lease liabilities | -1,505 | -1,426 |
| Interest payments | -1,889 | -1,536 |
| Cash flow from financing activities | 35,323 | 41,458 |
| Changes in cash and cash equivalents | 21,741 | 1,752 |
| Changes due to the companies included in the consolidated financial statements cash and cash equivalents | 255 | 113 |
| Changes due to exchange rates cash and cash equivalents | 59 | -225 |
| Cash and cash equivalents at the beginning of the period | 20,254 | 22,578 |
| Cash and cash equivalents at the end of the period* | 42,309 | 24,218 |

* Transferred to balance sheet: credit lines from bank overdrafts totalling TEUR 0 (previous year: TEUR 29).

Consolidated statement of changes in equity of Nanogate SE

for the period from January 1 to June 30, 2018

| | Subscribed capital | Capital reserves | Other reserves | Retained earnings | Group equity |
|--------------------------------------------------------------------------------------------------|--------------------|------------------|----------------|-------------------|----------------|
| | EUR ,000 | EUR ,000 | EUR ,000 | EUR ,000 | EUR ,000 |
| As of January 1, 2018 before adjustment | 4,552 | 82,266 | -3,025 | 9,935 | 93,728 |
| Effects from initial application IFRS 9 and 15 | | | | 809 | 809 |
| As of January 1, 2018 after adjustment | 4,552 | 82,266 | -3,025 | 10,744 | 94,537 |
| Capital increases by issuance of new shares | 275 | 12,378 | - | - | 12,653 |
| Dividend distribution to shareholders | - | - | - | -500 | -500 |
| Share-based payments | - | 96 | - | - | 96 |
| Transfer to retained earnings, net | - | - | -48 | 48 | 0 |
| Total net income/loss | | | | | |
| Result for the period 1/1/ – 6/30/2018 | - | - | - | 1,818 | 1,818 |
| Other comprehensive income 1/1/ – 6/30/2018 | - | - | 873 | - | 873 |
| As of June 30, 2018 | 4,827 | 94,740 | -2,200 | 12,110 | 109,477 |
| As of January 1, 2017 | 3,793 | 53,223 | 1,012 | 7,795 | 65,823 |
| Capital increases by issuance of new shares | 721 | 27,954 | - | - | 28,675 |
| Dividend distribution to shareholders | - | - | - | -418 | -418 |
| Changes to Group companies/ companies included in the consolidated financial statements | | | | | |
| Initial consolidation of subsidiaries that were not previously consolidated due to immateriality | - | - | - | -343 | -343 |
| Share-based payments | - | 96 | - | - | 96 |
| Transfer to retained earnings, net | - | - | -48 | 48 | - |
| Total net income/loss | | | | | |
| Result for the period 1/1/ – 6/30/2017 | - | - | - | 1,415 | 1,415 |
| Other comprehensive income 1/1/ – 6/30/2017 | - | - | -2,460 | - | -2,460 |
| As of June 30, 2017 | 4,514 | 81,273 | -1,496 | 8,497 | 92,788 |

Explanatory notes – Nanogate SE

Nanogate SE is a company based in Germany, domiciled in Quierschied (Zum Schacht 3, 66287 Quierschied, Germany), and listed in the commercial register at the Saarbrücken district court under HRB 104141. The shares of Nanogate SE are included in open market trading on the Frankfurt Stock Exchange. The reporting currency of the consolidated financial statements of Nanogate SE is the euro (EUR). Where not otherwise indicated, all figures in euros are given in units of thousands of euros (“TEUR”) or millions of euros (“EUR X million”).

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for Nanogate SE as of June 30, 2018, were prepared in accordance with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB), as they are applicable in the European Union (EU). All International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the IFRS Interpretation Committee (IFRS IC) – formally the International Financial Reporting Interpretation Committee (IFRIC) or Standing Interpretations Committee (SIC) – that required mandatory application for the 2018 fiscal year were taken into account. The figures have not been audited.

Nanogate SE’s consolidated financial statements include Nanogate Industrial Solutions GmbH (Quierschied), Nanogate GfO Systems GmbH (Schwäbisch Gmünd), Nanogate Textile & Care Systems GmbH (Quierschied), Nanogate Eurogard Systems B.V. (Geldrop, the Netherlands), Nanogate Glazing Systems B.V. (Geldrop, the Netherlands), Nanogate PD Systems GmbH (Bad Salzflen), Nanogate Nederland B.V. (Geldrop, the Netherlands), Nanogate Vogler Systems GmbH (Lüdenscheid), Nanogate Goletz Systems GmbH (Kierspe) and Nanogate Medical Systems GmbH (Kierspe) and Nanogate Technologies Inc. (Norwalk/Connecticut, USA) and Nanogate Jay Systems LLC (Mansfield/Ohio, USA). The full consolidation of the aforementioned companies is unchanged from the consolidated financial statements for 2017.

The acquisition of selected business units of Austrian HTI High Tech Industries AG was concluded on January 23, 2018 (closing). Nanogate SE obtained a controlling influence on this date. The companies now trade as Nanogate Electronic Systems GmbH (Neudörfl, Austria) and Nanogate Slovakia s.r.o. (Vráble, Slovakia), and are included in the consolidated financial statements of Nanogate SE due to their full consolidation from this date under the umbrella of the intermediate holding company Nanogate Central and Eastern Europe GmbH (Neudörfl, Austria). Part of the transaction was also an investment in High Tech Plastics GmbH (Fohnsdorf, Austria), which is recognized as an equity-accounted associated company as there is no control. For additional information on this acquisition, please refer to the details in the 2017 Annual Report.

For the purpose of first-time inclusion in the consolidated financial statements as part of full consolidation and equity consolidation (High Tech Plastics GmbH), the assets, liabilities and contingent liabilities are revalued in the amount of the newly acquired shares as of the acquisition date as part of the purchase price allocation. The assets and liabilities of acquired companies will be measured as part of the purchase price allocation in the first step, temporarily pursuant to IFRS 3.45 through IFRS 3.47.

In February 2018, Nanogate also acquired a 4.43 % stake in Finnish technology startup TactoTek Oy (Oulunsalo, Finland), and in May 2018 agreed the acquisition of all shares in design studio Holzapfel Engineering Team GmbH, Böblingen (heT, in the future Nanogate heT Engineering GmbH), which will be included in the consolidated financial statements from July 2018. The purchase price for the complete shares of heT GmbH is in the mid-single-digit million range and comprises cash and share components (from a capital increase against contributions in kind).

The accounting and measurement methods applied in the consolidated financial statements comply with the standards and interpretations which are mandatory as of January 1, 2018. The effects of the first-time application of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) are explained below.

IFRS 9 introduces a universal approach to the classification and measurement of financial assets and financial liabilities. IFRS 9 refers in this case to the features of the contractual cash flows and the business model governing their management. The standard also provides for a new risk provision model that now takes expected losses into account when calculating the risk provision. The fundamental changes for hedge accounting are not currently relevant to the Nanogate Group, since Nanogate does not practice hedge accounting formally.

Consistent with the transition regulations, IFRS 9 was introduced retrospectively without changing the comparable periods. The effect of the first-time application was recorded as of January 1, 2018, in retained earnings outside profit or loss. The comparative period is presented on the basis of the previous regulations. The first-time application of IFRS 9 does not result in any material effect on the net assets, financial and earnings position. The new impairment regulations lead to an increase in the balance sheet provisions for shortfalls of financial assets by recording expected loan losses. Additional impairments were recorded exclusively for trade receivables.

IFRS 15 replaces the accounting guidelines relating to revenue recognition. It replaces existing guidelines for recording sales, including IAS 18 Revenue, IAS 11 Construction Contracts and the relevant interpretations (IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31). The new standard sets a comprehensive framework specifying the level of sales to be recognized and at what time. IFRS 15 provides for a uniform, five-stage revenue recognition model that must be applied to all contracts with customers. IFRS 15 was introduced on January 1, 2018, using the modified retrospective method. The positive cumulative effect of the first-time application was recorded in equity as of January 1, 2018. The comparative period was not adjusted. IFRS 15 was applied retrospectively on contracts not yet entirely fulfilled on the date of the first-time application. Revenue recognition deviating from previous practice is necessary for contractual agreements in connection with customer-specific tools, where there is no alternative possible use. In the future, in certain cases, sales will have to be recorded in accordance with the performance progress and thus earlier than was previously the case where there is an existing demand for payment for the service rendered. The corresponding contract assets are included in trade receivables. Overall, the application of IFRS 15 has a limited effect on the presentation of the net assets, financial and earnings position.

For new, amended standards and interpretations that must be applied in the future, please refer to the overview below:

New and amended standards and interpretations requiring mandatory application in the future

| Standards and interpretations | | Endorsement | Mandatory from financial years beginning | Effects on Nanogate SE's consolidated financial statements |
|-------------------------------|-------------------------------------------------|------------------------------|------------------------------------------|------------------------------------------------------------|
| IFRS 16 | Leases (issued on January 13, 2016) | Endorsed on October 31, 2017 | January 1, 2019 | Description follows the table overview |
| IFRS 17 | Insurance Contracts (issued on May 18, 2017) | TBD | January 1, 2021 | No significant effects |

| Standards and interpretations | | Endorsement | Mandatory from financial years beginning | Effects on Nanogate SE's consolidated financial statements |
|---------------------------------------------|-----------------------------------------------------------------------------------|----------------------------|------------------------------------------|------------------------------------------------------------|
| IFRIC 23 | Uncertainty over Income Tax Treatments (issued on June 7, 2017) | Planned for Q3 2018 | January 1, 2019 | Effects are subject to current analysis |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement (issued on February 7, 2018) | Planned for 2018 | January 1, 2019 | Effects are subject to current analysis |
| Amendments to IAS 28 | Long-term Interests in Associates and Joint Ventures (issued on October 12, 2017) | Planned for 2018 | January 1, 2019 | No significant effects |
| Amendments to IFRS 9 | Prepayment Features with Negative Compensation (issued on October 12, 2017) | Endorsed on March 22, 2018 | January 1, 2019 | No significant effects |
| Annual Improvements to IFRS 2015–2017 Cycle | Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (issued on December 12, 2017) | Planned for 2018 | January 1, 2019 | No significant effects |

IFRS 16 changes the regulations for the recognition of lease agreements. The main aim of IFRS 16 is the recognition of all lease agreements in the balance sheet. Lessees are accordingly no longer classified under finance and operating lease agreements. Instead, in the future, a right of use and a lease liability must be recorded in the balance sheet for all lease agreements. The only exceptions to this are short-term and low-value lease agreements. The effects associated with the first-time application of IFRS 16 on the consolidated financial statements in the 2019 fiscal year are currently being analyzed. The analysis of systems and processes has also not yet been concluded for the data flow, meaning that no quantitative statements on the effects on the presentation of the net assets, financial and earnings position can currently be made. In accordance with the current state of knowledge, the Nanogate Group expects the following qualitative changes to the consolidated financial statements: While payment obligations for operating leases previously had to be provided in the Notes to the Consolidated Financial Statements, the resulting rights and payment obligations must, in the future, be recorded in the balance sheet as rights of use and leasing liabilities (right of use model). By using this right of use model, the Nanogate Group is expecting a significant increase in its balance sheet total at the date of first-time application. In the future, depreciation and amortization and interest expenses are to be recognized in the consolidated statement of income instead of leasing expenses. This has resulted in more comprehensive information in the Notes.

According to current estimates, the other new or amended standards and interpretations named in the above table have no material impact on, nor are they relevant to, the consolidated financial statements of Nanogate SE.

Nanogate SE will not be voluntarily and prematurely applying the above new or amended standards and interpretations.

Events After June 30, 2018

In May, Nanogate announced the agreement to acquire design studio Holzapfel Engineering Team GmbH (heT), headquartered in Böblingen. The transaction was fully concluded (closing) in July 2018. The company will trade in the future as Nanogate heT Engineering GmbH.

The Group also announced in May that Götz Gollan would be the Group's new CFO. He took the office with effect from September 1, 2018, and is now responsible for the areas of finance, controlling, risk, tax and legal. Nanogate announced in March 2018 that the previous CFO Daniel Seibert would be leaving Nanogate SE for personal reasons with effect from the end of August.

Relationships With Associated Persons and Companies

IAS 24 (Related Party Disclosures) defines associated companies and persons as those that control Nanogate SE, control Nanogate SE together with other companies or exercise significant influence over Nanogate SE.

Subsidiaries, joint ventures and associated companies are also seen as associated with Nanogate SE, as is the relationship between subsidiaries and associated companies.

Associated persons are also key management personnel, their close family members and companies over which these persons exercise control, joint control or significant influence.

The highest parent company is Nanogate SE, Quierschied, headquartered in Germany.

Transactions carried out in the first half of 2018 between Nanogate SE and its associated persons took place under conditions that are standard between nonassociated parties.

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