
# FINANCAL REPORT 2021

## CENIT Key Data 2017-2021

| in million EUR | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total revenue | 146.07 | 142.13 | 171.71* | 169.99* | 151.70* |
| EBITDA | 11.27 | 9.59 | 15.24 | 11,95 | 15,27 |
| EBIT | 6.23 | 3.63 | 9.20 | 9.03 | 12.84 |
| Net income | 4.35 | 2.29 | 6.96 | 6.13 | 8.99 |
| Earnings per share in EUR | 0.51 | 0.28 | 0.82 | 0.73 | 1.07 |
| Dividend per share in EUR | Proposal: 0.75 | 0.47 | 0.00 | 0.60 | 1.00 |
| Equity ratio in % | 47.0 | 51.2 | 45.8 | 49.4 | 46.8 |
| Number of employees | 685 | 711 | 737 | 757 | 764 |
| 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 gentlemen*,

Right now, we are living in a time of unforeseeable and constant challenges. The past 24 months of the COVID-19 pandemic, the resulting global, social and economic implications and the disturbing conflict in Ukraine at present are examples of an era that is asking an awful lot from all of us.

At CENIT, we have always seen ourselves as a company that is accountable to all of our stakeholders and that takes responsibility and makes a contribution. For example, numerous CENIT employees also dedicate their personal time to various aid projects and supporting action. CENIT has been funding and assisting this involvement for many years. Around nine years ago, an initiative called CENIT Cares was introduced to make a contribution for all those who need help. As part of this initiative, it was important to us as a company to also provide humanitarian help to the people caught up in the war in Ukraine.

As a company, and as the Management Board, we are proud and grateful to work with a team of such dedicated people.

**A look back at a challenging yet strong year in 2021**

Despite the difficult environment with some developments that were out of our control, CENIT proved in 2021 just how robust and flexible our business model is. The COVID-19 pandemic continued to punctuate day-to-day operations at CENIT as well as at our partners and customers. The situation once again required great stamina on everyone’s part. In some cases, innovative solutions needed to be found at short notice in order to be sure to meet the defined objectives. And we rose to the challenge!

Above all else, the business figures for 2021 bear testimony to our success:

The companies in the CENIT Group recorded sales of EUR 146.1 million globally (prior year: EUR 142.1 million). Admittedly we have not yet returned to pre-pandemic sales figures even in this second year of the pandemic. Yet the clear increase on the prior year and the upward trend both demonstrate our commitment to returning the Company to its usual growth trajectory.

EBIT also developed positively, reaching a figure of EUR 6.2 million. This put EBIT not only about 72% higher than the prior-year figure but also well above the guidance of EUR 4.9 million.

The main reason for this development was the highly profitable sale of additional proprietary software solutions in the Product Lifecycle Management and Enterprise Information Management segments. In the fourth quarter of 2021 alone (the fourth quarter traditionally being strong for sales), agreements entered into with our customer companies from the areas of financial services, aviation and digital factory contributed significantly to the positive result.

*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.

It is important to mention in this context that some of those agreements have multiple-year terms and account for substantial financial volume. These also include a major order from a European aviation company that was won at the beginning of 2022. From our perspective, these agreements are proof of the great deal of trust that our customers have in CENIT's ability and performance. They also show the willingness of our customers to join CENIT on our future journey and progress the digitalization of processes.

In addition, CENIT's continued rigorous cost management contributed to this result.

**Successful projects and expertise for the future**

Alongside the financial performance indicators, and no less meaningful, are the projects behind the figures, implemented with huge dedication by our many outstanding CENIT experts.

In cooperation with German start-up EVUM Motors, our colleagues at **Dassault Systèmes Solutions** helped to accelerate the development of the aCar, a unique 4x4 electric utility vehicle. One of the requirements in order to optimize the development process was a robust and flexible technology platform. The CENIT team advised EVUM Motors, among other things implementing the 3DEXPERIENCE platform from Dassault Systèmes in the cloud at the start-up. In addition to the absolute futureproof nature of the solution, cloud implementation was an ideal fit for EVUM Motors' business needs on many levels. Not only does it give the company the agility and flexibility to scale up its computing resources further in line with its business needs, it also offers a solution that can grow with the business and adapt to tap new markets.

Another exciting example is the collaboration by **SAP Solutions** with Mayer & Cie. GmbH. Together with the global market leader for circular knitting machines, CENIT is introducing a 'digital thread', namely an end-to-end digital process from development to production. CENIT worked with the client to develop a multi-stage plan to secure and extend the market lead of this family-owned company going forward. This was a decisive move in order to deliver useful results quickly. One of the tools used was the SAP PLM Foundation, a best practice package by CENIT. It was combined with a second key component relating to steering approval and change processes. CENIT thus achieved an efficient, flexible and secure steering of processes on the basis of high-quality data. CENIT's working relationship with Mayer & Cie. is still ongoing. The companies are bound by a strategic development partnership that goes far beyond sales figures and is clear evidence of CENIT's expertise.

Leading toolmaking and plant engineering firm Meissner has also put its trust in CENIT to help it take a new direction in its use of robotic systems. Based on CENIT's own high-performance 3D simulation platform FASTSUITE E2 from **Digital Factory Solutions**, Meissner wants to minimize the throughput time in production for robot-assisted surface embossing. One example which highlights the huge potential for automation and simulation that FASTSUITE E2 offers relates to toolmaking times. Creating a mold tool for embossing manually can easily take two or three months. Meissner can now use a robot-assisted process to produce a fully embossed tool within seven to ten days, depending on size.

Alongside our professional expertise, one of CENIT's unambiguous strengths is the individuality of our solutions. At Freudenberg Sealing Technologies, one of the world's leading companies for innovative sealing solutions and modern mobility applications, CENIT is ensuring flexibility and security for cloud-based document management. Tailored precisely to the challenges that Freudenberg faces, experts from **Enterprise Information Management** provided a comprehensive

ECM application landscape in the cloud as a managed service. This means that the customized managed services include exactly those services needed. Agile implementation of the use cases as well as transparency and planning certainty for the overall system over several years are just some of the outcomes.

Ladies and gentlemen, these insights into just a few of our projects from 2021 show far beyond the realm of projects that CENIT and our business units not only offer our customers solutions, but innovative and futureproof technologies, strategies and process approaches that ensure the competitiveness of countless leading companies. This is a contribution that makes us proud as a team and as a company. It can be attributed not least to our exceptionally stable economic position, which we will continue to strengthen and improve.

**A change at the helm**

When considering the year 2021, there is one milestone that stands out from all the rest. That is the decision by Kurt Bengel to step down as CEO of CENIT, which could almost be described as the end of an era in the history of CENIT. After more than 33 years at the Company, 15 of which were spent as chair and more than 9 as CEO, Kurt Bengel passed the baton as CEO to Peter Schneck as of 31 December 2021. Peter Schneck joined CENIT on 18 October 2021. Kurt Bengel was responsible for Investor Relations and Marketing as well as international operations.

Kurt Bengel has himself said that CENIT was “his family” for more than half of his life on its journey from a start-up to an international group. At investor conferences, for example, he was sometimes addressed as “Mr. CENIT” in jest. This shows just how closely Kurt Bengel was – and continues to be – linked to CENIT and to the team.

On behalf of the global CENIT team, we would like to thank Kurt Bengel sincerely for the many years at the helm of our company, which were characterized by his personal commitment, his strong professional expertise and his absolute humanity.

**The road ahead**

With our new CEO Peter Schneck, CENIT is setting out on a new growth phase. Together with the international leadership team of CENIT, the Management Board has set out a sharply focused corporate purpose, a new vision and mission as well as a new strategy derived from all of those.

**Our new company purpose is as follows:**

- **We empower sustainable digitalization.**

**Our vision:**

- **CENIT is the champion for process digitalization.**

**Our mission:**

- **We advise, optimize, integrate and manage digital processes for our customers.**

So, do these new statements – which are binding for us and bind us together – mean that CENIT is taking a new direction and leaving the past behind? Definitely not!

CENIT will continue to pursue its existing strategic and financial corporate objectives, as set out in the agenda “CENIT 2025”. However, the objectives for the business units and the strategies and tactical moves necessary to achieve the strategic objectives have been honed and adapted to the current framework conditions. Performance indicators have been introduced to measure and analyze implementation continuously and to adjust any tactical moves needed to achieve objectives. All areas at CENIT adopt this approach in unison, thus ensuring that we meet our vision. This new departure will be reflected among other things in the investor relations part of the CENIT website as well as a fresh new logo soon to be introduced.

**What impact will this have on the aforementioned growth trajectory?**

Organic growth will take place through close interaction of the five business units. Each of CENIT’s five business units – Digital Factory Solutions, SAP Solutions, 3DS Solutions, Enterprise Information Management and CENIT Digital Business Services – is synonymous with excellent industry and software expertise. It is important to get this message across externally in an even more nuanced way and to copperfasten existing partnerships to further increase the success of the respective business units and consequently of CENIT as a whole. At the same time, we are also endeavoring to ensure that the business units collaborate more with each other and leverage their expertise to tap further potential, customer segments and services. We will progress this interaction between the five business units to a unique selling proposition on the digitalization market.

As part of this effort, we also want to deepen our footprint in collaborating with our strategic partners of many years – Dassault Systèmes, IBM and SAP. This means that we want to, and will, become the uncontested number 1 partner to those companies in the future.

CENIT’s future growth will also stem primarily from acquisitions. Going forward, we plan to make one to two acquisitions (M&A) per year. This is certainly an ambitious pace, but it is possible.

The acquisitions will allow us to strengthen the five business divisions in terms of technology and market coverage. We also intend to use our M&A activities to bring further employees into the CENIT Group. There is no doubt that the expertise of our future new colleagues will have a positive effect on the performance of our global team and on CENIT’s attractiveness as an employer and also as a capital market participant.

As far as capital markets are concerned, CENIT will be working toward more visibility and transparency there in future. Inspired by the old adage “Do good and talk about it”, the Management Board of CENIT will increase its participation at events related to the capital markets and will also push forward in its communications with absolute transparency in this regard.

**Moving forward together**

Ladies and gentlemen, you can see that we are determined to grow. This growth will be based on solid, conservative, considered foundations that are planned around the future. We always take the long-term view. Our decisions are consistently geared to increasing value, growth and a responsible adherence to our values and the interests of our stakeholders. We are confident that this is the right basis from which to continue to progress the CENIT Group as a strong partner and a pioneering thinker across all industries and technologies. This will be our path to a successful and dynamic future.

We want to take this opportunity to acknowledge our CENIT team and thank each team member sincerely for their dedication and for constantly refining their expertise and going the extra mile on so many of our projects. This is especially appreciated in a time when so much is asked of all of us.

We would like to thank our customers and partners for the respectful, productive and enriching working relationship we share, which is always a cause for joy for us.

To our shareholders, we are very grateful to you for the trust you place in CENIT and in our strength. Now and in the future, we at CENIT will put our knowledge and abilities to work for our joint success. We would be very happy for you to continue to accompany us on our journey.

With best wishes,

| | |
|---|---|
| Peter Schneck<br>Spokesman, Management Board | Dr. Markus Wesel<br>Member, Management Board |

# REPORT OF THE SUPERVISORY BOARD

## Report of the Supervisory Board

Dear Shareholders,

The coronavirus pandemic continued to dominate the events of the past fiscal year. Despite signs of an improvement in the global economic situation at the beginning of the year, growth slowed again in the second half of the year as a result of repeated waves of the pandemic, shortages on the labor market and supply chain issues. Compared to the first year of the pandemic, 2020, and the global recession, Germany's economy recovered over the past year to record marginal growth, with gross domestic product rising by 2.7%. It goes without saying that the coronavirus crisis also impacted the business of CENIT AG over the past year. It was nevertheless possible to achieve and even slightly exceed the targets originally set. In 2021, the CENIT team joined forces to generate sales of EUR 146,071 k and EBIT of EUR 6,234 k. Consequently, the Supervisory Board is optimistic about the future and considers CENIT to be in an excellent position to meet the objectives set out in the 2025 Strategy and to overcome any future challenges.

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 Management Board directly involved the Supervisory Board 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.

Over the past fiscal year, the Supervisory Board held six regular meetings (15 January 2021, 26 March 2021, 20 May 2021, 17 September 2021, 12 November 2021, 17 December 2021) for detailed discussions on the economic situation, the strategic development and the long-term positioning of the CENIT Group. All members of the Supervisory Board took part in all of the meetings. 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

The Management Board provided information on the development of sales and earnings in the CENIT Group to all meetings of the Supervisory Board held during the reporting year 2021. Additionally, it explained the course of business in the individual business segments and reported on the assets, liabilities, financial position and performance. In this context, the Supervisory Board placed particular emphasis on potential consequences for risk and liquidity management. Other topics at the meetings included the development of business in the respective quarters, the changes on the Supervisory Board and the successor for long-standing chair Kurt Bengel, CENIT's management of the coronavirus pandemic, M&A activities as well as Corporate Social Responsibility (CSR) and the "New Work@CENIT" initiative, where we work together with the Management Board and CENIT staff to think about ways and means of working in a post-pandemic world.

At the first meeting of the year on 15 January 2021, the Supervisory Board mainly discussed the Corporate Governance Code and agreed on the Declaration of Conformity for the fiscal year 2021.

## Financial reports / audits

During its balance sheet meeting on 20 March 2021 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 2020, 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 2 July 2020, 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 2020, prepared by the Management Board and on which an unqualified audit opinion was issued by the auditor, were conclusively reviewed on 26 March 2021. On 26 March 2021, the Supervisory Board approved the 2020 annual financial statements of CENIT Aktiengesellschaft and noted the 2020 consolidated financial statements with approval.

## Further matters addressed by the meetings

During the course of the year, the Supervisory Board was continually kept informed of periodic financial results and undertook detailed discussions with the Management Board on the 2021 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 2021.

A key component was the preparation for the General Meeting of Shareholders on 20 May 2021, which had to be held as a digital conference without the physical presence of the shareholders in accordance with the regulations in Baden-Württemberg around the coronavirus pandemic.

## New chair of the Supervisory Board

It is no exaggeration to say that the end of the last fiscal year marked the end of an era at CENIT. After more than 33 years at CENIT, 15 of which were spent as chair and CEO, Kurt Bengel decided to step down from his roles as of 31 December 2021. Not only was Kurt Bengel the first employee to be hired by the founders of CENIT GmbH in 1988, he was also instrumental in shaping CENIT in his years in management and successfully transformed the Company into a leading international IT and software firm for product lifecycle management and enterprise information management.

The Supervisory Board would like to recognize Kurt Bengel's many years of extraordinary personal dedication and commitment to the success of CENIT, offered with a high level of expertise. We wish to thank him sincerely and wish him the very best for the future. To be quite clear, without Kurt Bengel, CENIT would not be what it is and where it is today.

Peter Schneck took over from Kurt Bengel as spokesman of the Supervisory Board and CEO on 1 January 2022 after being recruited as a new member of the Management Board of the CENIT Group on 18 October 2021. Peter Schneck was born in 1971, studied law in Bonn and went on to complete an MBA at the University of Reading. In the course of his professional career, he accumulated extensive leadership experience, often at the helm of major international companies. Some of the roles held by Peter Schneck have included managing director of Scheidt & Bachmann and managing director of parking operator APCOA. After moving to the Trapeze Group, a leading software company in the field of transport technology, Peter Schneck became CEO of that company from 2014 to 2019. In 2019, he took over as CEO of DATAGROUP SE, where he was responsible for Mergers & Acquisitions, Investor Relations and Law, before moving to CENIT.

We are very happy to have found in Peter Schneck a highly qualified successor with international experience for the position of Chief Executive Officer at CENIT AG. Peter Schneck has an impressive track record, particularly in developing international distribution, enhancing the software business and in connection with value-increasing company acquisitions. He is responsible for global operations and for Marketing and Investor Relations. His special focus will be on achieving more visibility and transparency for CENIT AG on the capital markets. We wish Peter Schneck every success on his journey at and with CENIT and want to assure him of our absolute trust and unwavering support.

## Risk management

An important topic addressed at several meetings was risk management within the Group. 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 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 12 February 2021, 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.

## Personnel changes

A new Supervisory Board was appointed at the General Meeting of Shareholders on 20 May 2021. At the first constitutive meeting of the new Supervisory Board held subsequently, Rainer-Christian Koppitz was appointed as the new chair of the Supervisory Board. Prof. Dr. rer. pol. Isabell M. Welpe is deputy chair of the Supervisory Board. The employee representative on the Supervisory Board as elected by the employees of CENIT is still Mr. Ricardo Malta.

The newly appointed Supervisory Board would like to thank the former members, Prof. Dr. Oliver Riedel and Stephan Gier, for their dedicated advice and support of the Company's development and the consistent, reliable fulfillment of their statutory duties as a control body of CENIT AG.

## Balance sheet meeting 2022 on the annual and consolidated financial statements 2021

The accounting, the annual financial statements with the management report for the 2021 fiscal year, the consolidated financial statements with explanations and the group management report for the 2021 fiscal year were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart. KPMG was appointed as auditor of the annual financial statements and consolidated financial statements at the General Meeting of Shareholders on 20 May 2021. 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 2021 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 2021 were fully compliant with statutory requirements.

During the balance sheet meeting on 25 March 2022, 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 25 March 2022, the Supervisory Board approved the annual financial statements prepared by the Management Board for CENIT Aktiengesellschaft for the 2021 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 2021 fiscal year on 25 March 2022.

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

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

Stuttgart, March 2022
On behalf of the Supervisory Board

Rainer-Christian Koppitz
Chairman of the Supervisory Board

# STRONGER TOGETHER

# STRONGER TOGETHER

CENIT is a leading IT consulting and software company in the area of digitalization with 26 locations in nine countries worldwide. With the aspiration to create sustainable digitalization of the value added chain and guided by the vision of being the champion for process digitalization, we enable and sustain the technological advantage of our customers.

## OUR PURPOSE

Whether in a strategic, professional or entrepreneurial context, CENIT has always been committed to continuous further development. This endeavor is reflected among other things in the objectives and actions set out in CENIT 2025.

However, it is also an important part of a much further-reaching positioning of our Group. At the beginning of 2022, we focused our attention in particular on CENIT's future trajectory and its contribution beyond the scope of business.

Against this backdrop, we honed the vision for our Group and the journey we would take to achieve this vision, i.e. our mission. Key to this was analyzing and defining the actual purpose of our actions, which is the overarching idea behind our entrepreneurial activity and a context for the entire Group.

This purpose reflects our long-term conviction and self-posed challenge: **We empower sustainable digitalization.**

**What then do these words mean for CENIT, for our actions and those for whom we take these actions?**

Behind all of our activities is the conviction that we – the global team at CENIT and all five business units – contribute with our process digitalization knowledge and solutions to making processes smoother, less complex and more efficient in companies and their ecosystems. This is done with the aims of

- **Achieving less waste in manufacturing:** Resources, materials and energy are saved by simulating processes in advance of their actual implementation
- **Achieving less susceptibility to errors and thus less waste:** Likewise through simulation or by using predictive technologies, equipment faults or breakdowns can be avoided, thus saving resources and energy
- **Developing futureproof and environmentally sound production methods:** Digitalization and the use of technologies such as artificial intelligence and 3D printing enable the manufacture of new, energy-saving products. For example, in the international research project Bionic Aircraft, CENIT worked on a concept for reducing fuel consumption in aircraft by using additive manufacturing as well as bionic structures

- **Establishing the product lifecycle as a circular system:** By analyzing and using product data as part of the entire 'lifecycle and use cycle', added value can be generated for sustainable optimization
- **Making processes easier for people and reducing their burden:** Processes featuring end-to-end digitalization can help people and reduce their burden in their personal and professional lives. One example is communication between customers and their insurers in relation to claims. Chatbots can be used for fast and optimum customer support

In short, we are committed to using digital solutions to improve energy and resource efficiency, facilitate the circular economy and minimize emissions and environmental pollution. This is what we mean when we talk about sustainable digitalization. It's about a livable future.

With this in mind, CENIT supports sustainable digitalization activities advocated for globally by the German government, the European Commission and other organizations and initiatives.

Sustainable digitalization is a new requirement in all areas of life that is reflected not least in the capital market through ESG criteria and most recently even in ESG ratings. It refers to digitalization that is fair, environmentally responsible and that serves the common good.

CENIT advises, optimizes, integrates and manages the transformation and optimization of digital processes for customers from industries such as automotive, aviation, manufacturing and financial services. Now CENIT will also use new solutions to close the value added chain and add products back to the chain via recycling, but also to support companies with the data already available to meet the ESG criteria and achieve sustainable digitalization. This is something we are particularly proud of.

Our success is built around expanding our strong, long-term strategic partnerships with leading IT service and platform providers such as Dassault Systèmes, SAP and IBM, our own software solutions and services as well as our sector and process-specific expertise.

**This is because we all share a common objective and vision: sustainable digitalization with CENIT as the champion for process digitalization.**

Our five business divisions are the driving force with which to make this objective a reality. Our unique selling proposition will now be based on how these five business divisions work together in the area of sustainable digitalization across the entire value added chain!

# ENTERPRISE INFORMATION MANAGEMENT

CENIT's EIM business division combines the Group's data and content-driven file solutions with artificial intelligence and hybrid cloud functions to assist customers on their process automation journey. Thanks to its positioning as an independent IT consultant in document logistics with software solutions tailored to customer requirements, the EIM team is a key player in the German-speaking world. In addition to own software and solutions as part of on-cloud business models, the division brings new, AI-based As-a-Service solutions to the market. The successful expansion of the partnership with IBM has also put the EIM business division on a strong footing for the future.

***"Document and information logistics are at the core of a successful path to process excellence. With targeted acquisitions, we will shape the division into a champion in document logistics."***

**André Vogt** - Senior Vice President EIM

## CUSTOMER HIGHLIGHT

*"CENIT's ECM managed services offer long-term planning reliability, high flexibility in use and the complete preservation of data and system integrity for the client."*

**Freudenberg FST GmbH**

# SAP SOLUTIONS

For more than 30 years, the CENIT business division SAP Solutions has been fulfilling its mission of optimizing process and data consistency along the entire value chain of manufacturing companies. The business division implements SAP solutions for smart companies to improve their sustainability, resilience and economic efficiency. Our experts use standard SAP applications and create added value through our consulting services and own products. SAP relies on our competency as a development partner for engineering integration into the Dassault Systèmes applications CATIA and 3DEXPERIENCE®. SAP Solutions now provides the link between SAP's ERP system with all of its financial and warehouse data and the Dassault PLM solution with planning, design and production data. The business division has thus acquired a strategic position to connect both data groups and empower sustainable digitalization.

***"This year's biggest challenge for us was reducing the complexity in the SAP 3DEXPERIENCE® integration into hybrid system architectures. Our team combines industry expertise, in-depth specialist knowledge of the SAP and Dassault Systèmes technologies and the skills needed for change management and uses them to develop a best practice approach for the seamless integration of business processes - from design to operation. This offering has unique value for our customers."***

**Horst Heckhorn -**
**Senior Vice President SAP Solutions**

## CUSTOMER HIGHLIGHT

*"We followed CENIT's recommendation to commence our digitalization journey based among other things on the SAP PLM Foundation. We started with engineering integration as well as a focus on change management. This decision was key in helping us to navigate the pandemic successfully."*

**Mayer & Cie. GmbH & Co. KG.**

The Digital Factory Solutions business division develops and implements FASTSUITE E2, its own scalable 3D simulation platform for the digital twin for production plants. The software helps manufacturing companies to design, build and check their production systems long before they are put into operation and then commission and operate them easily. With FASTSUITE E2, a digital twin becomes an integral part of each production plant to ensure reliable and efficient production. The robotics of the future are being designed in this business division.

*"We see the digital factory twin as a sparring partner for testing production changeovers, monitoring real-life production in parallel or in advance, analyzing errors and making improvements. By means of rigorous digitalization and the elimination of media breaks in the manufacturing process, our software solution helps to shorten production times."*

**Michael Dengler** -
Senior Vice President Digital Factory Solutions

## CUSTOMER HIGHLIGHT

*"The performance of K-Virtual as a flexible simulation platform is based on the tried-and-tested FASTSUITE technology. We are certain that we can offer our customers an ideal tool for making their automation processes futureproof. In this context, we are delighted that CENIT will continue to work closely with Kawasaki Robotics as a software partner."*

**Kawasaki Robotics GmbH**

# 3DS SOLUTIONS

As a leading holistic advisor and integrator for product lifecycle experience, the CENIT business division Dassault Systèmes Solutions as a platinum partner for leading industry solutions offers companies assistance in optimizing their digital production processes. Our experts have decades of experience with the standard solutions from Dassault Systèmes as well as industry-specific process, methodology and technology skills. Beyond the 3DEXPERIENCE® platform from Dassault Systèmes with solutions in the cloud, CENIT creates added value for customers that want to undergo a successful journey of digital transformation and allows them to have fast successes that ease the transition.

***"There is no longer any question about digital transformation in industry. Industry is currently facing extensive changes: It must respond better to customer's changing product awareness and to actual product development processes while also keeping sustainability in mind. Sustainable digitalization is what our customers are now asking for. This leads to new considerations around our contribution to society and the effects of technology on humanity."***

**Martin Grunau** - Senior Vice President 3DS Solutions

## CUSTOMER HIGHLIGHT

*"With 3DEXPERIENCE®, we can achieve our R&D goals faster. Part of our strategy is to locate our manufacturing expertise in France. We rely on our teams, digital technologies and the technological support of KEONYS/ CENIT."*

Samaya, SAS

# CENIT DIGITAL BUSINESS SERVICES

With decades of experience in aviation and aerospace, CENIT Digital Business Services optimizes its customers' operational excellence through sourcing and application managed services in the PLM division. As an innovation driver, the business division with its Allianz CenProCS is involved in various research and development projects to improve the efficiency of design and production processes and methods.

## WHAT OUR CUSTOMERS SAY:

*"We have been able to rely on the strong support skills of CENIT Digital Business Services for many years. The team combines software expertise with extensive process and methodological knowledge for aviation and aerospace that is based on a flexible supply model."*

***"It is our passion to assist our customers' end users on their digital transformation journey. With our in-depth knowledge of existing and future technologies, methods and processes in the PLM business division, we help them master these challenges. We also progress innovations in order to be a reliable consultant for our customers."***

**Markus Schwarze -**
**Senior Vice President**
**CENIT Digital Business Services**

# MANAGEMENT REPORT

# Combined (group) management report for the fiscal year 2021

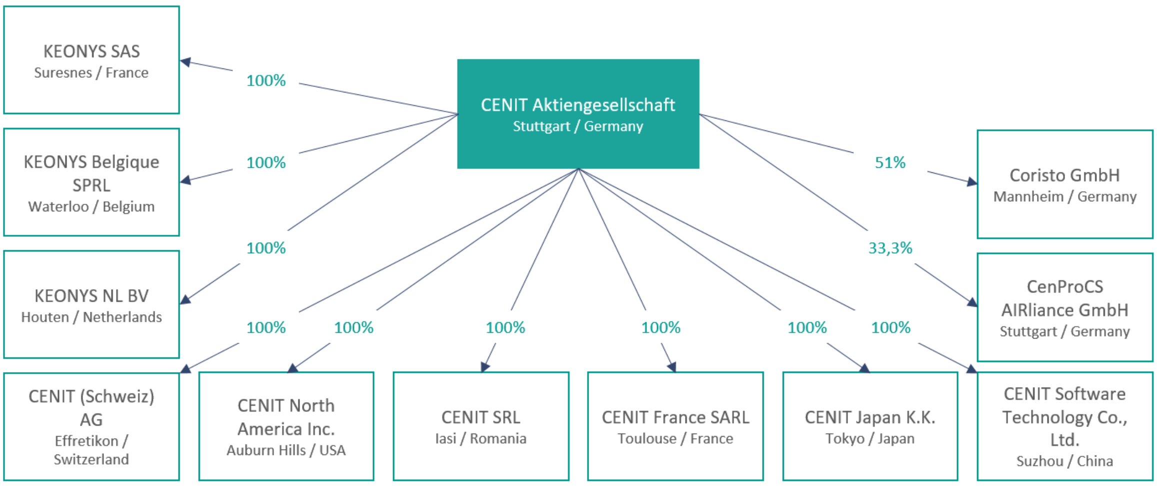
The **management report** of CENIT Aktiengesellschaft (hereinafter also "CENIT") and the **group management report** of the CENIT Group for the fiscal year 2021 were combined below. The reference to the publicly accessible website and the declaration on corporate governance are also components of the combined (group) management report. The consolidated financial statements prepared by CENIT as of 31 December 2021 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 – since February 2020 – in China. The domestic and foreign companies included in the consolidated financial statements are consolidated in accordance with the uniform accounting and valuation methods in the CENIT Group. The companies use the same accounting and valuation methods as the parent. Like the parent, the subsidiaries are specialized in the sale 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** is unchanged compared with the prior year.

CENIT AG's **Management Board** comprised the following members as of 31 December 2021:

- Kurt Bengel, CEO until 31 December 2021
- Dr. Markus Wesel, CFO
- Peter Schneck, Member of the Management Board since 18 October 2021

CENIT AG's **Supervisory Board** comprised the following members as of 31 December 2021:

- Rainer Koppitz, Chair of the Supervisory Board since 20 May 2021
- Prof. Dr. Isabell Welpe, Deputy Chair of the Supervisory Board since 20 May 2021
- Univ.-Prof. Dr.-Ing. Oliver Riedel, Chair of the Supervisory Board until 20 May 2021
- Stephan Gier, Deputy Chair of the Supervisory Board until 20 May 2021
- 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, SAP Solutions, CENIT Digital Business Services and Digital Factory Solutions. The PLM division is focused on PLM platforms and applications in the traditional manufacturing industry and optimizes production processes such as product development, production or change management, also using dedicated CENIT software solutions. As a value added integrator, CENIT offers its customers considerable added value compared with a pure software reseller. By contrast, the EIM division is focused on processes relating to 360 degree customer communication, processing, file and document management primarily in the financial services 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 comprises 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** 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 and RoW.

**1.4 Objectives and strategies**

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

The CENIT 2025 Strategy is based on the following **four strategic pillars**:

(1) CENIT will be a leading provider for digital process continuity.

(2) CENIT will be the leading integrator for business processes on the platforms of Dassault Systèmes and SAP.

(3) CENIT will continue to expand its own software applications.

(4) 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. Notwithstanding any effects from the change in accounting policy (IFRS 15), the result for the fiscal year 2025 is still planned to be group revenue of approximately EUR 300.0 million with an EBIT margin of 8 to 10%.

### 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 rolling forecast. As part of this process, the Management Board analyzes the business development of the segments regularly in order to make necessary adjustments on a timely basis. However, some financial ratios that are critical to success are not quantifiable or can only be quantified indirectly. These include factors such as the reputation of the brand, customer satisfaction and employee qualifications.

Because of the ongoing exceptional societal and economic situation due to the coronavirus pandemic, it has been and continues to be 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 against each other 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 invested research and development expenses (R&D) of EUR 8.3 million in the fiscal year 2021 (prior year:

EUR 10.5 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, 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.

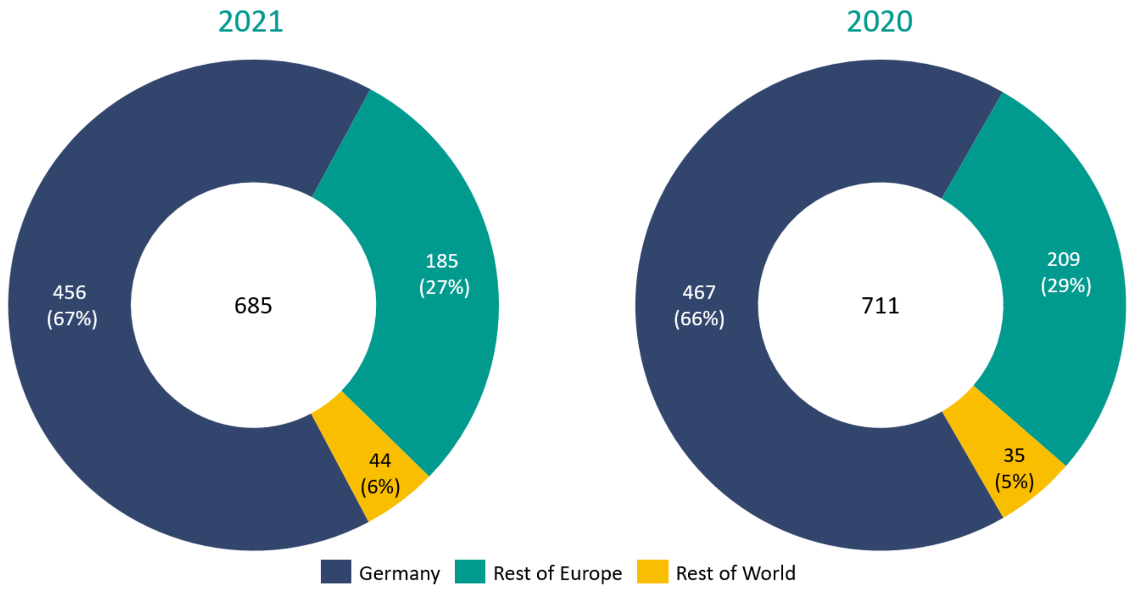
Because innovation also means progress, research and development are of central importance for the further achievement of the **corporate objectives**. This allows the CENIT Group to enhance its market position at the same time.

### 1.7 Employees

#### a) Overview

On 31 December 2021, the Group had 685 employees (prior year: 711). CENIT AG, Stuttgart, had 456 employees on the same date (prior year: 458). **Employee turnover** was over on the prior year, at approximately 7.8% (prior year: 7.6%).

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. It is still the case that roughly two thirds of all employees in the CENIT Group are employed in Germany.

| Entity | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| CENIT AG Stuttgart, Germany | 446 | 458 |
| Keonys SAS Suresnes, France | 111 | 117 |
| CENIT SRL Iasi, Romania | 45 | 45 |
| CENIT North America Inc. Auburn Hills, USA | 19 | 25 |
| CENIT France SARL Toulouse, France | 16 | 19 |
| CENIT (Schweiz) AG Effretikon, Switzerland | 13 | 15 |
| Coristo GmbH Mannheim, Germany | 10 | 9 |
| CENIT Japan K.K. Tokyo, Japan | 8 | 8 |
| Keonys Belgique SPRL Waterloo, Belgium | 7 | 7 |
| Keonys NL BV Houten, Netherlands | 6 | 6 |
| CENIT Software Technology Co., Ltd. Suzhou, China | 4 | 2 |
| **Total** | **685** | **711** |

**Personnel expenses** in the reporting period came to EUR 59.7 million in the CENIT Group (prior year: EUR 54.8 million) and EUR 39.4 million in CENIT AG (prior year: EUR 35.1 million). The expenses rose mainly on the back of salary increases and new hires, in addition to reduced cost subsidies from short-time work payments (down EUR 1.2 million on the prior year).

**b.) Personnel policy (unaudited)**

We are convinced that our staff make a decisive contribution to the economic success of the Group. As a result, we continued to dedicate ourselves to the objective "**We are an attractive employer**" set out in our 2025 Strategy, even in the second fiscal year dominated by the **coronavirus pandemic**. Despite all the necessary (cost) restrictions, we put our employees at the heart of our HR strategy.

To prepare our staff individually for the working world of the future, we invest in their continued education on a constant basis. We offer different development programs for our employees for this purpose. In 2021, we therefore moved things like the **PZG@CENIT** (our employee appraisals) online, making the process even easier and more convenient for our staff and executives. The objective of the employee appraisals is to ensure that we have **motivated employees** who engage continuously in further development, who grow and understand their personal journey towards our CENIT 2025 strategy and who make their contribution to the strategy. On the one hand, this allows our employees to act as a reliable partner to our customers in mastering the constantly changing and increasing challenges they face.

On the other hand, our **personnel development programs** (including PZG, CENIT Campus, Skill and Organizational Development) offer a framework for our employees' personal development, and this is something that we have committed to. Also, twelve employees took part in the

**Talente@CENIT** program. The talents program is geared to our specialist key players and (young) executives.

The last two years informed by the pandemic showed us that it is possible to work together successfully in a flexible way regardless of where we work and without meeting up in person in the office. This period has changed the requirements and needs of our employees. We want to shape the imminent **transformation of the working world** together with our employees. Consequently, we created a **"New Work@CENIT survey**" to get feedback from our employees on how they want to work in future and what they need to do this. The survey was not just about the workspace or work location; it was also about the general question of how to reimagine how we work together. These transformation processes will be accompanied by the **Pulse@CENIT** survey, which we will carry out at regular intervals to gauge employee sentiment and enter into constant dialog.

We have continued to optimize and expand **social security** at CENIT, for example by increasing benefits for the long-term sick and for nursing care and child sickness benefit. Similarly, some HR processes were refined, for example the option to lease a company bicycle and vehicle fleet management.

A focal area of HR work in 2021 was once again to **hire new talent** in order to foster the success and growth of the parent and of the entire Group.

This saw us take part in several **virtual recruiting events** in 2021. Furthermore, we always try out new ways of recruiting qualified staff. For example, we used online presentations to introduce CENIT as an employer.

Another 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 work consistently on expanding our existing recruiting channels further, such as the partnership with Germany's Federal Labor Office, the Bundesagentur für Arbeit, and on tapping new channels. Another important point is the constant optimization of touchpoints, for example expanding our presence on various national and international **employer portals**.

Additionally, our program **incentivizing employees to refer new staff** has become a more and more important part of our recruiting effort in order to win the talent war. We also expanded the **digital application process** and the **virtual interviews** further in 2021. This meant that we were always in a position to hire new staff for CENIT, regardless of how the pandemic unfolded. It allowed us to reduce the administrative workload and cut processing times substantially.

Furthermore, **vocational training** has been one of the strategic investment areas of CENIT for many years. The Group considers this to be part of its responsibility to society and is actively involved in making it easier for young people to start their career through qualified training. In 2021, we took part in various online formats to showcase our **apprenticeships and study places** to interested schoolgoers. In 2021, CENIT in Germany had trained a total of 32 young people in various professions by the end of the year (prior year: 49). The focus is on technical courses of study, such as computer science, information systems or industrial engineering.

21 apprentices completed their apprenticeships or studies at CENIT successfully in 2021, of whom 13 were hired by CENIT upon completing their training. At CENIT, we are very focused on the **quality of the apprenticeship**, which is why we offer regular internal and external training sessions for our apprentices. Our naming as a MINT minded Company 2021 has helped us to recruit young

talent. In addition, the Group hired working students as well as students completing their Master's degrees in 2021. Because of short-time work, we were unable to offer any internships or roles for students completing their Bachelor's degree in the past fiscal year.

A further central area of focus for HR work was on facilitating proactive **pandemic management with the aims of "protecting the health of our employees"** and "maintaining business operations". The requisite (technical and procedural) conditions were met and successfully implemented as early as March 2020. Over the course of the past fiscal year, they were repeatedly adjusted to the current circumstances and statutory requirements.

For example, we made it possible for all of our employees to work from home. This involved introducing measures relating to virtual team management, and we expanded our communication media with the aim of accompanying all of our employees successfully through the pandemic crisis. Active use was made of short-time work and of other contemporary HR management tools. We moved initiatives like our **health management system** to a virtual platform in response to the pandemic. For example, we encouraged our staff to take part in an app-based steps challenge to motivate them to get more steps in every day.

## Remuneration system – profit sharing (unaudited)

Apart from performance-based career opportunities and assumption of responsibility at an early stage, CENIT offers its employees an **attractive remuneration policy**. 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

The past fiscal year 2021 was once again heavily influenced by the **coronavirus pandemic**, which had a significant impact on global economic activity. While the global economy rebounded at the beginning of 2021, this recovery proved to be short lived. Growth slowed in the second half of the year, due in the main to supply chain interruptions, shortages on the labor market and recurring waves of the coronavirus.

Hardest hit by the supply chain interruptions was the **automotive sector**, which suffered from the lack of **chips and semiconductors** in particular. Lots of car manufacturers were forced to row back production repeatedly and sometimes even cease production entirely.

Another reason for the slower pace of recovery in the global economy was linked to the **inflation rate**, which most recently spiked considerably in the industrialized economies to peak at figures in excess of 5% in December. The huge rise in inflation is attributable chiefly to an imbalance of supply and demand in many industries as well as dramatic **increases in commodities prices and energy costs**.

The escalation of prices on the **energy markets** in Europe is primarily attributable to insufficient gas supplies from Russia in the summer to replenish depleted resources to a customary level in advance of the winter season. Oil prices, too, climbed to a high of USD 85 per barrel at the end of the year.

By contrast, the **international capital markets** recovered in 2021 to record growth almost across the board. For example, the DAX gained by approximately 16% by the end of the year, with the Dow Jones even seeing growth of roughly 26% compared to the beginning of the year. But even in the past year, the upward trend was not constant. **Share prices dropped drastically** in some cases in September and November. There were numerous reasons for the share price fluctuations: coronavirus variants, China's property crash and Evergrande, supply bottlenecks and the Ever Given as well as the expansive budgetary policy, to name but a few.

After a 3.5% collapse in the global economy in the first year of the pandemic, the economy recovered substantially in 2021. Although this expansion lost ground from mid-year, overall the global economy grew by 5.9% in the past year based on estimates by the **International Monetary Fund (IMF)**.

**China's** economy grew more strongly than expected in the past year, expanding by around 8%. This sharp rise is due first and foremost to the low benchmark rate in the prior year as a result of the pandemic. With a zero-COVID strategy, mass testing, lockdowns and entry restrictions, the world's most populous country got the virus under control more quickly than most other countries.

Above all else, it was China's strong **export base** that ultimately shored up the economy. But exports alone cannot solve the countless problems that China faces this year. China is currently in the throes of repeated localized outbreaks of the Omicron variant. Because of its strict zero-COVID policy, this means locking down whole cities with millions of inhabitants. This situation is compounded by frequent power cuts in major industrial conurbations due to energy shortages.

**b) Europe**

After the 6.4% decline in GDP in the euro-zone in 2020, there was a marked economic recovery in 2021. Based on preliminary estimates by the European Commission, **total economic output** in the **European Union** member states improved by somewhere in the region of 5.3%.

Growth was and continues to be heavily influenced by the pandemic. Many EU countries are coming under **pressure** stemming from the increasing **burden on health systems** and from staff shortages caused by illness, precautionary quarantine measures and nursing needs.

Logistics and **supply bottlenecks**, for example in relation to **semiconductors** and some metals, are also likely to place a further burden on manufacturing, at least during the first half of the year. Last but not least, **energy prices** are expected to remain at a high level for longer than expected and thus curtail economic activity for longer and feed inflationary pressure.

**c) Germany**

After the prior-year collapse of 4.6% in connection with the pandemic, the **German economy** regained strength in 2021. Although most economists and the German government had predicted growth of 3.5 to 4.0%, gross domestic product (GDP) rose by just 2.7% in 2021.

There was a significant burden for companies and consumers alike, brought about in the main by **supply bottlenecks**, higher prices for raw materials and energy as well as generally high **inflation** running in excess of 5% in December of last year. The third and fourth coronavirus waves with increasing infection rates also dampened trade, tourism and hospitality, as the measures imposed hindered a faster **recovery**.

According to figures from Germany's Federal Statistical Office ('Statistisches Bundesamt'), the **number of people in employment** in Germany rose slightly to 44.9 million in 2021 after the pandemic-related decline in the recessionary year of 2020.

The **shortage of skilled staff** in Germany intensified further in the past year. In its annual review for 2021, the Competence Centre for Securing Skilled Workers ('Kompetenzzentrum Fachkräftesicherung' or 'Kofa') of the employer-friendly German Economic Institute ('Institut der deutschen Wirtschaft', 'IW') stated that the gap created by the shortage of skilled staff had more than doubled over the course of the year. According to the review, the number of unoccupied positions for which statistically there were no suitably qualified unemployed people anywhere in Germany rose from roughly 213,000 in January to over 465,000 in December 2021. The **unemployment rate** dropped to 5.7% compared to 5.9% in 2020. Consumer spending rose marginally by 0.3%, while the inflation rate increased sharply to 3.1% on average.

After the fall-off in federal, state and municipal **tax revenue** in 2020 due to the pandemic, 2021 saw a major rebound, thanks principally to the economic recovery. According to the **German Ministry of Finance**, the federal government collected EUR 761 billion in taxes, up 11.5% on 2020. Nevertheless, Germany will continue to feel the after-effects of the crisis for the foreseeable future. Based on preliminary calculations by the **Federal Statistical Office**, during the second year of the pandemic Germany once again spent more than it took in. The federal, state and municipal **deficit** was running at 4.3% in 2021. This represented a shortfall of EUR 153.9 billion.

### 2.2 Sector-specific environment

Despite the fact that the fiscal year was once again dominated by the coronavirus pandemic, the Bitkom-ifo digital index reached an **all-time high** of 40.5 points. "We are experiencing growth in the core digital market that hasn't been seen in the past 20 years, with sales well above pre-pandemic levels, said **Bitkom President Achim Berg** when describing the development over the past year. After a brief weaker phase in 2020, 2021 was a very successful year for the ITC sector.

**ITC sales** increased by 3.9% to EUR 178.4 billion in Germany. Compared with the economy as a whole, the Bitkom sector thus developed much more dynamically, not least due to the trend of **home office** and **working from home**, which lent huge impetus to the **IT segment** in particular.

Berg cited the positive development on the **labor market** as a particularly pleasing development. In 2021, Germany's Bitkom sector created 39,000 **additional jobs**, employing 1.25 million people. He cited the **shortage of skilled staff** as a continuing issue, stating that 96,000 jobs for IT specialists are currently unfilled across all industries. This translates into less growth, less value creation, less innovation and stops **digital transformation** in its tracks, while also increasing the lead of pioneers such as the US, according to Achim Berg.

### 2.3 Overall course of business

2021 marked a step on the way to economic recovery for the **CENIT Group**, despite the fact that the side-effects (interrupted supply chains, chip and semiconductor bottlenecks etc.) were once again challenging for customers in the main industries of aerospace, automotive and mechanical and civil engineering. Some of the customers affected were forced to postpone investments, which in turn meant that CENIT could not always sell its products and services as planned. At the same time, CENIT was successful in winning new contracts in the banking and insurance sectors.

Against this backdrop, **consolidated sales** improved from EUR 142.1 million in the prior year to EUR 146.1 million in the fiscal year (up EUR 4.0 million or 2.8%). Apart from a general growth in sales of software licenses (up EUR 5.6 million or 26.3% on the prior year), this was mostly due to the highly profitable sale of additional proprietary software solutions (up EUR 1.1 million or 61.1%) towards the end of the year, especially in December. Exceeding the plan also resulted in higher expenses for variable remuneration (personnel expenses) which, together with a EUR 1.2 million reduction in short-time work payments year on year, led to a rise in expenses of 8.9%. Against this backdrop, **consolidated EBIT** increased by 71.7% to EUR 6.2 million (prior year: EUR 3.6 million). In terms of CENIT's two segments, the picture compared to the prior year and to the budget is as follows:

(1) With customers coming from industries still partly negatively affected by the pandemic (for example automotive and civil and mechanical engineering), the **PLM segment** recorded higher sales of EUR 130.1 million compared to the prior year (EUR 128.4 million). This constituted a year-on-year increase of EUR 1.6 million or 1.3% as well as a EUR 1.4 million or 1.1% increase on the budgeted figure (EUR 128.7 million). The main driver for this development is the increase in sales of software licenses (up 41.2%). Taking into account a 2.4% rise in expenses, stemming mostly from expenses for remuneration for exceeding the plan, segment EBIT of EUR 3.6 million was recorded for the fiscal year 2021 (prior year: EUR 2.0 million).

(2) Thanks to strong end-of-year business (see above), the **EIM division** likewise grew segment sales by EUR 2.3 million year on year (up 17.0%). This development was made possible in the main by much stronger business with software licenses (up EUR 2.9 million or 37% year on year). The budgeted sales figure for 2021 (EUR 14.2 million) was exceeded by EUR 1.8 million (12.7%). In addition to a moderate rise in expenses (up EUR 0.7 million year on year), this meant that segment EBIT of EUR 2.6 million was recorded (prior year: EUR 1.7 million, up 53.0%).

The fiscal year 2021 saw relief for personnel expenses in the form of **short-time work payments** in Germany and France to the tune of roughly EUR 1.4 million in total (prior year: EUR 2.6 million). The short-term work measure was brought to a conclusion in mid-2021.

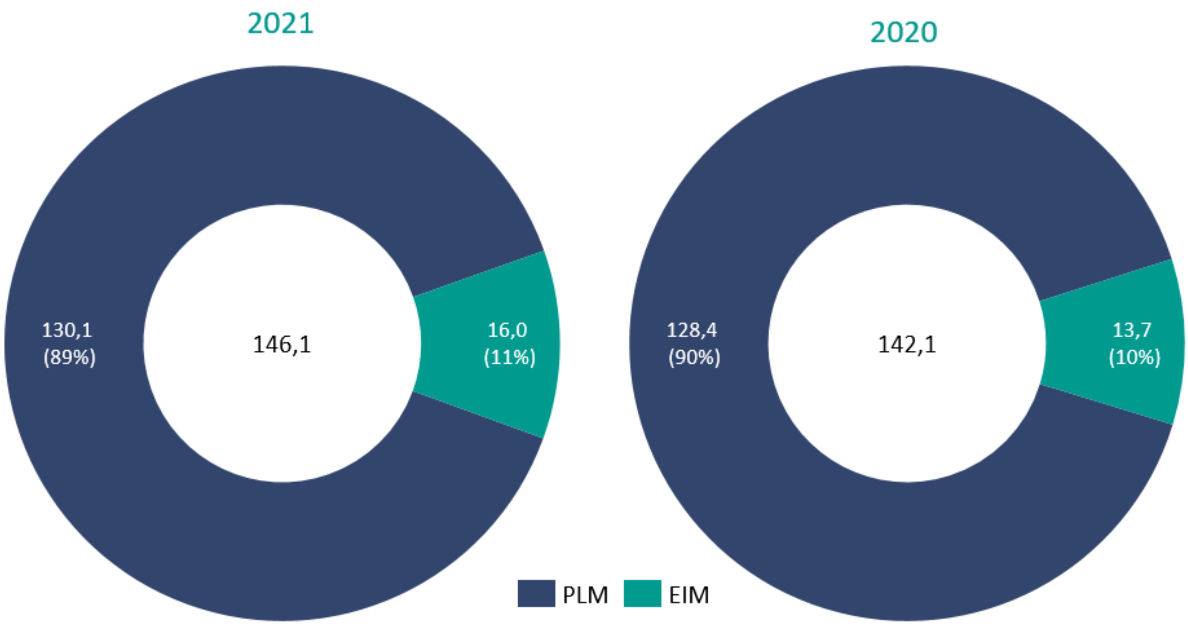
Against this backdrop, **earnings per share** (EPS) almost doubled by 82.1% to EUR 0.51/share compared with the prior year (EUR 0.28/share).

Because the parent company CENIT AG also makes a key contribution to the development of the CENIT Group, the sales and earnings development at **CENIT AG** resembles that of the Group, exceeding the planned sales target for 2021 of EUR 90.8 million by EUR 2.1 million (+2.3%). Sales were increased by EUR 7.3 million or 8.5% to EUR 92.9 million, predominantly on the back of a vastly expanded license business compared to the prior year (up EUR 6.2 million or 43.4% year on year). Taking higher expenses into account (+8.3%), EBIT increased by EUR 1.2 million (up 46.1%) to EUR 3.8 million (prior year: EUR 2.6 million), which is roughly 58% above the budgeted figure of EUR 2.4 million.

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

### 3.1 Financial performance

**Sales** of the CENIT Group in the fiscal year 2021 amounted to EUR 146.1 million and were thus up around 2.8% on the prior-year figure. Breaking down sales by segment (PLM and EIM) shows the following picture:



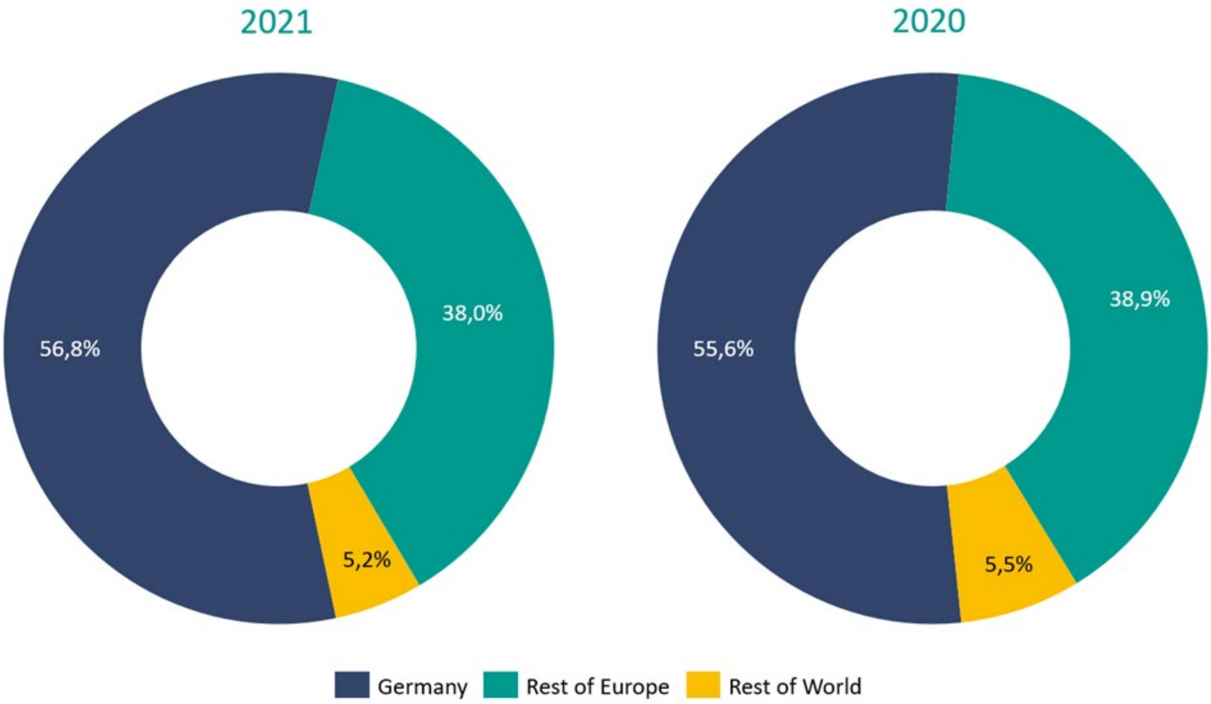

Sales by **product / income type** break down as follows:

| Sales by product / income type in EUR k | 2021 | 2020 |
|---|---|---|
| Third-party software<br>thereof software<br>thereof software updates | 88,543<br>19,590<br>68,953 | 87,402<br>15,883<br>71,519 |
| CENIT consulting and services | 39,822 | 38,491 |
| CENIT software<br>thereof software<br>thereof software updates | 17,688<br>7,427<br>10,261 | 15,927<br>5,506<br>10,421 |
| Merchandise | 18 | 309 |
| **Total** | **146,071** | **142,129** |

With an almost unchanged share of 60.6% (prior year: 61.5%) in **total sales**, the sale of third-party software (including software updates) continues to be the largest component in sales. As far as sales type is concerned, software updates for third-party software and proprietary software continues to be the largest component in sales, accounting for a share of 54.2%

(prior year: 57.7%). This means that the CENIT Group can continue to rely on a solid basis of recurring sales. Growth from third-party software licenses (up 23.3% on the prior year) and CENIT software (up 34.9% on the prior year) will help to ensure that this remains the case going forward.

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




56.9% (prior year: 55.6%) of total sales were recorded in Germany, with 38.0% (prior year: 38.9%) recorded in Rest of Europe and 5.2% in Rest of World (prior year: 5.5%). Year-on-year **sales distribution by region** is therefore virtually unchanged.

**Other operating income** rose by EUR 1.2 million on the prior year (prior year: EUR 1.2 million). In addition to investment subsidies (up EUR 0.5 million on the prior year), the chief components are income from the reversal of provisions (up EUR 0.5 million on the prior year) and exchange gains (up EUR 0.1 million on the prior year).

Decreasing by just 2.4% due to a changed product mix, **cost of materials** rose at a below-average rate compared to sales (up 2.8%) to EUR 68.6 million in total in the fiscal year 2021. The ratio of cost of materials to sales for the fiscal year is thus 46.2% (prior year: 49.0%).

**Gross profit** (operating performance less cost of materials) amounts to EUR 79.8 million and is thus likewise above the prior-year figure of EUR 73.0 million. The gross profit margin rose from 50.9% in the prior year to 53.8% in the reporting period against the backdrop of the development of the cost of materials to sales ratio.

At EUR 59.7 million, **personnel expenses** in 2021 are around 8.9% higher than the prior-year figure of EUR 54.8 million, attributable primarily to the greater expenses for variable remuneration as a result of exceeding the plan. Personnel expenses contain short-term work payments of approximately EUR 1.4 million (down EUR 1.2 million on the prior year). The ratio of personnel expenses to sales role by 1.9 percentage points to 40.2% accordingly.

At EUR 8.9 million, **other operating expenses** are virtually unchanged on the prior-year figure of EUR 8.3 million.

The CENIT Group achieved **EBITDA** of EUR 11.3 million (prior year: EUR 9.6 million), leading to an increase in the EBITDA margin from 6.7% in the prior year to 7.6%.

Taking into account amortization, depreciation and impairment of EUR 5.0 million (prior year: EUR 6.0 million), the resulting **EBIT** is EUR 6.2 million (prior year: EUR 3.6 million). Additionally, the Group's earnings for the year of EUR 4.4 million (prior year: EUR 2.3 million) contain a tax expense of EUR 2.2 million (prior year: EUR 1.1 million).

**Order intake** in the CENIT Group amounted to EUR 157.9 million in the past fiscal year 2021 (prior year: EUR 137.9 million). The **order backlog** as of 31 December 2021 amounted to EUR 40.6 million (prior year: EUR 37.8 million).

### 3.2 Financial position

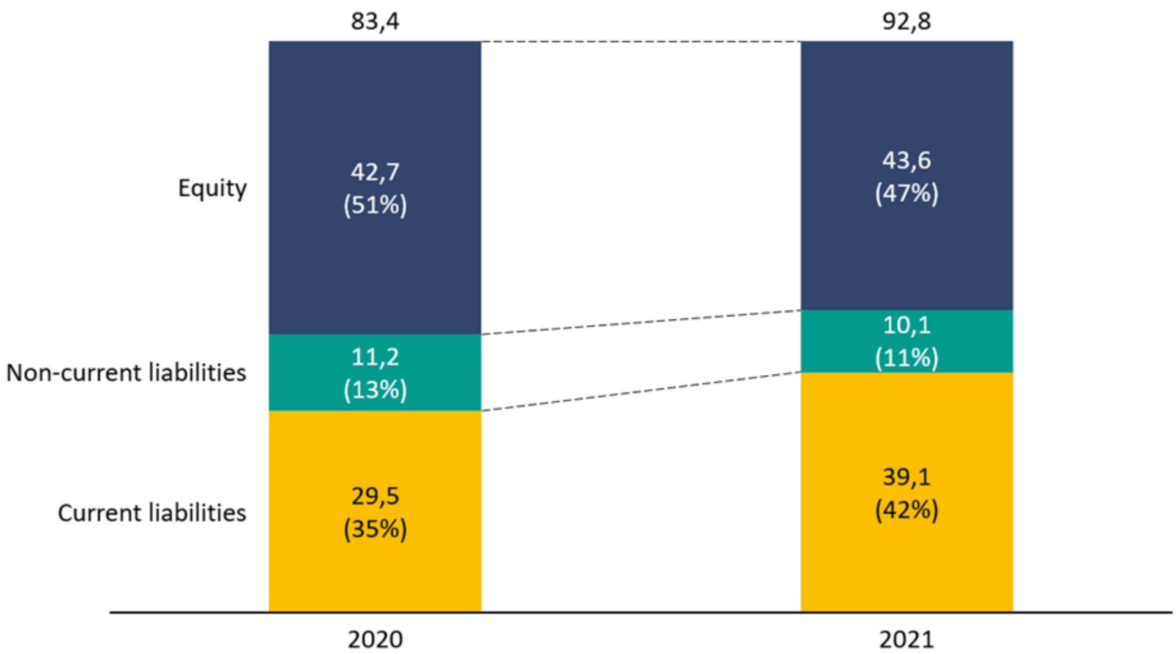
#### a) Fundamentals and objectives of financial management

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 of 47.0% (prior year: 51.2%). 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 92.8 million as of the reporting date, up EUR 9.4 million on the prior year (EUR 83.4 million). This is due in the main to a EUR 10.2 million higher level of receivables as a result of the expanded scope of business.

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




The share of **equity** in total capital decreased from 51% in the prior year to 47% in the reporting period. In connection with the net income (of the Group) for the year included in equity, equity rose from EUR 42.7 million in the prior year to EUR 43.6 million in the reporting period, which constitutes an increase of roughly 2.2%.

There was also a rise in **short-term liabilities** to EUR 39.1 million as a result of the expanded scope of business overall (up EUR 9.6 million or 32.5% on the prior year). Alongside higher trade payables (up EUR 2.8 million or 84.8%) and contract liabilities (up EUR 2.0 million or 14.3%), this development is chiefly a result of higher other liabilities (up EUR 5.8 million or 71.4%). The latter contains in particular higher personnel and tax provisions.

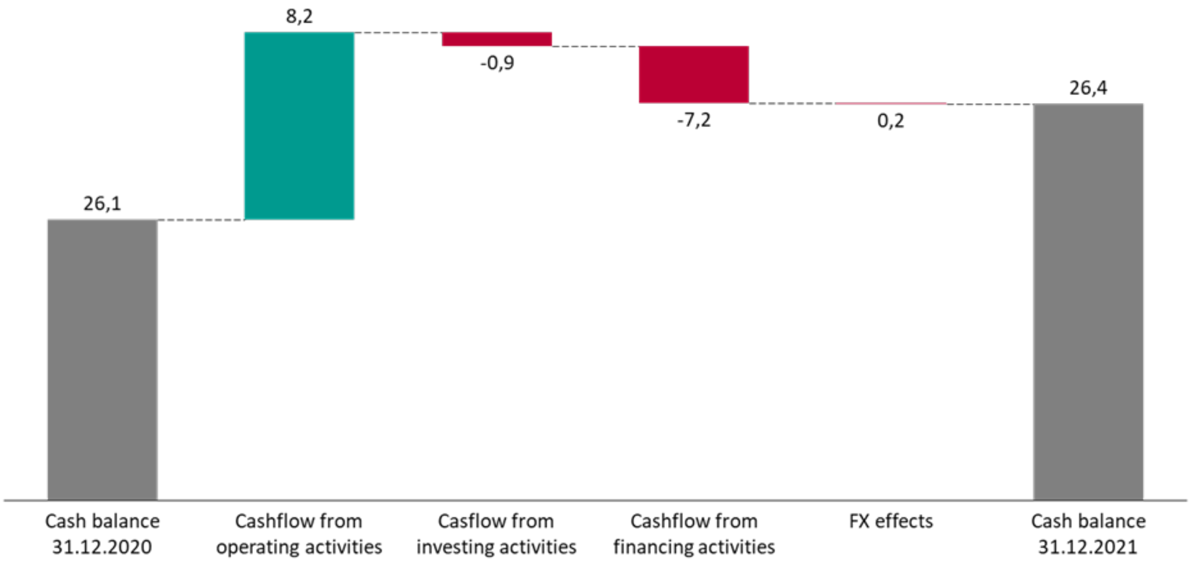
By contrast, **long-term liabilities** were down by EUR 1.1 million or 10.2% on the prior year, mostly due to the EUR 1.1 million drop in lease liabilities, to a total of around EUR 7.9 million (prior year: EUR 9.0 million).

**c) Liquidity analysis**

The Group's **cash and cash equivalents** are almost unchanged year on year, amounting to EUR 26.4 million as of the reporting date (prior year: EUR 26.1 million). This meant that it was possible to keep cash and cash equivalents on an even keel despite the dividend payment (EUR 3.9 million) and the repayment of finance lease liabilities (EUR 3.3 million).

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

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



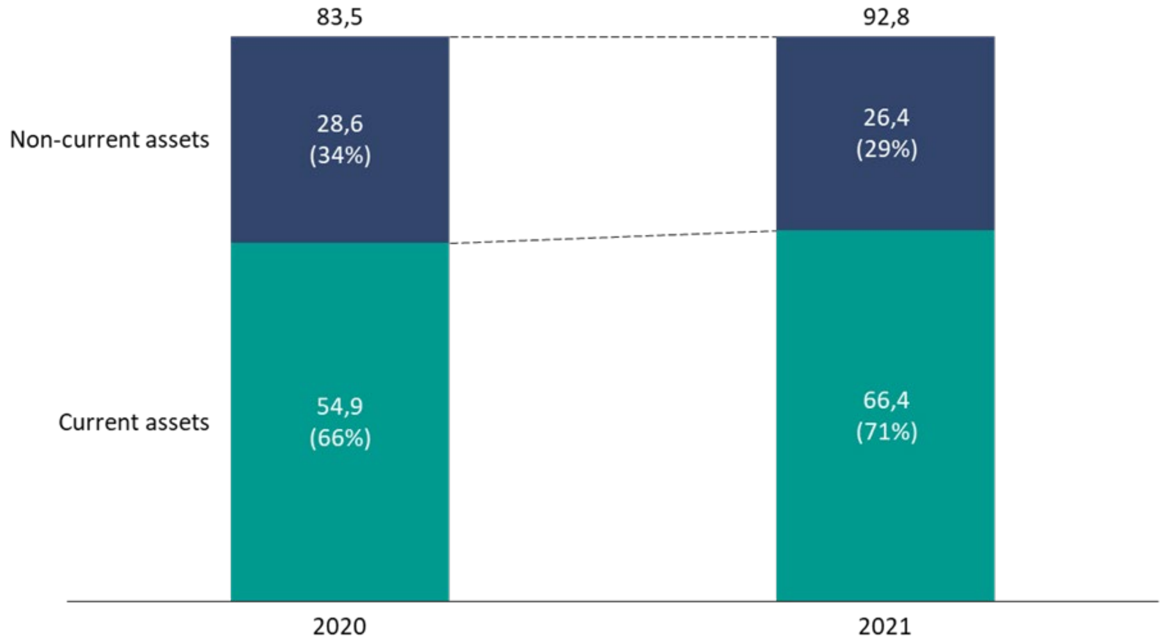

At EUR 8.2 million (prior year: EUR 12.3 million), positive **cash flow from operating activities** made a major contribution to the development outlined above. Structural changes in the composition of cash flow from operating activities stemmed primarily from a EUR 2.1 million increase in the Group's net income for the year, related higher income tax payments (up EUR 1.8 million) as well as 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 11.4 million and on the equity and liabilities side by the rise in liabilities and provisions of EUR 10.3 million.

As in the prior year, **cash flow from investing activities** came to EUR -0.9 million and was primarily characterized in the reporting period by investments to expand and replace fixed assets of EUR 0.7 million as well as by the participation in the capital increase of ASCon Systems Holding GmbH, Stuttgart, of EUR 0.2 million.

**Cash flow from financing activities** amounted to EUR -7.2 million (prior year: EUR -3.7 million) and is principally attributable to repayments from current finance leases (EUR 3.3 million, prior year: EUR 3.5 million) and the dividend payment of EUR 3.9 million.

### 3.3 Assets and liabilities

The Group’s **assets** for the fiscal years 2020 and 2021 are presented below by maturity:




As of the balance sheet date, **non-current assets** accounted for approximately 28.3% (prior year: 34%) of all assets and were thus EUR 2.3 million lower than in the prior year. Non-current assets chiefly comprise fixed assets of EUR 25.4 million (prior year: EUR 27.3 million). In addition to property, plant and equipment of EUR 11.9 million (prior year: EUR 13.7 million), there is also a significant share of intangible assets of EUR 10.3 million (prior year: EUR 11.1 million).

**Current assets** rose by EUR 11.7 million to EUR 66.5 million in a year-on-year comparison, attributable to higher trade receivables of EUR 24.7 million as of the reporting date (up EUR 10.1 million; 69.2%).

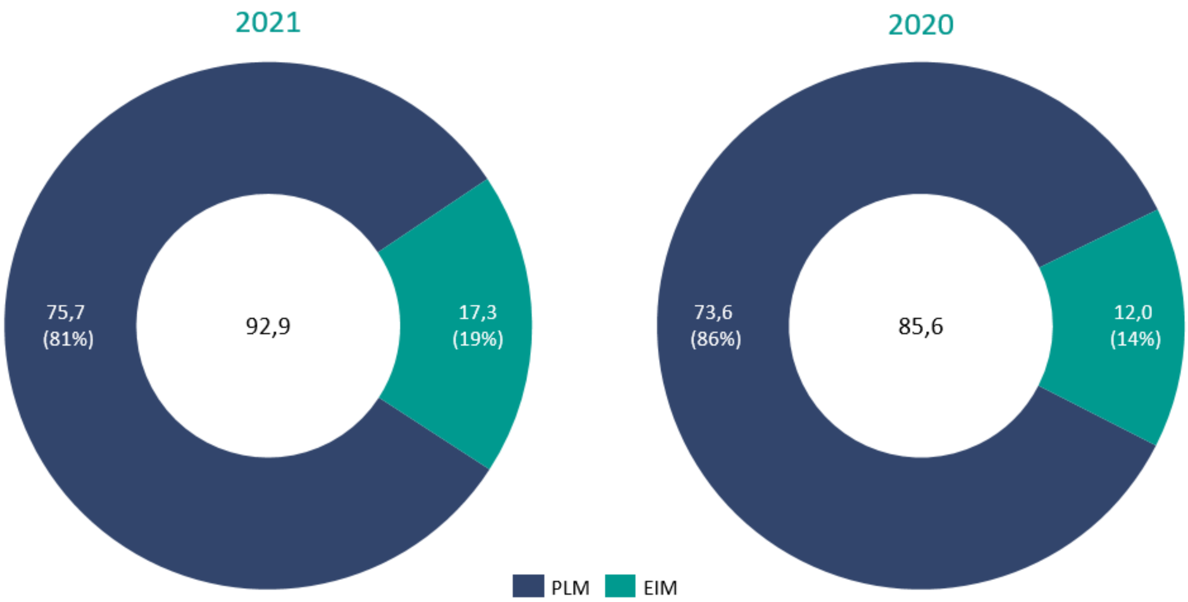
Against the backdrop of the continued difficult circumstances arising from the coronavirus pandemic, the Management Board of CENIT AG considers the **course of business** of the CENIT Group in the fiscal year 2021 to have been “satisfactory”. The objective in the coming months and years will be to accelerate 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 will endeavor to take advantage (even 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 2021 amounted to EUR 92.9 million and were thus up around 8.5% on the prior-year sales of EUR 85.6 million. Breaking down sales 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 | 2021 | 2020 |
|---|---|---|
| Third-party software | 45,580 | 41,938 |
| thereof software | 13,737 | 9,677 |
| thereof software updates | 31,843 | 32,261 |
| CENIT consulting and services | 31,056 | 29,301 |
| CENIT software | 15,727 | 13,825 |
| thereof software | 6,774 | 4,598 |
| thereof software updates | 8,953 | 9,227 |
| Merchandise | 20 | 310 |
| Other | 545 | 245 |
| **Total** | **92,929** | **85,619** |

With a share of 49% (prior year: 49%) in **total sales**, the sale of third-party software (including software updates) continues to be the largest component of total sales. Sales with software updates, both for third-party software and proprietary software, were maintained at a more or less steady level thanks to long-term agreements. This means that CENIT AG can continue to rely on a solid basis of recurring sales. Growth from third-party software licenses (up +42.0% on the prior year) and CENIT software (up 47.3% on the prior year) will help to ensure that this remains the case going forward.

**Other operating income** amounts to EUR 1.3 million in the reporting period (prior year: EUR 0.4 million). The increase in this item is due in the main to higher investment subsidies (up EUR 0.7 million) and the reversal of provisions and to exchange gains (up EUR 0.2 million in each case).

**Cost of materials** totals EUR 39.8 million in the reporting year after EUR 37.9 million in the prior year (up 5.0%). The increase is primarily due to the larger sales volume (up 8.5%). The ratio of cost of materials to sales changed to 42.3% (prior year: 44.3%), primarily on account of changes in the product mix.

At EUR 39.4 million, **personnel expenses** in 2021 are around 12.3% above the prior-year figure of EUR 35.1 million. Alongside the higher provision for variable remuneration (personnel expenses) as a result of exceeding the plan, the rise is also attributable to the lower utilization of short-term work payments (down EUR 0.5 million). The ratio of personnel expenses to sales thus totals 41.9% in the reporting period, which is higher than the prior-year figure of 40.8%.

**Other operating expenses** are at EUR 10.0 million as of the reporting date compared to EUR 9.2 million in the prior year. This slight increase is due to a general price rise as a result of inflation.

CENIT AG achieved **EBITDA** of EUR 5.0 million (prior year: EUR 3.9 million), leading to a rise in the EBITDA margin from 4.6% in the prior year to 5.4%.

**EBIT** likewise climbed from EUR 2.6 million in the prior year to EUR 3.8 million in the reporting period, increasing the EBIT margin from 3.0% in the prior year to 4.2% in the reporting period. Additionally, the net income for the year of EUR 2.8 million (prior year: EUR 3.2 million) contain a tax expense of EUR 1.1 million (prior year: EUR 0.9 million).

The **financial result** totaled EUR 0.001 million in the reporting period after EUR 1.5 million in the prior year. This was chiefly linked to lower distributions by subsidiaries.

**4.2 Financial position**

In the reporting period 2021, the **investing activities** of CENIT AG were informed by the capital increase in the Japanese subsidiary (EUR 0.3 million) and by investments to replace fixed assets (EUR 0.9 million).

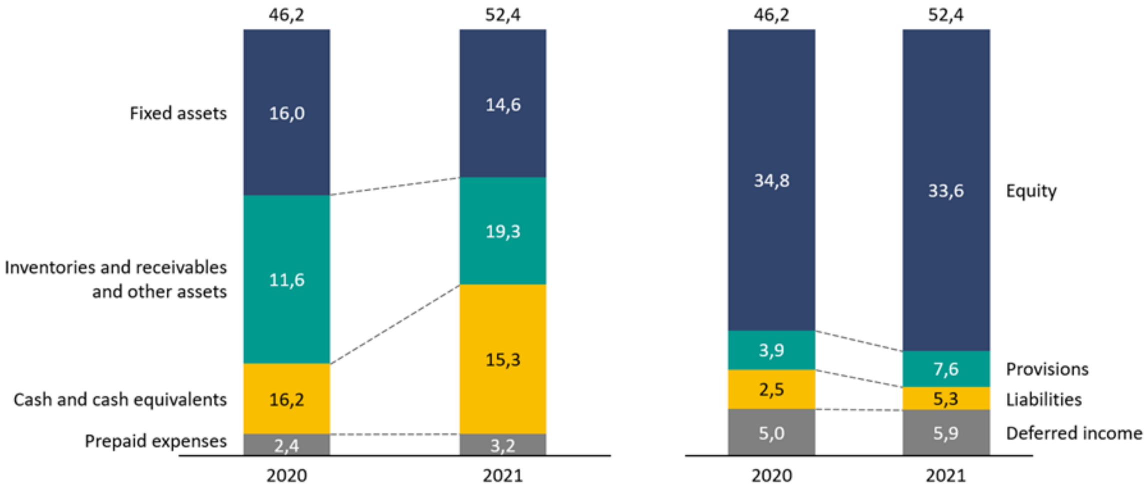
**Liquidity** as of the reporting date dropped from EUR 16.2 million to EUR 15.3 million.

The Management Board and Supervisory Board will propose to the General Meeting of Shareholders on 20 May 2022 that a **dividend** of EUR 0.75 per share be distributed from the retained earnings of CENIT AG of EUR 9.9 million. This marks a return to 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 46.2 million to EUR 52.4 million as of the reporting date. The development of the individual balance sheet items can be seen from the following chart:




As of the balance sheet date on 31 December 2021, the **assets side** of the balance sheet of CENIT AG is mostly characterized by the high level of cash and cash equivalents resulting from strong cash flow from operating activities. Fixed assets declined both due to systematic amortization and depreciation (EUR 1.1 million) and due to lower loans to affiliates (down EUR 1.0 million). By contrast, there was a major rise in open trade receivables as of the balance sheet date due to the higher sales volume (up EUR 7.3 million). This was countered by a drop in receivables from other investees and investors (down EUR 0.4 million).

On the **equity and liabilities** side, CENIT AG's balance sheet continues to be characterized by the share of equity, with the equity ratio falling to 64.1% as of the balance sheet date compared to 75.3% in the prior year. The other balance sheet items also increased on the back of the expansion of the business volume.

Against the backdrop of the continued difficult circumstances arising from the coronavirus pandemic, the Management Board of CENIT AG considers the **course of business** of CENIT AG in the fiscal year 2021 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 CENIT AG has returned to its growth trajectory despite the challenging circumstances and will now endeavor to take advantage (even 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

Back in January, the International Monetary Fund (IMF) began its current outlook for the coming year with the promising words “The global economic recovery is ongoing”. However, **this good news** is currently overshadowed by global political events. In particular, there is a focus on Russia’s invasion into Ukraine as well as the geopolitical tensions between **Russia and the USA**. Since the Russian invasion of Ukraine on 24 February 2022, any prospects of a long-term economic recovery are hugely compromised. In response to this development, the IMF announced an adjustment to its global forecast in April. IWF Chair and Managing Director Kristalina Georgiewa said that the **war in Ukraine** would lead to huge humanitarian and economic challenges, and not only for Russia and Ukraine. Globally, the consequences would be **increased commodities prices**, a poorer business climate and a further rise in inflation. There is no end in sight to the conflict at present, and we are experiencing an **exodus of people fleeing** war that we have not seen in Europe since World War II.

As part of the sanctions against Russia, the German government announced in February that the contested Nord Stream 2 pipeline in the Baltic Sea would be halted. If further sanctions or an embargo on energy imports from Russia were to be introduced, this would be highly likely to lead to a far-reaching economic crisis. We are also seeing more and more shortages in food supplies. If the crisis in Ukraine goes on and the harvests in Europe’s ‘breadbasket’ are lost, this is certain to also lead to bottlenecks in food supply, as Russia and Ukraine together export, for example, one third of the world's wheat.

The **forecasts** for 2022 continue to feature a high degree of uncertainty. In view of weaker-than-expected growth in China and the US and in light of the ongoing **coronavirus pandemic**, the possibility of the conflict between Russia and Ukraine continuing, as well as the ongoing disruptions to global supply chains and high inflation rates are responsible for the Organization for Economic Co-operation and Development (OECD) lowering its economic forecasts for global economic growth in 2022 from the original 4.5% to just 3.5% in March of this year.

According to IWF (International monetary fund) Chief Economist Gita Gopinath, the coronavirus pandemic may persist as a result of further variants. In particular China’s zero-COVID strategy with strict local lockdowns could intensify the problems of global supply chains. However, the issues in the property sector as well as inflation and weaker consumer sentiment also constitute risks, she said. China is currently suffering from a massive collapse of its **property market**, symbolized by the challenges faced by property developer Evergrande. As a consequence, most economists are only reckoning with growth of 4 to 5% for China in 2022.

Although German industry has recovered perceptibly, it is still battling with a **scarcity of materials** and with **price increases**. Most economists are predicting that the economy will regain momentum in the spring after the Omicron wave recedes and that Germany's **economic growth** will be between 3.5 and 4.5% in 2022.

The economic outlook in the euro area depends mainly on the course of the **Ukraine war** and the related economic and financial sanctions. This is exacerbated by the high inflation rates and the increase in the **price of energy and raw materials**. Despite all this, the experts at **the European Central Bank (ECB)** expect the European economy to recover and grow by around 3.7% in 2022. According to the ECB, the underlying conditions for this projection are solid, mainly due to robust domestic demand, a stable labor market situation and ongoing fiscal and monetary policy support measures.

Even though German industry was initially able to recover noticeably, it is still struggling with material shortages and the rise in prices. Above all, however, the war in Ukraine will have a massive impact on the German economy. Most economists have recently lowered their growth forecasts for Germany. Whereas at the beginning of the year they were still expecting growth rates of between 3.5% and 4.5%, the Kiel Institute for the World Economy (IfW), for example, is now forecasting growth of just 2.1% for the German economy, while they are expecting an inflation rate of 5.8%.

However, all **forecasts** are subject to a high degree of uncertainty, and their actual occurrence depends to a large extent on the further development of the Ukraine crisis and also on the further course of the Corona pandemic.

**5.2 Expected developments of the CENIT Group and of CENIT AG**

In order to progress with Germany's digital transformation, Bitkom is calling on the new **German government** to launch an **ambitious digital policy** focusing on administration, education, datarooms and infrastructure. Bitkom is expecting growth of 3.6% to EUR 184.9 billion as well as around 39,000 new jobs in Germany in 2022.

On the whole, it is assumed that the fiscal year 2022 will be a further growth year for the **CENIT Group**. The following forecast does not include any possible acquisition effects. Based on the macroeconomic and sector-specific developments outlined above (5.1), consolidated sales are expected to amount to roughly EUR 150.0 million. Planned EBIT stands at around EUR 6.7 million, which is higher than the prior year. In the **EIM segment**, sales of approximately EUR 13.0 million and EBIT of around EUR 0.6 million are planned. It is intended that the **PLM segment** will record sales of approximately EUR 137.0 million and EBIT of around EUR 6.1 million.

If the current negotiations in connection with the possible acquisition are successful, the planned segment revenue in the EIM area would increase by approximately 25.0 mEUR and positive earnings effects could be derived from this for the financial year 2022.

For **CENIT AG**, the year 2022 is expected to yield sales in the region of EUR 89.3 million. EBIT is to approximate EUR 5.1 million. This includes capital expenditure for internal projects (including CRM and other IT projects) that are intended to promote operational excellence and thus improve competitiveness in the long term.

The plan presented is based on the assumption that the current conflict 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 also be able to achieve our growth targets (software and services).

As was already the case in prior years, 2022 will also see a special focus on **further alignment** in software development, in particular on digital factory solution FASTSUITE E2 and on SAP integration. The entire production industry (PLM) as well as financial services providers (EIM) are facing challenges posed by **digitalization** and the related investments in converting 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.

The Management Board has also adjusted the current strategy while retaining the goals for 2025. The new strategy involves the five business divisions working the markets together 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. The revised strategy will be communicated to the market and implemented over the coming months.

The objectives described above will be supported by an adequate level of **acquisition** activity. The new strategy involves the acquisition of one or two companies per year in order to enhance the five business divisions accordingly.

In this environment, the CENIT Group plans to increase its **share of proprietary software** in its overall portfolio in the long term. 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.

### 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 conflict in Ukraine, the Management Board is generally positive about the future. This view is borne out by the long-term stable growth trend 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 the pandemic on business activity reliably.

The high share of **recurring sales** from software update agreements in particular means that the CENIT Group has a solid basis for the planned sales development in 2022, which is roughly around the 3.6% market growth forecast by Bitkom for Germany's ITC market. Additionally, the CENIT Group has an extremely solid capital structure that can serve to finance 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 4.5%.

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 and the conflict between Russia and Ukraine, 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 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. 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 quarterly basis using risk assessment.

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

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

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

## 6.2 Risk assessment and reporting

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

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

- Entrepreneurial activity is always linked to risks.
- We will not accept any risks that could jeopardize the continued existence of the Group.
- Each individual employee is called upon to deal with risks in a responsible and conscious manner.
- Our aim is proactive risk management rather than mere fulfillment of statutory requirements.
- The safety awareness of all employees, the acceptance of necessary measures and active participation form the basis for safety in the Group.
- Executives ensure familiarity and compliance with guidelines and regulations within their own area of responsibility.

- Employees must familiarize themselves with safety regulations and precautions and must base their conduct on these.
- All employees are obliged to protect information to ensure that the Group is not harmed by the unauthorized use of such information.
- The safety departments on the ground will assist employees and executives in implementing all safety-related matters.

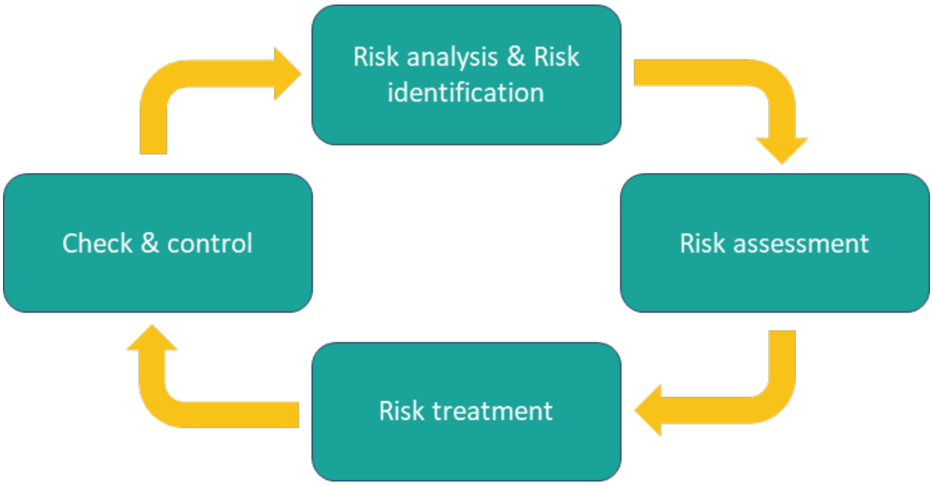
CENIT AG's **risk culture** centers around the following three risk principles:

(1) Willingness and ability to identify key risks in the respective areas of responsibility or areas monitored.

(2) Consistent communication throughout the entire organization regarding the assessment of risks in order to create a shared understanding and a coordinated approach.

(3) Efficient risks management in the areas of responsibility or areas monitored as well as in consolidated form at the level of the business divisions and of the CENIT Group.

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




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

Based on two **parameters** – (1) the expected probability of occurrence and (2) the expected loss – the risks are assessed and classified into the **classes** low, medium, high and existential, depending on their potential **impact**. In a next step, the risk classes "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.

### 6.3 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, 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 CENIT Group has had an **equity ratio** of at least 40% for many years, which provides it with a solid financing base. In addition, there are almost no obligations to banks. 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.

In the event of additional **capital requirements**, CENIT's orderly capital structure would help to ensure successful procurement of sufficient amounts of cash.

**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 euro-zone, 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 2021 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.

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 2021.

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.

Because of the ongoing **coronavirus pandemic** and the related uncertainty, 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 2022 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 are constantly reviewed and streamlined as necessary.

**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.

The **basic features of the compliance management system** can be found on the company website at http://www.cenit.com/en_EN/investors/corporate-governance.html. (unaudited).

**6.4 Overall picture of the CENIT Group's 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 balance sheet 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 currently determined by the coronavirus pandemic. 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 the development 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.

### 6.5 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.

### 6.6 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.

## 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 2021 prescribed by Sec. 289f HGB and/or Sec. 315d HGB and have made it available on the homepage at: http://www.cenit.com/en_EN/investors/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 2022 at: http://www.cenit.com/en_EN/investors/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 2021.

**(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.

Stuttgart, 29 March 2022

CENIT Aktiengesellschaft
The Management Board

| | |
|---|---|
| Peter Schneck<br>Spokesman, Management Board | Dr. Markus Wesel<br>Member, Management Board |

# GROUP FINANCIAL STATEMENT

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

| in EUR k | | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | F1 | 10,268 | 11,065 |
| Property, plant and equipment | F2 | 11,884 | 13,690 |
| Investments recognized at equity | F3 | 60 | 60 |
| Other financial assets | F3 | 3,184 | 2,500 |
| Deferred tax assets | F4 | 886 | 1,275 |
| **NON-CURRENT ASSETS** | | **26,282** | **28,590** |
| | | | |
| **CURRENT ASSETS** | | | |
| Inventories | F5 | 15 | 12 |
| Trade receivables | F6 | 24,713 | 14,562 |
| Receivables from investments recognized at equity | F6 | 2,873 | 2,514 |
| Contract assets | F7 | 2,133 | 2,469 |
| Current tax assets | F9 | 2,453 | 1,945 |
| Other receivables | F8 | 493 | 692 |
| Cash and cash equivalents | F10 | 26,361 | 26,056 |
| Other financial assets | F11 | 7,482 | 6,609 |
| **CURRENT ASSETS** | | **66,523** | **54,859** |
| **TOTAL ASSETS** | | **92,805** | **83,449** |

| CENIT Aktiengesellschaft, Stuttgart<br>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (in accordance with IFRS) | | | |
|---|---|---|---|
| in EUR k | | **31 Dec. 2021** | **31 Dec. 2020** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Subscribed capital | F12 | 8,368 | 8,368 |
| Capital reserves | F12 | 1,058 | 1,058 |
| Currency translation reserve | F12 | 1,159 | 941 |
| Legal reserve | F12 | 418 | 418 |
| Other revenue reserves | F12 | 14,076 | 13,793 |
| Profit carryforward | F12 | 13,547 | 15,161 |
| Net income of the Group for the year | F12 | 4,251 | 2,318 |
| **Equity attributable to shareholders of the parent company** | | **42,877** | **42,057** |
| Non-controlling interests | | 768 | 666 |
| **TOTAL EQUITY** | | **43,645** | **42,723** |
| **NON-CURRENT LIABILITIES** | | | |
| Other liabilities | F16 | 723 | 612 |
| Pension obligation | F18 | 1,397 | 1,575 |
| Non-current lease liability | F13 | 7,947 | 9,016 |
| Deferred tax liabilities | F4 | 10 | 23 |
| **NON-CURRENT LIABILITIES** | | **10,077** | **11,226** |
| **CURRENT LIABILITIES** | | | |
| Overdrafts | F10 | 2 | 0 |
| Trade payables | F15 | 6,044 | 3,270 |
| Liabilities to investments recognized at equity | F15 | 28 | 32 |
| Other liabilities | F16 | 13,893 | 8,104 |
| Current lease liability | F13 | 2,674 | 2,974 |
| Current income tax liabilities | F14 | 480 | 1,154 |
| Other provisions | F14 | 85 | 70 |
| Contract liabilities | F17 | 15,877 | 13,896 |
| **CURRENT LIABILITIES** | | **39,083** | **29,500** |
| **TOTAL EQUITY AND LIABILITIES** | | **92,805** | **83,449** |

| CENIT Aktiengesellschaft, Stuttgart<br>CONSOLIDATED INCOME STATEMENT (in accordance with IFRS) | | | | |
|---|---|---|---|---|
| in EUR k | | | **2021** | **2020** |
| | | | | |
| 1. **REVENUE** | **E1** | | **146,071** | **142,129** |
| 2. Other income | E3 | | 2,321 | 1,159 |
| **Operating performance** | | | **148,392** | **143,288** |
| 3. Cost of materials | E4 | 68,595 | | 70,268 |
| 4. Personnel expenses | E5 | 59,686 | | 54,815 |
| 5. Amortization of intangible assets and depreciation of property, plant and equipment | F1+F2 | 5,044 | | 5,963 |
| 6. Other expenses | E7 | 8,910 | | 8,281 |
| | | | 142,235 | 139,327 |
| 7. Valuation allowance on trade receivables | E8 | | 77 | -330 |
| **NET OPERATING INCOME (EBIT)** | | | **6,234** | **3,631** |
| 8. Other interest and similar income | E9 | 8 | | 0 |
| 9. Interest and similar expenses | E9 | 161 | | 202 |
| 10. Financial instruments at fair value through profit or loss | E10 | 434 | | 0 |
| | | | 281 | -202 |
| **NET PROFIT OR LOSS FOR THE PERIOD BEFORE TAXES (EBT)** | | | **6,515** | **3,429** |
| 11. Income taxes | E11 | | 2,161 | 1,137 |
| | | | | |
| **NET INCOME OF THE GROUP FOR THE YEAR** | | | **4,354** | **2,292** |
| thereof attributable to the shareholders of CENIT | | | 4,251 | 2,318 |
| thereof attributable to non-controlling interests | | | 103 | -27 |
| Earnings per share in EUR | | | | |
| basic | E12 | | 0.51 | 0.28 |
| diluted | **E12** | | **0.51** | **0.28** |

| CENIT Aktiengesellschaft, Stuttgart<br>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in accordance with IFRS) | | | |
|---|---|---|---|
| in EUR k | | **2021** | **2020** |
| **Net income of the Group for the year** | | **4,354** | **2,292** |
| **Other comprehensive income** | | | |
| Items that will be reclassified to the income statement in the future under certain circumstances | | | |
| Currency translation reserve of foreign subsidiaries | | 218 | -117 |
| Items that will not be reclassified to the income statement in the future | | | |
| Actuarial gains/losses from defined benefit obligations and similar obligations | | 359 | 27 |
| Deferred taxes recognized on other comprehensive income | | -76 | -4 |
| **Other comprehensive income after tax** | | **501** | **-94** |
| **Total comprehensive income** | | **4,855** | **2,197** |
| thereof attributable to the shareholders of CENIT | | 4,753 | 2,224 |
| thereof attributable to non-controlling interests | | 102 | -27 |

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

| | Equity attributable to shareholders of the parent company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| in EUR k | Sub-scribed 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. 2019** | **8,368** | **1,058** | **1,058** | **418** | **13,771** | **8,289** | **6,872** | **39,834** | **1,106** | **40,941** |
| Reclassification of net income of the Group | | | | | | 6,872 | -6,872 | | | |
| Total comprehensive income | | | -117 | | 23 | | 2,318 | 2,224 | -27 | 2,197 |
| Purchase of additional shares by minority interests | | | | | -1 | | | | -217 | -218 |
| Dividend distribution | | | | | | | | | -196 | -196 |
| **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 from prior year | | | | | | 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** |

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

| in EUR k | 2021 | 2020 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Net income of the Group for the year | 4,354 | 2,292 |
| Adjusted for: | | |
| Amortization of intangible assets and depreciation of property, plant and equipment | 5,044 | 5,963 |
| Losses on disposals of assets | 9 | 3 |
| Finance income/cost | -281 | 202 |
| Tax expenses | 2,161 | 1,137 |
| Increase/decrease in other non-current liabilities and long-term provisions | 275 | -4 |
| Interest paid | -25 | -33 |
| Interest received | 0 | 0 |
| Income taxes paid | -2,217 | -454 |
| Increase/decrease in trade receivables and other current non-cash assets | -11,371 | 8,956 |
| Increase/decrease in inventories | -3 | 246 |
| Increase/decrease in current liabilities and short-term provisions | 10,290 | -6,030 |
| **Net cash flows from operating activities** | **8,236** | **12,278** |
| | | |
| **Cash flow from investing activities** | | |
| Cash paid for purchase of property, plant and equipment and intangible assets | -646 | -801 |
| Cash paid for purchase of shares in fully consolidated entities (net cash outflow) | 0 | -103 |
| Cash paid for investments | -250 | 0 |
| Income from the sale of property, plant and equipment | 4 | 0 |
| **Net cash used in investing activities** | **-892** | **-904** |
| | | |
| **Cash flow from financing activities** | | |
| Cash repayments of lease liability | -3,286 | -3,508 |
| Cash paid to shareholders | -3,933 | 0 |
| Dividends paid to minority interests | 0 | -196 |
| **Net cash used in financing activities** | **-7,219** | **-3,704** |
| | | |
| **Net increase in cash and cash equivalents** | **125** | **7,670** |
| Change in cash and cash equivalents due to foreign exchange differences | 178 | -75 |
| Cash and cash equivalents at the beginning of the reporting period | 26,056 | 18,461 |
| **Cash and cash equivalents at the end of the reporting period (F10)** | **26,359** | **26,056** |

See section G. in the notes to the consolidated financial statements for explanations.

# Notes to the consolidated financial statements of CENIT AKTIENGESELLSCHAFT for 2021

## 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 and published 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].

The consolidated financial statements are prepared in euro. To aid clarity, all figures are presented in thousands of euro (EUR k) unless otherwise indicated. 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 2020, no standards and interpretations were mandatory for the first time that had material effects on the consolidated financial statements.

Compared with the consolidated financial statements as of 31 December 2020, 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 4: Deferral of Effective Date of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2

## 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.

| Amendment/Standard | Date of publication | Date of transposition into EU law | Effective date |
|---|---|---|---|
| Amendments to IFRS 16: COVID-19 related rental concessions | 31 March 2021 | 30 August 2021 | 1 April 2021 |
| Amendments to References to the Conceptual Framework in IFRS Standards | 14 May 2020 | 28 June 2021 | 1 January 2022 |
| Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract | 14 May 2020 | 28 June 2021 | 1 January 2022 |
| Amendments to IAS 16: Property, Plant and Equipment | 14 May 2020 | 28 June 2021 | 1 January 2022 |
| Annual Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41 | 14 May 2020 | 28 June 2021 | 1 January 2022 |

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

## Changes in the presentation of the consolidated financial statements

In the fiscal year, CENIT changed its method of recognizing revenue from third-party software licenses pursuant to IAS 8.14b in order to present reliable and more relevant information. The most recent pronouncements from the IFRS IC of December 2021 „Principal versus Agent: Software Reseller (IFRS 15)“ indicate that, when exercising judgment in the case of a reseller of standard software, generally the status should be assumed to be that of an agent. Consequently, in cases in which CENIT does not have a comprehensive legal position in terms of control, the recognition of a gross amount as the principal was adjusted to recognition of a net amount as the agent. The following table summarizes the impact on the consolidated financial statements.

| Consolidated statement of comprehensive income 1 January to 31 December 2020 | Impact from changing the recognition method | | |
|---|---|---|---|
| in EUR k | As previously reported | Adjustments | Adjusted |
| Revenue | 147,240 | -5,111 | 142,129 |
| Operating performance | 148,399 | -5,111 | 143,288 |
| Cost of materials | 75,379 | -5,111 | 70,268 |
| Gross profit | 73,020 | 0 | 73,020 |
| EBITDA | 9,594 | 0 | 9,594 |
| EBIT | 3,631 | 0 | 3,631 |

There are no effects on the basic or diluted earnings per share of CENIT or on its assets or total cash flows from operating, investing or financing activities for the period from 1 January to 31 December 2020.

The change in this accounting method has an analogous impact on the quarterly statements already published and the half-year financial report 2021. However, due to the strong year-end business in software revenue, the impact is less significant in terms of amount.

In addition, the following accounting policies principally used in the prior year have been used without change to prepare the consolidated financial statements.

## 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.

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):

| No. | Entity | Currency | % | Subscribed 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 | 51.0 | 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 | 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.

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 218 k was recognized directly in equity in the reporting period (prior year: EUR -117 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 21 k overall were recognized in profit or loss in the reporting period (prior year: EUR 331 k).

The following exchange rates were used for currency translation:

| in EUR | Closing rate | | Annual average rate | |
|---|---|---|---|---|
| | 31 Dec. 2021 | 31 Dec. 2020 | 2021 | 2020 |
| CHF | 1.0331 | 1.0802 | 1.0811 | 1.0703 |
| USD | 1.1326 | 1.2271 | 1.1827 | 1.1413 |
| RON | 4.9490 | 4.8683 | 4.9215 | 4.8380 |
| YEN | 130.38 | 126.49 | 129.88 | 121.78 |
| CNY | 7.1947 | 8.0225 | 7.6282 | 7.8708 |

## D Accounting policies

**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), 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 of the identified customer base is five to twelve years. 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)** 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 approved by management (discounted cash flow method). The useful life of an intangible asset with an indefinite useful life is checked once a year to determine whether the assessment of an indefinite useful life is still justified. If this is not the case, a prospective change of the assessment from an indefinite to a definite useful life is made.

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

Gains or losses from the derecognition of intangible assets are determined as the difference between the net realizable value and the carrying amount of the asset and are recognized in income in the period in which the asset is derecognized.

**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** 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. 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 in particular primary financial instruments such as cash and cash equivalents, trade receivables and trade payables as well as loans originated or borrowed and other receivables and liabilities. Financial liabilities generally give rise to the right to receive settlement in cash or another financial asset. There are no derivative financial instruments at CENIT. 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 input factors are kept as high as possible, while unobservable input factors are kept as low as possible.

The recognition and measurement of financial instruments at amortized cost is explained in detail below, as this category is materially important for the consolidated financial statements. If there are financial instruments in the categories FVTPL or FVOCI, 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 at amortized cost are measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized through profit or loss in the period when the asset is derecognized, modified or impaired.

**Trade receivables** are non interest bearing and are recognized at the transaction price less impairment losses due to their short-term nature. Impairment losses are calculated based on the expected credit losses model as defined in IFRS 9. Based on the simplified method used, a loss allowance equal to the amount of the expected loss was recognized for the remaining term of trade receivables and contract assets, regardless of their credit quality. Based on the weighted probability of default and taking into account prospective information, a loss allowance of 1.3% was recognized on the receivables as of the end of the reporting period. Because of the coronavirus crisis and the resulting financial difficulties of individual customers, management considers that there is still an increased default risk as of 31 December 2021. To account for this risk, a risk markdown was recorded on trade receivables past due by more than 90 days, as in 2020. 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.

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

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

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

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 trade receivables and contract assets, a simplified approach is used to calculate the impairment loss that provides for an impairment loss for the amount of the expected credit loss over the remaining term.

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.

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.

**Cash and cash equivalents** are recognized at the nominal amount. They include cash, bank balances and short-term deposits.

**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** 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** 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.

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 30 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 30 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 30 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. 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 30 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 30 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 most recent 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) | 2021 | | 2020 | |
|---|---|---|---|---|
| in EUR k | Agent (reported) | Principal classi-fication | Agent (reported) | Principal classi-fication |
| Revenue | 146,071 | 155,130 | 142,129 | 147,240 |
| Operating performance | 148,392 | 157,451 | 143,288 | 148,399 |
| Cost of materials | 68,595 | 77,654 | 70,268 | 75,379 |
| Gross profit | 79,797 | 79,797 | 73,020 | 73,020 |
| EBITDA | 11,278 | 11,278 | 9,594 | 9,594 |
| EBIT | 6,234 | 6,234 | 3,631 | 3,631 |
| EBIT margin | 4.27% | 4.02% | 2.55% | 2.47% |

- 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 8,264 k (prior year: EUR 10,489 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.
- The cost and present value of defined benefit obligations 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.
- 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 “SAP-PLM” and “KEONYS FR” for impairment testing of the goodwill is based on a value in use calculation using cash flow projections based on 5-year financial plans approved by management. 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 | 2021 | 2020 |
|---|---|---|
| Third-party software (including software updates) | 88,543 | 87,402 |
| CENIT consulting and service | 39,822 | 38,491 |
| CENIT software (including software updates) | 17,688 | 15,927 |
| Merchandise | 18 | 309 |
| **Total** | **146,071** | **142,129** |

**Breakdown of sales by contract type**

| in EUR k | | 2021 | 2020 |
|---|---|---|---|
| **Royalties** | | **106,231** | **103,329** |
| | PLM | 95,593 | 95,583 |
| | EIM | 10,638 | 7,746 |
| **Sale of goods and services** | | **37,964** | **37,215** |
| | PLM | 32,580 | 31,321 |
| | EIM | 5,384 | 5,894 |
| **Fixed-price projects** | | **1,876** | **1,585** |
| | PLM | 1,876 | 1,536 |
| | EIM | 0 | 49 |
| **Total** | | **146,071** | **142,129** |

The revenue results from ordinary activities.

As of the end of the reporting period, there are contract assets (F7) of EUR 2,133 k (prior year: EUR 2,469 k) and contract liabilities (F17) of EUR 15,877 k (prior year: EUR 13,896 k). Contract liabilities of EUR 13,896 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 148,845 k in the past 2021 reporting period (prior year: EUR 132,742 k). The order backlog as of 31 December 2021 amounted to EUR 40,610 k (prior year: EUR 37,836 k), which corresponds to the overall amount of the transaction price allocated to the unfulfilled performance obligations as of 31 December 2021. Of the order backlog, EUR 40,610 k (prior year: EUR 37,836 k) will be turned into sales within one year.

## 2. Research and development costs

In 2021, 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 8,264 k (prior year: EUR 10,489 k) were recognized as an expense in the reporting period.

## 3. Other income

Other income breaks down as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Income from tax credit | 1,071 | 541 |
| Income from the cross-charging of marketing and | 274 | 304 |
| Income from exchange differences | 281 | 126 |
| Income from the reversal of provisions | 579 | 108 |
| Income from insurance refunds/damages | 44 | 29 |
| Income from pre-school subsidy | 43 | 38 |
| Income from the sale of non-current assets | 4 | 0 |
| Other income | 25 | 13 |
| **Total** | **2,321** | **1,159** |

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 the 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 2021, CENIT AG reported income of EUR 373 k from the research grant for 2020 and income of EUR 347 k from the research grant for 2021.

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 2021, KEONYS SAS reported income of EUR 350 k from this tax credit (prior year: EUR 541 k) in other income.

## 4. Cost of materials

This item contains the cost of purchased third-party software of EUR 64,850 k (prior year: EUR 65,834 k) and the cost of purchased services of EUR 3,745 k (prior year: EUR 4,434 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 | 2021 | 2020 |
|---|---|---|
| Wages and salaries | 48,732 | 44,425 |
| Social security and pension costs | 10,954 | 10,390 |
| **Total** | **59,686** | **54,815** |

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 F18.

An annual average (on a quarterly basis) of 692 (prior year: 719) persons were employed by the Group, plus 32 trainees (prior year: 49).

The number of employees as of the end of the reporting period came to 685 (prior year: 711). 456 (prior year: 467) of those were employed in Germany, 185 (prior year: 194) in other EU countries and 44 (prior year: 50) in other countries.

Short-time work was used in the fiscal year to compensate for personnel expenses of EUR 1,100 k (prior year: EUR 2,257 k). In addition, CENIT was refunded social security contributions of EUR 285 k (prior year: EUR 452 k) as part of the short-time work scheme, which reduced personnel expenses in the income statement.

Personnel expenses comprise termination benefits totaling EUR 659 k (prior year: EUR 602 k). EUR 116 k (prior year: EUR 260 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 373 k from earlier reporting periods (prior year: EUR 369 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 | 2021 | 2020 |
|---|---:|---:|
| Repairs and maintenance | 1,449 | 879 |
| Legal and consulting fees | 1,273 | 1,231 |
| Premises expenses | 963 | 923 |
| Motor vehicle costs | 875 | 993 |
| Advertising costs | 857 | 622 |
| Telecommunication and office supplies | 721 | 796 |
| Travel expenses | 543 | 740 |
| Other personnel expenses | 434 | 370 |
| Insurance | 394 | 418 |
| Expenses from exchange losses | 302 | 457 |
| Training | 285 | 170 |
| Rent and lease expenses | 139 | 145 |
| Bank charges and fees | 103 | 51 |
| Supervisory Board compensation | 90 | 90 |
| Internal events | 63 | 47 |
| Losses from disposals of assets | 12 | 0 |
| Other | 407 | 349 |
| **Total** | **8,910** | **8,281** |

## 8. Valuation allowance on trade receivables

The valuation allowance on trade receivables breaks down as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Income from impaired receivables | 247 | 364 |
| Impairment losses on receivables and bad debts | 170 | 694 |
| **Total** | **77** | **-330** |

The comparatively high impairment losses on receivables and bad debts recorded in the prior year due to COVID-19 led to some income from impaired receivables in the reporting period, resulting in net income from the valuation allowance on trade receivables in 2021.

## 9. Interest result

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

| in EUR k | 2021 | 2020 |
|---|---|---|
| Interest income from unwinding of the discount on accrued | 8 | 0 |
| **Total interest income** | **8** | **0** |
| Utilization of credit lines and guarantees | 6 | 5 |
| Interest expenses for business taxes | 15 | 23 |
| Interest expenses from unwinding of the discount on accrued | 0 | 17 |
| Interest expenses from leases | 136 | 152 |
| Net interest from the measurement of pension obligations | 4 | 5 |
| **Total interest expenses** | **161** | **202** |
| **Interest result** | **-153** | **-202** |

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

Earnings from financial instruments at fair value through profit or loss include a write-up of EUR 434 k on the investment in ASCon Systems Holding GmbH (formerly: Delta Management GmbH), see note F3.

## 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 | 2021 | 2020 |
|---|---|---|
| Current tax expense | 1,855 | 1,312 |
| Change in deferred taxes | 306 | -175 |
| **Total** | **2,161** | **1,137** |

The current tax expense does not include any expenses relating to other periods (prior year: EUR 27 k) or income relating to other periods (prior year: EUR 23 k). In the prior year these stemmed from tax back payments / refunds arising from the tax assessment for prior years issued in the reporting period.

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

| in % | 2021 | 2020 |
|---|---|---|
| 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 | 26.5/25.0 |
| CENIT JP | 34.00 | 34.00 |
| CORISTO | 31.00 | 31.00 |
| KEONYS FR | 25.00 | 26.5/25.0 |
| KEONYS BE | 25.00 | 25.00 |
| KEONYS NL | 25.00 | 25.00 |
| CENIT CN | 25.00 | 25.00 |

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

| in % | 2021 | 2020 |
|---|---|---|
| Trade tax at a rate of 433.6% (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 | 2021 | 2020 |
|---|---|---|
| Net profit or loss for the period before taxes (EBT) | 6,515 | 3,429 |
| Theoretical tax expense based on a tax rate of 31% (prior year: 31%) | -2,020 | -1,063 |
| Non-deductible expenses | -270 | -179 |
| Tax-free income | 716 | 376 |
| Change in unused tax losses available for use | -802 | 15 |
| Expenses relating to other periods | -4 | -4 |
| Effects of different tax rates within the Group and tax rate changes | 209 | -286 |
| Other | 10 | 3 |
| **Income tax expense according to the consolidated income** | **-2,161** | **-1,137** |
| Tax rate | 33.2% | 33.2% |

The effects of different tax rates within the Group include tax expenses that do not relate to EBT of EUR -142 k (prior year: EUR -236 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 | 2021 | 2020 |
|---|---|---|
| Net profit/loss attributable to ordinary shareholders of the parent | 4,251 | 2,318 |
| 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 0.51 (prior year: EUR 0.28), 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 | 2020 | 2019 |
|---|---|---|
| Dividend for 2020: EUR 0.47 (2019: EUR 0.00) | 3,933 | 0 |

The Management Board and Supervisory Board of CENIT AG will propose to the General Meeting of Shareholders on 20 May 2022 that a dividend of EUR 0.75 be distributed from the retained earnings of CENIT AG.

| in EUR k | 2021 | 2020 |
|---|---|---|
| Dividend for 2021: EUR 0.75 (prior year: EUR 0.47) | 6,276 | 3,933 |

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 2021:

| in EUR k | Software and licenses | Customer base | Goodwill | Total |
|---|---|---|---|---|
| Cost | | | | |
| As of 1 January 2021 | **8,685** | **12,823** | **6,905** | **28,413** |
| Exchange difference | 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 difference | 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** |
| | | | | |
| Cost | | | | |
| As of 1 January 2020 | **8,341** | **12,813** | **6,905** | **28,058** |
| Exchange difference | -10 | 10 | 0 | 0 |
| Additions | 427 | 0 | 0 | 427 |
| Disposals | 72 | 0 | 0 | 72 |
| **As of 31** December **2020** | **8,685** | **12,823** | **6,905** | **28,413** |
| | | | | |
| Accumulated amortization | | | | |
| As of 1 January 2020 | **7,055** | **8,502** | **278** | **15,835** |
| Exchange difference | -10 | 10 | 0 | 0 |
| Additions | 767 | 817 | 0 | 1,584 |
| Disposals | 71 | 0 | 0 | 71 |
| **As of 31 December 2020** | **7,741** | **9,329** | **278** | **17,348** |
| **Net carrying amounts** | **944** | **3,494** | **6,627** | **11,065** |

Amortization was reported in the income statement under amortization of intangible assets and depreciation of property, plant and equipment.

The software from purchase accounting of SPI Numérique SARL (PLM segment) has a net carrying amount of EUR 147 k as of the end of the reporting period (prior year: EUR 218 k). The remaining amortization period as of the end of the reporting period is two years 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 seven years and six months as of the end of the reporting period. The carrying amount is EUR 2,951 k as of the end of the reporting period (prior year: EUR 3,345 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 three years and six months as of the end of the reporting period. The carrying amount is EUR 116 k as of the end of the reporting period (prior year: EUR 149 k).

### Impairment losses

As far as intangible assets with a finite useful life are concerned, there was no indication in the current 2021 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” and “KEONYS FR” are determined based on a value in use calculation using cash flow projections based on 5-year financial plans approved 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 service area will be expanded slightly and that proprietary software will remain at the prior-year level, thus allowing revenue to be increased by roughly 4% annually. Costs are forecast based on the assumption of an EBIT margin of 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. Costs are forecast based on management’s assumption that personnel expenses will rise by around 5% and other costs will increase by roughly 4% annually from the fiscal year 2022, ultimately leading to a moderate improvement in profitability.

The discount rate before taxes used for the cash flow projections is 10.76% for “PLM-SAP” (prior year: 10.2%) and 10.35% for “KEONYS FR” (prior year: 10.41%). Cash flows after the period of five years are extrapolated using a growth rate of 1% (prior year: 1%) for both 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 2021:

| in EUR k | Buildings including buildings on third-party land | Plant and machinery | Furniture and fixtures | Total |
|---|---|---|---|---|
| Cost | | | | |
| As of 1 January 2021 | **17,601** | **8,605** | **4,018** | **30,225** |
| Exchange difference | 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** | **6,889** | **3,686** | **28,014** |
| Accumulated depreciation | | | | |
| As of 1 January 2021 | **6,317** | **7,791** | **2,426** | **16,534** |
| Exchange difference | 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** |
| Cost | | | | |
| As of 1 January 2020 | **17,768** | **8,376** | **3,586** | **29,730** |
| Exchange difference | -47 | -31 | -14 | -91 |
| Additions | 169 | 293 | 1,153 | 1,615 |
| Disposals | 289 | 33 | 707 | 1,029 |
| **As of 31 December 2020** | **17,601** | **8,605** | **4,018** | **30,225** |
| Accumulated depreciation | | | | |
| As of 1 January 2020 | **4,086** | **7,184** | **1,983** | **13,254** |
| Exchange difference | -30 | -29 | -13 | -72 |
| Additions | 2,550 | 667 | 1,162 | 4,379 |
| Disposals | 289 | 31 | 706 | 1,026 |
| **As of 31 December 2020** | **6,317** | **7,791** | **2,426** | **16,534** |
| **Net carrying amounts** | **11,284** | **814** | **1,592** | **13,690** |

## 3. Investments recognized at equity and non-current other financial assets

CENIT AG holds a share of 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 2021:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Current assets<br>(thereof cash: EUR 1,394 k (prior year: EUR 265 k)) | 5,984 | 3,930 |
| Non-current assets | 0 | 0 |
| Current liabilities | 5,813 | 3,759 |
| Non-current liabilities | 0 | 0 |
| **Equity** | **170** | **171** |
| | | |
| Revenue | 48 | 48 |
| Total comprehensive income | -1 | 0 |
| **Carrying amount of the investment** | **60** | **60** |
| **Share of profit of the joint venture** | 0 | 0 |

Non-current other financial assets include the 4.53% (prior year: 4.98%) capital involvement in ASCon Systems Holding GmbH (formerly: DELTA Management Beratung GmbH) amounting to EUR 3,184 k (prior year: EUR 2,500 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. In the fiscal year, CENIT AG contributed a further EUR 250 k by way of a capital increase. The fair value of the investment held as a financial asset was derived from capital increases in the fiscal year 2021. The measurement was classified as Level 3 of the fair value hierarchy based on the input factors of the valuation technique used. The valuation led to a 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) |

## 4. 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. 2021 | 31 Dec. 2020 | 31 Dec. 2021 | 31 Dec. 2020 |
| Deferred tax assets on unused tax losses | 1,161 | 1,597 | 0 | 0 |
| Intangible assets | 0 | 0 | 774 | 888 |
| General valuation allowances | 0 | 0 | 95 | 34 |
| Receivables from service agreements | 0 | 0 | 92 | 88 |
| Other provisions and accrued liabilities | 296 | 260 | 0 | 0 |
| IAS 19 pension obligations | 358 | 404 | 0 | 0 |
| Consolidation procedures | 22 | 2 | 0 | 0 |
| **Total** | **1,837** | **2,262** | **961** | **1,010** |
| Netting | -951 | -987 | -951 | -987 |
| **Total** | **886** | **1,275** | **10** | **23** |

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

| in EUR k | 2021 | 2020 |
|---|---|---|
| Deferred tax assets on unused tax losses | -436 | -150 |
| Intangible assets | 114 | 342 |
| Valuation allowances on receivables | -61 | 31 |
| Receivables from service agreements | -4 | -11 |
| Other provisions and accrued liabilities | 36 | -43 |
| IAS 19 pension obligations | 25 | 24 |
| Consolidation procedures | 20 | -18 |
| **Total** | **-306** | **175** |

The change in deferred taxes on actuarial gains/losses from defined benefit obligations recognized in other comprehensive income of EUR -76 k (prior year: EUR -4 k) was recognized directly in equity.

As of 31 December 2021, no deferred income tax payables for temporary differences in connection with investments in subsidiaries of EUR 250 k (prior year: EUR 167 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 6,958 k (prior year: EUR 6,296 k) for which deferred tax assets of EUR 1,161 k (prior year: EUR 1,597 k) were recognized. These relate to KEONYS FR (EUR 6,010 k, deferred taxes reported at EUR 1,077 k), CENIT CN (EUR 335 k, deferred taxes reported at EUR 84 k) and CENIT JP (EUR 613 k, deferred taxes reported at EUR 0 k). The deferred taxes are recognized at the amount expected to be utilized within five years.

## 5. Inventories

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Merchandise (measured at cost) | 0 | 0 |
| Payments on account | 15 | 12 |
| **Total** | **15** | **12** |

## 6. Trade receivables and receivables from investments recognized at equity

Trade receivables comprise receivables from third parties of EUR 24,713 k (prior year: EUR 14,562 k) and receivables from investments recognized at equity of EUR 2,873 k (prior year: EUR 2,514 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 |
| 2021 | 27,822 | 235 | 21,407 | 4,111 | 1,350 | 148 | 571 |
| 2020 | 17,423 | 347 | 11,357 | 3,120 | 1,576 | 173 | 850 |

| Valuation allowances on trade receivables and contract assets | in EUR k |
|---|---|
| As of 31 December 2020 | 347 |
| Addition (+)/reversal (-) | -112 |
| **As of 31 December 2021** | **235** |

A breakdown of receivables by country is as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Germany | 16,338 | 8,075 |
| Europe | 9,704 | 7,330 |
| Third countries | 1,544 | 1,671 |
| **Total** | **27,586** | **17,076** |

## 7. Contract assets

As of the end of the reporting period, there are contract assets from ongoing, unbilled projects totaling EUR 2,133 k (prior year: EUR 2,469 k). The contract assets relate first and foremost to CENIT’s entitlements to counterperformance for services provided but unbilled as of the end of the reporting period. The contract assets will be reclassified to receivables when the rights become unconditional. This generally happens when the Group issues an invoice to the customer.

## 8. Other receivables

Other receivables break down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Receivables from staff | 17 | 177 |
| Receivables from refunds of wage replacement and social security contributions | 110 | 150 |
| Receivables from deposits | 287 | 282 |
| Receivable from purchase price refund | 79 | 83 |
| **Total** | **493** | **692** |

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.

## 9. 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 2,453 k in total (prior year: EUR 1,945 k) relate to entitlements from prepayments for corporate income tax and trade tax of EUR 316 k in total (prior year: EUR 563 k), receivables from the VAT prepayment amounting to EUR 631 k (prior year: EUR 877 k) as well as the recognition of tax credits for research projects in Germany and France of EUR 1,506 k (prior year: EUR 505 k).

## 10. Cash and cash equivalents

Cash and cash equivalents break down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Bank balances | 26,356 | 26,052 |
| Cash on hand | 4 | 4 |
| Cash in the statement of financial position | 26,361 | 26,056 |
| Overdrafts used via cash management | 2 | 0 |
| Cash presented in the statement of cash flows | 26,359 | 26,056 |

Bank balances earn interest at floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 26,359 k (prior year: EUR 26,056 k).

The Group has credit lines of EUR 2,348 k as of the end of the reporting period (prior year: EUR 2,364 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 602 k of this amount as a guarantee as of the end of the reporting period (prior year: EUR 596 k).

## 11. Other financial assets

Other financial assets break down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---:|---:|
| Prepaid maintenance fees | 6,300 | 5,903 |
| Prepaid rights of use and car insurance | 1,182 | 706 |
| **Total** | **7,482** | **6,609** |

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

## 12. Equity

### Capital stock

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 768 k in equity amounting to EUR 43,645 k. The non-controlling interests are held by private individuals, with 49% in Coristo GmbH.

## 13. 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 | 2,785 | 111 | 2,674 |
| Between one and five years | 7,416 | 156 | 7,260 |
| More than five years | 693 | 6 | 687 |
| **Total** | **10,894** | **273** | **10,621** |

## 14. Current income tax liabilities and other provisions

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Current income tax liabilities | 480 | 1,154 |
| Other provisions | 85 | 70 |
| **Total** | **565** | **1,224** |

The current income tax liabilities developed as follows:

| in EUR k | |
|---|---|
| As of 1 January 2021 | 1,154 |
| Utilization | -1,138 |
| Reversal | 0 |
| Addition | 464 |
| **As of 31 December 2021** | **480** |

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 |
|---|---|
| As of 1 January 2021 | **70** |
| Utilization | 70 |
| Reversal | 0 |
| Addition | 85 |
| **As of 31 December 2021** | **85** |
| of which long-term | 0 |
| of which short-term | 85 |

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

## 15. 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. 2021 | 31 Dec. 2020 |
|---|---|---|
| Trade payables | 6,044 | 3,270 |
| Liabilities to investments recognized at equity | 28 | 32 |
| **Total** | **6,071** | **3,302** |

Of the total liabilities, EUR 6,071 k is due within one year (prior year: EUR 3,302 k). These are not subject to interest.

## 16. Other liabilities

Other current liabilities break down as follows:

| in EUR k | 31 Dec. | 31 Dec. |
|---|---|---|
| Vacation and bonus entitlements | 7,076 | 3,054 |
| VAT/wage tax payables | 3,183 | 1,853 |
| Outstanding purchase invoices | 1,630 | 964 |
| Liabilities for social security | 602 | 537 |
| Personnel adjustment measures | 489 | 630 |
| Employer’s liability insurance, compensatory levy in lieu of employing severely disabled persons | 180 | 184 |
| Financial statements costs | 182 | 136 |
| Long-service awards | 47 | 78 |
| Travel cost liability for employees | 87 | 31 |
| Supervisory Board compensation | 63 | 90 |
| Individual warranty cases | 82 | 204 |
| Other | 272 | 343 |
| **Total** | **13,893** | **8,104** |

Other non-current liabilities break down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Long-service awards | 507 | 468 |
| Long-term Management Board remuneration | 182 | 110 |
| Archiving costs | 34 | 34 |
| **Total** | **723** | **612** |

The long-service awards total EUR 554 k. Of this figure, EUR 507 k is reported in non-current and 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.

## 17. Contract liabilities

Contract liabilities break down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Deferred maintenance income and royalties | 12,684 | 11,362 |
| Payments on account received | 3,193 | 2,534 |
| **Contract liabilities** | **15,877** | **13,896** |

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 13,896 k deferred in the prior year was collected as revenue.

## 18. Pension plans

**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 226 k for CENIT in the reporting period (prior year: EUR 223 k). In addition, employer contributions to statutory pension insurance in Germany totaling EUR 2,475 k (prior year: EUR 2,493 k) were paid in the reporting year.

**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 | 2021 | 2020 |
|---|---|---|
| Present value of the defined benefit obligation | 4,496 | 6,405 |
| Fair value of plan assets | 3,099 | 4,830 |
| **Benefit liability** | **1,397** | **1,575** |

The net liability developed as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Net liability as of 1 January | 1,575 | 1,480 |
| Net income/expense recognized | 279 | 269 |
| Contributions by the employer | -125 | -148 |
| Actuarial gains | -359 | -28 |
| *thereof from changes in estimates* | *-279* | *-132* |
| *thereof from experience adjustments* | *-111* | *-328* |
| *thereof from return on plan assets* | *31* | *432* |
| Net foreign exchange difference | 27 | 2 |
| **Net liability as of 31 December** | **1,397** | **1,575** |

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

| in EUR k | 2021 | 2020 |
|---|---|---|
| Present value of defined benefit obligation as of 1 January | 6,405 | 6,420 |
| Current service cost | 272 | 264 |
| Interest expense | 8 | 13 |
| Contributions by plan participants | 125 | 148 |
| Actuarial gains/losses | -390 | -460 |
| *thereof from changes in estimates* | *-279* | *-132* |
| *thereof from experience adjustments* | *-111* | *-328* |
| Benefits paid/reimbursed | -2,090 | -3 |
| Past service cost | 4 | 0 |
| Net foreign exchange difference | 162 | 23 |
| **Present value of defined benefit obligation as of 31 December** | **4,496** | **6,405** |

The benefits reimbursed of EUR 2,090 k in the fiscal year 2021 fell due on account of a total of seven employees in Switzerland leaving the Group.

The weighted average duration of the obligations is 9.27 years (prior year: 9.02 years).

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

| in EUR k | 2021 | 2020 |
|---|---|---|
| Fair value of plan assets as of 1 January | 4,830 | 4,940 |
| Expected return on plan assets | 4 | 8 |
| Actuarial gains/losses | -31 | -433 |
| *thereof from return on plan assets* | *-31* | *-433* |
| Contributions by the employer | 125 | 148 |
| Contributions by plan participants | 125 | 148 |
| Benefits paid | -2,090 | -3 |
| Net foreign exchange difference | 136 | 22 |
| **Fair value of plan assets as of 31 December** | **3,099** | **4,830** |

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 26 k in total (prior year: EUR 428 k).

| in EUR k | 2021 | 2020 |
|---|---|---|
| Current service cost | 272 | 264 |
| Interest expense | 7 | 13 |
| Expected return on plan assets | -4 | -8 |
| Past service cost | 4 | 0 |
| **Net benefit expense** | **279** | **269** |

The Group expects to contribute EUR 179 k in total to its defined benefit pension plans in the 2022 reporting period.

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

| % | 2021 | 2020 |
|---|---|---|
| Discount rate | 0.25 | 0.10 |
| Expected return on plan assets | 1.0 | 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 |
| Mortality | BVG 2020 | BVG 2015 |

The following basic assumptions were made for the pension obligation of KEONYS FR.

| % | 2021 | 2020 |
|---|---|---|
| Discount rate | 0.98 | 0.35 |
| Anticipated rate of salary increase | 0.5 | 0.5 |
| Average rate of employee turnover | 9 | 9 |
| Mortality | INSEE 2017 | 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 3,557 k, if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 3.8% and increase by 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 0.2% or fall by 0.2% respectively.

In the case of the obligations of KEONYS FR of EUR 939 k, if the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 4.44% and increase by 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 4.55% or fall by 4.49% respectively.

## 19. 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, overdrafts and trade payables. The main purpose of these financial instruments is to finance the Group's business activities.

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.

### 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 5 k (prior year: EUR 155 k) with a total volume of USD 57 k (prior year: USD 1,903 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 is generally not exposed to any risk from changes in market interest rates because it has not borrowed any non-current financial liabilities with floating interest rates. Because the Group does not use any non-current financial liabilities, it only sees an interest rate risk from investing cash and cash equivalents. This risk is not deemed material.

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.

Thanks to the large amount of cash and cash equivalents, there are currently no liquidity or refinancing risks at group level.

The financial liabilities all fall due within a maximum of one year.

### 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 2020 and 31 December 2021.

The Group monitors its capital in relation to total assets.

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Total assets | 92,805 | 83,449 |
| Equity | 43,645 | 42,723 |
| Equity as a percentage of total assets (%) | 47.0 | 51.2 |

## 20. Financial instruments

The table below shows the carrying amounts and fair values of all of the Group's financial instruments included in the consolidated financial statements.

| in EUR k | Classifi-cation | Carrying amount | Carrying amount | Fair value | Fair value |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| **Financial assets** | | | | | |
| Non-current other financial assets | FVTPL | 3,184 | 2,500 | 3,184 | 2,500 |
| Cash and cash equivalents | AC | 26,361 | 26,056 | 26,361 | 26,056 |
| Receivables | | 28,079 | 17,768 | 28,079 | 17,768 |
| thereof: | | | | | |
| • Trade receivables | AC | 24,713 | 14,562 | 24,713 | 14,562 |
| • Receivables from investees | AC | 2,873 | 2,514 | 2,873 | 2,514 |
| • Other receivables | | 493 | 692 | 493 | 692 |
| Contract assets | AC | 2,133 | 2,469 | 2,133 | 2,469 |
| Current other financial assets | AC | 7,482 | 6,609 | 7,482 | 6,609 |
| | | 67,239 | 55,402 | 67,239 | 55,402 |
| | | | | | |
| **Financial liabilities** | | | | | |
| • Trade payables | AC | 6,044 | 3,270 | 6,044 | 3,270 |
| • Liabilities to investments recognized at equity | AC | 28 | 32 | 28 | 32 |
| • Non-current and current lease liabilities | AC | 10,621 | 11,990 | 10,621 | 11,990 |
| • Other liabilities | | | | | |
| • Outstanding purchase invoices | AC | 1,630 | 964 | 1,630 | 964 |
| Contract liabilities | AC | 15,877 | 13,896 | 15,877 | 13,896 |
| | | 34,200 | 30,152 | 34,200 | 30,152 |

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 measured at fair value results from the observable prices on the market or from unobservable input factors of the valuation technique used as Level 3 in the fair value hierarchy.

## 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.

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

| in EUR k | Lease liability |
|---|---|
| **Statement of financial position as of 1 January 2021** | **11,990** |
| Change in cash flows from financing activities | |
| Cash paid for lease liabilities | -3,286 |
| **Overall change in cash flows from financing activities** | **-3,286** |
| Increase in obligation from new leases | 2,139 |
| Change in existing leases | -356 |
| Interest expense | 134 |
| **Total non-cash other changes** | **1,917** |
| **Statement of financial position as of 31 December 2021** | **10,621** |

## 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** | 2021 | 16,022 | 130,049 | 0 | 146,071 |
| | 2020 | 13,689 | 128,440 | 0 | 142,129 |
| **EBIT** | 2021 | 2,603 | 3,631 | 0 | 6,234 |
| | 2020 | 1,651 | 1,980 | 0 | 3,631 |
| **Other interest result and financial result** | 2021 | 0 | 0 | 281 | 281 |
| | 2020 | 0 | 0 | -202 | -202 |
| **Income taxes** | 2021 | 0 | 0 | 2,161 | 2,161 |
| | 2020 | 0 | 0 | 1,137 | 1,137 |
| **Net income of the Group for the year** | 2021 | 2,603 | 3,631 | -1,880 | 4,354 |
| | 2020 | 1,651 | 1,980 | -1,339 | 2,292 |
| **Segment assets** | 2021 | 7,466 | 55,639 | 29,700 | 92,805 |
| | 2020 | 3,660 | 50,513 | 29,276 | 83,449 |
| **Segment liabilities** | 2021 | 6,390 | 39,801 | 2,969 | 49,160 |
| | 2020 | 4,437 | 33,888 | 2,401 | 40,726 |
| **Investments in property, plant and equipment and intangible assets** | 2021 | 246 | 2,538 | 0 | 2,784 |
| | 2020 | 190 | 1,852 | 0 | 2,042 |
| **Amortization and depreciation** | 2021 | 383 | 4,661 | 0 | 5,044 |
| | 2020 | 571 | 5,392 | 0 | 5,963 |
| **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. 2021 | 31 Dec. 2020 |
|---|---|---|
| Deferred tax assets | 886 | 1,275 |
| Current tax receivables | 2,453 | 1,945 |
| Cash and cash equivalents | 26,361 | 26,056 |
| Total | 29,700 | 29,276 |

The reconciliation of segment liabilities breaks down as follows:

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Deferred tax liabilities | 10 | 23 |
| VAT liabilities | 2,479 | 1,224 |
| Current income tax liabilities | 480 | 1,154 |
| Total | 2,969 | 2,401 |

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** | 2021 | 83,793 | 11,184 | 6,585 | 2,172 | 34,283 | 3,982 | 2,779 | 1,107 | 186 | 0 | 0 | 146,071 |
| | 2020 | 79,658 | 10,195 | 6,550 | 1,854 | 36,186 | 3,832 | 2,375 | 1,439 | 40 | 0 | 0 | 142,129 |
| **Non-current segment assets** | 2021 | 21,895 | 92 | 481 | 134 | 5,751 | 195 | 284 | 26 | 50 | 886 | -3,512 | 26,282 |
| | 2020 | 22,397 | 155 | 198 | 258 | 6,849 | 59 | 301 | 242 | 30 | 1,275 | -3,174 | 28,590 |

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

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Deferred tax assets | 886 | 1,275 |

# I Other notes

## 1. Leases

CENIT leases office space and vehicles. The term of the leases is typically three years for vehicles and generally 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 0.88% for property and 3.8% for vehicles.

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 114 k in the reporting period (prior year: EUR 115 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 2021 | 10,389 | 1,489 | 11,878 |
| Depreciation amount in the reporting year | -2,288 | -900 | -3,188 |
| Additions to right-of-use assets | 1,358 | 780 | 2,138 |
| Disposals from contractual changes | -228 | -127 | -355 |
| Exchange rate effects | 15 | -1 | 14 |
| **As of 31 December 2021** | **9,246** | **1,241** | **10,487** |

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 6,736 k (prior year: EUR 7,517 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:**

- Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the Management Board of CENIT AG until 31 December 2021,Responsible for: operations, investor relations and marketing.
- Peter Schneck, Stuttgart, member of the Management Board of CENIT AG since 18 October 2021 and spokesman of 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 since 1 July 2020. Responsible for: finance, organization and personnel.

**The Company's Supervisory Board members were:**

- Prof. Dr. Oliver Riedel (university professor), Pfaffenhofen a.d. Ilm, chair until 20 May 2021
- Dipl.-Kfm. Stephan Gier (independent German public auditor, tax advisor), Stuttgart, deputy chair until 20 May 2021
- 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. 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 2021 recognized in profit or loss breaks down as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Management Board remuneration | | |
| Fixed | 604 | 615 |
| Fringe benefits | 49 | 54 |
| Performance-based | 298 | 130 |
| Total short-term benefits | 951 | 799 |
| Long-term incentive | 182 | 110 |
| Total long-term benefits | 182 | 110 |
| **Total remuneration of the Management Board** | **1,133** | **909** |
| Supervisory Board compensation | 90 | 90 |
| **Total compensation of the Supervisory Board** | **90** | **90** |
| **Total** | **1,223** | **999** |

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 912 k in the reporting period (prior year: EUR 1,077 k). Of this figure, EUR 653 k (prior year: EUR 669 k) relates to fixed components while EUR 259 k (prior year: EUR 408 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 297 k in the reporting period.

The D&O insurance was continued in 2021 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 99 k (prior year: EUR 51 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 100 shares.

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

During the 2011 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 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).

## 4. Group auditor’s fees

| in EUR k | 2021 | 2020 |
|---|---|---|
| Audit fees (annual financial statements and consolidated financial statements) | 201 | 177 |
| thereof relating to other periods: EUR 37 k (prior year: EUR 60 k) | | |
| Fees for other services | 0 | 0 |
| **Total** | **201** | **177** |

## 5. Events after the reporting period

Currently, CENIT is in advanced negotiations about a possible acquisition in the business segment EIM. The potential acquisition target has a sales volume of approx. 25 mEUR. The aim of the possible acquisition is to be able to offer customers a comprehensive range of products, especially in the field of document management systems. The negotiations are expected to be finalized in the near future.

## 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 2021 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, 29 March 2022

CENIT Aktiengesellschaft
The Management Board

Peter Schneck
Spokesman, Management Board

Dr. Markus Wesel
Member, Management Board

## Independent auditor's report

To CENIT Aktiengesellschaft, Stuttgart

### Report on the audit of the consolidated financial statements and of the group management report

**Opinions**

We have audited the consolidated financial statements of CENIT Aktiengesellschaft, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, 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 fiscal year from 1 January to 31 December 2021 as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the report on the position of the Company and the Group (referred to subsequently as the "group management report") of CENIT Aktiengesellschaft for the fiscal year from 1 January to 31 December 2021.

In accordance with the German legal requirements, we have not audited the content of the components of the group management report listed in the section on "Other information" in our auditor's 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 2021 and of its financial performance for the fiscal year from 1 January to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group 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 group management report does not cover the content of the components of the group management report listed in the section on "Other information".

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 group management report.

**Basis for the opinions**

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as the "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 group 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 group management report.

**Key audit matters in the audit of the consolidated financial statements**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2021. 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.

**Classification as a principal or an agent in connection with revenue from customers**

For the recognition and measurement policies used, we refer to sections B and D of the notes to the financial statements. The disclosures on revenue are included in E.1 of the notes to the financial statements.

RISK FOR THE FINANCIAL STATEMENTS

The consolidated financial statements for the fiscal year 2021 of CENIT report revenue of EUR 146.1 million (prior year: EUR 142.1 million). EUR 19.6 million of this figure relates to the resale of third-party software licenses (excluding software updates).

Pursuant to IFRS 15, when another party is involved in providing goods or services to a customer, an entity must determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (the entity is a principal) or to arrange for those goods or services to be provided by the other party (the entity is an agent) (classification of the performance obligation).

Where CENIT is the principal, revenue is recognized in the amount of consideration agreed when the performance obligation is met by transferring a promised good or providing a promised service to a customer. An asset is deemed transferred when the customer obtains control of that asset. Where CENIT is the agent, revenue is recognized in the amount of the commission to which it is entitled in exchange for the delivery of the special goods or service on behalf of the other party.

Classification of the performance obligation is subject to judgment in individual cases, especially with regard to the transfer of control. A range of undetermined indicators pursuant to IFRS 15.B34 ff. must be assessed as a whole.

Based on the most recent pronouncement by the IFRS IC, CENIT has voluntarily changed the accounting policy for revenue as a software reseller of standard software for the fiscal year in cases where it can be assumed that CENIT is the agent based on the judgment exercised. The change involved revenue of EUR 9.1 million (prior year: EUR 5.1 million) and cost of materials for the same amount. This prompts disclosures about the nature and amount as well as the reasons for the adjustment.

There is a risk for the financial statements that incorrect classification of the performance obligations could lead to incorrect measurement of revenue and cost of materials. There is also a risk that the disclosures in the notes to the consolidated financial statements on the voluntary change in accounting policy for revenue recognition for standard software are not complete or correct.

AUDIT APPROACH

Based on our understanding of the process, we assessed the design and implementation of the internal controls identified in terms of the correct classification of the performance obligation.

To audit revenue with regard to the classification of the performance obligation, we used an analysis of risk-oriented selected elements of software agreements to assess whether performance is made as an agent or as a principal.

Finally, we assessed whether the disclosures in the notes on the voluntary change in accounting policy for revenue recognition for standard software of EUR 9.1 million (prior year: EUR 5.1 million) are complete or correct.

OUR FINDINGS

The classification of the performance obligation is correct. The presentation in the notes concerning the voluntary change in accounting policy for revenue recognition for standard software is complete and correct.

### Timing of revenue recognition

For the recognition and measurement policies used, we refer to sections B and D of the notes to the financial statements. The disclosures on revenue are included in E.1 of the notes to the financial statements.

RISK FOR THE FINANCIAL STATEMENTS

The consolidated financial statements for the fiscal year 2021 of CENIT Aktiengesellschaft report revenue of EUR 146.1 million (prior year: EUR 142.1 million). The CENIT 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 on revenue recognition, there is a risk for the annual financial statements that revenue is recognized although the prerequisites for the recognition of revenue from services with a contract for work as well as the sale of software licenses are not met and that revenue is not recognized in the correct period as of the end of the reporting period as a consequence.

AUDIT APPROACH

Based on our understanding of the process, we assessed the design and implementation of the internal controls identified in terms of whether revenue was recognized in the correct period. This included controls relating to acceptance of the products and services and to contractual performance.

We also assessed whether revenue was recognized in the correct period in the area of licensing of software as well as for contracts for work by comparing the invoices with the corresponding orders, contracts and acceptance records. This was based on revenue recognized in December 2021 that was selected using an actuarial method. Using the credit notes issued in January and February 2022, we also verified whether these indicated that revenue was recognized prematurely.

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

OUR FINDINGS

The procedure at the CENIT Group for the matching of revenue to the correct period is correct.

**Other information**

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the group management report, the content of which has not been audited:

- the separate combined non-financial statement of the Company and the Group referred to in the group management report, which is expected to be provided to us after the date of this auditor’s report, and
- the combined corporate governance statement of the Company and the Group referred to in the group management report, and
- the disclosures in the group management report that do not relate to the management report and are marked as unaudited.

The other information also comprises the other parts of the annual report expected to be provided to us after this date.

The other information does not comprise the consolidated financial statements, the group management report disclosures with audited content or our corresponding auditor’s report.

Our opinions on the consolidated financial statements and on the group 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 consolidated financial statements, the group management report disclosures with audited content or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

**Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group 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 fraud 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 group 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 group 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 group 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 group management report.

**Auditor's responsibility for the audit of the consolidated financial statements and of the group 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 fraud or error, and whether the group 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 group 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 fraud 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 group 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 group management report, whether due to fraud 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 fraud is higher than for one resulting from error, as fraud 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 group 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 group 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 group 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 group 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 group 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 safeguards.

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 group management report prepared for disclosure purposes**

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 group management report (hereinafter the "ESEF documents") contained „391200KYFPOLFJNEWL98-2021-12-21-de_V3.zip" (SHA256-Hashwert: 868e9a7e3d200c2f62af63a2717f936a2717f936eb95ae4abd59315ccdd1c6cf1d222b7a8) 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 group 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 rendering of the consolidated financial statements and the group management report contained in the above-mentioned file and prepared for disclosure 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 group management report for the fiscal year from 1 January to 31 December 2021 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

We conducted our assessment of the rendering of the consolidated financial statements and the group management report contained in the above-mentioned file provided 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 (10/2021)). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

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 group 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 Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

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 fraud 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 fraud 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 provided 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 group 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.

**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 2021. We were engaged by the Supervisory Board on 16 August 2021. We have been the group auditor of CENIT Aktiengesellschaft since the fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

## Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and group management report converted to the XHTML format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited group 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 Jack Cheung.

Stuttgart, 31 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez.

| | |
|---|---|
| Cheung | Rupperti |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (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

Dr. Markus Wesel
Member, Management Board


# FINANCIAL STATEMENT AG

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET

| | | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|
| **ASSETS** | EUR | EUR | EUR |
| **A. FIXED ASSETS** | | | |
| **I. Intangible assets** | | | |
| Franchises, industrial and similar rights and assets and licenses in such rights and assets | | **552,817.44** | **913,183.14** |
| | | | |
| **II. Property, plant and equipment** | | | |
| **1.** Land and buildings, including buildings on third-party land | 400,857.62 | | 458,626.88 |
| **2.** Plant and machinery | 441,634.75 | | 629,941.51 |
| **3.** Other equipment, furniture and fixtures | 24,323.01 | | 22,940.86 |
| | | **866,815.38** | **1,111,509.25** |
| **III. Financial assets** | | | |
| **1.** Shares in affiliates | 9,105,647.38 | | 9,105,646.38 |
| **2.** Equity investments | 2,802,757.89 | | 2,552,554.25 |
| **3.** Prepayments on financial assets | 0.00 | | 0.00 |
| **4.** Loans to affiliates | 1,330,000.00 | | 2,330,000.00 |
| | | **13,238,405.27** | **13,988,200.63** |
| | | | |
| **B. CURRENT ASSETS** | | | |
| **I. Inventories** | | | |
| **1.** Work in process | 392,117.04 | | 522,673.20 |
| **2.** Merchandise | 0.00 | | 0.00 |
| **3.** Payments on account | 15,862.22 | | 12,723.79 |
| | | **407,979.26** | **535,396.99** |
| **II. Receivables and other assets** | | | |
| **1.** Trade receivables | 13,813,606.13 | | 6,507,037.02 |
| **2.** Receivables from affiliates | 1,442,466.12 | | 1,419,911.29 |
| **3.** Receivables from other investees and investors | 2,849,451.49 | | 2,492,782.38 |
| **4.** Other assets | 810,117.45 | | 600,051.83 |
| | | **18,915,641.19** | **11,019,782.52** |
| | | | |
| **III. Cash on hand, bank balances** | | **15,289,599.88** | **16,202,034.92** |
| | | | |
| **C. PREPAID EXPENSES** | | | |
| | | **3,159,523.66** | **2,395,396.96** |
| | | | |
| | | **52,430,782.08** | **46,165,504.41** |

## CENIT Aktiengesellschaft, Stuttgart
## BALANCE SHEET

| | | | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|---|---|
| **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** | | 9,877,738.22 | 11,058,526.94 |
| | | | **33,592,857.50** | **34,773,646.22** |
| | | | | |
| **B.** | **PROVISIONS** | | | |
| | **1.** Tax provisions | 234,066.00 | | 894,745.42 |
| | **2.** Other provisions | 7,433,363.65 | | 3,019,313.96 |
| | | | **7,667,429.65** | **3,914,059.38** |
| **C.** | **LIABILITIES** | | | |
| | **1.** Payments received on account of orders | 763,985.90 | | 807,746.57 |
| | **2.** Trade payables | 2,226,412.50 | | 635,006.15 |
| | **3.** Liabilities to affiliates | 716,832.35 | | 445,986.72 |
| | **4.** Liabilities to other investees and investors | 27,534.11 | | 32,048.21 |
| | **5.** Other liabilities | 1,575,971.96 | | 583,495.69 |
| | thereof for social security: EUR 0.00 (prior year: EUR 0.00) | | | |
| | thereof for taxes: EUR 1,519,826.19 (prior year: EUR 492,432.83) | | | |
| | | | **5,310,736.82** | **2,504,283.34** |
| | | | | |
| **D.** | **DEFERRED INCOME** | | | |
| | | | **5,859,758.11** | **4,973,515.47** |
| | | | | |
| | | | **52,430,782.08** | **46,165,504.41** |

## CENIT Aktiengesellschaft, Stuttgart
## INCOME STATEMENT

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | EUR | EUR | EUR |
| **1.** | **Revenue** | 92,928,877.91 | | 85,618,870.21 |
| **2.** | Decrease in inventories of work in process (prior year: increase) | -130,556.16 | | 51,360.15 |
| **3.** | Other operating income | 1,338,162.71 | | 372,545.10 |
| | thereof income from currency translation: EUR 190,947.61 (prior year: EUR 53,110.11) | | | |
| | **Total operating performance** | | **94,136,484.46** | **86,042,775.46** |
| **4.** | Cost of materials | | | |
| **a.** | Cost of raw materials, consumables and supplies and of purchased merchandise | 34,799,779.08 | | 32,560,434.15 |
| **b.** | Cost of purchased services | 5,017,502.79 | | 5,305,364.40 |
| | | | 39,817,281.87 | 37,865,798.55 |
| **5.** | Personnel expenses | | | |
| **a.** | Salaries | 33,639,885.17 | | 29,799,883.44 |
| **b.** | Social security and pension costs | 5,763,289.29 | | 5,286,737.09 |
| | | | 39,403,174.46 | 35,086,620.53 |
| | | | | |
| **6.** | Amortization of intangible assets and depreciation of property, plant and equipment | 1,074,318.80 | | 1,272,478.58 |
| **7.** | Other operating expenses | 10,012,940.09 | | 9,171,205.71 |
| | thereof from currency translation: EUR 124,998.08 (prior year: EUR 332,640.94) | | | |
| | **Operating result** | | **3,828,769.24** | **2,646,672.09** |
| **8.** | Income from equity investments | | 276,254.02 | 1,398,285.89 |
| | thereof from affiliates: EUR 276,254.02 (prior year: EUR 1,398,285.89) | | | |
| **9.** | Other interest and similar income | | 84,091.12 | 119,457.46 |
| | thereof from affiliates: EUR 84,091.12 (prior year: EUR 119,430.00) | | | |
| **10.** | Write-downs of financial assets | | 344,664.52 | 0.00 |
| **11.** | Interest and similar expenses | | 14,558.52 | 34,504.65 |
| | thereof from unwinding of the discount on provisions: EUR 8,044.00 (prior year: EUR 10,005.00) | | | |
| **12.** | Income taxes | | 1,027,308.95 | 870,715.35 |
| **13.** | **Earnings after taxes** | | **2,802,582.39** | **3,259,195.44** |
| **14.** | Other taxes | | 50,524.85 | 54,196.97 |
| **15.** | **Net income for the year** | | **2,752,057.54** | **3,204,998.47** |

# Notes to the financial statements for 2021

## 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 generally three 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 three to 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 in value 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** is measured at acquisition cost. Where necessary, write-downs to the lower net realizable value are recognized.

**Receivables and other assets** are stated at their nominal value. All recognizable specific risks are taken into account with specific bad debt allowances. A general bad debt allowance of 1% (prior year: 1%) was established for the general credit risk.

**Cash on hand** and **bank balances** are each stated at nominal value.

Expenses paid before the balance sheet date that represent an expense for a certain period after that date are accrued as **prepaid expenses** on the assets side of the balance sheet. Income received before the balance sheet date that represents income for a certain period after that date is reported as **deferred income** on the liabilities side of the balance sheet.

**Equity items** are stated at their nominal amount.

**Provisions** account for all foreseeable risks and contingent liabilities and are recognized at the settlement value deemed necessary according to prudent business judgment. Expected future price and cost increases are included in valuing the provisions. Provisions with a residual term of more than one year were discounted at the average market interest rate of the last seven fiscal years published by the German Central Bank for their respective residual term. The discounting expense is disclosed in the financial result, while effects from the change in the interest rate or the change in the term are presented in the operating result. Provisions for potential losses from pending transactions ('loss provisions') comprise future losses not yet realized. There is a risk of a loss from pending transactions if income and expenses from the same transaction, not yet completed, do not balance out, but lead instead to a net obligation. No provision was recognized for this in the fiscal year (prior year: EUR 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 141 and 142).

### 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<br>Effretikon, Switzerland | CHF | 100.0 | 313 | 2,829 | 1,049 |
| 2 | CENIT North America Inc.<br>Auburn Hills, USA | USD | 100.0 | 28 | 1,479 | 258 |
| 3 | CENIT SRL<br>Iasi, Romania | RON | 100.0 | 105 | 513 | 330 |
| 4 | CENIT France SARL<br>Toulouse, France | EUR | 100.0 | 10 | 331 | 82 |
| 5 | CENIT Japan K.K.<br>Tokyo, Japan | YEN | 100.0 | 470 | 106 | -211 |
| 6 | KEONYS SAS<br>Suresnes, France | EUR | 100.0 | 155 | 1,509 | -67 |
| 6a | KEONYS Belgique SPRL<br>Waterloo, Belgium | EUR | 100.0 | 19 | 1,575 | 231 |
| 6b | KEONYS NL BV<br>Houten, Netherlands | EUR | 100.0 | 18 | 409 | 316 |
| 7 | CENIT Software Technology (Suzhou) Co., Ltd.<br>Suzhou, China | CNY | 100.0 | 481 | 162 | -278 |
| 8 | Coristo GmbH Mannheim, Germany | EUR | 51.0 | 25 | 1,569 | 209 |
| 9 | CenProCS AIRliance GmbH<br>Stuttgart, Germany | EUR | 33.3 | 150 | 170 | -1 |

The loans to affiliates contain loans to KEONYS SAS of EUR 1,000 k (prior year: EUR 2,000 k) and to KEONYS B.V. of EUR 330 k (prior year: EUR 330 k).

## 3. Receivables and other assets

**Trade receivables** are all due in less than one year.

**Receivables from affiliates** include receivables from granting a loan with a residual term of one year to CENIT France SARL amounting to EUR 200 k (prior year: EUR 400 k). The remaining receivables from affiliates of EUR 1,242 k (prior year: EUR 1,020 k) and the **receivables from other investees and investors** valued at EUR 2,849 k (prior year: EUR 2,493 k) stem from trade and are due in less than one year.

**Other assets** consist of EUR 720 k relating to trade tax refund claims in relation to the research grant (prior year: EUR 0 k), repayment claims of EUR 60 k (prior year: EUR 40 k), receivables from staff of EUR 5 k (prior year: EUR 6 k) and receivables from deposits of EUR 25 k (prior year: EUR 15 k). No receivables in connection with short-time work (prior year: EUR 288 k) or tax refund claims from VAT (prior year: EUR 241 k), corporate income tax, solidarity surcharge and trade tax (prior year: EUR 10 k) were recognized in the fiscal year. As in the prior year, other assets are due in less than one year.

## 4. Prepaid expenses

| in EUR k | 31 Dec. 2021 | 31 Dec. 2020 |
|---|---|---|
| Accrued rights of use for licenses and software maintenance | 2,291 | 1,988 |
| Other prepaid expenses | 868 | 407 |
| Total | 3,160 | 2,395 |

This mainly concerns prepaid expenses for royalties and maintenance fees as well as for rights of use and insurance.

## 5. 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%).

## 6. 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.

## 7. Capital reserves

The capital reserves remained unchanged in the fiscal year, at EUR 1,058 k.

## 8. Legal reserve

At EUR 418 k, the legal reserve has also remained unchanged in comparison to the prior year.

## 9. Other revenue reserves

Other revenue reserves of EUR 13,871 k did not change since the prior year.

## 10. Net retained profit

Net retained profit developed as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| Net income for the year | **2,752** | **3,205** |
| Net retained earnings in the prior year | 11,058 | 7,853 |
| Dividend | 3,933 | 0 |
| Profit carryforward from the prior year | **7,125** | **7,854** |
| Net retained profit | **9,877** | **11,058** |

## 11. Provisions

**Other provisions** essentially comprise provisions for outstanding supplier invoices of EUR 1,301 k (prior year: EUR 550 k) and for personnel expenses of EUR 5,722 k (prior year: EUR 2,104 k).

## 12. Liabilities

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

**Liabilities to affiliates** relate entirely to trade payables of EUR 717 k (prior year: EUR 138 k). The outstanding capital contribution at CENIT Software Technology (Suzhou) Co., Ltd. amounting to EUR 308 k reported in the prior year was paid in full in the fiscal year. 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 28 k (prior year: EUR 32 k). As in the prior year, the corresponding liabilities are due within one year.

**Other liabilities** do not include any deferred items (prior year: EUR 25 k). In the prior year, these amounts related to deferred rent.

EUR 1,576 k (prior year: EUR 583 k) of other liabilities is due within one year. As in the prior year, there were no liabilities due in more than one year.

Of the liabilities disclosed, there are no amounts (prior year: EUR 0 k) secured by liens or similar rights.

## II. Income statement

### 1. Revenue

| in EUR k | 2021 | 2020 |
|---|---|---|
| Third-party software | 45,580 | 41,938 |
| *thereof software* | *13,737* | *9,677* |
| *thereof software updates* | *31,843* | *32,261* |
| CENIT consulting and service | 31,056 | 29,301 |
| CENIT software | 15,727 | 13,825 |
| *thereof software* | *6,774* | *4,598* |
| *thereof software updates* | *8,953* | *9,227* |
| Merchandise | 20 | 310 |
| Other revenue | 545 | 245 |
| Total | 92,929 | 85,619 |

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

Revenue includes revenue relating to other periods of EUR 326 k that results from relicensing for the fiscal year 2020.

### 2. Other operating income

Other operating income includes income relating to other periods from the reversal of provisions of EUR 9 k (prior year: EUR 74 k) and income from the research and development grant for the year 2020 of EUR 373 k.

In addition, other operating income includes income from the research and development grant for the year 2021 of EUR 347 k, income from cross-charged salary and other costs of EUR 92 k (prior year: EUR 58 k), insurance refunds of EUR 12 k (prior year: EUR 21 k), rental income from subletting of EUR 7 k (prior year: EUR 9 k), marketing and sales subsidies from partner companies of EUR 77 k (prior year: EUR 86 k) and exchange gains of EUR 191 k (prior year: EUR 53 k). Of the exchange gains, EUR 171 k (prior year: EUR 53 k) has already been realized.

## 3. Personnel expenses

| in EUR k | 2021 | 2020 |
|---|---|---|
| Salaries | 33,640 | 29,800 |
| Social security, pension and other benefit costs | 5,763 | 5,287 |
| Total | 39,403 | 35,087 |

Social security contributions include pension costs of EUR 2,701 k (prior year: EUR 2,716 k).

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

Short-time work was used in the fiscal year to compensate for personnel expenses of EUR 886 k (prior year: EUR 1,432 k).

CENIT AG was refunded social security contributions of EUR 285 k (prior year: EUR 452 k) as part of the short-time work scheme, which reduced personnel expenses in the income statement. The short-time work payments of EUR 358 k were paid to the employees without affecting income.

## 4. Other operating expenses

Other operating expenses essentially relate to premises expenses of EUR 2,018 k (prior year: EUR 2,081 k), vehicle costs of EUR 1,408 k (prior year: EUR 1,613 k), travel expenses of EUR 219 k (prior year: EUR 417 k), marketing costs of EUR 680 k (prior year: EUR 449 k) and exchange losses of EUR 125 k (prior year: EUR 333 k). Of the exchange losses, EUR 125 k (prior year: EUR 322 k) has already been realized.

As in the fiscal year 2020, travel expenses and marketing costs are at a low level due to the reduced opportunities for travel and for events on account of COVID-19.

## 5. Financial and interest result

The financial and interest result breaks down as follows:

| in EUR k | 2021 | 2020 |
|---|---|---|
| **Income from equity investments** | | |
| Dividend CENIT (Schweiz) AG, Switzerland | 0 | 924 |
| Profit distribution CENIT SRL, Romania | 276 | 270 |
| Profit distribution Coristo GmbH, Mannheim | 0 | 204 |
| Total | 276 | 1,398 |

| in EUR k | 2021 | 2020 |
|---|---|---|
| **Other interest and similar income** | | |
| Interest on loans granted to subsidiary | 84 | 119,430.00 |
| Total | 84 | 119,430.00 |

| in EUR k | 2021 | 2020 |
|---|---|---|
| **Write-downs of financial assets** | | |
| Impairment loss on the carrying amount of the equity investment in CENIT Japan | 345 | 0 |
| Total | 345 | 0 |

| in EUR k | 2021 | 2020 |
|---|---|---|
| **Interest and similar expenses** | | |
| Guarantee commission | 7 | 6 |
| Interest expenses from bank balances | 0 | 19 |
| Interest expenses from unwinding the discount on provisions | 8 | 10 |
| Interest expenses for business taxes | 0 | 0 |
| Total | 15 | 35 |

## 6. Income taxes

| in EUR k | 2021 | 2020 |
|---|---|---|
| Current corporate income tax expense | 479 | 413 |
| Current solidarity surcharge expense | 26 | 22 |
| Current trade tax expense | 515 | 444 |
| Withholding tax | 7 | 1 |
| Taxes in prior years | 0 | -9 |
| Total | 1,027 | 871 |

Taxes mainly include corporate income tax and the solidarity surcharge of EUR 505 k (prior year: EUR 435 k) as well as trade tax of EUR 515 k (prior year: EUR 444 k) on the taxable income for the fiscal year 2021.

## 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. 2021 |
|---|---|
| Net retained profit | 9,877 |
| Dividend distribution (EUR 0.75 per 8,367,758 participating no-par value shares) | 6,276 |
| Profit carryforward | 3,601 |

## 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 398 (prior year: 410) members of staff and 52 (prior year: 53) executives were employed during the fiscal year. There are also 32 employees in training at CENIT AG as of the balance sheet date (prior year: 49).

## 2. 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 | 2021 | 2020 |
|---|---|---|
| Rental and lease obligations | | |
| Due in less than 1 year | 2,371 | 2,409 |
| Due in 1 to 5 years | 5,069 | 5,391 |
| Due in more than 5 years | 1,034 | 1,034 |
| Total | 8,474 | 8,834 |

Other financial obligations chiefly comprise the rent agreements entered into for leased office buildings of EUR 7,092 k (prior year: EUR 7,078 k) as well as vehicle leases of EUR 903 k (prior year: EUR 1,084 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.

## 3. Corporate boards

During the fiscal year, the following persons were **members of the Management Board**:

Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the Management Board of CENIT AG until 31 December 2021, Responsible for: operations, investor relations and marketing.

Peter Schneck, Stuttgart, member of the Management Board of CENIT AG since 18 October 2021 and spokesman of 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 since 1 July 2020, Responsible for: finance, organization and personnel.

The following members make up the **Supervisory Board**:

- Prof. Dr. Oliver Riedel (university professor), Pfaffenhofen a.d. Ilm, chair until 20 May 2021
- Dipl.-Kfm. Stephan Gier (independent German public auditor, tax advisor), Stuttgart, deputy chair until 20 May 2021
- 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

Prof. Dr. Oliver Riedel is also a member of the supervisory board of PROSTEP AG Darmstadt.

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 912 k in the reporting year (prior year: EUR 1,077 k). Of this figure, EUR 653 k (prior year: EUR 669 k) relates to fixed components while EUR 259 k (prior year: EUR 408 k) relates to performance-based components. In addition, payments of EUR 297 k were made to a former member of the Management Board in the reporting year.

Pursuant to the articles of incorporation and bylaws, the Supervisory Board receives fixed compensation. Each member of the Supervisory Board receives a fixed amount of EUR 20,000 payable after the end of the fiscal year. The chairperson of the Supervisory Board receives twice that amount, while the deputy chairperson 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 2021 (prior year: EUR 90 k).

The D&O insurance was continued in 2021 for Management Board members and Supervisory Board members as well as other executives. The premiums of EUR 99 k (prior year: EUR 51 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 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).

## 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

Currently, CENIT is in advanced negotiations about a possible acquisition in the business segment EIM. The potential acquisition target has a sales volume of approx. 25 mEUR. The aim of the possible acquisition is to be able to offer customers a comprehensive range of products, especially in the field of document management systems. The negotiations are expected to be finalized in the near future.

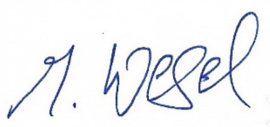
## G Declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code

The Management Board and Supervisory Board of the Company have issued the declaration for 2021 required by Sec. 161 AktG and made it available on the Company's homepage (http://www.cenit.com/en_EN/investor-relations/corporate-governance.html).

Stuttgart, 29 March 2022

CENIT Aktiengesellschaft
The Management Board

Peter Schneck
Spokesman, Management Board



Dr. Markus Wesel
Member, Management Board

| | CENIT Aktiengesellschaft, Stuttgart<br>STATEMENT OF CHANGES IN FIXED ASSETS | | | | |
|---|---|---|---|---|---|
| | **Acquisition and production cost** | | | | |
| in EUR | **As of<br>1 Jan. 2021** | **Additions** | **Reclassification** | **Disposals** | **As of<br>31 Dec. 2021** |
| I. Intangible assets | | | | | |
| Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets | 6,193,990.99 | 139,543.59 | 0.00 | 1,677,584.53 | 4,665,950.05 |
| Total | **6,193,990.99** | **139,543.59** | **0.00** | **1,677,584.53** | **4,665,950.05** |
| | | | | | |
| II. Property, plant and equipment | | | | | |
| 1. Land and buildings, including buildings on third-party land | 1,810,419.02 | 0.00 | 0.00 | 122,509.25 | 1,687,909.77 |
| 2. Plant and machinery | 6,788,170.14 | 295,302.08 | 0.00 | 2,093,467.67 | 4,990,004.55 |
| 3. Other equipment, furniture and fixtures | 411,130.95 | 44,237.45 | 0.00 | 152,913.63 | 302,454.77 |
| Total | **9,009,720.11** | **339,539.53** | **0.00** | **2,368,890.55** | **6,980,369.09** |
| | | | | | |
| III. Financial assets | | | | | |
| 1. Shares in affiliates | 9,403,317.54 | 344,665.52 | 0.00 | 0.00 | 9,747,983.06 |
| 2. Equity investments | 2,552,554.25 | 250,203.64 | 0.00 | 0.00 | 2,802,757.89 |
| 3. Prepayments on financial assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Loans to affiliates | 2,330,000.00 | 0.00 | 0.00 | 1,000,000.00 | 1,330,000.00 |
| Total | **14,285,871.79** | **594,869.16** | **0.00** | **1,000,000.00** | **13,880,740.95** |
| | | | | | |
| Fixed assets<br>- total - | **29,489,582.89** | **1,073,952.28** | **0.00** | **5,046,475.08** | **25,517,060.09** |

| Accumulated amortization, depreciation and write-downs | | | | Net book values | |
|---|---|---|---|---|---|
| As of 1 Jan. 2021 | Additions | Disposals | As of 31 Dec. 2021 | As of 31 Dec. 2021 | As of 31 Dec. 2020 |
| | | | | | |
| **5,280,807.85** | 499,292.47 | 1,676,967.71 | 4,103,132.61 | 552,817.44 | 913,183.14 |
| **5,280,807.85** | **499,292.47** | **1,676,967.71** | **4,103,132.61** | **552,817.44** | **913,183.14** |
| | | | | | |
| | | | | | |
| **1,351,792.14** | 57,613.99 | 122,353.98 | 1,287,052.15 | 400,857.62 | 458,626.88 |
| **6,158,228.63** | 477,647.35 | 2,087,506.18 | 4,548,369.80 | 441,634.75 | 629,941.51 |
| **388,190.09** | 39,764.99 | 149,823.32 | 278,131.76 | 24,323.01 | 22,940.86 |
| **7,898,210.86** | **575,026.33** | **2,359,683.48** | **6,113,553.71** | **866,815.38** | **1,111,509.25** |
| | | | | | |
| | | | | | |
| **297,671.16** | 344,664.52 | 0.00 | 642,335.68 | 9,105,647.38 | 9,105,646.38 |
| **0.00** | 0.00 | 0.00 | 0.00 | 2,802,757.89 | 2,552,554.25 |
| **0.00** | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **0.00** | 0.00 | 0.00 | 0.00 | 1,330,000.00 | 2,330,000.00 |
| **297,671.16** | **344,664.52** | **0.00** | **642,335.68** | **13,238,405.27** | **13,988,200.63** |
| | | | | | |
| **13,476,689.87** | **1,418,983.32** | **4,036,651.19** | **10,859,022.00** | **14,658,038.09** | **16,012,893.02** |

## Independent auditor’s report

To CENIT Aktiengesellschaft, Stuttgart

### Report on the audit of the annual financial statements and of the management report

#### Opinions

We have audited the annual financial statements of CENIT Aktiengesellschaft, Stuttgart, which comprise the balance sheet as at 31 December 2021, the income statement for the fiscal year from 1 January to 31 December 2021 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the report on the position of the Company and the Group (referred to subsequently as the “management report”) of CENIT Aktiengesellschaft for the fiscal year from 1 January to 31 December 2021.

In accordance with the German legal requirements, we have not audited the content of the components of the management report listed in the section on “Other information” in our auditor’s 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 2021 and of its financial performance for the fiscal year from 1 January to 31 December 2021 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this 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 management report does not cover the content of the components of the management report listed in the section on “Other information”.

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 management report.

#### Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as the “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 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 management report.

#### Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January to 31 December 2021. 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.

**Timing of revenue recognition**

For the recognition and measurement policies used, we refer to section B of the notes to the financial statements. The disclosures on revenue are included in II.1 of the notes to the financial statements.

RISK FOR THE FINANCIAL STATEMENTS

The annual financial statements for the fiscal year 2021 of CENIT Aktiengesellschaft report revenue of EUR 92.9 million (prior year: EUR 85.6 million). CENIT Aktiengesellschaft 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 rules on revenue recognition, there is a risk for the annual financial statements that revenue is recognized although the prerequisites for the recognition of revenue from services with a contract for work as well as the sale of software licenses are not met and that revenue is not recognized in the correct period as of the end of the reporting period as a consequence.

AUDIT APPROACH

Based on our understanding of the process, we assessed the design and implementation of the internal controls identified in terms of whether revenue was recognized in the correct period. This included controls relating to acceptance of the products and services and to contractual performance.

We also assessed whether revenue was recognized in the correct period in the area of licensing of software as well as for contracts for work by comparing the invoices with the corresponding orders, contracts and acceptance records. This was based on revenue recognized in December 2021 that was selected using an actuarial method. Using the credit notes issued in January and February 2022, we also verified whether these indicated that revenue was recognized prematurely.

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

OUR FINDINGS

The procedure at CENIT Aktiengesellschaft for the matching of revenue to the correct period is correct.

**Other information**

The executive directors and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the management report, the content of which has not been audited:

- the separate combined non-financial statement of the Company and the Group referred to in the management report, which is expected to be provided to us after the date of this auditor’s report, and
- the combined corporate governance statement of the Company and the Group referred to in the management report, and
- the disclosures in the group management report that do not relate to the management report and are marked as unaudited.

The other information also comprises the other parts of the annual report expected to be provided to us after this date.

The other information does not comprise the annual financial statements, the management report disclosures with audited content or our corresponding auditor’s report.

Our opinions on the annual financial statements and on the 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 management report disclosures with audited content or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

**Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the 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 fraud 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 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 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 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 management report.

**Auditor's responsibility for the audit of the annual financial statements and of the 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 fraud or error, and whether the 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 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 fraud 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 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 management report, whether due to fraud 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 fraud is higher than for one resulting from error, as fraud 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 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 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 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 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 safeguards.

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 management report prepared for disclosure purposes**

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 management report (hereinafter the "ESEF documents") contained in the file provided „JA_V4.zip“ (SHA256-Hashwert: aa4662445e7aca7e7f3a712 a5826d27872334ac01003fe6eb98a4bde16144647) 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 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 rendering of the annual financial statements and the management report contained in the above-mentioned file provided and prepared for disclosure 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 management report for the fiscal year from 1 January to 31 December 2021 contained in the "Report on the audit of the annual financial statements and of the management report" above.

We conducted our assessment of the rendering of the annual financial statements and the management report contained in the above-mentioned file provided 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 (10/2021)). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

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 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 Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

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 fraud 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 fraud 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 provided 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 annual financial statements and the audited 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 2021. We were engaged by the Supervisory Board on 16 August 2021. We have been the auditor of CENIT Aktiengesellschaft without interruption since fiscal year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

## Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited annual financial statements and the 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 Jack Cheung.

Stuttgart, 31 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez.

| | |
|---|---|
| Cheung | Rupperti |
| Wirtschaftsprüfer | Wirtschaftsprüfer |
| (German Public Auditor) | (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 | Dr. Markus Wesel |
| Spokesman, Management Board | 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 2022

cenit

**CENIT AG**
Industriestraße 52-54
D-70565 Stuttgart
**P** +49 711 7825-30
**F** +49 711 7825-4000
**E** info@cenit.de
**www.cenit.com**