FINANCIAL REPORT 2023

cenit

CENIT at a glance

184.72 million €

Sales **+13.9%**

9.22 million €

EBIT **+46.2%**

in million EUR	*2023*	*2022*	*2021*	*2020*	*2019*
Sales	184.72	162.15	146.07	142.13	171.71*
EBITDA	16.41	11.94	11.27	9.59	15.24
EBIT	9.22	6.31	6.23	3.63	9.20
Net income	4.92	6.61	4.35	2.29	6.96
Earnings per share in EUR	0.54	0.75	0.51	0,28	0.82
Dividend per share in EUR	Proposal: 0.04	0.50	0.75	0.47	0.00
Equity ratio in %	29.3	35.3	47.0	51.2	45.8
Employees	893	861	685	711	737
Number of shares			8,367,758		

*Limited comparability due to change in accounting policy, see section B Notes to the consolidated financial statements

893

Employees

0.54 €

EPS

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PREFACE OF THE MANAGEMENT BOARD

To our shareholders,

Dear readers,

die CENIT Gruppe blickt auf ein erfolgreiches The CENIT Group can look back on a successful fiscal year in 2023 with strong positive trends.

As a company committed to social values and geared to economic efficiency and sustainability, we are acutely aware of the current economic, social and geopolitical challenges. In this very tense situation, which also poses a challenge for our industry and our customers, the employees of the CENIT Group demonstrated extraordinary resilience and dedication in order to further progress our company – your company – despite countless obstacles.

2023 – a buoyant year

Thanks to the performance of the CENIT Group's global team, we succeeded in raising consolidated sales from EUR 162.2 million in the prior year to EUR 184.7 million. This constitutes growth of almost 14%. The Group's EBIT increased by roughly 46% to EUR 9.2 million over the same period (prior year: EUR 6.3 million). These are important steps on the way to reaching our objective for 2025.

Our team's exceptional dedication and expertise is reflected among other things in the figures for order intake, which rose by more than 17% year on year to total EUR 196.1 million in 2023. Each order behind these figures is proof that our customers trust our ability. Every single order offers us the opportunity to advance further as a specialist and trusted advisor for sustainable digitalization.

The considerable increase is continuing both in the PLM and the EIM business, with the PLM segment recording annual sales growth of 7.3%, the highest since 2019. The EIM business of the CENIT Group expanded by an impressive 46.3% over the past year. The combined power of the CENIT EIM team together with our subsidiaries ISR and mip made this achievement possible.

2023 was a good year for CENIT, but it was certainly not an easy year. As the Management Board, we are aware that our ambitious targets and the numerous unexpected external factors impacting our business placed heavy demands on our global team. This is why we would like to take this opportunity to give special thanks to all of the employees in the CENIT Group. We are proud of your achievement, your ability, your resilience and your loyalty, which for some of you goes back over decades. We are proud to back this team.

2023 – a year of growth

True to our CENIT 2025 Agenda, which provides for annual organic and inorganic growth, the CENIT Group grew to include three newly acquired companies over the past year. A fourth subsidiary was welcomed into the Group in January 2024.

Our growth strategy is focused on agile and economically sturdy companies that stand out thanks to their proven solution and software expertise in the areas of product lifecycle management and document management and logistics. Two of our new subsidiaries – PI Informatik based in Berlin and Active Business Consult in Austria – have in-depth expertise in relation to SAP core process topics and SAP consulting services as well as managed services and IT infrastructure solutions. With mip, based in Munich, a recognized data analytics and data management specialist will enrich our EIM portfolio. CCE b:digital, the newest member of the Group, has extensive 3DEXPERIENCE skills, based on which it offers PLM services – particularly for small and medium-sized enterprises.

These new, strong players on the CENIT team allow us to continue to complete our portfolios and to diversify in a targeted manner, namely into industries such as energy supply, logistics and the public sector. At the same time, we are opening up new possibilities for our customers across the GSA region in the end-to-end integration of digital solutions from a single source. More and more, this is becoming CENIT's unique selling proposition. This is very much in line with our mission to champion sustainable digitalization comprehensively.

Last but not least, as a Group we succeeded in growing our market presence consistently and sustainably. For us, this is a clear signal to the market.

We are also endeavoring to achieve a greater sales presence in the Asian robotics market, which is currently booming. This is why CENIT's former Japanese subsidiary became part of the Tokyo-based Argo-Graphics group at the beginning of 2023. From now on, the entity will be a master reseller for CENIT's FASTSUITE E2 software. The advantage of this decision for us as a company is the combination of CENIT's software and robotics expertise with the broad customer base, the local market know-how and the sales power of Argo Graphics. We expect unit sales of our FASTSUITE E2 solution to take off on the Japanese and Asian markets going forward.

2023 – a year of change and further development

The year 2023 was also characterized by change within the Company and Group. Our colleagues at CENIT achieved a lot, laying new foundations for our further development, rethinking things fundamentally and taking positive action.

Here are some examples: Our company has a new website that not only boasts a fresh new look but is also state of the art in terms of technology and navigation. It will provide us with data-based insights into our customer activities. The work is not entirely finished, but we are making good progress.

We have also put customer retention on a stronger footing over the past year, with a dedicated new Business Acceleration Team. The team members are dedicated to approaching customers in an even more targeted and effective way – through a myriad of different channels. Our intranet will also go live with a new look and functionality over the coming months, with better insights gained for the global CENIT team. A large portion of the preparatory work has taken place over recent months.

Our research and development activities are centered on gaining insights and scientific expertise, and ultimately on investing in our own future. We invested more in this area over the past year, and not just in financial terms. Together with the employees at our new subsidiaries, we benefit from even more extensive research expertise and will use our skills to produce synergy effects. Examples include areas such as artificial intelligence, software development and robotics.

There was a change in the leadership of CENIT's Management Board in 2023, with Axelle Mazé, former CFO of CENIT, stepping down from her role for personal reasons. We wish to thank Axelle Mazé for her dedication as CFO. At the same time, we are happy that she will continue to carry out another important role at CENIT, namely with responsibility for sustainability. This topic is vital for us as a company – both internally and externally – not least because we have set ourselves the goal of empowering sustainable digitalization.

We welcomed Axel Otto as our new CFO. Axel Otto is taking over the helm in Finance as an experienced expert. We look forward to working together productively and successfully and to our joint efforts to achieve our CENIT 2025 objectives.

The extent to which we achieve our objectives depends not least on our strength and our solidarity as a team. At CENIT, we believe in the power of diversity. In order to further underscore our values and principles, we signed the 'Charta der Vielfalt', the German Diversity Charter, in 2023. Under that charter, we undertake to create a respectful working environment for all employees in which every voice is heard. This is a clear commitment to CENIT's values and to the Company's cultural diversity and diversity of opinion, skills and potential. In 2024 and beyond, we will progress joint activities and discourse on these topics sustainably and continue to strengthen our bonds. With numerous measures that support our CENIT team personally and professionally, we will take major steps again in 2024 toward CENIT's success, attractiveness and its fitness for the future. We will do this for our current and potential employees, for our customers and partners and for you as the shareholders of CENIT.

Dear CENIT shareholders, your company is on solid foundations. We have proven that in difficult and volatile times we act reliably as a team that tackles complexities in a professional manner and strives for shared success. We are confident on our path and are constantly improving ourselves. Your trust in CENIT is an important constant companion on this path. On behalf of the CENIT team, we want to thank you for that.

We also thank our customer and partner companies. You are vital in accompanying us and helping us on this path.

Let's move forward together, with powerful energy into the future of sustainable digitalization.

With best wishes,

Peter Schneck	Axel Otto
CEO	CFO

Management Board from left to right

Peter Schneck, CEO
Axel Otto, CFO

REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

Dear shareholders,

2023 was yet another year of global political crises and uncertainty. In addition to the war between Russia and Ukraine, which has been ongoing for more than two years, a terror attack by Hamas in October of last year prompted an escalation of the decades-old Israeli-Palestinian conflict, and the outcome of both of these crises continues to be uncertain.

Additionally, factors such as high energy costs, inflation, supply chain problems, the migrant crisis and labor shortages have put an end to years of economic growth in Germany. Accordingly, the current Annual Economic Report by the German government states that economic growth in Germany shrank by 0.3% in 2023.

Forecasts for 2024 are just as pessimistic on account of the aforementioned obstacles. The Federal Ministry for Economic Affairs and Climate Action expects just marginal growth of 0.2% in 2024.

The CENIT Group held its own in this difficult environment, not least thanks to the companies acquired in recent years. Sales of the CENIT Group amounted to EUR 184.7 million in the reporting period, with EBIT of EUR 9.2 million. Despite the rather modest economic forecasts for 2024, the CENIT Group is optimistic about the future. This is primarily due to the growth prospects for the digital sector, which Bitkom says is set to grow by 4.4% in Germany. We are also confident about the CENIT Group’s long-term gearing, which is based in particular on identifying and implementing potential for raising efficiency across the entire Group as well as on organic and inorganic growth.

In the past fiscal year, the Supervisory Board duly and conscientiously performed all duties to which it is obliged by law and the articles of incorporation and bylaws. We regularly advised the Management Board on its governance of the Company, carefully monitored its conduct of business and satisfied ourselves as to the lawfulness, expediency and correctness of its activities.

The Supervisory Board was involved at an early stage in all decisions of fundamental importance to the Company. In the Supervisory Board meetings, the Management Board informed us orally and in writing in a timely and comprehensive manner on all relevant aspects of the corporate strategy, enterprise planning including financial, investment and personnel planning, the course of business and the financial situation and financial performance of the Group. The reports from the Management Board also covered the risk situation, risk management and compliance. We were always informed on a timely basis of variances between planned and actual business development.

Before the meetings, all members of the Supervisory Board were each provided with comprehensive written reports by the Management Board, excerpts from the company documents and in particular financial statements documents. Based on these and other information requested by the Supervisory Board at and outside of the meetings, the Supervisory Board was able to carry out its supervisory task in a due and timely manner.

Outside of the meetings, the Management Board kept the Supervisory Board constantly informed of the key performance indicators by providing monthly reports, and duly presented for our consideration such transactions as required the approval of the Supervisory Board. The reports by the Management Board on the business situation and presentations on specific topics were supplemented by written presentations and documents duly provided to each member of the Supervisory Board before each meeting. The collaboration between the Management and Supervisory Boards is characterized by respectful and trust-based cooperation and an open and constructive dialog. As Chair of the Supervisory Board, I also liaise closely and regularly with the Management Board outside of the meetings in relation to the business situation and material business transactions.

In the fiscal year 2023, the Supervisory Board held six regular meetings for detailed discussions on the economic situation, the strategic development and the long-term positioning of the CENIT Group. All of the meetings were held online as video conferences except for the meeting on 17 May 2023, which took place in person. All acting members of the Supervisory Board took part in all of the meetings.

Meetings	In person/online	Rainer-Christian Koppitz	Isabell M. Welpe	Ricardo Malta	Regina Weinmann	Laura Schmidt
24 March 2023	online	X	X	X		
31 March 2023	online	X	X	X		
17 May 2023	in person	X			X	X
28 July 2023	online	X			X	X
27 October 2023	online	X			X	X
15 December 2023	online	X			X	X

In its own estimation, the Supervisory Board has an appropriate number of members who maintain no business or personal relationships with the Company or members of the Management Board that could give rise to a conflict of interest. As in prior years, the Supervisory Board did not consider it necessary to form committees in view of the small number of members on the Supervisory Board. During the reporting period, no conflicts of interest arose on the part of members of the Supervisory Board. Beyond the scope of the regular meetings, the Supervisory Board regularly discussed current topics.

Matters addressed by meetings of the Supervisory Board

At all Supervisory Board meetings in the reporting year, the Management Board reported on the development of sales and earnings in the Group. Additionally, it explained the course of business in the individual business segments and presented the assets, liabilities, financial position and performance. The Supervisory Board placed particular emphasis on potential consequences for risk and liquidity management, especially in light of the geopolitical conflict between Russia and Ukraine and the resurfacing of the conflict in the Middle East in October. Other topics at the meetings included the development of business in the respective quarters, changes on the Management Board, M&A activities as well as Corporate Social Responsibility (CSR).

Financial reports / audits

During its balance sheet meeting on 24 March 2023 and in the presence of the auditor/group auditor, the Supervisory Board considered the Company's annual financial statements. The annual financial statements of CENIT Aktiengesellschaft and the consolidated financial statements for the fiscal year 2022, both prepared by the Management Board, were audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Stuttgart, which was appointed auditor at the ordinary General Meeting of Shareholders on 20 May 2022, including the accounting and the management report and group management report. In particular, and in detailed discussions with the Management Board and the auditor, the Supervisory Board reviewed the annual financial statements and consolidated financial statements presented as well as the management report and the group management report, also taking underlying accounting policy into consideration. On the basis of the audit reports and in individual discussions, the Supervisory Board further considered the results of the audit of the annual financial statements. The Supervisory Board was satisfied that the audit and the audit reports fulfilled the requirements of Secs. 317, 321 HGB. The financial statements for 2022, prepared by the Management Board and on which an unqualified audit opinion was issued by the auditor, were discussed and deliberated on in detail on 24 March 2023. In the meeting on 31 March 2023, the Supervisory Board ratified the 2022 annual financial statements of CENIT Aktiengesellschaft and noted the 2022 consolidated financial statements with approval.

Further matters addressed by the meetings

During the course of the year, the Supervisory Board was continually kept informed of periodic financial results and undertook detailed discussions with the Management Board on the 2023 semi-annual financial statements as well as interim reports for the individual quarters. A consistent focus of these discussions was on the review of developments in earnings and sales during 2023. In addition, the remuneration report of the Management Board and the report of the Supervisory Board were agreed upon at the General Meeting of Shareholders. Furthermore, the Supervisory Board was regularly informed of the status of M&A and investor relations activities, of HR work and strategy planning for 2025.

A key component was the preparation for the General Meeting of Shareholders on 17 May 2023, which was held in person for the first time since the coronavirus pandemic.

Risk management

Risk management at the CENIT Group was an important topic at several meetings. The Management Board reported on the chief risks for the Group and the risk monitoring system put in place to address these risks. In a series of discussions with the Management Board and several meetings with the auditor, the Supervisory Board satisfied itself of the effectiveness of the risk monitoring systems.

Change on the Management Board

Axel Otto assumed the role of Chief Financial Officer (CFO) effective 1 January 2024. He succeeded Axelle Mazé in that role.

He is a financial expert with many years of experience in strategically and operationally challenging management functions. Prior to his appointment as CFO of CENIT, Axel Otto was CFO of Seeburger AG, an international firm based in Bretten, from 2018 to the end of 2023. From 2011 to 2018, Axel Otto headed up the finance department at Härter Stanztechnik. Before that, he worked for many years as a tax advisor and general manager in consulting and financial services companies and spent several years as an auditor at Deloitte in Germany (2000-2005).

We are delighted to have found an experienced and well-versed expert in Axel Otto and to welcome him as a charismatic leader to the Management Board of CENIT.

The previous CFO, Axelle Mazé, left her role on the Management Board for personal reasons as of 31 October 2023 and stepped down from the Management Board of CENIT AG as of 31 December 2023 by mutual agreement. As the CFO of the CENIT subsidiary KEONYS, she will remain in the CENIT Group. Axelle Mazé will in future contribute her expertise in sustainability as Vice President Sustainability for the CENIT Group.

The Supervisory Board and Management Board would like to thank Axelle Mazé on behalf of CENIT for her work thus far and look forward to a continued successful working relationship.

Corporate Governance

On several occasions in the course of the fiscal year, we reviewed particulars of corporate governance matters with the CENIT Group, including the new version of the German Corporate Governance Code adopted by the Government Commission. The Supervisory Board is convinced that good corporate governance constitutes a significant foundation for the success, reputation and self-image of the Group. For this reason, the Supervisory Board has continually monitored and considered the ongoing development of corporate governance standards and their implementation within CENIT. This also included regular verification of the efficiency of our own activities. In numerous discussions – also with the auditor – the lawfulness of business management and the efficiency of the corporate organization were scrutinized.

An awareness of continually responsible and lawful conduct and of its existential significance for the CENIT Group are well entrenched within the Group and its corporate bodies. The Management and Supervisory Boards reported on corporate governance at CENIT in their Corporate Governance Report. On 17 February 2023, the Supervisory Board issued its Declaration of

Conformity with the German Corporate Governance Code as amended on 28 April 2022 in accordance with Sec. 161 AktG and made this declaration available to the Company's shareholders on the Company's website.

Balance sheet meeting 2023 on the annual and consolidated financial statements for 2023

The accounting, the annual financial statements with the management report for the 2023 fiscal year, the consolidated financial statements with explanations and the group management report for the 2023 fiscal year were audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Frankfurt. Grant Thornton was appointed as auditor of the annual financial statements and consolidated financial statements at the General Meeting of Shareholders on 17 May 2023. In accordance with its duties, the Supervisory Board reviewed the qualifications, independence and efficiency of the auditor.

The auditor issued unqualified audit opinions on the 2023 annual financial statements and consoledated financial statements of CENIT prepared by the Management Board, including the management report and group management report. The annual financial statements of CENIT Aktiengesellschaft were prepared in accordance with the principles of German commercial law (HGB). The consolidated financial statements comply with the International Financial Reporting Standards (IFRS). All members of the Supervisory Board had full and timely access to the financial statements documents and audit reports. The Supervisory Board has discussed the audit report intensively with both the Management Board and the auditor in order to satisfy itself as to its propriety. The Supervisory Board is confident that the audit reports for 2023 were fully compliant with statutory requirements.

During the meeting on 27 March 2024, the auditor reported on the main findings of the audits of the separate financial statements of CENIT Aktiengesellschaft and was available to provide additional information and respond to queries. On that occasion, all members of the Supervisory Board were able to satisfy themselves that the audit has been conducted in compliance with statutory requirements and in an adequate manner.

As a conclusive result of its own reviews in accordance with Sec. 171 AktG, the Supervisory Board noted that it had no objections.

At its meeting on 3 April 2024, the Supervisory Board approved the annual financial statements prepared by the Management Board for CENIT Aktiengesellschaft for the 2023 fiscal year, thus ratifying the financial statements pursuant to Sec. 172 AktG. The

Supervisory Board from left to right
Regina Weinmann
Laura Schmidt
Rainer-Christian Koppitz

Supervisory Board also acknowledged and approved the consolidated financial statements for the 2023 fiscal year on 3 April 2024.

Following its examination, the Supervisory Board agrees with the proposal of the Management Board for the appropriation of the net profit.

Stuttgart, April 2024
On behalf of the Supervisory Board

Rainer-Christian Koppitz
Chairman of the Supervisory Board

The Supervisory Board wishes to thank the Management Board and all CENIT employees throughout the world for their personal commitment, their achievements and their performance in a challenging – yet successful – fiscal year.

SUSTAINABLE DIGITALIZATION

80 percent of companies in Germany see digitalization as an opportunity for more sustainability. That is the result of a representative Bitkom survey. One in every two companies sees digitalization as a possibility for new business models that protect the environment. The figures promise ideal conditions for a company like CENIT that wants to champion sustainable digitalization.

On the same topic, CENIT's CEO Peter Schneck recently explained that one of CENIT's important objectives is to offer this digital sustainability accordingly across all of CENIT's solutions and products.

Now we want to know: How far has CENIT progressed with this intention?

Horst Heckhorn,
Senior Vice President
SAP Solutions

Horst Heckhorn:
In my view, we should go back a step and consider more than just data connectivity. Company leaders who want to achieve sustainable digitalization need to pursue two additional core objectives in the company alongside profitability, and those are resilience and sustainability.

These are three objectives that companies today need to keep in balance. What is important for companies is to determine where profitability, resilience and sustainability intersect.

And when we think about what we can contribute, it's precisely the traditional core business that we do – namely establishing end-to-end data and processes.

So why is that not working yet in many of today's companies? For example, because data from the development and engineering of their products are in one system but the business data are in another system. Our objective, and our expertise, is precisely to bring these two platforms and systems together to form a data pool.

In this way, we put companies in a position to do things that serve all three corporate objectives. This is why I feel that we have been doing something very fundamental for years now that will pay off for all three of these corporate areas.

André Vogt,
Senior Vice President
Enterprise Information Management

André Vogt:
In Enterprise Information Management, too, it has always been about bringing data and information to the right place in the value added cycle. This is still our core task, which takes place both in analytics and in the area of document logistics. What is new is the potential to use technologies such as artificial intelligence to connect data from the analytics world with the document logistics world in order to open up opportunities for companies to use their resources even better.

Martin Grunau:
As far as digitalization is concerned, we have been doing it for 35 years. Connecting processes, systems, data silos and connecting divisions within the companies. We help companies by assisting them on their digitalization journey. But what do we actually expect from CENIT in terms of sustainability? I think the focus needs to be on helping companies to manufacture ***better***.

Martin Grunau,
Senior Vice President
Dassault Systèmes Solutions & COO Keonys

Horst Heckhorn:
That's exactly what I mean when I talk about the three objectives intersecting. In the majority of companies, there is endless potential, and the only reason it is not exploited is because they do not yet have the technological or procedural assistance to gauge the consequences of their actions – or to use alternatives that would be much better.

Michael Bauer:
Do we have customers with demand for this skill of ours?

Michael Bauer,
Interim
Senior Vice President
Digital Factory Solutions

Martin Grunau:
Yes, we do. We made it clear in our white paper just published that we have customers who speak about what reductions they have made, where and how. So we have clear examples. Are those holistic examples? Probably not holistic enough.

I believe what we are doing today and what customers are inclined to say is that we have made partial optimizations. But the challenge lies in the entirety of the process. In fact I am not aware of any such end-to-end project at CENIT.

Horst Heckhorn:
Are we able to implement a digital end-to-end sustainability process? Sorry, but probably no-one is able to do that yet.

But what we can say for sure is that we can provide specific solutions in specific areas that provide specific results. So we can provide examples where fewer prototypes are being built and so on. That is something we can do.

And I think it makes us far more credible if we show these specific scenarios with tangible results that can be achieved.

So CENIT is not limited in this approach or implementation. But where specifically do you see potential for development?

Martin Grunau, Dassault Systèmes Solutions & COO Keonys

Today we have joint approaches to solutions, but also individual solutions in our respective business areas. Take for example the Digital Factory business unit with its solutions for automation and offline programming of robots, where there is a great deal of optimization potential for companies.

The same applies to solutions by our Enterprise Information Management (EIM) colleagues with digitalization in the field of document management and analytics.

We can find lots of examples in every area. The task would be to make these more visible as a first step. The second step is to bring these solution approaches together better internally and to convey them externally. That is why we need to start with specific topics and then broaden out.

Markus Schwarze, Senior Vice President Digital Business Services

The decisive part is bringing things together. Everything is getting more complex because lots of things are interconnected digitally. This entails teamwork beyond the boundaries of just Product Lifecycle Management (PLM) or an ERP or mere production technologies. And that is something that we as CENIT offer – that type of service where teams work together across these boundaries and also develop an understanding.

The goal is to determine what the corresponding data flows are between the different systems. In this way, whatever was implemented beforehand can run and be operated reliably. Because the interdependencies are increasing: When the kind of large systems that we build stop working, there's a problem. That is why it's important that we as a team and as CENIT then provide the corresponding services to prevent this.

Horst Heckhorn,
Senior Vice President
SAP solutions

That's an important point that you can see clearly based on the following example. As part of a project for Jaguar Land Rover (JLR), we are bringing together the 3DEXPERIENCE and the SAP platform. At present, many people have to translate between what is created in a product structure for the vehicle in the 3DEXPERIENCE / Delmia platform on the one hand and what happens later in the SAP platform in terms of the company as a whole – logistics, procurement, manufacturing – on the other. We automate this manual translation process by means of in-depth process and data integration of 3DEXPERIENCE and SAP S/4.

In order to guarantee the data quality, which is absolutely essential in such an automation process, we implemented inspection routines on both sides that create the prerequisites for the translation of the semantically different data models of the two platforms. That sounds complex, and it is. What we achieve is the automatic translation of the complete vehicle structure with all variants and configurations, also in the daily change process. It is easy to imagine the contribution this digital automation can make to reduce throughput times and costs and understand what avoiding superfluous iterations, searches for missing parts, prototypes with errors etc. means for resilience and sustainability.

Why did we succeed despite the complexity of the process and the technological obstacles? Because we were able to create a team with JLR, SAP and Dassault Systèmes that worked tirelessly and consistently day in day out to master the truly big challenges together. In my view, we should never forget that. Despite the availability of great technologies, without the enthusiasm of the people involved for improving processes, digitalization projects will not lead to the expected success.

CENIT wants to be the trusted advisor of customers. Can CENIT provide its customers with end-to-end consulting on the aforementioned sustainability – not just in relation to the technology or the ROI, but also in terms of the sustainability aspect in the processes?

André Vogt,
Senior Vice President
Enterprise Information Management

André Vogt:
We need to be able to do that, because some of our customers are already asking us for that. But we are still in the learning phase. Admittedly, it is still mostly about aspects that are important for our customers' ESG reports.

We are seeing that the topic of sustainability is not yet very high priority from a real-life use perspective.

Generally the aspects involved are automation, reducing interfaces or cost efficiency.

„That is why I am convinced that the topic of regulations will be a key catalyst."

Martin Grunau, Senior Vice President Dassault Systèmes Solutions & COO Keonys

Martin Grunau,
Senior Vice President
Dassault Systèmes Solutions & COO Keonys

Martin Grunau:
The answer isn't easy for a number of different reasons. Our dialog with customers is also currently generally reduced to legislation and regulations. I think customers are learning in the same way that we are learning in today's discussion and are asking questions such as: What are we really contributing to the topic of sustainability? How can we prove that we are more sustainable?

Everyone knows that action is needed – not only by the politicians but by every company and individual – but it's difficult to know how to start. Additionally, everyone has a different level of experience of sustainability.

That is why I am convinced that the topic of regulations will be a key catalyst. That's because regulations change behavioral patterns – because we have to. When I get in a car, I put my seatbelt on because it was introduced as a regulation at some point. Nowadays, I know that it is important. In the same way, we can have hope that legislation will result in an intrinsic change in behavior in the long term.

Horst Heckhorn,
Senior Vice President
SAP Solutions

Horst Heckhorn:
I am not a fan of approaches that put people in straitjackets, because there will always be loopholes to escape from the straitjacket.

The best example is that of the carbon certificates. We simply need a lot of people who understand that it is necessary to take action. And who take action within their own area – not just as a private individual, but also professionally. Then we will be able to effect change.

Regulatory matters are always about not being permitted to do something anymore. But there are lots of areas where it doesn't need to be like that.

We only need to do the right things, measure the results and adapt our behavior accordingly. How much material have I used, how much electricity, how much carbon have I generated?

What makes it so difficult to start is that the whole discussion is always about giving things up.

„We simply need a lot of people who understand that it is necessary to take action.“

Horst Heckhorn, Senior Vice President SAP Solutions

Michael Bauer,
Interim
Senior Vice President
Digital Factory Solutions

Michael Bauer:
I'd like to make a second point. What I think is missing are creative framework conditions. Take for example the Paris Climate Accords. The agreement says that if you make a contribution to another country that hugely reduces carbon emissions, this is credited to your own account.

In this way, we would firstly experience a clear development in technology and mindsets across national borders. Secondly, we would create greater leverage in the efforts to improve the climate situation. It's a pity that creative approaches like these are not being used at present.

Martin Grunau,
Senior Vice President
Dassault Systèmes
Solutions & COO Keonys

Martin Grunau:
I think we are in agreement that we as a company can make a contribution today.

Some of our customer companies have global operations, so we can also make a contribution internationally.

But to come back to the point: regulations don't always have to be about giving something up. Because the core of the matter is clear: we are all convinced that sustainability is important.

What would the corresponding arguments be?

Martin Grunau, Dassault Systèmes Solutions & COO Keonys

It's a question of trust. Alongside trust, the second aspect is that we need to empower customers to measure changed behavior in ROI and other relevant performance indicators, i.e. to really make it measurable.

Then we would have a glimmer of a chance of changing certain behavior patterns at our customers.

Horst Heckhorn, Senior Vice President SAP Lösungen

I'd like to mention the idea of a grassroots movement. If we can credibly convey the message that we have mainly intrinsically motivated employees who are really working on sustainable digitalization, that message will reach our customers.

I also think that it is very attractive to show this motivation openly in the context of the competitive labor market we have at present. Ultimately this will also have a positive on our earnings parameters. That's why I am in favor of really making it an issue.

Not only in order to serve a corresponding index but to show that we are serious about this topic. And the private aspect is part of this because that is what actually provides motivation. I believe it is valid to do this in one's personal and professional life.

Michael Bauer, Interim Senior Vice President Digital Factory Solutions

There are also specific examples of this. At investor giant BlackRock, companies have to show not just their EBIT but also what they are doing specifically in terms of sustainability. This was a very positive surprise to me. Changes appear to be happening at shareholder level too.

Let's get back to technology. A study by McKinsey reports that companies can realize huge potential in the cloud.

According to the study, however, only 15 to 20% of large companies run their applications in the cloud. Are we wasting digitalization and sustainability potential by not working in the cloud?

**André Vogt,
Senior Vice President
Enterprise Information
Management**

Generally, the cloud model is the future. Why are there a lot of companies that haven't yet moved to the cloud? One of the reasons is that the often-cited data privacy problem is still a major obstacle.

Matters such as governance pose a further challenge and create further complexity. This is about defining rights, responsibilities and duties in the cloud. Another important factor will be the AI Act coming out in mid-2024. In that act, the issue of liability will be given a new dimension, which in turn will be an important constant in this whole movement.

But we can see that the major insurance firms, for example, which have to fulfill special conditions in relation to data security etc., have been preparing to move their processes to the cloud for a long time now. This takes time because their established infrastructures and processes need to be transformed and prepared first.

**Michael Bauer,
Interim
Senior Vice President
Digital Factory Solutions**

It's not quite accurate to make a broad statement that you can't harness the potential of digitalization if you don't move to the cloud. Essentially, the cloud is just an infrastructure.

If you have a high-paced business model with peaks where you have to respond quickly and times when you can reduce computing capacities, it makes absolute sense. And yes, there is an environmental impact when you only use what you really need.

Martin Grunau, Dassault Systèmes solutions & COO Keonys

It is definitely not the cloud that determines whether or not we act sustainably and whether or not we are innovative. But now the cloud may be connected to other things – tech combinations may emerge.

And there is huge potential there. For example, if we look at the cloud plus artificial intelligence plus the SAP platform plus the 3DEXPERIENCE platform...

But the question I ask myself is how is this compatible with sustainable digitalization? On the one hand, we can reduce costs through the potential of technology. On the other hand, there is always the consideration of whether it is really more sustainable for the overall result? I don't think anyone has a good answer to that yet.

André Vogt:
It is true that the model behind the cloud needs a huge amount of electricity. And the bigger the model, the more computing capacity and the more electricity is needed. The IT industry is already working on this in the background to solve precisely this problem. For example, new chips are being developed, and Nvidia is one of the largest providers. However, IBM has caught up and can produce the same chips but with just 30% of the energy consumption.

Markus Schwarze, Senior Vice President Digital Business Services

There are often further economic points in the cloud reasoning: In addition to savings on hardware and data center capacities, the personnel costs for installing and operating cloud-based solutions are lower than for conventional on-premises systems. However, the support effort for end users remains the same, or is even more important. As already mentioned, an experienced service team is required to intervene in the event of any malfunctions.

Horst Heckhorn, Senior Vice President SAP Solutions

Let's look at it from a sustainability perspective. Most companies struggle with IT bottlenecks. If they move their processes to the cloud, they free up technological and personnel resources and can use them to tackle digitalization projects that will ultimately make the company more sustainable. In this way, they can use the knowledge of their team to really move processes forward.

If processes are in fact made more efficient and optimized, is the move to the cloud the only correct path to choose?

Martin Grunau,
Senior Vice President
Dassault Systèmes
Solutions & COO Keonys

Martin Grunau:
The answer is relatively simple. Our editor partners prescribe this path. So the direction is very clear.

Horst Heckhorn,
Senior Vice President
SAP Lösungen

Horst Heckhorn:
We should add here that we are talking about the public cloud and not about private cloud implementations.

The main difference when we speak about the public cloud is the simplification of processes and procedures.

And it is not possible without advance re-engineering. We often find highly customized systems at our customers that are individually tailored to their needs. If you take this path to the public cloud, you see that 80% of things are different.

If you change direction and overhaul or adapt the corporate model or rebuild it from scratch using the technological possibilities offered by the public cloud, then this can work very well.

Lots and lots of our customers will find themselves in exactly this transition phase over the coming years. There will certainly be companies that won't make the transition for various reasons.

There will be more and more others that want to continue their business using the possibilities of the public cloud.

„We often find highly customized systems at our customers that are individually tailored to their needs."

Horst Heckhorn, Senior Vice President
SAP Solutions

Let's talk about artificial intelligence. It's a hot topic in economics, politics, the media and society in general at the moment. What is CENIT's stance on this topic? What's your answer?

Martin Grunau, Dassault Systèmes Solutions & COO Keonys

AI is a topic that CENIT will need to tackle. At present we have a strong AI position in the EIM environment. But do we already provide AI-based digitalization in all areas? No, we still have a way to go before we can do that.

To prevent any confusion, however, it's worthwhile noting that some companies expect AI to be used for certain processes. But what they actually want is a type of automation.

We have a strong automation offering at CENIT. We have been doing this for more than 30 years. But of course we will be tackling the topic of AI more closely, in the same way that our editor partners IBM, Dassault Systèmes and SAP are doing.

André Vogt, Senior Vice President Enterprise Information Management

Here is one example of what the CENIT Group is already doing. In EIM, we are investing several million each year in the further development of activities relating to our AI solution Buildsimpel. This also includes topics such as increasing personnel and collaborating on AI committees.

Michael Bauer, Interim Senior Vice President Digital Factory Solutions

How are AI models created? To explain it in a heavily simplified way, by putting lots of generally available data into a model and teaching the model.

I am pretty certain that many companies do not want to and will not make their core competency generally available.

Providing knowledge and making it available within a company in the form of AI models is a different matter.

André Vogt:
The question that many companies are asking is how to earn money with it and where to achieve a benefit for customers at the same time.
For example, IBM's AI strategy is geared to tackling not the huge models but focused solutions that can be controlled more easily. They also entail less risk of costs increasing exponentially.

Michael Bauer:

That's why I think in future we will need to make a distinction here too – similar to the distinction between public models and private models in the cloud.

Do you worry that other companies will beat CENIT and come up with better AI-based solutions faster?

Martin Grunau, Dassault Systèmes Solutions & COO Keonys

In the same way that the cloud radically brought about new business models and companies that never existed before, the same will happen with AI. There are already companies in existence today that offer solutions and services that were unimaginable before now.

We will also be confronted with this at CENIT. It is possible that we will have customers that cease to exist in the future or that have to reposition themselves entirely because new competitors with strong AI will challenge them.

And I believe that we could have tasks and roles within CENIT that will need to reorganize. I am certain that we will tackle this topic proactively because it also involves opportunities for us.

André Vogt, Senior Vice President Enterprise Information Management

Here is a current example of the dynamism mentioned: Within four weeks, I have already seen six releases of similar platforms to our solution Buildsimpel.

The market is hugely dynamic. It's about market share, and it's about speed. Time to market is everything. And that is why we have to invest accordingly.

Michael Bauer, Interim Senior Vice President Digital Factory Solutions

I am very much in favor of using human intelligence to develop the right strategies and developments that we need to progress things, and to use AI as a tool.

We will use AI in our solutions where it makes sense to do so. Our actual focus should continue to be using our human intelligence to steer our company in exactly the direction we want.

A CHAT WITH THE NEW COMPANIES IN THE CENIT GROUP

#1 What were the main motivators for you as managing directors to join the CENIT Group?

Mario Olschowski, PI Informatik

In recent years, we have been devoting a lot of energy to our internal succession planning. One of the core elements was the idea to join a corporate group. In order to approach this in the best possible way, one of the things we did was to come up with a catalog of criteria.

For example, when joining a corporate group, it was important to us to maintain regional exclusivity with our service areas. Finding a group with a complementary range of services and expertise was another significant factor.
In terms of technology, we were looking for a group with a DNA that matched our own. As a result, the CENIT Group's industrial focus was very fitting.

Alongside sales synergies, the future integration of our company was a key factor – we wanted PI to be as autonomous as possible, but we also didn't want a half-hearted effort at integration. The CENIT Group, with its 'speedboat' concept and 99-day onboarding program, provided the perfect framework conditions. Through the possibilities to participate and shape things, we can see that we are not 'just a purchased add-on'. We have an active part to play. I am really delighted about that.

„we wanted PI to be as autonomous as possible, but we also didn't want a half-hearted effort at integration."

Mario Olschowski, PI Informatik

Last but not least, the chemistry between the people involved has to be right. At the time, CENIT was the only group to meet all of these criteria. And that's why we're here.

Marc Holtermann, CCE

Being integrated by way of a takeover was not an alternative. Our employees value CCE's identity and spirit. And because CENIT gave us the option to retain our identity within the group, this was the best path for us.

Secondly, size is a factor to consider in terms of resources and potential. We have customers who really want to work with a small partner, and that is what we are. But we also have customers or projects that require a certain critical mass in terms of staffing. Thanks to CENIT's size, we can adapt more flexibly now, and this allows us to use our potential better.

We can be a speedboat or a cruise ship, depending on what the customer needs.

Ursula Flade-Ruf, mip

It was key for us to find a partner that understands our business model, our specialist areas and what we do.

In July 2022, André Vogt approached us in his role as Vice President of the EIM segment at CENIT, and he asked us precisely that question about our future.

As we spoke about the vision of the CENIT Group – and of the EIM segment – we discovered how well our companies were matched.

Christoph Domanig, ABC

Over time, ABC has established clear industry competency in the energy supply, industry and public sector related areas.

Together with CENIT, we see potential for bringing our competency to industry – in this case to civil and mechanical engineering in particular – in order to meet the requirements for sustainable digitalization.

This allows us and CENIT to create exciting synergies and continue to expand our joint business.

Since the company's establishment in 1996, PI Informatik – a Microsoft Premium Partner – has earned a reputation for its expertise in several key IT fields: PI Informatik acts as a full-service provider for conceptualization and maintenance of SAP landscapes and as an experienced supplier of managed services for high-availability IT infrastructures.

PI Informatik
A CENIT COMPANY

PI INFORMATIK GMBH
Hertzstraße 67
13158 Berlin
www.pi-informatik.berlin

#2 What is the strategic objective of your company in terms of its future development?

Marc Holtermann, CCE

As a 3DEXPERIENCE integrator, we are specialized on the market for SMEs (small and medium-sized enterprises).

For that segment, we have developed a tried-and-tested procedure for fast and cost-efficient implementation of the 3DEXPERIENCE platform. Especially smaller companies are hesitant to introduce the platform because they believe it involves a lot of investment and complicated implementation cycles.

We show them that there is another way. Our own solutions for the 3DEXPERIENCE range as well as our knowledge in relation to migration round off this expertise.

We want to continue to build on this approach – within our customer base and ideally at corresponding SMEs within CENIT'S customer base.

Strategically, we want to continue to grow our position as the 'PLM partner for the North'. Part of this 2025 roadmap and positioning is the aim of keeping our own portfolio more or less stable and achieving greater market penetration in the northern states in Germany together with CENIT.

André Vogt, mip

At mip, we want to strive for healthy growth in terms of headcount. From a technical perspective, we will specifically continue to push forward with the continuation of the IBM-based software and hardware business, including the infrastructure, the corresponding back-end systems and the expansion of our IBM back-end analytics capabilities.

Strategically, we are endeavoring to focus on 'large customers'. This means we will use an integrated approach to try to develop mip's customers – as well as those of the EIM unit – into large customers. To do this, we are consciously working on connecting all topics of the EIM group.

Christoph Domanig, ABC

For ABC as an established partner to SAP, it is very important to expand the SAP S/4HANA business. The focus here is on cloud-based projects. Standardization and harmonization are two further areas that we consider to be closely related to this.

Improving data quality and efficient test management are other service areas that we offer our customers in order to implement projects successfully and efficiently. That's because quality in service pays off, for both sides.

Mario Olschowski, Martin Fiedler, PI Informatik

By joining the CENIT Group, we want to open up prospects for all of PII's staff. The change should lead to improved opportunities for everyone, both technically and in terms of content. From a technical perspective, we are seeing that the market is calling for larger entities all the time. With the strength of the CENIT Group, we want to bring our expertise to larger projects or customer constellations too.

At the same time, we pursue a specialization approach, because that is precisely what allows us to set ourselves apart. Our primary focus is on MES (Manufacturing Execution Systems) – both SAP and non-SAP. The second area we want to expand further involves infrastructure services with a Microsoft technical background.

Established in 1996 and now working with a 16-strong team, CCE has positioned itself as a provider of digital solutions and services for engineering and manufacturing, with a particular focus on the Dassault Systèmes portfolio.

The core business of the company, based in Bissendorf near Osnabrück, is in PLM services, application and digital services.

CCE b:digital GmbH
Zum Eistruper Feld 34
49143 Bissendorf
www.cce.de

#3 What specific contribution of value can you make as part of the overall strategy of the CENIT Group?

Mario Olschowski,
PI Informatik

We have huge expertise in consulting, project assistance, development of SAP-based and non-SAP-based MES solutions in manufacturing and also production-related areas.

One of the things we are noticing in this area is increasing demand for customized solutions, which we can tailor to fit the customer using our own add-on technologies. Our sophisticated yet innovative know-how in this area is value added that we can bring to the group.

A second important asset involves our infrastructural consulting and assistance capabilities in relation to designing and implementing Active Directory GPO and hardening components (Microsoft). Demand in this area is up amongst public-sector organizations particularly, such as centralized IT service providers for the German states or parliamentary groups.

But we also see clear potential for placing these services with companies in industry.

„We have huge expertise in consulting, project assistance, development of SAP-based and non-SAP-based MES solutions in manufacturing and also production-related areas.“

Mario Olschowski,
PI Informatik

Christoph Domanig, ABC

We are characterized by our absolute SAP Core competency, meaning that our expertise covers the entire SAP product portfolio.

(This is also a key reason CENIT was very interested in having us as a partner).

All of our consultants and experts have many years of SAP experience, which we round off with in-depth knowledge of industry sectors and end-to-end process knowledge.

Ursula Flade-Ruf, André Vogt, mip

That would mainly be IBM-related analytics and back-end expertise.

We are currently positioning the software components and solutions developed by mip within the entire EIM group.

With mip's expertise, we are positioning ourselves as an end-to-end provider for EIM that can cover a broad chain of processes for information management and analytics solutions.

Marc Holtermann, CCE

We have internally developed solutions and tools for the 3DEXPERIENCE platform as well as proven migration knowledge. These are aspects that allow for highly efficient implementation.

Furthermore, we speak the language of the SME market and can offer in-depth process knowledge, especially for automotive and industrial equipment.

This means we can open up the world of 3DEXPERIENCE quickly, reliably and economically for SMEs in particular.

PI Informatik is a proven partner to institutions and (large-scale) businesses in industrial software development including custom add-on applications. Its portfolio further extends to IT security and data privacy solutions. IP Informatik currently employs 30 staff.

PI Informatik
A CENIT COMPANY

PI INFORMATIK GMBH
Hertzstraße 67
13158 Berlin
www.pi-informatik.berlin

#4 What is your company's approach to 'sustainable digitalization'?

Ursula Flade-Ruf, mip

In a way, digitalization is inherently sustainable. If you can digitalize processes to make them better and more efficient, this also creates sustainable value contributions for companies.

For me, it's basically about designing processes in such a way that no information is lost, that decisions in the company are taken on the basis of secured, high-quality data and that our customers can recognize faster whether they are succeeding with their decisions or whether they can correct them faster.

That is essentially my understanding of digital sustainability.
This objective goes without saying for us, and it is something we have been doing for a long time. It is what we have been committed to doing for the past 35 years.

One of our current objectives is to combine our expertise in information management with our colleagues' expertise in document logistics and analytics. We want to develop specific use cases going forward. Because when we combine these process chains more, companies can make their decisions based on an even-stronger and more reliable data basis and can establish processes and act more sustainably as a whole.

André Vogt, mip

Taking a closer look at the technological side, we can achieve transparency for the customer by means of analyzing, structuring and providing the data for the ESG reporting. This connection has been clear for a long time.

Also, in an analytics context, innovative and more efficient data processing facilitates better transparency for companies and thus creates scope for decision-making. Indirectly, contributions to efficiency are created naturally as a result.

Christoph Domanig, ABC

It's really always about the digital availability of information. And there we get to the heart of sustainable digitalization – with information available in the best possible digital form, it is much easier to provide data, analyze data and report data needed for sustainable action. I believe this is a huge contribution we can make in these areas.

Mario Olschowski, Martin Fiedler, PI Informatik

Let's take a specific example with a clear sustainability objective. We are currently creating a production energy portal for one of our key accounts.

The aim is to generate sustainability insights and derive dedicated AI-assisted planning suggestions for manufacturing regarding which technology, what timeline and which equipment to use to achieve the greatest sustainability effect for product manufacturing.

Marc Holtermann, CCE

For me, sustainable action is action that will stand the test of time.

Our approach of accompanying customers on the digitalization journey, from the concept to several development stages, is geared to giving companies the best support in terms of their digital process transformation and allowing them to develop.

We combine quick wins with long-term value added.

Established in 1988, mip GmbH is a software and consulting company active in Germany, Austria and Switzerland. mip and its staff of about 30 experts specialize in data management and analysis, software development, as well as operation of IT infrastructure and applications.

As an experienced, long-standing IBM partner with strong back-end expertise in data management, mip will strengthen CENIT Group's delivery capabilities regarding IBM-based technologies and complement CENIT's portfolio e.g. in the information management sphere.

mip
A CENIT COMPANY

mip Management Informations Partner GmbH
Fürstenrieder Straße 26
81377 München
www.mip.de

#5 What are your joint plans with CENIT – up until 2025 and thereafter?

Christoph Domanig, ABC

We want to support our customers in Germany and abroad as an expert for SAP solutions.

If we succeed in this, the CENIT Group with ABC will be one of the few large players to combine the complex areas of product development and SAP Core – and offer the corresponding competent solutions.

There is definitely optimization potential on the part of industry and at companies. In practice, there are still silos that don't communicate much despite the fact that they should be deeply connected.

Take for example product development and manufacturing. When mistakes are made or information is not available or is insufficient or is not passed on, this results in high costs. This is one of our shared advantages – we can offer practicable and tried-and-tested solutions.

So we want to continue to grow together – and develop together with our customers.

Ursula Flade-Ruf, mip

As an EIM unit within the CENIT Group – also together with the CENIT subsidiary ISR and CENIT's EIM staff – we want to become Number 1 for enterprise information management. This is linked to an expectation that we will make this happen together.

That is why we are working on synchronizing as many approaches, processes and strategies as possible. This includes areas such as strategic sales, (further) development of customers in our areas and so on. For our company, we expect this to lead to growth and stability in the interest of our employees.


Mario Olschowski,
Martin Fiedler,
PI Informatik

Strategically, we are focused on establishing and of course realizing a cross-selling approach. This approach provides for the CENIT staff to bring PII's expertise and solutions to CENIT customers. The experts at PII will bring CENIT's proprietary software components to our existing customers.

This is also closely linked to mutual efforts to make the complementary service range of our companies visible internally and externally.

Marc Holtermann,
CCE

The motto here could be to offer more services as a one-stop shop. I believe we could also create synergy effects and a positive mutual impact at a technical level this way. We will certainly also work more closely on this with the CENIT staff in sales.

We ultimately want to work together with CENIT to increase the market share in the 3DEXPERIENCE business, thus progressing the entrepreneurial success of CCE and the CENIT Group.

Founded in 2006, ACTIVE BUSINESS CONSULT is an established specialist for digitalizing and optimizing SAP-based business processes.

The mid-size business also acts as "SAP Recognized Expert" in the SAP S/4HANA field, but its knowhow covers all major pillars of the digital value-adding process:
ACTIVE BUSINESS CONSULT connects data for planning processes in sales, production, quality control and maintenance with the corresponding integration into finance and controlling processes. It thus enables integrated value creation within and between companies.

ACTIVE BUSINESS CONSULT
A CENIT COMPANY

active business consult
Informationstechnologie GmbH
Museumstraße 3B/ 15
1070 Wien, Österreich
www.active-consult.com

#6 What value added from the acquisition has PI INFORMATIK already realized?


Martin Fiedler, PI Informatik

We are delighted that even during the first six months we have been able to achieve joint sales results and successes.

To progress with the planned cross-selling and collaboration on projects, together with CENIT's SAP Solutions and 3DS Solutions / DBS business units we have carefully introduced initial project approaches at high-profile customer companies.

We are very pleased about this, as it shows us that the motivation and desire to realize joint potential is high on both sides.

Beyond the customer projects, we are delighted to see that PI Informatik and the CENIT Group are also working together in the area of research and development (R&D). R&D activities have played a central role at PII for many years, in the interest of continuously developing our expertise and attracting new staff.

CENIT has an established group-wide R&D network with an exchange of experts that allows for mutual synergies across research topics and focus areas. One of our research interests at present is artificial intelligence.

We are confident that, together with the colleagues in the R&D network, we will be able to progress relevant information for the entire group.

André Vogt, mip

A lot has happened in respect of our overarching goal of becoming the Number 1 for document management and analytics. We have established integrated support across numerous topics and have built a shared CRM environment within the EIM entities.

This certainly involves the harmonization of various processes and systems to create cost synergies. We developed focused sales initiatives for digital marketing and digital sales. Last but not least, we worked on raising our visibility within the world of IBM.

Ursula Flade-Ruf and mip have an excellent reputation in the IBM world. mip has already had three IBM Champions and two Gold Consultants. This has led to a colleague at ISR also applying to become an IBM Champion. And he did in fact win a distinction.

This means that as the CENIT Group, we already have four IBM Champions – and that is a special distinction for our expert team and for us as a group.

PROJECT #1

Austria's largest mobility service provider transports 323 million passengers and around 95 million tons of goods to their destinations in an environmentally friendly way every year. 100% of the traction current comes from renewable energy sources.

PROJECT OBJECTIVE

The aim of the project is to achieve paperless processing in vehicle maintenance, component reconditioning, facilities maintenance and warehouse logistics.

It should ensure that components can be tracked, in particular safety-relevant components of rail vehicles. This will be achieved among other things by means of component serialization.

RESULT AND BENEFIT

All safety-relevant components are identified precisely over the entire lifecycle.

Realization of the project allowed for the safety level to be increased and all statutory requirements and provisions to be observed.

PROJECT #2

PROJECT OBJECTIVE

To introduce and implement SAP-specific processes for processing the Vorteilcard, the Klimaticket and upgrade to the Klimaticket for 1st class.

To present the financial processes for ticket sales in the ERP system in order to ensure that the ERP system is used in the best possible way.

PROJECT PROCEDURE

1. Design and implement the interfaces for debtor management and order creation

2. End-to-end process design and implementation

3. Design and implementation of a framework for posting various business transactions in the financial accounting

4. Support for test implementation and resolution of errors

5. Taking care of go live and hypercare for the implemented scope

RESULT AND BENEFIT

Ensure a high degree of automation, in particular by implementing robust interfaces for order creation and invoicing. Time savings, for example by means of the implemented reports for mass processing while ensuring compliance with all legal requirements for presentation in the financial processes.

PROJECT #3

"Recording the energy figures of production facilities to calculate technological reserves and optimize shift planning at a market leader in film manufacturing"

PROJECT OBJECTIVE

Project objective:
Sustainability effects: Based on the analyses, energy-intensive technologies are to be examined and optimized from an energy perspective. The insights gained will be used to adapt the shift planning in terms of energy. For example, this may take the form of shifting energy-intensive processes to times where consumptions costs are lower.

Another objective is to provide the data for systems across departments for evaluation and to facilitate the integration of third-party providers and/or existing systems in the best way possible.

PROJECT PROCEDURE

By recording the energy figures from approximately 200 production facilities, technology reserves will be calculated that lead among other things to optimization of shift planning in production and logistics.

Consumption data such as gas, electricity, residual heat, carbon, combustion residue, water, wastewater etc. are gathered from consumption sensors on the facilities, validated and prepared for analysis. The raw data and aggregate information are referenced with technologies and ERP data. AI-based analyses in SAP make it possible to determine anomalies.

MANAGEMENT REPORT

Combined (group) management report for the fiscal year 2023

The **management report** of CENIT Aktiengesellschaft (hereinafter "CENIT AG") and the **group management report** of the CENIT Group (hereinafter "CENIT" or "CENIT Group") for the fiscal year 2023 were combined below. The declaration on corporate governance is also part of the combined (group) management report. The consolidated financial statements prepared by CENIT as of 31 December 2023 comply with the International Financial Reporting Standards (IFRSs) applicable as of the reporting date as well as the supplementary provisions of the German commercial code (HGB) in conjunction with the German Accounting Standards (GAS).

1. Fundamental information about the Group

1.1. Organization and group structure

CENIT AG is headquartered in Germany (Stuttgart) and represented in the industrial centers there, including Berlin, Hamburg, Hanover, Munich and Frankfurt. The CENIT Group has further locations in France, the Netherlands, Belgium, the USA, Switzerland, Romania and China.

The domestic and foreign companies included in the consolidated financial statements are consolidated in accordance with the uniform accounting and valuation methods in the CENIT Group. Like the parent, the subsidiaries are specialized in the sale and integration of software and IT services in the segments **Product Lifecycle Management** ("PLM") and **Enterprise Information Management** ("EIM"). In addition, CENIT AG holds one third of the joint venture CenProCS AIRliance GmbH. The joint venture provides services and consulting for a shared major customer in the PLM segment.

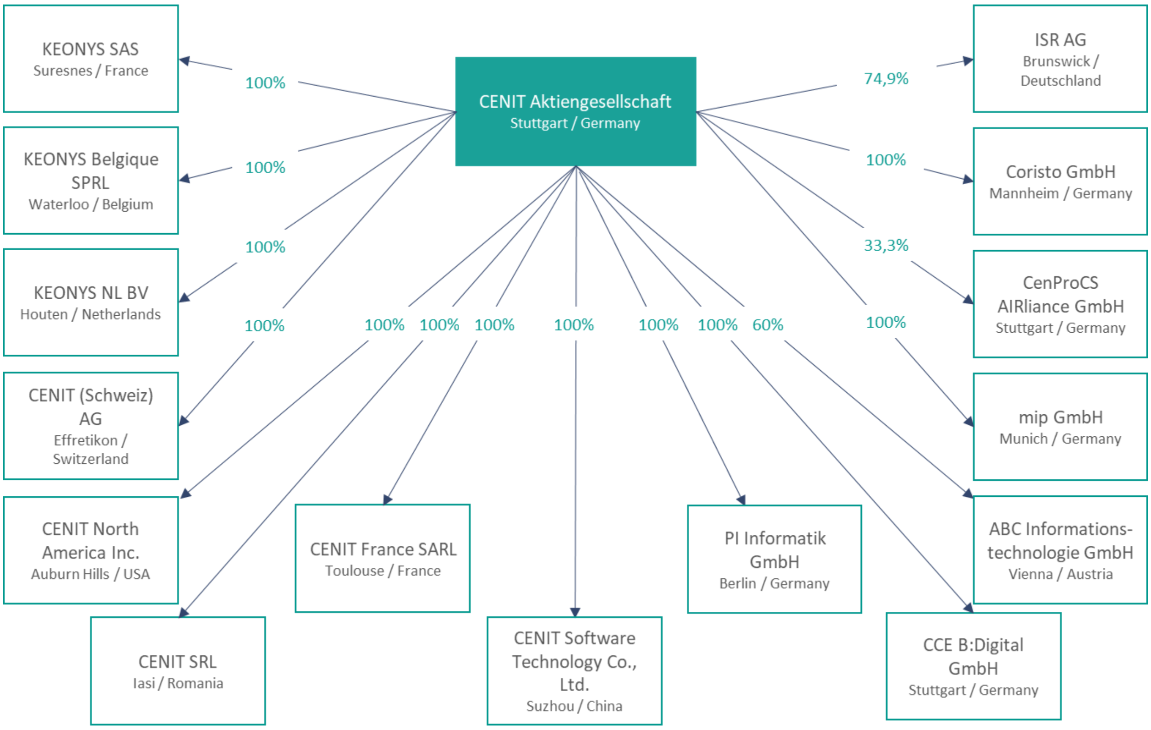
In January 2023, CENIT AG acquired 100% of the shares in mip GmbH ("mip"). The acquisition of mip GmbH provides CENIT with a team of agile data management experts, allowing CENIT to continue to expand its EIM portfolio and further enhance its market position on its journey to becoming the Number 1 for document logistics and information management.

In July 2023, CENIT AG acquired 100% of the shares in PI Informatik GmbH ("PII") in the SAP market environment. This helps CENIT to expand its competency as a full-service provider for SAP. Thanks to the existing competencies, together with a portfolio of clients from industry, logistics and the public sector, PI Informatik GmbH has made a name for itself as a specialist for complex software development, SAP consulting services and as a long-term partner for managed services and IT infrastructure solutions. This allows for strategic and operational potential on both sides.

In August 2023, CENIT AG acquired 60% of the shares in ACTIVE BUSINESS CONSULT Informationstechnologie GmbH ("ABC"), based in Vienna. ABC is an "SAP Recognized Expert" in the SAP S/4HANA field, allowing CENIT to round off the CENIT SAP skill portfolio with further opportunities for more diversification and strengthen its market position in GSA.

In December 2023, CENIT AG acquired 100% of the shares in CCE b:digital GmbH ("CCE"). CCE is a shell company that does not have business activities of its own. The acquisition of the company serves to change the legal form of CCE b:digital GmbH & Co. KG.

The **company-law organizational chart** for the CENIT Group is as follows as of the reporting date:



The **basis of consolidation** has grown compared with the prior year on account of the acquisition of mip GmbH, PI Informatik GmbH, ABC Informationstechnologie GmbH and CCE b:digital GmbH.

CENIT AG's **Management Board** comprised the following members as of 31 December 2023:

- Peter Schneck, CEO and Chair of the Management Board
- Axelle Mazé, CFO

Axelle Mazé stepped down from her role as CFO as of 31 October 2023 and will be leaving the Management Board as of 31 December 2023.

CENIT AG's **Supervisory Board** comprised the following members as of 31 December 2023:

- Rainer Koppitz, Chair of the Supervisory Board
- Regina Weinmann, Deputy Chair of the Supervisory Board
- Laura Schmidt, Employee Representative on the Supervisory Board

1.2 Business activities

CENIT has five business divisions, subsumed under the segments PLM and EIM. The PLM segment comprises 3DS Solutions, PLM-SAP, Digital Business Services and Digital Factory Solutions. The PLM division is focused on using Dassault Systèmes Software on PLM platforms and applications in the traditional manufacturing industry and optimizes key production processes such as product development, production or change management, also using additional dedicated CENIT software solutions. Unlike pure software resellers, CENIT is a value added integrator that offers its customers considerable added value. By contrast, the EIM division is focused on processes relating to 360 degree customer communication, processing, file and document management primarily in the insurance and financial services sectors. By acquiring the shareholding in ISR in the fiscal year 2022, CENIT has also gained a foothold in retail as well as in the public sector.

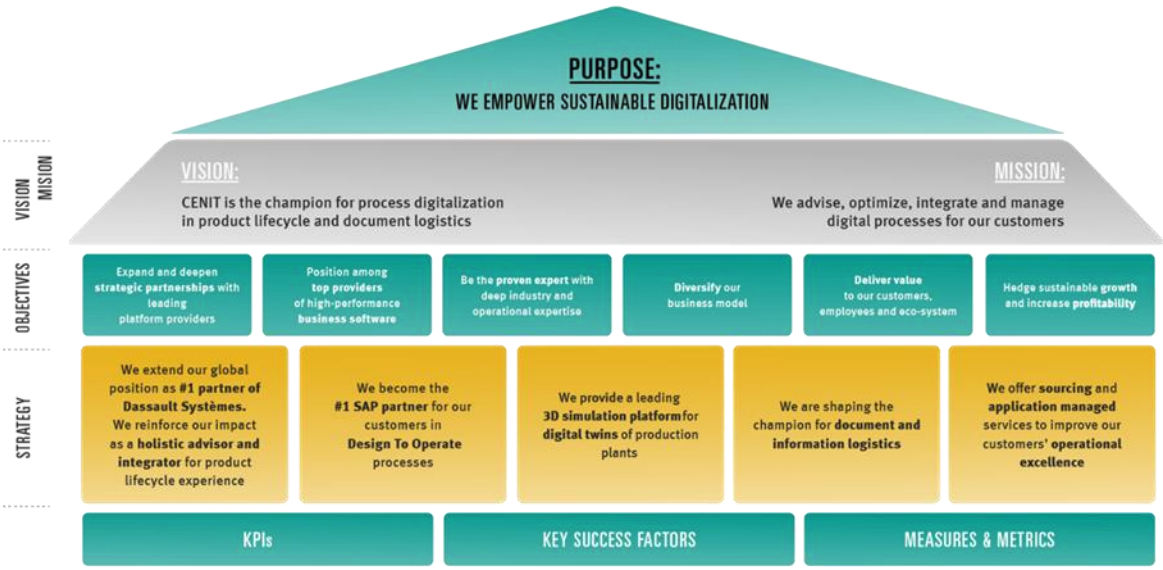
CENIT is the **specialist for the core processes of its customers**, focusing on the manufacturing industry and the financial services industry. The consultancy, service and software offering of the CENIT Group is geared to standard products by its software partners as well as CENIT's own solutions based on those standard products. Leading software providers such as Dassault Systèmes, IBM and SAP are strategic partners to the Company. The employees in the CENIT Group provide the customers with tailored industry support in the planning, implementation and optimization of their business and IT processes.

To allow customers to concentrate on their core competencies, the CENIT Group also **manages the applications (AMS)** and the related **IT infrastructures**.

1.3 Markets

CENIT breaks down its **sales markets** into the regions of Germany, Rest of Europe ("RoE") and Rest of World ("RoW"). In the fiscal year, the largest sales market was Germany, followed by RoE (with a focus on France) and RoW.

1.4 Objectives and strategies



CENIT's vision and mission revolve around digitalization because it is vital for CENIT. This vision is reflected in the company name: "**CEN**ter for **IT** and Digitalization". CENIT's purpose is to empower our customers as well as ourselves to facilitate sustainable digitalization.

Our vision is to be a champion for process digitalization in the areas of document processes and production processes. CENIT endeavors to be a trusted advisor to our customers. The mission describes the day-to-day activities in the fields of consulting, integration services, optimization using third-party or proprietary software solutions and the management of digital processes for our customers.

CENIT's strategy is geared to sustainable profitable growth. For this reason, CENIT's objectives focus just as much on the employees and technology partnerships as on efforts to give customers a competitive edge with CENIT's own solutions.

The CENIT 2025 Strategy is based on the following five strategic pillars, which correspond to the respective business divisions:

(1) CENIT will be the leading integrator for business processes on the platforms of Dassault Systèmes and SAP. It will use its own proprietary software applications to expand these areas in order to reduce its dependency on the editors.

(2) In the area of Digital Factory Solutions (DFS), CENIT will be a leading provider for the communication of robotics solutions on CENIT's own robotics platform.

(3) In the area of Enterprise Information Management (EIM), CENIT will build on its partnership with IBM and become Europe's 'document hero' with its own AI-based solution.

(4) CENIT will use Digital Business Solutions (DBS) to provide specific IT services – Application Managed Services (AMS) – to increase customer retention.

(5) CENIT will be an attractive employer with multicultural and enthusiastic employees.

Implementation of the aforementioned core points of the CENIT 2025 Strategy is to be achieved with the help of organic growth at business division level on the one hand and significant acquisitions on the other. The growth target for 2025 is to achieve sales of approximately EUR 300 million with an EBIT margin of between 8% and 10%.

The plan for inorganic growth is based on two to three acquisitions annually so as to prevent any watering down of CENIT's corporate culture. This growth will be financed using cash and external financing instruments. Any capital increases are earmarked for specific acquisitions if the acquisition amount exceeds EUR 50.0 million.

Organic sales growth of at least 5% p.a. is expected for all business divisions, which is covered by the available market potential. CENIT is making good progress in terms of its 2025 strategy. CENIT's advancing diversification as well as key topics such as sustainability, cross-selling, strengthening partnerships and developing an end-to-end approach for resolving digitalization challenges play a significant role here.

1.5 Internal management system

The Management Board of CENIT AG is responsible for the **overall planning** and the realization of the long-term objectives of the Group. The uppermost goal of corporate development is to raise the business value on a long-term basis by means of profitable growth. The planning required to manage both segments, PLM and EIM, as well as the resulting measures are derived from the long-term corporate planning, taking into account the developments in the competitive and market environment.

The **annual planning process** is carried out using top-down and bottom-up methods, with planning initially done independently by the Management Board (top down) and by the respective managers responsible for the business units (bottom up). Revenue and EBIT are the key financial performance indicators as defined in GAS 20. At joint planning rounds, these assessments are discussed, tested for plausibility, consolidated and presented as final by the Management Board to the Supervisory Board for approval. The current five-year plan is examined and updated at regular intervals.

During the year, the **business management** of the CENIT Group is carried out with the help of a monthly variance analysis at the level of the separate financial statements and consolidated financial statements as well as a quarterly forecast. As part of this process, the Management Board analyzes the business development of the segments regularly in order to make necessary adjustments on a timely basis. However, some financial ratios that are critical to success are not quantifiable or can only be quantified indirectly. These include factors such as the reputation of the brand, customer satisfaction and employee qualifications.

Alongside financial performance indicators, non-financial performance indicators are also gaining in significance. A key component of the non-financial performance indicators is ESG/CSR. The next steps as part of CENIT's ESG/CSR strategy to expand the sustainability report in accordance with the CSRD, including reporting within the framework of the EU taxonomy, have been implemented successfully. Further measures such as developing a sustainable code of conduct for suppliers, training employees on compliance and integrating the sustainable development goals are under way.

Because of the ongoing challenging societal and economic situation, it is more necessary than ever to think and work in scenarios as part of the internal management system. For CENIT's internal management and planning process specifically, this means weighing up opportunities and risks as sensitively as possible. In a best-case scenario, it means making investments and assisting growth. In more difficult situations, it also involves exercising cost discipline and thus actively managing margins. In this context, liquidity planning that is appropriate for the Group's size has already played a key role in managing liquidity risks for a long time.

1.6 Research and development

An ongoing objective is to **raise the innovative power** of the CENIT Group. The Group had its own research and development expenses (R&D) of EUR 10.1 million in the fiscal year 2023 (prior year: EUR 9.3 million) to this end.

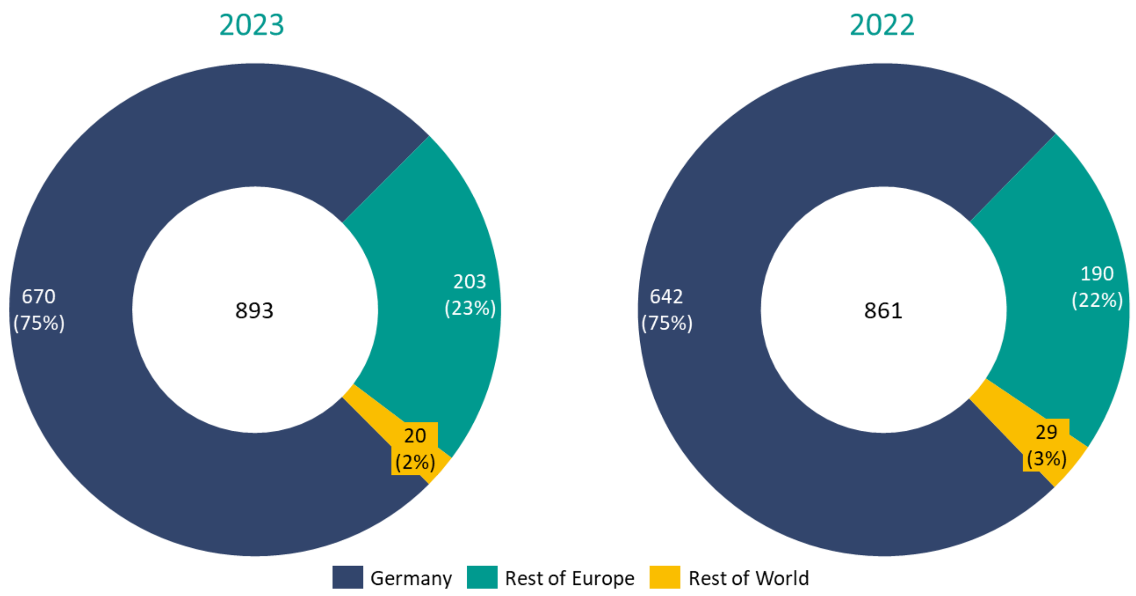
The business units of the CENIT Group focus their R&D efforts on the next generation of their products and solutions and prepare for their successful market launch. Close cooperation with the product and client-facing areas allows the CENIT Group to offer customized solutions. In addition to selling standard software from third-party providers, the CENIT Group develops its own programs to supplement and extend these solutions in a way that adds value. Its software expertise and decades of industry experience allow the CENIT Group to optimize the productivity and data quality of its customers with its own CENIT solutions.

Research and development are of central importance for the further achievement of the **corporate objectives**. This allows the CENIT Group to enhance its market position at the same time. For this reason, the Management Board plans to continue to invest steadily in research and development.

1.7 Employees

a) Overview

On 31 December 2023, the Group had 893 employees (prior year: 861). CENIT AG had 386 employees on the same date (prior year: 441). The main reason for the repeated year-on-year increase was the further acquisitions. The difference in the number of employees at CENIT AG stems primarily from the restructuring of the EIM employees, who were allocated to ISR AG.



There were scarcely any year-on-year changes in terms of the **global distribution** of employees. Three quarters of all employees in the CENIT Group are currently employed in Germany.

The following table shows the headcounts for the individual **group companies**:

Entity	31 December 2023	31 December 2022
CENIT AG Stuttgart, Germany	386	441
KEONYS SAS Suresnes, France	93	99
CENIT SRL Iasi, Romania	49	47
CENIT North America Inc. Auburn Hills, USA	16	18
CENIT France SARL Toulouse, France	17	17
CENIT (Schweiz) AG Effretikon, Switzerland	14	13
Coristo GmbH Mannheim, Germany	10	7
CENIT Japan K.K. Tokyo, Japan	0	7
KEONYS Belgique SPRL Waterloo, Belgium	8	7
KEONYS NL BV Houten, Netherlands	6	7
CENIT Software Technology Co., Ltd. Suzhou, China	4	4
ISR AG Braunschweig, Germany	231	194
MIP GmbH Munich, Germany	16	-
PI Informatik GmbH Berlin, Germany	27	-
ABC Informationstechnologie GmbH Vienna, Austria	16	-
Total	**893**	**861**

Personnel expenses in the reporting period came to EUR 78.6 million in the CENIT Group (prior year: EUR 67.3 million) and to EUR 35.8 million at CENIT AG (prior year: EUR 37.9 million). At group level, personnel expenses rose mainly on the back of the acquisitions, but also due to salary increases.

b.) Personnel policy (unaudited)

We continue to dedicate ourselves to our objective “We are an attractive employer”. Our dedicated employees make a key contribution to the Company’s success, which is why we consistently put them at the heart of our HR strategy.

A key element in that strategy is the continued education of our staff in order to prepare them as well as possible for future challenges in the world of work. Our continued education offerings range from specialized training for improving one’s individual competency to broad-based training programs as part of our CENIT Campus. In addition to technical qualifications, we also encourage the development of soft skills that help employees to be even more confident in their day-to-day work.

Additionally, we place great emphasis on our employees’ personal development. We offer various personnel development programs, including on-the-job development programs such as CENIT Skill and Organizational Development, which we completely overhauled and refined together with our departments in 2023. We are also committed to supporting young potentials and junior executives through the one-year Talents@CENIT program. A total of 27 dedicated and highly qualified employees took part in the program in 2023. Alongside our GSA Talents program, we were able to launch an international program and an Executive Talents program for the first time.

PZG@CENIT, our employee appraisals system, is a further important component of employee motivation and further development with a focus on personal development. Enabling employees to recognize their contribution to the overall success of the Group is a further core objective of our programs.

As part of our conviction that the management level plays a key role in supporting and motivating our staff, we integrated the Hogan Assessments as a tool for selecting and developing new executives in the Group. These assessments provide detailed insights into a person's leadership competency, their individual challenges and key motivations. This gives our executives a strategic understanding of who they are, allowing them to use their strengths effectively.

Another important milestone was signing the 'Charta der Vielfalt', the German Diversity Charter. This was a clear commitment to CENIT's values and to the Company's cultural diversity. We want to use this to move forward with our diversity strategy and build on it in the coming year.

We value open communication and continuous feedback from our employees regarding the current work situation, the CENIT strategy and our processes. In 2023, we were proactive in our response to the feedback from our global employee survey "YOUR FEEDBACK".

We have continued to improve and expand social security at CENIT. One example is the introduction of a new off-boarding process for long-serving employees who are about to enter their well-earned retirement. The employees receive a personal letter from the Management Board and a gift.

2023 also saw us continue our CENIT health management system, which has been in place for many years. In addition to a dedicated healthy living day with workshops, talks and options to have one-to-one discussions with advisors and coaches, we provide hints and advice in regular blog entries in our internal communication platform to encourage our employees to pursue a healthy lifestyle.

We made significant progress in the area of remuneration in 2023. We introduced an inflation bonus in response to the current economic circumstances that was paid to all employees in Germany. Because we are mindful that inflation affects lower-paid staff disproportionately, the special payment was graded accordingly. We also introduced a bonus model in 2023 to ensure that all employees can participate in CENIT's success. This innovative model was developed in line with customary market standards and established practice. It will help to reposition CENIT by using key performance indicators as a base. It also requires internal collaboration between the different business units, leading to enhanced transparency and fairness in the Company. This new process has the added advantage of reducing the administrative workload for our executives considerably. As a result, they can concentrate more on their strategic tasks and on cultivating a motivating work environment. This bonus model allows us to create incentives for our employees while simultaneously optimizing the work processes within the Company.

In 2023, our HR strategy continued to focus heavily on recruiting highly skilled talented employees. This served to promote the success and continuous growth of our company and of the entire corporate group.

To achieve this objective, we took part in a large number of recruiting events in 2023 and pursued innovative approaches for recruiting talented employees. One example is our use of online platforms, which has enabled us to carry out parts or all of the recruitment process virtually. Not only has it improved the recruitment experience for our applicants, it has also reduced the administrative workload and made the recruitment processes faster. There is now also an option to apply through WhatsApp with just a few clicks on a smartphone.

Additionally, we have made increased use of marketing tools and social media such as XING and LinkedIn to raise our profile and approach potential candidates. In the past year, our recruitment efforts were aided by a new marketing tool that automatically sends job adverts to various online channels. Furthermore, we stepped up our collaboration with Germany's Federal Labor Office and continued to expand our program incentivizing employees to refer new staff. Five new colleagues joined the Company in 2023 as a result. Optimizing our touchpoints, including our presence on national and international employer portals, remains a key component of our HR strategy.

Our vocational training is still a key and strategic investment area for the Group. We see this as our social responsibility to help young people start their professional career and accompany them on their journey. Consequently, we participated in various events in 2023 to introduce our training and study opportunities to potential apprentices and students.

At the end of 2023, we had trained a total of 52 young people in various professions, especially in technical courses of study such as computer science, information systems or industrial engineering. Nine of those young people successfully completed their apprenticeship or studies with us, and we were able to offer five of them fixed employment subsequently. One of the apprentices will go on to complete a dual study program at CENIT.

We place a strong focus on the quality of our apprenticeships, offering our apprentices regular internal and external training events. We also employed ten interns and undergraduate students over the past year to provide them with valuable practical experience.

Remuneration system – profit sharing (unaudited)

Apart from performance-based career progression opportunities and the chance to take on responsibility at an early stage, CENIT offers its employees an **attractive remuneration policy** that is regularly reviewed and adjusted in line with market conditions. Remuneration comprises a fixed salary, which is governed by individual employment agreements, and remuneration components in amounts based on the operating result and on other quantitative and qualitative targets.

2 Report on economic position

2.1. Macroeconomic environment

a) Global

2023 was an extremely difficult and challenging year in many respects. The global economy was severely hampered by geopolitical uncertainty, the war in Ukraine, the Israeli-Palestinian conflict, inflation, supply chain issues, the migrant crisis and labor shortages.

Nevertheless, moderate growth was recorded despite all of these challenges. For example, according to the initial estimates of most of the economic institutes, the global economy grew by roughly 3.1% in 2023, primarily thanks to the robust economic environment in the BRICS countries. The highest GDP growth was recorded in India (7.3%) and China (5.4%). The US economy was also surprisingly strong, achieving growth of 2.5% despite high interest rates. It was mainly private consumer spending and exports that fueled this development. By contrast, the eurozone's economic performance has weakened once again of late, recording just 0.6% growth according to the European Central Bank. This was chiefly due to more restrictive financing conditions as well as a sharp rise in the cost of living, which put the brakes on private consumption.

b) Europe

Having recovered strongly after the pandemic, the eurozone economy is currently floundering. Any economic buoyancy has been paralyzed by the dramatic rise in living costs that have slowed private consumption, more unfavorable financing conditions as part of the fast tightening of monetary policy and the fact that scarcely any support has been offered by the recent foreign trade environment.

After 3.4% growth in 2022, most economic experts' preliminary estimates suggest that the eurozone economy only managed growth of around 0.5% in 2023.

After record inflation in prior years, the rate of inflation in the eurozone was 5.4% on average in 2023.

c) Germany

According to preliminary estimates by Germany's Federal Statistical Office ('Statistisches Bundesamt'), gross domestic product (GDP) fell by 0.3% in 2023, with inflation running at 5.9%.

According to the ifo experts, companies in almost all areas of the economy have complained of a drop in demand. In industry and the construction sector, companies have now worked through the orders accumulated during the coronavirus pandemic. Order intake has been on the decline for months, with a wave of cancellations for residential construction in particular. Restrictive monetary policy has also played a role. Central banks in Europe and North America raised interest rates significantly to counter inflation. This resulted in a considerable rise in the cost of financing investments.

By contrast, the German labor market continued to be robust, with the number of people in employment in Germany in the past year higher than ever before. Compared to 2022, the number of employed persons rose by roughly 333,000 to a total of 45.9 million. However, the unemployment rate climbed by 0.4 percentage points to 5.7% in a year-on-year comparison.

The aforementioned factors also had an effect on global financial markets, many of which developed surprisingly positively nonetheless. For example, the DAX closed what was one of its most successful years on the German stock market up 20.3% at 16,751.64 points as of 31 December 2023. The Dow Jones also closed the year with a positive result, up roughly 13.7%. Unlike many small and mid-caps, the CENIT AG share also held its own, closing 2023 at a price of EUR 12.25, which is on a par with the opening price level in 2023.

2.2 Sector-specific environment

The digital economy has proved completely unaffected by the difficult macroeconomic environment. In the past fiscal year, too, the industry was extremely stable and developed better than the economy as a whole.

For example, ITC (information technology and communication) sales increased by 2.0% to EUR 215.0 billion in Germany in 2023. The labor market in the digital sector has also continued to develop positively, with 28,000 additional jobs created in Germany in 2023 according to Bitkom. This means that somewhere in the region of 1.33 million people were employed in the ITC industry. Bitkom President Dr. Ralf Wintergerst views digitalization as the answer to current challenges for the economy, society and the government. According to Wintergerst, it is only the lack of skilled staff that is posing a repeated obstacle in this context.

2.3 Overall course of business

2023 was a very positive year for the CENIT Group. While the economic framework conditions for our customers in the automotive, civil and mechanical engineering industries remained difficult, the parameters in the aerospace sector developed positively. Especially in conjunction with the war in Ukraine and later in the year the conflict in the Middle East, this did not lead to a corresponding recovery in capital expenditures. Sales rose organically, including ISR, by 9.1% in this adverse environment. At the same time, geopolitical challenges triggered increased sales with existing customers in the area of defense. Overall, this meant that CENIT was able to hold its ground in a tough environment.

CENIT compensated for volatility in sectors in which it has a strong footing historically by way of major acquisitions, both in the EIM segment (mip) and in the PLM segment (PII & ABC). The acquisition costs and the related effects on the capital structure and on liquidity will be countered with corresponding liquidity planning.

These strategic acquisitions not only enhance the Group's position in the GSA region and in key areas of tech but will also contribute significantly to CENIT's profitability in the short term.

Despite the difficult market conditions described, consolidated sales improved considerably from EUR 162.2 million in the prior year to EUR 184.7 million (up EUR 22.6 million or 13.9%). Despite ongoing geopolitical uncertainty, sales with software licenses rose by EUR 3.8 million to EUR 109.5 million year on year (EUR 105.7 million).

Sales from services likewise increased sharply, up 33%.

Operating expenses (OPEX) adjusted for the effects of the acquisitions remained stable year on year. In addition to major investments in digital transformation, it was also possible to progress with internal reorganization measures.

Other operating income was influenced in 2023 by the effect of removing CENIT Japan from the basis of consolidation (EUR 0.9 million) and by selling the real estate in Oelsnitz. Other operating income came to roughly EUR 2.9 million in 2023 (prior year: EUR 1.4 million).

Consolidated EBIT grew significantly to EUR 9.2 million against this backdrop (prior year: EUR 6.3 million).

In terms of CENIT's two segments, the picture compared to the prior year and to the budget is as follows:

The **PLM segment** with customers in some of the industries still impacted by the pandemic (including automotive, plant and mechanical engineering) noted a sharp rise in year-on-year sales of EUR 9.8 million (+7.3%) to EUR 144.3 million (prior year: EUR 134.6 million) and thus exceeded the ambitious plan (EUR 140.0 million).

At EUR 5.5 million, recognized EBIT was much higher than the prior-year level (EUR 3.5 million) and higher than the forecast for 2023 (EUR 5.0 million).

Sales in the **EIM segment** likewise rose substantially by EUR 12.8 million (up 46.3%) on the prior year. This development was thanks to the shareholding in ISR, which is allocable to the CENIT Group for the whole fiscal year for the first time in 2023, and to the shareholding in mip, which allows CENIT to copperfasten its own market position in the GSA region. Sales in 2023 (EUR 40.4 million) exceeded budget forecasts, which stood at EUR 35.0 million. Segment EBIT came to EUR 3.7 million (prior year: EUR 2.7 million), falling marginally short of the forecast of EUR 4.0 million.

At EUR 0.54 per share, earnings per share (EPS) was down year on year due to a lower financial result (prior year: EUR 0.75/share).

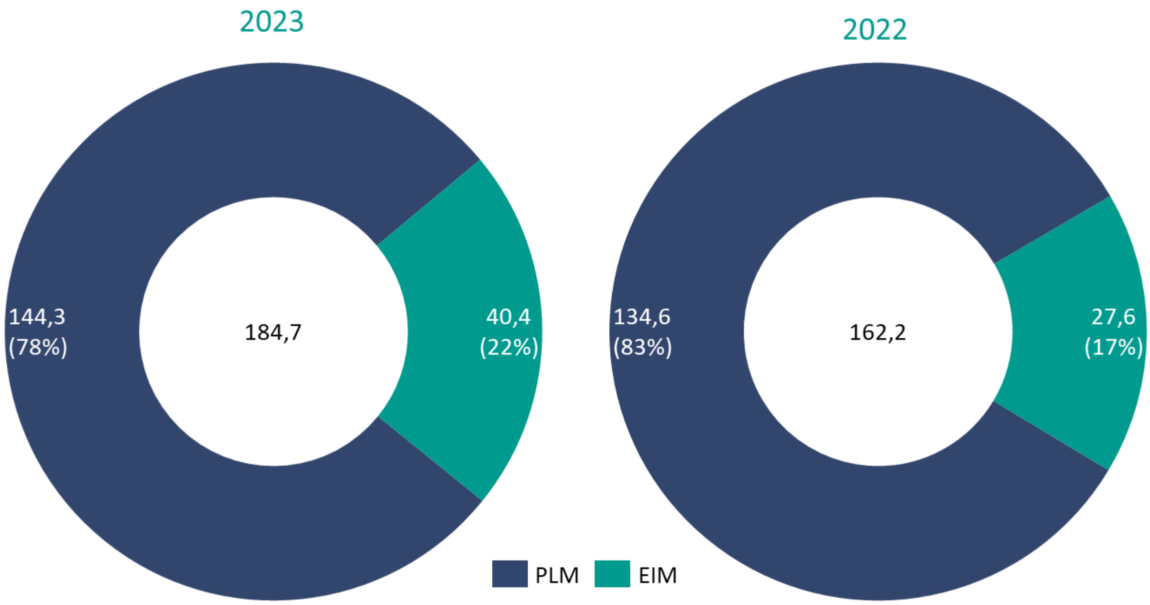
Because the parent company **CENIT AG** also makes a key contribution to the development of the CENIT Group, the sales and earnings development at **CENIT AG** resembles that of the Group, exceeding the planned sales target for 2023 of EUR 96.0 million by EUR 0.5 million (+0.5%). CENIT AG grew its sales from the consulting and services business by EUR 1.5 million compared to the prior year. Software-related sales remained virtually unchanged. Taking higher expenses (up 4.6%) into account, EBIT fell by EUR 1.3 million to EUR 1.9 million (prior year: EUR 3.2 million), which is much higher than the budgeted figure of EUR 1.0 million.

In conclusion, it is fair to say that the CENIT Group is continuing steadfastly on its growth trajectory despite adverse circumstances and that the progress made with CENIT's 2025 Strategy offers further opportunities for growth.

3 Assets, liabilities, financial position and performance of the CENIT Group

3.1 Financial performance

Sales of CENIT in the fiscal year 2023 amounted to EUR 184.7 million and were thus up 13.9% on the prior-year figure. Breaking down revenue by segment (PLM and EIM) shows the following picture:

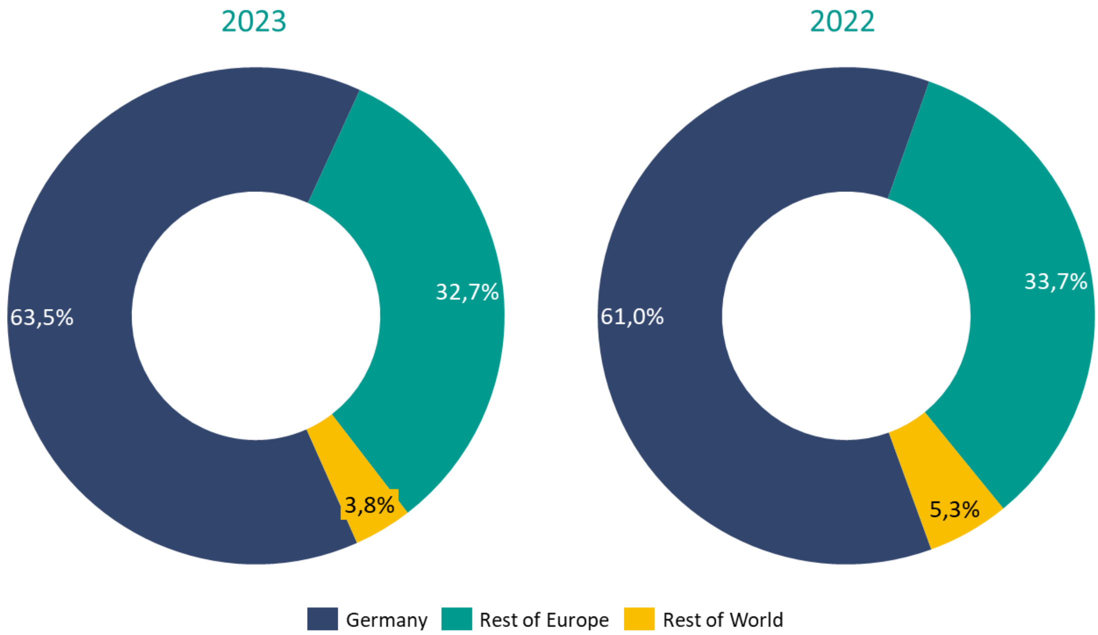


Sales by **product / income type** break down as follows:

Sales by product / income type in EUR k	2023	2022
Third-party software	92,697	88,139
thereof software	6,429	6,713
thereof software leasing	15,392	12,856
thereof software updates	70,876	68,570
CENIT consulting and services	74,380	55,719
CENIT software	16,788	17,710
thereof software	4,186	6,230
thereof software leasing	1,880	372
thereof software updates	10,722	11,108
Merchandise	855	584
Total	**184,720**	**162,152**

With a share of 50.2% (prior year: 54.3%) in total sales, the sale of third-party software continues to be the largest component in sales. The further acquisitions allowed for a rebalancing of the distribution of sales between software and services. As far as the type of sales is concerned, software updates and software leasing for third-party software and proprietary software continue to be a large component in sales, accounting for a share of 53.5% (prior year: 57.3%). This means CENIT still has a stable recurring sales base that is now combined with a complementary service offering (up 33.5% on the prior year). The sales mix featuring software and services allows for diversification and better margin control. It also reduces dependency on partner software considerably.

Looking at **sales distribution by region**, it is clear that sales shares have shifted since the prior year, from Rest of Europe and Rest of World to Germany:



63.5% (prior year: 61.0%) of total sales were recorded in Germany, with 32.7% (prior year: 33.7%) recorded in Rest of Europe and 3.8% in Rest of World (prior year: 5.3%). The slight change in sales distribution by region is due principally to shifts caused by the M&A activities as well as the sale of CENIT Japan.

Other operating income came to EUR 2.9 million in the reporting period (prior year: EUR 1.4 million). This is linked to earnings effects from the deconsolidation of CENIT Japan as well as the sale of the real estate in Oelsnitz.

Cost of materials totals EUR 77.0 million in the reporting year after EUR 71.5 million in the prior year (up 7.7%). This rise is attributable chiefly to a larger sales volume (up 13.9%) and the related product mix effect.

At EUR 78.6 million, **personnel expenses** in 2023 are around 16.8% higher than the prior-year figure of EUR 67.3 million, attributable primarily to the inclusion of ISR for a whole year and the new acquisitions of mip, PII and ABC. The ratio of personnel expenses to sales rose from 41.1% in 2022 to 42.5% in the reporting period accordingly.

Other operating expenses climbed by EUR 2.8 million year on year to EUR 15.4 million. Once again, the main reason for this rise is the inclusion of the acquired companies in the basis of consolidation. At the same time, travel expenses also increased by EUR 0.6 million, while consulting costs rose by EUR 0.5 million year on year in connection with CENIT's M&A strategy.

CENIT thus recorded significantly higher **EBITDA** of EUR 16.4 million (prior year: EUR 11.9 million). The EBITDA margin also increased sharply from 7.4% to 8.9%.

Amortization, depreciation and impairment amounted to EUR 7.2 million. This figure included amortization, depreciation and impairment of EUR 2.0 million in connection with the purchase price allocation as part of the acquisition activities.

EBIT was improved nonetheless from EUR 6.3 million in the prior year to EUR 9.2 million. Additionally, the Group's earnings for the year of EUR 5.0 million (prior year: EUR 6.6 million) contain a tax expense of EUR 1.9 million (prior year: EUR 2.6 million).

Order intake at CENIT amounted to EUR 196.1 million in the past fiscal year 2023 (prior year: EUR 167.5 million, up 17.1%). The **order backlog** as of 31 December 2023 amounted to EUR 57.5 million (prior year: EUR 46.1 million, up 24.7%).

3.2 Financial position

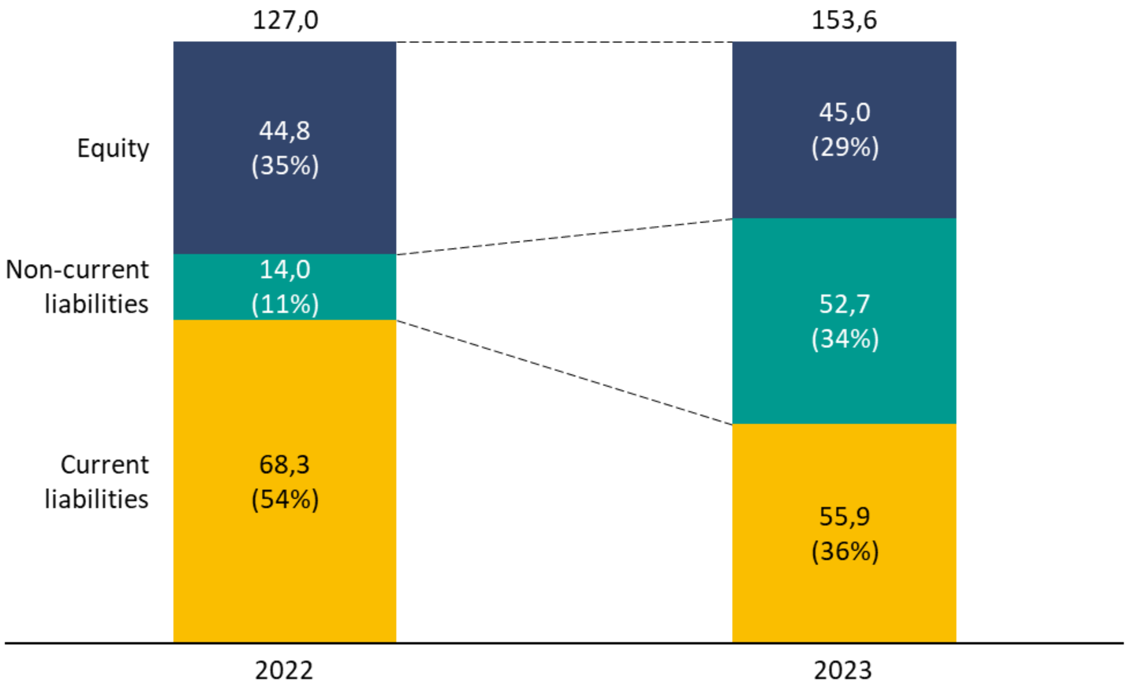
a) Fundamentals and objectives of financial management

The aim of financial management in the CENIT Group is to safeguard financial stability and flexibility in connection with the liquidity needed to achieve the strategic goals. The foundations for this are provided by a stable equity base despite the intensive growth strategy. The Management Board endeavors to keep the equity ratio above 25% in spite of the growth strategy. Financing policy and financial management are unchanged compared to prior years. A fix payer interest swap was entered into as a hedging instrument to hedge against interest rate changes as part of the refinancing and new financing measures. The key components of financial management include liquidity and cash flow analysis as well as the management of liquidity and exchange rate risks as part of foreign exchange management.

b) Capital structure of the Group

Total assets/equity and liabilities in the CENIT Group come to EUR 153.6 million as of the reporting date, up EUR 26.6 million on the prior year (EUR 127.0 million). This is due in the main to higher liabilities to banks as part of funding the growth strategy.

In terms of maturity, the Group's **capital structure** breaks down as follows:



The share of **equity** in total capital decreased from 35% in the prior year to 29% in the reporting period, although the absolute figure rose by EUR 0.2 million (up 0.5%).

Current liabilities fell to EUR 55.9 million as of the end of the reporting period (down EUR 12.4 million or 18.1% on the prior year). This is mostly due to a new financing structure in connection with the acquisition activities. While the acquisitions carried out in 2022 were initially financed through short-term bank loans, they were replaced with multi-year financing in 2023, which also included planned acquisitions for 2023. The Company therefore has no current liabilities to banks as of the end of the reporting period. By contrast, the increased scope of business meant that trade payables were up EUR 2.0 million or 18.3% and deferred contract liabilities rose EUR 3.4 million or 18.5%.

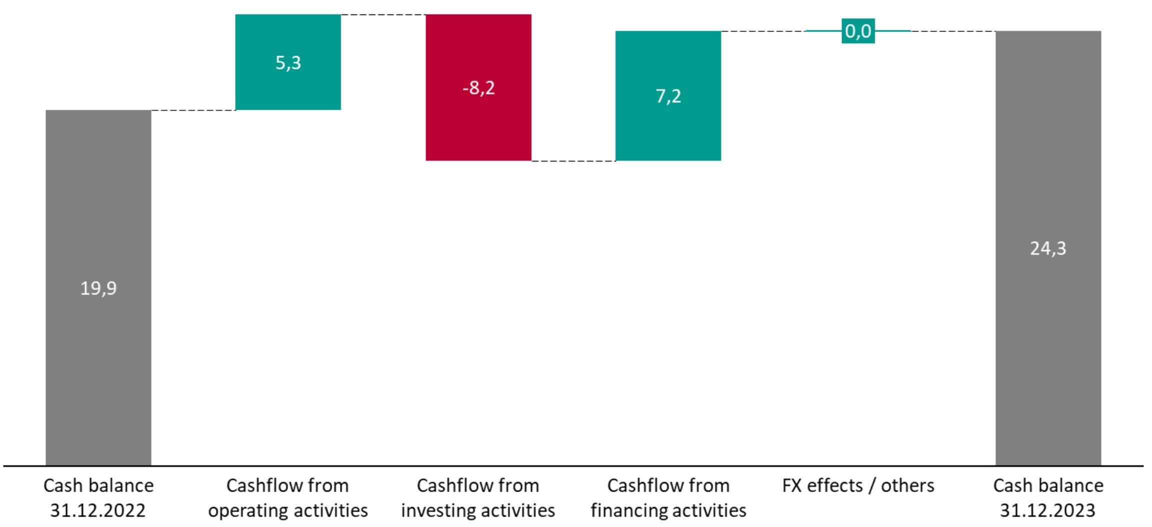
There was also an increase in **non-current liabilities** (up EUR 38.7 million or 276.8% year on year), due first and foremost to the increase in liabilities to banks (up EUR 37.4 million), which have a remaining term of five years and six months. The borrowing rate for the financing is calculated based on the 3-month EURIBOR, which is at least 0%, plus a mark-up.

c) Liquidity analysis

The Group's **cash and cash equivalents** rose to EUR 24.3 million year on year (prior year: EUR 19.9 million). The cash flow from investing activities of EUR -8.2 million was compensated for by the cash flow from financing activities of EUR 7.2 million and the cash flow from operating activities of EUR 5.3 million.

Short-term, risk-free availability is the ultimate aim of **investing cash**, in order to be able to access the available cash at very short notice as needed and thus to promote growth. At the same time, this keeps the Group's financial risk profile at a low level.

In detail, **cash and cash equivalents** developed as follows:



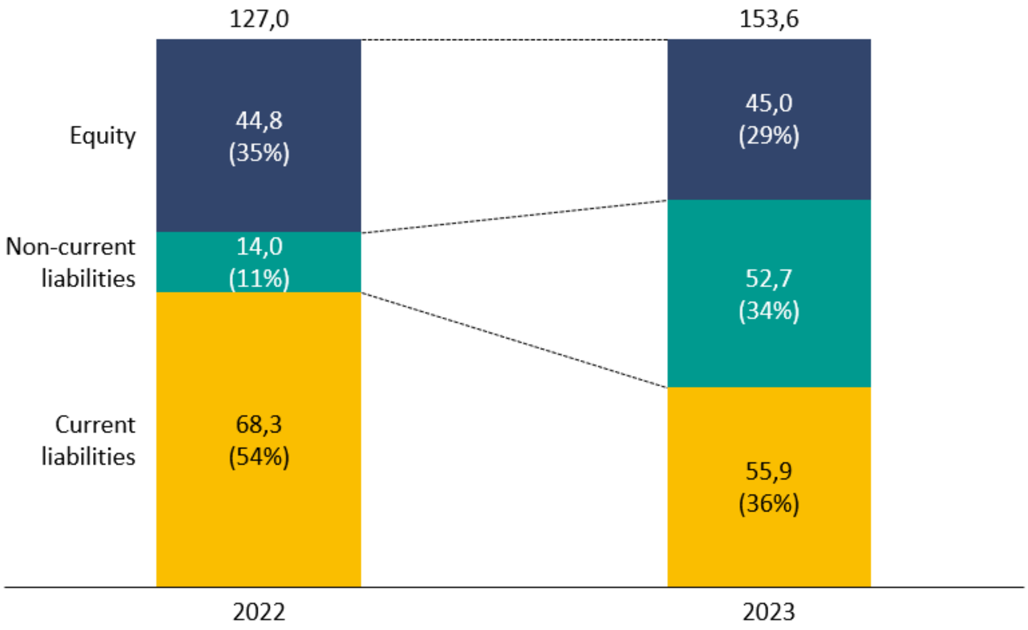
Cash flow from operating activities fell by EUR 6.2 million to EUR 5.3 million year on year. Structural changes in the composition of cash flow from operating activities stemmed primarily from changes in the balance sheet items under working capital. In the main, the change in working capital was caused by the year-on-year increase in trade receivables and other current non-monetary assets of roughly EUR 10.6 million. This was countered by lower income of the Group (down EUR 1.6 million) compared to the prior year.

At EUR -8.2 million, **cash flow from investing activities** was much lower than in the prior year (EUR -29.2 million) due to low investments in shares in fully consolidated entities and was once again mainly influenced in the reporting period by the investments as part of M&A activities.

Cash flow from financing activities amounted to EUR 7.2 million (prior year: EUR 11.0 million) and is attributable to further borrowing of financial liabilities of EUR 17.0 million on the one hand and dividend payments of EUR 4.2 million (prior year: EUR 6.3 million), repayments from leases of EUR 4.2 million (prior year: EUR 3.6 million) and the repayment of financial liabilities of EUR 22.3 million on the other.

3.3 Assets and liabilities

The Group's **assets** for the fiscal years 2022 and 2023 are presented below by maturity:



As of the reporting date, **non-current assets** accounted for approximately 45% (prior year: 49%) of all assets and were thus EUR 7.6 million higher than in the prior year. Non-current assets chiefly comprise fixed assets of EUR 64.4 million (prior year: EUR 54.2 million). In addition to slightly reduced property, plant and equipment of EUR 13.0 million (prior year: EUR 13.4 million), there was an increase in intangible assets to EUR 47.6 million (prior year: EUR 37.6 million), chiefly due to including the newly acquired companies in the consolidated financial statements.

Current assets rose by EUR 19.0 million year on year to EUR 84.0 million (prior year: EUR 65.0 million). This included an increase in trade receivables to EUR 35.4 million (prior year: EUR 26.0 million), mainly due to a higher business volume as of year-end, and in receivables from associates to EUR 4.3 million (prior year: EUR 3.9 million). Cash increased by EUR 4.4 million to EUR 24.3 million.

3.4 Summary of assets, liabilities, financial position and performance

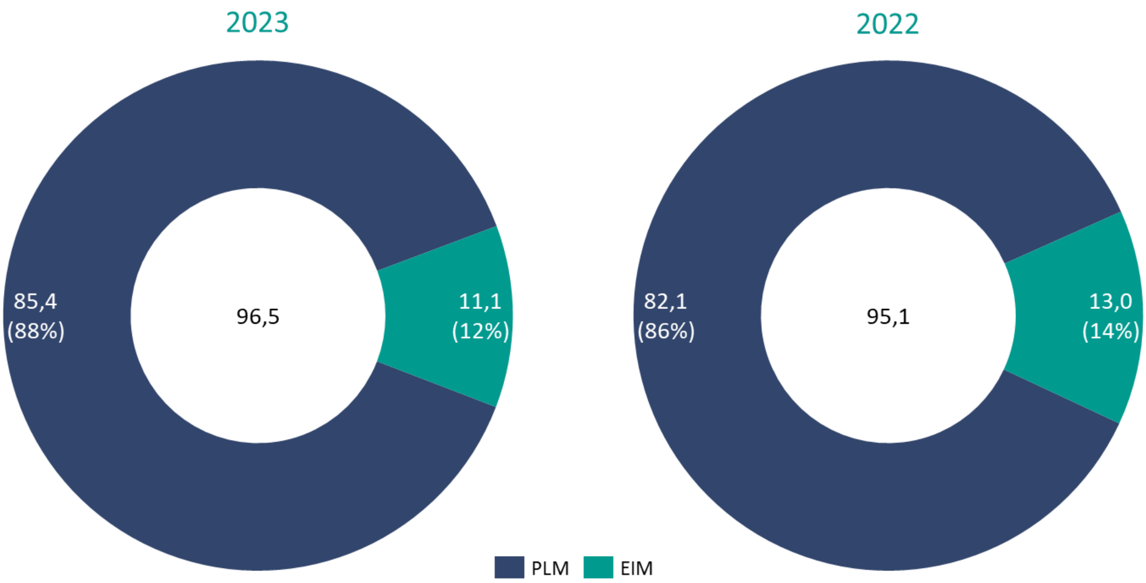
Against the backdrop of the continued difficult circumstances arising from the challenging economic situation in Germany and the conflicts in Ukraine and in the Middle East, the Management Board of CENIT AG considers the **course of business** of the CENIT Group in the fiscal year 2023 to have been "good". The objective in the coming months and years will be to accelerate organic growth as set out in the 2025 Strategy and support this with an adequate level of inorganic growth. In conclusion, it can be said that overall the CENIT Group is continuing on its growth trajectory despite the challenging circumstances and is taking advantage of the opportunities arising from the digital transformation of industry.

4 Assets, liabilities, financial position and performance of CENIT AG

The following comments relate to **CENIT AG** as the parent of the CENIT Group. The disclosures are made on the basis of HGB [“Handelsgesetzbuch”: German Commercial Code] for accounting by large corporations and AktG [“Aktiengesetz”: German Stock Corporation Act]. CENIT AG’s earnings are influenced by the earnings of the subsidiaries as well as of the joint venture CenProCS AIRliance GmbH.

4.1 Financial performance

Sales of CENIT AG in the fiscal year 2023 amounted to EUR 96.5 million and were thus up around 1.5% on the prior-year sales of EUR 95.1 million. Breaking down revenue by segment (PLM and EIM) shows the following picture:



Sales by **product / income type** break down as follows:

Sales by product / income type in EUR k	2023	2022
Third-party software	47,614	46,226
thereof software	6,686	8,019
thereof software leasing	6,238	4,743
thereof software updates	34,690	33,464
CENIT consulting and services	34,139	32,682
CENIT software	14,017	14,949
thereof software	3,656	5,028
thereof software leasing	783	286
thereof software updates	9,578	9,635
Merchandise	92	581
Other	642	657
Total	**96,504**	**95,095**

Total sales rose to EUR 96.5 million in 2023 compared with EUR 95.1 million in the prior year (up 1.5%). The trends identified were as follows:

(1) The percentage of recurring sales from software leasing and software updates in total sales increased by 2.5% to 53.1% (prior year: 50.6%).

(2) There was a repeated rise in sales from consulting and services (up 4.5%), which accounted for 35.4% of total sales in the fiscal year compared with 34.4% in the prior year.

(3) New sales of third-party and proprietary software declined by around 20.7% year on year, mostly due to the current trend towards subscription models.

Other operating income came to EUR 2.1 million in the reporting period (prior year: EUR 0.9 million). This increase is linked to earnings effects from the sale of the investment in CENIT Japan as well as the sale of the real estate in Oelsnitz.

Cost of materials came to EUR 47.5 million in the reporting year after EUR 42.2 million in the prior year (up 12.4%). The higher figure is due first and foremost to a changed product mix and the related sharp rise in expenses in relation to the CENIT partner network. The resulting ratio of cost of materials to sales is 48.1% (prior year: 44.1%).

At EUR 35.8 million, **personnel expenses** in 2023 were EUR 2.1 million below the prior-year figure. The key positive effect here was the decline in the average headcount over the course of the fiscal year on account of some employees being transferred from CENIT AG to ISR. This resulted in a ratio of personnel expenses to sales of 37.1% after 39.5% in the prior year.

Other operating expenses are at EUR 13.1 million as of the reporting date compared to EUR 11.8 million in the prior year. This increase is due first and foremost to higher consulting costs in connection with the acquisitions made and higher travel expenses as more travel was undertaken after the pandemic.

CENIT AG achieved **EBITDA** of EUR 2.5 million (prior year: EUR 3.9 million), leading to a reduction in the EBITDA margin from 4.1% in the prior year to 2.5%.

EBIT likewise fell from EUR 3.3 million in the prior year to EUR 1.9 million in the reporting period, decreasing the EBIT margin from 3.3% in the prior year to 2.0% in the reporting period.

The **financial result** totaled EUR 0.5 million in the reporting period after EUR 3.2 million in the prior year. The lower figure is due in the main to a drop in income from equity investments and to the rise in interest expenses as part of the financing strategy.

Additionally, the net income for the year of EUR 2.3 million (prior year: EUR 5.4 million) contains a tax expense of EUR 0.0 million (prior year: EUR 1.0 million). Deferred tax assets must be calculated based on a tax rate of 31% (prior year: 31%). The tax rate is 27.6% in the fiscal year (prior year: 28.2%).

4.2 Financial position

In the reporting period 2023, the **investing activities** of CENIT AG were informed by investments in financial assets (EUR 12.8 million).

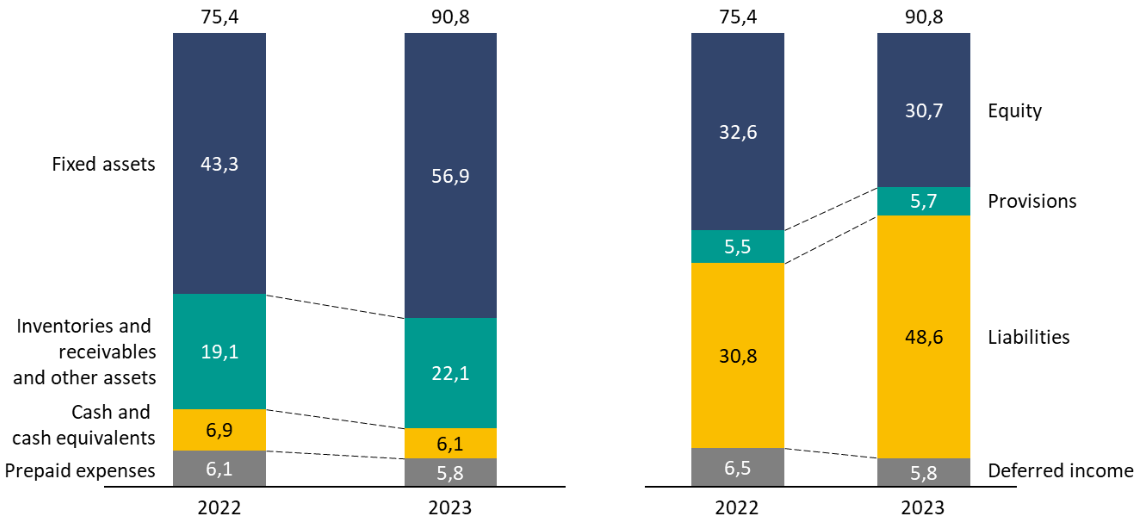
Liquidity as of the reporting date dropped from EUR 6.9 million to EUR 6.1 million.

Based on the financing strategy with regard to future company acquisitions, the Management Board and the Supervisory Board will propose to the Annual General Meeting on 6 June 2024 that a dividend of EUR 0.04 per share be distributed.

Consequently, the **financial strategy** remains geared to maintaining a strong credit rating in the long term that does, however, also take into account the interests of the shareholders in receiving a dividend.

4.3 Assets and liabilities

The **total assets** of CENIT AG increased from EUR 75.4 million to EUR 90.8 million as of the reporting date. The development of the individual balance sheet items can be seen from the following chart:



As of the reporting date on 31 December 2023, the assets side of the balance sheet of CENIT AG is mostly characterized by fixed assets, which increased considerably (up EUR 14.0 million) as a result of purchasing the shares in mip, PII, ABC and CCE. Open trade receivables were around EUR 1.1 million higher at the end of the reporting period than in the prior year. At EUR 5.3 million, receivables from affiliates and receivables from other investees and investors were on a par with the prior year. Other assets climbed from EUR 3.7 million in the prior year to EUR 5.1 million, chiefly on account of a EUR 1.5 million increase in refund claims from corporate income tax, solidarity surcharge and trade tax.

On the equity and liabilities side, CENIT AG's balance sheet is characterized by the share of equity and liabilities, with the equity ratio falling to 33.8% as of the reporting date compared to 43.3% in the prior year. Provisions rose just marginally from EUR 5.5 million in the prior year to EUR 5.7 million. Liabilities mainly increased on the back of borrowing. This was countered by trade payables, which fell from EUR 5.2 million in the prior year to EUR 3.3 million as of the end of the reporting period.

4.4 Summary of assets, liabilities, financial position and performance

Against the backdrop of the continued difficult circumstances arising from the challenging economic situation and the ongoing war in Ukraine, the conflict in the Middle East and the tense geopolitical situation overall, the Management Board of CENIT AG considers the **course of business** of CENIT AG in the fiscal year 2023 to have been "very good". The objective in the coming months and years will be to accelerate organic growth as set out in the 2025 Strategy. In conclusion, it can be said that overall CENIT AG is on an ambitious growth trajectory despite the challenging circumstances and will take advantage of the opportunities arising from the digital transformation of industry.

5 Report on expected developments

This (group) management report contains forward-looking statements and information. These statements can be recognized from wording such as "expect", "intend", "plan", "estimate" and similar. Such statements are based on certain expectations and assumptions that entail corresponding risks and uncertainties. Many factors that influence the business model, business activity, business strategy and success of the CENIT Group are not always within the sphere of influence of the CENIT Group. This may lead to the actual results of the CENIT Group deviating materially from the results mentioned directly or indirectly in the forward-looking statements.

5.1 Expected macroeconomic and sector-specific environment

The latest global economic performance forecasts by the International Monetary Fund (IMF) from early February 2024 were a little more optimistic than in the autumn of last year. The global economy is now expected to grow by 3.1% in 2024.

According to IMF Chief Economist Pierre-Olivier Gourinchas, this is mainly thanks to the unexpectedly high resilience of many industrial and emerging economies, in particular the US. In his view, the risks to global growth have now been rebalanced in view of sinking inflation rates and stable growth.

According to the IMF, the largest growth in the current year will once again be experienced by India (+6.5%), with China also set to grow by 4.6% in spite of the ongoing real estate crisis and dampened demand from abroad. Brazil and Russia are likewise forecast to perform better than expected, with predicted growth of 1.7% and 2.6% respectively.

The IMF considers that the largest national economy, the US, will have 2.1% economic growth, while growth of 0.9% is predicted for the eurozone.

In its latest World Economic Outlook (WEO) from January 2024, the International Monetary Fund (IMF) takes a more negative view of the future of the Germany economy for 2024 than in its last report from October 2023. According to the outlook, real GDP (gross domestic product) growth could amount to 0.5% this year. In October the IMF had predicted growth of 0.9% for 2024. With this updated forecast, Germany is likely to rank last in the world's list of strongest national economies.

The IMF says that, as an export nation, Germany suffers more than other countries from weak global trade overall. It also points out that industry is battling with high energy costs. Germany's further economic development is a burden for companies' decision-making, for example in relation to investments. There is positive news in terms of the forecasts on the development of consumer prices, with price inflation likely to fall to 2.6% in industrial countries – including in Germany. If the forecasts by the IMF experts are correct, 2.0% annual inflation in 2025 would mean that inflation would reach a level at which the central banks generally speak about price stability.

The 2024 forecasts are still subject to numerous risks that could have a negative impact on economic growth. These chiefly include a deterioration in the already very difficult geopolitical situation as well as sharp increases in commodities prices or lasting inflation. Further risks include a spiraling of China's problems with its property sector, tax increases and budget cuts. On the other hand, growth may be higher than expected if, for example, inflation falls more quickly, thus improving financing conditions.

According to the IMF, the task for monetary policy is now to successfully conclude its efforts to bring down inflation to the target value and to adopt a less restrictive approach in areas where wage pressure and price pressure allow for this. Where possible, the governments should also return to budget consolidation mode.

The digital industry continues to be unharmed by the global crises and is still set for growth. According to Bitkom, ITC sales are to rise globally by 5.6% to EUR 4.91 trillion in 2024. The US will account for the dominant market share of 38%. Germany will rank fifth behind the UK (4.3%) with a market share of 4.0%. The highest growth will be recorded in India (7.9%), followed by the US (6.3%), China (5.7%) and the UK (5.6%). German ITC sales are set to rise 4.4% to EUR 224.3 billion despite the difficult economic environment. The number of people employed in the digital economy is predicted to rise by 36,000 to 1,368,000 by the end of 2024.

5.2 Expected developments of the CENIT Group and of CENIT AG

The fiscal year 2024 is expected to be a year of growth and efficiency for the CENIT Group. The following forecasts do not include the potential effects of acquisitions. Based on the macroeconomic and sector-specific developments described above (5.1), consolidated sales are expected to range between EUR 195.0 and EUR 202.0 million. The EBIT margin is forecast to be at least 6.0%, which corresponds to a rise in EBIT to at least EUR 11.7 to EUR 12.2 million. To achieve this goal sustainably, a plan was developed to uncover potential for raising efficiency in all areas of the Group and measures were derived from the plan for direct implementation.

In the EIM segment, sales of roughly EUR 44.0 million and EBIT of around EUR 5.5 million are expected. In the PLM segment, sales in the region of EUR 155.0 million and EBIT of approximately EUR 6.5 million are planned.

CENIT AG is expected to record sales in the region of EUR 99.0 to EUR 101.0 million in 2024. EBIT is forecast to be almost EUR 1.0 million. This is due to investments in internal projects to increase operating efficiency in order to raise competitiveness in the long term.

In light of the geopolitical situation, the plan presented is based on the assumption that the ongoing war between Russia and Ukraine and the conflict in the Middle East will not have any significant negative economic effects (supply chain interruption, drop in demand etc.) on our industry or our main customer segments (aerospace, automotive and civil and mechanical engineering) and that we will be able to achieve our growth targets.

As in prior years, software development will be stepped up, in particular the digital factory solution FASTSUITE E2 and SAP integration. The entire production industry (PLM) as well as financial services providers (MEPs) are facing challenges posed by digitalization and the related investments in transforming their IT landscape. As an innovative and reliable solution provider, the CENIT Group will make its contribution to overcoming these challenges through its software and service offerings.

In addition, CENIT offers a one-stop shop for all digitalization processes along the production chain as well as document processing.

The Group's strategy comprises inorganic growth to enhance its own market position and to become more independent of third-party providers, to win market share and at the same time to improve profitability.

The targets described above will be supported through corresponding acquisitions of two to three companies per year in order to further enhance the respective business divisions. A portfolio requirement was prepared for this purpose that is constantly updated based on the strategy, real-life options for courses of action and the underlying framework conditions.

CENIT is also planning that its internally developed software will account for a large part of the overall portfolio. The fact that M&A activities to date have been heavily based in the services segment has diluted the software-related sales in relation to the total sales of the CENIT Group. The Management Board therefore set the target in the 2025 Strategy to a 20% share of proprietary software in total software sales. This figure is 15.3% for 2023.

The cooperation with the partners Dassault Systèmes, IBM and SAP will be pursued on a lasting basis in order to continue to position the CENIT Group as their strategic partner. Last but not least, reporting within the framework of the EU taxonomy and raising employee awareness through training on compliance and sustainability will increase the significance of non-financial performance indicators further.

5.3 Overall statement on future development

Despite the ongoing uncertain market conditions on account of the current economic situation, the war in Ukraine, the conflict in the Middle East and the general geopolitical tensions, the Management Board is positive about the future. This view is borne out by the long-term stable growth trends in relevant markets and sectors as well as what the Management Board considers to be the Group's strong present and future positioning in numerous European countries, such as Germany, with a huge backlog of demand in terms of the digital transformation of industry. It remains very difficult to gauge the future effects of global events. In addition, the acquisitions carried out have shown that targeted strategic shareholdings can open up new market segments that result in a large number of new customers for all of CENIT's business divisions or can enhance its own market position. At the same time, it reduces dependency on individual industry segments, thus stabilizing planning reliability.

The high share of **recurring sales** from software update agreements in particular means that CENIT has a solid basis for the planned sales development in 2024. Additionally, the CENIT Group has a solid capital structure that contributes to financing growth.

Taking into consideration the **uncertain macroeconomic framework conditions**, which could change again at short notice at any time, the Management Board currently expects another growth year with plans for a rise in the EBIT margin to at least 6.0%.

The statements on **future development** are expressly subject to the proviso that there are no material changes in macroeconomic and sector-specific conditions, especially on account of the economic situation in Germany, the conflict between Russia and Ukraine, the conflict in the Middle East and the tensions around Taiwan, or that they will not have any significant impact on our industry or our main client segments.

6 Report on opportunities and risks

6.1 Key characteristics of the internal control and risk management system (unaudited)

Risks are an intrinsic component of entrepreneurial action. As part of the internal control and risk management system, which also incorporates the financial reporting processes as well as all risks and controls related to financial reporting, CENIT endeavors to counter these risks appropriately. The aim is not to avoid risks or eliminate them completely, but to provide an adequate and appropriate internal control and risk management system to counter the risks as they arise. In order to ensure this, CENIT has a control and risk management system in place that uses a continuous process to safeguard assets and that meets statutory and regulatory requirements. Part of this system involves defining control procedures, regular risk inventory-taking and deriving corresponding measures.

The key elements of the internal control and risk management system of the CENIT Group are explained below.

6.2 Opportunities and risk management

The diverse nature of the CENIT Group's **business activities** means that its entrepreneurial activity is subject to opportunities and risks alike. In order to recognize and assess opportunities and risks at an early stage and ensure that they are handled correctly, the CENIT Group uses a corresponding management and control system. In the short, medium and long term, the objective is to grow sustainably and profitably and thus increase the business value in the interest of all stakeholders. This can be ensured by exploiting opportunities to the fullest and recognizing risks as early as possible in order to take adequate countermeasures. It is the responsibility of the Management Board of CENIT to recognize risks at an early stage and to take appropriate countermeasures. A risk management system has been implemented to identify risks across the Group and to assess these risks according to uniform criteria and categories, both from a qualitative and a quantitative perspective. The current risk situation is updated, analyzed and documented on a six-monthly basis using risk assessment.

The **risk management system** chiefly covers financial, operating, strategic and compliance risks. The system is based on CENIT AG as the parent of the CENIT Group and also includes all of the companies included in the consolidated financial statements in the assessment together with their key processes.

The probability of occurrence and primarily the related (forecast) impact on sales, EBIT and liquidity play a decisive role for **risk assessment**.

In order to ensure a **functioning risk management system**, integral components of the risk management system include compliance with the principle of dual control and the segregation of functions, allocation of responsibilities, controls for the preparation of the financial statements, group-wide guidelines for accounting and preparing the financial statements as well as suitable rules for access to IT systems.

6.3 Risk assessment and reporting

A **key component** of the system is a detailed planning system, an annual budget plan, monthly variance analyses as well as the early and regular communication of risks and opportunities. This risk management is assisted by regular meetings of management, where opportunities and risks relating to business development are analyzed and examined in detail.

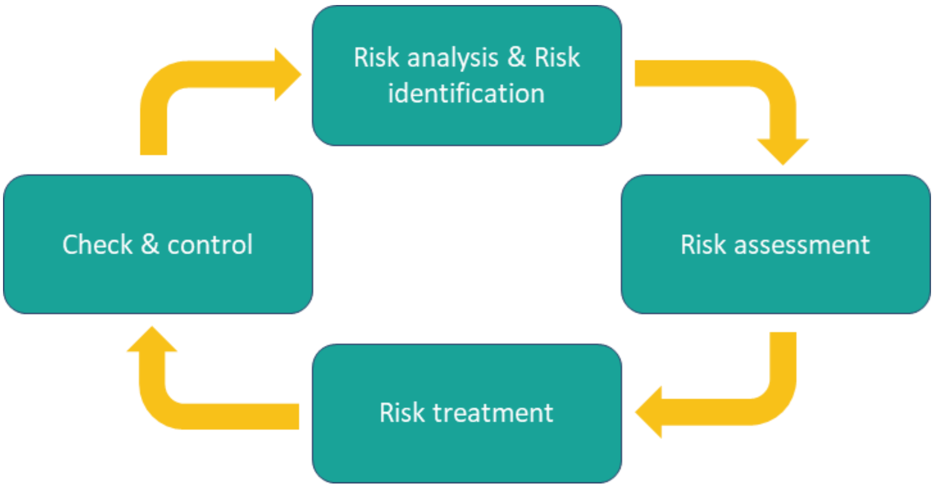
The **risk principles** at CENIT (guiding principles) are as follows:

- Entrepreneurial activity is always linked to risks.
- We will not accept any risks that could jeopardize the continued existence of the Group.
- Each individual employee is called upon to deal with risks in a responsible and conscious manner.
- Our aim is proactive risk management rather than mere fulfillment of statutory requirements.
- The safety awareness of all employees, the acceptance of necessary measures and active participation form the basis for safety in the Group.
- Executives ensure familiarity and compliance with guidelines and regulations within their own area of responsibility.
- Employees must familiarize themselves with safety regulations and precautions and must base their conduct on these.
- All employees are obliged to protect information to ensure that the Group is not harmed by the unauthorized use of such information.
- The safety departments on the ground will assist employees and executives in implementing all safety-related matters.

CENIT AG's **risk culture** centers around the following three risk principles:

(1) Willingness and ability to identify key risks in the respective areas of responsibility or areas monitored.
(2) Consistent communication throughout the entire organization regarding the assessment of risks in order to create a shared understanding and a coordinated approach.
(3) Efficient risks management in the areas of responsibility or areas monitored as well as in consolidated form at the level of the business divisions and of the CENIT Group.

Risk management is implemented using a standardized process, which involves the following main steps as set out below:



In the CENIT Group, risks are analyzed and assessed systematically. The risks are categorized into individual risk categories for this purpose. The risk categories are updated and managed in the newly introduced risk management tool. The entire risk assessment process is coordinated by centralized risk management.

Based on two parameters – (1) the expected probability of occurrence and (2) the expected loss – the risks are assessed and classified into the categories low, medium, high and existential, depending on their potential impact. In a next step, the risk categories "low" and "medium" are assessed as acceptable risks. Risks classified as "high" should be responded to using suitable measures to mitigate the risk. Risks classified as "existential" are not acceptable and must be addressed with suitable measures.

Furthermore, the risks must be assessed based on quantitative aspects, preferably using triangular distribution as a risk assessment function and using a simple value in certain circumstances. In addition, a distinction is made between the two assessment periods (1) next twelve months and (2) in months 13 to 24.

A corresponding risk matrix is created based on the assessments made:

Probability of occurence	0 – 1 Mio. EUR	1 – 5 Mio. EUR	5 – 15 Mio. EUR	>15 Mio. EUR
>60% - 100%	medium	high	high	high
>25% - 60%	medium	medium	medium	high
>5% - 25%	low	medium	medium	medium
0% - 5%	low	low	low	medium

Loss

The Management Board uses the matrix to decide which risks must be classified as existential. If necessary, risks will be grouped together for this purpose. Risk treatment involves drafting and implementing suitable measures for responding to the risks that need to be addressed. Corresponding measures are allocated to the risks in the risk portfolio and documented.

As part of the risk management process, risk capacity is initially determined and then monitored regularly and continually. The corresponding risk-bearing capacity is entered in the system at entity level.

Computerized simulations (Monte Carlo simulation) and risk aggregation are used to assess a risk's potential existential threat.

The Management Board examines the classified risks together with the department heads and the employees responsible in that business unit. In addition, the Supervisory Board regularly receives reports on the risk situation and discusses the issue in detail.

6.4 Risk situation

a) General

Out of **all** opportunities and risks identified, those areas that currently could have a material positive or negative impact on the assets and liabilities, financial position and financial performance in the forecast period are described below. Pursuant to the aforementioned assessment based on the expected loss of consolidated earnings and liquidity, the corresponding classification of the expected loss caused by the risk that remains after taking countermeasures is stated for the following risks.

The **risk situation** for the CENIT Group is as follows:

Risk category		Risk assessment
Financial and tax risks	Financing / creditworthiness	low
	Currency risks	low
	M&A	medium
Market risks	Customer dependency	low
	(Global) crises	medium
Strategic risks	Supplier dependency	medium
	IT security	low
Legal & compliance risks	Contractual risks	low
	Compliance	low

b) Financial and tax risks

The Group is exposed to credit, counterparty and liquidity risks as well as interest and exchange rate fluctuations in the course of its operations that are identified, assessed and if necessary mitigated by measures as part of risk management. These include the conclusion of an interest rate hedge as part of CENIT's financing strategy. The CENIT Group has had an equity ratio higher than 25% for many years, which provides it with a solid financing base. Furthermore, credit ratings are obtained as necessary to assess customers' ability to repay and to avoid payment default, and historical data from the business relationship to date are taken into account – especially in relation to payment history. An adequate accounts receivable management system is in place in this respect. The CENIT Group processes most business transactions in the local currency. Because the sales in local currency are countered by corresponding expenses in local currency, the risk of currency fluctuations is low.

Particularly at present, the management of liquidity risks is especially vital. Liquidity risks occur when the customers of the CENIT Group are not in a position to meet their payment obligations. To recognize this risk at an early stage and thus limit it to the extent possible, the CENIT Group carries out regular analyses to assess customer solvency.

As part of its growth strategy, CENIT pursues a policy of financing on a solid economic basis. CENIT's orderly capital structure helps to ensure that it can procure sufficient liquidity successfully when it finds itself in need of capital.

Currency risks from procurement in the CENIT Group occur when goods and services are procured in a currency other than the functional currency of the respective company. We minimize this risk by concluding corresponding purchase and sales agreements in the same currency. Since procurement focuses primarily on the eurozone, foreign exchange risks from procurement at the parent company are the exception.

The volatility on the foreign exchange markets and the resulting uncertainty surrounding exchange rate developments also have an influence on CENIT. The business activities of the CENIT Group also generate receivables in US dollars (USD), Swiss francs (CHF), Romanian leu (RON), Chinese yuan (CNY) and Japanese yen (JPY) among others. CENIT is thus exposed to a certain currency risk. Because payment generally takes place soon after invoicing and because prepayments are taken, the residual currency risk is assessed as part of an economic cost/benefit analysis and is even hedged if necessary. No transactions to hedge currency exposure were carried out in the 2023 reporting period.

The M&A strategy that CENIT is currently pursuing, with the aim of 2 to 3 acquisitions per year, is subject to organizational and financial risks. These risks are taken into consideration using a clearly defined stage/gate process as well as very strict selection processes in relation to potential targets. Certain quality criteria must be achieved for predefined quality gates in order for an M&A opportunity to be pursued. Based on a carefully developed catalog of criteria, all steps are validated several times, from evaluation and due diligence to drawing up the purchase agreements and obtaining all committee approvals with checklists. The due diligence phase is always accompanied by experienced external consultants with a focus on finance, tax and law who highlight all potential risks and prepare corresponding audit reports. After the transaction is completed, the post-merger integration phase takes place. It is also based on predefined processes (including CENIT99), which are improved using a continuous improvement process, always with experience from past PMI projects.

The financial and tax risks are seen as low to medium overall.

c) Market risks

CENIT is well positioned in its target markets. CENIT has a strong market position in its two segments, PLM and EIM, with regard to its A and B customers. The Management Board monitors dependency on key accounts on a constant basis. No one customer contributes more than around 5% to consolidated sales in the fiscal year 2023. CENIT intends to take advantage of the opportunities that this creates even more rigorously in the future to secure its market position and expand it further. The resulting potential for opportunities is rated as medium to high. Especially the Group's own software solutions will help, forging stronger links to customers. The strategic partnerships with global players such as Dassault Systèmes, IBM and SAP will also help to increase customer links. In addition, the Group regularly identifies, assesses and monitors opportunities and (potential) risks in all material business transactions and processes.

In terms of the ongoing geopolitical tensions caused by the war between Russia and Ukraine, the conflict in the Middle East and tensions around Taiwan and the related uncertainty, particularly in terms of the **economic development** in CENIT's key industries such as automotive, aerospace and civil and mechanical engineering, the planning is also characterized by uncertainty for the fiscal year 2024 and subsequent years. Monthly analysis is carried out of the relevant developments on the sales and EBIT side, and scenario planning and sensitivity analyses are used in an effort to obtain forecasts that are as accurate as possible.

The market risks are seen as low to medium overall.

d) Strategic risks

The CENIT Group trusts its partners and suppliers and wants to contribute to a fair and long-term cooperation in this way. Performance, counterperformance and risks are appropriately balanced. Partners and suppliers are expected to participate in recognizing and implementing potential for raising efficiency. In this regard, CENIT pursues a purchasing policy that is tailored to the specific requirements of each project.

Nevertheless, strategic partnerships also create dependencies on individual suppliers. Because of its size, CENIT is well positioned as a partner to Dassault Systèmes, as access to several thousands of customers is ensured only via the distribution network of the CENIT Group. There are thus mutual dependencies at play. Nevertheless, this dependency will be greatly reduced by means of targeted acquisitions in other business divisions.

The IT function monitors system operation continuously, checks existing access rights of the individual users at regular intervals and adapts access rights to the individual systems as necessary. Risks pertaining to cybersecurity are taken into account using corresponding measures such as penetration tests. For this reason, the IT risk is considered manageable.

The strategic risks are seen as low to medium overall.

e) Legal and compliance risks

The CENIT Group enters into **contracts** with its customers at arm's length. Contractual risks are limited by using standardized General Terms and Conditions. In addition, the CENIT Group has taken out sufficient public liability insurance to minimize the risk.

Compliance risks are penalties, financial or other tangible losses due to breaches of the law and failure to comply with internal company regulations or principles. Compliance risks are classified as low on the whole.

Legal and compliance risks are seen as low to medium overall.

6.5 Opportunities situation

CENIT's growth strategy offers significant opportunities. These chiefly pertain to the tapping of new market and customer segments as well as copperfastening CENIT's position with its long-term partners. There are also opportunities in relation to the closer integration of CENIT's own business models and the related rise in cross-selling potential.

The CENIT companies operate in markets that are permanently undergoing dynamic development and from which new opportunities can constantly arise. It is the task of risk management to assess potential opportunities and potential related risks. Increasing digitalization and the related development of new technologies and products that offer additional value added potential but also require constant adaptability is particularly significant in this respect.

The strategy of continued, planned inorganic growth is also expected to yield further potential and a positive impact on the assets, liabilities, financial position and financial performance as well as the market position of the CENIT Group.

6.6 Overall picture of the CENIT Group's opportunity and risk situation

A review of the current risk situation and the determination of risk capacity have shown that there were no risks in the reporting period that jeopardized the continued existence of the Group as a going concern and that no such risks are foreseeable at present for the future. All recognized risks were taken into account appropriately in the consolidated financial statements, and provisions were created as necessary. Furthermore, as of the reporting date there are no other risks that could have a material impact on the assets and liabilities, financial position and financial performance. The risk management and early warning system make transparent corporate governance and early detection of risks possible.

An **overall analysis** of opportunities and risks shows that, in addition to strategic risks, the CENIT Group is primarily exposed to operational risk, which is determined by current geopolitical tensions. The latter encompasses the uncertainty surrounding further economic development in relevant industries and the related unit sales opportunities. By contrast, the strategic risks include dependency on developments at key strategic suppliers as well as specialization on technology partners and the related dependency on their business development. There is an opportunity to optimize and increase the daily rates achievable by means of a high-quality service and process expertise. This can only be implemented based on sustained training for our employees. By raising its profile on the labor market, CENIT takes advantage of the opportunities on offer to recruit high-quality specialist staff.

There are significant market opportunities for CENIT in connection with the advancing **digitalization of the production industry** and the continued long-term focus on its own software and the related services.

Alongside the risks described, ever-shorter **innovation cycles** open up the possibility to progress with the digitalization of our society and offer our business customers solutions with our own software products that will make them more competitive. Consequently, our activities relating to innovation and product development are decisive in order to recognize and use opportunities and establish them in the face of increasing competition.

6.7 Internal control and risk management system in relation to the accounting and group financial reporting process, Sec. 315 (4) HGB (CENIT AG: Sec. 289 (4) HGB)

A major part of the risk management system is the accounting-related internal control and risk system of the CENIT Group. Accordingly, the internal control system is understood to include the principles, processes and measures introduced by management that are geared to the organizational implementation of executive decisions to ensure the effectiveness and efficiency of the business activities for the compliance and reliability of the internal accounting and external financial reporting.

An internal control system appropriate for the respective circumstances is implemented at each of the group companies; this system is continuously refined. Accounting recognizes the principle of a separation of functions. Most finance and accounting functions are performed centrally at the Stuttgart location. There is a clear allocation of tasks, both for preparing the separate financial statements and for preparing the consolidated financial statements. Controls are also implemented in accordance with the principle of dual control or in the form of system controls in order to avoid inaccuracies.

The Management Board is responsible for the internal control and risk management system in terms of the (group) financial reporting process.

6.8 Quality assurance and information security (unaudited)

a) Quality assurance

The success of the CENIT Group hinges primarily on meeting customer requirements. In the field of business process consulting, we wish to win customers with high-quality and economical solutions. By carrying out operating activities for the customer or at the customer, we want to raise the efficiency of the operations assumed.

To achieve this, the CENIT Group has designed its own processes to meet these customer requirements in what CENIT considers to be the best possible way. To this end, the CENIT Group has drafted and enforced key process descriptions applicable to the entire Group. All employees are instructed to implement these processes and to improve them constantly by means of specified methodical procedures.

Continuous monitoring and improvement thus forms an important component of the quality management system. This ongoing process allows potential for improvement to be identified, evaluated and implemented.

Responsibility for quality management lies with the Management Board. This ensures that the Management Board has direct influence and control over the Group's quality management system and can respond very quickly and flexibly to any negative developments.

The CENIT Group has documented quality management rules in the management manual. The basis is provided by the ISO 9001:2015 standard.

The Management Board defines the quality policy and objectives while ensuring awareness and implementation at all levels of the Group. Furthermore, the Management Board defines the organization and areas of responsibility and provides the necessary financial and human resources.

The Management Board examines regularly – but at least once a year – whether the agreed targets and processes as well as laws and standards have been complied with. Compliance with the requirements of ISO 9001:2015 is assessed annually, both by internal audits and by an independent external certification body.

Recertification was carried out successfully, and a new certificate up until 2026 was issued.

b) Information security

To ensure compliance with legal, official and contractual requirements and to safeguard the protection of customer information and CENIT's own information, an information security management system was implemented based on ISO/IEC 27001:2017. ISO 27001 is an internationally recognized standard and involves a systematic process-based approach for implementing an information security management system that takes into account both the technology and the employees while at the same time establishing a continuous monitoring and optimization process.

The information security management system thus supplements the quality management system with specific technical and organizational measures to maintain information security, such as physical and personnel safety by means of physical and virtual access protection or the encryption of critical data.

The employees are informed of current company developments at information events. The information required for day-to-day business is communicated either at regular meetings or during individual meetings. Open communication that is based on dialog is valued.

Compliance with the requirements of ISO/IEC 27001:2017 is assessed annually, both by internal audits and by an independent external certification body.

Recertification was carried out successfully, and a new certificate up until 2026 was issued.

6.9 Statement on the appropriateness and effectiveness of the internal control and risk management system (unaudited)

Based on the key elements in relation to the internal control and risk management system and the information provided to us, the internal control system does not contain any critical internal control weaknesses that could have a material impact on CENIT AG. Likewise, no matters have arisen from the internal risk management or from our internal quality assurance procedures that could jeopardize the achievement of the corporate objectives and that have not been appropriately dealt with by our processes. The processes as part of the internal control system and in relation to the risk management system are reviewed at regular intervals by Total Quality Management and in the course of external audits.

Overall, we are not aware of any circumstances that would indicate that the internal control system and risk management system (which also includes the financial reporting processes) used in the CENIT Group are not appropriate or did not function effectively as of the end of the reporting period.

7 Other notes

7.1. Declaration on Corporate Governance (unaudited)

The Management Board and Supervisory Board of the Company have issued the corporate governance statement for 2023 prescribed by Sec. 289f HGB and/or Sec. 315d HGB and have made it available on the homepage at: https://www.cenit.com/en_EN/investor-relations/corporate-governance.html.

7.2. Non-financial group statement (CSR or sustainability report) (unaudited)

The Management Board will prepare the non-financial group statement prescribed by Sec. 315b HGB and make it available permanently on the homepage by 30 April 2024 at: https://www.cenit.com/en_EN/investor-relations/corporate-governance.html.

8 Explanations of the Management Board on the disclosures pursuant to Secs. 289a and 315a HGB

(1) Composition of issued capital

The capital stock of CENIT AG amounts to EUR 8,367,758.00 as of 31 December 2023.

(2) Restrictions on voting rights or the transfer of shares

There are no restrictions on voting rights or the transfer of shares.

(3) Equity investments in capital that exceed 10% of voting rights

Direct or indirect equity investments in issued capital that exceed 10% of voting rights are presented in the notes to the annual financial statements and in the notes to the consolidated financial statements of CENIT AG.

(4) Shares with special rights that grant control

There are no shares with special rights that grant control.

(5) Type of voting right control if employees have equity investments in capital and do not exercise their control rights directly

There are no voting right controls for employees who have equity investments in capital.

(6) Statutory requirements and regulations in the articles of incorporation and bylaws concerning the appointment and dismissal of Management Board members and amendment of the articles of incorporation and bylaws

The appointment and dismissal of Management Board members is regulated in Sec. 84 AktG. Furthermore, Article 7 Nos. 1 and 2 of the articles of incorporation and bylaws states that the Supervisory Board appoints the Management Board members and determines the number of Management Board members. Pursuant to Article 7 No. 1 of the articles of incorporation and bylaws, the Management Board comprises at least two persons.

The provisions to amend the articles of incorporation and bylaws are regulated in Secs. 133, 179 AktG. Additionally, Article 21 No. 1 of the articles of incorporation and bylaws states that resolutions of the General Meeting of Shareholders require a simple majority of the votes cast and, where required, the simple controlling interest, unless legal regulations or the articles of incorporation and bylaws prescribe otherwise. The Supervisory Board is entitled pursuant to Article 16 of the articles of incorporation and bylaws to make amendments to the articles of incorporation and bylaws that only affect the version.

(7) Authorization of the Management Board to issue and buy back shares

Unless expressly authorized by law, the Company requires special authority by the General Meeting of Shareholders pursuant to Sec. 71 (1) No. 8 AktG in order to purchase and use treasury shares.

The Management Board of CENIT AG assures that the combined (group) management report presents the course of business including the business result and the position of the Group and of the Company in a way that provides a true and fair view and describes the material opportunities and risks.

(8) Company arrangements that are subject to the condition of a change of control as a result of a takeover offer and resulting effects

There are no material company arrangements that are subject to the condition of a change of control as a result of a takeover offer.

(9) Company compensation arrangements for the event of a takeover offer with the members of the Management Board or employees

There are no company compensation arrangements for the event of a takeover offer with the members of the Management Board or employees.

Stuttgart, 3 April 2024

CENIT Aktiengesellschaft
The Management Board

Peter Schneck Spokesperson, Management Board	Axel Otto Member, Management Board

GROUP FINANCIAL STATEMENTS

CENIT Aktiengesellschaft, Stuttgart CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)			
in EUR k		**31 Dec. 2023**	**31 Dec. 2022**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	47,605	37,626
Property, plant and equipment	F2	12,988	13,371
Investments recognized at equity	F3	58	59
Other financial assets	F4	8,216	9,988
Deferred tax assets	F5	788	1,017
NON-CURRENT ASSETS		**69,655**	**62,061**
CURRENT ASSETS			
Inventories	F6	70	72
Trade receivables	F7	35,428	26,032
Receivables from investments recognized at equity	F7	4,307	3,891
Contract assets	F8	1,029	1,639
Current tax assets	F10	3,563	2,222
Other receivables	F9	1,433	425
Cash and cash equivalents	F11	24,341	19,914
Other financial assets	F12	13,789	10,781
CURRENT ASSETS		**83,960**	**64,976**
TOTAL ASSETS		**153,615**	**127,037**

CENIT Aktiengesellschaft, Stuttgart CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)			
in EUR k		**31 Dec. 2023**	**31 Dec. 2022**
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	F13	8,368	8,368
Capital reserves	F13	1,058	1,058
Currency translation reserve	F13	1,438	1,397
Legal reserve	F13	418	418
Other revenue reserves	F13	12,936	13,787
Profit carryforward	F13	13,621	11,522
Net income of the Group for the year	F13	4,496	6,283
Equity attributable to shareholders of the parent company		**42,335**	**42,833**
Non-controlling interests		2,668	1,950
TOTAL EQUITY		**45,003**	**44,783**
NON-CURRENT LIABILITIES			
Other liabilities	F17	755	511
Pension obligation	F19	855	844
Non-current liabilities to banks	F21	37,406	0
Non-current lease liabilities	F14	7,455	8,144
Other financial liabilities	F4	2,979	1,660
Deferred tax liabilities	F5	3,264	2,830
NON-CURRENT LIABILITIES		**52,714**	**13,989**
CURRENT LIABILITIES			
Current liabilities to banks	F21	3	21,353
Trade payables	F16	13,201	11,163
Liabilities to investments recognized at equity	F16	27	26
Other liabilities	F17	15,787	13,273
Current lease liabilities	F14	3,654	3,349
Current income tax liabilities	F15	1,183	558
Other provisions	F15	152	74
Contract liabilities	F18	21,891	18,469
CURRENT LIABILITIES		**55,898**	**68,265**
TOTAL EQUITY AND LIABILITIES		**153,615**	**127,037**

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED INCOME STATEMENT (in accordance with IFRS)

in EUR k				2023	2022
1.	REVENUE	E1		184,720	162,152
2.	Other income	E3		2,876	1,359
	Operating performance			187,596	163,511
3.	Cost of materials	E4	76,990		71,516
4.	Personnel expenses	E5	78,588		67,266
5.	Amortization of intangible assets and depreciation of property, plant and equipment	F1+F2	7,190		5,632
6.	Other expenses	E7	15,385		12,612
	Total costs			178,153	157,026
7.	Valuation allowance on trade receivables	E8		-225	-180
NET OPERATING INCOME (EBIT)				**9,218**	**6,305**
8.	Other interest and similar income	E9	150		1
9.	Interest and similar expenses	E9	1,831		374
10.	Financial instruments at fair value through profit or loss	E10	-732		3,272
				-2,413	2,899
NET PROFIT OR LOSS FOR THE PERIOD BEFORE TAXES (EBT)				**6,805**	**9,204**
11.	Income taxes	E11		1,881	2,595
NET PROFIT OR LOSS FROM CONTINUING OPERATIONS				**4,924**	**6,609**
Earnings after taxes of the discontinued operations				65	0
NET INCOME OF THE GROUP FOR THE YEAR				**4,989**	**6,609**
thereof attributable to the shareholders of CENIT				4,496	6,283
thereof attributable to non-controlling interests				493	326
Earnings per share in EUR					
basic		E12		0.54	0.75
diluted		E12		0.54	0.75

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in accordance with IFRS)

in EUR k		2023	2022
Net income of the Group for the year		**4,989**	**6,609**
Other comprehensive income			
Items that will be reclassified to the income statement in the future under certain circumstances			
Currency translation reserve of foreign subsidiaries	F13	41	238
Reclassifiable gains/losses from cash flow hedges (before taxes)		-1,212	0
Items that will not be reclassified to the income statement in the future			
Actuarial gains/losses from defined benefit obligations and similar obligations	F13	-20	584
Deferred taxes recognized on other comprehensive income	F13	381	-155
Other comprehensive income after tax		**-810**	**667**
Total comprehensive income		**4,179**	**7,276**
thereof attributable to the shareholders of CENIT		3,686	6,950
thereof attributable to non-controlling interests		493	326

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in accordance with IFRS)

in EUR k	Equity attributable to shareholders of the parent company								Non-controlling interests	Total
	Subscribed capital	Capital reserves	Currency translation reserve	Revenue reserves: Legal reserve	Revenue reserves: Other reserves	Profit carryforward	Net income of the Group for the year	Equity attributable to shareholders of CENIT AG		
As of 31 Dec. 2021	**8,368**	**1,058**	**1,159**	**418**	**14,076**	**13,547**	**4,251**	**42,877**	**768**	**43,645**
Reclassification of net income of the Group						4,251	-4,251			
Total comprehensive income			238		429		6,283	6,950	326	7,276
Addition to basis of consolidation									2,260	2,260
Dividend paid to minority interests									-523	-523
Step-up of minority interests					-718			-718	-881	-1,600
Dividend distribution						-6,276		-6,276		-6,276
As of 31 Dec. 2022	**8,368**	**1,058**	**1,397**	**418**	**13,787**	**11,522**	**6,283**	**42,833**	**1,950**	**44,783**
Reclassification of net income of the Group from prior year						6,283	-6,283	0		0
Total comprehensive income			41		-851		4,496	3,686	493	4,179
Addition to basis of consolidation									693	693
Dividends paid to minority interests									-468	-468
Dividend distribution						-4,184		-4,184		-4,184
As of 31 Dec. 2023	**8,368**	**1,058**	**1,438**	**418**	**12,936**	**13,621**	**4,496**	**42,335**	**2,668**	**45,003**

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRS)

in EUR k	2023	2022
Cash flow from operating activities		
Net income of the Group for the year	4,989	6,609
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	7,190	5,632
Gains/losses on disposals of assets	-526	-3
Other payments/income allocable to investing activities	-351	0
Finance income/cost	2,413	-2,899
Tax expenses	1,881	2,595
Increase/decrease in other non-current liabilities and long-term provisions	-632	-196
Increase/decrease in other non-current assets	1,147	-1,147
Interest paid	-1,580	-247
Interest received	150	1
Income taxes paid	-3,201	-2,092
Increase/decrease in trade receivables and other current non-cash assets	-10,621	-81
Increase/decrease in inventories	2	-54
Increase/decrease in current liabilities and short-term provisions	4,470	3,370
Net cash flows from operating activities	**5,331**	**11,488**
Cash flow from investing activities		
Cash paid for purchase of property, plant and equipment and intangible assets	-1,382	-1,304
Cash paid for purchase of shares in fully consolidated entities (net cash outflow)	-7,984	-27,927
Income from the sale of fully consolidated entities	324	0
Income from the sale of property, plant and equipment	883	5
Net cash used in investing activities	**-8,159**	**-29,226**
Cash flow from financing activities		
Cash repayments of lease liability	-4,156	-3,605
Cash paid to shareholders	-4,184	-6,276
Dividends paid to minority interests	-468	-523
Bank liabilities borrowed	40,000	23,000
Bank liabilities repaid	-23,960	-1,650
Net cash used in financing activities	**7,232**	**10,946**
Net increase/decrease in cash and cash equivalents	**4,404**	**-6,792**
Change in cash and cash equivalents due to foreign exchange differences	23	347
Cash and cash equivalents at the beginning of the reporting period	19,914	26,359
Cash and cash equivalents at the end of the reporting period (F10)	**24,341**	**19,914**

Notes to the consolidated financial statements of CENIT AKTIENGESELLSCHAFT for 2023

A Commercial register and purpose of the Group

The parent company of the Group, CENIT Aktiengesellschaft (hereinafter the “Company” or “CENIT”), has its registered offices at Industriestrasse 52 - 54, 70565 Stuttgart, Germany, and is filed in the commercial register of Stuttgart local court, department B, under No. 19117. The shares of CENIT are publicly traded on the Frankfurt Stock Exchange (Prime Standard).

The business purpose of the group entities is to provide all types of services in the field of introducing and operating information technology and to sell and market information technology software and systems. With a focus on product lifecycle and document management solutions as well as IT outsourcing, CENIT and its subsidiaries (hereinafter the “CENIT Group”) in its business segments PLM (Product Lifecycle Management) and EIM (Enterprise Information Management) offer tailored consultancy services from a single source. The focus of the CENIT Group is on business process optimization and computer-aided design and development technologies.

B Accounting principles

The consolidated financial statements of CENIT Aktiengesellschaft, Stuttgart, are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted in the EU and in compliance with the supplementary provisions of commercial law that apply pursuant to Sec. 315e (1) HGB [“Handelsgesetzbuch”: German Commercial Code]. They will be approved for publication on 27 March 2024.

The consolidated financial statements are prepared in euro. To aid clarity, all figures are presented in thousands of euro (EUR k). The end of the reporting period is 31 December of any given year.

For the classification for the statement of financial position, a distinction is made between current and non-current assets and liabilities; in the notes, they are broken down in detail by their term to maturity. The income statement is classified using the nature of expense method.

The assets have been measured on the basis of historical cost (acquisition cost principle), apart from financial assets that are held for trading or are classified on initial recognition as financial assets at fair value through profit or loss and are thus measured at fair value.

The annual financial statements of the entities included in the consolidated financial statements have been prepared on the basis of the parent company’s uniform accounting policies as of the end of its reporting period.

Amended or new IFRSs issued by the IASB and approved by the EU Commission and the resulting presentation, recognition and measurement changes

Compared with the consolidated financial statements as of 31 December 2022, the following standards and interpretations were mandatory for the first time but did not have any material effects on the consolidated financial statements.

- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12: Mandatory practical expedients in accounting for deferred taxes from global minimum taxation (OECD Pillar Two Model Rules)
- Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 — Comparative Information

Upcoming IFRS amendments

The following IFRSs adopted by the EU were issued by the end of the reporting period but are not mandatory until later reporting periods. The CENIT Group decided not to early adopt the standards and interpretations that are not mandatory until later reporting periods. No material effects are expected from applying these standards.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current — Deferral of Effective Date
- Amendments to IAS 1: Clarification on Classification of Liabilities as Current or Non-Current with Covenants
- Amendments to IAS 16: Subsequent Measurement of a Lease Liability in a Sale and Leaseback

The other published standards not yet endorsed by the EU are likewise not expected to have a material impact on the assets, liabilities, financial position or performance of the Group.

- Amendments to IAS 7 and IFRS 7: Transparency of Supplier Finance Arrangements in the Statement of Cash Flows
- Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates

C Consolidation principles

1. Consolidation principles and basis of consolidation

The consolidated financial statements include the financial statements of the parent and of the entities it controls (its subsidiaries).

CENIT exercises control when CENIT has power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of those returns through its power over the investee. If CENIT does not hold the majority of voting rights, it still controls the investee if it has the unilateral ability to direct relevant activities of the investee through its voting rights in practice.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

As of 31 January 2023, CENIT acquired 100% of MIP Management Informations Partner Gesellschaft für EDV - Beratung und Management-Training mbH (mip), based in Munich. mip is a specialist in the GSA region for data management and analysis, software development and the operation of IT infrastructure and applications. The acquisition is allocable to the EIM segment. As an experienced, long-standing IBM partner with back-end expertise in data management, mip will strengthen the CENIT Group's delivery capabilities regarding IBM-based technologies and complement CENIT's portfolio, for example in the information management sphere.

The purchase price amounted to EUR 4,026 k and comprises the fixed purchase price installment of EUR 3,273 k as well as a variable component of EUR 753 k, which is based on earnings in the 2023 reporting period. The cash outflow on account of this acquisition amounted to EUR 1,732 k to date and stemmed from the outflow through the payment of the fixed purchase price installment and inflow of the acquired cash and cash equivalents of mip amounting to EUR 1,541 k. The ancillary costs incurred in connection with the acquisition (EUR 135 k) were recognized in other expenses.

mip recorded revenue of EUR 4,284 k in the 2023 reporting period, of which EUR 3,958 k relates to the period of belonging to the Group. It has generated a profit of EUR 279 k since belonging to the Group. The theoretical presentation of the profits and losses of mip during the reporting period as if the business combination had taken place at the beginning of the current reporting period is impracticable, as assets and liabilities were for the most part not remeasured as of 1 January 2023.

The fair values of the identifiable assets and liabilities of mip as of the acquisition date and the corresponding carrying amounts directly before the acquisition date are as follows:

in EUR k	Fair value as of the acquisition date	Carrying amount to date
Intangible assets	1,810	4
Property, plant and equipment	314	314
Trade receivables, contract assets and other receivables	458	458
Prepaid expenses	98	98
Total assets	**2,680**	**874**
Lease liabilities	229	229
Trade payables, other liabilities and other provisions	1,691	1. 691
Deferred tax liabilities	581	0
Total liabilities	**2,501**	**1,920**
Total net assets acquired	1,720	495
Consideration (excluding ancillary costs)	4,026	
Goodwill arising from the acquisition	2,306	

Because the purchase price exceeded net assets, the acquisition of mip resulted in goodwill. The consideration paid also includes amounts that take into account the benefits from expected synergies, revenue growth, future market development and the existing labor force of mip. These benefits are not disclosed separately from goodwill, as they do not meet the disclosure requirements for intangible assets.

The new goodwill arising from the business combination is not recognized under German tax law rules and is thus not deductible for tax purposes. Deferred taxes on the goodwill did not arise as part of the purchase price allocation and will not arise in future either.

With effect as of 6 July 2023, CENIT acquired 100% of PI Informatik Projektierung von Informationssystemen & Informatikservice GmbH (PII), based in Berlin. Among industry, logistics and public sector clients, PII has made a name for itself as a specialist for complex software development, SAP consulting services and as a long-term partner for managed services and IT infrastructure solutions. The acquisition is allocable to the PLM segment. Operative collaboration on projects boosts CENIT's delivery capabilities and innovative strength in the field of process digitalization. The acquisition also opens up access to new customer, industry and partner segments. This acquisition also offers CENIT a greater presence in the Berlin region. The proximity to federal agencies helps sharpen CENIT's focus on the public-sector market.

The purchase price amounted to EUR 5,104 k and comprises the fixed purchase price installment of EUR 4,590 k as well as a variable component of EUR 514 k, which is based on earnings in the 2023 reporting period. The cash outflow on account of this acquisition amounted to EUR 3,551 k to date and stemmed from the outflow through the payment of the fixed purchase price installment and inflow of the acquired cash and cash equivalents of PII amounting to EUR 1,039 k. The ancillary costs incurred in connection with the acquisition (EUR 161 k) were recognized in other expenses.

PII recorded revenue of EUR 3,563 k in the 2023 reporting period, of which EUR 1,694 k relates to the period of belonging to the Group. It has generated a profit of EUR 34 k since belonging to the Group.

The theoretical presentation of the profits and losses of PII during the reporting period as if the business combination had taken place at the beginning of the current reporting period is impracticable, as assets and liabilities were for the most part not remeasured as of 1 January 2023.

The fair values of the identifiable assets and liabilities of PII as of the acquisition date and the corresponding carrying amounts directly before the acquisition date are as follows:

in EUR k	Fair value as of the acquisition date*	Carrying amount to date
Intangible assets	1,808	0
Property, plant and equipment and financial assets	425	425
Trade receivables, contract assets and other receivables	786	786
Prepaid expenses	46	46
Total assets	**3,065**	**1,257**
Lease liabilities	263	263
Trade payables, other liabilities and other provisions	806	806
Deferred tax liabilities	574	31
Total liabilities	**1,643**	**1,100**
Total net assets acquired	2,461	1,196
Consideration (excluding ancillary costs)	5,104	
Goodwill arising from the acquisition	2,643	

*Fair values are presented as preliminary figures based on past experience. The measurement of individual assets had not been completed when the annual report was prepared. The final adjustments will be made in the first half of 2024.

Because the purchase price exceeded net assets, the acquisition of PII resulted in goodwill. The consideration paid also includes amounts that take into account the benefits from expected synergies, revenue growth, future market development and the existing labor force of PII. These benefits are not disclosed separately from goodwill, as they do not meet the disclosure requirements for intangible assets.

The new goodwill arising from the business combination is not recognized under German tax law rules and is thus not deductible for tax purposes. Deferred taxes on the goodwill did not arise as part of the purchase price allocation and will not arise in future either.

With effect as of 31 July 2023, CENIT acquired 60% of ACTIVE BUSINESS CONSULT Informationstechnologie GmbH (ABC), based in Vienna. Founded in 2006, the company is an established specialist for digitalizing and optimizing SAP-based business processes. The majority interest is allocable to the PLM segment. Together with ABC, CENIT is strengthening its position on the Austrian market and branching out into the public and energy sectors. CENIT's clients in Austria will profit from its new strength and its wider expert network.

The purchase price comprised a fixed purchase price installment of EUR 2,562 k. The cash outflow on account of this acquisition amounted to EUR 2,182 k to date and stemmed from the outflow through the payment of the fixed purchase price installment and inflow of the acquired cash and cash equivalents of ABC amounting to EUR 380 k. The ancillary costs incurred in connection with the acquisition (EUR 181 k) were recognized in other expenses.

ABC recorded revenue of EUR 5,133 k in the 2023 reporting period, of which EUR 2,183 k relates to the period of belonging to the Group. It has recorded a loss of EUR 92 k since belonging to the Group. The theoretical presentation of the profits and losses of ABC during the reporting period as if the business combination had taken place at the beginning of the current reporting period is impracticable, as assets and liabilities were for the most part not remeasured as of 1 January 2023.

The fair values of the identifiable assets and liabilities of ABC as of the acquisition date and the corresponding carrying amounts directly before the acquisition date are as follows:

in EUR k	Fair value as of the acquisition date*	Carrying amount to date
Intangible assets	1,900	0
Property, plant and equipment and financial assets	395	395
Trade receivables, contract assets and other receivables	1,619	1,619
Prepaid expenses	5	5
Total assets	**3,919**	**2,019**
Lease liabilities	380	380
Trade payables, other liabilities and other provisions	1,713	1,713
Deferred tax liabilities	474	18
Total liabilities	**2,567**	**2,111**
Total net assets acquired (60%)	1,039	173
Consideration (excluding ancillary costs)	2,562	
Goodwill arising from the acquisition	1,523	

*Fair values are presented as preliminary figures based on past experience. The measurement of individual assets had not been completed when the annual report was prepared. The final adjustments will be made in the first half of 2024.

Because the purchase price exceeded net assets, the acquisition of ABC resulted in goodwill. The consideration paid also includes amounts that take into account the benefits from expected synergies, revenue growth, future market development and the existing labor force of ABC. These benefits are not disclosed separately from goodwill, as they do not meet the disclosure requirements for intangible assets.

The new goodwill arising from the business combination is not recognized under Austrian tax law rules and is thus not deductible for tax purposes. Deferred taxes on the goodwill did not arise as part of the purchase price allocation and will not arise in future either.

On 12 December 2023, CENIT AG acquired 100% of the shares in CCE b:digital GmbH. CCE b:digital GmbH is a shell company that does not have business activities of its own. The acquisition of the company serves to change the legal form of the acquisition of CCE b:digital GmbH & Co. KG described in I 5. – Events after the reporting period. The purchase price for CCE b:digital GmbH amounted to EUR 25 k, which corresponds to the net assets received.

With effect as of 1 June 2023, CENIT AG sold 100% of the shares in CENIT Japan K.K. Since then, the Japanese company has been part of Argo Graphics Inc. (Tokyo) and now acts as a master reseller for CENIT's FASTSUITE E2 software, thus strengthening CENIT's presence in the Japanese robotics market. In addition, the deconsolidation effect of EUR 871 k had a positive impact on EBIT.

The following entities have been included in the consolidated financial statements of CENIT in accordance with IFRS 10 or IFRS 11/IAS 28 respectively (shareholdings pursuant to Sec. 313 (2) HGB). With the exception of the aforementioned acquisitions, the shareholdings are unchanged on the prior year.

No.	Entity	Currency	%		Sub-scribed capital EUR	Date of purchase accounting
1	CENIT Aktiengesellschaft Stuttgart, Germany	EUR	---		8,368	Parent
2	CENIT (Schweiz) AG Effretikon, Switzerland	CHF	100		313	26 October 1999
3	CENIT NORTH AMERICA Inc. Auburn Hills, USA	USD	100		28	29 November 2001
4	CENIT SRL Iasi, Romania	RON	100		105	22 May 2006
5	CENIT France SARL Toulouse, France	EUR	100		10	26 April 2007
6	Coristo GmbH Mannheim, Germany	EUR	100		25	1 January 2016
7	KEONYS SAS Suresnes, France	EUR	100		155	1 July 2017
8	KEONYS Belgique SPRL Waterloo, Belgium	EUR	100		19	1 July 2017
9	KEONYS NL BV Houten, Netherlands	EUR	100		18	1 July 2017
10	CENIT Software Technology (Suzhou) Co. Ltd. Suzhou, China	CNY	100		662	30 June 2020
11	ISR Information Products AG Braunschweig, Germany	EUR	74.9		170	31 May 2022
12	MIP Management Informations Partner Gesellschaft für EDV - Beratung und Management-Training mbH, Munich, Germany	EUR	100		26	31 January 2023

13	PI Informatik Projektierung von Informationssystemen & Informatikservice GmbH Berlin, Germany	EUR	100		26	1 July 2023
14	ACTIVE BUSINESS CONSULT Informationstechnologie GmbH Vienna, Austria	EUR	60		100	31 July 2023
15	CCE b:digital GmbH Stuttgart, Germany	EUR	100		25	31 December 2023
16	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3		150	16 November 2007

2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as an equity transaction.

The goodwill resulting from the acquisition of a subsidiary or of an entity under common control is initially measured at cost, being the excess of the cost of the acquisition over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The ancillary costs incurred in connection with the acquisition are recognized in other expenses.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of the impairment test to be carried out annually, the goodwill acquired as part of the acquisition is allocated from the acquisition date to the Group's cash-generating units that are expected to benefit from the business combination or that are created as a result of the business combination.

Each impairment loss on goodwill is recognized directly in profit or loss. Any impairment loss recognized for goodwill can no longer be reversed in future periods.

3. Investment in a joint venture

CENIT has held a 33.33% investment in a joint venture, CenProCS AIRliance GmbH (CenProCS), since 16 November 2007. A contractual agreement has been signed by the shareholders, CENIT AG Stuttgart, PROSTEP AG Darmstadt and CS SI LePlessis Robinson, France, on the provision of packaged services by the shareholders in the area of information technology as well as the coordination and marketing of these services to a major customer. CenProCS passes on the orders from a major customer exclusively to its shareholders, does not have any business activities of its own and is thus not exposed to any entrepreneurial risks directly. CenProCS is subject to the common control of the shareholders.

The CENIT Group accounts for its investment in CenProCS using the equity method. Under the equity method, the investment in CenProCS is carried in the statement of financial position at cost plus post-acquisition changes in the CENIT Group's share of CenProCS's equity. During formation of the entity, CENIT AG made a cash contribution of EUR 50 k.

The financial statements of CenProCS are prepared with the same end of the reporting period as the financial statements of the CENIT Group. Where necessary, adjustments are made to comply with the Group's uniform accounting policies.

After application of the equity method to the CENIT Group's investment in CenProCS, the parent company determines whether it is necessary to recognize an additional impairment loss on the investment. The Group determines at the end of each reporting period and as the need arises whether there is any objective evidence that the investment in the joint venture is impaired. For example, objective evidence exists in the case of payment difficulties. If this is the case, the Group recognizes the difference between the fair value of the investment in CenProCS and the cost of the investment as an impairment loss in the income statement.

4. Foreign currency translation

The presentation currency is the parent company's functional currency. The functional currency concept is applied to translate the financial statements prepared in foreign currency by the entities included in the basis of consolidation. The functional currency of the group entities is their respective local currency. Financial statements prepared in functional currency are translated to the Group's presentation currency using the modified closing rate method. Assets and liabilities are translated at the closing rate, with equity translated at the historical rate and income and expenses at the annual average rate.

The difference arising from translation of the individual financial statements is recognized directly in equity. A figure of EUR 41 k was recognized directly in equity in the reporting period (prior year: EUR 238 k). When subsidiaries are sold, the exchange differences recognized in equity relating to these entities are released to profit or loss.

Foreign currency transactions are generally translated at the current rate as of the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the annual closing rate. Non-monetary items that were measured at their historical cost are translated at the rate of the transaction date, while non-monetary items that were measured at their fair value are translated at the rate which was current at the time the fair value was determined. Differences arising from currency translation at closing rates are recognized in profit or loss. Exchange losses of EUR 177 k overall were recognized in profit or loss in the reporting period (prior year: EUR 200 k).

The following exchange rates were used for currency translation:

in EUR	Closing rate		Annual average rate	
	31 Dec. 2023	31 Dec. 2022	2023	2022
CHF	0.9260	0.9847	0.9718	1.0047
USD	1.1050	1.0666	1.0813	1.0530
RON	4.9756	4.9495	4.9467	4.9313
YEN	156.33	140.66	151.99	138.03
CNY	7.8509	7.3582	7.6600	7.0788

D Accounting policies

1. Purchased intangible assets with finite useful lives

Purchased intangible assets with finite useful lives (mainly software) are recognized at cost less accumulated amortization and impairment. Amortization of intangible assets not acquired as part of a business combination is performed systematically using the straight-line method over the expected economic useful life, which is generally three years.

In the case of intangible assets acquired for consideration in connection with a business combination (mainly customer bases, software, technologies, bans on competition), the acquisition costs of the intangible assets are equal to their fair value. They are reduced by amortization over the expected useful life using the straight-line method. The useful life is five to twelve years for the identified customer bases and ten years for software and technologies. In the case of a ban on competition, the useful life is determined on the basis of the contractual regulations. CENIT determines the useful life based on the expected period in which cash inflows can be generated from the respective customer base. The useful life of technologies is ten years, while it is one year for the identified order backlog and generally three years for other intangible assets.

2. Purchased intangible assets with indefinite useful lives (goodwill)

Purchased intangible assets with indefinite useful lives (goodwill) are recognized at cost less accumulated impairment. These intangible assets are not amortized. They are tested for impairment at least once a year for the individual asset or at the level of the cash-generating unit. Impairment testing of the goodwill is based on a value in use calculation using cash flow projections based on 5-year financial plans prepared by management (discounted cash flow method).

As in the prior year, there are no intangible assets with indefinite useful lives as of the reporting date except for goodwill.

3. Internally generated intangible assets

Internally generated intangible assets are not capitalized due to non-fulfillment of the cumulative criteria in IAS 38.57. Like costs incurred for research activities, non-capitalizable development costs are also recognized as an expense in the period incurred.

4. Property, plant and equipment

Property, plant and equipment are recognized at cost, net of accumulated straight-line depreciation and/or accumulated impairment losses. Cost comprises expenses directly attributable to the acquisition of the items. Subsequent costs are only recognized in the carrying amount of the asset or as a separate asset if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. Maintenance costs are recorded directly as expenses. Items of property, plant and equipment are depreciated on the basis of their estimated useful lives. The useful life of plant and machinery is three to five years, and five to ten years for furniture and fixtures. Buildings on the Group’s premises are depreciated over a period of 33 years, or eight to 15 years for land improvements. Buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. No material residual values had to be considered when determining the amount of depreciation.

Residual values, depreciation and amortization methods and the useful life of property, plant and equipment and intangible assets are reviewed annually and adjusted if changes take place. A write-down to the recoverable amount is thus performed in accordance with IAS 36.59 if the carrying amount is higher. Any changes required are taken into account prospectively as changes in estimates.

Intangible assets or property, plant and equipment are derecognized either upon disposal or when no further economic benefits are expected from their further use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the asset is derecognized in the items for other income or other expenses.

An **impairment test** is performed at the end of each reporting period for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in profit or loss for items of property, plant and equipment and intangible assets carried at cost.

A reversal of impairment losses recognized in prior years is recorded for assets, with the exception of goodwill, when there is an indication that the impairment losses no longer exist or could have decreased. The reversal is posted as a gain in the income statement. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized for the asset in prior years.

5. Leases

5.1 As the lessee

On the commencement date or when a contract containing a lease component is amended, the Group breaks down the contractually agreed consideration based on the relative stand-alone selling prices. At the commencement date, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which corresponds to the initial measurement of the lease liability, adjusted for payments made on or before the commencement date, plus any initial direct costs as well as the estimated cost of dismantling or removing the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is then depreciated from the commencement date to the end of the lease term using the straight-line method, unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In this case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined in line with the rules for property, plant and equipment. Additionally, the right-of-use asset is continuously corrected for impairment losses, where necessary, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments outstanding as of the commencement date, discounted using the Group's incremental borrowing rate. To calculate the incremental borrowing rate for matching terms and collateral, CENIT obtains interest rates from external financing sources and makes asset-specific adjustments as necessary.

The lease payments included in the measurement of the lease liability comprise:

– fixed payments, including in-substance fixed payments
– variable lease payments that depend on an index or a(n interest) rate, initially measured using the index or (interest) rate as at the commencement date
– lease payments for a renewal option, if CENIT is reasonably certain that it will exercise this option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured if the future lease payments change due to a change in an index or (interest) rate, if the Group changes its view of exercising a renewal or termination option or an in-substance fixed lease payment changes. In the statement of financial position, the Group presents right-of-use assets under property, plant and equipment. The lease liabilities are presented in current liabilities or non-current liabilities depending on their remaining term.

CENIT has decided not to recognize right-of-use assets and lease liabilities for leases of low-value assets or short-term leases. The Group recognizes the lease payments linked to those leases as an expense over the term of the lease using the straight-line method.

6. Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities include primary financial instruments, such as cash and cash equivalents, trade receivables and trade payables, other loans originated or borrowed and other receivables and liabilities, and derivative financial instruments. Financial liabilities generally give rise to the right to receive settlement in cash or another financial asset. Financial instruments are recognized as soon as CENIT becomes party to the contractual provisions of the financial instrument.

Regular way purchases or sales of financial assets are recognized as of the trading date.

Depending on the Group's business model for controlling the assets and the question whether the contractual cash flows of the financial instruments are solely payments of principal and interest on the principal amount outstanding, the existing financial instruments are classified either 'at amortized cost' (AC), 'at fair value through profit or loss' (FVTPL) or 'at fair value recognized through other comprehensive income' (FVOCI) and measured accordingly.

The fair value corresponds to the market value. If there is no active market, the fair value is calculated using market, cost or income-based measurement methods. Observable inputs are kept as high as possible, while unobservable inputs are kept as low as possible.

The recognition and measurement of financial instruments in the AC and FVTPL categories is explained in detail below, as these categories are materially important for the consolidated financial statements. If there are financial instruments in the FVOCI category, the required disclosures are made in sections E and F.

6.1 Financial **instruments measured at amortized cost (AC)**

The Group measures financial instruments at amortized cost if both of the following conditions are met:

- The financial asset or the financial liability is held within a business model whose objective is to control assets and
- The contractual terms of the financial asset or financial liability give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets or liabilities at amortized cost are measured using the effective interest rate (EIR) method. Financial assets are subject to impairment. Gains and losses are recognized through profit or loss in the period when the asset or liability is derecognized, modified or impaired.

6.2 Financial instruments measured at fair value through other comprehensive income (FVOCI)

A FVOCI debt instrument is measured at fair value through other comprehensive income if the objective of the company's business model is to hold or sell the financial assets to collect the contractual cash flows and the contractual terms of the financial asset give rise at specific points in time to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

6.3 Financial instruments at fair value through profit or loss (FVTPL)

Financial instruments are classified at fair value through profit or loss if they do not meet all of the criteria for classification at amortized cost (AC) or at fair value through other comprehensive income (FVOCI).

Changes in fair value are recognized in the income statement unless they are part of a hedging relationship. Interest payments on the financial liability are also taken into account.

Gains and losses for which the change in fair value is attributable to a changed default risk for the liability are recognized in other comprehensive income. Future changes do not lead to recognition in the income statement. Instead, they are transferred to revenue reserves when the financial liability is derecognized.

6.4 Derivative financial instruments

Derivative financial instruments are measured at fair value in subsequent periods.

The accounting for fair value changes of hedging instruments depends on the type of hedging relationship. In the case of hedges of the exposure to changes in fair value of items in the statement of financial position (fair value hedges), both the hedging instrument and the hedged risk portion of the hedged item are recognized at fair value. Changes in the measurement of hedging instruments and hedged items are recognized in profit or loss.

In the case of hedges of the exposure to future cash flows (cash flow hedges), the hedging instruments are likewise recognized at fair value. Both the designated effective portion of the hedging instrument and the undesignated effective portion of the hedging instrument are recognized in other comprehensive income in the cash flow hedge reserve. Only when the hedged item is realized are the gains or losses reclassified to the statement of profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized immediately in profit or loss.

6.5 Fair value measurement

The measurement of fair value including the corresponding disclosures in the notes is carried out in accordance with the rules in IFRS 13. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The assets and liabilities measured at fair values must be categorized into the three levels of the fair value hierarchy described below, based on the lowest-level input that is significant for the fair value measurement as a whole.

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted market prices that are observable either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

In Level 1, fair value is measured using quoted (unadjusted) prices in active markets for identical assets or liabilities that CENIT can access at the measurement date.

In Level 2, fair value is measured using valuation techniques based on information other than quoted prices categorized into Level 1 but that are observable either directly or indirectly.

In Level 3, fair value is measured using valuation techniques that include unobservable inputs.

In the case of assets and liabilities recognized at fair value on a recurring basis in the financial statements, the Group determines whether reclassifications between the hierarchy levels have taken place by examining the classification at the end of each reporting period (based on the lowest-level input that is significant for the fair value measurement as a whole).

7. Trade receivables

Trade receivables are non interest bearing and are recognized at the transaction price less impairment losses due to their short-term nature. Impairment losses are calculated based on the expected credit losses model as defined in IFRS 9. Based on the simplified method used, a loss allowance equal to the amount of the expected loss was recognized for the remaining term of trade receivables and contract assets, regardless of their credit quality. Based on the weighted probability of default and taking into account prospective information, a loss allowance of 1.2% (prior year: 0.9%) was recognized on the receivables as of the end of the reporting period. Because of the economic downturn in our target markets and the resulting financial difficulties of individual customers, management considers that there is still an increased default risk as of 31 December 2023. To account for this risk, a risk markdown of 5.0% (prior year: 5.0%) was recorded on trade receivables past due by more than 90 days, as in 2022. Thanks to CENIT's robust customer structure, there is still no excessive risk of default when receivables are past due by between 30 and 90 days.

8. Contract assets

Unlike trade receivables, contract assets are dependent on the occurrence of a future condition. Impairment losses on contract assets are calculated in line with the same principles as for trade receivables.

9. Cash and cash equivalents

Cash and cash equivalents are cash, checks and on-demand bank balances. These are recognized at nominal value.

10. Lease liabilities

Lease liabilities are recognized at the present value of the outstanding minimum lease payments.

11. Trade payables and other financial liabilities

Trade payables and other financial liabilities are due in the short term and are recognized at nominal value.

12. Liabilities to banks

Interest-bearing bank loans including overdrafts are recognized at the pay-out amount received less the directly allocable issuing costs on the date of initial recognition. Finance costs, including premiums payable on repayment or settlement, are recognized as an interest expense using the effective interest method and increase the carrying amount of the instrument to the extent that it will only lead to the outflow of payments at a date in the future.

13. Impairment losses

IFRS 9 has introduced a model for calculating impairment losses based on expected credit losses.

For cash and cash equivalents, this practical expedient is used for financial instruments with a low credit risk as of the end of the reporting period.

The probabilities of default used to calculate expected credit losses on trade receivables and contract assets comprise individual and constantly updated data regarding counterparty risk, such as the payment history and company and industry data, taking forward-looking assumptions into account. If there is objective evidence that a default event will occur, the individual default risk is taken into account in the impairment loss alongside expected credit losses. Objective evidence includes, for example, significant financial difficulties of the debtor, payment default and delayed payments, downgraded credit rating, insolvency and other observable data that indicate a considerable reduction in expected payments. CENIT checks at the end of each reporting period whether the credit risk of the receivable has changed and adjusts the valuation allowance as necessary.

14. Inventories

The inventories reported are measured at the lower of cost and net realizable value. Costs of conversion are determined on the basis of directly allocable costs. Net realizable value is the estimated sales proceeds less estimated costs of completion and the estimated costs necessary to make the sale.

15. Pension obligations and similar obligations

Pension obligations and similar obligations result from obligations to employees. The contributions to statutory pension insurance are generally classified as defined contribution plans in accordance with IAS 19. The amounts payable in connection with defined contribution plans are expensed as soon as the obligation to pay arises and are reported as personnel expenses. The exception to this rule involves pension commitments at CENIT Switzerland.

The LOB pension plans in place at CENIT Switzerland qualify as defined benefit plans in accordance with IAS 19 due to the statutory minimum interest and conversion rate guarantees. Likewise, the pension payment that the Group must pay in France when an employee enters retirement must be recognized as a defined benefit plan in accordance with IAS 19. The cost of providing benefits under these benefit plans is determined using the projected unit credit method. The plan assets available to cover the pension obligations are offset against the pension obligations in accordance with the rules in IAS 19.

16. Share-based payment

The long-term incentive component of the Management Board contracts became active as of the 2023 reporting period. Pursuant to IFRS 2 Share-based Payment, the arrangement is recognized as cash-settled share-based payment. Accordingly, the fair value of the work carried out by the members of the Management Board as counterperformance for the cash settlement is recognized as an expense and as a liability. The arrangement provides for annual tranches to be measured, on a date 10 trading days after publication of the prior-year results, at the current share price in order to form performance shares. These performance shares are paid out after four years based on the share price then valid and on an EBITA (earnings before interest, tax and amortization) valuation that is calculated for the individual tranche in terms of achievement of the EBITA target in the last planning year based on the EBITA planning for the planning year on the date on which the tranche is granted. The maximum limit for each tranche is 200% paid out through a combination of the share price and the achievement of the EBITA target. For further details on the arrangement, refer to the comments in F17.

17. Provisions

Provisions are reported at the best estimate of the amount required to settle the obligation. They are created for legal or constructive obligations resulting from past events when it is probable that the settlement of the obligation will lead to an outflow of resources and the amount of the obligation can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to the provision is presented in the income statement net of any reimbursement. Provisions are discounted where the remaining term is longer than one year. The discount rate chosen is a pre-tax rate that reflects the risks specific to the liability. Discount rate adjustments are recorded as an interest expense.

18. Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods should be measured at the amount expected to be recovered from or paid to the taxation authorities. The current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the net profit taken from the consolidated income statement in that it does not include expenses and income that are never taxable or tax deductible or only taxable or tax deductible in later years. The calculation is based on the tax rates and tax laws applicable as of the end of the reporting period.

19. Deferred taxes

Deferred taxes are recorded on temporary differences between the tax base and the carrying amount in the consolidated financial statements according to the balance-sheet-oriented liability method described in IAS 12.

Deferred tax liabilities are recognized in principle for all taxable temporary differences.

Deferred tax assets are recognized in principle for all deductible temporary differences, unused tax losses and unused tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses and unused tax assets can be utilized. In the case of entities with a history of losses, deferred tax assets on unused tax losses are recognized only if it is probable (>50%) that the unused tax losses can be used in the future in line with the business planning or in the amount at which deferred tax assets were recognized.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred taxes on temporary differences are calculated at the tax rate that is expected to apply for the period when the asset is realized or the liability is settled. Deferred tax assets and deferred tax liabilities are calculated according to the laws and regulations enacted or substantively enacted at the end of the reporting period.

Income tax implications related to the items posted directly to equity are also recorded directly under equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

20. Revenue

CENIT generates revenue from the licensing of (standard) software (proprietary software and third-party software), software updates (for proprietary software and third-party software), the provision of IT services as well as the provision of consulting services for the planning, implementation and optimization of business and IT processes. Revenue is also generated from the sale of goods.

At CENIT, the different products are categorized according to the following contract types:

- Royalties – these encompass the revenue from software and software updates
- Sale of services – this encompasses revenue from service and consulting projects
- Sale of goods – this encompasses revenue from hardware sales

20.1 Software licenses

According to IFRS 15.31, revenue recognition as the principal (on a gross basis) or as the agent (on a net basis) depends on the transfer of control of a promised good or service. To the extent that control is not transferred unequivocally from the respective software manufacturers to CENIT, revenue from software licenses is recognized on a net basis.

Royalties from granting temporary licenses – to the extent that the software grants a right to use the intellectual property as of the date of granting the license – and income from the sale of permanent licenses are recognized when the software has been provided to the customer (revenue recognition at a point in time).

Royalties from software as a service are recognized pro rata over the term of rendering the service. Royalties from software as a service are generally charged annually or quarterly in advance. The advance payments received for future services are recognized as contract liabilities.

The average payment term of customers is between five and 60 days after invoicing.

20.2 Software updates

This includes revenue from contracts that grant the customer access to software updates. These updates mainly involve error resolution, improved performance or adjustments to changed framework conditions.

Royalties from software updates are recognized pro rata over the term of rendering the service. Royalties from software updates are generally charged annually or quarterly in advance. The advance payments received for future services are recognized as contract liabilities.

The average payment term of customers is between five and 60 days after invoicing.

20.3 Services (consulting & service)

Revenue from services charged on an hourly basis relates to consulting services, training, application and user support. For these services, revenue recognition generally takes place monthly based on hours worked.

If there are multiple element arrangements that comprise the sale of software licenses and services, these are examined to determine if one or several performance obligations exist. If several performance obligations are identified, the transaction price is allocated in proportion to the relative stand-alone selling prices. CENIT bases its derivation on its own stand-alone selling prices or, if these are not available, on relative stand-alone selling prices for comparable industry transactions. Revenue recognition for the separate performance obligations can take place at a point in time or over time, depending on when the customer has control of the service. In general, performance obligations that involve the sale of software meet the prerequisites for revenue recognition at a point in time. Such contracts mainly relate to orders where CENIT offers integrated consulting, software and after-sales services to the customer as an end-to-end provider.

The average payment term of customers is between five and 60 days after invoicing.

20.4 Fixed-price projects

Income from contracts for which a fixed price was agreed (generally contracts for work in connection with software programming or implementation) is recognized in accordance with the percentage of completion provided that the outcome can be measured reliably. When the outcome can be measured reliably, contract revenue and contract costs associated with the project should be recognized as part of the contract costs incurred for the work in relation to the expected contract costs by reference to the stage of completion of the contract activity at the end of the reporting period. Management came to the conclusion that this constitutes an appropriate measure for the percentage of completion of those performance obligations pursuant to IFRS 15. Changes to contracted work, claims and bonus payments are included to the extent that they are agreed with the customer in writing. If the outcome of a project cannot be measured reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. An expected loss is recognized as an expense immediately as soon as this loss is probable.

The average payment term of customers is between five and 60 days after invoicing.

20.5 Merchandise

Revenue from merchandise relates chiefly to the sale of end devices. Sales of merchandise are recognized when the performance obligation has been met through delivery to the purchaser.

The average payment term of customers is between five and 60 days after invoicing.

21. Government grants

Government grants are recognized once there is reasonable assurance that the Group will meet the conditions tied to the grant and receive the grants materially. Income is recognized in the same way as expenses associated with the grants.

22. Dividends and interest income

Dividend income is recognized when the Group’s right to receive the payment is established.

Interest income is recognized as the interest entitlement accrues (using the effective interest method, i.e. the rate used to discount estimated future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset).

23. Significant accounting judgments, assumptions and estimates

According to the opinion of the Management Board, the following judgments, assumptions and estimates had the most significant effect on the amounts recognized in the consolidated financial statements.

- When recognizing revenue from third-party software licenses, there is a significant judgment in determining whether CENIT is a principal or an agent. The pronouncements from the IFRS IC of December 2021 “Principal versus Agent: Software Reseller (IFRS 15)” indicate that for resellers of standard software, generally the status should be assumed to be that of an agent, and that this could become the practice for software resellers. To the extent that CENIT does not have a comprehensive legal position in terms of control of third-party software licenses, CENIT will recognize revenue on a net basis as the agent. This provides reliable and more relevant information on the impact of the underlying transactions. A differing assessment (recognition on a gross basis) would lead to the adjustments presented in the following table:

Presentation of gross/net recognition of software licenses (principal/agent classification)	2023		2022	
in EUR k	Agent (reported)	Principal classification	Agent (reported)	Principal classification
Revenue	184,720	195,716	162,152	171,719
Operating performance	187,596	198,592	163,511	173,078
Cost of materials	76,990	87,986	71,516	81,223
Profit contribution	110,606	110,606	91,995	91,995
EBITDA	16,408	16,408	11,937	11,937
EBIT	9,218	9,218	6,305	6,305
EBIT margin	4.99%	4.71%	3.89%	3.51%

- It is not permissible to recognize research costs as assets. Development costs may only be recognized as an asset if all of the conditions for recognition pursuant to IAS 38.57 are satisfied, if the research phase can be clearly distinguished from the development phase and material expenditure can be allocated to the individual project phases without overlap. On account of numerous interdependencies within development projects and uncertainty about whether some products will reach marketability, some of the conditions for recognition pursuant to IAS 38 are not currently satisfied based on CENIT’s estimates. Development costs of EUR 10,081 k (prior year: EUR 9,263 k) are consequently not capitalized.

- Assessing the separability of the performance obligations for multiple element arrangements is based on an assessment of whether the different contractual components have a separate value for the customer and can be separated from the other components. It is thus subject to certain discretionary decisions. This assessment is based on the underlying contract and the knowledge on the date of signing the contract. Allocating the transaction price to the different contractual components is likewise subject to certain discretionary decisions. This is particularly relevant for CENIT in relation to the separation of software license services and software update services. CENIT bases such decisions on its own stand-alone selling prices or, if these are not available, on relative stand-alone selling prices for comparable industry transactions.

- In the current macroeconomic environment, there may be increased uncertainty in relation to determining the fair values. Changes in the fair value may have a material impact on CENIT’s assets, liabilities, financial position and financial performance.

- Determining the percentage of completion is subject to certain discretionary decisions with regard to estimating the contract costs yet to be incurred. The assessment is based on the knowledge of the actual costs incurred and the expected total costs of the project as of the end of the reporting period. Of the contract assets reported, a figure of EUR 520 k (prior year: EUR 1,381 k) relates to ongoing projects.

- The cost and present value of defined benefit obligations and the corresponding plan assets is determined using actuarial valuations. An actuarial valuation involves making various assumptions that can differ from actual developments in the future. These include the determination of the discount rates, future wage and salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period. The net pension obligation is EUR 855 k as of the end of the reporting period (prior year: EUR 844 k).

- The fair value of derivative financial instruments is measured using the respective appropriate actuarial method. The underlying inputs such as volatility, interest rate and cash flow forecasts may deviate from actual future developments. As of the end of the reporting period, non-current assets include a long call option of EUR 4,484 k (prior year: EUR 5,657 k), while other non-current financial liabilities include a short put option of EUR 1,767 k (prior year: EUR 1,660 k).

- When determining provision amounts to be recognized, assumptions must be made on the probability that there will be an outflow of resources. While these assumptions constitute the best estimate of the situation underlying the matter, they are subject to uncertainty because of the necessary use of assumptions. When measuring the provisions, assumptions also have to be made on the amount of the possible outflow of resources. A change in the assumptions can therefore lead to a difference in the amount of the provision. The use of estimates thus also leads to uncertainties here.

- Determining the recoverable amount of the cash-generating units “CORISTO”, “KEONYS FR”, “ISR”, “mip” , “PII” and “ABC” for impairment testing of the goodwill is based on inputs such as weighted average cost of capital and value in use. Value in use is calculated using cash flow projections based on 5-year financial plans prepared by management and on the assumption of a long-term growth rate of 1.0% (prior year: 1.0%). The cash flows from the expected revenue are derived from the strategic alignment of the respective business division and the strategy of the CENIT Group using the expected product mix, and the expected cash outflows are calculated based on this. Expectations around future market developments and assumptions concerning the development of macroeconomic factors are also taken into account.

E Income statement

1. Revenue

The breakdown of revenue by business unit and region is presented in the segment reporting in note H. Revenue is also broken down into the following categories:

Breakdown of sales by product/income type

in EUR k	2023	2022
Third-party software (including software updates)	92,697	88,139
CENIT consulting and service	74,380	55,719
CENIT software (including software updates)	16,788	17,710
Merchandise	855	584
Total	**184,720**	**162,152**

Breakdown of sales by contract type

in EUR k		2023	2022
Royalties		**109,485**	**105,849**
	PLM	100,452	97,293
	EIM	9,033	8,556
Sale of goods and services		**72,783**	**54,292**
	PLM	41,417	35,225
	EIM	31,366	19,067
Fixed-price projects		**2,452**	**2,011**
	PLM	2,452	2,011
	EIM	0	0
Total		**184,720**	**162,152**

The revenue results from ordinary activities.

As of the end of the reporting period, there are contract assets (F8) of EUR 1,029 k (prior year: EUR 1,639 k) and contract liabilities (F17) of EUR 21,891 k (prior year: EUR 18,469 k). Contract liabilities of EUR 18,469 k recognized at the beginning of the year are included in full in income (prior year: EUR 15,877 k).

Development of orders

Order intake in the CENIT Group amounted to EUR 196,084 k in the past 2023 reporting period (prior year: EUR 167,595 k). The order backlog as of 31 December 2023 amounted to EUR 57,491 k (prior year: EUR 46,054 k), which corresponds to the overall amount of the transaction price allocated to the unfulfilled performance obligations as of 31 December 2023. Of the order backlog, EUR 57,491 k (prior year: EUR 43,974 k) will be turned into sales within one year.

2. Research and development costs

In 2023, all of the product development was non-project-related, which does not, however, meet the recognition criteria in IAS 38.57. The development costs incurred for the projects of EUR 10,081 k (prior year: EUR 9,263 k) were recognized as an expense in the reporting period.

3. Other income

Other income breaks down as follows:

in EUR k	2023	2022
Income from tax credit	166	119
Income from the cross-charging of marketing and administrative costs	462	304
Income from exchange differences	237	222
Income from the reversal of provisions	249	638
Income from insurance refunds/damages	240	18
Income from pre-school subsidy	0	27
Income from the sale of non-current assets	526	5
Income from the sale of CENIT Japan K.K.	871	0
Other income	125	27
Total	**2,876**	**1,359**

The income from exchange differences stemmed in particular from the translation of US dollars and Swiss francs.

The FZulG [“Gesetz zur steuerlichen Förderung von Forschung und Entwicklung” or “Forschungs-zulagengesetz”: German Research Grant Act] dated 14 December 2019 introduced a new research and development subsidy in Germany in the form of a research grant. In order to be entitled to the grant, a company must implement a subsidized research and development project that commenced after 1 January 2020. All research and development projects are eligible to the extent that they can be allocated to one or several of these categories: basic research, industrial research or experimental development. The research grant amounts to 25% of the eligible expenses. The tax credit is taken into account by crediting it to the corporate tax liability or – if it cannot be credited in full – by payment of the receivable. In 2023, CENIT AG and PII reported income of EUR 131 k from the research grant for 2023 (prior year: EUR 65 k).

In France, entities are granted government grants, termed ‘research and development tax credit (CIR)’. The R&D tax credit amounts to 30% of the qualifying expenses. These include expenses for basic research as well as applied research and development costs. The tax credit is taken into account by crediting it to the corporate tax liability or – if it cannot be credited in full – by payment of the receivable. In 2023, KEONYS SAS reported income of EUR 35 k from this tax credit (prior year: EUR 50 k) in other income.

4. Cost of materials

This item contains the cost of purchased third-party software of EUR 68,225 k (prior year: EUR 65,609 k) and the cost of purchased services of EUR 8,765 k (prior year: EUR 5,907 k).

5. Personnel expenses

The disclosure essentially relates to salaries, voluntary social benefits, allocations to the provision for vacation, profit participations and Management Board bonuses as well as social security and pension costs.

in EUR k	2023	2022
Wages and salaries	64,309	55,153
Social security and pension costs	14,279	12,113
Total	**78,588**	**67,266**

Pension costs mainly include employer contributions to statutory pension insurance. With the exception of Switzerland, the statutory pension insurance is organized as a defined contribution plan. CENIT also offers its employees in Germany the option of making contributions to a pension trust fund or direct insurance by means of deferred compensation. For these defined contribution plans, the employer does not enter into any obligations. The value of future pension payments is based exclusively on the value of the contributions paid by the employer for the employees to the external welfare provider, including income from the investment of said contributions.

The Swiss LOB pension plans and the pension payments in France are designed as defined benefit plans in accordance with IAS 19. We refer to the comments in note F19.

An annual average (on a quarterly basis) of 883 (prior year: 854) persons were employed by the Group, plus 52 (prior year: 41) trainees.

The number of employees as of the end of the reporting period came to 893 (prior year: 861). 670 (prior year: 642) of those were employed in Germany, 189 (prior year: 177) in other EU countries and 34 (prior year: 42) in other countries.

Personnel expenses comprise termination benefits totaling EUR 771 k (prior year: EUR 655 k). EUR 159 k (prior year: EUR 527 k) are reported under liabilities as of the end of the reporting period, as they did not yet affect cash. In the reporting period, the liabilities include severance payments of EUR 122 k from earlier reporting periods (prior year: EUR 255 k).

6. Amortization of intangible assets and depreciation of property, plant and equipment

Amortization and depreciation is broken down in the statement of changes in non-current assets presented in notes F1 and F2.

7. Other expenses

in EUR k	2023	2022
Repairs and maintenance	2,761	2,437
Legal and consulting fees	2,538	2,036
Premises expenses	1,166	1,020
Motor vehicle costs	1,477	1,234
Advertising costs	1,103	1,266
Telecommunication and office supplies	794	712
Travel expenses	1,837	1,231
Other personnel expenses	648	505
Insurance	582	536
Expenses from exchange losses	413	422
Training	385	295
Rent and lease expenses	299	150
Commission	236	0
Warranties	203	61
Bank charges and fees	67	113
Supervisory Board compensation	160	90
Internal events	117	82
Losses from disposals of assets	1	0
Other	597	420
Total	**15,385**	**12,612**

8. Valuation allowance on trade receivables

The valuation allowance on trade receivables breaks down as follows:

in EUR k	2023	2022
Income from impaired receivables	21	84
Impairment losses on receivables and bad debts	246	264
Total	**-225**	**-180**

9. Interest result

The total interest income and total interest expenses break down as follows:

in EUR k	2023	2022
Interest income from unwinding of the discount on accrued liabilities	0	61
Interest income from business taxes	0	1
Interest income from bank deposits	150	0
Total interest income	**150**	**62**
Utilization of credit lines and guarantees	1,567	247
Interest expenses for business taxes	0	0
Interest expenses from leases	227	178
Interest expenses from unwinding of the discount on accrued liabilities	9	0
Net interest from the measurement of pension obligations	27	10
Total interest expenses	**1,830**	**435**
Interest result	**-1,680**	**-373**

The rise in finance costs is attributable to replacing the bridging loan from 2022 and taking out further debt capital to finance growth. Applying the effective interest method results in a total interest expense of EUR 1,567 k (prior year: EUR 247 k) for financial liabilities not recognized at amortized cost.

10. Earnings from financial instruments at fair value through profit or loss

Earnings from financial instruments at fair value through profit or loss include the change in value of the short put and long call option in connection with the future acquisition of the remaining interests in ISR Information Products AG amounting to EUR -1,280 k (prior year: EUR 3,272 k) and a write-up of EUR 548 k (prior year: EUR 0 k) on the investment in ASCon Systems Holding GmbH. See also note F4.

11. Income taxes

Income taxes contain German corporate income tax including solidarity surcharge and trade tax. Comparable taxes of foreign subsidiaries are also shown in this item.

Expenses from income taxes break down as follows:

in EUR k	2023	2022
Current tax expense	2,465	2,134
Change in deferred taxes from temporary differences	-583	462
Total	**1,881**	**2,595**

The current tax expense includes income of EUR 73 k relating to other periods (prior year: EUR -41 k).

Deferred taxes are calculated using the individual company tax rate. These are as follows:

in %	2023	2022
CENIT	31.00	31.00
CENIT CH	27.00	27.00
CENIT NA	24.00	24.00
CENIT RO	16.00	16.00
CENIT FR	25.00	25.00
CORISTO	31.00	31.00
KEONYS FR	25.00	25.00
KEONYS BE	25.00	25.00
KEONYS NL	25.00	25.00
CENIT CN	25.00	25.00
ISR	30.00	30.00
MIP	31.75	
PII	30.00	
ABC	24.00	

The expected tax burden on the taxable profit is 31% as of the end of the reporting period (prior year: 31%) and is calculated as follows:

in %	2023	2022
Trade tax at a rate of 432.0% (prior year: 433.3%)	15	15
Corporate income tax	15	15
Solidarity surcharge (5.5% of corporate income tax)	1	1
Effective tax rate	**31**	**31**

CENIT thus bases its tax rate on that of CENIT AG, as that company makes the main contribution to the Group's earnings.

The difference between the current tax expense and the theoretical tax expense that would result from a tax rate of 31% (prior year: 31%) for CENIT AG breaks down as follows:

in EUR k	2023	2022
Net profit or loss for the period before taxes (EBT)	6,805	9,204
Theoretical tax expense based on a tax rate of 31% (prior year: 31%)	-2,110	-2,853
Non-deductible expenses	-441	-218
Tax-free income	537	140
Change in unused tax losses available for use	-24	507
Expenses relating to other periods	12	15
Effects of different tax rates within the Group and tax rate changes	124	-155
Other	21	-32
Income tax expense according to the consolidated income statement	**-1,881**	**-2,595**
Tax rate	27.6%	28.2%

The effects of different tax rates within the Group include tax expenses that do not relate to EBT of EUR -117 k (prior year: EUR -137 k).

12. Earnings per share

Earnings per share are calculated in accordance with the rules in IAS 33, Earnings per Share, by dividing the Group's net income or loss by the weighted average number of shares outstanding during the reporting period. Basic earnings per share do not take into account any options; they are calculated by dividing the net income/loss attributable to shares after non-controlling interests by the average number of shares. Earnings per share are diluted if, in addition to ordinary shares, equity instruments are issued from capital stock that could lead to a future increase in the number of shares. Options or warrants are taken into account only if the average share price for the ordinary shares during the reporting period exceeds the strike price of the options or warrants. This effect is calculated and stated accordingly.

The following reflects the underlying amounts used to calculate the basic and diluted earnings per share:

in EUR k	2023	2022
Net profit/loss attributable to ordinary shareholders of the parent	4,496	6,283
Weighted average number of ordinary shares used to calculate basic earnings per share	8,367,758	8,367,758

No treasury shares were held as of the end of the reporting period.

There have been no transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of preparing the consolidated financial statements. Based on IAS 33.49, basic and diluted earnings per share total EUR 0.54 (prior year: EUR 0.75), as there were no dilutive effects.

13. Dividends paid and proposed

Declared and paid dividends on ordinary shares during the reporting period:

in EUR k	2022	2021
Dividend for 2022: EUR 0.50 (2021: EUR 0.75)	4,184	6,276

Based on the financing strategy with regard to future company acquisitions, the Management Board and the Supervisory Board will propose to the Annual General Meeting on 6 June 2024 that a dividend of EUR 0.04 per share be distributed.

in EUR k	2023	2022
Dividend for 2023: EUR 0.04 (prior year: EUR 0.50)	335	4,184

The payment of dividends by CENIT AG to the shareholders does not have any income tax implications for CENIT AG.

F Statement of financial position

1. Intangible assets

Intangible assets developed as follows in 2023:

in EUR k	Software and licenses	Customer base	Goodwill	Total
Cost				
As of 1 January 2023	**9,116**	**16,877**	**28,041**	**54,034**
Exchange differences	-2	143	0	141
Changes in the basis of consolidation	1,527	4,116	6,472	12,115
Additions	373	0	0	373
Disposals	61	0	0	61
As of 31 December 2023	**10,953**	**21,136**	**34,513**	**66,602**
Accumulated amortization				
As of 1 January 2023	**5,427**	**10,704**	**278**	**16,409**
Exchange differences	1	143	0	143
Changes in the basis of consolidation	125	0	0	125
Additions	1,088	1,293	0	2,381
Disposals	61	0	0	61
As of 31 December 2023	**6,580**	**12,139**	**278**	**18,997**
Net carrying amounts	**4,373**	**8,997**	**34,235**	**47,605**
Cost				
As of 1 January 2022	**7,158**	**12,917**	**6,905**	**26,979**
Exchange differences	6	106	0	112
Changes in the basis of consolidation	3,311	3,854	21,136	28,301
Additions	546	0	0	546
Disposals	1,906	0	0	1,906
As of 31 December 2022	**9,116**	**16,877**	**28,041**	**54,034**
Accumulated amortization				
As of 1 January 2022	**6,584**	**9,850**	**278**	**16,712**
Exchange differences	8	106	0	114
Changes in the basis of consolidation	127	0	0	127
Additions	615	748	0	1,362
Disposals	1,906	0	0	1,906
As of 31 December 2022	**5,427**	**10,704**	**278**	**16,409**
Net carrying amounts	**3,688**	**6,173**	**27,763**	**37,625**

1.1 Intangible assets from acquisitions

The software from purchase accounting of SPI Numérique SARL (PLM segment) has a net carrying amount of EUR 50 k as of the end of the reporting period (prior year: EUR 83 k). The remaining amortization period as of the end of the reporting period is one year and five months.

The acquired goodwill of CORISTO GmbH with a carrying amount of EUR 1,272 k (prior year: EUR 1,272 k) was allocated to the cash-generating unit “CORISTO” to test for impairment. In the reporting period, the allocated cash-generating unit of CORISTO GmbH was changed from “PLM-SAP” to “CORISTO”. The cash-generating unit “CORISTO” is part of PLM-SAP and is therefore a smaller identifiable group of assets that generate cash flows. The switch means that the unit can be valued more precisely, thus increasing the reliability of the impairment test.

The customer base of KEONYS SAS identified as part of purchase accounting of the KEONYS Group has an amortization period of five years and six months as of the end of the reporting period. The carrying amount is EUR 2,164 k as of the end of the reporting period (prior year: EUR 2,558 k). The goodwill with a carrying amount of EUR 5,355 k (prior year: EUR 5,355 k) acquired as part of the acquisition was allocated to the cash-generating unit “KEONYS FR” to test for impairment.

The customer base from purchase accounting of SynOpt GmbH has an amortization period of one year and six months as of the end of the reporting period. The carrying amount is EUR 50 k as of the end of the reporting period (prior year: EUR 83 k).

The customer base identified as part of purchase accounting of ISR Information Products AG has an amortization period of five years and five months as of the end of the reporting period. The carrying amount is EUR 2,982 k as of the end of the reporting period (prior year: EUR 3,533 k). The software identified has a remaining amortization period of eight years and five months as of the end of the reporting period and is valued at EUR 2,239 k as of 31 December 2023 (prior year: EUR 2,505 k). The ban on competition identified has a remaining term of one year and five months and a net carrying amount of EUR 183 k as of the end of the reporting period (prior year: EUR 312 k). The other trademark rights are valued at EUR 51 k as of the end of the reporting period (prior year: EUR 84 k) and have a remaining term of between one year and five months and three years and five months. The goodwill with a carrying amount of EUR 21,136 k (prior year: EUR 21,136 k) acquired as part of the acquisition was allocated to the cash-generating unit “ISR” to test for impairment.

The customer base identified as part of purchase accounting of mip has an amortization period of nine years and one month as of the end of the reporting period. The carrying amount is EUR 1,217 k as of the end of the reporting period. The advantage from a lease relationship identified has a remaining amortization period of three years and one month as of the end of the reporting period and is valued at EUR 130 k as of 31 December 2023. The order backlog identified has a remaining amortization period of one year and is valued at EUR 146 k as of the end of the reporting period. The trademark rights are valued at EUR 13 k as of the end of the reporting period and have a remaining amortization period of two years and one month. The goodwill with a carrying amount of EUR 2,306 k acquired as part of the acquisition was allocated to the cash-generating unit “mip” to test for impairment.

The customer base identified as part of purchase accounting of PII has an amortization period of six years and six months as of the end of the reporting period. The carrying amount is EUR 814 k as of the end of the reporting period. The know-how acquired has a remaining amortization period of nine years and six months as of the end of the reporting period and is valued at EUR 745 k as of 31 December 2023. The order backlog identified has a remaining amortization period of one year and is valued at EUR 90 k as of the end of the reporting period. The other trademark rights are valued at EUR 10 k as of the end of the reporting period and have a remaining amortization period of two years and six months. The goodwill with a carrying amount of EUR 2,643 k acquired as part of the acquisition was allocated to the cash-generating unit “PII” to test for impairment.

The assets identified as part of the acquisition of ABC have not yet been definitively valued as of the date of reporting. Based on past experience from prior transactions, intangible assets of EUR 1,900 k with an average term of six years were assumed. These preliminary assets were valued at EUR 1,770 k as of the end of the reporting period. The preliminary goodwill with a carrying amount of EUR 1,523 k acquired as part of the acquisition was allocated to the cash-generating unit “ABC” to test for impairment.

1.2. Impairment losses

As far as intangible assets with a finite useful life are concerned, there was no indication in the current 2023 reporting period that the useful life recognized needs to be adjusted.

The Group carried out an annual impairment test for goodwill.

The recoverable amounts of the cash-generating units “CORISTO”, “KEONYS FR”, “ISR”, “mip”, “PII“ and “ABC” are determined based on a value in use calculation using cash flow projections based on 5-year financial plans prepared by management. As part of the 5-year financial planning, the revenue is derived from the strategic alignment of the respective business division and the strategy of the CENIT Group using the expected product mix, and the expected costs are calculated from this.

Revenue for the “CORISTO” cash-generating unit is derived based on an annual sales growth in the service area of 4%. Costs are modeled based on the assumption of a below-average rate of increase, raising the EBIT margin to around 20% over the next three years.

The basis for deriving the sales forecast for the “KEONYS FR” cash-generating unit is that service and the sale of third-party software will be expanded. In terms of expected costs, management anticipates costs to rise at a lower rate than sales of between 4% and 5% p.a. (prior year: 4% and 7%), leading to a long-term rise in profitability overall.

The basis for deriving the sales forecast for the “ISR” cash-generating unit is that service and the sale of CENIT software in particular will be expanded. In terms of expected costs, management anticipates an annual increase of 5.5%, leading to a moderate rise in profitability overall.

Similar planning parameters are used for the cash-generating units “mip”, “PII“ and “ABC” as part of the planning. The revenue is derived based on an increase in service sales of roughly 5% each year. Management anticipates expected costs to develop at a below-average rate, leading to a moderate rise in profitability overall.

The discount rate before taxes used for the cash flow projections is 12.31% for “CORISTO” (prior year: 11.89% for “PLM-SAP”), 11.47% for “KEONYS FR” (prior year: 10.83%), 11.75% for “ISR” (prior year: 11.33%), 11.3% for “mip”, 11.19% for “PII“ and 10.83% for “ABC”. Cash flows after the period of five years are extrapolated using a growth rate of 1% (prior year: 1%) for all cash-generating units. This growth rate is based on a conservative estimate by the Management Board. The test showed that the values in use are higher than the carrying amounts. As a result, there was no indication of a need to recognize an impairment loss since the dates of purchase accounting, and goodwill remains unchanged.

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2023:

in EUR k	Buildings including buildings on third-party land*	Plant and machinery	Furniture and fixtures*	Payments on account on furniture and fixtures	Total
Cost					
As of 1 January 2023	**20,032**	**6,958**	**5,848**	**0**	**32,838**
Exchange differences	-9	2	-4	0	-13
Changes in the basis of consolidation	624	485	766	0	1,875
Additions	1,235	677	1,813	2	3,727
Disposals	1,327	40	1,547	0	2,914
As of 31 December 2023	**20,554**	**8,081**	**6,876**	**2**	**35,513**
Accumulated depreciation					
As of 1 January 2023	**9,285**	**6,500**	**3,681**	**0**	**19,466**
Exchange differences	4	2	-4	0	3
Changes in the basis of consolidation	126	352	327	0	805
Additions	2,891	342	1,575	0	4,808
Disposals	972	39	1,545	0	2,556
As of 31 December 2023	**11,334**	**7,157**	**4,034**	**0**	**22,525**
Net carrying amounts	**9,220**	**924**	**2,842**	**2**	**12,988**
Cost					
As of 1 January 2022	**17,439**	**6,889**	**3,686**	**0**	**28,014**
Exchange differences	28	33	8	0	69
Changes in the basis of consolidation	2,657	0	2,155	0	4,812
Additions	762	360	958	0	2,080
Disposals	854	324	961	0	2,138
As of 31 December 2022	**20,032**	**6,958**	**5,848**	**0**	**32,838**
Accumulated depreciation					
As of 1 January 2022	**7,454**	**6,317**	**2,359**	**0**	**16,131**
Exchange differences	-3	30	8	0	35
Changes in the basis of consolidation	53	0	1,115	0	1,168
Additions	2,634	476	1,160	0	4,270
Disposals	854	322	960	0	2,136
As of 31 December 2022	**9,285**	**6,500**	**3,681**	**0**	**19,466**
Net carrying amounts	**10,747**	**458**	**2,167**	**0**	**13,371**

*This also includes assets from leases. Further details can be found in section I.

3. Investments recognized at equity

CENIT AG holds a share of 33.3% (prior year: 33.3%) in CenProCS AIRliance GmbH, an entity domiciled in Stuttgart. This entity specializes in providing packaged services of its partners, CENIT AG Stuttgart, PROSTEP AG Darmstadt and CS SI LePlessis Robinson, France, in the field of IT, as well as coordinating and marketing said services.

The joint venture listed above is included in these consolidated financial statements using the equity method.

The assets, liabilities and revenue of CenProCS AIRliance GmbH are as follows as of 31 December 2023:

in EUR k	2023	2022
Current assets (thereof cash: EUR 191 k (prior year: EUR 950 k))	7,477	7,156
Current liabilities	7,309	6,987
Equity	**168**	**169**
Revenue	48	48
Total comprehensive income	-1	-1
Carrying amount of the investment	**58**	**59**
Share of profit of the joint venture	-1	0

4. Non-current other financial assets and non-current financial liabilities

The purchase agreement for the acquisition of ISR Information Products AG already included arrangements for the acquisition of the remaining shares of 25.1%. The agreement comprises two puttable instruments. Firstly, each of the remaining shareholders has the independent right that CENIT must purchase all shares held on the exercise date. From CENIT's perspective, this corresponds to a short put option. This option can only be exercised in the period from 1 April 2026 to 31 March 2029. Secondly, CENIT has the right that the remaining shareholders must sell all of their interests to CENIT. From CENIT's perspective, this corresponds to a long call option. This option can only be exercised in the period from 1 October 2029 to 30 September 2032. The fair value of these options was measured using a Monte Carlo simulation. Future earnings were projected based on historical data (share prices, EBITDAs) of ISR Information Products AG and comparable companies. The point of departure was the fair value of ISR Information Products AG as calculated using cash flow projections based on 5-year financial plans prepared by management (discounted cash flow method).

The value of the short put option was calculated as EUR 1,767 k as of the end of the reporting period (prior year: EUR 1,660 k), while the long call option was valued at EUR 4,484 k (prior year: EUR 5,657 k).

The measurement was classified as Level 3 of the fair value hierarchy based on the inputs of the valuation technique used.

Non-current other financial assets also include the 3.73% (prior year: 4.76%) capital involvement in ASCon Systems Holding GmbH amounting to EUR 3,732 k (prior year: EUR 3,184 k). Because the solution expertise of ASCon Systems Holding GmbH and CENIT overlaps, the two companies want to build a clear lead as PLM experts in the fields of digital twin and real-time data integration, thus driving forward the digital transformation of companies in the areas of manufacturing and Industry 4.0. The fair value of the investment held as a financial asset was derived from market transactions in the 2023 reporting period. The measurement was classified as Level 3 of the fair value hierarchy based on the inputs of the valuation technique used. The valuation led to a write-up of EUR 548 k (prior year: EUR 0 k).

Valuation technique	Significant unobservable inputs	Relationship between significant unobservable inputs and fair value measurement
Market transaction in the form of capital increases	Measurement of the acquisition of shares in ASCon Systems Holding GmbH by third parties, assuming that other factors affecting price are taken into account	The estimated fair value would rise (fall) if the expected price for the capital shares in ASCon Systems Holding GmbH were higher (lower)

5. Deferred taxes

The recognition and measurement differences determined between the profit in the tax accounts and the financial statements under German commercial law and the adjustments of the financial statements under German commercial law of the consolidated entities to IFRS led to deferred taxes of the following amounts in the following items:

in EUR k	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
Deferred tax assets on unused tax losses	1,149	1,423	0	0
Intangible assets	0	0	3,594	2,595
General valuation allowances	0	0	152	88
Receivables from service agreements	0	0	89	64
Other provisions and accrued liabilities	232	336	0	0
IAS 19 pension obligations	214	208	0	0
Measurement differences of financial instruments	0	0	237	1,014
Consolidation procedures	1	0	0	19
Total	**1,596**	**1,967**	**4,072**	**3,780**
Netting	-808	-950	-808	-950
Total	**788**	**1,017**	**3,264**	**2,830**

The changes in deferred taxes affected the income statement as follows:

in EUR k	2023	2022
Deferred tax assets on unused tax losses	-274	262
Intangible assets	573	279
Valuation allowances on receivables	-64	7
Receivables from service agreements	-26	28
Other provisions and accrued liabilities	-47	12
IAS 19 pension obligations	1	6
On measurement differences of financial instruments	401	-1,014
Consolidation procedures	19	-41
Total	**583**	**-462**

The change in deferred taxes on actuarial income from defined benefit obligations recognized in other comprehensive income and reclassifiable income from cash flow hedges of EUR 381 k (prior year: EUR -155 k) was recognized directly in equity. In addition, deferred tax liabilities of EUR 1,629 k were recognized in other comprehensive income as part of the purchase accounting of companies acquired in the reporting period (prior year: EUR 2,077 k).

As of 31 December 2023, no deferred income tax payables for temporary differences in connection with investments in subsidiaries of EUR 198 k (prior year: EUR 179 k) were recognized, as CENIT is in a position to control the timing of the reversal and the temporary differences are not expected to reverse in the foreseeable future.

As of the end of the reporting period, the unused tax losses for each company were as follows:

in EUR k	2023		2022	
	Unused tax losses	Deferred taxes recognized	Unused tax losses	Deferred taxes recognized
KEONYS FR	3,670	918	5,449	1,362
CENIT CN	979	55	531	38
CENIT CH	651	176	85	23
CENIT JP			615	0
Total	**5,300**	**1,149**	**6,680**	**1,423**

The deferred taxes are recognized at the amount expected to be utilized within five years.

6. Inventories

in EUR k	31 Dec. 2023	31 Dec. 2022
Payments on account	44	72
Merchandise	26	0
Total	**70**	**72**

7. Trade receivables and receivables from investments recognized at equity

Trade receivables comprise receivables from third parties of EUR 35,428 k (prior year: EUR 26,032 k) and receivables from investments recognized at equity of EUR 4,307 k (prior year: EUR 3,891 k).

The age structure of trade receivables and receivables from joint ventures was as follows at the end of the reporting period:

in EUR k	Total	thereof: impaired	thereof: not due as of the end of the reporting period	thereof: past due but not impaired			
				less than 30 days	between 30 and 60 days	between 61 and 90 days	more than 90 days
2023	40,121	386	29,904	5,009	2,245	365	2,212
2022	30,206	283	21,860	4,099	2,657	390	917

Valuation allowances on trade receivables and contract assets	in EUR k
As of 31 December 2022	283
Addition (+)/reversal (-)	103
As of 31 December 2023	**386**

A breakdown of receivables by country is as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Germany	19,882	16,850
Europe	18,278	11,266
Third countries	1,575	1,807
Total	**39,735**	**29,923**

8. Contract assets

As of the end of the reporting period, there are contract assets from ongoing, unbilled projects totaling EUR 1,029 k (prior year: EUR 1,639 k). The contract assets relate first and foremost to CENIT's entitlements to counterperformance for services provided but unbilled as of the end of the reporting period. The contract assets will be reclassified to receivables when the rights become unconditional. This generally happens when the Group issues an invoice to the customer.

9. Other receivables

Other receivables break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Receivables from staff	6	7
Receivables for social security contributions	19	31
Receivables from deposits	317	284
Receivable from refund from supplier relationships	1,091	103
Total	**1,433**	**425**

Other receivables are all short term, not past due and not impaired. As in the prior year, there are no long-term receivables in the reporting period.

10. Tax receivables

There were no long-term income tax receivables either in the current reporting year or in the prior year.

The short-term current tax receivables of EUR 3,563 k in total (prior year: EUR 2,222 k) relate to claims for prepayments for corporate income tax and trade tax of EUR 1,876 k in total (prior year: EUR 686 k), receivables from the VAT prepayment amounting to EUR 865 k (prior year: EUR 635 k) as well as the capitalization of tax credits for research projects in Germany and France of EUR 822 k (prior year: EUR 901 k).

11. Cash and cash equivalents

Cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2021
Bank balances	24,334	19,907
Cash on hand	7	7
Cash in the statement of financial position	24,341	19,914
Cash presented in the statement of cash flows	**24,341**	**19,914**

Bank balances earn interest at floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 24,341 k (prior year: EUR 19,914 k).

The Group has unused credit lines of EUR 2,212 k as of the end of the reporting period (prior year: EUR 2,212 k). This includes a figure of EUR 1,611 k (prior year: EUR 1,500 k) that can be utilized either as a loan or as a guarantee. The Group utilized EUR 849 k of this amount as a guarantee as of the end of the reporting period (prior year: EUR 738 k).

12. Other financial assets

Other financial assets break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Prepaid maintenance fees	11,753	8,994
Prepaid rights of use and car insurance	2,036	1,787
Total	**13,789**	**10,781**

The prepaid maintenance fees involve prepayments by the CENIT Group that will be recorded as expenses in subsequent periods.

13. Equity

Subscribed capital

Since the resolution adopted on 13 June 2006 to increase capital from company funds and entry in the commercial register on 14 August 2006, the capital stock (issued capital) of CENIT AG amounts to EUR 8,367,758.00 and is fully paid in. It is split into 8,367,758 no-par value shares of EUR 1.00 each (prior year: 8,367,758 no-par value shares of EUR 1.00 each). The shares are bearer shares and are no-par value common shares only.

CENIT AG still holds no treasury shares.

Notes on the components of equity

The capital reserves contain the share premium realized from issuing shares of the parent company in excess of their nominal value. If the legal reserve and the capital reserves pursuant to Sec. 272 (2) Nos. 1 to 3 HGB together do not exceed a tenth of the capital stock or any higher amount stipulated in the articles of incorporation and bylaws, they may only be used in accordance with Sec. 150 AktG ["Aktiengesetz": German Stock Corporation Act] to offset a net loss for the year or a loss carryforward that is not covered by net income for the year or a profit carryforward respectively, and cannot be offset by releasing other revenue reserves.

Other revenue reserves and the legal reserve pursuant to Sec. 150 AktG contain the profits transferred to reserves.

The currency translation reserve contains the net differences resulting from translation of the subsidiaries' financial statements to the Group's functional currency that are offset against equity.

As of the end of the reporting period, there are total non-controlling interests of EUR 2,668 k in equity amounting to EUR 45,003 k. The non-controlling interests are held by private individuals, with 25.1% in ISR Information Products AG and 40% in ACTIVE BUSINESS CONSULT Informationstechnologie GmbH. Non-controlling interests include the share of profit of EUR 493 k allocable to shareholders without controlling interests. While belonging to the Group, ISR Information Products AG and ACTIVE BUSINESS CONSULT Informationstechnologie GmbH recorded revenue of EUR 30,009 k in total in 2023, with net income for the year of EUR 2,020 k. At EUR 390 k (prior year: EUR -63 k), the share of the Group's cash flow is immaterial. The shareholder meeting of ISR Information Products AG and ACTIVE BUSINESS CONSULT Informationstechnologie GmbH has not yet passed a resolution on the appropriation of the profit for the 2023 reporting period.

14. Liabilities from leases

The lease liabilities are due as follows:

in EUR k	Future minimum lease payments	Interest payments	Present value
Less than one year	3,838	221	3,617
Between one and five years	7,234	280	6,955
More than five years	563	26	537
Total	**11,635**	**527**	**11,109**

15. Current income tax liabilities and other provisions

The current income tax liabilities developed as follows:

in EUR k	2023	2022
As of 1 January	558	480
Utilization	-146	-240
Addition from changes in the basis of consolidation	216	0
Reversal	-48	0
Addition	603	318
As of 31 December	**1,183**	**558**

The other provisions cover all identifiable obligations to third parties in accordance with IAS 37. They developed as follows:

in EUR k	General Meeting of Shareholders	Personnel provisions, not fixed
As of 1 January 2023	**52**	**22**
Utilization	52	22
Reversal	0	0
Addition	57	95
As of 31 December 2023	**57**	**95**
of which long-term	0	0
of which short-term	57	95

The provisions will mainly be used in the following reporting period.

16. Trade payables and liabilities to investments recognized at equity

The liabilities are subject to customary retentions of title to the delivered goods.

in EUR k	31 Dec. 2023	31 Dec. 2022
Trade payables	13,201	11,163
Liabilities to investments recognized at equity	27	26
Total	**13,229**	**11,190**

Of the total liabilities, EUR 13,229 k is due within one year (prior year: EUR 11,190 k). These are not subject to interest.

17. Other liabilities

Other current liabilities break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Vacation and bonus entitlements	7,342	6,270
VAT/wage tax payables	3,226	3,210
Outstanding purchase invoices	1,408	1,298
Purchase price liabilities for acquisitions of investments	1,267	0
Liabilities for social security	687	589
Personnel adjustment measures	280	767
‘Altersteilzeit’ (special German phased retirement scheme) entitlements	246	142
Employer’s liability insurance, compensatory levy in lieu of employing severely disabled persons	82	95
Financial statements costs	235	178
Long-service awards	60	96
Travel cost liability for employees	72	68
Supervisory Board compensation	153	90
Individual warranty cases	229	78
Other	500	397
Total	**15,787**	**13,273**

Other non-current liabilities break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Long-service awards	442	477
Long-term Management Board remuneration	247	0
Archiving costs	66	34
Total	**755**	**511**

The long-service awards total EUR 502 k (prior year: EUR 573 k). Of this figure, EUR 442 k (prior year: EUR 477 k) is reported in non-current and EUR 60 k (prior year: EUR 96 k) in current other liabilities. There are no written commitments to the employees for the long-service awards. These were recognized as liabilities on account of the payment method and the resulting indication of company practice.

Long-term Management Board remuneration comprises a performance stock arrangement of EUR 247 k (prior year: EUR 0 k). The performance stock arrangement was valued as of 31 December 2023 based on the following parameters for the 2023 tranche:

2023 tranche	31 Dec. 2023
Issue date	17 Apr. 2023
Average share price as of the issue date in EUR	13.37
Term	
Total term in years	4
Remaining term on 31 Dec. in years	3.3
Minimum term	
Total term in years	4
Remaining term on 31 Dec. in years	3.3
Share price on the valuation date in EUR	13.00
Implied volatility	45%
Fair value per performance share on 31 Dec. in EUR	16.51

The number of virtual performance shares results initially from the quotient of the target amount per year at the closing rate after publication of the annual report; it is increased each year by the rate of EBITA increase. The number of virtual performance shares for the 2023 tranche is 14,965. A total of EUR 247 k was therefore recognized for share-based payments in the reporting period.

18. Contract liabilities

Contract liabilities break down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Deferred maintenance income and royalties	14,652	14,900
Payments on account received	7,239	3,569
Contract liabilities	**21,891**	**18,469**

The deferred maintenance fees and royalties involve pre-billed services for the 2023 period that will not be recorded as income until the following year. In the reporting period, an amount of EUR 18,469 k deferred in the prior year was collected as revenue.

19. Pension obligations

Defined contribution plans

The Group offers all employees in Germany with an unterminated and permanent employment relationship the possibility to participate in an employer-funded pension scheme. CENIT voluntarily pays, with a right of revocation, a pre-defined fixed amount each month into a defined contribution pension insurance policy of an insurance firm. This resulted in expenses of EUR 222 k for CENIT in the reporting period (prior year: EUR 244 k). In addition, employer contributions to statutory pension insurance in Germany totaling EUR 4,058 k were paid in the reporting period (prior year: EUR 3,151 k).

Defined benefit plans

Companies in Switzerland must grant their employees minimum old-age pension payments, and the pension plan payments often exceed the statutory minimum payments. Although the future pension payments depend in principle on the contributions saved, including the interest on the retirement assets, there is a residual risk for a company that it will in future have to make further contributions to the pension plan for service periods already worked by the employee. This is on account of the guarantees contained in pension law. These guarantees relate among other things to the minimum interest on retirement assets in the statutory field, the balance of retirement assets and the (minimum) conversion rate. Together with the remedial duty in the event of a (potential) shortfall in the pension plan, these guarantees mean that LOB old-age pensions in Switzerland are classified as defined benefit plans in accordance with IAS 19 and are presented accordingly in the statement of financial position. Actuarial gains and losses are recognized in other comprehensive income taking into account deferred taxes.

In France, the statutory basic pension is supplemented by obligatory additional pensions which, like the basic pension, are financed using the cost sharing method. If an employee decides to enter retirement, he or she receives a pension payment from the employer. The amount is variable, but is based on the number of years of service and amounts to between one and six months’ salary.

The total obligation recognized in the statement of financial position from the defined benefit plans relates only to employees still working and is as follows:

in EUR k	2023	2022
Present value of the defined benefit obligation	3,937	5,257
Fair value of plan assets	3,082	4,413
Benefit liability	**855**	**844**

The net liability developed as follows:

in EUR k	2023	2022
Net liability as of 1 January	844	1,397
Net income/expense recognized	154	130
Contributions by the employer	-157	-121
Actuarial gains	15	-585
thereof from changes in estimates	*138*	*-698*
thereof from experience adjustments	*-122*	*-90*
thereof from return on plan assets	*-2*	*24*
Net foreign exchange difference	1	23
Net liability as of 31 December	**855**	**844**

Changes in the present value of the defined benefit obligation are as follows:

in EUR k	2023	2022
Present value of defined benefit obligation as of 1 January	5,257	4,496
Current service cost	144	120
Interest expense	110	19
Contributions by plan participants	157	121
Actuarial gains/losses	17	608
thereof from changes in estimates	*138*	*-698*
thereof from experience adjustments	*-122*	*90*
Benefits paid/reimbursed	-1,932	911
Past service cost	-18	0
Net foreign exchange difference	203	198
Present value of defined benefit obligation as of 31 December	**3,938**	**5,527**

The benefits reimbursed of EUR 1,932 k fell due on account of employees in Switzerland leaving the Group (prior year: EUR 0 k).
The weighted average duration of the obligations is 11.97 years (prior year: 9.86 years).
The changes in fair value of the plan assets are as follows:

in EUR k	2023	2022
Fair value of plan assets as of 1 January	4,413	3,099
Expected return on plan assets	82	9
Actuarial gains/losses	2	-24
thereof from return on plan assets	*2*	*-24*
Contributions by the employer	157	121
Contributions by plan participants	157	121
Benefits paid/reimbursed	-1,932	911
Net foreign exchange difference	204	176
Fair value of plan assets as of 31 December	**3,083**	**4,413**

All of the plan assets come from the insurance credit from the insurance contracts. Consequently, there are no special risks from plan assets. The total return expected on plan assets is calculated on the basis of past experience. This is reflected in the principal assumptions (see below). The actual return on plan assets came to EUR 84 k in total (prior year: EUR -14 k).

in EUR k	2023	2022
Current service cost	144	120
Interest expense	110	19
Expected return on plan assets	-82	-9
Past service cost	-18	0
Net benefit expense	**154**	**130**

The Group expects to contribute EUR 139 k in total to its defined benefit pension plans in the 2024 reporting period.

The principal assumptions used in determining the pension obligation of CENIT CH are shown below:

%	2023	2022
Discount rate	1.5	2.25
Expected return on plan assets	1.5	2.25
Anticipated rate of salary increase	1.0	1.0
Lump-sum payment	50	50
Probability of reaching retirement	20% each in the last 5 years before retirement	20% each in the last 5 years before retirement
Average rate of employee turnover	15	15
Mortality	BVG 2020	BVG 2020

The following basic assumptions were made for the pension obligation of KEONYS FR:

%	2023	2022
Discount rate	3.16	3.73
Anticipated rate of salary increase	1.5	1.5
Average rate of employee turnover	9	9
Mortality	INSEE 18-20	INSEE 2021

The authoritative actuarial assumptions used to calculate the defined benefit obligation are the discount rate and the rate of salary increase. The sensitivity analyses presented below were carried out on the basis of the changes in the respective assumptions as of the end of the reporting period that are reasonably possible, with the other assumptions remaining unchanged in each case.

In the case of the obligations of CENIT CH of EUR 3,087 k (prior year: EUR 4,445 k), if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 3.3% (prior year: 3.1%) and increase by 3.6% (prior year: 3.4%) respectively. If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 0.3% (0.1%) or fall by 0.2% (prior year: 0.1%) respectively.

In the case of the obligations of KEONYS FR of EUR 850 k (prior year: EUR 812 k), if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 4.01% (prior year: 3.96%) and increase by 4.29% (prior year: 4.06%) respectively. If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 4.48% (4.13%) or fall by 4.23% (prior year: 4.07%) respectively.

20. Financial risk management objectives and policies

The Group's principal financial instruments comprise trade receivables, receivables from joint ventures as well as cash and cash equivalents, bank loans and trade payables. The main purpose of these financial instruments is to finance the Group's business activities and the Group's inorganic growth.

The Group assesses the concentration of risk for trade receivables and contract assets as low, as the customers are located in different countries, belong to different industries and operate on markets that are generally independent of each other. There are no significant differences between the carrying amount and fair value of receivables and liabilities due to their short term.

The Group is exposed to credit, counterparty and liquidity risks as well as interest and exchange rate fluctuations in the course of its operations. The Group's risk management system, which is presented in detail in the management report, also covers the financial risks.

20.1 Credit or counterparty risk

The Group obtains credit ratings from external agencies before accepting a new customer in order to assess the creditworthiness of prospective customers and define their credit limits.

Credit ratings for major new customers are made by Creditreform e.V. For new and existing customers, the credit risk is reduced among other things by issuing invoices for down payments. The payment behavior of existing customers is analyzed on a constant basis. In addition, the credit risk is controlled using limits for each contractual party, which are examined annually.

No credit rating is carried out for contracts won by our contractual partners, since this is already done at contractual partner level.

In addition, receivables balances are monitored by us on an ongoing basis, with the result that the Group's exposure to risk of default is not significant.

As we do not conclude any general netting agreements with our customers, the sum of the amounts reported under assets also represents the maximum credit risk. There are no identifiable concentrations of credit risk from business relationships with single debtors or groups of debtors. With respect to the other financial assets of the Group, such as cash, the Group's maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of these instruments.

Apart from customary retention of title, the Group does not have any collateral or other credit enhancement measures that would reduce this default risk.

20.2 Currency risk

The currency risk exposure mainly arises where receivables or liabilities exist or will be generated in the ordinary course of business in a currency other than the local currency of the Company.

In addition, there are currency risks from domestic bank balances denominated in USD. The resulting risks amount to EUR 42 k (prior year: EUR 84 k) with a total volume of USD 460 k (prior year: USD 895 k) and a change of +/- 10%. The risk from cash on hand is considered immaterial on the whole.

There are no other risks from foreign currencies.

20.3 Interest rate risk

The Group took out bank loans with floating interest rates in the reporting period. As a result, it is exposed to risk from changes in market interest rates. CENIT is countering this risk by using derivative financial instruments to hedge exposure to interest rates for the first time. As part of the refinancing and new financing in the reporting period, fix payer interest swaps with a nominal value of EUR 40,000 k were entered into with a fixed interest rate of 3.46% and a term of six years, in line with the hedged item. By using derivative financial instruments, 100% of the floating interest rate bank loans is secured. CENIT's hedging instruments and the bank loans are based on the same hedged risk, the interest rate change risk of the EURIBOR. The interest hedging instruments are recognized as cash flow hedges applying the rules accounting for hedging relationships pursuant to IFRS 9. There were no hedging relationships in the prior year.

The discount rate is a key assumption when determining the pension obligations. The impact of a change in the discount rate is presented in section F19.

The CENIT Group's policy is to manage its interest income using floating-rate investments. The Group uses financial instruments where necessary to achieve this goal.

20.3.1 Hedge accounting

The gains and losses from cash flow hedges developed as follows in the reporting period:

EUR k	2023
Net income (statement of comprehensive income) from fair value changes of hedging instruments within hedge accounting	**-1,163**
Recognized in other comprehensive income in the cash flow hedge reserve	-1,212
Reclassification from the cash flow hedge reserve to the income statement due to realization of the hedged item	49

Deferred tax assets of EUR 376 k were recognized on the changes in the cash flow hedge reserve reported in the table.

The gain or loss from changes in the fair value of hedging instruments within hedge accounting forms the basis for calculating hedge ineffectiveness. The ineffective portion of a cash flow hedge comprises the income and expenses from changes in the fair value of the hedging instrument that are not caused by changes to the hedged risk or that exceed changes in the fair value of the hedged item. The ineffectiveness within a hedging relationship is caused by differences in the key terms and conditions between the hedging instrument and the hedged item. There was no ineffectiveness in the 2023 reporting period.

20.3.1.1 Notes on the hedging transactions

in EUR k	Nominal volume	Financial liabilities	Fair value changes
Interest swaps to hedge against the interest rate risk	37,391	1,212	1,212

The change in fair value to calculate hedge ineffectiveness corresponds to the change in fair value of the designated components.

The remaining terms of the nominal amounts of the hedging instruments are as follows:

	Remaining term			Nominal volume in total
in EUR k	Less than one year	Between one and	More than five years	
Interest swaps to hedge against the interest rate risk	5,217	15,652	11,304	37,391

The terms of the hedging instruments correspond to the expected terms of the hedged items.

Measurement is carried out by banks based on market data on the measurement date and using generally accepted measurement models. Swap rates (REUTERS, 29 December 2023 5pm) are used to generate a zero rate curve using customary bootstrapping procedures.

20.3.1.2 Notes on the hedged items

The nominal amounts of the hedging instruments shown above correspond to the hedged nominal value components of the hedged items. This means that 100% of the financing volume is hedged in total and accounted for in accordance with the rules on hedge accounting.

20.3.1.3 Development of the cash flow hedge reserve

When accounting for cash flow hedges, the designated effective changes in the fair value of the hedging instruments must be recognized in other comprehensive income in the cash flow hedge reserve. Reclassification to the income statement takes place when hedging floating interest rate loans as soon as the hedged future interest payments have an effect on the income statement. The amounts are reported in the financial result. All further changes in the fair value of the designated and undesignated components are recognized in profit or loss as hedge ineffectiveness.

Development of the cash flow hedge reserve	2023
As of 1 January	**0**
Recognized in other comprehensive income in the cash flow hedge reserve	-1,163
Reclassification from the cash flow hedge reserve to the income statement due to realization of the hedged item	-49
As of 31 December	**-1,212**

20.3.1.4 Methods for monitoring hedge effectiveness

Hedge effectiveness is assessed using the critical terms match method. This method is based on a comparison of the key terms and conditions of the hedging instrument and the hedged item. By using the same amount and term for both helps in particular to ensure that the hedged item and hedging instrument are in balance and to avoid hedge ineffectiveness.

20.4 Liquidity risk

The Group needs sufficient liquidity to meet its financial obligations. Liquidity risks generally also arise from the possibility that customers may not be able to settle obligations to the Group under normal trading conditions. The Group manages liquidity risk by maintaining adequate reserves, credit lines from banks and by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. The credit rating of the Group allows sufficient cash to be procured. Moreover, the Group has lines of credit that have not yet been used.

The liability to banks of EUR 37,406 k reported in the statement of financial position is due within five years and six months. The quarterly repayments increase CENIT’s liquidity risk and are taken into account as part of CENIT’s liquidity planning.

The puttable instruments described in F4 for the acquisition of the remaining shares in ISR Information Products AG lead to a cash outflow as of the exercise date and are therefore taken into account in CENIT’s liquidity planning.

20.5 Capital management

The primary objective of the Group’s capital management is to ensure that it can demonstrate a strong credit rating and a high equity ratio in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group can adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and processes as of 31 December 2023 and 31 December 2022.

The Group monitors its capital in relation to total assets.

in EUR k	31 Dec. 2023	31 Dec. 2022
Total assets	153,615	127,037
Equity	45,003	44,783
Equity as a percentage of total assets (%)	29.3	35.3

21. Liabilities to banks

To finance inorganic growth, the Group took out a loan of EUR 40,000 k in the reporting period (prior year: EUR 23,000 k). The loan is valued at EUR 37,406 k as of the end of the reporting period (prior year: EUR 21,350 k) and has a remaining term of five years and six months. This capital was used to repay the bridging loan from the prior year and to finance the acquisitions in 2023. The borrowing rate for this financing is calculated based on the 3-month EURIBOR, which is at least 0%, plus a mark-up. To hedge against interest rate risks, interest hedging instruments of the same amount and with identical terms were entered into. Guarantee declarations were submitted by individual group companies for this loan.

22. Financial instruments

The table below shows the carrying amounts and fair values of all of the Group's financial instruments included in the consolidated financial statements.

in EUR k	Classifi-cation	Carrying amount 2023	Carrying amount 2022	Fair value 2023	Fair value 2022
Financial assets					
Non-current other financial assets	FVTPL	8,216	8,841	8,216	8,841
Non-current other financial assets	AC	0	1,147	0	1,147
Cash and cash equivalents	AC	24,341	19,914	24,341	19,914
Receivables		41,168	30,348	41,168	30,348
thereof:					
• Trade receivables	AC	35,428	26,032	35,428	26,032
• Receivables from investees	AC	4,307	3,891	4,307	3,891
• Other receivables		1,433	425	1,433	425
Contract assets	AC	1,029	1,639	1,029	1,639
Current other financial assets	AC	13,789	10,781	13,789	10,781
		88,543	72,670	88,543	72,670
Financial liabilities					
• Liabilities to banks	AC	37,409	21,353	37,409	21,352
• Trade payables	AC	13,201	11,163	13,201	11,163
• Liabilities to investments recognized at equity	AC	27	26	27	26
• Derivatives with a negative market value	FVOCI	1,212	0	1,212	0
• Other non-current financial liabilities	FVTPL	1,767	1,660	1,767	1,660
• Non-current and current lease liabilities	AC	11,109	11,493	11,109	11,493
• Other liabilities					
• Outstanding purchase invoices	AC	1,408	1,298	1,408	1,298
Contract liabilities	AC	21,891	18,469	21,891	18,469
		88,024	65,461	88,024	65,461

The fair value of the financial assets and financial liabilities corresponds to their carrying amount at amortized cost because, with the exception of lease liabilities, they are current assets and liabilities only. With reference to IFRS 7.29 (d), the fair values of the lease liabilities are not disclosed. The fair value of non-current financial assets and liabilities measured at fair value results from the observable prices on the market or from unobservable inputs of the valuation technique used as Level 3 in the fair value hierarchy. The valuation technique used is described in section F4.

G Statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the CENIT Group changed during the course of the reporting period and the prior year as a result of cash inflows and outflows. Cash flows were broken down into cash flow from operating, investing and financing activities in accordance with IAS 7. The amounts reported from foreign entities are generally translated at the annual average rates. However, as in the statement of financial position, liquidity is reported at the closing rate. The effects of exchange rate changes on cash are shown separately if they are material.

The cash flow from investing activities and financing activities is determined directly on the basis of payments made or received. The cash flow from operating activities, on the other hand, is derived indirectly from the Group's net income or loss for the year. When performing the indirect calculation, changes in items in the statement of financial position considered in connection with operating activities are adjusted for effects from currency translation and changes in the basis of consolidation. There are therefore differences compared to changes in the relevant items in the consolidated statement of financial position.

Investments in property, plant and equipment and intangible fixed assets and financial assets are included in the cash outflow from investing activities.

Only assets that can be readily converted into cash without significant deductions and that are subject to minor fluctuations in value are included in cash and cash equivalents.

Cash and cash equivalents include all cash and cash equivalents reported in the statement of financial position (F10) provided they have an original maturity of less than three months, as well as overdrafts repayable on demand.

The cash paid for the purchase of shares in fully consolidated entities (net cash outflow) of EUR 7,984 k (prior year: EUR 27,927 k), which is reported in the cash flow from investing activities, stems from the acquisition of mip, PII and ABC. The purchase prices were EUR 11,692 k plus incidental acquisition costs of EUR 519 k, of which EUR 10,944 k already affected cash. Net of cash and cash equivalents acquired amounting to EUR 2,960 k, this results in a cash outflow of EUR 7,984 k.

Reconciliation of the movements in liabilities to cash flows from financing activities

in EUR k	Lease liability 2023	Lease liability 2022
Balance as of 1 January	**11,493**	**10,621**
Change in cash flows from financing activities		
Cash paid for lease liabilities	-4,156	-3,605
Overall change in cash flows from financing activities	**-4,156**	**-3,605**
Increase in obligation from new leases	2,719	1,366
Change in existing leases	-11	22
Change to basis of consolidation	837	2,911
Interest expense	227	178
Total non-cash other changes	**3,772**	**4,477**
Balance as of 31 December	**11,109**	**11,493**

H Segment reporting

Pursuant to IFRS 8, business segments must be demarcated based on the internal reporting from group divisions that are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Group is organized into business units based on its products and services, and has two reportable operating segments as follows:

- EIM (Enterprise Information Management)
- PLM (Product Lifecycle Management)

The presentation is based on internal reporting.

The PLM (Product Lifecycle Management) segment focuses on industrial customers and the corresponding technologies. Its industry focus is on the automotive, aerospace, mechanical engineering and shipbuilding industries. Special emphasis is placed on products and services in product lifecycle management, such as CATIA from Dassault Systèmes or SAP, and internally developed software such as cenitCONNECT and FASTSUITE. The Enterprise Information Management (EIM) segment focuses on the customer segment of trade and commerce, banks, insurance firms and utilities. The focus here is on products of the strategic software partner IBM and internally developed software and consultancy services in the fields of document management and business intelligence.

SEGMENT REPORTING					
in EUR k		EIM	PLM	Reconciliation	Group
External revenue	2023	40,399	144,321	0	184,720
	2022	27,622	134,529	0	162,152
EBIT	2023	3,741	5,477	0	9,218
	2022	2,728	3,577	0	6,305
Other interest result and financial result	2023	0	0	-2,413	-2,413
	2022	0	0	-2,899	-2,899
Income taxes	2023	0	0	-1,882	-1,882
	2022	0	0	-2,595	-2,595
Net income of the Group for the year	2023	3,741	5,543	-4,295	4,989
	2022	2,728	3,577	304	6,609
Segment assets	2023	56,873	68,050	28,692	153,615
	2022	49,852	54,032	23,153	127,037
Segment liabilities	2023	23,047	41,502	44,063	108,612
	2022	19,565	35,844	26,845	82,254
Investments in property, plant and equipment and intangible assets	2023	1,616	2,485	0	4,101
	2022	771	1,856	0	2,627
Amortization and depreciation	2023	3,264	3,926	0	7,190
	2022	1,965	3,667	0	5,632

EIM = Enterprise Information Management; PLM = Product Lifecycle Management

In the segmentation by business unit and by region, those financial assets and tax reimbursement rights as well as current and deferred income tax liabilities and other liabilities are disclosed in the "Reconciliation" column for segment assets and segment liabilities respectively that could not be attributed to the respective business units.

The segmentation by region is based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the respective group company of the individual segment.

The reconciliation of segment assets breaks down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Deferred tax assets	788	1,017
Current tax receivables	3,563	2,222
Cash and cash equivalents	24,341	19,914
Total	**28,692**	**23,153**

The reconciliation of segment liabilities breaks down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Deferred tax liabilities	3,264	2,830
VAT liabilities	2,207	2,107
Current income tax liabilities	1,183	558
Liabilities to banks	37,409	21,350
Total	**44,063**	**26,845**

The segmentation by region is shown below:

in EUR k		Germany/ Austria	Switzerland	North America	Romania	France	Belgium	Netherlands	Japan	China	Reconciliation	Consoli- dation	Group
External revenue	2023	119,531	6,961	6,636	4,322	39,927	3,797	3,202	0	344	0	0	184,720
	2022	98,869	7,642	7,155	2,641	37,744	3,817	2,806	1,217	261	0	0	162,152
Non-current segment assets	2023	81,655	47	327	544	4,527	82	101	0	33	788	-18,449	69,655
	2022	66,617	44	409	538	5,127	136	132	67	24	1,017	-12,050	62,061

The reconciliation of non-current segment assets breaks down as follows:

in EUR k	31 Dec. 2023	31 Dec. 2022
Deferred tax assets	788	1,017

I Other notes

1. Leases

CENIT leases office space and vehicles. The term of the leases is typically three years for vehicles and generally five to ten years for office space, with the option of extending the leases after this period. Some leases provide for additional lease payments based on changes in local price indices. CENIT has not sublet any property. The weighted average interest rate is 1.06% for property (prior year: 0.91%) and 3.75% for vehicles (prior year: 3.64%).

In addition, CENIT leases some IT equipment with contractual terms of between one and three years. These leases are either short term or (/and) they are for low-value assets. The Group has decided not to recognize right-of-use assets or lease liabilities for those leases. Information on leases where the Group is a lessee is provided below.

The Group had expenses from short-term leases of EUR 161 k in the reporting period (prior year: EUR 172 k) and expenses from leases of low-value assets of EUR 25 k (prior year: EUR 30 k).

in EUR k	Buildings	Vehicles	Total
As of 1 January 2022	**9,246**	**1,241**	**10,487**
Depreciation amount in the reporting year	2,518	948	3,466
Additions to right-of-use assets	709	656	1,365
Additions to changes in the basis of consolidation	2,544	367	2,911
Exchange differences	28	0	28
As of 31 December 2022 / 1 January 2023	**10,009**	**1,316**	**11,325**
Depreciation amount in the reporting year	2,823	1,146	3,969
Additions to right-of-use assets	1,213	1,506	2,719
Change to basis of consolidation	548	289	837
Exchange differences	-11	0	-11
As of 31 December 2023	**8,936**	**1,965**	**10,901**

The right-of-use assets from leases are reported in property, plant and equipment under land and buildings (building) and furniture and fixtures (vehicles).

2. Related party disclosures

Balances and transactions between CENIT and its subsidiaries that are related parties were eliminated as part of consolidation and are not explained in the notes.

Related parties of the CENIT Group within the meaning of IAS 24 thus only concern the members of the Management Board and Supervisory Board, their dependents, joint ventures as well as significant shareholders, including entities they control.

No transactions with related parties were conducted in the reporting period or the prior year. Otherwise, CENIT recorded sales with joint ventures amounting to EUR 9,396 k (prior year: EUR 7,908 k).

As of the end of the reporting period, there were no liabilities to related parties (prior year: EUR 0 k). The receivables from and liabilities to investments recognized at equity are reported separately in the statement of financial position.

The Company's Management Board members were:

- Peter Schneck, Stuttgart, spokesperson for the Management Board of CENIT AG, Responsible for: operations, investor relations and marketing.
- Axelle Mazé, Garche, France, member of the Management Board of CENIT AG until 31 December 2023, stepped down with effect as of 31 October 2023. Responsible for: finance, organization and personnel.

The Company's Supervisory Board members were:

- Rainer-Christian Koppitz (CEO), Munich, chair since 20 May 2021
- Prof. Dr. rer. pol. Isabell M. Welpe (university professor), Munich, deputy chair until 17 May 2023
- Dipl.-Ing. Ricardo Malta (Service Manager CENIT Aktiengesellschaft, Stuttgart), Munich, employee representative, until 17 May 2023
- Regina Weinmann (Partner at PRIMEPULSE SE), Munich, deputy chair since 17 May 2023.
- Laura Schmidt (Global Director Professional Services SAP at CENIT Aktiengesellschaft), Eppingen, employee representative, since 17 May 2023.

Mr. Rainer-Christian Koppitz was CEO of the KATEK SE Group (until 29 February 2024) and is chair of the supervisory board of NFON AG and a member of the supervisory board of i-pointing Ltd. and Gigaset AG.

Prof. Dr. rer. pol. Isabell M. Welpe is a member of the supervisory board of Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft and a member of the supervisory board of CANCOM SE.

All other members of the Supervisory Board did not belong to any other supervisory boards or control bodies during the reporting year.

Pursuant to the articles of incorporation and bylaws, the Supervisory Board receives fixed compensation. Each member of the Supervisory Board receives a fixed amount payable after the end of the reporting period. This compensation amounted to EUR 20 k until 31 May 2023. The chair of the Supervisory Board received twice that amount, while the deputy chair received one and a half times that amount. Since 1 June 2023, each member of the Supervisory Board receives basic compensation of EUR 30 k. The chair receives four times that amount, while the deputy chair receives twice that amount.

The expense for the remuneration of the active members of the Management Board and Supervisory Board recognized in profit or loss breaks down as follows:

in EUR k	2023	2022
Management Board remuneration		
Fixed	666	470
Fringe benefits	21	27
Performance-based	362	291
Total short-term benefits	1,049	788
Long-term incentive	247	0
Total long-term benefits	247	0
Total remuneration of the Management Board	**1,296**	**788**
Supervisory Board compensation	160	90
Total compensation of the Supervisory Board	**160**	**90**
Total	**1,456**	**878**

Total compensation of the Supervisory Board solely includes short-term benefits.

Disclosures on the remuneration of the Management Board and the Supervisory Board of CENIT AG are presented individually in the remuneration report, which is published separately.

Total remuneration of the active Management Board members for the performance of their tasks at the parent company and subsidiaries in accordance with Sec. 314 (1) No. 6a HGB amounts to EUR 1,296 k in the reporting period (prior year: EUR 788 k). Of this figure, EUR 687 k (prior year: EUR 497 k) relates to fixed components while EUR 362 k (prior year: EUR 291 k) relates to short-term and performance-based components. The Management Board was granted 14,965 performance shares as part of the long-term remuneration programme. The fair value of the performance stock programme amounted to EUR 247 k as at the reporting date. Of the total remuneration, EUR 389 k is still outstanding as of the end of the reporting period, because those amounts depend on the earnings in the reporting period respectively future financial year results and EUR 220 k due to the condition precedent that the annual financial statements are ratified. In the 2023 reporting period, total remuneration does not contain any remuneration in accordance with Sec. 314 (1) No. 6a HGB to former Management Board members (prior year: EUR 812 k plus EUR 190 k due to the contract ending).

The D&O insurance was continued in 2023 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 98 k (prior year: EUR 99 k) were borne by the Company.

The Management Board held 25,788 shares as of the end of the reporting period (0.31%). The Supervisory Board members held 13,000 shares (0.16%).

3. Notifications pursuant to Sec. 21, 22, 25 WpHG

In a letter dated 22 December 2023, LBBW Asset Management Investmentgesellschaft mbH announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%: Pursuant to Sec. 40 (1) WpHG, we inform you that the share of voting rights of LBBW Asset Management Investmentgesellschaft mbH in CENIT AG, Industriestraße, 70565 Stuttgart, Germany, exceeded the threshold of 5% on 22 December 2023 and, at 427,000 shares, amounted to 5.10% on that date in relation to the total amount of voting rights (8,367,758). 0.65% (54,000 voting rights) are directly allocable to us pursuant to Sec. 33 WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]. Voting rights pursuant to Sec. 34 WpHG are allocated to us by the following shareholders, whose voting rights in CENIT AG amount to 3% or more: Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte (4.46%, 373,000 voting rights).

In a letter dated 29 October 2015, MainFirst SICAV, Senningerberg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%: MainFirst SICAV, Senningerberg, Luxembourg, informed us on 29 October 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5% of voting rights on 28 October 2015 and amounted to 5.05% on that date (corresponding to 422,792 voting rights).

During the 2021 reporting period, several notices pursuant to Sec. 40 (1) WpHG were received from PRIMEPULSE SE. The last notice is dated 11 August 2021 and is as follows: PRIMEPULSE SE, Munich, Germany, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 20% on 10 August 2021 and amounted to 25.01% on that date (corresponding to 2,092,950 voting rights).

During the 2022 reporting period, several notices pursuant to Sec. 40 (1) WpHG were received from Allianz Global Investors GmbH. The last notice was dated 25 May 2022 and was as follows: Allianz Global Investors GmbH, Frankfurt am Main, Germany, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 24 May 2022 and amounted to 2.87% on that date (corresponding to 240,000 voting rights).

In a letter dated 5 August 2022, Otus Capital Management Ltd., London, UK, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% on 3 August 2022 and amounted to 3.20% on that date (corresponding to 267,929 voting rights).

4. Group auditor’s fees

in EUR k	2023	2022
Audit fees (annual financial statements and consolidated financial statements)	186	151
thereof relating to other periods: EUR 9 k (prior year: EUR 0 k)		
Total	**186**	**151**

5. Events after the reporting period

With effect as of 1 January 2024, the CENIT Supervisory Board appointed Axel Otto to the Management Board of CENIT AG. Axel Otto thus takes over from Axelle Mazé, who stepped down from the Management Board as of 31 December 2023. He takes responsibility for Finance/Controlling, IT and Personnel.

With effect as of 1 January 2024, CENIT acquired 100% of the shares in CCE b:digital GmbH & Co. KG. CCE b:digital GmbH & Co. KG has positioned itself as an expert provider of digital solutions and services for engineering and manufacturing, with a particular focus on the Dassault Systèmes portfolio. The acquisition of CCE b:digital GmbH & Co. KG allows CENIT to grow its market share as a specialist for innovative 3DEXPERIENCE solutions in Germany further and enhances its position as one of the world's leading strategic Platinum Partners to Dassault Systèmes. The purchase price comprises the fixed basic purchase price as well as a variable component, which is based on earnings in the 2024 and 2025 reporting periods. A preliminary basic purchase price of EUR 1,800 k was paid as of the date of reporting. Payment of the final basic purchase price as well as the valuation of the variable components will take place after the Company's annual financial statements for 2023 have been presented. These are not yet available as of the date of reporting. It is not possible to make a reliable estimate of the fair values of the identifiable assets and liabilities of CCE b:digital GmbH & Co. KG as of the acquisition date or of the corresponding carrying amounts directly before the acquisition date. CENIT expects that CCE b:digital GmbH & Co. KG will contribute EUR 5,700 k to revenue and EUR 490 k, before amortization from the recognition of intangible assets in connection with the acquisition, to the Group's EBIT in 2024.

6. Declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code

The Management Board and Supervisory Board of the Company have issued the declaration for 2023 required by Sec. 161 AktG and made it available on the Company's homepage (http://www.cenit.com/en_EN/investors/corporate-governance.html).

Stuttgart, 3 April 2024

CENIT Aktiengesellschaft
The Management Board

Peter Schneck	Axel Otto
Spokesperson, Management Board	Member, Management Board

Independent auditor's report

To CENIT AG, Stuttgart

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of CENIT AG, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the annual period from 1 January 2023 to 31 December 2023 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of CENIT AG, Stuttgart, for the annual period from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the sections 1.7 b) "Personnel policy", "Remuneration system – profit sharing", 6.1 "Key characteristics of the internal control and risk management system", 6.8 "Quality assurance and information security", 6.9 "Statement on the appropriateness and effectiveness of the internal control and risk management system" in the combined management report or the corporate governance statement prescribed by Sec. 289f HGB and/or Sec. 315d HGB or the non-financial group statement prescribed by Sec. 315b HGB, referred to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the annual period from 1 January 2023 to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the aforementioned components of the combined management report for which we have not audited the content.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the annual period from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have presented the key audit matters from our perspective below.

❶ Revenue recognition

❷ Recoverability of goodwill

We have structured our presentation of the key audit matters as follows:

① Risk for the consolidated financial statements
② Audit approach
③ Related disclosures

❶ Revenue recognition

① Risk for the consolidated financial statements

The Group reports revenue of EUR 184.7 million for the annual period from 1 January 2023 to 31 December 2023.

The Group primarily generates revenue from the licensing of software (proprietary and third-party software), software updates, the provision of IT services as well as the provision of consulting services for the planning, implementation and optimization of business and IT processes.

Due to the large number of product types and the complexity of the rules around revenue recognition, there is a risk for the consolidated financial statements that revenue is recognized without having provided the actual service. There is also a risk that revenue is not recognized in the correct period. As a result, this matter was a key audit matter as part of our audit.

② Audit approach

To audit revenue recognition, we assessed the design, implementation and effectiveness of the internal controls in terms of revenue recording and cut-off based on our understanding of the process. We also considered the IT systems environment relevant for financial reporting purposes in this context.

We assessed the recognition of revenue for all main product types, i.e. from licensing of software (proprietary software and third-party software), software updates, the provision of IT services as well as the provision of consulting services for the planning, implementation and optimization of business and IT processes by comparing the invoices with the corresponding orders, signed offers and proof of performance using spot checks. We used revenue in the 2023 reporting period as a base, which was selected using an actuarial method.

We assessed the timing of revenue recognition for revenue from licensing of software, the provision of IT services as well as the provision of consulting services by comparing the invoices with the corresponding orders, signed offers and proof of performance using spot checks. We used revenue in December 2023 and January 2024 as a base, which was selected randomly.

To substantiate the existence of the revenue as of the reporting date, we obtained balance confirmations selected using an actuarial method for the trade receivables not yet settled as of the end of the reporting period. For outstanding replies from the balance confirmation work, we carried out alternative audit procedures by reconciling revenue among other things with the underlying orders, invoices and proof of performance (e.g. delivery notes, acceptance records or proof of hours) as well as the payments received.

Our audit procedures did not lead to any objections in relation to the accounting for revenue.

③ Related disclosures

The disclosures by the Group on accounting for revenue are contained in 20. “Revenue” and 23. “Significant accounting judgments, assumptions and estimates” in section D “Accounting policies”, in 1. “Revenue” in section E “Income statement”, and in 18.“Contract liabilities” in section F “Statement of financial position” in the notes to the consolidated financial statements.

❷ Recoverability of goodwill

① Risk for the consolidated financial statements

Goodwill of EUR 34.2 million is reported in the ‘Intangible assets’ item in the consolidated financial statements as of 31 December 2023. This represents a share of 22.3% of total assets. The goodwill is allocated to cash-generating units.

The cash-generating units are subject to an impairment test at least once a year or as the need arises. This involves comparing the carrying amounts of the cash-generating units with their respective recoverable amount. The recoverable amount is determined by calculating the value in use of the respective cash-generating units using the discounted cash flow method. The cash flow projections for the cash-generating units are based on the enterprise planning prepared by the Management Board and approved by the Supervisory Board. The planning covers a period of one year and is then rolled forward using medium-term assumptions over the next four years and long-term growth rates (terminal value). Expectations around future market developments are also included. Cash flows are discounted using the weighted average cost of capital of the respective cash-generating unit as calculated by an independent expert. Based on the Company’s calculations and the further documentation, there was no need for the Company to record any write-downs for the 2023 reporting period.

The findings from this assessment are highly dependent on the estimate of future cash flows and of the growth rates by the Management Board and on the discount rate used. They are thus subject to considerable estimation uncertainties. Consequently, there is a risk that the goodwill is not recoverable at the amount reported. In view of these facts and due to the significance of the goodwill for the presentation of the assets and liabilities and financial performance in the consolidated financial statements of CENIT AG, this matter was a key audit matter as part of our audit.

② Audit approach

To audit the impairment tests of goodwill, we assessed the design of the internal controls based on our understanding of the process.

We assessed the competency, ability and objectivity of the independent expert engaged by the executive directors to derive the weighted average cost of capital.

To assess the quality and reliability of the enterprise planning, we compared the planning for the prior reporting period with the actual results and analyzed any variances (planning reliability) in cases where the prior-year planning was available. We discussed the assumptions and premises underlying the planning with those responsible and tested these for plausibility. To do this, we reconciled the assumptions made with the macroeconomic and sector-specific market expectations, among other things. We also examined whether future net cash flows were derived appropriately from the assumptions and premises.

We involved an internal valuation specialist to verify the valuation methods used. In the knowledge that even small changes in the discount rate used can have material effects on the amount of the business value calculated, we examined the parameters used to determine the discount rate in each case, including the weighted cost of capital, and checked whether these were within the customary market range.

We checked whether the future cash flows underlying the valuations and taken together with the cost of capital used provide an appropriate basis for valuation overall.

We checked the clerical accuracy of the calculation method used to determine the values in use.

Our audit procedures did not lead to any objections in relation to the recoverability of goodwill.

③ Related disclosures

The disclosures by the Group on goodwill and its recoverability are contained in 1. “Consolidation principles and basis of consolidation” and 2. “Business combinations and goodwill” in section C “Consolidation principles”, in 2. “Purchased intangible assets with indefinite useful lives (goodwill)” and in 23. “Significant accounting judgments, assumptions and estimates” in section D “Accounting policies”, and in 1.“Intangible assets” in section F “Statement of financial position” in the notes to the consolidated financial statements.

Other information

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises:

- the corporate governance statement prescribed by Sec. 289f HGB and/or Sec. 315d HGB referred to in the combined management report,
- the separate non-financial statement prescribed by Sec. 315b HGB referred to in the combined management report, which is expected to be provided to us after the date of this auditor’s report,
- the sections 1.7 b) “Personnel policy”, “Remuneration system – profit sharing”, 6.1 “Key characteristics of the internal control and risk management system”, 6.8 “Quality assurance and information security” and 6.9 “Statement on the appropriateness and effectiveness of the internal control and risk management system” in the combined management report,
- the assurances by the executive directors prescribed by Sec. 297 (2) Sentence 4 HGB and Sec. 315 (1) Sentence 5 HGB on the consolidated financial statements and the combined management report,
- the report of the Supervisory Board and
- the other parts of the ‘annual report’,
- but not the consolidated financial statements, the combined management report disclosures for which we have audited the content or our corresponding auditor’s report.

The Supervisory Board is responsible for the report of the Supervisory Board. The declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code, which is part of the Group’s corporate governance statement, is the responsibility of the executive directors and of the Supervisory Board. Otherwise the executive directors are responsible for other information.

Our opinions on the consolidated financial statements and on the combined management report do not cover other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report disclosures for which we have audited the content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If we conclude, based on the work carried out by us on the other information obtained before the date of this auditor's report, that this other information is materially misstated, we are obliged to report this fact. We do not have anything to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal controls as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraudulent acts (i.e. manipulation of the financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibility for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraudulent acts or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraudulent acts or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than for one resulting from error, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related actions or safeguards taken to eliminate risks to independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance report in accordance with Sec. 317 (3a) HGB of the electronic rendering of the consolidated financial statements and the combined management report prepared for disclosure purposes

Opinion

We have performed an assurance engagement in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report contained in the file „391200KYFPOLFJNEWL98-2023-12-31-de.zip“ (SHA256: 00c195c644a9cde37e7f019a41b184f2eeb371b535b05eb57218b0cb083ac3dc) and prepared for disclosure purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the above-mentioned file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this rendering nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the annual period from 1 January 2023 to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above.

Basis for the opinion

We conducted our assessment of the rendering of the consolidated financial statements and the combined management report contained in the above-mentioned file in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance in accordance with Sec. 317 (3a) HGB on the Electronic Rendering of Financial Statements and Management Reports Prepared for Disclosure Purposes (IDW AsS 410 (06.2022)). Our responsibility is described in more detail in the section "Responsibility of the auditor for the audit of the ESEF documents". Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraudulent acts or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraudulent acts or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraudulent acts or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) provides an appropriate and complete machine-readable XBRL copy of the XHTML rendering in accordance with Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815 as amended as of the end of the reporting period.

Further information pursuant to Art. 10 of the EU audit regulation

We were elected as group auditor by the Annual General Meeting of Shareholders on 17 May 2023. We were engaged by the Supervisory Board on 27 October 2023. We have been the group auditor of CENIT AG, Stuttgart, without interruption since the 2022 reporting period.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor’s report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the company register – are merely electronic renderings of the audited consolidated financial statements and the combined audited management report and do not take their place. In particular the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marcel Hohbein.

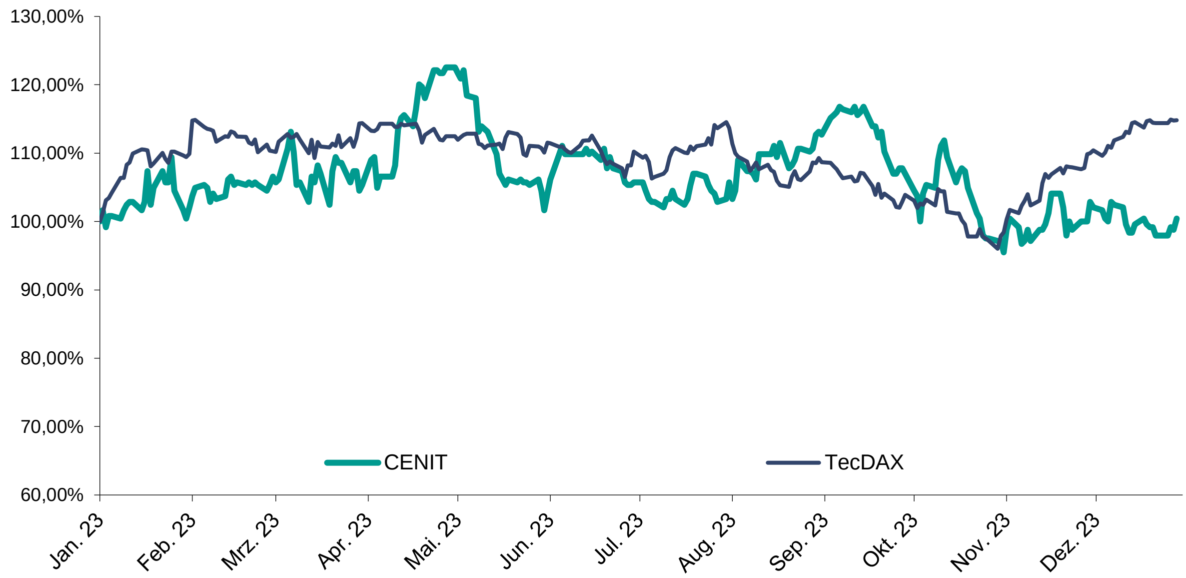
Düsseldorf, 3 April 2024
Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Marcel Hohbein
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

CENIT on the capital market

In 2023, the performance of the financial markets was characterised by a large number of influencing factors. These included important economic and inflation data, interest rate hikes by leading central banks around the world, the ongoing war in Ukraine and the escalation of the conflict in Israel. Despite the numerous challenges, the financial markets performed surprisingly well. For example, the DAX rose by 20.3% and the TecDAX by 14.3%.

Development of the CENIT share price in 2023



Source: Hauck & Aufhäuser

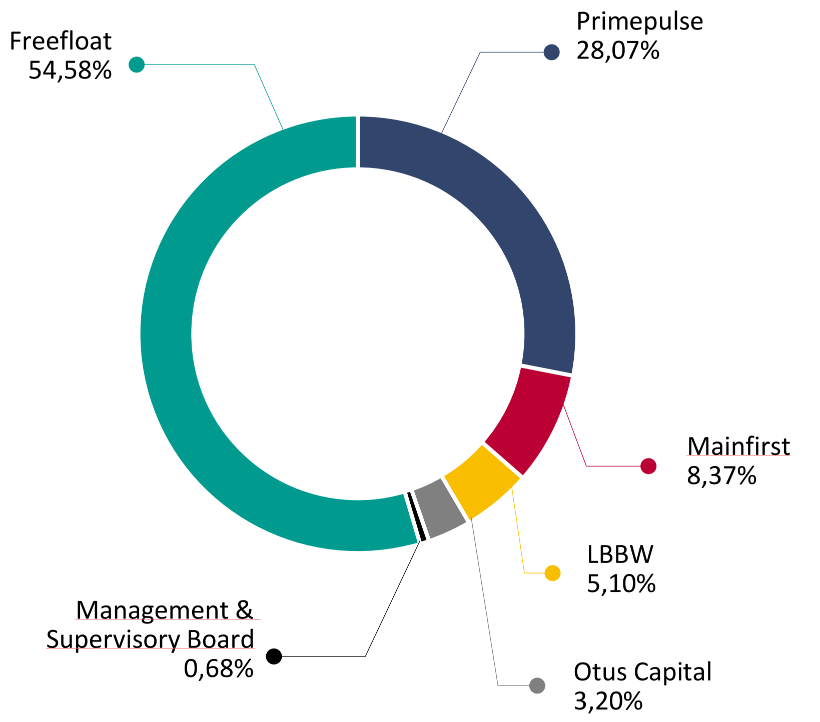
The CENIT share started the stock market year 2023 at a price of € 12.30 and closed the year at € 12.25. The average trading volume on all German stock exchanges over the past 52 weeks was 2,610 shares per day. The average share price for 2023 was € 12.23. The annual high of the CENIT share was € 15.00 and the annual low was € 11.35.

A total of around 695,894 shares were traded (XETRA). Data on the shareholder structure can only be approximated due to the high free float, resulting in the following overview of the size and composition of the shareholder base. The CENIT share is listed in the Prime Standard of the German Stock Exchange and fulfils the applicable international transparency requirements.

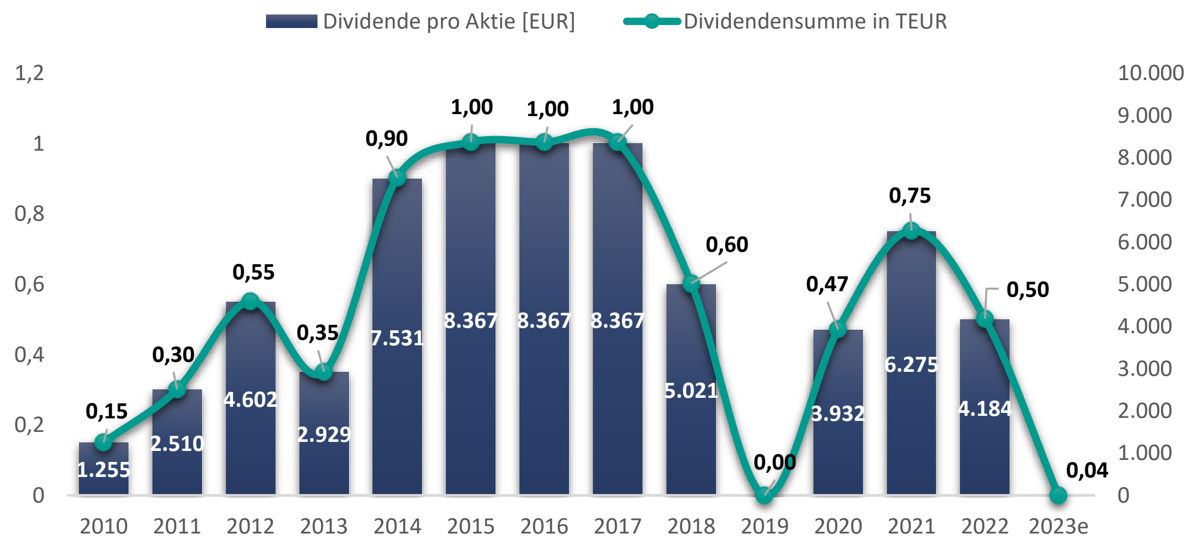
Analyst recommendations

Momentan erscheinen aus fünf Banken- und Analystenhäusern Studien über CENIT. Es handelt sich hierbei um Empfehlungen von der Warburg Research GmbH, Hamburg, der GBC AG, Augsburg, der Stifel Europe Bank AG, Frankfurt, Hauck & Aufhäuser, Hamburg sowie der Montega AG, Hamburg. Die jeweils aktuellen Analystenempfehlungen finden Sie auf unserer Webseite www.cenit.com/investoren.

Shareholder structure



Dividend



Based on the financing strategy with regard to future company acquisitions, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on 6 June 2024 that a dividend of 0.04 be distributed.

The background to this is the company's future capital requirements to pursue its growth and acquisition strategy. In the medium term, subject to the financial strategy aimed at maintaining a sustainable credit rating, the Executive Board is aiming for a distribution of 50% of net profit in line with the previous dividend policy.

In dialogue with the capital market

Continuous and open capital market communication is very important to us in order to increase the company's value in the long term. In 2023, we took part in seven capital market conferences and held over 100 meetings with institutional investors, press representatives and rating agencies.

For all interested investors, we also offer virtual earnings calls every quarter in which the management presents the current business situation and the respective quarterly results and is available to answer questions. We provide the latest IR presentation and the recording of the earnings call on our website www.cenit.com/investoren.

CENIT as a sustainable investment

The constant dynamism of the industry requires future-oriented strategies and increases the need for digitalisation. Companies are faced with the challenge of organising their processes more efficiently in order to remain competitive and meet increasing market and customer requirements.

Over 35 years of experience in the areas of Product Lifecycle Management (PLM) and Enterprise Information Management (EIM) make CENIT a competent and reliable partner. As a one-stop provider for sustainable digitalisation, we understand the complex requirements of industry and offer expertise and customised solutions to prepare our customers for a digital future.

As a group of companies, we build on sustainable profitable growth, organically and inorganically. With a targeted buy-and-build acquisition strategy, we integrate two to three companies per year into the CENIT Group. We concentrate on companies with an EBIT margin of over 10 per cent. We are also pursuing the goal of diversifying our business model. This enables us to continuously expand our expertise and tap into relevant new markets.

With 60 per cent recurring income, CENIT is a sustainable investment. In addition, we have a dividend policy that provides for a distribution of 50 per cent of the balance sheet profit of CENIT AG.

Responsibility Statement in the Annual Financial Report

(Group Financial Report)

Responsibility statements pursuant to Section 297 (2) sentence 4 HGB and Section 315 (1) sentence 5 HGB on the consolidated financial statements and the combined management report:

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Group financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group."

The Management Board

Peter Schneck Spokesman, Management Board	Axel Otto Member, Management Board

AG FINANCIAL STATEMENTS

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET

		31 Dec. 2023	31 Dec. 2022
ASSETS	EUR	EUR	EUR
A. FIXED ASSETS			
I. Intangible assets			
Franchises, industrial and similar rights and assets and licenses in such rights and assets		**293,518.93**	**325,666.43**
II. Property, plant and equipment			
1. Land and buildings, including buildings on third-party land	6,221.99		385,959.22
2. Plant and machinery	671,019.60		325,724.62
3. Other equipment, furniture and fixtures	53,946.15		68,990.19
		731,187.74	**780,674.03**
III. Financial assets			
1. Shares in affiliates	53,040,791.72		39,004,816.75
2. Equity investments	2,802,757.89		2,802,757.89
3. Loans to affiliates	273,000.00		429,000.00
		56,116,549.61	**42,236,574.64**
B. CURRENT ASSETS			
I. Inventories			
1. Work in process	438,332.67		279,014.13
2. Payments on account	69,014.61		70,178.78
		507,347.28	**349,192.91**
II. Receivables and other assets			
1. Trade receivables	10,820,857.49		9,672,138.18
2. Receivables from affiliates	1,050,838.78		1,471,050.85
3. Receivables from other investees and investors	4,271,172.79		3,857,782.50
4. Other assets	5,146,217.03		3,705,637.60
		21,289,086.09	**18,706,609.13**
III. Cash on hand, bank balances		**6,093,371.34**	**6,920,446.05**
C. PREPAID EXPENSES			
		5,759,342.71	**6,068,818.06**
		90,790,403.70	**75,387,981.25**

CENIT Aktiengesellschaft, Stuttgart BALANCE SHEET			
		31 Dec. 2023	**31 Dec. 2022**
EQUITY AND LIABILITIES	EUR	EUR	EUR
A. EQUITY			
I. Subscribed capital		8,367,758.00	8,367,758.00
II. Capital reserves		1,058,017.90	1,058,017.90
III. Revenue reserves			
1. Legal reserve		418,387.90	418,387.90
2. Other revenue reserves		13,870,955.48	13,870,955.48
IV. Net retained profit		7,014,781.41	8,915,353.54
		30,729,900.69	**32,630,472.82**
B. PROVISIONS			
1. Tax provisions	381,967.00		345,967.00
2. Other provisions	5,286,583.10		5,173,983.65
		5,668,550.10	**5,519,950.65**
C. LIABILITIES			
1. Liabilities to banks	37,391,304.36		21,350,000.00
2. Payments received on account of orders	2,145,888.38		382,040.53
3. Trade payables	3,328,720.52		5,194,931.95
4. Liabilities to affiliates	864,384.30		662,171.10
5. Liabilities to other investees and investors	27,474.53		26,092.51
6. Other liabilities	4,802,407.08		3,162,741.26
thereof for social security: EUR 0.00 (prior year: EUR 10,687.25)			
thereof for taxes: EUR 1,023,114.16 (prior year: EUR 631,923.68)			
		48,560,179.17	**30,777,977.35**
D. DEFERRED INCOME			
		5,831,773.74	**6,459,580.43**
		90,790,403.70	**75,387,981.25**

CENIT Aktiengesellschaft, Stuttgart
INCOME STATEMENT

			2023	2022
		EUR	EUR	EUR
1.	Revenue	96,503,842.52		95,094,909.34
2.	Increase in inventories of work in process (prior year: decrease)	159,318.54		-113,102.91
3.	Other operating income	2,134,248.29		879,850.96
	thereof income from currency translation: EUR 87,398.92 (prior year: EUR 95,486.85)			
	Total operating performance		**98,797,409.35**	**95,861,657.39**
4.	Cost of materials			
a.	Cost of raw materials, consumables and supplies and of purchased merchandise	37,413,209.78		36,200,870.59
b.	Cost of purchased services	10,084,822.75		6,040,600.48
			47,498,032.53	42,241,471.07
5.	Personnel expenses			
a.	Salaries	30,393,051.42		32,299,079.78
b.	Social security and pension costs	5,397,500.47		5,578,333.89
			35,790,551.89	37,877,413.67
6.	Amortization of intangible assets and depreciation of property, plant and equipment	565,125.83		721,278.12
7.	Other operating expenses	13,057,750.27		11,818,643.72
	thereof from currency translation: EUR 190,429.71 (prior year: EUR 152,980.79)			
	Operating result		**1,885,948.83**	**3,202,850.81**
8.	Income from equity investments		1,776,729.29	3,375,552.20
	thereof from affiliates: EUR 1,776,729.29 (prior year: EUR 3,375,552.20)			
9.	Other interest and similar income		131,344.55	50,967.86
	thereof from affiliates: EUR 15,550.11 (prior year: EUR 50,967.86)			
10.	Write-downs of financial assets		0.00	0.00
11.	Interest and similar expenses		1,440,252.95	247,678.21
	thereof from unwinding of the discount on provisions: EUR 7,690.00 (prior year: EUR 7,152.00)			
12.	Income taxes		-10,968.32	1,021,616.11
13.	Earnings after taxes		**2,364,738.04**	**5,360,076.55**
14.	Other taxes		81,431.17	46,642.73
15.	Net income for the year		**2,283,306.87**	**5,313,433.82**

CENIT Aktiengesellschaft, Stuttgart

Notes to the financial statements for 2023

A General

CENIT AG has its registered offices in Stuttgart and is entered in the commercial register at Stuttgart local court (HRB 19117). It is a large, listed corporation within the meaning of Sec. 267 (3) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 264d HGB.

These financial statements have been prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB as well as in accordance with the relevant provisions of the AktG ["Aktiengesetz": German Stock Corporation Act]. The Company is subject to the requirements for large corporations. The standards of Deutsches Rechnungslegungs Standards Committee e.V., Berlin, (DRSC) (the Accounting Standards Committee of Germany (ASCG)) have been observed to the extent that they are relevant for the annual financial statements of the Company.

The income statement is classified using the nature of expense method.

For the sake of clarity, some of the "thereof" notes to be disclosed either in the balance sheet and income statement or in the notes are included in the notes.

B Accounting principles

The following accounting and valuation methods, which remained unchanged in comparison to the prior year, have been used to prepare the financial statements.

Acquired **intangible assets** are recognized at acquisition cost and are amortized over their useful lives using the straight-line method if they have a limited life. The depreciation tables published by the German Ministry of Finance serve as a guide here. The useful life is between three and ten years. Additions are amortized pro rata temporis.

Property, plant and equipment are recognized at acquisition cost and are depreciated if they have a limited life. Depreciation is recorded over the customary useful life using the straight-line method. The depreciation tables published by the German Ministry of Finance serve as a guide here. The useful life of property, plant and equipment is between three and ten years. Additions are depreciated pro rata temporis.

Low-value assets with an individual net value not exceeding EUR 150 were fully expensed in the year of acquisition. Assets with an individual net value not exceeding EUR 800 are fully expensed in the year of acquisition with their immediate disposal being assumed.

Financial assets are recognized at acquisition cost. Write-downs to their lower attributable value are recognized only if impairment is expected to be permanent. The recoverability of shares in affiliated companies is tested annually in the form of a fair value calculation using cash flow forecasts based on 5-year financial plans prepared by management (discounted cash flow method). In deriving multi-year financial plans, judgements, assumptions and estimates are made that may differ from actual future developments.

Work in process is valued at production cost or, in the case of third-party work, at acquisition cost. Own work comprises direct labor and appropriate, proportionate overheads for personnel, write-downs and rent as well as general and administrative expenses. If the market value is lower as of the balance sheet date, work in process is recognized at that value.

Merchandise and payments on account are measured at acquisition cost. Where necessary, write-downs to the lower net realizable value are recognized.

Receivables and other assets are stated at their nominal value. All recognizable specific risks are taken into account with specific bad debt allowances. A general bad debt allowance of 1% (prior year: 1%) was established for the general credit risk.

Cash on hand and **bank balances** are each stated at nominal value.

Expenses paid before the balance sheet date that represent an expense for a certain period after that date are accrued as **prepaid expenses** on the assets side of the balance sheet. Income received before the balance sheet date that represents income for a certain period after that date is reported as **deferred income** on the liabilities side of the balance sheet.

Equity items are stated at their nominal amount.

Provisions account for all foreseeable risks and contingent liabilities and are recognized at the settlement value deemed necessary according to prudent business judgment. Expected future price and cost increases are included in valuing the provisions. Provisions with a residual term of more than one year were discounted at the average market interest rate of the last seven fiscal years published by the German Central Bank for their respective residual term. The discounting expense is disclosed in the financial result, while effects from the change in the interest rate or the change in the term are presented in the operating result. Provisions for potential losses from pending transactions ('loss provisions') comprise future losses not yet realized. There is a risk of a loss from pending transactions if income and expenses from the same transaction, not yet completed, do not balance out, but lead instead to a net obligation. No provision was recognized for this in the fiscal year (prior year: EUR 4 k).

Liabilities are recorded at the settlement value.

Derivative financial instruments are used solely for hedging purposes. As part of the valuation, the agreed rate is compared with the forward rate for the same maturity as of the balance sheet date. A provision is recognized for any resulting unrealized loss. Any positive difference is not taken into account. Gains and losses are not offset. The valuation result is discounted to the present value. The fair values of the derivatives generally correspond to the market value. If no active market exists, the fair value is calculated using actuarial methods, for example by discounting future cash flows at the market interest rate. In as far as possible, hedged items and derivative financial instruments used for hedging purposes with comparable risks are combined to form a valuation unit and recognized using the net method. As a result, the valuation is not recorded in the accounts for as long as and to the extent that the opposing changes in value or cash flows cancel each other out. Transactions not included in valuation units are valued individually at fair values. Any unrealized losses are recognized in profit or loss.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts, the resulting tax burden and relief are valued using the company-specific tax rate at the time the differences reverse; these amounts are not discounted. The option not to recognize deferred tax assets was exercised.

Foreign currency assets and liabilities were translated using the mean spot rate on the balance sheet date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

CENIT generates **revenue** from the licensing of (standard) software (proprietary software and third-party software), software updates (for proprietary software and third-party software), the provision of IT services as well as the provision of consulting services for the planning, implementation and optimization of business and IT processes. Revenue is also generated from the sale of goods.

At CENIT, the different products are categorized according to the following contract types:

- Royalties – these encompass the revenue from software and software updates
- Sale of goods and services – this encompasses revenue from service and consulting projects that also include hardware sales
- Fixed-price projects
- Merchandise

Software licenses

Royalties from granting temporary licenses – to the extent that the software grants a right to use the intellectual property as of the date of granting the license – and income from the sale of permanent licenses are recognized when the software has been provided to the customer (revenue recognition at a point in time).

Royalties from software as a service are recognized pro rata over the term of rendering the service. Royalties from software as a service are generally charged annually or quarterly in advance. The advance payments received for future services are recognized as deferred income.

Software updates

This includes revenue from contracts that grant the customer access to software updates. These updates mainly involve error resolution, improved performance of the existing functions of the software or adjustments to changed framework conditions.

Royalties from software updates are recognized pro rata over the term of rendering the service. Royalties from software updates are generally charged annually or quarterly in advance. The advance payments received for future services are recognized as deferred income.

Services (consulting & service)

Revenue from services charged on an hourly basis relates to consulting services, training, application and user support. For these services, revenue recognition generally takes place monthly based on hours worked.

If there are multiple element arrangements that comprise the sale of software licenses and services, these are examined to determine if one or several performance obligations exist. If several performance obligations are identified, the transaction price is allocated in proportion to the relative stand-alone selling prices. CENIT bases its derivation on its own stand-alone selling prices or, if these are not available, on relative stand-alone selling prices for comparable industry transactions. Revenue recognition for the separate performance obligations can take place at a point in time or over time, depending on when the customer has control of the service.

Fixed-price projects / contracts for work

Income from contracts for which a fixed price was agreed (generally contracts for work in connection with software programming or implementation) and that have the characteristics of a contract for work is recognized upon customer acceptance and thus when risk has transferred.

Merchandise

Revenue from merchandise relates chiefly to the sale of end devices. Sales of merchandise are recognized when the performance obligation has been met through delivery to the purchaser.

C Notes to the balance sheet and income statement

I. Balance sheet

1. Fixed assets

The development of fixed asset items is presented separately in the statement of changes in fixed assets (see pages 164 and 165).

2. Financial assets

The information on shareholdings as of 31 December 2023 breaks down as follows:

No.	Name and location of registered offices	Currency	Share-holding in %	Subscribed capital EUR k	Equity EUR k	Earnings EUR k
1	CENIT (Schweiz) AG Effretikon, Switzerland	CHF	100.0	313	886	-528
2	CENIT North America Inc. Auburn Hills, USA	USD	100.0	28	1,814	195
3	CENIT SRL Iasi, Romania	RON	100.0	105	1,137	818
4	CENIT France SARL Toulouse, France	EUR	100.0	10	426	54
5	KEONYS SAS Suresnes, France	EUR	100.0	155	4,454	2,147
5a	KEONYS Belgique SPRL Waterloo, Belgium	EUR	100.0	19	1,988	257
5b	KEONYS NL BV Houten, Netherlands	EUR	100.0	18	840	283
6	CENIT Software Technology (Suzhou) Co., Ltd. Suzhou, China	CNY	100.0	662	24	-126
7	CORISTO GmbH Mannheim, Germany	EUR	100.0	25	2,489	445
8	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3	150	168	-2
9	ISR Information Products AG Braunschweig, Germany	EUR	74.9	170	4,279	2,816
10	MIP Management Informations Partner Gesellschaft für EDV - Beratung und Management-Training mbH, Munich, Germany	EUR	100	26	526	954
11	PI Informatik Projektierung von Informationssystemen & Informatikservice GmbH Berlin, Germany	EUR	100	26	1,263	217
12	ACTIVE BUSINESS CONSULT Informationstechnologie GmbH Vienna, Austria	EUR	60	100	143	43
13	CCE b:digital GmbH Stuttgart, Germany	EUR	100	25	1,825	0

The loans to affiliates contain a loan of EUR 273 k (prior year: EUR 429 k) to CENIT SRL. The loan has a remaining term of two years.

3. Inventories

Inventories totaling EUR 507 k (prior year: EUR 349 k) stem primarily from **work in process** of EUR 438 k (prior year: EUR 279 k). There were also **payments on account** of EUR 69 k as of the balance sheet date (prior year: EUR 70 k).

4. Receivables and other assets

Trade receivables are all due in less than one year.

Receivables from affiliates valued at EUR 1,051 k (prior year: EUR 1,471 k) and **receivables from other investees and investors** valued at EUR 4,271 k (prior year: EUR 3,858 k) stem from trade and are due in less than one year.

Other assets consist mostly of EUR 144 k relating to tax refund claims from the research grant (prior year: EUR 65 k), EUR 1,539 k relating to tax refund claims from corporate income tax, solidarity surcharge and trade tax for the fiscal years 2022 and 2023 (prior year: EUR 322 k), EUR 127 k relating to VAT refund claims (prior year: EUR 0 k), EUR 170 k relating to repayment claims (prior year: EUR 72 k) and EUR 30 k relating to receivables from deposits (prior year: EUR 29 k). The other assets item also includes an option of EUR 3,188 k (prior year: EUR 3,188 k). This option reflects the value of the right to acquire the remaining 25.1% of shares in ISR Information Products AG. This option can be exercised in the period between 1 October 2029 and 30 September 2032. With the exception of the option, as in the prior year, other assets are due in less than one year.

5. Prepaid expenses

in EUR k	31 Dec. 2023	31 Dec. 2022
Accrued rights of use for licenses and software maintenance	4,724	5,130
Other prepaid expenses	1,035	939
Total	**5,759**	**6,069**

This mainly concerns prepaid expenses for royalties and maintenance fees as well as for rights of use and insurance.

6. Deferred taxes

Deferred taxes stem chiefly from accounting and valuation differences between the statutory accounts and the tax accounts. These differences relate mostly to other provisions.

On the whole there are net deferred tax assets, and the option not to capitalize these deferred tax assets was exercised.

Deferred tax assets must be calculated based on a tax rate of 31% (prior year: 31%).

7. Equity

Capital stock

As per the most recent entry in the commercial register on 14 August 2006, the capital stock of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 no-par value shares of EUR 1.00 each. The shares are made out to the bearer and are all no-par value common shares.

Capital reserves

The capital reserves remained unchanged in the fiscal year, at EUR 1,058 k.

Legal reserve

At EUR 418 k, the legal reserve has also remained unchanged in comparison to the prior year.

Other revenue reserves

Other revenue reserves of EUR 13,871 k did not change since the prior year.

Net retained profit

Net retained profit developed as follows:

in EUR k	2023	2022
Net income for the year	**2,283**	**5,313**
Net retained profit in the prior year	8,915	9,877
Dividend	4,184	6,275
Profit carryforward from the prior year	**4,731**	**3,602**
Net retained profit	**7,015**	**8,915**

8. Provisions

As far as **tax provisions** are concerned, a figure of EUR 109 k (prior year: EUR 109 k) relates to provisions for corporate tax from prior years, while EUR 273 k relates to trade tax arrears for prior years (prior year: EUR 237 k).

Other provisions essentially comprise provisions for outstanding supplier invoices of EUR 819 k (prior year: EUR 683 k) and for personnel expenses of EUR 4,034 k (prior year: EUR 4,132 k).

9. Liabilities

The **liabilities to banks** of EUR 37,391 k (prior year: EUR 21,350 k) relate exclusively to interest-bearing bank loans and have a remaining term of five years and six months. The borrowing rate for this financing is calculated based on the 3-month EURIBOR. Derivative financial instruments (fix payer interest swaps) were used to hedge against future cash flows from these floating interest rate loans. The credit volume secured from the valuation unit formed from the hedged item and the hedging transaction pursuant to Sec. 254 HGB amounts to EUR 37,391 k as of the balance sheet date. The rules for forming a valuation unit for compensatory valuation of the hedging relationship were applied. Because the amounts are identical and the terms, interest rates, interest and principal repayment dates match, the opposing changes in value and/or cash flows cancel each other out over the term of the hedged item and hedging transaction. There were no hedging relationships in the prior year. This loan was secured by guarantees by subsidiaries.

Payments on account received relate to prepayments on customer orders of EUR 2,146 k (prior year: EUR 382 k) with a remaining term of less than one year.

As in the prior year, **trade payables** have a remaining term of less than one year.

Liabilities to affiliates relate entirely to trade payables of EUR 864 k (prior year: EUR 662 k). As in the prior year, trade payables to affiliates are due in less than one year.

The **liabilities to other investees and investors** contain trade payables amounting to EUR 27 k (prior year: EUR 26 k). As in the prior year, the corresponding liabilities are due within one year.

Other liabilities do not include any deferred items.

Other liabilities include an option of EUR 2,463 k (prior year: EUR 2,463 k) in connection with the possible acquisition of the remaining 25.1% of ISR Information Products AG. This option can be exercised in the period between 1 April 2026 and 31 March 2029. The remaining other liabilities of EUR 2,339 k (prior year: EUR 700 k) are due in less than one year.

Of the liabilities disclosed, there are no amounts (prior year: EUR 0 k) secured by liens or similar rights.

in EUR k	< 1 year	1 - 5 years	> 5 years	Total
Liabilities to banks	5,217	20,870	11,304	37,391
Payments received on account of orders	2,146	0	0	2,146
Trade payables	3,329	0	0	3,329
Liabilities to affiliates	864	0	0	864
Liabilities to other investees and investors	27	0	0	27
Other liabilities	2,339	2,463	0	4,802
Total	**13,922**	**23,333**	**11,304**	**48,559**

II. Income statement

1. Revenue

in EUR k	2023	2022
Third-party software	47,614	46,226
thereof software	*6,686*	*8,019*
thereof software leasing	*6,238*	*4,743*
thereof software updates	*34,690*	*33,464*
CENIT consulting and service	34,139	32,682
CENIT software	14,017	14,949
thereof software	*3,656*	*5,028*
thereof software leasing	*783*	*286*
thereof software updates	*9,578*	*9,635*
Merchandise	92	581
Other revenue	642	657
Total	**96,504**	**95,095**

85% (prior year: 86%) of sales was generated in Germany, 7% (prior year: 7%) in other EU countries and 8% (prior year: 7%) in other countries.

Revenue does not include any revenue relating to other periods (prior year: EUR 260 k).

2. Other operating income

Other operating income includes income relating to other periods from the reversal of provisions of EUR 31 k (prior year: EUR 391 k).

In addition, other operating income includes income of EUR 904 k from the sale of the 100% share in CENIT Japan K.K., income of EUR 516 k from the disposal of fixed assets (prior year: EUR 0 k), income of EUR 79 k from the research and development grant for the year 2023 (prior year: EUR 65 k), insurance refunds of EUR 7 k (prior year: EUR 11 k), marketing and sales subsidies from partner companies of EUR 144 k (prior year: EUR 60 k) and exchange gains of EUR 87 k (prior year: EUR 95 k). As in the prior year, the exchange gains are realized in full.

3. Personnel expenses

in EUR k	2023	2022
Salaries	30,393	32,299
Social security, pension and other benefit costs	5,398	5,578
Total	**35,791**	**37,877**

Social security contributions include pension costs of EUR 2,582 k (prior year: EUR 2,805 k).

Personnel expenses include revenue relating to other periods of EUR 247 k (prior year: EUR 0 k) from the bonus payment for the fiscal year 2022.

4. Other operating expenses

Other operating expenses essentially relate to premises expenses of EUR 2,011 k (prior year: EUR 1,962 k), vehicle costs of EUR 1,481 k (prior year: EUR 1,407 k), travel expenses of EUR 672 k (prior year: EUR 479 k), marketing costs of EUR 552 k (prior year: EUR 843 k) and exchange losses of EUR 190 k (prior year: EUR 153 k). Of the exchange losses, EUR 183 k (prior year: EUR 153 k) has already been realized.

5. Financial and interest result

The financial and interest result breaks down as follows:

in EUR k	2023	2022
Income from equity investments		
Dividend CENIT (Schweiz) AG, Switzerland	0	1,550
Profit distribution CENIT SRL, Romania	379	266
Profit distribution ISR, Braunschweig	1,398	1,560
Total	**1,777**	**3,376**

in EUR k	2023	2022
Other interest and similar income		
Interest income from bank deposits	115	0
Interest on loans granted to subsidiary	16	51
Total	**131**	**51**

in EUR k	2023	2022
Interest and similar expenses		
Guarantee commission	8	6
Interest expenses from long-term loans	914	0
Interest expenses from short-term loans	510	235
Interest expenses from unwinding the discount on provisions	8	7
Total	**1,440**	**248**

6. Income taxes

in EUR k	2023	2022
Current corporate income tax expense	0	-70
Current capital gains tax expense	0	-390
Current solidarity surcharge expense	0	-25
Current trade tax expense	-36	-496
Withholding tax	-7	-4
Taxes in prior years	54	-37
Total	**11**	**-1,022**

There were no expenses for corporate income tax, capital gains tax or solidarity surcharge in the fiscal year 2023 (prior year: EUR 485 k). The current trade tax expense of EUR 36 k (prior year: EUR 496 k) relates to the taxable income for the fiscal year 2023. The income relating to prior years stems from the tax loss carryback of EUR 48 k (prior year: EUR 0 k) and from adjustments from a tax field audit of EUR 6 k (prior year: EUR -37 k).

In the fiscal year, CENIT did not have any tax expenses or tax income in connection with the MinStG [“Mindeststeuergesetz”: German Minimum Tax Act] or foreign minimum tax acts and does not expect these to have any impact going forward.

7. Proposal for the appropriation of profit

It will be proposed to the Annual General Meeting that the net retained profits be used as follows:

in EUR k	**31.12.2023**
Net retained profit	7,015
Dividend distribution (0.04 EUR per 8,367,758 eligible shares)	335
Profit carryforward	6,680

8. Auditor's fees

in EUR k	2023	2022
Audit fees (annual financial statements and consolidated financial statements)	186	151
thereof relating to other periods: EUR 9 k (prior year: EUR 0 k)		
Total	**186**	**151**

D Other notes

1. Personnel

An average of 355 (prior year: 387) members of staff and 44 (prior year: 52) executives were employed during the fiscal year. There are also 35 employees in training at CENIT AG as of the balance sheet date (prior year: 28).

2. Contingent liabilities

There are no contingent liabilities as defined in Sec. 251 HGB.

3. Other financial obligations

There are other financial obligations in connection with rental agreements and leases. The resulting financial obligations are included in the following table:

in EUR k	2023	2022
Rental and lease obligations		
Due in less than 1 year	2,234	2,294
Due in 1 to 5 years	2,962	3,733
Due in more than 5 years	0	0
Total	**5,196**	**6,027**

Other financial obligations chiefly comprise the rent agreements entered into for leased office buildings of EUR 3,708 k (prior year: EUR 4,865 k) as well as vehicle leases of EUR 653 k (prior year: EUR 623 k). The extension options and price adjustment clauses customary for the industry apply.

The company cars and communications equipment were leased by means of lease agreements in order to guarantee that these are always up to date and to avoid tying up liquidity. Renting office space also avoids tying up cash and cash equivalents. These agreements result in cash outflows in future periods that are included in the above list.

4. Corporate boards

During the fiscal year, the following persons were **members of the Management Board**:

- Peter Schneck, Stuttgart, spokesperson for the Management Board of CENIT AG, Responsible for: operations, investor relations and marketing.
- Axelle Mazé, Garche, France, member of the Management Board of CENIT AG until 31 December 2023, stepped down with effect as of 31 October 2023. Responsible for: finance, organization and personnel.

The following members make up the **Supervisory Board**:

- Rainer-Christian Koppitz (CEO), Munich, chair since 20 May 2021
- Prof. Dr. rer. pol. Isabell M. Welpe (university professor), Munich, deputy chair until 17 May 2023
- Dipl.-Ing. Ricardo Malta (Service Manager CENIT Aktiengesellschaft), Munich, employee representative, until 17 May 2023
- Regina Weinmann (Partner at PRIMEPULSE SE), Munich, deputy chair since 17 May 2023
- Laura Schmidt (Global Director Professional Services SAP at CENIT Aktiengesellschaft), Eppingen, employee representative, since 17 May 2023

Mr. Rainer-Christian Koppitz was CEO of the KATEK SE Group (until 29 February 2024) and is chair of the supervisory board of NFON AG and a member of the supervisory board of i-pointing Ltd. and Gigaset AG.

Prof. Dr. rer. pol. Isabell M. Welpe is a member of the supervisory board of Deloitte Deutschland GmbH Wirtschaftsprüfungsgesellschaft and a member of the supervisory board of CANCOM SE.

All other members of the Supervisory Board did not belong to any other supervisory boards or control bodies during the reporting year.

Disclosures on the remuneration of the Management Board and the Supervisory Board of CENIT AG are presented individually in the remuneration report.

The remuneration system for the Management Board of CENIT AG comprises a performance-based component and a component that is independent of performance. The short-term performance-based part is based on the Group’s earnings for the year (EBIT) in accordance with IFRS, while the long-term performance-based part comprises a multi-year performance stock arrangement. Total remuneration of the active members of the Management Board amounts to EUR 1,296 k in the reporting year (prior year: EUR 788 k). Of this figure, EUR 687 k (prior year: EUR 497 k) relates to fixed components while EUR 362 k (prior year: EUR 291 k) relates to short-term performance-based components. As part of the long-term remuneration, the Management Board was granted 14,965 performance shares. The fair value of the performance stock program is EUR 247 k as of the cut-off date. In the 2023 reporting period, total remuneration does not contain any remuneration in accordance with Sec. 285 No. 9b HGB to former Management Board members (prior year: EUR 812 k plus EUR 190 k due to the contract ending).

Pursuant to the articles of incorporation and bylaws, the Supervisory Board receives fixed compensation. Each member of the Supervisory Board receives a fixed amount payable after the end of the fiscal year. This compensation amounted to EUR 20 k until 31 May 2023. The chair of the

Supervisory Board received twice that amount, while the deputy chair received one and a half times that amount. Since 1 June 2023, each member of the Supervisory Board receives basic compensation of EUR 30 k. The chair receives four times that amount, while the deputy chair receives twice that amount. In accordance with Article 14 of the articles of incorporation and bylaws, total compensation paid to the Supervisory Board was EUR 160 k in 2023 (prior year: EUR 90 k).

The D&O insurance was continued in 2023 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 98 k (prior year: EUR 99 k) were borne by the Company.

The Management Board held 25,788 shares as of the balance sheet date (0.31%). The Supervisory Board members held 13,000 shares.

5. Changes at shareholder level

In a letter dated 22 December 2023, LBBW Asset Management Investmentgesellschaft mbH announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%: Pursuant to Sec. 40 (1) WpHG, we inform you that the share of voting rights of LBBW Asset Management Investmentgesellschaft mbH in CENIT AG, Industriestraße, 70565 Stuttgart, Germany, exceeded the threshold of 5% on 22 December 2023 and, at 427,000 shares, amounted to 5.10% on that date in relation to the total amount of voting rights (8,367,758). 0.65% (54,000 voting rights) are directly allocable to us pursuant to Sec. 33 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. Voting rights pursuant to Sec. 34 WpHG are allocated to us by the following shareholders, whose voting rights in CENIT AG amount to 3% or more: Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte (4.46%, 373,000 voting rights).

In a letter dated 29 October 2015, MainFirst SICAV, Senningerberg, Luxembourg, announced that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5%: MainFirst SICAV, Senningerberg, Luxembourg, informed us on 29 October 2015 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 5% of voting rights on 28 October 2015 and amounted to 5.05% on that date (corresponding to 422,792 voting rights).

During the 2021 reporting period, several notices pursuant to Sec. 40 (1) WpHG were received from PRIMEPULSE SE. The last notice is dated 11 August 2021 and is as follows: PRIMEPULSE SE, Munich, Germany, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 20% on 10 August 2021 and amounted to 25.01% on that date (corresponding to 2,092,950 voting rights).

During the fiscal year 2022, several notices pursuant to Sec. 40 (1) WpHG were received from Allianz Global Investors GmbH. The last notice was dated 25 May 2022 and was as follows: Allianz Global Investors GmbH, Frankfurt am Main, Germany, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 24 May 2022 and amounted to 2.87% on that date (corresponding to 240,000 voting rights).

In a letter dated 5 August 2022, Otus Capital Management Ltd., London, UK, informed us pursuant to Sec. 40 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% on 3 August 2022 and amounted to 3.20% on that date (corresponding to 267,929 voting rights).

E Group relationships

In compliance with Sec. 315e (1) HGB, the Company prepares consolidated financial statements for the largest and smallest group of companies in accordance with International Financial Reporting Standards (IFRS).

The consolidated financial statements of CENIT AG are published in the Federal Gazette.

F Subsequent events

With effect as of 1 January 2024, the CENIT Supervisory Board appointed Axel Otto to the Management Board of CENIT AG. Axel Otto thus takes over from Axelle Mazé, who stepped down from the Management Board as of 31 December 2023. He takes responsibility for Finance/Controlling, IT and Personnel.

G Declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code

The Management Board and Supervisory Board of the Company have issued the declaration for 2023 required by Sec. 161 AktG and made it available on the Company's homepage (http://www.cenit.com/en_EN/investors/corporate-governance.html).

Stuttgart, 3 April 2024

CENIT Aktiengesellschaft
The Management Board

Peter Schneck
Spokesperson, Management Board

Axel Otto
Member, Management Board

	CENIT Aktiengesellschaft, Stuttgart STATEMENT OF CHANGES IN FIXED ASSETS					
	Acquisition and production cost					
in EUR	**As of 1 Jan. 2023**	**Additions**	**Additions/ disposals from merger**	**Reclassifi-cation**	**Disposals**	**As of 31 Dec. 2023**
I. Intangible assets						
Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets	2,910,927.56	219,497.77	0.00	0.00	3,356.24	3,127,069.09
Total	**2,910,927.56**	**219,497.77**	**0.00**	**0.00**	**3,356.24**	**3,127,069.09**
II. Property, plant and equipment						
1. Land and buildings, including buildings on third-party land	1,696,622.77	0.00	0.00	0.00	704,055.68	992,567.09
2. Plant and machinery	5,229,538.37	567,226.25	0.00	0.00	28,070.57	5,768,694.05
3. Other equipment, furniture and fixtures	355,350.68	53,633.04	0.00	0.00	83,102.07	325,881.65
Total	**7,281,511.82**	**620,859.29**	**0.00**	**0.00**	**815,228.32**	**7,087,142.79**
III. Financial assets						
1. Shares in affiliates	39,647,152.43	14,035,974.97	0.00	0.00	642,335.68	53,040,791.72
2. Equity investments	2,802,757.89	0.00	0.00	0.00	0.00	2,802,757.89
3. Prepayments on financial assets	0.00	0.00	0.00	0.00	0.00	0.00
4. Loans to affiliates	429,000.00	0.00	0.00	0.00	156,000.00	273,000.00
Total	**42,878,910.32**	**14,035,974.97**	**0.00**	**0.00**	**798,335.68**	**56,116,549.61**
Fixed assets - total -	**53,071,349.70**	**14,876,332.03**	**0.00**	**0.00**	**1,616,920.24**	**66,330,761.49**

Accumulated amortization, depreciation and write-downs					Net book values	
As of 1 Jan. 2023	Additions	Additions from merger	Disposals	As of 31 Dec. 2023	As of 31 Dec. 2023	As of 31 Dec. 2022
2,585,261.25	251,641.19	0.00	3,352.16	2,833,550.16	293,518.93	325,666.43
2,585,261.25	**251,641.19**	**0.00**	**3,352.16**	**2,833,550.16**	**293,518.93**	**325,666.43**
1,310,663.55	24,519.12	0.00	348,837.57	986,345.10	6,221.99	385,959.22
4,903,813.75	221,255.55	0.00	27,394.85	5,097,674.45	671,019.60	325,724.62
286,360.49	67,709.97	0.00	82,134.96	271,935.50	53,946.15	68,990.19
6,500,837.79	**313,484.64**	**0.00**	**458,367.38**	**6,355,955.05**	**731,187.74**	**780,674.03**
642,335.68	0.00	0.00	642,335.68	0.00	53,040,791.72	39,004,816.75
0.00	0.00	0.00	0.00	0.00	2,802,757.89	2,802,757.89
0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	273,000.00	429,000.00
642,335.68	**0.00**	**0.00**	**642,335.68**	**0.00**	**56,116,549.61**	**42,236,574.64**
9,728,434.72	**565,125.83**	**0.00**	**1,104,055.22**	**9,189,505.33**	**57,141,256.28**	**43,342,915.10**

Independent auditor's report

To CENIT AG, Stuttgart

Report on the audit of the annual financial statements and of the combined management report

Opinions

We have audited the annual financial statements of CENIT AG, Stuttgart, which comprise the balance sheet as at 31 December 2023, the income statement for the fiscal year from 1 January 2023 to 31 December 2023 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of CENIT AG, Stuttgart, for the fiscal year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the sections 1.7 b) "Personnel policy", "Remuneration system – profit sharing", 6.1 "Key characteristics of the internal control and risk management system", 6.8 "Quality assurance and information security", 6.9 "Statement on the appropriateness and effectiveness of the internal control and risk management system" in the combined management report or the corporate governance statement prescribed by Sec. 289f HGB and/or Sec. 315d HGB or the non-financial group statement prescribed by Sec. 315b HGB, referred to in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the fiscal year from 1 January 2023 to 31 December 2023 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the aforementioned components of the combined management report for which we have not audited the content.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the combined management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2023 to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

We have presented the key audit matters from our perspective below.

❶ Revenue recognition

❷ Recoverability of the shares in affiliates

We have structured our presentation of the key audit matters as follows:

① Risk for the annual financial statements
② Audit approach
③ Related disclosures

❶ Revenue recognition

① Risk for the annual financial statements

The Company reports revenue of EUR 96.5 million for the fiscal year from 1 January 2023 to 31 December 2023.

CENIT AG primarily generates revenue from the licensing of software (proprietary software and third-party software), software updates, the provision of IT services as well as the provision of consulting services for the planning, implementation and optimization of business and IT processes.

Due to the large number of product types and the complexity of the revenue streams, there is a risk for the annual financial statements that revenue is recognized without having provided the actual service. There is also a risk that revenue is not recognized in the correct period. As a result, this matter was a key audit matter as part of our audit.

② Audit approach

To audit revenue recognition, we assessed the design, implementation and effectiveness of the internal controls in terms of revenue recording and cut-off based on our understanding of the process. We also considered the IT systems environment relevant for financial reporting purposes in this context.

We assessed the recognition of revenue for all main product types, i.e. from licensing of software (proprietary software and third-party software), software updates, the provision of IT services as well as the provision of consulting services by comparing the invoices with the corresponding orders, signed offers and proof of performance using spot checks. We used revenue in the fiscal year 2023 as a base, which was selected using an actuarial method.

We assessed the timing of revenue recognition for revenue from licensing of software, the provision of IT services as well as the provision of consulting services by comparing the invoices with the corresponding orders, signed offers and proof of performance using spot checks. We used revenue in December 2023 and January 2024 as a base, which was selected randomly.

To substantiate the existence of the revenue as of the balance sheet date, we obtained balance confirmations selected using an actuarial method for the trade receivables not yet settled as of the balance sheet date. For outstanding replies from the balance confirmation work, we carried out alternative audit procedures by reconciling revenue among other things with the underlying orders, invoice and proof of performance (e.g. delivery notes, acceptance records or proof of hours) as well as the payments received.

Our audit procedures did not lead to any objections in relation to the accounting for revenue.

③ Related disclosures

Details by CENIT AG regarding the accounting for revenue are included under B "Accounting principles" and in II. 1. "Revenue" under C "Notes to the balance sheet and income statement" in the notes to the financial statements.

❷ Recoverability of the shares in affiliates

① Risk for the annual financial statements

The Company reports shares in affiliates of EUR 53.0 million in the annual financial statements as of 31 December 2023. This represents a share of 58.4% of total assets.

As of the balance sheet date, CENIT AG determined the recoverability of the shares by means of internal business valuations. The fair value of the shares was determined as the present value of future cash flows using the discounted cash flow method, based on enterprise planning prepared by the Management Board and approved by the Supervisory Board. The planning covers a period of one year and is then rolled forward using medium-term assumptions over the next four years and long-term growth rates (terminal value). Expectations around future market developments are also included. Cash flows were discounted using the weighted average cost of capital calculated by an independent expert. Based on the Company's calculations and the further documentation, there was no need for the Company to record any write-downs for the fiscal year 2023.

The findings from this assessment are highly dependent on the estimate of future cash flows and of the growth rates by the Management Board and on the discount rate used. They are thus subject to considerable estimation uncertainties. Consequently, there is a risk that the shares in affiliates are not recoverable at the amount reported. In view of these facts and due to the significance of the measurement of the shares for the presentation of the assets and liabilities and financial performance in the annual financial statements of CENIT AG, this matter was a key audit matter as part of our audit.

② Audit approach

To audit the fair values of the shares in affiliates, we assessed the design of the internal controls based on our understanding of the process.

We assessed the competency, ability and objectivity of the independent expert engaged by the executive directors to derive the weighted average cost of capital.

To assess the quality and reliability of the enterprise planning, we compared the planning for the prior fiscal year with the actual results and analyzed any variances (planning reliability) in cases where the prior-year planning was available. We discussed the assumptions and premises underlying the planning with those responsible and tested these for plausibility. To do this, we reconciled the assumptions made with the macroeconomic and sector-specific market expectations, among other things. We also examined whether future net cash flows were derived appropriately from the assumptions and premises.

We involved an internal valuation specialist to verify the valuation methods used. In the knowledge that even small changes in the discount rate used can have material effects on the amount of the business value calculated, we examined the parameters used to determine the discount rate, including the weighted cost of capital, and checked whether these were within the customary market range.

We checked whether the future cash flows underlying the valuations and taken together with the cost of capital used provide an appropriate basis for valuation overall.

We checked the clerical accuracy of the calculation method used to determine the business values.

Our audit procedures did not lead to any objections in relation to the recoverability of the shares in affiliates.

③ Related disclosures

Details by CENIT AG regarding the shares in affiliates and their recoverability are included under B “Accounting principles” and in I. 2. “Financial assets” under C “Notes to the balance sheet and income statement” in the notes to the financial statements.

Other information

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises:

- the corporate governance statement prescribed by Sec. 289f HGB and/or Sec. 315d HGB referred to in the combined management report,
- the separate non-financial statement prescribed by Sec. 315b HGB referred to in the combined management report, which is expected to be provided to us after the date of this auditor’s report,
- the sections 1.7 b) “Personnel policy”, “Remuneration system – profit sharing”, 6.1 “Key characteristics of the internal control and risk management system”, 6.8 “Quality assurance and information security” and 6.9 “Statement on the appropriateness and effectiveness of the internal control and risk management system” in the combined management report,
- the assurances by the executive directors prescribed by Sec. 264 (2) Sentence 3 HGB and Sec. 289 (1) Sentence 5 HGB on the annual financial statements and the combined management report,
- the report of the Supervisory Board and
- the other parts of the ‘annual report’,
- but not the annual financial statements, the combined management report disclosures for which we have audited the content or our corresponding auditor’s report.

The Supervisory Board is responsible for the report of the Supervisory Board. The declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code, which is part of the corporate governance statement, is the responsibility of the executive directors and of the Supervisory Board. Otherwise the executive directors are responsible for other information.

Our opinions on the annual financial statements and on the combined management report do not cover other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the aforementioned other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, the combined management report disclosures for which we have audited the content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If we conclude, based on the work carried out by us on the other information obtained before the date of this auditor's report, that this other information is materially misstated, we are obliged to report this fact. We do not have anything to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the combined management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal controls as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraudulent acts (i.e. manipulation of the financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's responsibility for the audit of the annual financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraudulent acts or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraudulent acts or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than for one resulting from error, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, the related actions or safeguards taken to eliminate risks to independence.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance report in accordance with Sec. 317 (3a) HGB of the electronic rendering of the annual financial statements and the combined management report prepared for disclosure purposes

Opinion

We have performed an assurance engagement in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management contained in the file„391200KYFPOLFJNEWL98-2023-12-31-de.zip"
(SHA256: f5a2d26ad11a5681f2668d6c1d70ae7c83c4d7da196b95e8e5431a1b566faca3) and prepared for disclosure purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement extends only to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the above-mentioned file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this rendering nor on any other information contained in the above-mentioned file beyond this reasonable assurance conclusion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the fiscal year from 1 January 2023 to 31 December 2023 contained in the "Report on the audit of the annual financial statements and of the combined management report" above.

Basis for the opinion

We conducted our assessment of the rendering of the annual financial statements and the combined management report contained in the above-mentioned file in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance in accordance with Sec. 317 (3a) HGB on the Electronic Rendering of Financial Statements and Management

Reports Prepared for Disclosure Purposes (IDW AsS 410 (06.2022)). Our responsibility is described in more detail in the section “Responsibility of the auditor for the audit of the ESEF documents”. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraudulent acts or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the auditor for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraudulent acts or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraudulent acts or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version valid as of the balance sheet date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and the audited combined management report.

Further information pursuant to Art. 10 of the EU audit regulation

We were elected as auditor by the Annual General Meeting of Shareholders on 17 May 2023. We were engaged by the Supervisory Board on 27 October 2023. We have been the auditor of CENIT AG, Stuttgart, without interruption since the fiscal year 2022.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor’s report

Our auditor’s report must always be read together with the audited annual financial statements and the audited combined management report as well as the assured ESEF documents. The annual financial statements and combined management report converted to the ESEF format – including the versions to be published in the company register – are merely electronic renderings of the audited annual financial statements and the combined audited management report and do not take their place. In particular the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marcel Hohbein.

Düsseldorf, 3 April 2024
Grant Thornton AG Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Marcel Hohbein
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

Responsibility Statement in the Annual Financial Report

(Financial Report)

esponsibility statements pursuant to Section 264 (2) sentence 3 HGB and Section 289 (1) sentence 5 HGB for the annual financial statements and the combined management report:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the corporation, and the management report includes a fair review of the development and performance of the business and the position of the corporation, together with a description of the principal opportunities and risks associated with the expected development of the corporation.”

The Management Board

Peter Schneck
Spokesman, Management Board

Axel Otto
Member, Management Board

Legal Notice

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