FINANCIAL REPORT 2022

CENIT Key Data 2018-2022

in million EUR	2022	2021	2020	2019	2018
Total revenue	162.15	146.07	142.13	171.71*	169.99*
EBITDA	11.94	11.27	9.59	15.24	11,95
EBIT	6.31	6.23	3.63	9.20	9.03
Net income	6.61	4.35	2.29	6.96	6.13
Earnings per share in EUR	0.75	0.51	0.28	0.82	0.73
Dividend per share in EUR	Proposal: 0.50	0.75	0.47	0.00	0.60
Equity ratio in %	35.3	47.0	51.2	45.8	49.4
Number of employees	861	685	711	737	757
Number of shares	8,367,758				

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

Contents

PREFACE OF THE MANAGEMENT BOARD

Preface of the Management Board

Ladies and gentleman*,

When we addressed you in the preface of last year's annual report, we spoke about a time of unforeseeable and constant challenges. Unfortunately, a year on, not much has changed in that regard. In light of fragile supply chains, a tense economic situation and the conflict in Ukraine, it is fair to say that political, economic and societal upheaval continues to inform all of our actions.

In 2022, we as the CENIT Group responded with a dynamism that is exceptional in view of the ongoing challenges generally. Not only have we set the course for further forward-looking development of the CENIT Group, we have already implemented numerous projects and underpinned them with clear results and milestones. These include planned acquisitions, internal programs, portfolio-based refinements and significant customer projects.

First and foremost, we would like to thank the employees of our global CENIT organization. It is their dedication that has made all of these projects possible. They were united in their support of us and often went the extra mile to obtain the best results possible. They never tired, even when the pace was tough.

CENIT's sales year 2022 in review

Let's first take a look at our economic ratios. The companies in the CENIT Group recorded sales of EUR 162.2 million globally. Compared with EUR 146.1 million in the prior year, this translates into a satisfying increase of 11%. Over the same period, group EBIT rose marginally from EUR 6.2 million in 2021 to EUR 6.3 million. It's worth remembering in this context that the CENIT team succeeded in making necessary changes to day-to-day operations while at the same time compensating for the loss of significant subsidies.

The sale of third-party software (including software maintenance) still accounts for the largest proportion of total sales (roughly 54.3%). However, the share of sales attributable to proprietary CENIT software solutions as well as to consulting and services also rose in 2022. Firstly, this is in line with our planned objective of driving the development and sale of CENIT's own solutions. Secondly, we are endeavoring to further establish CENIT as a reliable and competent advisor to our customers. Watching the corresponding sales components move in the desired direction is proof that we have taken the right course of action.

The performance of the CENIT share in 2022 is indicative of relative stability. The share price rose in the first half of the year, only to fall slightly in the last four months of the year. Despite the year-end taper, on average the performance of the CENIT share was positive, outperforming comparable companies in our peer group.

*CENIT is an Equal Opportunities Employer. For us, diversity and equal treatment of all people is a matter of principle. In the sense of better readability, however, we refrain from using gender-differentiating formulations throughout this annual report. In the interests of equality, the relevant terms apply to all genders and orientations. The abbreviated form of language does not imply any valuation and is merely for editorial reasons.

If we compare our current sales result with the growth target for 2025 – EUR 300 million and an EBIT margin of 8 to 10% – it is clear that we are halfway there. This is a strong position to be in. Nevertheless, the next three years will be the decisive phase for CENIT to achieve this target. Our approach involves facilitating sustainably planned organic and proactive inorganic growth, expanding tech collaborations with our partners, actively refining our software solutions and our consulting approach as well as adopting a conscious habit of cost discipline.

Strong for our team

As the Management Board of CENIT, we are well aware that we will only meet our target and move at the necessary pace if we offer our international colleagues the best conditions and support for their professional and personal development at CENIT.

One focus area for our HR-related activities in 2022 was "New Work". This primarily involved expanding our employee benefits. Together with a specialist partner, CENIT now offers a support structure with advice and/or concrete measures for employees facing challenges such as caring for family members or other personal matters. CENIT has responded to people's desire for more autonomy around structuring their working life by offering the possibility of planned sabbaticals or planned early retirement.

As part of refining our remuneration and bonus system, we are working on a model that allows our employees to participate more in the Group's profits. This move will motivate sales staff in particular to engage in cross-selling and think in an interdisciplinary way, as this could increase not only the Group's profits but also the staff member's own share in profit.

Together with the generous existing employer contributions and many benefits at CENIT, we want to use our new programs and initiatives to become an even more attractive and competitive employer for our present and future colleagues.
Ultimately, high-performing experts need a high-performing employer. A successful business depends on both of these factors.

A sustainable future

Our responsibility to our employees is also an integral part of our sustainable approach to governance. In order for a company to act sustainably and be economically and strategically successful, it must focus on people, resources and the environment. This is true both in the organization itself and in relation to partners and customers. Our corporate vision reflects this idea very clearly: "We empower sustainable digitalization."

As part of this vision, we have developed a sustainability report at CENIT (ESG report) that goes far beyond current minimum standards. During this process, we identified potential for improvement that we will add as sustainability targets within the framework of the CENIT 2025 program and underpin with the requisite measures.

For us, acting sustainably also means growth. As already mentioned, inorganic growth through mergers and acquisitions is an important factor here. We do not aspire to growth at any cost. When we look for companies that best complement the strengths of the CENIT Group, there are three main components that we home in on: their strategic alignment and profitability, a meaningful and innovative addition to our product portfolio, and the human factor. If all three components come together, we can be sure that we will create added value for CENIT through the merger – professionally, culturally and strategically.

We completed three acquisitions in 2022:

- In April 2022, CENIT acquired the majority (74.9%) of ISR Information Products AG, a one-stop shop for analytics and process digitalization with its head office in Braunschweig. This shareholding serves to bundle the competencies of both companies in the field of document logistics and information management and to achieve a strong joint market position. It also allowed us to secure the very promising AI platform "Build Simple".
- The acquisition of the remaining shares of the Mannheim-based SAP expert Coristo back in May 2022 means that we have now acquired that company in full. This marks a major step for the CENIT Group towards an end-to-end SAP solutions offering.
- In the third quarter of 2022, we took over the Dassault Systèmes business from Romanian software house Magic Engineering SRL in order to enhance our 3DS Solutions portfolio.

We will continue to add further companies to the CENIT Group in 2023 and progress our ambitious growth plans in a targeted way. The first was our acquisition of mip GmbH in January, which constitutes a further step in our growth strategy. We expect further acquisitions to take place in the first half of 2023.

Everything we do to develop CENIT further – professionally, organizationally and economically – is informed by our vision of being a trusted advisor to our customers that champions their sustainable digitalization. This entails a shared mindset, a corresponding culture of leadership and a strong portfolio of solutions that ideally can serve all of our customers' digitalization needs from one source. This is CENIT's unique selling proposition.

We are confident that our absolute dedication, defined strategies and clear measures will help us to achieve this goal.

2022: a year of strategic progress for the CENIT Group

We have started 2023 with great momentum. We have a solid economic basis, an international management team with some new members and strong personnel resources through our excellent workforce. We will continue to refine our attractive solutions and consulting portfolio to ensure the innovativeness and competitiveness of our customers.

It is possible that 2023 will also bring new and unexpected challenges. As the Management Board of CENIT, we will do all in our power to respond to any challenges in the best interests of CENIT, our employees and customers and our shared success. Our decisions are consistently geared to increasing value, growth and a responsible adherence to our values.

We would like to take this opportunity to thank our customers and partners for the respectful, productive and enriching working relationships over the past year.

We also want to thank our shareholders – we are very grateful to you for the trust you place in CENIT. We look forward to our continued shared success!

With best wishes,

Peter Schneck Spokesman, Management Board	Axelle Maze Member, Management Board

REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

Dear Shareholders,

After two years overshadowed by the coronavirus pandemic, 2022 was yet another difficult and challenging year. It was shaped in the main by the war in Ukraine, but also by numerous other uncertainties, such as high inflation, continued interruption to supply chains and a dramatic increase in commodity and energy costs. In view of the many challenges, the German economy proved extremely resilient over the past year, recording a marginal increase in gross domestic product of 1.9% despite pessimistic forecasts. On the whole, the CENIT Group held its own in an adverse environment and closed the fiscal year 2022 with a positive result of EUR 162.2 million in sales and EBIT of EUR 6.3 million. Although forecasts by economic experts for the coming year are rather downbeat, the CENIT Group considers itself to be in a strong position. Firstly, there are indications that growth trends in the relevant markets and industries will remain stable in the long term. Secondly, the Group has a strong positioning in countless European countries which is expected to endure in the future. Last but not least, Germany has a lot of catching up to do in the area of digitalization. All of these factors combined are a cause for optimism for us going forward.

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 and continually monitored its conduct of business and in doing so satisfied ourselves as to the lawfulness, expediency and correctness of its activities. The Supervisory Board was involved on a timely basis 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 business strategy and enterprise planning, including financial, investment and personnel planning, the course of business and the financial situation and profitability of the Group. The reports from the Management Board also examined the risk situation as well as risk management and compliance matters. We were always informed in good time of variances between the business planning and the actual course of business.

Before the meetings, all members of the Supervisory Board were each provided with comprehensive written reports by the Management Board, excerpts from company documents and in particular documents from the accounting department. Based on these as well as 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 matters as required the approval of the Supervisory Board. The reports by the Management Board on the business situation and presentations on special matters of interest were supported by written presentations and documents; these were 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 current business situation and material business transactions.

In the fiscal year 2022, the Supervisory Board held eight regular meetings and three extraordinary 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 18 November 2022, which took place in person. All members of the Supervisory Board took part in all of the meetings.

Meetings	In person/	Rainer-Christian Koppitz	Isabell M. Welpe	Ricardo Malta
28 January 2022	online	X	X	X
14 March 2022	online	X	X	X
25 March 2022	online	X	X	X
31 March 2022 (extraordinary)	online	X	X	X
6 April 2022 (extraordinary)	online	X	X	X
20 May 2022	online	X	X	X
22 July 2022	online	X	X	X
23 September 2022	online	X	X	X
18 November 2022	in person	X	X	X
16 December 2022	online	X	X	X
23 December 2022 (extraordinary)	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.

Matters addressed by meetings of the Supervisory Board

At all Supervisory Board meetings in the 2022 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. In this context, the Supervisory Board placed particular emphasis on potential consequences for risk and liquidity management, especially in light of the ongoing effects of the coronavirus pandemic and the outbreak of the Russia/Ukraine conflict in February 2022. Other topics at the meetings included the development of business in the respective quarters, the change on the Management Board, CENIT’s management of the coronavirus pandemic, M&A activities as well as Corporate Social Responsibility (CSR) and implementation of the “New Work@CENIT” initiative.

At the first meeting of the year on 28 January 2022, the Supervisory Board mainly addressed the budget planning and the preliminary results of the previous fiscal year. Other topics included the amendments to the German Corporate Governance Code and agreement on the Declaration of Conformity for the fiscal year 2022.

Financial reports / audits

During its balance sheet meeting on 25 March 2022 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 2021, both prepared by the Management Board, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, which was appointed auditor at the ordinary General Meeting of Shareholders on 20 May 2021, 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 2021, prepared by the Management Board and on which an unqualified audit opinion was issued by the auditor, were conclusively reviewed on 25 March 2022. Postponed dates meant that the Supervisory Board approved the 2021 annual financial statements of CENIT Aktiengesellschaft and noted the 2021 consolidated financial statements with approval at an extraordinary meeting on 31 March 2022.

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 2022 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 2022.

A key component was the preparation for the General Meeting of Shareholders on 20 May 2022, which was once again held as a digital conference without the physical presence of the shareholders due to planning uncertainty as a result of the coronavirus pandemic.

Change on the Management Board

On 17 October 2022, Axelle Mazé took on the role of Chief Financial Officer (CFO), following in the footsteps of Dr. Markus Wesel.

Axelle Mazé's previous role was that of CFO at the French subsidiary KEONYS. In her new role as CFO of CENIT, Axelle Mazé is responsible for Finance/Controlling, IT and Personnel. Before joining CENIT, Axelle Mazé had been CFO of KEONYS S.A.S., a French software implementation specialist with its headquarters in Suresnes (near Paris), since 2015. After KEONYS was acquired by CENIT AG in 2017, Axelle Mazé was responsible for topics such as change management and HR alongside her finance remit. She played a key role in CENIT AG's merger and acquisition activities. Axelle Mazé has been a member of the international Leadership Team of the CENIT Group since July 2020.

As an internal successor, Axelle Mazé is already deeply familiar with CENIT's solutions and has links with the operating business in the core markets of France and GSA. Furthermore, Axelle Mazé has already made a significant contribution to acquisitions in the field of M&A at CENIT AG. This means that the Management Board is already a well-established team that can push forward with CENIT's growth trajectory.

The previous CFO, Dr. Markus Wesel, will be taking up a new professional challenge and has agreed to facilitate a changeover before the end of his contract. It was mutually agreed, very amicably, that his term would come to an end on 15 October 2022.

We wish to thank Dr. Markus Wesel for his work and dedication to CENIT over the past years and wish him all the very best professionally and personally.

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.

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 – particular attention was paid to the continual lawfulness of business management and the efficiency of the organization.

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. In accordance with Article 3.10 of the German Corporate Governance Code, the Management and Supervisory Boards report on corporate governance at CENIT in their Corporate Governance Report. On 17 February 2022, the Supervisory Board issued its Declaration of Conformity with the German Corporate Governance Code as amended on 7 February 2017 in accordance with Sec. 161 AktG. It has 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 2022

The accounting, the annual financial statements with the management report for the 2022 fiscal year, the consolidated financial statements with explanations and the group management report for the 2022 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 20 May 2022. 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 2022 annual financial statements and consolidated 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 2022 were fully compliant with statutory requirements.

During the balance sheet meeting on 31 March 2023, 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 31 March 2023, the Supervisory Board approved the annual financial statements prepared by the Management Board for CENIT Aktiengesellschaft for the 2022 fiscal year, thus ratifying the financial statements pursuant to Sec. 172 AktG. The Supervisory Board also acknowledged and approved the consolidated financial statements for the 2022 fiscal year on 31 March 2023.

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

In view of the challenging – yet successful – past fiscal year, the Supervisory Board would like to thank the Management Board and all CENIT employees throughout the world for their personal commitment, their achievements and their performance.

Stuttgart, March 2023
On behalf of the Supervisory Board

Rainer-Christian Koppitz
Chairman of the Supervisory Board

SUSTAINABLE DIGITALIZATION

SUSTAINABLE DIGITALIZATION

AN INTERVIEW WITH CEO PETER SCHNECK

Since assuming the position of CEO in January of 2022, Peter Schneck has pursued an active growth strategy for the international IT and software provider. Growth – but not at any cost, that's his motto. What, then, is CENIT's idea of sustainable digitalization? An interview with Peter Schneck.

Mr. Schneck, you have officially been CEO of CENIT since January, 2022. Ever since you took on the position, you have been orienting your growth strategy more strongly on sustainability. What dimensions are you focusing on?«

We plan to achieve an attitude change – first internally, and later with our external target groups – in which we fully penetrate the issues of sustainability and sustainable digitalization, rather than just reducing them to environmental aspects.

Sustainability is often associated with aspects like power and water consumption, waste reduction, etc. But a business approach to sustainable digitalization must also include the ambition to add quality by improving processes, achieve greater efficiency in production and abbreviate or entirely avoid prototyping cycles and, of course, create new long-lasting products.

Our thinking revolves around optimal generation, utilization and integration of data and information from the entire product lifecycle, end to end. This intelligently connected information helps us – and then our clients – to gain a better understanding of their products and thereby maximize the added value they can derive from them. That's sustainability – a best possible use of resources and information.

But for me, the concept of sustainability also means creating sustainable jobs for your employees. I look at it from the perspective of the "war for talent": In the years to come, how do we develop our human resources in line with market needs, ensure that they remain loyal to us and stay at the cutting edge in all our disciplines? And how do we deploy them optimally?

In addition, sustainability extends to diversity considerations and social responsibility.

And that's where we come full circle: We mean to change the mindset of our employees and customers so that together we can develop sustainable products that give us a competitive edge and serve the value chain in all respects. It's the only way to ensure that sustainable digitalization becomes our own "solution product", and it's why we have to focus on all these dimensions, now and in future.

We can see how CENIT's strategy has been reoriented and refined under your auspices when we look at the newly formulated vision, mission and corporate purpose. The latter states that CENIT shapes sustainable digitalization. Could you explain that in more detail?

In itself, the topic of "sustainable digitalization" is not a new one for CENIT. We have already addressed sustainability issues in a great many projects over the years – even if we haven't called it by that name until now. Let's take our 3DS Solutions unit: Based on the capabilities of the 3DEXPERIENCE platform and our own solutions, we optimize the entire engineering and manufacturing process of a product, shortening cycles and improving resource use.

Now, we are focusing even more heavily on the data and the analyses that we can make available to our customers, not just via the simulations and manufacturing steps but far beyond.

This data still contains dormant potential with respect to product development, product use and the entire circular economy related to the product. And, in this context, also the use of human and material resources. To give you a classic example: Since 2021, we have been integrating the platform of Dassault Systèmes (3DEXPERIENCE) and SAP, whether on-premises, hybrid or in the Cloud. That means we are addressing two key dimensions for manufacturing enterprises: The product innovation process on one hand and the operational business on the other. Our goal is to optimize and digitally interconnect these processes along the entire product development cycle, through to maintenance and feedback – to fuse them, if you like.

To offer our clients the best possible conditions for sustainable digitalization, we want all of our solutions and products to reflect this digital sustainability and consistency. That means we will align the solutions of our five business units to ensure that they mutually support each other in the best possible way and permit truly continuous digital flow. In this way, we want to offer our clients solutions that help them simulate, analyze, document and control – at each and every stage of the value cycle.

It's our direct and indirect contribution to promoting sustainability considerations among our clients: If a business has optimal information on its processes, it becomes more flexible and can react more proactively if something goes wrong. It can also think in a more future-oriented way – and it gains a better footing for addressing aspects like efficiency and resource use.

Does a digitalization approach that focuses on sustainability actually offer businesses competitive benefits? If so, how do you arrive at that conclusion?

Anyone who wants to get serious about sustainable digitalization can achieve enormous benefits, because the term "sustainable digitalization" is actually just a synonym for "strategic planning". And in that arena, the technology goal is to interconnect all the information and data generated from product inception to recycling, thereby optimizing added value – and to plan that process throughout an organization. Doing that successfully gives you best-possible resource use and high, measurable profitability.

This means that those of us who are involved in this dimension of sustainability are involved in questions of strategic orientation for the coming years. How can I merge the information available to me today in a meaningful way, one that lets me optimize my resource allocation? How do I cut costs? How do I hone my competitive edge? Or, more comprehensively: How do I produce the best possible product at minimum cost and maximum quality while simultaneously eliminating/minimizing risks, securing jobs and bringing my business forward?

In sum, the classic elements of a business strategy. Thus, at the end of the day sustainability is a strategy for best-possible forward motion – also with a view to aspects like sales and EBIT.

Let's look a bit further ahead. Where do you see CENIT in five years?

Let's first look three years ahead – to the goal of our "CENIT 2025" strategy program, in which we defined a sales target of € 300 million and EBIT of 8 to 10 %. Our USP – having five business units working in mutually supportive collaboration – will be instrumental in achieving these targets and be valued by our customers as a so-called trusted partner. CENIT will strongly influence the digitalization of industry and thus be an essential partner for our customers. We will extend our digitalization know-how to other industry segments as well as the public sector.

Looking at a time span of five years, i.e. until 2027, I naturally hope that by then we will be approaching the € 500 million mark and EBIT significantly above 10%. That, of course, would be the natural consequence of sustainable digitalization.

HIGHLIGHTS FROM OUR BUSINESS UNITS

3DS SOLUTIONS

SALOMON Footwear, specialized in cutting-edge equipment dedicated to outdoor sports, had a double challenge: implement the company's global company social responsibility guidelines (CSR) in terms of eco-design and improve product performance based on digital simulation from Dassault Systèmes (Abaqus).

This technology enables to simulate the multiple behaviors of the shoe in 3D from the design phase. The environmental benefits are clearly identified as the performance of the shoe is thus optimized and today Salomon goes from 100 to 10 physical prototypes. The objective is to reduce the carbon footprint by 30% in 2030.

„Digital simulation is essential to conciliate the design of a high-performance running shoe with carbon footprint reduction"

Guillaume Meyzenq, Senior Vice President SALOMON Running, Outdoor & Sportstyle

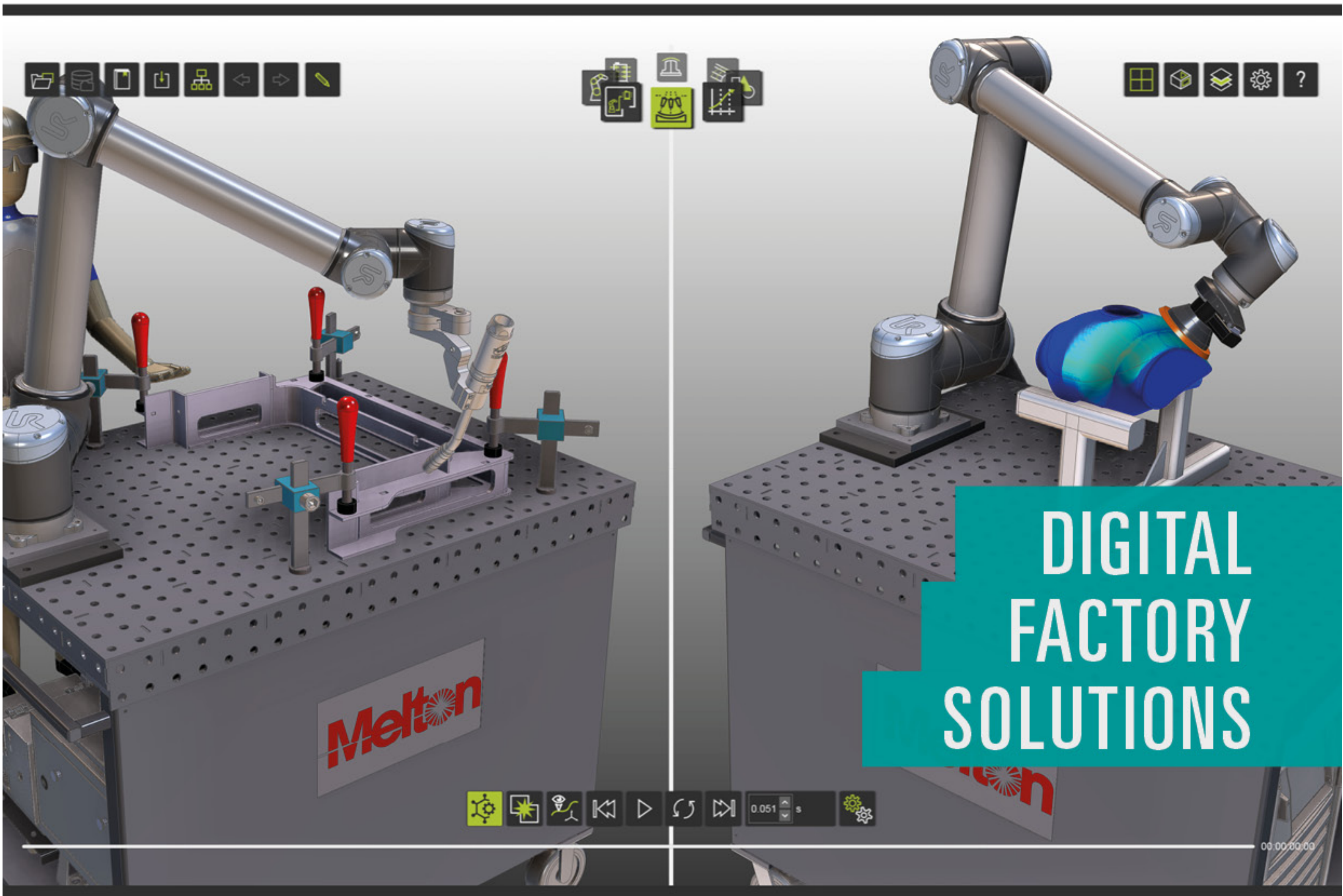
MELTON MACHINE & CONTROL COMPANY is an established leader in automated arc welding systems. With 50-plus years of experience designing and building premium-quality, value-focused equipment and fixtures, the system integrator is trusted by its partners around the world to develop precise, efficient solutions for factory automation.

FASTSUITE brand-agnostic simulation and offline programming (OLP) software allowed Melton, as system integrator to substitute different robot brands when supply chain shortages caused long lead times. The software's powerful simulation tools help prove out complex automation concepts upfront and eliminate rework later. Cost savings yield a strong return on investment.

FASTSUITE provides accurate 3D process simulation, including collision detection, axis limits and singularity monitoring as well as full control of multi-robot cells and dynamic workpiece positioners.

„Our time to runoff has shrunk considerably: By using FASTSUITE in a specific project, we reduced the project execution lead time by 6 weeks."

Glenn Archer, VP of Sales & Marketing at Melton Machine



ENDRESS+HAUSER is a global leader in measurement instrumentation, services and solutions for industrial process engineering. The company provides process solutions for flow, level, pressure, analytics, temperature, recording and digital communications.

The main challenges were an existing complex change process, no standardized process templates and multiple SAP systems across the entire organization. The solution: cenitCONNECT Advanced Process Management as enterprise license with 3,600 users for the control of the global change process.
Main benefits include a highly flexible workflow for mapping and controlling the global change process, managing multiple SAP systems and technology platforms.

„cenitCONNECT APM gives us end-to-end control of our global processes across a variety of SAP systems and technology platforms, plus the means to adapt them dynamically.“

Dr. Ulrich Binninger, Solution Architect PLM at Endress+Hauser

ENTERPRISE INFORMATION MANAGEMENT

MTU AERO ENGINES is a German leading engine manufacturer whose innovative technology contributes to make aviation safer, more efficient and more sustainable.

Enterprise Information Management (EIM) solutions are key for a company whose activity is closely linked to compliance and regulation requirements as it is the case in the aerospace sector. MTU sets very high standards for its products and processes and they chose CENIT ECLISO to securely manage all the documents, the associated files and processes in line with their efficiency and excellence objectives.

„Being a world leader in the development, manufacture and maintenance of aircraft engines means we have a great responsibility in the processes management. Guidelines, documentation, approvals and certificates are essential components in all areas of our company to ensure that the world's most eco-efficient engines are flying the skies."

Lars Wagner, Chief Executive Officer, MTU Aero Engines

CENIT DIGITAL BUSINESS SERVICES

Project BEST - Biologization of Technology

The project „Trees as efficient support structures in additive manufacturing (BEST)“ is carried out by **CENIT AG** in cooperation with the **Institute for Laser and Plant Systems Technology at the Technical University of Hamburg** and is funded by the German Federal Ministry of Education and Research.

Project tasks

- CENIT AG develops and implements a basic algorithm and a tool to create support structures in 3D printing
- Hamburg University of Technology is developing the simulation and design rules for the tool.

The project aims to develop a computer-aided tool that generates bioinspired support structures for a given component. For this purpose, simulation and generative design are linked by means of algorithmic botany and tree structures are generated by algorithmic biological growth. Due to the characteristic high residual stresses of the titanium alloy Ti-6Al-4V during additive processing, the project work focuses on this material. The project will be concluded with a physical demonstration.

„Our studies have shown that the optimal structures have a tree-like geometry. The algorithm we have developed lets the tree-shaped structure grow inversely, from the crown down to the trunk.“

Jochen Michael,
Senior Consultant Digital Business Services, CENIT AG

MANAGEMENT REPORT

Combined (group) management report for the fiscal year 2022

The **management report** of CENIT Aktiengesellschaft (hereinafter also "CENIT") and the **group management report** of the CENIT Group for the fiscal year 2022 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 2022 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. CENIT has expanded its presence in Europe through acquiring the KEONYS Group in 2017. Through KEONYS, CENIT has since then also been represented in the Netherlands and Belgium as well as in France with its own local companies. CENIT has further locations in the US, Switzerland, Romania, Japan and China.

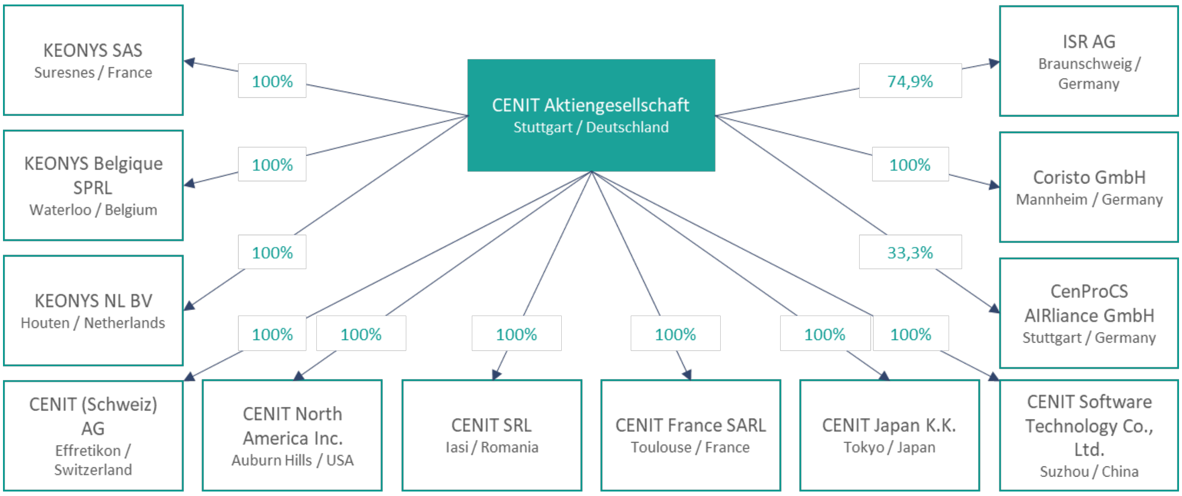
On 31 May 2022, CENIT AG acquired the majority interest in ISR Information Products AG (hereinafter also "ISR") by purchasing 74.9% of the shares. ISR is a one-stop shop for data analytics and process digitalization with its head office in Braunschweig and offices in Münster, Hamburg, Cologne, Frankfurt and Munich.

This shareholding serves to bundle the competencies of both companies in the field of document logistics and information management and to achieve a strong joint market position. ISR continues to operate under its own name – with the addition "A CENIT company". For CENIT, the shareholding in ISR is a key milestone on the way to becoming the top-ranking player for document logistics and information management.

In May 2022, CENIT was also able to top up its stake in Coristo GmbH (hereinafter also "Coristo") to 100%.

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. The companies use the same accounting and valuation methods as the parent. 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 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.

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



The **basis of consolidation** was larger than in the prior year on account of the acquisition of ISR Information Products AG as of 31 May 2022.

CENIT AG's **Management Board** comprised the following members as of 31 December 2022:

- Peter Schneck, CEO and Chair of the Management Board
- Axelle Mazé, CFO since 17 October 2022
- Dr. Markus Wesel, CFO until 15 October 2022

CENIT AG's **Supervisory Board** comprised the following members as of 31 December 2022:

- Rainer Koppitz, Chair of the Supervisory Board
- Prof. Dr. Isabell Welpe, Deputy Chair of the Supervisory Board
- Ricardo Malta, 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, 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 based on standard products by its software partners as well as CENIT's own solutions based on those standard products. Leading software providers such as Dassault

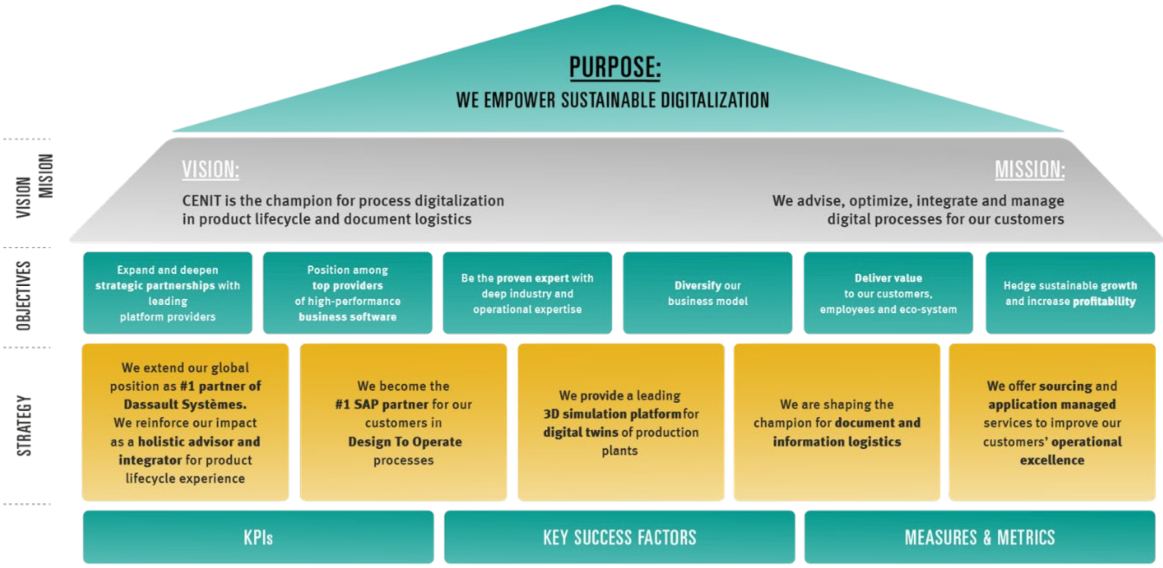
Systèmes, IBM and SAP are strategic partners to the Company. The employees in the CENIT Group provide the customers with tailored industry support in the planning, implementation and optimization of their business and IT processes.

To allow the customers to concentrate on their core competences, 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 Dig**IT**alization". 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 the 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 just 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 growth is set to exceed around 5% p.a. in all business divisions. As digitalization is running according to plan for all of the companies in our regional focus, market potential lies beyond that target of 5%. 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 is responsible for the **overall planning** and for 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 performance indicators for the respective assessments. 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. As part of this planning process, the current five-year plan is also examined and updated.

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. The key performance indicators are sales, gross profit, OPEX and EBIT. 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.

Because of the ongoing exceptional 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 9.3 million in the fiscal year 2022 (prior year: EUR 8.3 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.

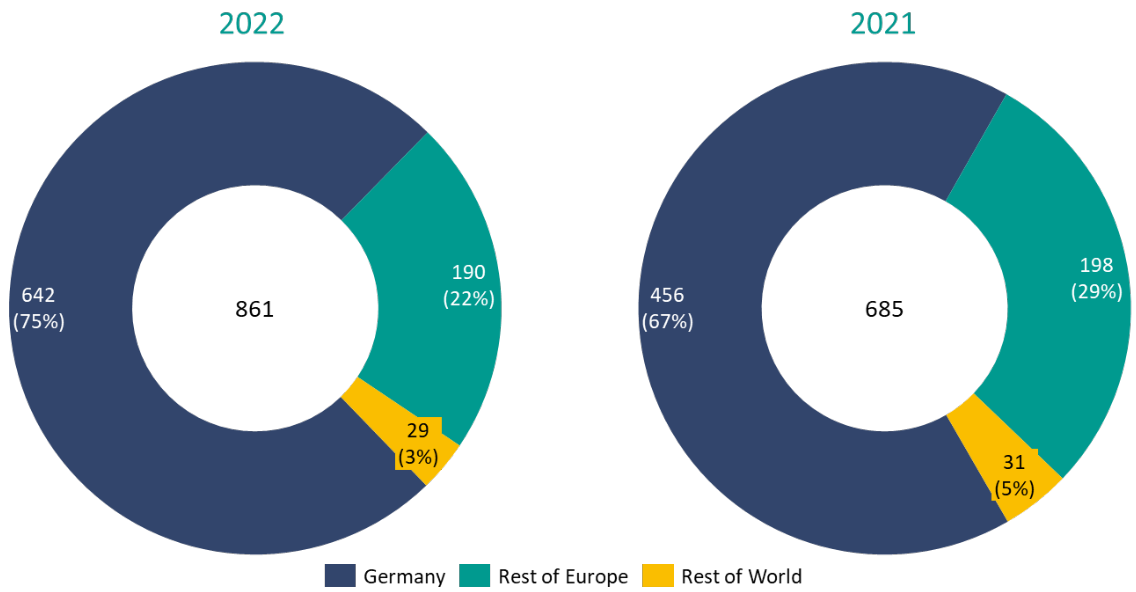
Because innovation also means progress, research and development are of central importance for the further achievement of the **corporate objectives**. This allows the CENIT Group to enhance its market position at the same time. For this reason, the Management Board plans to retain development expenses at this level.

1.7 Employees

a) Overview

On 31 December 2022, the Group had 861 employees (prior year: 685). CENIT AG, Germany, had 441 employees on the same date (prior year: 446). The main reason for the year-on-year increase was the stake in ISR.

The **employees** of the CENIT Group are **distributed** by region as follows:



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

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

Entity	31 December 2022	31 December 2021
CENIT AG Stuttgart, Germany	441	446
KEONYS SAS Suresnes, France	99	111
CENIT SRL Iasi, Romania	47	45
CENIT North America Inc. Auburn Hills, USA	18	19
CENIT France SARL Toulouse, France	17	16
CENIT (Schweiz) AG Effretikon, Switzerland	13	13
Coristo GmbH Mannheim, Germany	7	10
CENIT Japan K.K. Tokyo, Japan	7	8
KEONYS Belgique SPRL Waterloo, Belgium	7	7
KEONYS NL BV Houten, Netherlands	7	6
CENIT Software Technology Co., Ltd. Suzhou, China	4	4
ISR AG Braunschweig, Germany	194	-
Total	**861**	**685**

Personnel expenses in the reporting period came to EUR 67.3 million in the CENIT Group (prior year: EUR 59.7 million) and to EUR 37.9 million at CENIT AG (prior year: EUR 39.4 million). Salary increases and the inclusion of ISR led to a EUR 8.7 million increase in expenses at group level, on top of which the Group no longer had any cost savings from short-time work payments (down EUR 1.4 million on the prior year).

b.) Personnel policy (unaudited)

We continue to dedicate ourselves to the objective "We are an attractive employer". Because our staff make a decisive contribution to the success of the Group, we place our employees at the heart of our HR strategy.

A key element in our strategy is the continued education of our staff in order to prepare them for future challenges in the world of work. These continued education options range from training opportunities for improving one's individual professional expertise to broad-based further training programs as part of our CENIT Campus training program. In addition to acquiring and improving language skills, there are also training events for soft skills that help employees to be even more confident in their day-to-day work.

Alongside further professional training, we are also very committed to our employees' personal development. We offer various personnel development programs, including on-the-job development programs such as CENIT Skill and Organizational Development and the one-year Talents@CENIT program, which is a measure aimed at promoting core potentials and young executives. 12 employees took part in the program in 2022. We also carried out several executive training sessions in 2022 to assist our executives in their day-to-day challenges.

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

The pandemic also changed how we work at CENIT. Through a high level of flexibility and the ability to adjust to new circumstances, we have succeeded in maintaining close links and personal contact among employees and between employees and executives. We have started to shape the transformation of the working world together with our employees. Feedback from our staff that we received as part of the internal New Work@CENIT survey has been key to this process. One resulting measure was the partial redesign of office spaces at the Stuttgart location and the introduction of desk sharing. We are also endeavoring to reduce leased spaces by means of sustainable use of space.

We survey our employees on a regular basis, asking them for feedback on their current work situation, CENIT's strategy and processes. We carried out another global employee survey in 2022 ("Your Feedback").

We have continued to optimize and expand social security at CENIT, for example by introducing working time accounts and pme Familienservice. The working time account ('Zeitwertkonto') allows employees to bank time through salary conversion that they can use at a later stage for activities outside of CENIT, for leisure, caring for family members or for early retirement.

A focal area of HR work in 2022 was once again to hire new talent in order to foster the success and growth of the Company and of the entire Group.

This saw us take part in several recruiting events in 2022, some of which were back to in-person events this year. Furthermore, we always try out new ways of recruiting qualified staff. For example, we also used online platforms in order to be able to carry out interviews online as well as in person. This simplified things a lot for applicants, who were more inclined to submit an application because they did need to travel long distances for the interview. It also reduced the administrative workload and meant that applications could be processed much faster.

Once again, an important factor in recruiting was the increased use of marketing tools and social media channels such as XING or LinkedIn, where we used some of our own videos as well as social media campaigns. We also continue to expand our existing recruiting channels further, such as the partnership with Germany's Federal Labor Office, the Bundesagentur für Arbeit, and consistently promote our program incentivizing employees to refer new staff. We hired 12 new colleagues in 2022 using this method. Another important point is the constant optimization of touchpoints, for example expanding our presence on various national and international employer portals.

Vocational training is still an important and strategic investment area for the Group. We see CENIT's dedication to helping young people start their career and accompanying them on this journey as part of our responsibility to society. Particularly for young people, qualified training is a vital component for their further professional careers. In 2022, we also took part in various events to showcase our apprenticeships and study places to interested schoolgoers. In 2022, CENIT Germany had trained 28 young people in various professions by the end of the year, especially in technical courses of study such as computer science, information systems or industrial engineering.

13 apprentices completed their apprenticeships or studies at CENIT successfully in 2022, of whom ten were hired by CENIT upon completing their training. Our focus on quality also extends to apprenticeships, which is why we offer regular internal and external training sessions for our apprentices. CENIT also employed ten interns and students completing their Bachelor's degree in the past year.

The pandemic management system successfully introduced back in March 2020 and the related technical and procedural adjustments meant that all employees had the option of working from home again in 2022.

Even after the end of the pandemic, we will continue and expand our CENIT health management system, which has been in place for many years. In addition to dedicated healthy living days 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.

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) General

2022 was a year of numerous **challenges**. The coronavirus pandemic, the war in Ukraine, the energy crisis and record inflation are just some of the issues that led to a palpable growth downturn on the markets as well as turbulence on the financial markets.

At the beginning of the year, the effects of the pandemic, the problems with **supply chains** as well as large-scale **lockdowns** in China weakened the pace of economic development. In addition, the **war in Ukraine** and the ensuing **sanctions against Russia** resulted in a drastic **energy scarcity**, prompting high **inflation** and causing **private consumption** to wane.

Concerns around growth and inflation as well as geopolitical uncertainty dampened the mood on the **international capital markets**, with some considerable **price fluctuations** on the stock markets. For example, after three years with positive results, the DAX closed 2022 down significantly by 12.3% year on year. The Dow Jones also closed down 8.8% as of year end. However, the CENIT share held its own during these turbulent times.

b) Europe

Apart from the disruption caused by the **war in Ukraine**, the economy of the eurozone proved resilient in the first half of 2022. The pace of economic growth slowed from the third quarter, though not as much as originally expected.

After a major economic recovery in 2021 and a 5.3% rise in GDP, the **eurozone** economy grew by approximately 4.3% in 2022 based on preliminary estimates by the **European Commission** and most economic experts.

Inflation in the eurozone seems to have peaked at 10.6% in October 2022, as inflation rates have been on the decline for some months now.

The main reasons for the lack of growth in the **economy** were a sharp rise in consumer prices and lower purchasing power on the part of private households, uncertainty around **energy supply** and continued high prices of energy.

c) Germany

According to preliminary estimates by Germany’s **Federal Statistical Office** (‘Statistisches Bundesamt’), **gross domestic product (GDP)** improved by 1.9% in 2022. This means that the dire forecasts made by the **International Monetary Fund (IMF)** last summer have not come to pass. In light of the **coronavirus pandemic**, now in its third year, and its impact as well as the **war in Ukraine**, ongoing for over a year now, the **German economy** proved robust and resilient overall in 2022.

Ongoing **supply bottlenecks**, energy supply shortages and the huge increases in **energy prices** after the trade and economic sanctions imposed on Russia were particularly challenging, both for companies and consumers. This situation was compounded by the extraordinarily high **inflation rate** of 7.9% on average over the course of 2022.

The German **labor market** remained unaffected, with the **number of people in employment** in Germany in the past year higher than ever before. Compared to 2021, the number of employed persons rose by roughly 589,000 to a total of 45.6 million. The **unemployment rate** dropped from

5.7% in 2021 to 5.3%, thus highlighting the challenges for companies facing tough competition for new hires.

2.2 Sector-specific environment

Business in the **digital sector** is far outperforming the economy as a whole. Despite the war in Ukraine, continued interruptions to global supply chains and record inflation figures, the digital sector remains **stable** and is expecting further **growth**.

For example, **ITC sales** increased by 4.0% to EUR 196.1 billion in Germany in 2022. The **labor market** in the digital sector has also continued to develop **positively**, with 45,000 additional jobs created in Germany in 2022 according to Bitkom. This means that somewhere in the region of 1.31 million people were employed in the ITC industry. Automation as a response to the low availability of qualified staff requires further investment in digitalization and will continue to push digitalization forward.

2.3 Overall course of business

2022 was a mixed year for the CENIT Group. Firstly, the economic framework conditions for our customers in the main industries of aerospace, automotive, civil and mechanical engineering remained difficult. Especially in conjunction with the war in Ukraine and after the health crisis brought about by COVID-19, this mean that capital expenditures did not recover. Sales rose organically by 1.8% 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 in the EIM segment (ISR) and in the PLM segment by taking over the customer base and employees of Magic Engineering SRL in Romania. It also acquired Coristo GmbH in full in May 2022. These acquisitions make it possible to balance out future volatility in the industrial segments and better respond to any dependences on segments or on partners. 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 certain geographic markets (eastern Europe) and areas of tech, they also contribute significantly to CENIT's profitability.

Despite the difficult market conditions described, consolidated sales improved considerably from EUR 146.1 million in the prior year to EUR 162.2 million (up EUR 15.9 million or 10.9%). Because of the after-effects of the pandemic and uncertainty stemming from the war in Ukraine, sales with software licenses of EUR 105.7 million remained marginally lower than in 2021 (EUR 106.2 million). Some customers in the PLM segment had reduced or deactivated software maintenance during the pandemic and have not yet reactivated this due to ongoing uncertainty caused by the war in Ukraine.

By contrast, sales from services shot up by 40%.

Operating expenses 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. At the same time, the budget was burdened by the loss of savings from the short-time work scheme (down EUR 1.4 million compared with the prior year). A drop in research and development grants also reduced other operating income by EUR 1.0 million compared with 2021.

Consolidated EBIT grew slightly to EUR 6.3 million against this backdrop (prior year: EUR 6.2 million).

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

(1) 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 4.5 million (+3.5%) to EUR 134.6 million (prior year: EUR 130.1 million). Sales nevertheless fell slightly short of the ambitious target of EUR 137.1 million.

At EUR 3.5 million, recognized EBIT was unchanged on the prior-year level of EUR 3.5 million.

(2) Sales in the **EIM segment** rose substantially by EUR 11.6 million (up 72.5%) on the prior year. This development was thanks in the main to the shareholding in ISR, which makes the CENIT Group the market leader on the GSA market. Sales in 2022 (EUR 27.6 million) far exceeded budget forecasts (EUR 13.0 million, up 112.3%), as the shareholding in ISR was not contained in the plan. Segment EBIT came to EUR 2.7 million (prior year: EUR 2.7 million). It is worth noting that ISR's EBIT was only included for a period of seven months.

Earnings per share (EPS) increased to EUR 0.75 per share compared to EUR 0.51/share in the previous year due to a better financial result.

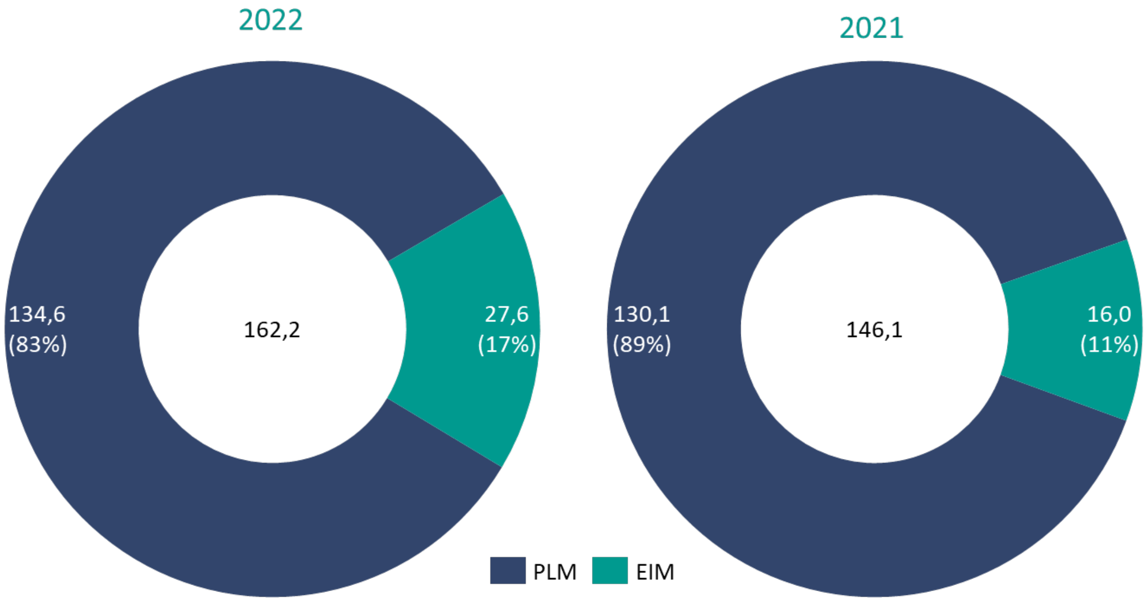
Because the parent company **CENIT AG** also makes a key contribution to the development of the CENIT Group, the sales and earnings development at **CENIT AG** resembles that of the Group, exceeding the planned sales target for 2022 of EUR 94.3 million by EUR 0.8 million (+0.8%). CENIT AG grew its sales from the consulting and services business by EUR 1.6 million compared to the prior year. Software-related sales remained virtually unchanged. Taking higher expenses (up 2.6%) into account, EBIT fell by EUR 0.6 million to EUR 3.2 million (prior year: EUR 3.8 million). 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 involve expanding the sustainability report in accordance with the GRI Standards, developing a sustainable code of conduct for suppliers, training employees on compliance, reporting within the framework of the EU taxonomy as well as integrating the sustainable development goals.

In conclusion, it is fair to say that CENIT is continuing 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 2022 amounted to EUR 162.2 million and were thus up 11.0% on the prior-year figure. Breaking down revenue by segment (PLM and EIM) shows the following picture:

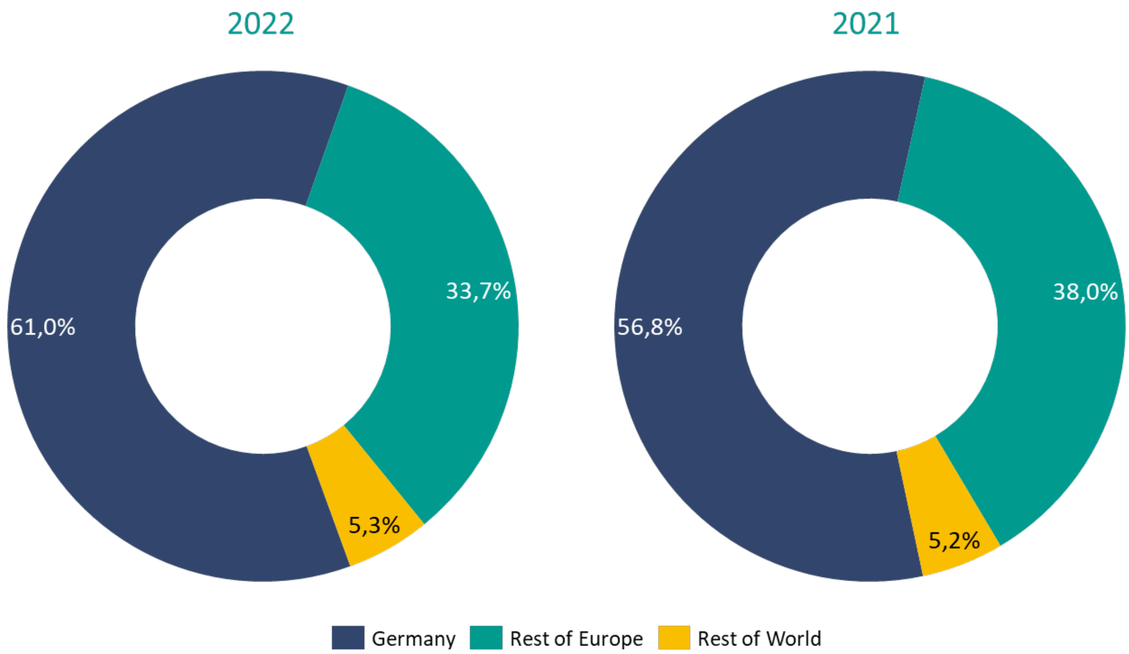


Sales by **product / income type** break down as follows:

Sales by product / income type in EUR k	2022	2021
Third-party software	88,139	88,543
thereof software	19,569	19,590
thereof software updates	68,570	68,953
CENIT consulting and services	55,719	39,822
CENIT software	17,710	17,688
thereof software	6,602	7,427
thereof software updates	11,108	10,261
Merchandise	584	18
Total	**162,152**	**146,071**

With a share of 54.3% (prior year: 60.6%) in total sales, the sale of third-party software (including software maintenance) continues to be the largest component in sales. The acquisition of the shareholding in ISR allowed for a rebalancing of the distribution of sales between software and services. As far as the type of sales is concerned, software updates for third-party software and proprietary software continue to be a large component in sales, accounting for a share of 49.1% (prior year: 54.2%). This means CENIT still has a stable recurring sales base that is now combined with a complementary service offering in the very vibrant EIM segment (up 39.9% 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 to Germany, not least due to the stake in ISR:



61.0% (prior year: 56.8%) of total sales were recorded in Germany, with 33.7% (prior year: 38.0%) recorded in Rest of Europe and 5.3% in Rest of World (prior year: 5.2%). The slight change in sales distribution by region is due principally to the acquisition of the ISR shares in Germany. **Other operating income** came to EUR 1.4 million in the reporting period (prior year: EUR 2.3 million). This decline is linked to the expected and foreseeable drop in tax allowances in Germany and France.

Cost of materials totals EUR 71.5 million in the reporting year after EUR 68.6 million in the prior year (up 4.3%). This rise is attributable chiefly to a larger sales volume (up 11.0%) and the inclusion of ISR in the consolidated financial statements. Adjusted for ISR, the ratio of cost of materials to sales is 47% and thus virtually unchanged on the prior year.

At EUR 67.3 million, **personnel expenses** in 2022 are around 12.7% higher than the prior-year figure of EUR 59.7 million, attributable primarily to the acquisition of the ISR shares and the related additional employees (up EUR 8.7 million). Additionally, the prior-year cost savings from short-time work of around EUR 1.4 million are no longer available. This was countered by a drop in the number of employees in CENIT's original headcount to the tune of approximately 3%. The ratio of personnel expenses to sales role by 0.9 percentage points to 41.1% accordingly.

Other operating income climbed by EUR 3.7 million year on year to EUR 12.6 million. Once again, the main reason for this rise is the inclusion of ISR in the basis of consolidation. At the same time, travel expenses increased by EUR 0.7 million as pandemic-related restrictions were dropped. Ongoing IT-related costs were up by EUR 0.7 million year on year as part of the Group's digital transformation process. Consulting costs rose EUR 0.8 million year on year in line with CENIT's growth trajectory (especially due to the acquisitions).

CENIT thus recorded **EBITDA** of EUR 11.9 million (prior year: EUR 11.3 million). The EBITDA margin slipped marginally, from 7.7% in the prior year to 7.4%.

Amortization, depreciation and impairment amounted to EUR 5.6 million. This figure included amortization, depreciation and impairment of EUR 0.6 million stemming from the purchase of shares in ISR. EBIT remained stable at EUR 6.3 million in this context (prior year: EUR 6.2 million). Additionally, the Group's earnings for the year of EUR 6.6 million (prior year: EUR 4.4 million) contain a tax expense of EUR 2.6 million (prior year: EUR 2.2 million).

Order intake at CENIT amounted to EUR 167.5 million in the past fiscal year 2022 (prior year: EUR 157.9 million). The **order backlog** as of 31 December 2022 amounted to EUR 46.1 million (prior year: EUR 40.6 million).

3.2 Financial position

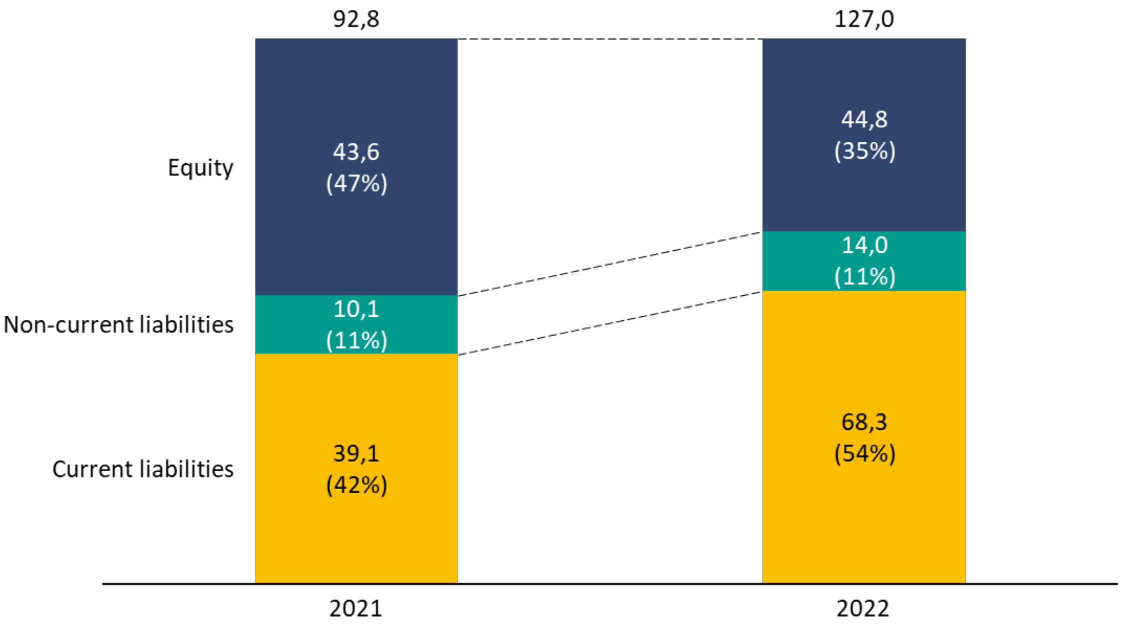
a) Fundamentals and objectives of financial management

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. Accordingly, 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 in the CENIT Group come to EUR 127.0 million as of the reporting date, up EUR 34.2 million on the prior year (EUR 92.8 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 47% in the prior year to 35% in the reporting period, although the absolute figure rose by EUR 1.1 million (up 2.6%).
Short-term liabilities climbed to EUR 68.3 million as a result of the expanded scope of business overall and the financing for the acquisitions (up EUR 29.2 million or 74.7% on the prior year). This development is chiefly due to higher liabilities to banks (up EUR 21.4 million). It is also attributable to higher trade payables (up EUR 5.1 million or 84.7%) and higher contract liabilities (up EUR 2.6 million or 16.3%).

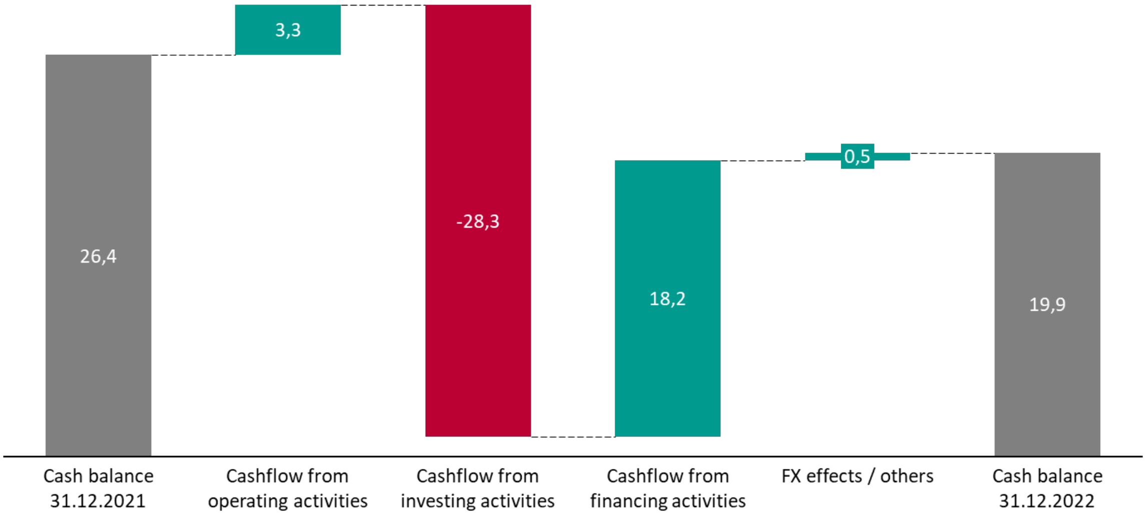
There was also an increase in **non-current liabilities** (EUR 3.9 million or 38.8% year on year), first and foremost because of the acquisition of ISR. The increase stemmed firstly from the option of EUR 1.7 million entered into and also from the deferred tax liabilities on the assets recognized as part of remeasurement.

c) Liquidity analysis

The Group's **cash and cash equivalents** dropped to EUR 19.9 million year on year (prior year: EUR 26.4 million). The EUR 28.3 million increase in negative cash flow from investing activities was compensated for by the EUR 18.2 million increase in cash flow from financing activities and a EUR 3.3 million increase in cash flow from operating activities.

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:



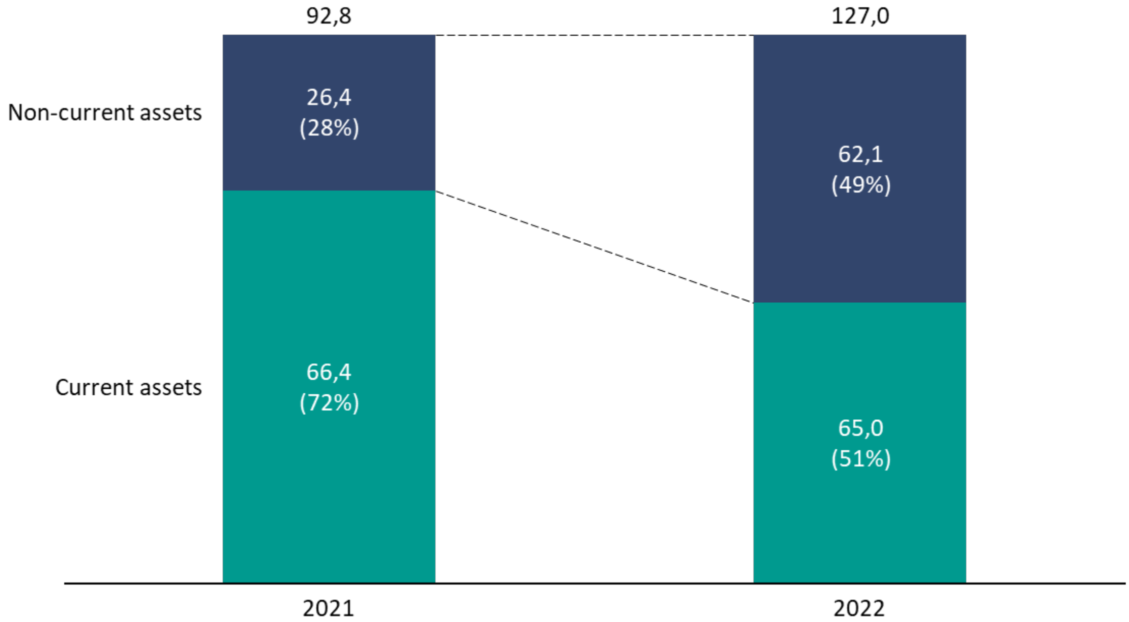
At EUR 11.5 million (prior year: EUR 8.2 million), positive **cash flow from operating activities** contributed to the development outlined above. Structural changes in the composition of cash flow from operating activities stemmed primarily from changes in the balance sheet items under working capital. In the main, the change in working capital was caused on the assets side by the year-on-year decrease in receivables and other current non-monetary assets of EUR 0.8 million and on the equity and liabilities side by the rise in liabilities of EUR 3.2 million.

At EUR -29.2 million, negative **cash flow from investing activities** was much higher than in the prior year (EUR -0.9 million) and was mainly influenced in the reporting period by the investments to buy shares in ISR and Coristo.

Cash flow from financing activities amounted to EUR 11.0 million (prior year: EUR -7.2 million) and is attributable to borrowing financial liabilities of EUR 23.0 million, dividend payments of EUR 6.3 million (prior year: EUR 3.9 million), repayments from current finance leases (EUR 3.6 million, prior year: EUR 3.3 million) and the repayment of financial liabilities (EUR 1.7 million).

3.3 Assets and liabilities

The Group's **assets** for the fiscal years 2021 and 2022 are presented below by maturity:



As of the reporting date, **non-current assets** accounted for approximately 49% (prior year: 28%) of all assets and were thus EUR 35.8 million higher than in the prior year. Non-current assets chiefly comprise fixed assets of EUR 54.2 million (prior year: EUR 25.4 million). In addition to property, plant and equipment of EUR 13.4 million (prior year: EUR 11.9 million), there was also a significant increase in intangible assets of EUR 37.6 million (prior year: EUR 10.3 million), chiefly due to including ISR (an additional EUR 27.6 million) in the consolidated financial statements.
Current assets fell by EUR 1.5 million year on year to EUR 65.0 million. This included an increase in trade receivables to EUR 26.0 million (EUR 24.7 million) and in receivables from associates to EUR 3.9 million (EUR 2.9 million). By contrast, cash and cash equivalents decreased by EUR 6.4 million to EUR 19.9 million.

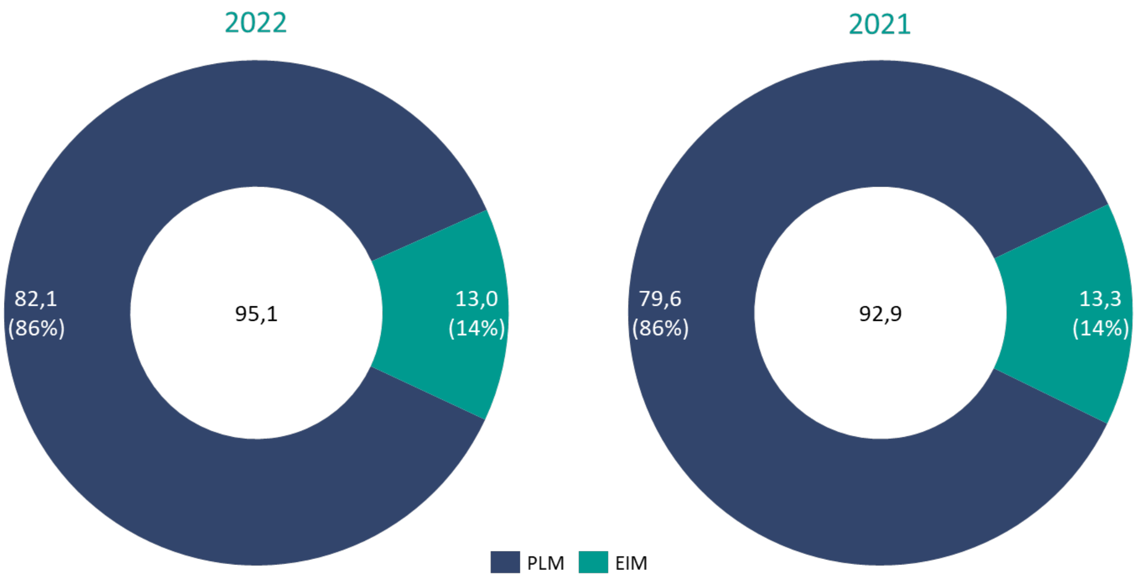
Against the backdrop of the continued difficult circumstances arising from the last throes of the pandemic and the continuing war in Ukraine, the Management Board of CENIT AG considers the **course of business** of the CENIT Group in the fiscal year 2022 to have been "satisfactory". The objective in 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 has returned to its growth trajectory despite the challenging circumstances and is now endeavoring to take advantage (more intensively) 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 2022 amounted to EUR 95.1 million and were thus up around 2.3% on the prior-year sales of EUR 92.3 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	2022	2021
Third-party software	46,226	45,580
thereof software	12,761	13,737
thereof software updates	33,465	31,843
CENIT consulting and services	32,682	31,056
CENIT software	14,949	15,727
thereof software	5,314	6,774
thereof software updates	9,635	8,953
Merchandise	581	20
Other	657	545
Total	**95,095**	**92,929**

Total sales rose to EUR 95.1 million in 2022 compared with EUR 92.9 million in the prior year (up 2.3%). The trends identified were as follows:

(1) The percentage of recurring sales in total sales increased by 1.4% to 45.3% (prior year: 43.9%).

(2) There was a repeated rise in sales from consulting and services (up 5.2%), which accounted for 34.4% of total sales in the fiscal year compared with 33.4% in the prior year.

(3) New sales of third-party and proprietary software declined by 11.9% year on year, mostly due to a strong end-of-year rush with special effects in the prior year.

Other operating income came to EUR 0.9 million in the reporting period (prior year: EUR 1.3 million). This decline is linked to the expected and foreseeable drop in tax allowances in Germany.

Cost of materials came to EUR 42.2 million in the reporting year after EUR 39.8 million in the prior year (up 6.1%). This increase stems primarily from the higher sales volume (up EUR 2.2 million) as well as a changed product mix in connection with a higher percentage of services in revenue. The resulting ratio of cost of materials to sales is 44.1% (prior year: 42.3%).

At EUR 37.9 million, **personnel expenses** in 2022 were EUR 1.5 million below the prior-year figure. This is particularly noteworthy in view of the fact that the cost savings from short-time work were no longer available in the fiscal year (down EUR 1.2 million). The EUR 1.8 million drop in variable remuneration year on year and a decrease in the average headcount over the course of the fiscal year had a positive impact. This resulted in a ratio of personnel expenses to sales of 39.5% after 41.9% in the prior year.

Other operating expenses are at EUR 11.8 million as of the reporting date compared to EUR 10.0 million in the prior year. This increase is due first and foremost to investments as part of the digital transformation and related expenditure in the IT infrastructure as well as higher consulting costs in connection with the acquisitions made and higher travel expenses as travel restrictions eased after the pandemic.

CENIT AG achieved **EBITDA** of EUR 3.9 million (prior year: EUR 5.0 million), leading to a reduction in the EBITDA margin from 5.3% in the prior year to 4.1%.

EBIT likewise fell from EUR 3.8 million in the prior year to EUR 3.3 million in the reporting period, decreasing the EBIT margin from 4.2% in the prior year to 3.3% in the reporting period. Additionally, the net income for the year of EUR 5.4 million (prior year: EUR 2.8 million) contains a tax expense of EUR 1.0 million (prior year: EUR 1.0 million).

The **financial result** totaled EUR 3.2 million in the reporting period. This was chiefly linked to higher distributions by subsidiaries. Deferred tax assets must be calculated based on a tax rate of 31% (prior year: 31%). The tax rate is 28.2% in the fiscal year (prior year: 33.2%).

4.2 Financial position

In the reporting period 2022, the **investing activities** of CENIT AG were informed by investments in financial assets (EUR 30.5 million) and by investments to replace fixed assets (EUR 0.4 million).

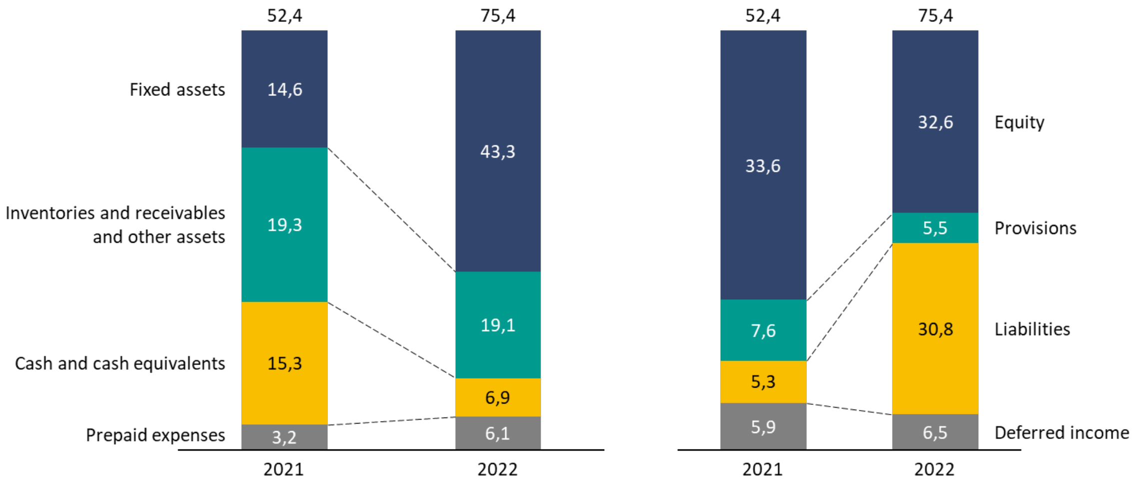
Liquidity as of the reporting date dropped from EUR 15.3 million to EUR 6.9 million.

The Management Board and Supervisory Board will propose to the General Meeting of Shareholders on 17 May 2023 that a **dividend** of EUR 0.50 per share be distributed from the retained earnings of CENIT AG of EUR 4.2 million. This is in line with the original dividend policy of always distributing 50% of retained earnings to the shareholders.

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 52.4 million to EUR 75.4 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 2022, the assets side of the balance sheet of CENIT AG is mostly characterized by fixed assets, which increased considerably (up EUR 28.7 million) as a result of purchasing the shares in ISR and stepping up the shareholding in Coristo. Prepaid expenses likewise rose substantially by EUR 2.9 million on the prior year. By contrast, open trade receivables remained virtually unchanged as of the reporting date.

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 43.3% as of the reporting date compared to 64.1% in the prior year. Liabilities mainly increased on the back of borrowing.

Against the backdrop of the continued difficult circumstances arising from the last throes of the pandemic and the continuing war in Ukraine, the Management Board of CENIT AG considers the **course of business** of CENIT AG in the fiscal year 2022 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. In conclusion, it can be said that overall CENIT AG remains on its ambitious growth trajectory despite the challenging circumstances and will now endeavor to take advantage (more intensively) 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

In its updated forecast at the end of January, the International Monetary Fund (IMF) was significantly more optimistic than in the autumn of last year, when it warned of the risk of a global recession. The global economy is now expected to grow by 2.9% in 2023.

According to IMF Chief Economist Pierre-Olivier Gourinchas, growth is expected to slow compared to the prior year but the prospects are “less gloomy” than assumed in last October’s forecast.

He states the main reasons for this as surprisingly high resilience in numerous national economies that have mastered the weighty challenges such as the Ukraine conflict, energy supply problems and the huge increase in consumer prices better than expected. China’s move away from its zero-COVID strategy could act as a further driver for the global economy.

According to the IMF, the largest growth in the current year will be experienced by the two emerging economies of China and India. China’s economy is expected to grow by 5.2% in 2023, with India set to record growth of 6.1%. The IMF also predicts a return to stronger growth in Russia in 2023. After contracting by 2.2% in 2022, Russia’s economy is expected to return to growth of 0.3%.

The IMF considers that the largest national economy, the US, will have 1.4% economic growth, while growth of just 0.7% is predicted for the eurozone. The IMF’s weakest prognosis is reserved for the UK, whose economy is expected to shrink by 0.6%.

According to IMF Chief Economist Pierre-Olivier Gourinchas, the battle against inflation is gradually bearing fruit. The interest rate increases by central banks around the world have had an effect, and consumer and energy prices are expected to rise much more slowly this year. Consequently, the IMF is forecasting global inflation of roughly 6.6% for 2023.

Forecasts for 2023 continue to be very uncertain and are subject to numerous risks that could entail a deterioration in the economic situation. These primarily include a potential worsening of the situation with COVID in China, an escalation of the Ukraine conflict or a debt crisis due to the strict monetary policy of the central banks.

In its annual projection, the German government is likewise somewhat more upbeat than in the autumn, forecasting a 0.2% rise in GDP in Germany for 2023, an inflation rate in the region of 6.0% and a virtually unchanged unemployment rate of 5.4%.

Digitalization is set to continue its growth trajectory in the current fiscal year. According to Bitkom, ITC sales are to rise globally by 4.8% to EUR 4.33 trillion. The US will account for the dominant market share of 35.7%. Germany will rank fifth behind the UK (4.5%) with a market share of 4.2%. German ITC sales are predicted to smash the EUR 200 billion figure for the first time.

Bitkom President Achim Berg has warned that Germany urgently needs a turnaround in digital policy: “Instead of a little change here and there, we have to move away from old analog processes and switch to digital only as soon as possible”. In particular, he says, Germany needs to resolve its structural problem of a lack of specialist staff. The country has a shortage of around 137,000 IT experts that is seriously hampering its efforts to become a digital nation.

5.2 Expected developments of the CENIT Group and of CENIT AG

The fiscal year 2023 is expected to be a year of growth and increased productivity 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 amount to roughly EUR 180 million. EBIT is forecast to top EUR 9.5 million, thus far exceeding the prior-year level and resulting in an increase in the EBIT margin of more than 50%. 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 in excess of EUR 35.0 million and EBIT of more than EUR 4.0 million are expected. In the PLM segment, sales above EUR 140.0 million and EBIT of more than EUR 5.0 million are planned.

CENIT AG is expected to record sales in the region of EUR 96.0 million in 2023. EBIT is forecast to be roughly EUR 1.0 m. 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 current war between Russia and Ukraine 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, which sets CENIT apart globally from its competitors on the market.

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.

Additionally, as announced in the prior year, a shared understanding of the five business divisions was established in 2022 in order to better exploit existing customer potential while at the same time creating a unique selling proposition in the area of digitalization of production processes.

This strategy will be continued in 2023 and progressed throughout the year by implementing supporting tools.

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. Its current share is 14%, thus already achieving the target set in the 2025 Strategy. The Management Board therefore raised the target in the 2025 Strategy to a 20% share of proprietary software.

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 global SARS-CoV-2 pandemic as well as the war in Ukraine, 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 stake in ISR has 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. 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 2023. 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 more than 5%.

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 consequences of the SARS-CoV-2 pandemic, the conflict between Russia and Ukraine 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 financing 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.

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.

6.3 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.

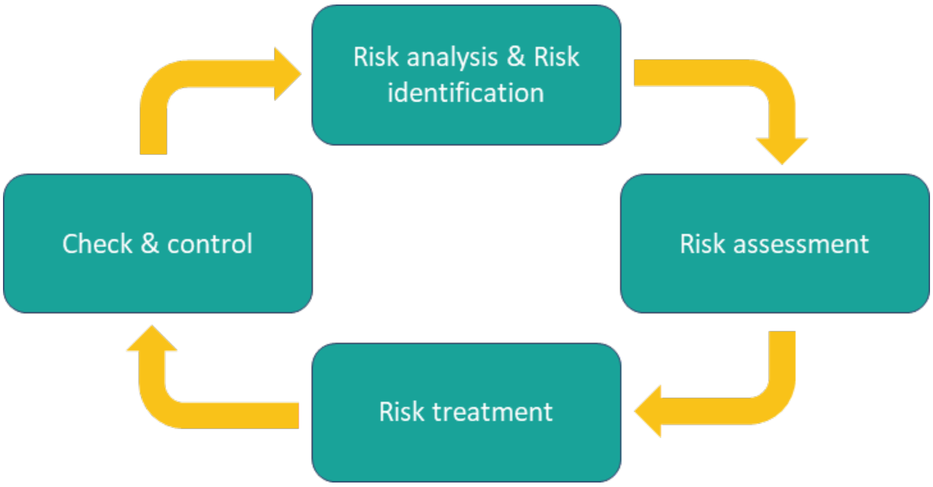
The **risk principles** at CENIT (guiding principles) are as follows:

- 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 risk 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 12 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
Market risks	Customer dependency	low
	(Global) crises	medium
Strategic risks	Supplier dependency	medium
	IT security	low
Legal and 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 and assessed as part of risk management. The CENIT Group has had an equity ratio higher than 30% 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 2022 reporting period.

c) Market risks

The Company counters ongoing price pressure by investing in the constant further training of its employees. The shortage of skilled staff in the IT sector also helps to escape the pressure on price. Adapted recruiting systems that use new (virtual) tools for hiring staff are managing the lack of skilled staff and minimizing the performance risk.

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.

d) Strategic 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. 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 even-stronger links to customers. The strategic partnerships with global players such as Dassault Systèmes, IBM and SAP will also help to increase customer loyalty. In addition, the Group regularly identifies, assesses and monitors opportunities and (potential) risks in all material business transactions and processes.

The strategic partnerships 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 Management Board monitors dependency on key accounts on a constant basis. No one customer contributes more than around 6% to consolidated sales in the fiscal year 2022.

The Group’s central IT department is responsible globally for all information systems and user control rights. The IT environment is uniform across the Group and is centrally managed. 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. For this risk, the IT risk is considered manageable.

Residual risks include the unforeseeable effects of the coronavirus pandemic as well as the conflict between Russia and Ukraine.

Despite the improving situation in terms of the **coronavirus pandemic** and taking into account the war in Ukraine and the uncertainty stemming from both of these events, particularly in terms of the **economic development** in CENIT's key customer industries such as automotive, aerospace and civil and mechanical engineering, the planning is also characterized by uncertainty for the fiscal year 2023 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.

To manage the uncertain overall situation as regards **business processes**, a pandemic plan was developed that covers the main points on hygiene (e.g. in the office), safeguarding business processes (e.g. working from home) and a contingency plan in the event of infection (e.g. reporting channels and quarantine). The measures taken were updated in 2022.

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.

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

A review of the current risk situation has 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 topical issues such as inflation and the war in Ukraine. 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.

6.6 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.

6.7 Quality assurance and information security

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.

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.

6.8 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 the CENIT Group. 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 the internal audit function (TQM) 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 2022 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 2023 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 2022.

(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, 31 March 2023

CENIT Aktiengesellschaft

The Management Board

Peter Schneck	Axelle Mazé
Spokesperson, Management Board	Member, Management Board

GROUP FINANCIAL STATEMENT

CENIT Aktiengesellschaft, Stuttgart CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)			
in EUR k		**31 Dec. 2022**	**31 Dec. 2021**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	37,626	10,268
Property, plant and equipment	F2	13,371	11,884
Investments recognized at equity	F3	59	60
Other financial assets	F4	9,988	3,184
Deferred tax assets	F5	1,017	886
NON-CURRENT ASSETS		**62,061**	**26,282**
CURRENT ASSETS			
Inventories	F6	72	15
Trade receivables	F7	26,032	24,713
Receivables from investments recognized at equity	F7	3,891	2,873
Contract assets	F8	1,639	2,133
Current tax assets	F10	2,222	2,453
Other receivables	F9	425	493
Cash and cash equivalents	F11	19,914	26,361
Other financial assets	F12	10,781	7,482
CURRENT ASSETS		**64,976**	**66,523**
TOTAL ASSETS		**127,037**	**92,805**

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS)

in EUR k		31 Dec. 2022	31 Dec. 2021
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	F13	8,368	8,368
Capital reserves	F13	1,058	1,058
Currency translation reserve	F13	1,397	1,159
Legal reserve	F13	418	418
Other revenue reserves	F13	13,787	14,076
Profit carryforward	F13	11,522	13,547
Net income of the Group for the year	F13	6,283	4,251
Equity attributable to shareholders of the parent company		**42,833**	**42,877**
Non-controlling interests		1,950	768
TOTAL EQUITY		**44,783**	**43,645**
NON-CURRENT LIABILITIES			
Other liabilities	F17	511	723
Pension obligation	F19	844	1,397
Non-current lease liabilities	F14	8,144	7,947
Other financial liabilities	F4	1,660	0
Deferred tax liabilities	F5	2,830	10
NON-CURRENT LIABILITIES		**13,989**	**10,077**
CURRENT LIABILITIES			
Liabilities to banks	F21	21,353	2
Trade payables	F16	11,163	6,044
Liabilities to investments recognized at equity	F16	26	28
Other liabilities	F17	13,273	13,893
Current lease liabilities	F14	3,349	2,674
Current income tax liabilities	F15	558	480
Other provisions	F15	74	85
Contract liabilities	F18	18,469	15,877
CURRENT LIABILITIES		**68,265**	**39,083**
TOTAL EQUITY AND LIABILITIES		**127,037**	**92,805**

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

in EUR k			2022	2021
1. **REVENUE**	E1		**162,152**	**146,071**
2. Other income	E3		1,359	2,321
Operating performance			**163,511**	**148,392**
3. Cost of materials	E4	71,516		68,595
4. Personnel expenses	E5	67,266		59,686
5. Amortization of intangible assets and depreciation of property, plant and equipment	F1+F2	5,632		5,044
6. Other expenses	E7	12,612		8,910
			157,026	142,235
7. Valuation allowance on trade receivables	E8		-180	77
NET OPERATING INCOME (EBIT)			**6,305**	**6,234**
8. Other interest and similar income	E9	1		8
9. Interest and similar expenses	E9	374		161
10. Financial instruments at fair value through profit or loss	E10	3,272		434
			2,899	281
NET PROFIT OR LOSS FOR THE PERIOD BEFORE TAXES (EBT)			**9,204**	**6,515**
11. Income taxes	E11		2,595	2,161
NET INCOME OF THE GROUP FOR THE YEAR			**6,609**	**4,354**
thereof attributable to the shareholders of CENIT			6,283	4,251
thereof attributable to non-controlling interests			326	103
Earnings per share in EUR				
basic	E12		0.75	0.51
diluted	E12		0.75	0.51

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

in EUR k		2022	2021
Net income of the Group for the year		**6,609**	**4,354**
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	238	218
Items that will not be reclassified to the income statement in the future			
Actuarial gains/losses from defined benefit obligations and similar obligations	F13	584	359
Deferred taxes recognized on other comprehensive income	F13	-155	-76
Other comprehensive income after tax		**667**	**501**
Total comprehensive income		**7,276**	**4,855**
thereof attributable to the shareholders of CENIT		6,950	4,752
thereof attributable to non-controlling interests		326	103

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

	Equity attributable to shareholders of the parent company									
in EUR k	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	Non-controlling interests	Total
As of 31 Dec. 2020	**8,368**	**1,058**	**941**	**418**	**13,793**	**15,161**	**2,318**	**42,057**	**666**	**42,723**
Reclassification of net income of the Group						2,318	-2,318			
Total comprehensive income			218		283		4,251	4,752	103	4,855
Dividend distribution						-3,933		-3,933		-3,933
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 from prior year						4,251	-4,251	0		0
Total comprehensive income			238		429		6,283	6,950	326	7,276
Addition to basis of consolidation									2,260	2,260
Dividends 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**

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

in EUR k	2022	2021
Cash flow from operating activities		
Net income of the Group for the year	6,609	4,354
Adjusted for:		
Amortization of intangible assets and depreciation of property, plant and equipment	5,632	5,044
Gains/losses on disposals of assets	-3	9
Finance income/cost	-2,899	-281
Tax expenses	2,595	2,161
Increase/decrease in other non-current liabilities and long-term provisions	-196	275
Increase/decrease in other non-current assets	-1,147	0
Interest paid	-247	-25
Interest received	1	0
Income taxes paid	-2,092	-2,217
Increase/decrease in trade receivables and other current non-cash assets	-81	-11,371
Increase/decrease in inventories	-54	-3
Increase/decrease in current liabilities and short-term provisions	3,370	10,290
Net cash flows from operating activities	**11,488**	**8,236**
Cash flow from investing activities		
Cash paid for purchase of property, plant and equipment and intangible assets	-1,304	-646
Cash paid for purchase of shares in fully consolidated entities (net cash outflow)	-27,927	0
Cash paid for investments	0	-250
Income from the sale of property, plant and equipment	5	4
Net cash used in investing activities	**-29,226**	**-892**
Cash flow from financing activities		
Cash repayments of lease liability	-3,605	-3,286
Cash paid to shareholders	-6,276	-3,933
Dividends paid to minority interests	-523	0
Bank liabilities borrowed	23,000	0
Bank liabilities repaid	-1,650	0
Net cash used in financing activities	**10,946**	**-7,219**
Net increase/decrease in cash and cash equivalents	**-6,792**	**125**
Change in cash and cash equivalents due to foreign exchange differences	347	178
Cash and cash equivalents at the beginning of the reporting period	26,359	26,056
Cash and cash equivalents at the end of the reporting period (F10)	**19,914**	**26,359**

Notes to the consolidated financial statements of CENIT AKTIENGESELLSCHAFT for 2022

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 31 March 2023.

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 EU and the resulting presentation, recognition and measurement changes

Compared with the consolidated financial statements as of 31 December 2021, the following standards and interpretations were mandatory for the first time but did not have any material effects on the consolidated financial statements.

- Amendments to IFRS 3: Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract
- Amendments to IAS 16: Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41: Annual Improvements

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.

- 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 IFRS 17: Initial Application of IFRS 17 and IFRS 9 — Comparative Information

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.

- IFRS 14: Regulatory Deferral Accounts
- Amendments to IAS 1: Presentation of Financial Statements
- Amendments to IFRS 16: Leases

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 May 2022, CENIT acquired 74.9% of ISR Information Products AG, based in Braunschweig. ISR Information Products AG offers software products and IT solutions in the areas of analytics, process digitalization and application management at six locations in Germany. The majority interest is allocated to the EIM segment and aims to bundle the competencies of both companies in the field of document logistics and information management.

The purchase price amounted to EUR 27,880 k and comprises the fixed purchase price installment of EUR 28,605 k as well as options with rights and obligations to acquire the remaining 25.1% of the shares. The cash outflow on account of this acquisition amounted to EUR 26,327 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 ISR Information Products AG amounting to EUR 2,278 k. The ancillary costs incurred in connection with the acquisition (EUR 171 k) were recognized in other expenses.

ISR Information Products AG recorded revenue of EUR 23,489 k in the 2022 reporting period, of which EUR 13,572 k relates to the period of belonging to the Group. It has generated a profit of EUR 841 k since belonging to the Group. The theoretical presentation of the profits and losses of ISR Information Products AG 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 2022.

The fair values of the identifiable assets and liabilities of ISR Information Products AG 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	7,038	34
Property, plant and equipment and financial assets	3,644	3,644
Trade receivables, contract assets and other receivables	3,942	3,942
Prepaid expenses	794	794
Deferred tax assets	0	25
Total assets	**15,418**	**8,439**
Lease liabilities	2,911	2,911
Trade payables, other liabilities and other provisions	2,314	2,314
Deferred tax liabilities	2,076	0
Deferred income	1,390	1,390
Total liabilities	**8,691**	**6,615**
Total net assets acquired (74.9%)	6,743	3,071
Consideration (excluding ancillary costs)	27,880	
Goodwill arising from the acquisition	21,137	

The non-controlling interest was recognized at EUR 2,260 k as of the acquisition date, thus corresponding to 25.1% of net assets.

Because the purchase price exceeded net assets, the acquisition of ISR Information Products AG 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 ISR Information Products AG. 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.

In May 2022, CENIT acquired an additional share of 49% in Coristo GmbH, increasing its interest from 51% to 100%.

in EUR k	
Carrying amount of non-controlling interests acquired	882
Purchase price paid to non-controlling interests	1,600
Drop in equity of the shareholders of the parent	**-718**

The drop in equity of the shareholders of the parent led to a EUR 718 k reduction in revenue reserves.

The Group's investments in joint ventures are accounted for using the equity method.

Intercompany sales, income and expenses and all intercompany assets and liabilities as well as equity between the consolidated entities were eliminated in full as part of the consolidation.

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	Curren cy	%	Subscrib ed 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	CENIT Japan K.K. Tokyo, Japan	YEN	100	470	13 May 2011
7	Coristo GmbH Mannheim, Germany	EUR	100	25	1 January 2016
8	KEONYS SAS Suresnes, France	EUR	100	155	1 July 2017
9	KEONYS Belgique SPRL Waterloo, Belgium	EUR	100	19	1 July 2017
10	KEONYS NL BV Houten, Netherlands	EUR	100	18	1 July 2017
11	CENIT Software Technology (Suzhou) Co. Ltd. Suzhou, China	CNY	100	462	30 June 2020
12	ISR Information Products AG Braunschweig, Germany	EUR	74.9	170	31 May 2022
13	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.

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 238 k was recognized directly in equity in the reporting period (prior year: EUR 218 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 200 k overall were recognized in profit or loss in the reporting period (prior year: EUR 21 k).

The following exchange rates were used for currency translation:

in EUR	Closing rate		Annual average rate	
	31 Dec. 2022	31 Dec. 2021	2022	2021
CHF	0.9847	1.0331	1.0047	1.0811
USD	1.0666	1.1326	1.0530	1.1827
RON	4.9495	4.9490	4.9313	4.9215
YEN	140.66	130.38	138.03	129.88
CNY	7.3582	7.1947	7.0788	7.6282

D Accounting policies

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.

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.

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.

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.

Leases

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.

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.

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.

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.

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).

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 0.9% (prior year: 1.3%) 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 2022. 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 2021. 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.

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.

Cash and cash equivalents

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

Lease liabilities

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

Trade payables and other financial liabilities

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

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.

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.

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.

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.

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.

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.

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.

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
- Fixed-price projects
- Sale of services – this encompasses revenue from service and consulting projects
- Sale of goods – this encompasses revenue from hardware sales

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.

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.

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.

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.

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.

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.

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).

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)	2022		2021	
in EUR k	Agent (reported)	Principal classification	Agent (reported)	Principal classification
Revenue	162,152	171,719	146,071	155,130
Operating performance	163,511	173,078	148,392	157,451
Cost of materials	71,516	81,223	68,595	77,654
Gross profit	91,995	91,995	79,797	79,797
EBITDA	11,937	11,937	11,278	11,278
EBIT	6,305	6,305	6,234	6,234
EBIT margin	3.89%	3.51%	4.27%	4.02%

- 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 9,263 k (prior year: EUR 8,264 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.

- 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 1,381 k (prior year: EUR 341 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 844 k as of the end of the reporting period (prior year: EUR 1,397 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 5,657 k (prior year: EUR 0 k), while other non-current financial liabilities include a short put option of EUR 1,660 k (prior year: EUR 0 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 “PLM-SAP”, “KEONYS FR” and “ISR” 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.

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	2022	2021
Third-party software (including software updates)	88,139	88,543
CENIT consulting and service	55,719	39,822
CENIT software (including software updates)	17,710	17,688
Merchandise	584	18
Total	162,152	146,071

Breakdown of sales by contract type

in EUR k		2022	2021
Royalties		105,849	106,231
	PLM	97,293	95,593
	EIM	8,556	10,638
Sale of goods and services		54,292	37,964
	PLM	35,225	32,580
	EIM	19,067	5,384
Fixed-price projects		2,011	1,876
	PLM	2,011	1,876
	EIM	0	0
Total		162,152	146,071

The revenue results from ordinary activities.

As of the end of the reporting period, there are contract assets (F8) of EUR 1,639 k (prior year: EUR 2,133 k) and contract liabilities (F17) of EUR 18,469 k (prior year: EUR 15,877 k). Contract liabilities of EUR 15,877 k recognized at the beginning of the year are included in full in income.

Development of orders

Order intake in the CENIT Group amounted to EUR 167,595 k in the past 2022 reporting period (prior year: EUR 148,845 k). The order backlog as of 31 December 2022 amounted to EUR 46,054 k (prior year: EUR 40,610 k), which corresponds to the overall amount of the transaction price allocated to the unfulfilled performance obligations as of 31 December 2022. Of the order backlog, EUR 43,974 k (prior year: EUR 40,610 k) will be turned into sales within one year.

2. Research and development costs

In 2022, 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 9,263 k (prior year: EUR 8,264 k) were recognized as an expense in the reporting period.

3. Other income

Other income breaks down as follows:

in EUR k	2022	2021
Income from tax credit	119	1,071
Income from the cross-charging of marketing and administrative costs	304	274
Income from exchange differences	222	281
Income from the reversal of provisions	638	579
Income from insurance refunds/damages	18	44
Income from pre-school subsidy	27	43
Income from the sale of non-current assets	5	4
Other income	27	25
Total	1,359	2,321

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 “Forschungszulagengesetz”: 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 subsidized research and development projects that were 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 2022, CENIT AG reported income of EUR 65 k from the research grant for 2022 (prior year: EUR 720 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 2022, KEONYS SAS reported income of EUR 50 k from this tax credit (prior year: EUR 350 k) in other income.

4. Cost of materials

This item contains the cost of purchased third-party software of EUR 65,609 k (prior year: EUR 64,850 k) and the cost of purchased services of EUR 5,907 k (prior year: EUR 3,745 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	2022	2021
Wages and salaries	55,153	48,732
Social security and pension costs	12,113	10,954
Total	67,266	59,686

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 854 (prior year: 692) persons were employed by the Group, plus 41 trainees (prior year: 32).

The number of employees as of the end of the reporting period came to 861 (prior year: 685). 642 (prior year: 456) of those were employed in Germany, 177 (prior year: 185) in other EU countries and 42 (prior year: 44) in other countries.

CENIT did not make use of short-time work in the reporting period. In the prior year, short-time work was used to compensate for personnel expenses of EUR 1,100 k and social security contributions of EUR 285 k.

Personnel expenses comprise termination benefits totaling EUR 655 k (prior year: EUR 659 k). EUR 527 k (prior year: EUR 116 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 255 k from earlier reporting periods (prior year: EUR 373 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	2022	2021
Repairs and maintenance	2,437	1,449
Legal and consulting fees	2,036	1,273
Premises expenses	1,020	963
Motor vehicle costs	1,234	875
Advertising costs	1,266	857
Telecommunication and office supplies	712	721
Travel expenses	1,231	543
Other personnel expenses	505	434
Insurance	536	394
Expenses from exchange losses	422	302
Training	295	285
Rent and lease expenses	150	139
Bank charges and fees	113	103
Supervisory Board compensation	90	90
Internal events	82	63
Losses from disposals of assets	0	12
Other	483	407
Total	12,612	8,910

8. Valuation allowance on trade receivables

The valuation allowance on trade receivables breaks down as follows:

in EUR k	2022	2021
Income from impaired receivables	84	247
Impairment losses on receivables and bad debts	264	170
Total	-180	77

The comparatively high impairment losses on receivables and bad debts recognized in the 2020 reporting period on account of the coronavirus pandemic meant that some income was recorded from impaired receivables in the prior year.

9. Interest result

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

in EUR k	2022	2021
Interest income from unwinding of the discount on accrued liabilities	61	8
Interest income from business taxes	1	0
Total interest income	62	8
Utilization of credit lines and guarantees	247	6
Interest expenses for business taxes	0	15
Interest expenses from leases	178	136
Net interest from the measurement of pension obligations	10	4
Total interest expenses	435	161
Interest result	-373	-153

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 3,272 k. In the prior year, this item included a write-up of EUR 434 k on the investment in ASCon Systems Holding GmbH (formerly: Delta Management 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	2022	2021
Current tax expense	2,134	1,855
Change in deferred taxes from temporary differences	462	306
Total	2,595	2,161

The current tax expense includes expenses of EUR 41 k relating to other periods from ongoing tax field audits (prior year: EUR 0 k).

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

in %	2022	2021
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
CENIT JP	34.00	34.00
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	n/a

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 %	2022	2021
Trade tax at a rate of 433.3% (prior year: 433.6%)	15.17	15.17
Corporate income tax	15.00	15.00
Solidarity surcharge (5.5% of corporate income tax)	0.83	0.83
Effective tax rate	31.00	31.00

CENIT thus bases its tax rate on that of CENIT AG, as the 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	2022	2021
Net profit or loss for the period before taxes (EBT)	9,204	6,515
Theoretical tax expense based on a tax rate of 31% (prior year: 31%)	-2,853	-2,020
Non-deductible expenses	-218	-270
Tax-free income	140	716
Change in unused tax losses available for use	507	-802
Expenses relating to other periods	15	-4
Effects of different tax rates within the Group and tax rate changes	-155	209
Other	-32	10
Income tax expense according to the consolidated income statement	-2,595	-2,161
Tax rate	28.2%	33.2%

The effects of different tax rates within the Group include tax expenses that do not relate to EBT of EUR -137 k (prior year: EUR -142 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	2022	2021
Net profit/loss attributable to ordinary shareholders of the parent	6,283	4,251
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 0.75 (prior year: EUR 0.51), 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	2021	2020
Dividend for 2021: EUR 0.75 (2020: EUR 0.47)	6,276	3,933

The Management Board and Supervisory Board of CENIT AG will propose to the General Meeting of Shareholders on 17 May 2023 that a dividend of EUR 0.50 be distributed from the retained earnings of CENIT AG.

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

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 2022:

in EUR k	Software and licenses	Customer base	Goodwill	Total
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
Cost				
As of 1 January 2021	8,685	12,823	6,905	28,413
Exchange differences	7	94	0	101
Additions	198	0	0	198
Disposals	1,732	0	0	1,732
As of 31 December 2021	7,158	12,917	6,905	26,980
Accumulated amortization				
As of 1 January 2021	7,741	9,329	278	17,348
Exchange differences	7	94	0	101
Additions	565	427	0	992
Disposals	1,729	0	0	1,729
As of 31 December 2021	6,584	9,850	278	16,712
Net carrying amounts	574	3,067	6,627	10,268

The software from purchase accounting of SPI Numérique SARL (PLM segment) has a net carrying amount of EUR 83 k as of the end of the reporting period (prior year: EUR 147 k). The remaining amortization period as of the end of the reporting period is one year and two 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 "PLM-SAP" to test for impairment, which also constitutes a reportable business segment.

The customer base of KEONYS SAS identified as part of purchase accounting of the KEONYS Group has an amortization period of six years and six months as of the end of the reporting period. The carrying amount is EUR 2,558 k as of the end of the reporting period (prior year: EUR 2,951 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 two years and six months as of the end of the reporting period. The carrying amount is EUR 83 k as of the end of the reporting period (prior year: EUR 116 k).

The customer base identified as part of purchase accounting of ISR Information Products AG has an amortization period of six years and five months as of the end of the reporting period. The carrying amount is EUR 3,533 k as of the end of the reporting period (prior year: EUR 0 k). The software identified has a remaining amortization period of nine years and five months as of the end of the reporting period and is valued at EUR 2,505 k as of 31 December 2022 (prior year: EUR 0 k). The ban on competition identified has a remaining term of two years and five months and a net carrying amount of EUR 312 k as of the end of the reporting period (prior year: EUR 0 k). The other trademark rights are valued at EUR 84 k as of the end of the reporting period (prior year: EUR 0 k) and have a remaining term of between two years and five months and four years and five months. The goodwill with a carrying amount of EUR 21,137 k (prior year: EUR 0 k) acquired as part of the acquisition was allocated to the cash-generating unit "ISR" to test for impairment.

Impairment losses

As far as intangible assets with a finite useful life are concerned, there was no indication in the current 2022 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 "PLM-SAP", "KEONYS FR" and "ISR" 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.

The key assumptions when deriving the sales forecast for the "PLM-SAP" cash-generating unit is that the CENIT subscription area will continue to increase in significance, thus replacing CENIT software sales in the long term. In addition, the service area will be expanded slightly, leading to moderate sales growth overall. Costs are modeled based on the assumption of a moderate rate of increase of 4% on average, bringing in a stable EBIT margin of around 10% for the business division (prior year: 12%).

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 7% p.a. (prior year: 4% and 5%), 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 8%, leading to a moderate rise in profitability overall.

The discount rate before taxes used for the cash flow projections is 11.89% for “PLM-SAP” (prior year: 10.76%), 10.83% for “KEONYS FR” (prior year: 10.35%) and 11.33% for “ISR”. 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 value in use is higher than the carrying amount. As a result, there was no indication of a need to recognize an impairment loss since the date of purchase accounting, and goodwill remains unchanged.

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2022:

in EUR k	Buildings including buildings on third-party land*	Plant and machinery	Furniture and fixtures*	Total
Cost				
As of 1 January 2022	17,439	6,889	3,686	28,014
Exchange differences	28	33	8	69
Changes in the basis of consolidation	2,657	0	2,155	4,812
Additions	762	360	958	2,080
Disposals	854	324	961	2,138
As of 31 December 2022	20,032	6,958	5,848	32,838
Accumulated depreciation				
As of 1 January 2022	7,454	6,317	2,359	16,131
Exchange differences	-3	30	8	35
Changes in the basis of consolidation	53	0	1,115	1,168
Additions	2,634	476	1,160	4,270
Disposals	854	322	960	2,136
As of 31 December 2022	9,285	6,500	3,681	19,466
Net carrying amounts	10,747	458	2,167	13,371
Cost				
As of 1 January 2021	17,601	8,605	4,018	30,225
Exchange differences	37	33	6	75
Additions	1,362	360	865	2,587
Disposals	1,561	2,109	1,203	4,874
As of 31 December 2021	17,439	6,888	3,686	28,014
Accumulated depreciation				
As of 1 January 2021	6,317	7,791	2,426	16,534
Exchange differences	15	31	7	53
Additions	2,456	598	999	4,052
Disposals	1,333	2,103	1,073	4,509
As of 31 December 2021	7,454	6,317	2,359	16,130
Net carrying amounts	9,985	572	1,327	11,884

*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 2022:

in EUR k	2022	2021
Current assets (thereof cash: EUR 1,394 k (prior year: EUR 265 k))	7,156	5,984
Current liabilities	6,987	5,813
Equity	169	170
Revenue	48	48
Total comprehensive income	-1	-1
Carrying amount of the investment	59	60
Share of profit of the joint venture	0	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 1,660 k as of the end of the reporting period, while the long call option was valued at 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 4.76% (prior year: 4.53%) capital involvement in ASCon Systems Holding GmbH (formerly: DELTA Management Beratung GmbH) amounting to EUR 3,184 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 capital increases in the 2021 reporting period. The measurement was classified as Level 3 of the fair value hierarchy based on the inputs of the valuation technique used. The measurement did not lead to any change in value (prior year: write-up of EUR 434 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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Deferred tax assets on unused tax losses	1,423	1,161	0	0
Intangible assets	0	0	2,595	774
General valuation allowances	0	0	88	95
Receivables from service agreements	0	0	64	92
Other provisions and accrued liabilities	336	296	0	0
IAS 19 pension obligations	208	358	0	0
On measurement differences of financial instruments	0	0	1,014	0
Consolidation procedures	0	22	19	0
Total	1,967	1,837	3,780	961
Netting	-950	-951	-950	-951
Total	1,017	886	2,830	10

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

in EUR k	2022	2021
Deferred tax assets on unused tax losses	262	-436
Intangible assets	279	114
Valuation allowances on receivables	7	-61
Receivables from service agreements	28	-4
Other provisions and accrued liabilities	12	36
IAS 19 pension obligations	6	25
On measurement differences of financial instruments	-1,014	0
Consolidation procedures	-41	20
Total	-462	-306

The change in deferred taxes on actuarial losses from defined benefit obligations recognized in other comprehensive income of EUR -155 k (prior year: EUR -76 k) was recognized directly in equity.

As of 31 December 2022, no deferred income tax payables for temporary differences in connection with investments in subsidiaries of EUR 179 k (prior year: EUR 250 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 Group had unused tax losses of EUR 6,595 k (prior year: EUR 6,958 k) for which deferred tax assets of EUR 1,423 k (prior year: EUR 1,161 k) were recognized. These relate to KEONYS FR (EUR 5,449 k (prior year: 6,010 k); deferred taxes reported at EUR 1,362 k (prior year: EUR 1,077 k)), CENIT CN (EUR 531 k (prior year: EUR 335 k); deferred taxes reported at EUR 38 k (prior year: EUR 84 k)) and CENIT JP (EUR 615 k (prior year: EUR 613 k); deferred taxes reported at EUR 0 k (prior year: EUR 0 k)). The deferred taxes are recognized at the amount expected to be utilized within five years.

6. Inventories

in EUR k	31 Dec. 2022	31 Dec. 2021
Payments on account	72	15
Total	72	15

7. Trade receivables and receivables from investments recognized at equity

Trade receivables comprise receivables from third parties of EUR 26,032 k (prior year: EUR 24,713 k) and receivables from investments recognized at equity of EUR 3,891 k (prior year: EUR 2,873 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
2022	30,206	283	21,860	4,099	2,657	390	917
2021	27,822	235	21,407	4,111	1,350	148	571

Valuation allowances on trade receivables and contract assets	in EUR k
As of 31 December 2021	235
Addition (+)/reversal (-)	48
As of 31 December 2022	283

A breakdown of receivables by country is as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Germany	16,850	16,338
Europe	11,266	9,704
Third countries	1,807	1,544
Total	29,923	27,586

8. Contract assets

As of the end of the reporting period, there are contract assets from ongoing, unbilled projects totaling EUR 1,639 k (prior year: EUR 2,133 k). This includes a figure of EUR 1,008 k resulting from ISR Information Products AG. 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. 2022	31 Dec. 2021
Receivables from staff	7	17
Receivables from refunds of wage replacement and social security contributions	31	110
Receivables from deposits	284	287
Receivable from purchase price refund	103	79
Total	425	493

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 2,222 k in total (prior year: EUR 2,453 k) relate to entitlements from prepayments for corporate income tax and trade tax of EUR 686 k in total (prior year: EUR 316 k), receivables from the VAT prepayment amounting to EUR 635 k (prior year: EUR 631 k) as well as the recognition of tax credits for research projects in Germany and France of EUR 901 k (prior year: EUR 1,506 k).

11. Cash and cash equivalents

Cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Bank balances	19,907	26,357
Cash on hand	7	4
Cash in the statement of financial position	19,914	26,361
Overdrafts used via cash management	0	2
Cash presented in the statement of cash flows	19,914	26,359

Bank balances earn interest at floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 19,914 k (prior year: EUR 26,359 k).

The Group has credit lines of EUR 2,212 k as of the end of the reporting period (prior year: EUR 2,348 k). This includes a figure of EUR 1,500 k that can be utilized either as a loan or as a guarantee. The Group utilized EUR 738 k of this amount as a guarantee as of the end of the reporting period (prior year: EUR 602 k).

12. Other financial assets

Other financial assets break down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Prepaid maintenance fees	8,994	6,300
Prepaid rights of use and car insurance	1,787	1,182
Total	10,781	7,482

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 1,950 k in equity amounting to EUR 44,783 k. The non-controlling interests are held by private individuals, with 25.1% in ISR Information Products AG. Non-controlling interests include the share of profit of EUR 211 k allocable to shareholders without controlling interests. While belonging to the Group, ISR Information Products AG recorded revenue of EUR 13,572 k in total, with net income for the year of EUR 841 k. At EUR -63 k, the share of the Group’s cash flow is immaterial. The shareholder meeting of ISR Information Products AG has not yet passed a resolution on the appropriation of the profit for the 2022 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	3,521	171	3,350
Between one and five years	7,529	292	7,237
More than five years	945	39	906
Total	11,995	502	11,493

15. Current income tax liabilities and other provisions

in EUR k	31 Dec. 2022	31 Dec. 2021
Current income tax liabilities	558	480
Other provisions	74	85
Total	697	565

The current income tax liabilities developed as follows:

in EUR k	
As of 1 January 2022	480
Utilization	-240
Reversal	0
Addition	318
As of 31 December 2022	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 measures, not fixed
As of 1 January 2022	85	0
Utilization	46	0
Reversal	39	0
Addition	52	22
As of 31 December 2022	52	22
of which long-term	0	0
of which short-term	52	22

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. 2022	31 Dec. 2021
Trade payables	11,163	6,044
Liabilities to investments recognized at equity	26	28
Total	11,190	6,071

Of the total liabilities, EUR 11,190 k is due within one year (prior year: EUR 6,071 k). These are not subject to interest.

17. Other liabilities

Other current liabilities break down as follows:

in EUR k	31 Dec.	31 Dec.
Vacation and bonus entitlements	6,270	7,076
VAT/wage tax payables	3,210	3,183
Outstanding purchase invoices	1,298	1,630
Liabilities for social security	589	602
Personnel adjustment measures	767	489
'Altersteilzeit' (special German phased retirement scheme) entitlements	142	0
Employer's liability insurance, compensatory levy in lieu of employing severely disabled persons	95	180
Financial statements costs	178	182
Long-service awards	96	47
Travel cost liability for employees	68	87
Supervisory Board compensation	90	63
Individual warranty cases	78	82
Other	397	272
Total	13,273	13,893

Other non-current liabilities break down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Long-service awards	477	507
Long-term Management Board remuneration	0	182
Archiving costs	34	34
Total	511	723

The long-service awards total EUR 573 k (prior year: EUR 554 k). Of this figure, EUR 477 k (prior year: EUR 507 k) is reported in non-current and EUR 96 k (prior year: EUR 47 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.

18. Contract liabilities

Contract liabilities break down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Deferred maintenance income and royalties	14,900	12,684
Payments on account received	3,569	3,193
Contract liabilities	18,469	15,877

The deferred maintenance fees and royalties involve pre-billed services for the 2022 period that will not be recorded as income until the following year. In the reporting period, an amount of EUR 15,877 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 244 k for CENIT in the reporting period (prior year: EUR 226 k). In addition, employer contributions to statutory pension insurance in Germany totaling EUR 3,151 k were paid in the reporting period (prior year: EUR 2,475 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	2022	2021
Present value of the defined benefit obligation	5,257	4,496
Fair value of plan assets	4,413	3,099
Benefit liability	844	1,397

The net liability developed as follows:

in EUR k	2022	2021
Net liability as of 1 January	1,397	1,575
Net income/expense recognized	130	279
Contributions by the employer	-121	-125
Actuarial gains	-585	-359
thereof from changes in estimates	*-698*	*-279*
thereof from experience adjustments	*90*	*-111*
thereof from return on plan assets	*24*	*31*
Net foreign exchange difference	23	27
Net liability as of 31 December	844	1,397

Changes in the present value of the defined benefit obligation are as follows:

in EUR k	2022	2021
Present value of defined benefit obligation as of 1 January	4,496	6,405
Current service cost	120	272
Interest expense	19	8
Contributions by plan participants	121	125
Actuarial gains/losses	-608	-390
thereof from changes in estimates	*-698*	*-279*
thereof from experience adjustments	*90*	*-111*
Benefits paid/reimbursed	911	-2,090
Past service cost	0	4
Net foreign exchange difference	198	162
Present value of defined benefit obligation as of 31 December	5,257	4,496

The benefits of EUR 2,090 k reimbursed in the prior year fell due on account of a total of seven employees in Switzerland leaving the Group.

The weighted average duration of the obligations is 9.86 years (prior year: 9.27 years).

The changes in fair value of the plan assets are as follows:

in EUR k	2022	2021
Fair value of plan assets as of 1 January	3,099	4,830
Expected return on plan assets	9	4
Actuarial gains/losses	-24	-31
thereof from return on plan assets	*-24*	*-31*
Contributions by the employer	121	125
Contributions by plan participants	121	125
Benefits paid/reimbursed	911	-2,090
Net foreign exchange difference	176	136
Fair value of plan assets as of 31 December	4,413	3,099

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 losses on plan assets came to EUR 14 k in total (prior year: EUR 26 k).

in EUR k	2022	2021
Current service cost	120	272
Interest expense	19	7
Expected return on plan assets	-9	-4
Past service cost	0	4
Net benefit expense	130	279

The Group expects to contribute EUR 151 k in total to its defined benefit pension plans in the 2023 reporting period.

The principal assumptions used in determining the pension obligation of CENIT CH are shown below:

%	2022	2021
Discount rate	2.25	0.25
Expected return on plan assets	2.25	1.0
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:

%	2022	2021
Discount rate	3.73	0.98
Anticipated rate of salary increase	1.5	0.5
Average rate of employee turnover	9	9
Mortality	INSEE 18-20	INSEE 2017

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 4,445 k (prior year: EUR 3,557 k), if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 3.1% (prior year: 3.8%) and increase by 3.4% (prior year: 4.2%) respectively. If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 0.1% (prior year: 0.2%) or fall by 0.1% (prior year: 0.2%) respectively.

In the case of the obligations of KEONYS FR of EUR 812 k (prior year: EUR 939 k), if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 3.96% (prior year: 4.44%) and increase by 4.06% (prior year: 4.56%) respectively. If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 4.13% (4.55%) or fall by 4.07% (prior year: 4.49%) 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.

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 downpayments. 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.

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 84 k (prior year: EUR 5 k) with a total volume of USD 895 k (prior year: USD 57 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.

Interest rate risk

The Group took out bank loans with floating interest rates in the reporting period for the first time. As a result, it is exposed to risk from changes in market interest rates. The Group monitors market movements and examines the use of derivative financial instruments as interest hedges when converting the short-term bank loan into a financing strategy that is secured long term. An interest rate change of +/- 1% currently would have an impact on earnings and thus on equity amounting to +/- EUR 214 k.

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 a mix of fixed and floating-rate investments. The Group uses financial instruments where necessary to achieve this goal.

As of the end of both reporting periods, there were no derivative financial instruments for hedging against interest risks.

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 21,353 k reported in the statement of financial position is due within one year and therefore constitutes a liquidity risk for the Group. CENIT's credit rating allows for sufficient refinancing of the loan. The funding commitments by banks are testimony to CENIT's good credit rating.

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.

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 2021 and 31 December 2022.

The Group monitors its capital in relation to total assets.

in EUR k	31 Dec. 2022	31 Dec. 2021
Total assets	127,037	92,805
Equity	44,783	43,645
Equity as a percentage of total assets (%)	35.3	47.0

21. Liabilities to banks

To finance inorganic growth, the Group took out a loan of EUR 23,000 k in the reporting period. The loan is valued at EUR 21,350 k as of the end of the reporting period and has a remaining term of nine months. The borrowing rate for this bridging loan is calculated based on the 3-month EURIBOR, which is at least 0%, plus a mark-up of 1.35 percentage points and thus most recently amounted to 2.543%. No collateral was provided for that 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	Classi-fication	Carrying amount	Carrying amount	Fair value	Fair value
		2022	2021	2022	2021
Financial assets					
Non-current other financial assets	FVTPL	8,841	3,184	8,841	3,184
Non-current other financial assets	AC	1,147	0	1,147	0
Cash and cash equivalents	AC	19,914	26,361	19,914	26,361
Receivables		30,348	28,079	30,348	28,079
thereof:					
• Trade receivables	AC	26,032	24,713	26,032	24,713
• Receivables from investees	AC	3,891	2,873	3,891	2,873
• Other receivables		425	493	425	493
Contract assets	AC	1,639	2,133	1,639	2,133
Current other financial assets	AC	10,781	7,482	10,781	7,482
		72,670	67,239	72,670	67,239
Financial liabilities					
• Liabilities to banks	AC	21,352	2	21,352	2
• Trade payables	AC	11,163	6,044	11,163	6,044
• Liabilities to investments recognized at equity	AC	26	28	26	28
• Other non-current financial liabilities	FVTPL	1,660	0	1,660	0
• Non-current and current lease liabilities	AC	11,493	10,621	11,493	10,621
• Other liabilities					
• Outstanding purchase invoices	AC	1,298	1,630	1,298	1,630
Contract liabilities	AC	18,469	15,877	18,469	15,877
		65,461	34,200	65,461	34,200

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 27,927 k, which is reported in the cash flow from investing activities, stems from stepping up the interests in Coristo GmbH for the purchase price of EUR 1,600 k and from the acquisition of ISR Information Products AG. A purchase price of EUR 28,605 k was paid for the acquisition of ISR Information Products AG. Net of cash and cash equivalents acquired amounting to EUR 2,278 k, this results in a cash outflow of EUR 26,327 k.

Reconciliation of the movements in liabilities to cash flows from financing activities

in EUR k	Lease liability
Balance as of 1 January 2022	10,621
Change in cash flows from financing activities	
Cash paid for lease liabilities	-3,605
Overall change in cash flows from financing activities	-3,605
Increase in obligation from new leases	1,366
Change in existing leases	22
Addition to basis of consolidation	2,911
Interest expense	178
Total non-cash other changes	4,477
Balance as of 31 December 2022	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	2022	27,622	134,529	0	162,152
	2021	16,022	130,049	0	146,071
EBIT	2022	2,728	3,577	0	6,305
	2021	2,603	3,631	0	6,234
Other interest result and financial result	2022	0	0	2,899	2,899
	2021	0	0	281	281
Income taxes	2022	0	0	2,595	2,595
	2021	0	0	2,161	2,161
Net income of the Group for the year	2022	2,728	3,577	304	6,609
	2021	2,603	3,631	-1,880	4,354
Segment assets	2022	49,852	54,032	23,153	127,037
	2021	7,466	55,639	29,700	92,805
Segment liabilities	2022	19,565	35,844	26,845	82,254
	2021	6,390	39,801	2,969	49,160
Investments in property, plant and equipment and intangible assets	2022	771	1,856	0	2,627
	2021	246	2,538	0	2,784
Amortization and depreciation	2022	1,965	3,667	0	5,632
	2021	383	4,661	0	5,044

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. 2022	31 Dec. 2021
Deferred tax assets	1,017	886
Current tax receivables	2,222	2,453
Cash and cash equivalents	19,914	26,361

Total	23,153	29,700

The reconciliation of segment liabilities breaks down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Deferred tax liabilities	2,830	10
VAT liabilities	2,107	2,479
Current income tax liabilities	558	480
Liabilities to banks	21,350	0
Total	26,845	2,969

The segmentation by region is shown below:

in EUR k		Germany	Switzerland	North America	Romania	France	Belgium	Netherlands	Japan	China	Reconciliation	Consoli-dation	Group
External revenue	2022	98,869	7,642	7,155	2,641	37,744	3,817	2,806	1,217	261	0	0	162,152
	2021	83,793	11,184	6,585	2,172	34,283	3,982	2,779	1,107	186	0	0	146,071
Non-current segment assets	2022	66,617	44	409	538	5,127	136	132	67	24	1,017	-12,051	62,060
	2021	21,895	92	481	134	5,751	195	284	26	50	886	-3,512	26,282

The reconciliation of non-current segment assets breaks down as follows:

in EUR k	31 Dec. 2022	31 Dec. 2021
Deferred tax assets	1,017	886

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 0.91% for property (prior year: 0.88%) and 3.64% for vehicles (prior year: 3.8%).

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 172 k in the reporting period (prior year: EUR 114 k) and expenses from leases of low-value assets of EUR 30 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
Disposals from contractual changes	0	0	0
Exchange differences	28	0	28
As of 31 December 2022	10,009	1,316	11,325

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 7,908 k (prior year: EUR 6,736 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, member of the Management Board of CENIT AG since 18 October 2021 and spokesperson for the Management Board of CENIT AG from 1 January 2022,
  Responsible for: operations, investor relations and marketing.
- Dr. rer. pol. Dipl.-Kfm. Markus A. Wesel, Hohenschäftlarn, member of the Management Board of CENIT AG until 15 October 2022. Responsible for: finance, organization and personnel.
- Axelle Mazé, Garche, France, member of the Management Board of CENIT AG since 17 October 2022. 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 since 20 May 2021
- Dipl.-Ing. Ricardo Malta (Service Manager CENIT Aktiengesellschaft, Stuttgart), Munich, employee representative since 18 May 2018

Mr. Rainer-Christian Koppitz is CEO of the KATEK SE Group, a member of the supervisory board of i-pointing Ltd. and chair of the supervisory board of NFON 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.

The remuneration system for the Management Board of CENIT AG comprises a performance-based component and a component that is independent of performance. The performance-based part is based on the Group's earnings for the year (EBIT) in accordance with IFRS. Pursuant to the articles of incorporation and bylaws, the Supervisory Board receives fixed compensation. Each member of the Supervisory Board receives a fixed amount of EUR 20,000 payable after the end of the reporting period (prior year: EUR 20,000). The chair of the Supervisory Board receives twice that amount, while the deputy chair receives one and a half times that amount.

The expense for the remuneration of the members of the Management Board and Supervisory Board active as of 31 December 2022 recognized in profit or loss breaks down as follows:

in EUR k	2022	2021
Management Board remuneration		
Fixed	470	604
Fringe benefits	27	49
Performance-based	291	298
Total short-term benefits	788	951
Long-term incentive	0	182
Total long-term benefits	0	182
Total remuneration of the Management Board	788	1,133
Supervisory Board compensation	90	90
Total compensation of the Supervisory Board	90	90
Total	878	1,223

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 in accordance with Sec. 314 (1) No. 6a HGB amounts to EUR 788 k in the reporting period (prior year: EUR 912 k). Of this figure, EUR 497 k (prior year: EUR 653 k) relates to fixed components while EUR 291 k (prior year: EUR 259 k) relates to performance-based components. Total remuneration of former Management Board members in accordance with Sec. 314 (1) No. 6a HGB amounts to EUR 812 k in the reporting period (prior year: EUR 297 k) plus EUR 190 k due to the contract ending (prior year: EUR 0 k).

The D&O insurance was continued in 2022 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 99 k (prior year: EUR 99 k) were borne by the Company.

The Management Board held 14,000 shares as of the end of the reporting period (0.17%). The Supervisory Board members held 13,100 shares (0.16%).

3. Notifications pursuant to Sec. 21, 22, 25 WpHG

During the 2021 reporting period, several notices pursuant to Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] were received from LBBW Asset Management Investmentgesellschaft mbH. The last notice was dated 15 November 2011 and was as follows: Pursuant to Sec. 21 (1) WpHG, we inform you that the share of voting rights of LBBW

Asset Management Investmentgesellschaft mbH in CENIT AG, Industriestraße, 70565 Stuttgart, Germany, across all of our investment funds fell below the threshold of 5% on 11 November 2011 and, at 385,421 shares, amounted to 4.61% on that date in relation to the total amount of voting rights (8,367,758). Of these voting rights, 3.67% (307,421 voting rights) are attributed to us pursuant to Sec. 22 (1) Sentence 1 No. 6 WpHG. Voting rights 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.

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	2022	2021
Audit fees (annual financial statements and consolidated financial statements)	151	201
thereof relating to other periods: EUR 0 k (prior year: EUR 37 k)		
Total	151	201

5. Events after the reporting period

mip Management Informationspartner GmbH with its registered offices in Munich became part of the CENIT Group with an acquisition date as of 31 January 2023. The purchase price includes a fixed amount of EUR 3,273 k and a variable earn-out agreement. The software and consulting company mip GmbH is a specialist in the GSA region for data management and analysis, software development and the operation of IT infrastructure and applications. The 100% takeover of the roughly 30 employees of mip, a strong and agile data management expert with annual sales of almost EUR 5 million, is a logical and carefully planned milestone in CENIT’s growth strategy.

With the signing of the contract on March 29, 2023, CENIT AG sold 100% of the shares in its subsidiary CENIT Japan K.K.. The Japanese subsidiary of CENIT will then become part of Argo Graphics Inc. (Tokyo) as of June 01, 2023, which will act as master reseller for the CENIT software FASTUITE E2 in the future and thus strengthen CENIT's presence on the Japanese robotics market. The purchase price is calculated on the acquisition date and is based on an enterprise value of EUR 1,000 k.

Translated with www.DeepL.com/Translator (free version)

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 2022 required by Sec. 161 AktG and made it available on the Company’s homepage (https://www.cenit.com/en_EN/investors/corporate-governance.html).

Stuttgart, 31 March 2023

CENIT Aktiengesellschaft
The Management Board

Peter Schneck Spokesperson, Management Board	Axelle Mazé Member, Management Board

CENIT AG, Stuttgart

Independent auditor's report on the consolidated financial statements and the combined management report as of 31 December 2022

List of exhibits

Exhibit 1	Consolidated statement of financial position as of 31 December 2022
Exhibit 2	Consolidated income statement and consolidated statement of comprehensive income for the 2022 reporting period
Exhibit 3	Consolidated statement of changes in equity for the 2022 reporting period
Exhibit 4	Consolidated statement of cash flows for the 2022 reporting period
Exhibit 5	Notes to the consolidated financial statements for the 2022 reporting period
Exhibit 6	Combined (group) management report for the 2022 reporting period
Exhibit 7	"General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017

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 2022, 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 2022 to 31 December 2022 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 2022 to 31 December 2022. 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 "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 2022 and of its financial performance for the annual period from 1 January 2022 to 31 December 2022, 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.

Other matter

The consolidated financial statements and combined management report of CENIT AG for the previous annual period ending on 31 December 2021 was audited by a different auditor, which issued unmodified audit opinions on these consolidated financial statements and this combined management report on 31 March 2022.

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 2022 to 31 December 2022. 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. We have structured our presentation of the key audit matters as follows:

① Risk for the financial statements
② Audit approach
③ Related disclosures

Revenue recognition

① Risk for the financial statements

The Group reports revenue of EUR 162.2 million for the annual period from 1 January 2022 to 31 December 2022.

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, contracts and acceptance records. We used revenue in the 2022 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, contracts and acceptance records. We used revenue in December 2022 as a base, which was selected consciously.

To substantiate the existence of the revenue as of the reporting date, we obtained invoice 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 invoice and balance confirmation work, we carried out alternative audit procedures by reconciling revenue among other things with the underlying orders, contracts, invoices, delivery notes and acceptance records and/or proof of hours as well as the payments received.

③ Related disclosures

The disclosures by CENIT AG regarding the presentation of revenue in the financial reporting are included in sections “D. Accounting policies” and “E.1. Revenue” in the notes to the consolidated financial statements.

Presentation of the acquisition of ISR AG in the financial reporting

① Risk for the financial statements

On 31 May 2022, CENIT AG acquired 74.9% of the shares in ISR AG, Braunschweig, as well as further options regarding the additional purchase of the remaining 25.1% of the shares. The purchase price net of cash and cash equivalents acquired amounted to EUR 28.6 million.

The goodwill resulting from the acquisition and reported in the consolidated financial statements of CENIT AG as of 31 December 2022 amounts to EUR 21.1 million. The rights from the long call option are reported under non-current other financial assets at EUR 5.7 million, while the obligations from the short put option are recognized under non-current financial liabilities at EUR 1.7 million.

The identifiable assets and liabilities acquired are generally recognized at acquisition-date fair value in accordance with IFRS 3. The Group used an external expert to identify and measure the identifiable assets and liabilities acquired. The long call option and the short put option were assessed by another external expert and valued using an option pricing model.

The identification, recognition and measurement of the assets and liabilities acquired and of both options is complex and is based on assumptions by the Management Board that are subject to judgment. The significant assumptions relate to the sales planning and margin development of the acquired operations, the capital costs and the volatility of the input parameters.

There is a risk for the consolidated financial statements that the assets and liabilities acquired and the options are identified inaccurately and/or recognized and measured incorrectly. There is also a risk that the disclosures in the notes to the consolidated financial statements are not correct. In view of these facts and due to the significance of the acquisition of ISR AG 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

We first gained an understanding of the purchase transaction by asking questions of employees in the finance department and by inspecting and assessing the relevant contracts. We analyzed the individual contract components that have an effect on the consolidated financial statements and assessed the accuracy of the financial reporting. We reconciled the purchase price with the underlying purchase agreement and the proof of payment.

We assessed the competency, ability and objectivity of the independent experts engaged by the executive directors.

We involved our internal valuation specialists to assess, among other things, the appropriateness of the significant assumptions and of the identification and measurement methods. Our internal valuation specialists compared the assumptions and data underlying the capital costs with their own assumptions and with publicly accessible data.

We also evaluated the documentation prepared by the executive directors and/or the experts used. We checked whether the measurement methods used corresponded to the measurement principles. We discussed the expected sales and margin development with the persons responsible for the planning.

Furthermore, we assessed the process for identifying the assets and liabilities acquired in the context of our knowledge of the business model of ISR AG for compliance with the requirements in accordance with IFRS 3. Our internal valuation specialists compared the license rates used to measure intangible assets with reference values from relevant databases.

To assess clerical accuracy, we checked the calculations or did our own calculations. Last but not least, we assessed whether the disclosures on the acquisition in the notes were complete and accurate.

③ Related disclosures

The disclosures by the CENIT Group on the presentation of the ISR acquisition in the financial reporting are contained in sections “D. Accounting policies”, “C. Consolidation principles”, “F.1. Intangible assets” and – for the options – in “E.10. Earnings from financial instruments at fair value through profit or loss”, “F.4. Non-current other financial assets and non-current financial liabilities” in the notes to the consolidated financial statements.

Recoverability of goodwill

① Risk for the financial statements

Goodwill of EUR 27.8 million is reported in the ‘Intangible assets’ item in the consolidated financial statements as of 31 December 2022. This represents a share of 21.9% of total assets. The goodwill is allocated to cash-generating units.

The cash-generating units are subject to impairment tests 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. Based on the Company’s calculations and the further documentation, there was no need for the Company to record any write-downs for the 2022 reporting period.

The findings from this assessment are highly dependent on the estimate of future cash flows by the Management Board and on the discount rate used as well as the growth rates. 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 impairment 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 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 our 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.

Last but not least, we audited the completeness and accuracy of the disclosures for the notes to the consolidated financial statements required by IAS 36.

③ Related disclosures

The disclosures by the CENIT Group regarding goodwill and its recoverability are included in sections “D. Accounting policies” and “F.1. Goodwill” 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 “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 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 (hereinafter the "ESEF documents") contained in the file „391200KYFPOLFJNEWL98-2022-12-31-de.zip"(SHA256: 17d2e14eaa8e0a0455e656e4bae7b678c83976faaad989deebc428b990928076) 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 2022 to 31 December 2022 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 20 May 2022. We were engaged by the Supervisory Board on 24 May 2022. We have been the group auditor of CENIT AG, Stuttgart, since the 2022 reporting period.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the Supervisory Board 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 Simon Harms.

Frankfurt am Main, 31 March 2023

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	**Simon Harms**
Wirtschaftsprüfer **(German Public Auditor)**	**Wirtschaftsprüfer** **(German Public Auditor)**

Responsibility Statement in the Annual Financial Report

(Group Financial Report)

After considering comments received, the German Accounting Standards Board (GASB) agreed at its 114th meeting on the following wording of the responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the Group financial statements:

"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	Axelle Mazé Member, Management Board

FINANCIAL STATEMENT AG

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET

			31 Dec. 2022	**31 Dec. 2021**
ASSETS		EUR	EUR	EUR
A.	FIXED ASSETS			
I.	Intangible assets			
	Franchises, industrial and similar rights and assets and licenses in such rights and assets		**325,666.43**	**552,817.44**
II.	Property, plant and equipment			
	1. Land and buildings, including buildings on third-party land	385,959.22		400,857.62
	2. Plant and machinery	325,724.62		441,634.75
	3. Other equipment, furniture and fixtures	68,990.19		24,323.01
			780,674.03	**866,815.38**
III.	Financial assets			
	1. Shares in affiliates	39,004,816.75		9,105,647.38
	2. Equity investments	2,802,757.89		2,802,757.89
	3. Loans to affiliates	429,000.00		1,330,000.00
			42,236,574.64	**13,238,405.27**
B.	CURRENT ASSETS			
I.	Inventories			
	1. Work in process	279,014.13		392,117.04
	2. Payments on account	70,178.78		15,862.22
			349,192.91	**407,979.26**
II.	Receivables and other assets			
	1. Trade receivables	9,672,138.18		13,813,606.13
	2. Receivables from affiliates	1,471,050.85		1,442,466.12
	3. Receivables from other investees and investors	3,857,782.50		2,849,451.49
	4. Other assets	3,705,637.60		810,117.45
			18,706,609.13	**18,915,641.19**
III.	Cash on hand, bank balances		**6,920,446.05**	**15,289,599.88**
C.	PREPAID EXPENSES			
			6,068,818.06	**3,159,523.66**
			75,387,981.25	**52,430,782.08**

CENIT Aktiengesellschaft, Stuttgart BALANCE SHEET			
		31 Dec. 2022	**31 Dec. 2021**
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		8,915,353.54	9,877,738.22
		32,630,472.82	**33,592,857.50**
B. PROVISIONS			
1. Tax provisions	345,967.00		234,066.00
2. Other provisions	5,173,983.65		7,433,363.65
		5,519,950.65	**7,667,429.65**
C. LIABILITIES			
1. Liabilities to banks	21,350,000.00		
2. Payments received on account of orders	382,040.53		763,985.90
3. Trade payables	5,194,931.95		2,226,412.50
4. Liabilities to affiliates	662,171.10		716,832.35
5. Liabilities to other investees and investors	26,092.51		27,534.11
6. Other liabilities	3,162,741.26		1,575,971.96
thereof for social security: EUR 10,687.25 (prior year: EUR 0.00)			
thereof for taxes: EUR 631,923.68 (prior year: EUR 1,519,826.19)			
		30,777,977.35	**5,310,736.82**
D. DEFERRED INCOME			
		6,459,580.43	**5,859,758.11**
		75,387,981.25	**52,430,782.08**

CENIT Aktiengesellschaft, Stuttgart
INCOME STATEMENT

			2022	2021
		EUR	EUR	EUR
1.	Revenue	95,094,909.34		92,928,877.91
2.	Decrease in inventories of work in process (prior year: increase)	-113,102.91		-130,556.16
3.	Other operating income	879,850.96		1,338,162.71
	thereof income from currency translation: EUR 95,486.85 (prior year: EUR 190,947.61)			
	Total operating performance		**95,861,657.39**	**94,136,484.46**
4.	Cost of materials			
a.	Cost of raw materials, consumables and supplies and of purchased merchandise	36,200,870.59		34,799,779.08
b.	Cost of purchased services	6,040,600.48		5,017,502.79
			42,241,471.07	39,817,281.87
5.	Personnel expenses			
a.	Salaries	32,299,079.78		33,639,885.17
b.	Social security and pension costs	5,578,333.89		5,763,289.29
			37,877,413.67	39,403,174.46
6.	Amortization of intangible assets and depreciation of property, plant and equipment	721,278.12		1,074,318.80
7.	Other operating expenses	11,818,643.72		10,012,940.09
	thereof from currency translation: EUR 152,980.79 (prior year: EUR 124,998.08)			
	Operating result		**3,202,850.81**	**3,828,769.24**
8.	Income from equity investments		3,375,552.20	276,254.02
	thereof from affiliates: EUR 3,375,552.20 (prior year: EUR 276,254.02)			
9.	Other interest and similar income		50,967.86	84,091.12
	thereof from affiliates: EUR 50,812.86 (prior year: EUR 84,091.12)			
10.	Write-downs of financial assets		0.00	344,664.52
11.	Interest and similar expenses		247,678.21	14,558.52
	thereof from unwinding of the discount on provisions: EUR 7,152.00 (prior year: EUR 8,044.00)			
12.	Income taxes		1,021,616.11	1,027,308.95
13.	Earnings after taxes		**5,360,076.55**	**2,802,582.39**
14.	Other taxes		46,642.73	50,524.85
15.	Net income for the year		**5,313,433.82**	**2,752,057.54**

Notes to the financial statements for 2022

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.

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. A provision of EUR 4 k was recognized for this in the fiscal year (prior year: EUR 0 k).

Liabilities are recorded at the settlement value.

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
- Fixed-price projects
- Sale of goods and services – this encompasses revenue from service and consulting projects that also include hardware sales
- 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 151 and 152).

2. Financial assets

The information on shareholdings 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	1,354	-89
2	CENIT North America Inc. Auburn Hills, USA	USD	100.0	28	1,682	112
3	CENIT SRL Iasi, Romania	RON	100.0	105	704	459
4	CENIT France SARL Toulouse, France	EUR	100.0	10	372	41
5	CENIT Japan K.K. Tokyo, Japan	YEN	100.0	470	47	-52
6	KEONYS SAS Suresnes, France	EUR	100.0	155	2,307	923
6a	KEONYS Belgique SPRL Waterloo, Belgium	EUR	100.0	19	1,731	156
6b	KEONYS NL BV Houten, Netherlands	EUR	100.0	18	557	148
7	CENIT Software Technology (Suzhou) Co., Ltd. Suzhou, China	CNY	100.0	662	157	-210
8	Coristo GmbH Mannheim, Germany	EUR	100.0	25	2,043	475
9	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3	150	169	-1
10	ISR Information Products AG Braunschweig, Germany	EUR	74.9	170	3,329	1,817

The loans to affiliates contain a loan of EUR 429 k (prior year: EUR 0 k) to CENIT SRL. The loan has a term of three years. The prior-year loans of EUR 1,000 k to KEONYS SAS and of EUR 330 k to KEONYS B.V. were repaid in full in the fiscal year.

3. Inventories

Inventories totaling EUR 349 k (prior year: EUR 408 k) stem primarily from **work in process** of EUR 279 k (prior year: EUR 392 k). There were also **payments on account** of EUR 70 k as of the balance sheet date (prior year: EUR 16 k).

4. Receivables and other assets

Trade receivables are all due in less than one year.

Receivables from affiliates valued at EUR 1,471 k (prior year: EUR 1,442 k) and **receivables from other investees and investors** valued at EUR 3,858 k (prior year: EUR 2,849 k) stem from trade and are due in less than one year. The loan of EUR 200 k to CENIT France SARL still disclosed in the prior year was repaid in full in the fiscal year.

Other assets consist mostly of EUR 65 k relating to tax refund claims from the research grant (prior year: EUR 720 k), EUR 322 k relating to tax refund claims from corporate income tax and solidarity surcharge for the fiscal year 2022 (prior year: EUR 0 k), EUR 72 k relating to repayment claims (prior year: EUR 0 k), EUR 7 k relating to receivables from staff (prior year: EUR 5 k) and EUR 29 k relating to receivables from deposits (prior year: EUR 25 k). The other assets item also includes an option of 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. 2022	31 Dec. 2021
Accrued rights of use for licenses and software maintenance	5,130	2,291
Other prepaid expenses	939	868
Total	**6,069**	**3,160**

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	2022	2021
Net income for the year	**5,313**	**2,752**
Net retained profit in the prior year	9,877	11,058
Dividend	6,275	3,933
Profit carryforward from the prior year	**3,602**	**7,126**
Net retained profit	**8,915**	**9,877**

8. Provisions

As far as **tax provisions** are concerned, a figure of EUR 109 k relates to provisions for corporate tax from prior years, while EUR 237 k relates to trade tax arrears for the current fiscal year and for prior years.

Other provisions essentially comprise provisions for outstanding supplier invoices of EUR 683 k (prior year: EUR 1,301 k) and for personnel expenses of EUR 4,132 k (prior year: EUR 5,722 k).

9. Liabilities

As in the prior year, **trade payables** have a remaining term of less than one year.

Payments on account received relate to prepayments on customer orders of EUR 382 k (prior year: EUR 764 k) with a remaining term of less than one year.

Liabilities to affiliates relate entirely to trade payables of EUR 662 k (prior year: EUR 717 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 26 k (prior year: EUR 28 k). As in the prior year, the corresponding liabilities are due within one year.

The **liabilities to banks** of EUR 21,350 k (prior year: EUR 0 k) relate exclusively to interest-bearing bank loans and have a remaining term of nine months. No collateral was provided for that loan.

Other liabilities do not include any deferred items.

Other liabilities include an option of EUR 2,463 k (prior year: EUR 0 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 700 k (prior year: EUR 1,576 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	21,350	0	0	21,350
Payments received on account of orders	382	0	0	382
Trade payables	5,195	0	0	5,195
Liabilities to affiliates	662	0	0	662
Liabilities to other investees and investors	26	0	0	26
Other liabilities	700	0	2,463	3,163
Total	**28,315**	**0**	**2,463**	**30,778**

II. Income statement

1. Revenue

in EUR k	2022	2021
Third-party software	46,226	45,580
thereof software	12,762	13,737
thereof software updates	33,464	31,843
CENIT consulting and service	32,682	31,056
CENIT software	14,949	15,727
thereof software	5,314	6,774
thereof software updates	9,635	8,953
Merchandise	581	20
Other revenue	657	544
Total	**95,095**	**92,929**

86% (prior year: 87%) of sales was generated in Germany, 7% (prior year: 6%) in other EU countries and 7% (prior year: 7%) in other countries.

Revenue includes revenue relating to other periods of EUR 260 k (prior year: EUR 326 k) that results from relicensing for the fiscal year 2021.

2. Other operating income

Other operating income includes income relating to other periods from the reversal of provisions of EUR 391 k (prior year: EUR 190 k).

In addition, other operating income includes income from the research and development grant for the fiscal year 2022 of EUR 65 k (prior year: EUR 720 k), income from cross-charged salary and other costs of EUR 209 k (prior year: EUR 92 k), insurance refunds of EUR 11 k (prior year: EUR 12 k), rental income from subletting of EUR 7 k (prior year: EUR 7 k), marketing and sales subsidies from partner companies of EUR 60 k (prior year: EUR 77 k) and exchange gains of EUR 95 k (prior year: EUR 191 k). All of the exchange gains have been realized (prior year: EUR 171 k).

3. Personnel expenses

in EUR k	2022	2021
Salaries	32,299	33,640
Social security, pension and other benefit costs	5,578	5,763
Total	**37,877**	**39,403**

Social security contributions include pension costs of EUR 2,805 k (prior year: EUR 2,701 k).

As in the prior year, personnel expenses do not include any expenses relating to other periods.

In the fiscal year 2022, CENIT AG no longer needed to make use of short-time work. In the prior year, personnel expenses of EUR 886 k were compensated for using this measure. As part of the short-time work scheme, CENIT was refunded social security contributions of EUR 285 k in the fiscal year 2021. The short-time work payments of EUR 358 k in 2021 were paid to the employees without affecting income.

4. Other operating expenses

Other operating expenses essentially relate to premises expenses of EUR 1,962 k (prior year: EUR 2,018 k), vehicle costs of EUR 1,407 k (prior year: EUR 1,408 k), travel expenses of EUR 479 k (prior year: EUR 219 k), marketing costs of EUR 843 k (prior year: EUR 680 k) and exchange losses of EUR 153 k (prior year: EUR 125 k). Of the exchange losses, EUR 153 k (prior year: EUR 125 k) has already been realized.

Travel and marketing costs rose again year on year, as there were no longer any COVID-related travel restrictions or restrictions on events.

5. Financial and interest result

The financial and interest result breaks down as follows:

in EUR k	2022	2021
Income from equity investments		
Dividend CENIT (Schweiz) AG, Switzerland	1,550	0
Profit distribution CENIT SRL, Romania	266	276
Profit distribution ISR, Braunschweig	1,560	0
Total	**3,376**	**276**

in EUR k	2022	2021
Other interest and similar income		
Interest on loans granted to subsidiary	51	84
Total	**51**	**84**

in EUR k	2022	2021
Write-downs of financial assets		
Impairment loss on the carrying amount of the equity investment in CENIT Japan	0	345
Total	**0**	**345**

in EUR k	2022	2021
Interest and similar expenses		
Guarantee commission	6	7
Interest expenses from short-term loans	235	0
Interest expenses from unwinding the discount on provisions	7	8
Total	**248**	**15**

6. Income taxes

in EUR k	2022	2021
Current corporate income tax expense	70	479
Current capital gains tax expense	390	0
Current solidarity surcharge expense	25	26
Current trade tax expense	496	515
Withholding tax	4	7
Taxes in prior years	37	0
Total	**1,022**	**1,027**

Taxes mainly include corporate income tax, capital gains tax and the solidarity surcharge of EUR 485 k (prior year: EUR 505 k) as well as trade tax of EUR 496 k (prior year: EUR 515 k) on the taxable income for the fiscal year 2022.

7. Proposal for the appropriation of profit

The following appropriation of retained earnings will be proposed at the General Meeting of Shareholders:

in EUR k	**31 Dec. 2022**
Net retained profit	8,915
Dividend distribution (EUR 0.50 per 8,367,758 participating no-par value shares)	4,184
Profit carryforward	4,731

8. Auditor's fees

The information on auditors' fees pursuant to Sec. 285 No. 17 HGB is provided in the consolidated financial statements of CENIT AG.

D Other notes

1. Personnel

An average of 387 (prior year: 398) members of staff and 52 (prior year: 52) executives were employed during the fiscal year. There are also 28 employees in training at CENIT AG as of the balance sheet date (prior year: 32).

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	2022	2021
Rental and lease obligations		
Due in less than 1 year	2,294	2,371
Due in 1 to 5 years	3,733	5,069
Due in more than 5 years	0	1,034
Total	**6,027**	**8,474**

Other financial obligations chiefly comprise the rent agreements entered into for leased office buildings of EUR 4,865 k (prior year: EUR 7,092 k) as well as vehicle leases of EUR 623 k (prior year: EUR 903 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, member of the Management Board of CENIT AG since 18 October 2021 and spokesperson for the Management Board of CENIT AG from 1 January 2022, Responsible for: operations, investor relations and marketing.

- Dr. rer. pol. Dipl.-Kfm. Markus A. Wesel, Hohenschäftlarn, member of the Management Board of CENIT AG until 15 October 2022. Responsible for: finance, organization and personnel.

- Axelle Mazé, Garche, France, member of the Management Board of CENIT AG since 17 October 2022. 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 since 20 May 2021

- Dipl.-Ing. Ricardo Malta (Service Manager CENIT Aktiengesellschaft, Stuttgart), Munich, employee representative since 18 May 2018

Mr. Rainer-Christian Koppitz is CEO of the KATEK SE Group, a member of the supervisory board of i-pointing Ltd. and chair of the supervisory board of NFON 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 performance-based part is based on the Group's earnings for the year (EBIT) in accordance with IFRS. Total remuneration of the active members of the Management Board amounts to EUR 788 k in the reporting year (prior year: EUR 912 k). Of this figure, EUR 497 k (prior year: EUR 653 k) relates to fixed components while EUR 291 k (prior year: EUR 259 k) relates to performance-based components. Total remuneration of former Management Board members in accordance with Sec. 314 (1) No. 6a HGB amounts to EUR 812 k in the reporting period (prior year: EUR 297 k) plus EUR 190 k due to the contract ending (prior year: EUR 0 k).

Pursuant to the articles of incorporation and bylaws, the Supervisory Board receives fixed compensation. Each member of the Supervisory Board receives a fixed amount of EUR 20,000 payable after the end of the fiscal year. The chair of the Supervisory Board receives twice that amount, while the deputy chair receives one and a half times that amount. In accordance with Article 14 of the articles of incorporation and bylaws, total compensation paid to the Supervisory Board was EUR 90 k in 2022 (prior year: EUR 90 k).

The D&O insurance was continued in 2022 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 99 k (prior year: EUR 99 k) were borne by the Company.

The Management Board held 14,000 shares as of the balance sheet date (0.17%). The Supervisory Board members held 13,100 shares.

4. Changes at shareholder level

During the fiscal year 2011, several notices pursuant to Sec. 21 (1) WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act] were received from LBBW Asset Management Investmentgesellschaft mbH. The last notice was dated 15 November 2011 and was as follows: Pursuant to Sec. 21 (1) WpHG, we inform you that the share of voting rights of LBBW Asset Management Investmentgesellschaft mbH in CENIT AG, Industriestraße, 70565 Stuttgart, Germany, across all of our investment funds fell below the threshold of 5% on 11 November 2011 and, at 385,421 shares, amounted to 4.61% on that date in relation to the total amount of voting rights (8,367,758). Of these voting rights, 3.67% (307,421 voting rights) are attributed to us pursuant to Sec. 22 (1) Sentence 1 No. 6 WpHG. Voting rights 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.

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 fiscal year 2020, several notices pursuant to Sec. 40 (1) WpHG were received from Allianz Global Investors GmbH. The last notice was dated 25 November 2020 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 November 2020 and amounted to 2.97% on that date (corresponding to 248,286 voting rights).

During the fiscal year 2021, several notices pursuant to Sec. 40 (1) WpHG were received from LOYS Investment S.A., with the last notice dated 22 June 2021 and reading as follows: LOYS Investment S.A., Munsbach, Luxembourg, 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 17 June 2021 and amounted to 1.10% on that date (corresponding to 92,064 voting rights).

During the fiscal year 2021, 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

mip Management Informationspartner GmbH with its registered offices in Munich became part of the CENIT Group with an acquisition date as of 31 January 2023. The purchase price includes a fixed amount of EUR 3,273 k and a variable earn-out agreement. The software and consulting company mip GmbH is a specialist in the GSA region for data management and analysis, software development and the operation of IT infrastructure and applications. The 100% takeover of the roughly 30 employees of mip, a strong and agile data management expert with annual sales of almost EUR 5 million, is a logical and carefully planned milestone in CENIT's growth strategy.

With the signing of the contract on March 29, 2023, CENIT AG sold 100% of the shares in its subsidiary CENIT Japan K.K. The Japanese subsidiary of CENIT will then become part of Argo Graphics Inc. (Tokyo) as of June 01, 2023, which will act as master reseller for the CENIT software FASTUITE E2 in the future and thus strengthen CENIT's presence on the Japanese robotics market. The purchase price is calculated on the acquisition date and is based on an enterprise value of EUR 1,000 k.

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 2022 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, 31 March 2023
CENIT Aktiengesellschaft

The Management Board

Peter Schneck	Axelle Mazé
Spokesperson, Management Board	Member, Management Board

	CENIT Aktiengesellschaft, Stuttgart STATEMENT OF CHANGES IN FIXED ASSETS					
	Acquisition and production cost					
in EUR	As of 1 Jan. 2022	Additions	Additions/ disposals from merger	Reclassification	Disposals	As of 31 Dec. 2022
I. Intangible assets						
Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets	4,665,950.05	52,967.97	0.00	0.00	1,797,990.46	2,910,927.56
Total	**4,665,950.05**	**52,967.97**	**0.00**	**0.00**	**1,797,990.46**	**2,910,927.56**
II. Property, plant and equipment						
1. Land and buildings, including buildings on third-party land	1,687,909.77	8,713.00	0.00	0.00	0.00	1,696,622.77
2. Plant and machinery	4,990,004.55	243,224.60	0.00	0.00	3,690.78	5,229,538.37
3. Other equipment, furniture and fixtures	302,454.77	104,927.58	0.00	0.00	52,031.67	355,350.68
Total	**6,980,369.09**	**356,865.18**	**0.00**	**0.00**	**55,722.45**	**7,281,511.82**
III. Financial assets						
1. Shares in affiliates	9,747,983.06	29,899,169.37	0.00	0.00	0.00	39,647,152.43
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	1,330,000.00	600,000.00	0.00	0.00	1,501,000.00	429,000.00
Total	**13,880,740.95**	**30,499,169.37**	**0.00**	**0.00**	**1,501,000.00**	**42,878,910.32**
Fixed assets - total -	**25,517,060.09**	**30,909,002.52**	**0.00**	**0.00**	**3,354,712.91**	**53,071,349.70**

Accumulated amortization, depreciation and write-downs					Net book values	
As of 1 Jan. 2022	**Additions**	**Additions from merger**	**Disposals**	**As of 31 Dec. 2022**	**As of 31 Dec. 2022**	**As of 31 Dec. 2021**
4,103,132.61	279,965.98	0.00	1,797,837.46	2,595,261.25	325,666.43	552,817.44
4,103,132.61	**279,965.98**	**0.00**	**1,797,837.46**	**2,595,261.25**	**325,666.43**	**552,817.44**
1,287,052.15	23,611.40	0.00	0.00	1,310,663.55	385,959.22	400,857.62
4,548,369.80	357,445.95	0.00	2,002.00	4,903,813.75	325,724.62	441,634.75
278,131.76	60,254.79	0.00	52,026.06	286,360.49	68,990.19	24,323.01
6,113,553.71	**441,312.14**	**0.00**	**54,028.06**	**6,500,837.79**	**780,674.03**	**866,815.38**
642,335.68	0.00	0.00	0.00	642,335.68	39,004,816.75	9,105,647.38
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	429,000.00	1,330,000.00
642,335.68	**0.00**	**0.00**	**0.00**	**642,335.68**	**42,236,574.64**	**13,238,405.27**
10,859,022.00	**721,278.12**	**0.00**	**1,851,865.52**	**9,728,434.60**	**43,342,915.10**	**14,658,038.09**

CENIT AG, Stuttgart

Independent auditor's report on the annual financial statements and the combined management report as of 31 December 2022

List of exhibits

Exhibit 1	Balance sheet as of 31 December 2022
Exhibit 2	Income statement for the fiscal year 2022
Exhibit 3	Notes to the financial statements for the fiscal year 2022
Exhibit 4	Combined (group) management report for the fiscal year 2022
Exhibit 5	"General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017

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 2022, the income statement for the fiscal year from 1 January 2022 to 31 December 2022 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 2022 to 31 December 2022. 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 "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 2022 and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022 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.

Other matter

The annual financial statements and combined management report of CENIT AG for the previous fiscal year ending on 31 December 2021 was audited by a different auditor, which issued unmodified audit opinions on these annual financial statements and this combined management report on 31 March 2022.

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 2022 to 31 December 2022. 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. We have structured our presentation of the key audit matters as follows:

① Risk for the financial statements
② Audit approach
③ Related disclosures

Revenue recognition

① Risk for the financial statements

The Company reports revenue of EUR 95.1 million for the fiscal year from 1 January 2022 to 31 December 2022.

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, contracts and acceptance records. We used revenue in the fiscal year 2022 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, contracts and acceptance records. We used revenue in December 2022 as a base, which was selected consciously.

To substantiate the existence of the revenue as of the balance sheet date, we obtained invoice confirmations selected using an actuarial method for the trade receivables not yet settled as of the balance sheet date. For outstanding replies from the invoice confirmation work, we carried out alternative audit procedures by reconciling revenue among other things with the underlying orders, contracts, invoices, delivery notes and acceptance records and/or proof of hours as well as the payments received.

③ Related disclosures

For the recognition and measurement policies used, we refer to section B of the notes to the financial statements and to II.1 regarding the breakdown of revenue.

Accounting for options in connection with the acquisition of ISR AG

① Risk for the financial statements

On 31 May 2022, CENIT AG acquired 74.9% of the shares in ISR AG, Braunschweig, as well as further options regarding the additional purchase of the remaining 25.1% of the shares.

The rights from the long call option are reported under other assets at EUR 3.2 million, while the obligations from the short put option are recognized under other liabilities at EUR 2.5 million.

The long call option and the short put option were assessed by an external expert and valued using an option pricing model.

The recognition and measurement of both options is complex and is based on assumptions by the Management Board that are subject to judgment. The significant assumptions relate to the enterprise planning and margin development of the acquired company, the capital costs and the volatility of the input parameters.

There is a risk for the annual financial statements that the shares in affiliates and the options are incorrectly recognized and measured. In view of these facts and due to the significance of the acquisition of ISR AG for the presentation of the assets and liabilities in the annual financial statements of CENIT AG, this matter was a key audit matter as part of our audit.

② Audit approach

We first gained an understanding of the purchase transaction by asking questions of employees in the finance department and by inspecting and assessing the relevant contracts. We analyzed the individual contract components that have an effect on the annual financial statements and assessed the accuracy of the accounting.

We assessed the competency, ability and objectivity of the independent expert engaged by CENIT AG.

We involved our internal valuation specialist to assess, among other things, the appropriateness of the significant assumptions and of the measurement methods. Our internal valuation specialist compared the assumptions and data underlying the capital costs with their own assumptions and with publicly accessible data.

We also evaluated the documentation prepared by the executive directors and/or the experts used. We checked whether the measurement methods used corresponded to the measurement principles. We discussed the expected sales and margin development with the persons responsible for the planning.

To assess clerical accuracy, we checked the calculations or did our own calculations. Last but not least, we assessed whether the disclosures in the notes were complete and accurate.

③ Related disclosures

For the recognition and measurement policies used, we refer to section B of the notes to the financial statements and to I.2 for the explanation of financial assets and to I.4 and I.9 for the explanation of the options.

Recoverability of the shares in affiliates

① Risk for the financial statements

The Company reports shares in affiliates of EUR 39.0 million in the annual financial statements as of 31 December 2022. This represents a share of 51.7% 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 were also included. Cash flows were discounted using the weighted average cost of capital. 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 2022.

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 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 our 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 business values.

③ Related disclosures

For the recognition and measurement policies used, we refer to section B of the notes to the financial statements and to I.2 regarding the breakdown of financial assets.

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 “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 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 report (hereinafter the

"ESEF documents") contained in the file „391200KYFPOLFJNEWL98-JA-2022-12-31-de.zip"(SHA256: 302bbd5e4316dc664e818ae8fcaa5a19657f8d4c35020919138003838ce8050c) 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 2022 to 31 December 2022 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 20 May 2022. We were engaged by the Supervisory Board on 24 May 2022. We have been the auditor of CENIT AG, Stuttgart, since the fiscal year 2022.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board 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 Simon Harms.

Frankfurt am Main, 31 March 2023

Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Thomas Senger	Simon Harms
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Responsibility Statement in the Annual Financial Report

(Financial Report)

After considering comments received, the German Accounting Standards Board (GASB) agreed at its 114th meeting on the following wording of the responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the financial statements:

“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

Axelle Mazé
Member, Management Board

Legal notice

Publisher/Editor:

CENIT AG
Industriestrasse 52-54
D-70565 Stuttgart
Phone: +49 711 7825-30
Fax: +49 711 7825-4000
www.cenit.com
info@cenit.com

Design:
CENIT AG

Release date: 31 March 2023

cenit

CENIT AG
Industriestraße 52-54
D-70565 Stuttgart
P +49 711 7825-30
E info@cenit.de
www.cenit.com