

Half-Year Report 2017
Achieving New Goals Together

Nanogate Group at a glance

Nanogate Group in accordance with IFRS, in EUR ,000

	1 st half year 2017	1 st half year 2016
Sales	94,525	52,154
Overall performance	94,702	53,356
Gross profit margin (in % of overall performance)	59.2	61.2
EBITDA	10,951	5,886
EBIT	4,090	2,290
EBT	1,935	1,772
Consolidated net income/loss	1,415	1,203
Earnings per share (EUR)	0.33	0.36
	6/30/2017	12/31/2016
Balance sheet total	242,326	156,424
Equity	92,788	65,823
Equity ratio (%)	38.3	42.1
Cash and cash equivalents	24,247	22,578
	1 st half year 2017	1 st half year 2016
Cash flow from operating activities after income taxes	5,029	4,263
Cash flow from investing activities (without external growth)	-3,943	-3,221
Employees (on average)	1,191	654
Sales per employee (in EUR ,000)	80	80

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NANO GATE 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 high-quality surfaces and components and enhances them with additional properties (e.g. nonstick, scratchproof, 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

- new designs are created.
- surfaces are given new properties and additional functions.
- plastics are put to use in ground-breaking areas of application.
- metals are enhanced.
- products are given environmentally friendly properties.

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

Letter to shareholders

Dear shareholders, customers, business partners and staff members,

In the first half of 2017, we generated the best half year result in the company's history, benefiting significantly from our international expansion. Firstly, we achieved a boost in growth thanks to our new majority-owned U.S.-subsidiary Nanogate Jay Systems. Secondly, we succeeded in implementing initial projects during the technology transfer between our new site in the U.S. and our European companies. Thanks to the persistent high demand for design-oriented high-tech surfaces and components as well as the strong first half year, Nanogate remains optimistic and has therefore raised its forecast for sales and the operating result for the entire year. Alongside this, we have also defined our new medium-term objective and intend to increase sales to over EUR 250 million within the next five years.

Operating business focused on the integration of our first U.S. acquisition. Nanogate Jay Systems has been included in the consolidated financial statement since the beginning of January, following the closing of the transaction in January 2017. We have already jointly won initial new orders, including from another Japanese car manufacturer. Particularly pleasing is the fact that we are generating important synergies from the combination of the product portfolios more quickly than expected, which is strengthening our sales potential and distribution capacity. Alongside closing the transaction for the majority stake in Nanogate Jay Systems, Nanogate SE also acquired the outstanding shares in Nanogate PD Systems. Since our involvement, the number of sales generated by Nanogate PD Systems has more than tripled.

New Record Figures for Sales and Operating Result

Overall, we are again looking back on a strong first half year, having also achieved new record figures due to the consolidation: Sales rose by 81 % to EUR 94.5 million. Despite significant transaction costs, consolidated EBITDA rose faster than sales by 86 % to around EUR 11 million. The EBITDA margin improved slightly to 11.6 %. Despite the anticipated increase in depreciation, given our expansion and investment strategy as well as the associated higher financing costs, the consolidated result for the first half of the year increased by around 18 % to EUR 1.4 million. Nanogate continues to enjoy a strong financial position for its ongoing growth strategy; at 38 %, the equity ratio remains at a high level. In addition to the good operating business, the cash inflow from a successful capital increase in April is also contributing to this. We generated gross proceeds of issue of EUR 14.2 million from the placement.

Technology Portfolio Expansion

Alongside the outstanding operating business and the integration of our new majority-owned U.S.-subsidiary, Nanogate set an important course for its future business development in the first half of the year. The technology portfolio expansion means, for example, that the Group is already benefiting from the comprehensive expertise of Nanogate Jay Systems. With its new equity holding, Nanogate

now has many years of experience on both sides of the Atlantic, primarily in the area of decorative metallization of plastics. We have therefore decided to pool all competencies in the area of plastic surfaces with a metallic appearance under the N-Metals® Design brand name. As a result, the Group will market a number of solutions, which in the past were developed at the U.S. and European locations, under this brand in the future. This includes the metallization platform at the Neunkirchen plant, which was launched last year, the existing expertise at the Schwäbisch Gmünd site, and other expertise in decorative metallization solutions at the Mansfield (U.S.) site. Other processes currently integrated into development programs will also be integrated into the N-Metals® Design technology portfolio.

New Innovation Program Planned

Nanogate will be starting a new innovation program in the coming months that will also shape our development in 2018. With this program, we would like to extend our technology lead. The focus is on new solutions and technologies, for example in the target market of new mobility. We have already received our first orders in this area and, on this basis, intend to expand more rapidly into this market. For example, we see major potential in components for driver assistance systems. We are also planning to complement our N-Metals® Design technology platform with further solutions and systems. The new applications will contribute to the expansion of our long-term innovation partnerships with international groups. This should enable us to further expand our market position over the medium and long term.

Optimistic Outlook – Forecast for 2017 Raised

Given its large order base, Nanogate is optimistic about its future course of business, having already increased its forecast for the entire year in August following the positive development in the first half of the year. According to the forecast, consolidated sales are set to rise to over EUR 170 million, Nanogate having achieved a significant jump in sales and earnings in the first half of the year thanks to strong demand across the Group. This pleasing development is likely to continue over the rest of the year, even if exchange rate effects and the planned integration steps for the new U.S. subsidiary Nanogate Jay Systems are impacting the momentum. Numerous projects are set to commence following integration into the Group, particularly in the areas of market development and technology portfolio expansion. As announced, we are gradually improving the order and product mix at the same time. Despite the cost of integration of the new U.S. subsidiary Nanogate Jay Systems, planned particularly for the second half of the year, the forecast for consolidated EBITDA is being raised to at least EUR 20 million instead of EUR 18 million, after achieving an EBITDA of EUR 12.4 million in the previous year. Despite depreciation and financing costs increasing as anticipated, consolidated net income for 2017 is also likely to improve compared with 2016. We remain committed to growth over the medium term. Within the next five years, Nanogate intends to exceed EUR 250 million in sales, while at the same



Ralf Zastra (CEO)



Michael Jung (COO)



Daniel Seibert (CFO)

time continuously increasing its margin. The extremely pleasing business development and the progressing integration of our new majority-owned U.S.-subsidiary allowed us to define our new medium-term expectations in time for the publication of this half-year report. With the Phase5 growth program, which we launched in 2014, Nanogate would then have increased its sales almost fivefold in less than ten years.

Nanogate will be continuing on its successful path, laying the foundation for further increasing the value of the company over the long term. The share price has already risen by around a third in the first half of the year. As an innovation partner with proprietary development and production capacities on both sides of the Atlantic, we are well positioned to benefit from the worldwide strong demand in the billion-dollar market for innovative surfaces of the highest optical quality. The combination of a high order base, strong financial position and plans for new applications makes us well equipped to achieve the operating and strategic targets set by our Phase5 growth program. This should allow us to further expand our market position as a leading global specialist for design-oriented high-performance surfaces and components.

Yours,

Handwritten signature of Ralf Zastra in blue ink.

Ralf Zastra (CEO)

Handwritten signature of Michael Jung in blue ink.

Michael Jung (COO)

Handwritten signature of Daniel Seibert in blue ink.

Daniel Seibert (CFO)

ACHIEVING



NEW GOALS

TOGETHER.



Göttelborn



Neunkirchen



Schwäbisch Gmünd



Geldrop



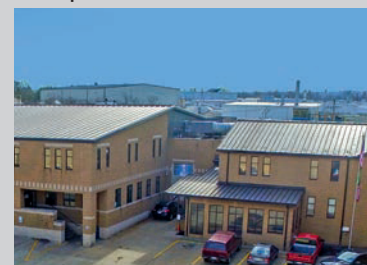
Bad Salzungen



Lüdenscheid



Kierspe



Mansfield

Integrated systems competence for high performance surfaces and innovative high-tech components: A world of new surfaces

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 of very high optical quality. The Group develops and produces design-oriented surfaces and components and enhances them with additional properties. Nanogate launched its Phase5 growth program in 2014 and has since significantly increased its business volume and profitability.

For companies in a wide range of industries, Nanogate opens up the diverse possibilities offered by multifunctional and design-oriented surfaces based on innovative materials and sophisticated components. 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 help companies generate additional value. It stands for Nanogate's promise to be a reliable partner for its customers and to bring them 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 provides its customers with technologically and optically high-quality surfaces, primarily for plastic and metal, as well as components made of plastic, and where required also equips them with additional functions and properties. Innovative materials, as well as new designs and functions, are intended to increase the competitiveness and profitability of Nanogate's customers and to reap environmental benefits. Nanogate's solutions and expertise can give companies a technological advantage and improve their products and processes. To this end, 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 developing its profitable components business, assuming – in partnership with major corporate groups – overall responsibility for selected complete components (high-tech components). Nanogate is focusing primarily on components with high-performance surfaces, providing its customers with a greater range of services.

Nanogate's operating business is based on three strong pillars, covering the entire value chain.

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 products. 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, inkjet processes, flat-spray facilities and the use of 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 its integrated expertise: Nanogate has a mastery of almost every plastic and a wide range of surface types. A broad selection of properties (UV protection, scratchproof, antifog, etc.) and designs (transparent, colored, metallized, matte, glossy, etc.) are also offered.

Nanogate primarily targets attractive sectors such as automotive/transport, mechanical/plant engineering, buildings/interiors and sport/leisure. The management sees significant sales and margin potential in the two strategic growth areas of Advanced Metals and Advanced Polymers. Nanogate continually adds to its technology portfolio so as to build on its market position with additional applications. Several acquisitions with which the Group has strengthened its technology portfolio have also contributed to this, as have the expansion of its capacities and the development of new markets.

Advanced Metals serves as a platform for high-quality metal coatings, for example on aluminum and stainless steel, as well as for applications for the metallization of surfaces. Nanogate sells solutions in this growth area primarily under its N-Metals® Design brand, which bundles together all of the Group's solutions for the metallization of plastics, including replacement of chromium trioxide. The Advanced Polymers division includes applications with innovative plastics sold mainly under the N-Glaze® brand. In the area of advanced polymers, the Group 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 Salzuflen site, for example. The Group companies also manufacture and sell numerous conventional applications, such as in the areas of sport/leisure and buildings/interiors.

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 AG, Schwäbisch Gmünd, Nanogate Textile & Care Systems GmbH, Quierschied, Nanogate PD Systems GmbH, Bad Salzuflen, Nanogate Vogler Systems GmbH, Lüdenscheid, 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. In addition, the acquisition of around 80 % of the shares in the present Nanogate Jay Systems LLC (formerly the plastics division of Jay Industries Inc., Mansfield, Ohio, U.S.) was subsequently concluded in January 2017.

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. The parent company now trades as a *societas Europaea* (SE) with the approval of the shareholders' meeting. The change was recorded in the commercial register in August 2017.

1.2.2 Nanogate Industrial Systems GmbH

Nanogate Industrial Systems GmbH concentrates on the industrial implementation of various high-performance surfaces, in particular 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, for example, which are marketed under the N-Metals® Energy brand, but increasingly in addition also to other applications, such as coatings for products using stainless steel. The N-Metals® center of excellence at the Neunkirchen site is also part of the company.

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, care and protection of textiles which 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 "Empire". Nanogate Textile & Care Systems also implements applications for functional textiles.

1.2.4 Nanogate GfO Systems AG

Nanogate GfO Systems AG specializes in the technical and optical enhancement of complex plastic and metal surface geometries. In addition, the company has an inkjet technology that is unique in Europe. The company is celebrating its fortieth anniversary in 2017.

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, which began operations 25 years ago, concentrates on the buildings/interiors, aviation and automotive/mechanical engineering sectors. All of the shares in Nanogate Eurogard Systems B.V. 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® applica-

tions is operated at Nanogate PD Systems GmbH's headquarters in Bad Salzufflen. This center of excellence will enable Nanogate to offer the integrated development, production and subsequent enhancement of transparent and colored N-Glaze® components in one location. Nanogate concluded the acquisition of the outstanding shares in the company in January 2017, making it the sole shareholder.

1.2.7 Nanogate Glazing Systems B.V.

Nanogate Glazing Systems B.V., established in June 2013, 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 new 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 and transparent, 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. In 2016, the company launched a new coating facility that is more flexible and has a greater capacity than its predecessor, also expanding the range of technology.

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 majority acquisition of 75 % of the shares in the plastics specialist means that Nanogate significantly expanded its systems expertise in 2016 in the area of high-demand plastic components. The company supplies customers from the automotive, electronics and domestic appliances industries. The company was founded in 1969. Nanogate Goletz Systems GmbH cooperates closely with Nanogate Vogler Systems GmbH – located nearby – as part of its integration into the Group. Both subsidiaries are responsible for implementing a multiyear order from a premium car manufacturer, which the Nanogate Group received in February 2016.

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

The new subsidiary Nanogate Jay Systems LLC is a leading, integrated provider for the high-quality enhancement of plastic surfaces and components. With around 400 employees, the company has operated on the market since 1968 and was previously a division of the established family company Jay Industries, Inc. The majority holding improves Nanogate's access to the U.S. market, giving it its own development and production capacities in the U.S. and expanding its technology portfolio. As an integrated provider, 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.

With its range of services and strategic focus, the new subsidiary ideally complements the Nanogate Group's existing technology portfolio, meaning that processes and procedures can be exchanged efficiently between all of the companies in the Group. Customers of its new majority-owned U.S.-subsidiary include all of the well-known U.S. automotive groups and suppliers, as well as manufacturers from Japan and South Korea. The company is also active in other industries, such as domestic appliances.

The acquisition of around 80 % of the shares was completed in January 2017. The shares in the company are pooled in the intermediate holding company Nanogate Technologies Inc. Both companies have been included in the consolidated financial statement since January 2017 due to their full consolidation.

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 volume of business and increased profitability. High-performance surfaces and components based on new materials 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. Design-oriented multifunctional surfaces and components in the highest optical quality thereby contribute equally to improving the competitiveness of companies 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 automotive/transport, mechanical/plant engineering, buildings/interiors and sport/leisure. The focus is on systems that support value preservation (e.g. coatings that protect against corrosion or abrasion), reduce the need for cleaning ("easy-to-clean"), have hygienic properties or contribute to energy efficiency. Design-oriented surfaces and components made of innovative materials are in particular demand.

Given the heterogeneous and dynamic nature of the market, market observers forecast continued strong growth. According to experts at 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 also expects the market for plastic surfaces to grow from USD 5.6 billion in 2015 to a volume of more than USD 7.7 billion by 2021. The automotive industry, in particular, is expected to generate increasing demand. Nanogate itself sees an accessible, future global market worth considerably more than a billion euros for its products and applications.

As a leading global specialist, the Group is concentrating its growth strategy on several particularly attractive target industries and on the development of new technologies and solutions, primarily in the two strategic growth areas of advanced metals and advanced polymers. Applications based on the new N-Metals® Design technology platform will also contribute to this. The management also sees major growth potential in the market 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 consumption, for example. 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. Across all sectors, Nanogate attaches great importance to developing and distributing environmentally friendly systems and processes. Beyond this, Nanogate's focus is on



further opening up international markets and new areas of application, including by means of new equity holdings 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 investment in growth and optimization of the cost structure, and manages the Group using the two important performance indicators of sales and EBITDA. Further performance indicators 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

The world economy is developing better than expected in 2017. The International Monetary Fund (IMF) raised its April growth forecast from 3.4 % to 3.5 %, confirming this in July. Expectations were slightly raised in July for Germany and the euro area. While the forecast was reduced slightly for the U.S., economic researchers are more optimistic about China.

Some of the sectors in Germany that are important for Nanogate are also more optimistic, with increased forecasts for the entire year. The German Chemical Industry Association recorded a sales increase in the first half of 2017 of around 5.0 %, while production rose by 1.5 %. German engineering companies achieved strong business growth. According to the VDMA industry association, production rose by 2.3 % in the first four months of 2017. The automotive industry benefited from further increases in new registrations in almost all markets. The market research institute GfK believes that German consumers also remain positive, reporting in June that consumption is continuing on an upward trend.

2.2 Important Events in the First Half of 2017

Nanogate significantly expanded its global market position in the first half of 2017, with the Group benefiting from its new majority stake in Nanogate Jay Systems. At the same time, Nanogate received further new orders, primarily in the U.S., recording consistently strong demand. Overall, Group sales increased by 81 % to EUR 94.5 million, while EBITDA grew by 86 % to around EUR 11 million, which is particularly strong growth compared to sales.

Nanogate concluded two important transactions at the start of the year. After the acquisition of around 80 % of shares in U.S. company Nanogate Jay Systems was agreed in principle in December 2016, it was formally concluded at the beginning of January. Similar to the intermediate holding company Nanogate Technologies Inc., the company has been included in the consolidated financial statement since January 2017 due to its full consolidation. Its integration is currently taking place as scheduled. Nanogate is making particularly good progress in the technology transfer. In addition, Nanogate SE has now acquired all of the shares in its subsidiary Nanogate PD Systems GmbH, after initially acquiring a minority stake in the plastics specialist in 2012 and gradually increasing its stake

since then, in view of favorable economic development. The subsidiary is already fully consolidated. Since Nanogate's involvement, sales have more than tripled.

In the operating business, Nanogate recorded strong demand and continued to grow organically. The new majority-owned subsidiary Nanogate Jay Systems received several new orders, including from another Japanese manufacturer, as well as its first e-mobility project. The total order volume for the new projects is in the double-digit million range and extends over several years. Alongside this, Nanogate is expanding its B2C business. In June, the Group received the renowned German Brand Award for its brand "Empire", in recognition of their successful branding. Various care products for shoes are developed and sold under the "Empire" brand.

In view of its broad expertise on both sides of the Atlantic in the decorative metallization of plastics, including the replacement of chromium trioxide, Nanogate has decided to pool its entire expertise in the area of plastic surfaces with metallic appearances under the N-Metals® Design brand in a comprehensive technology portfolio. As a result, the Group will market a number of solutions, which in the past were developed at the U.S. and European locations, under this brand in the future. This includes the metallization platform at the Neunkirchen plant, which was launched last year, the existing expertise at the Schwäbisch Gmünd site, other decorative metallization solutions at the Mansfield (U.S.) site and other processes currently integrated into development programs. Given the introduction of further new applications and technologies, the Group will soon be setting up a central Material Test Center that aims to support the operating subsidiaries in developing and adjusting their own and external product and process optimizations. The focus of the Material Test Center will be on industry specific inspections, adapting inspection procedures with customers, generating inspection reports and planning and implementing internal and external inspections.

The parent company strengthened its equity in April 2017 with a successful capital increase, generating gross proceeds of issue of around EUR 14.2 million. The cash capital increase excluding subscription rights increased the share capital by EUR 337,771.00 to EUR 4,513,951.00. The new shares were privately placed with selected, qualified and long-term institutional investors at the price of EUR 42.00 per share. A previously-announced capital increase against contributions in kind had already been recorded in the commercial register in the first quarter of 2017. The company's share capital therefore increased to EUR 382,947.00. The non-cash capital increase is part of the purchase price for the majority stake in Nanogate Jay Systems.

The shareholders' meeting on June 29, 2017, approved all draft resolutions. The shareholders therefore again received a dividend of EUR 0.11 per share. Profit and loss transfer agreements with the subsidiaries Nanogate Goletz Systems GmbH and Nanogate PD Systems GmbH were also authorized. In addition, the shareholders approved the proposal to convert the parent company into a *societas Europaea* (SE). The change was recorded in the Saarbrücken commercial register on August 31, 2017. The parent company intends to strengthen its international focus with the transformation, preserving its identity. The parent company had therefore already switched to the Scale segment of the Frankfurt Stock Exchange in March, making Nanogate one of the first issuers in the new segment, which has replaced the Entry Standard. At the same time, Nanogate expanded its sustainability management and published its declaration of compliance with the German Sustainability Code (DNK) for the first time.

2.3 Net Assets, Financial and Earnings Position

The Group recorded consistent business growth in the first half of 2017, retaining a high level of financial strength. While sales – also transaction-related – rose by 81 % to EUR 94.5 million, EBITDA increased at the higher rate of 86 % to around EUR 11 million. Cash flow from operating

activities after tax improved thanks to the strong business growth, reaching EUR 5.0 million (previous year: EUR 4.3 million). With cash and cash equivalents of EUR 24.2 million, the Group is well positioned for its planned growth course.

2.3.1 Earnings Position

Nanogate increased its Group sales in the first half of the year by 81 % to EUR 94.5 million (previous year: EUR 52.2 million). A combination of high demand and consolidation effects contributed to the good development. The strategic growth areas of advanced metals and advanced polymers are both important sources of sales and income, as is the international business. Changes in inventories amounted to EUR -0.5 million (previous year: EUR 0.1 million). Own work capitalized decreased slightly to EUR 0.2 million (previous year: EUR 0.3 million), while other operating income fell to EUR 0.5 million (previous year: EUR 0.8 million). Total output therefore increased by 77 % to EUR 94.7 million (previous year: EUR 53.4 million).

Material costs also increased to EUR 38.7 million as a result of consolidation (previous year: EUR 20.7 million). The cost of materials ratio (compared to total output) rose to 40.8 % (previous year: 38.8 %), which is as a result of the component business' increasing share. This tends to allow greater sales and profit margins, but is at the same time characterized by increasing material usage. The Group consequently recorded a gross profit margin (compared to total output) of 59.2 % (previous year: 61.2 %). Personnel expenses increased to EUR 29.3 million (previous year: EUR 16.0 million), meaning that the personnel costs ratio compared to the total output remained largely constant at around 30.9 % (previous year: 30.1 %). Other operating expenses increased at a lower rate compared to total output, increasing to EUR 15.8 million (previous year: EUR 10.7 million).

Profitability increased significantly thanks to the high level of demand and international expansion, primarily in the U.S. due to the new subsidiary Nanogate Jay Systems. EBITDA rose particularly strongly compared to sales by 86 % to around EUR 11.0 million (previous year: EUR 5.9 million). The EBITDA margin improved from 11.3 % to 11.6 %. Depreciation increased as anticipated, given the expansion. EBIT nevertheless increased significantly by 79 % to EUR 4.1 million (previous year: EUR 2.3 million). The financial result is primarily shaped by the increasing financing costs due to the investments and the acquisition of the majority stake in the U.S. EBT therefore amounts to EUR 1.9 million (previous year: EUR 1.8 million).

Although depreciation and financing costs increased as anticipated, the consolidated net income for the half year improved to EUR 1.4 million (previous year: EUR 1.2 million). The greater number of shares due to capital increases has led to earnings per share of EUR 0.33 (previous year: EUR 0.36).

2.3.2 Financial Position

Despite the cash outflow resulting from the acquisition of the new U.S. subsidiary Nanogate Jay Systems, Nanogate retains a very strong financial position. Cash and cash equivalents amounted to EUR 24.2 million as of the half year reporting date of June 30, 2017 (December 31, 2016: EUR 22.6 million). The successful capital increase in April contributed to this.

The Group's financial position in the first half of 2017 is impacted by the first-time consolidation of the U.S. business. The cash flow from operating activities after income tax payments amounted to EUR 5.0 million (previous year: EUR 4.3 million). At EUR -44.7 million

(previous year: EUR -7.8 million), the cash flow from investment activities is primarily affected by the payment of the purchase price for Nanogate Jay Systems. The cash flow from financing activity of EUR 41.5 million (previous year: EUR -3.2 million) primarily reflects the successful capital increase and the increase in borrowed capital for payment of the purchase price.

2.3.3 Assets Position

The Group's balance sheet is also affected by the first-time consolidation of the U.S. companies. The balance sheet total therefore increased to EUR 242.3 million (December 31, 2016: EUR 156.4 million). The equity ratio stood at 38.3 % (December 31, 2016: 42.1 %), while gearing remains at a low level. The Group benefited from favorable business growth and two successful capital increases, while at the same time the acquisition of majority stake in Nanogate Jay Systems and of the associated financing were concluded in the first half of the year.

Intangible assets increased as a result of consolidation to EUR 79.1 million (December 31, 2016: EUR 51.2 million), while property, plant and equipment rose to EUR 85.3 million (December 31, 2016: EUR 47.4 million). Overall, non-current assets amounted to EUR 173.2 million (December 31, 2016: EUR 105.7 million).

Current assets rose to EUR 69.1 million (December 31, 2016: EUR 50.8 million). In particular, higher inventories of EUR 19.0 million (December 31, 2016: EUR 12.5 million) and increased trade receivables of EUR 21.7 million (December 31, 2016: EUR 10.7 million) contributed to this. Both developments reflect the new majority stake in the U.S. company Nanogate Jay Systems.

The Group's equity increased significantly to EUR 92.8 million (December 31, 2016: EUR 65.8 million). Nanogate benefited here from the rise in capital reserves following two capital increases. As part of a cash capital increase with the exclusion of subscription rights, the company generated gross proceeds of issue of approximately EUR 14.2 million. The 337,771 new shares were privately placed with selected, qualified and long-term institutional investors at the price of EUR 42.00 per share. In addition, a capital increase against contributions in kind previously announced was recorded in the commercial register in the first quarter. The company's share capital therefore increased to EUR 382,947.00. The non-cash capital increase is part of the purchase price for the majority stake in Nanogate Jay Systems. Overall, the share capital rose to EUR 4,513,951.00 in the reporting period.

Noncurrent liabilities increased in the reporting period to EUR 99.9 million (December 31, 2016: EUR 53.7 million) and reflect the company's persistent growth course, primarily concerning the new majority-owned U.S.-subsidiary. Current liabilities amounted to EUR 49.6 million (December 31, 2016: EUR 36.9 million).

2.4 Employees

The number of employees (on average) increased to 1,191 (previous year: 654) in the first six months, primarily as a result of the new majority-owned subsidiary Nanogate Jay Systems. The number of trainees rose to 21 (previous year: 16). At around EUR 80,000, sales per employee in the reporting period stood at around the previous year's level.

3 Risk and Opportunities Report

The Group's risk and opportunities profile has changed in comparison with the situation presented in the 2016 annual report, due to the internationalization of business activities associated with the new majority-owned U.S.-subsidiary Nanogate Jay Systems (NJS).

In addition to the strategically important market expansion, the acquisition of around 80 % in U.S. plastics specialist Jay Plastics – concluded on schedule in January 2017 – raised new issues, including, for example, exchange rate and interest rate volatility, possible changes in regulatory and/or tax-related requirements as well as potential changes to foreign trade agreements.

From the Group's overall perspective, however, these changes, despite the associated greater complexity and volatility, represent manageable and controllable risks that can be mitigated with a forward-looking hedging strategy, such as the use of interest and currency hedges.

A latent exchange rate fluctuation risk has nevertheless arisen over the last few months as a result of the development of the euro-U.S. dollar exchange rate, which cannot be entirely planned for and therefore cannot be hedged. The same applies to corresponding political changes in the regions concerned. The management nonetheless believes that the risks associated with the integration of new Group companies are manageable in principle.

The first steps of the integration of NJS into the Nanogate Group have gone well in the first half of 2017. The intermediate targets set in this regard have been achieved in the commercial area, as well as in the areas of sales, marketing and business development. Further integration measures will also be implemented in the second half of 2017 and in 2018, which the management believes the entire Group will benefit from over the long term.

4 Forecast

4.1 Future Economic and Industry Development

According to information from the International Monetary Fund (IMF), the global economy will grow faster in 2017 than in the previous two years. In July, the IMF forecast a growth rate of 3.5 %, confirming the expectations it outlined in April. The economic experts are now more optimistic about Germany and the euro area, raising their growth forecast in July to 1.8 % and 1.9 % respectively. By contrast, expectations for the U.S. have been slightly reduced; the U.S. economy is now expected to grow by only 2.1 %. However, the forecast was increased for China, where a rise in economic output of 6.7 % is anticipated.

The industries that are important for Nanogate in Germany are also predominantly more confident than at the beginning of the year. For example, the German Chemical Industry Association raised its forecast for the entire year and are now anticipating growth in production of 1.5 % instead of 1.0 %. Sales are also expected to grow during the year by 5.0 %. The VDMA raised its expectations even higher: Given a high level of incoming orders, the production of German plant and mechanical engineering companies is expected to grow by 3.0 %, where a rise of only 1.0 % was previously expected. The German Association of the Automotive Industry anticipates growth of the global car market by around 2.0 %. However, it is not yet clear how far the diesel emissions scandal will negatively impact sales. Meanwhile, market research institute GfK confirmed its assumption made at

the beginning of the year that private consumer spending is likely to rise by 1.5 % in real terms in 2017 and will therefore contribute to the expected good overall economic development in Germany.

4.2 Future Development of the Nanogate Group – Forecast for 2017

Nanogate is seeing strong business growth in the current year, and high demand across the Group and international expansion – with first-time consolidation of new majority-owned U.S.-subsidiary Nanogate Jay Systems – are contributing towards this. Nanogate's market position has expanded, particularly on an international scale. For example, the Group received several new orders in the U.S., including from another Japanese manufacturer as well as for its first e-mobility project. The total order volume for the new projects is in the double-digit million range and extends over several years. The Group also announced another multimillion order in August. This continues and intensifies Nanogate's ongoing innovation partnership with an internationally leading technology and chemical group.

Given its large order base, Nanogate is optimistic about its future course of business, having already increased its forecast for the entire year in August, following the positive development in the first half of the year. According to the forecast, consolidated sales are likely to rise to over EUR 170 million, after Nanogate generated EUR 112.5 million in the previous year. The Group had originally expected an increase in sales to over EUR 160 million. Thanks to strong demand across the Group, Nanogate achieved a significant jump in sales and earnings in the first half of the year. This pleasing development is likely to continue over the rest of the year, even if exchange rate effects and the planned integration steps for the new majority-owned U.S.-subsidiary Nanogate Jay Systems are impacting the momentum. Numerous projects are set to commence following integration into the Group, particularly in the areas of market development and technology portfolio expansion. As announced, the order and product mix will be gradually optimized alongside each other. Despite the costs of integration of new majority-owned U.S.-subsidiary Nanogate Jay Systems, planned particularly for the second half year, the forecast for consolidated EBITDA is being raised to at least EUR 20 million instead of EUR 18 million, after EBITDA of EUR 12.4 million was achieved in the previous year. Despite depreciation and financing costs increasing as anticipated, consolidated net income for 2017 is also likely to improve compared with 2016. With cash and cash equivalents of EUR 24.2 million, improved cash flow from operating activities and largely robust equity ratio, the Group believes it is well positioned. At the same time, the company expects a net gearing of below 3.

Nanogate will be starting a new innovation program in the coming months that will also shape the Group's development in 2018. The aim is to extend its technological lead. The focus is on new solutions and technologies, for example in the target market of new mobility. Nanogate has already received its first orders in this area and, on this basis, intends to expand more rapidly into this market. For example, the Group sees major potential in innovative components for driver assistance systems and also plans to complement the N-Metals® Design technology platform with additional solutions and systems. The new applications will contribute to the expansion of the existing long-term innovation partnerships with international groups. The Management Board is also optimistic about our further business development in the medium term and has therefore defined a new medium-term target; Nanogate intends to exceed EUR 250 million in sales within the next five years, while at the same time continuously increasing its margin. With the Phase5 growth program, which was launched in 2014, Nanogate would then have increased its sales almost fivefold in less than ten years.

The general growth drivers are still organic growth, international market development and selective external growth. The Nanogate management is also not ruling out further external acquisitions if there are favorable market conditions and there is an acceptable level of risk. At the same time,

important new orders will begin in 2018. These include the supply of plastic components with optically high-quality surfaces to a luxury car manufacturer. The multiyear project has a cumulative volume in the high double-digit million range and is one of the largest orders in the company's history. This major project marks a milestone for Nanogate in the expansion of its lucrative component business.

Overall, Nanogate is well positioned and will be able, in the view of the Management Board, to further expand its international market position. Above all, the component business will become increasingly important. The strong growth in the first half of the year confirms its strategy to date and the Group's forward-looking positioning.

Quierschied, Germany, September 12, 2017



Ralf Zastrau (CEO)



Michael Jung (COO)



Daniel Seibert (CFO)



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Consolidated income statement of Nanogate SE

for the period from January 1 to June 30, 2017

	1/1 – 6/30/ 2017	1/1 – 6/30/ 2016
	EUR ,000	EUR ,000
Sales	94,525	52,154
Change in inventories of finished goods and work in progress	-538	88
Other own work capitalised	232	346
Other operating income	483	768
Cost of materials	-38,660	-20,683
Personnel expenses	-29,257	-16,043
Other operating expenses	-15,834	-10,744
EBITDA	10,951	5,886
Amortisation of intangible assets and depreciation of property, plant and equipment	-6,861	-3,596
EBIT	4,090	2,290
Financial income	2,005	536
Financial expenses	-4,160	-1,054
Earnings before taxes (EBT)	1,935	1,772
Tax expenses	-520	-569
Net result for the period	1,415	1,203
<i>of which attributable to non-controlling interests</i>	-	-
<i>of which attributable to shareholders of Nanogate SE</i>		
<i>(consolidated net income/loss)</i>	1,415	1,203
Earnings per share (EUR)		
Earnings per share, basic (EUR)	0.33	0.36
Earnings per share, diluted (EUR)	0.33	0.36
Weighted average no-par-value bearer shares		
Basic	4,263,996	3,377,716
Diluted	4,308,896	3,383,976

Consolidated statement of comprehensive income of Nanogate SE

for the period from January 1 to June 30, 2017

	1/1/ – 6/30/ 2017	1/1/ – 6/30/ 2016
	EUR ,000	EUR ,000
Net result for the period	1,415	1,203
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	2	-81
Income taxes on items which are not retrospectively reclassified to P&L	-1	23
	1	-58
Items which will be reclassified to P&L in the future under certain conditions		
Foreign operations and foreign currency translation	-2,461	-
Income taxes on items which are not retrospectively reclassified to P&L	-	-
	-2,461	0
Other comprehensive income/loss	-2,460	-58
Total net income/loss	-1,045	1,145
<i>of which attributable to non-controlling interests</i>	-	-
<i>of which attributable to shareholders of Nanogate SE</i>	-1,045	1,145

Consolidated statement of financial position of Nanogate SE

as of June 30, 2017

<i>Assets</i>	6/30/2017	12/31/2016
	EUR ,000	EUR ,000
Non-current assets		
Intangible assets	79,134	51,161
Property, plant and equipment	85,315	47,387
Other financial assets	393	646
Deferred tax assets	8,044	6,097
Other assets	357	359
	173,243	105,650
Current assets		
Inventories	18,969	12,446
Trade receivables	21,711	10,739
Other financial assets	1,067	2,186
Income tax receivables	506	12
Other assets	2,583	2,813
Cash and cash equivalents	24,247	22,578
	69,083	50,774
	242,326	156,424

<i>Equity and liabilities</i>	6/30/2017	12/31/2016
	EUR ,000	EUR ,000
Equity		
Subscribed capital	4,514	3,793
Capital reserves	81,273	53,223
Other reserves	-1,496	1,012
Retained earnings	8,497	7,795
Equity attributable to the shareholders of Nanogate SE	92,788	65,823
Non-controlling interests	-	-
	92,788	65,823
Non-current liabilities		
Pension provisions	977	1,020
Other provisions	412	414
Financial liabilities	52,962	30,757
Other financial liabilities	31,157	15,336
Deferred tax liabilities	12,692	4,514
Other liabilities	1,702	1,681
	99,902	53,722
Current liabilities		
Other provisions	8,278	6,210
Financial liabilities	15,503	6,380
Trade payables	8,293	7,524
Other financial liabilities	10,223	10,705
Income tax liabilities	1,008	1,628
Other liabilities	6,331	4,432
	49,636	36,879
	242,326	156,424

Consolidated statement of cash flows of Nanogate SE

for the period from January 1 to June 30, 2017

	1/1 – 6/30/ 2017	1/1 – 6/30/ 2016
	EUR ,000	EUR ,000
Earnings before taxes	1,935	1,772
Amortisation of intangible assets and depreciation of property, plant and equipment	6,861	3,596
Increase in provisions	1,725	267
Result from the disposal of non-current assets	-	-28
Other non-cash income and expenses	660	-401
Interest income	-8	-14
Interest expenses	2,007	1,020
Decrease/Increase in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	-193	-2,891
Decrease/Increase in trade payables and other liabilities that cannot be allocated to investing or financing activities	-5,799	1,610
Cash flow from operations before taxes	7,188	4,931
Income tax payments	-2,159	-668
Cash flow from operating activities	5,029	4,263
Payments for investments in intangible assets	-170	-456
Payments for investments in property, plant and equipment	-4,064	-2,580
Proceeds from investments in financial assets	12	10
Payments for investments in financial assets	-10	-176
Payments for the acquisition of consolidated companies	-40,792	-4,570
Proceeds from investments in other assets	340	-
Payments for investments in other assets	-53	-26
Interest received	2	7
Cash flow from investing activities	-44,735	-7,791
Proceeds from capital increases	13,762	-
Dividend payment	-	-372
Payments in connection with consolidated companies	-1,950	-
Proceeds from the raising of loans	43,408	2,903
Payments for the redemption of loans	-10,800	-3,619
Payments for the redemption of finance lease liabilities	-1,426	-1,201
Interest payments	-1,536	-918
Cash flow from financing activities	41,458	-3,207
Changes in cash and cash equivalents	1,752	-6,735
Changes due to the companies included in the consolidated financial statements cash and cash equivalents	113	-
Changes due to exchange rates cash and cash equivalents	-225	-
Cash and cash equivalents at the beginning of the period	22,578	22,743
Cash and cash equivalents at the end of the period*	24,218	16,008

* Transferred to balance sheet: credit lines from bank overdrafts totalling TEUR 29 (previous year: TEUR 69).

Consolidated statement of changes in equity of Nanogate SE

for the period from January 1 to June 30, 2017

	Subscribed capital	Capital reserves	Other reserves	Retained earnings	Equity attributable to shareholders of Nanogate SE	Non-controlling interests	Group equity
	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000	EUR ,000
As of January 1, 2017	3,793	53,223	1,012	7,795	65,823	-	65,823
Capital increases by issuance of new shares	721	27,954	-	-	28,675	-	28,675
Dividend distribution to shareholders	-	-	-	-418	-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	-	-343
Share-based payments	-	96	-	-	96	-	96
Transfer to retained earnings, net	-	-	-48	48	-	-	-
Total net income/loss							
Net result for the period 1/1 – 6/30/2017	-	-	-	1,415	1,415	-	1,415
Other comprehensive income/ loss 1/1 – 6/30/2017	-	-	-2,460	-	-2,460	-	-2,460
As of June 30, 2017	4,514	81,273	-1,496	8,497	92,788	-	92,788
As of January 1, 2016	3,378	41,187	1,149	5,572	51,286	-	51,286
Dividend distribution to shareholders	-	-	-	-372	-372	-	-372
Share-based payments	-	52	-	-	52	-	52
Transfer to retained earnings, net	-	-	-48	48	-	-	-
Total net income/loss							
Net result for the period 1/1 – 6/30/2016	-	-	-	1,203	1,203	-	1,203
Other comprehensive income/ loss 1/1 – 6/30/2016	-	-	-58	-	-58	-	-58
As of June 30, 2016	3,378	41,239	1,043	6,451	52,111	-	52,111

Explanatory notes – Nanogate SE

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, 2017, 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), and remain unchanged from the 2016 consolidated annual financial statements with regard to the accounting principles and methods. The figures have not been audited. Nanogate SE's Group consolidated financial statement includes Nanogate Industrial Solutions GmbH (Quierschied), Nanogate GfO Systems AG (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 Salzuflen), Nanogate Nederland B.V. (Geldrop, the Netherlands), Nanogate Vogler Systems GmbH (Lüdenscheid), Nanogate Goletz Systems GmbH and Nanogate Medical Systems GmbH (both in Kierspe). The full consolidation of the aforementioned companies is unchanged from the consolidated financial statement for 2016.

Nanogate Technologies Inc. (Norwalk, Connecticut, USA) and Nanogate Jay Systems LLC (Mansfield, Ohio, USA) have been included since January 2017. In January 2017, the former Nanogate AG acquired a majority stake in a division of the U.S. Group Jay Industries, which then became its own legal entity, from (Closing). At this point in time, the Nanogate Group indirectly obtained a controlling influence and consequently the company is to be included in the consolidated financial statements of Nanogate SE from this date (due to its full consolidation). For additional information on this acquisition, please refer to the details in the 2016 Annual Report. The acquired subsidiary now operates as Nanogate Jay Systems LLC.

For the purposes of first-time inclusion in the consolidated financial statements as part of the full consolidation, a revaluation of the assets, liabilities and contingent liabilities was carried out during the acquisition period in January 2017 as part of the purchase price allocation. The assets and liabilities of Nanogate Jay Systems LLC were measured as part of the purchase price allocation in the first step temporarily pursuant to IFRS 3.45 through IFRS 3.47.

All figures in euros are given in units of thousands of euros ("EUR X,000") or millions of euros ("EUR X million").

The accounting and measurement methods applied in the consolidated financial statements comply with the standards and interpretations which are mandatory as of January 1, 2017. For future changes, please refer to the following overview:

New and amended standards and interpretations already applicable

Standard or interpretation		Endorsement	Mandatory from financial years beginning	Effects on Nanogate SE's consolidated financial statements
IFRS 9	Financial Instruments (issued on 24 July 2014)	endorsed on November 22, 2016	January 1, 2018	effects are subject to current analysis

Standard or interpretation		Endorsement	Mandatory from financial years beginning	Effects on Nanogate SE's consolidated financial statements
IFRS 15	Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015)	endorsed on September 22, 2016	January 1, 2018	effects are subject to current analysis
IFRS 16	Leases (issued on 13 January 2016)	planned for Q4 2017	January 1, 2019	effects are subject to current analysis
IFRS 17	Insurance Contracts (issued on 18 May 2017)	n/a	January 1, 2021	no significant effects
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014)	deferred	postponed indefinitely	not relevant
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016)	planned for Q4 2017	January 1, 2017	no significant effects
Amendments to IAS 7	Disclosure Initiative (issued on 29 January 2016)	planned for Q4 2017	January 1, 2017	no significant effects
Clarifications to IFRS 15	Revenue from Contracts with Customers (issued on 12 April 2016)	planned for Q4 2017	January 1, 2018	additional provisions for ease of transition otherwise no significant effects
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	planned for Q4 2017	January 1, 2018	no significant effects
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	planned for Q4 2017	January 1, 2018	not relevant
Annual Improvements	Annual Improvements to IFRSs 2014 – 2016 Cycle (issued on 8 December 2016)	planned for Q4 2017	January 1, 2018 / January 1, 2017	no significant effects
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	planned for Q4 2017	January 1, 2018	no significant effects

Standard or interpretation		Endorsement	Mandatory from financial years beginning	Effects on Nanogate SE's consolidated financial statements
Amendments to IAS 40	Transfers of Investment Property (issued on 8 December 2016)	planned for Q4 2017	January 1, 2018	no significant effects
IFRIC Interpretation 23	Uncertainty over Income Tax Treatments (issued on 7 June 2017)	planned for 2018	January 1, 2019	effects are subject to current analysis

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. IFRS 9 also includes regulations relating to hedge accounting in order to better present the company's risk management activities, particularly related to the management of financial risks. This has resulted in significantly more comprehensive information in the Notes.

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, IDRIC 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 adds the items Contract Assets and Contract Liabilities to the balance sheet. These may arise as a result of transaction surpluses or payment obligations existing at the contract level. This has resulted in significantly more comprehensive information in the Notes. The Nanogate Group is planning to apply the modified retrospective transition method, according to which the cumulative effects of the conversion to the 2018 opening balance must be recorded.

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. During the lease term, the right of use must be amortized and the lease liability adjusted using the effective interest method and taking into account the lease payments. The new recognition of lessees therefore tends to lead to an increase in noncurrent assets and noncurrent liabilities. A relief of the operating results and a negative impact on the financial result is expected in the income statement. This has resulted in significantly more comprehensive information in the Notes.

Nanogate SE has not yet conclusively evaluated the effects associated with the first-time application of IFRS 9, IFRS 15 and IFRS 16 but is currently carrying out analyses on these effects. The company plans to conclude the detailed analyses required for this during the course of fiscal year 2017.

According to current estimates, the other new or amended standards and interpretations named in the above table have no material impact on 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, 2017

Among other issues, the shareholders' meeting on June 29, 2017, decided in favor of and authorized transforming Nanogate AG into a *societas Europaea* (SE), and also decided in favor of and authorized profit and loss transfer agreements with the subsidiaries Nanogate Goletz Systems and Nanogate PD Systems. The transformation into an SE was recorded in the commercial register as of August 31, 2017; the profit and loss transfer agreements were recorded in the commercial register as of July 10 and July 13, 2017.

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 2017 between Nanogate SE and its associated persons took place under conditions that are standard between nonassociated parties.

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