
Note in accordance with MiFID II regulation for research "Minor Non-Monetary Contribution": This research meets the requirements for classification as a "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

16.02.2022 - GBC Board Interview with Peter Schneck, CEO of CENIT AG

Company: CENIT AG^{*5a,5b,6a,7,11}

ISIN: DE0005407100

Analyst: Cosmin Filker

Date (time) Completion: 16.02.2022(08:02 am)

Date (time) first transmission: 16.02.2022(11:00 am)

*Catalogue of possible conflicts of interest on page 4

As expected, the excellent development of the fourth quarter of 2021 contributed significantly to the successful business development of CENIT AG in the past business year 2021. With sales revenues in an expected range of € 153 - 155 million, an EBIT of € 6.0 - 6.3 million should have been achieved. Both the turnover and in particular the result would thus be above the previous forecasts. GBC analyst Cosmin Filker spoke with the new CENIT-CEO Peter Schneck.

GBC AG: Mr Schneck, in the fourth quarter, EBIT also benefited from their extraordinarily high sales of proprietary software. Was that a one-off-effect and how would you classify the business development of the past year?

Peter Schneck: CENIT was able to record four short-term incoming orders at the end of the year, three of which were in the EIM area and one in the PLM area. All four orders contain a high proportion of proprietary software and, thus, a pleasing margin as well. Our own solutions are crucial for the integration of partner solutions and will therefore be in greater demand in the future. The short time it took for customers to contact us before the orders were completed is due to a catch-up effect. We assume that this will now also be the case in other customer relationships and therefore does not represent a special effect. Rather, clients have become more focused and decisive during the pandemic. Therefore, we also expect positive business development in the current year.

GBC AG: You have been the new CEO of CENIT AG since 01.01.2022 and, thus, after the departure of Kurt Bengel. What was the transition like and what impression did you gain in your first weeks in your new position?

Peter Schneck: The introduction by Mr Bengel was very intensive and good, so that I was able to gain a valuable first insight. Accordingly, we have strong partners, a very balanced and sustainable portfolio as well as a highly motivated team with a high degree of expertise in very interesting industry sectors. This is a very motivating environment for me. At the same time, I have already been able to pick up on some future topics that we will now tackle.

GBC AG: Previously, as a member of the DATAGROUP SE Management Board, you were responsible for M&A, investor relations and legal affairs. Will M&A and increased investor communication also be your focus at CENIT AG?

Peter Schneck: Our growth strategy includes strong inorganic growth, as without M&A it will not be possible to achieve the CENIT 2025 target through organic growth alone.

Therefore, we will acquire one to two companies per year. We will focus on companies based in Europe and North America with annual sales of between € 5 million and € 30 million. The goal is to strengthen our five business areas through technology, customer portfolios, talent and regional presence.

With regard to investor communication, we will become increasingly active and be represented at investor conferences virtually or, preferably, in person. Participation in more than ten conferences is planned for 2022 alone. In addition, we will reintroduce a quarterly telephone conference to explain the figures and provide up-to-date background information. As in my previous job, transparency towards investors and shareholders is a very important goal for me.

GBC AG: How do you assess the current market environment in your traditional customer sectors? Were they particularly affected by the corona pandemic?

Peter Schneck: Our customer groups in the automotive and aviation industries were particularly hard hit by corona and this naturally had an impact on CENIT. In some cases, we were no longer able to go to our customers' premises to carry out our work. However, over the last six months we have seen a significant upturn in these industries, which has been positively reflected in our remarkable last quarter. The pandemic has once again accelerated the importance of digitalisation overall, but especially in the manufacturing industry. In this respect, we are very positive about the current year as well as the years to come.

GBC AG: Are there strategic considerations to be made to achieve a stronger mix in the customer industries?

Peter Schneck: Heavy dependence on the manufacturing industry, especially automotive and aerospace, has shown us that we need to diversify in order to be better able to react to any pandemics and/or other economic influences. Fortunately, our solutions are needed in all industries and the topic of digitalisation is on everyone's lips. Therefore, we are now looking at the potential in calm and reflection and will then add one or two new segments. In addition, we have also recognised that we need to position ourselves even more globally in order to be able to compensate for any regional market fluctuations by balancing them out in other regions. We have to find the right balance.

GBC AG: The topics of ESG and sustainability are becoming increasingly prominent. How is your company covering this area?

Peter Schneck: At our Annual General Meeting in May 2022, we will publish an ESG report that shows our objectives and the activities we have already carried out. The topic of ESG has become enormously important in attracting new talent, but also on the capital market, so we will also deal with it comprehensively.

Furthermore, ESG also offers CENIT opportunities to expand sales through new product solutions. We work with our partners to provide our customers with data and evaluations across the entire value chain that are needed for an ESG report or that enable a sustainable decision to be made in the first place. After all, we are always involved in the process, from product planning to the recycling of waste products, and are thus able to develop decisive solutions that enable us to generate additional sales through ESG. Be curious to see what we will offer in the near future!

GBC AG: With the "CENIT 2025" agenda, investors with a long-term investment horizon have an indication of the planned business development. What are the key data of the agenda and what measures have to be taken to fulfil them?

Peter Schneck: CENIT 2025 envisages almost doubling our current turnover to € 300 million with an EBIT margin of 8 - 10 %. Organic growth will be achieved primarily by focusing on cloud solutions for our existing customers and acquiring new customers in additional industry segments. In addition, existing partnerships will be further expanded and new product solutions will be co-distributed via the partner landscape. Lastly, in the future we will also sell the solutions of the five business units to existing customers, as these potentials have yet to have been exploited. Furthermore, inorganic growth will of course become an essential part of our strategy.

GBC AG: Thank you very much for the interview, Mr Schneck.

APPENDIX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the issuer regarding the independent preparation and publication of this research report on the issuer. GBC AG is remunerated for this by the issuer.
2. The research report is simultaneously made available to all interested investment services companies.

II.

Section 1 Disclaimer and exclusion of liability

This document is intended solely for information purposes. All data and information in this study come from sources that GBC regards as reliable. In addition, the authors have taken every care to ensure that the facts and opinions presented here are appropriate and accurate. Nevertheless, no guarantee or liability can be accepted for their correctness – whether explicitly or implicitly. In addition, all information may be incomplete or summarised. Neither GBC nor the individual authors accept liability for any damage which may arise as the result of using this document or its contents, or in any other way in this connection.

We would also point out that this document does not constitute an invitation to subscribe to nor to purchase any securities and must not be interpreted in this way. Nor may it nor any part of it be used as the basis for a binding contract of any kind whatsoever, or be cited as a reliable source in this context. Any decision relating to the probable offer for sale of securities for the company or companies discussed in this publication should be taken solely on the basis of information in the prospectuses or offer documents which are issued in relation to any such offer.

GBC does not provide any guarantee that the indicated returns or stated target prices will be achieved. Changes to the relevant assumptions on which this document is based can have a material impact on the targeted returns. Income from investments is subject to fluctuations. Investment decisions should always be made with the assistance of an investment advisor. This document cannot replace the role of an advisor.

Sale outside the Federal Republic of Germany:

This publication, if sold in the UK, may only be made available to those persons who, in the meaning of the Financial Services Act 1986 are authorised and exempt, or persons as defined in section 9 (3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Decree 1988 (amended version) and must not be transmitted directly or indirectly to other persons or groups of persons.

Neither this document nor any copy of it may be taken into, transferred to or distributed within the United States of America or its territories and possessions. The distribution of this document in Canada, Japan or other jurisdictions may be restricted by law, and persons who come into possession of this publication should find out about any such restrictions and respect them. Any failure to respect these restrictions may represent a breach of the US, Canadian or Japanese securities laws or laws governing another jurisdiction.

By accepting this document you accept all disclaimers of liability and the restrictions cited above.

You can find the details of this disclaimer/exclusion of liability at:

<http://www.gbc-ag.de/de/Disclaimer>

Legal information and disclosures as required by section 85 of Securities Trading Act (WpHG) and Financial Analysis Directive (FinAnV)

This information can also be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung.htm>

Section 2 (I) Updates

A detailed update of the present analysis/analyses at any fixed date has not been planned at the current time. GBC AG reserves the right to update the analysis without prior notice.

Section 2 (II) Recommendation/ Classifications/ Rating

Since 1/7/2006 GBC AG has used a 3-level absolute share rating system. Since 1/7/2007 these ratings relate to a time horizon of a minimum of 6 to a maximum of 18 months. Previously the ratings related to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are defined based on the categories described below, including reference to the expected returns. Temporary price fluctuations outside of these ranges do not automatically lead to a change in classification, but can result in a revision of the original recommendation.

The recommendations/ classifications/ ratings are linked to the following expectations:

BUY	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $\geq + 10\%$.
HOLD	The expected return, based on the derived target price, incl. dividend payments within the relevant time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return, based on the calculated target price, incl. dividend payments within the relevant time horizon, is $\leq - 10\%$.

GBC AG's target prices are determined using the fair value per share, derived using generally recognised and widely used methods of fundamental analysis, such as the DCF process, peer-group benchmarking and/or the sum-of-the-parts process. This is done by including fundamental factors such as e.g. share splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

Section 2 (III) Past recommendations

Past recommendations by GBC on the current analysis/analyses can be found on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

Section 2 (IV) Information basis

For the creation of the present analysis/analyses publicly available information was used about the issuer(s) (where available, the last three published annual and quarterly reports, ad hoc announcements, press releases, share prospectuses, company presentations, etc.) which GBC believes to be reliable. In addition, discussions were held with the management of the company/companies involved, for the creation of this analysis/these analyses, in order to review in more detail the information relating to business trends.

Section 2 (V) 1. Conflicts of interest as defined in section 85 of the Securities Trading Act (WpHG)

GBC AG and the analysts concerned hereby declare that the following potential conflicts of interest exist for the company/companies described, at the time of this publication, and in so doing meet the requirements of section 85 of the Securities Trading Act (WpHG). A detailed explanation of potential conflicts of interest is also listed in the catalogue of potential conflicts of interest under section 2 (V) 2.

In relation to the security or financial instrument discussed in this analysis the following possible conflict of interest exists: (5a,5b,6a,7,11)

section 2 (V) 2. Catalogue of potential conflicts of interest

- (1) At the time of publication, GBC AG or a legal entity affiliated with it holds shares or other financial instruments in the company analysed or the financial instrument or financial product analysed. (2) This company holds over 3% of the shares in GBC AG or a legal person connected to them.
- (3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.
- (4) GBC AG or a legal person connected to them has, over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.
- (5) a) GBC AG or a legal entity affiliated with it has concluded an agreement with this company or issuer of the analysed financial instrument in the previous 12 months on the preparation of research reports for a fee. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.
- (5) b) After receiving valid amendments by the analysed company or issuer, the draft of this analysis was changed.
- (6) a) GBC AG or a legal entity affiliated with it has concluded an agreement with a third party in the previous 12 months on the preparation of research reports on this company or financial instrument for a fee. Under this agreement, the third party and/or company and/or issuer of the financial instrument has been given access to the draft analysis (excluding the valuation section) prior to publication.
- (6) b) After receiving valid amendments by the third party or issuer, the draft of this analysis was changed.
- (7) The analyst responsible for this report holds shares or other financial instruments of this company at the time of publication.
- (8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.
- (9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.
- (10) GBC or a related legal party has closed an agreement with the underlying company regarding consulting services during the previous 12 months.
- (11) GBC or a related legal party has a significant financial interest in the analysed company, for example to get mandated by the analysed company or to provide any kind of services (such as the organization of fairs, roundtables, road shows, etc.).
- (12) At the time of the financial analysis, the analysed company is in a financial instrument or financial product (e.g. certificate, fund, etc.) managed or advised by GBC AG or its affiliated legal entity.

Section 2 (V) 3. Compliance

GBC has defined internal regulatory measures in order to prevent potential conflicts of interest arising or, where they do exist, to declare them publicly. Responsibility for the enforcement of these regulations rests with the current Compliance Officer, Kristina Bauer, Email: bauer@gbc-ag.de

Section 2 (VI) Responsibility for report

The company responsible for the creation of this/these analysis/analyses is GBC AG, with registered office in Augsburg, which is registered as a research institute with the responsible supervisory authority (Federal Financial Supervisory Authority or BaFin Marie-Curie-Str. 24-28, 60439 Frankfurt, Germany).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are:

Cosmin Filker, Dipl. Betriebswirt (FH), Vice Head of Research

Section 3 Copyright

This document is protected by copyright. It is made available to you solely for your information and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law shall, in principle, require the consent of GBC or of the relevant company, should the rights of usage and publication have been transferred.

GBC AG
Halderstraße 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-Mail: compliance@gbc-ag.de