

exyte

ANNUAL REPORT  
**2022**

GROWING  
**TOGETHER**



# ANNUAL REPORT 2022

## ABOUT THIS REPORT

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# FIGURES AT A GLANCE

## Key figures

in € million	1.1. –31.12.2022	1.1. –31.12.2021	Change
Order intake	7,559	8,114	–6.8 %
Sales	7,403	4,865	+52.2 %
Gross profit	589	389	+51.4 %
Gross profit margin in %	8.0	8.0	–
EBIT	397	258	+53.9 %
EBIT margin in %	5.4	5.3	+0.1 PP
Adjusted EBIT <sup>1</sup>	416	263	+58.2 %
Adjusted EBIT margin in %	5.6	5.4	+0.2 PP
Group net profit	349	217	+60.8 %
Group net profit margin in %	4.7	4.5	+0.2 PP
Number of employees (full-time equivalents at the end of the period)	8,965	7,444	+20.4 %
Cash flow from operating activities	687	630	+9.0 %
Cash flow from investing activities	–81	–185	+56.2 %
Free cash flow	606	445	+36.2 %
	<b>31.12.2022</b>	31.12.2021	Change
Order backlog	6,848	6,696	+2.3 %
Net working capital	–1,266	–972	+30.2 %
Net working capital in % of sales <sup>2</sup>	–17.1	–20.0	+2.9 PP

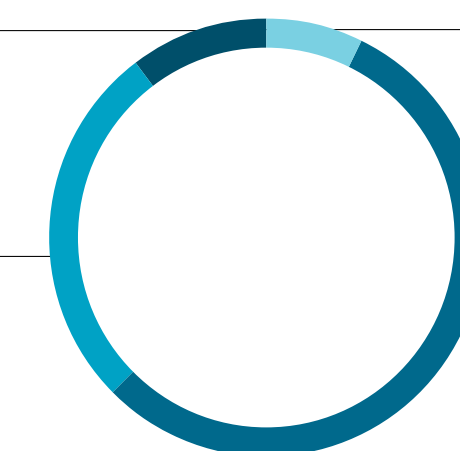
## Key figures

in € thousand	31.12.2022	31.12.2021	Change
Non-current assets	632,550	542,624	16.6 %
Current assets	3,325,622	2,364,425	+40.7 %
Equity	661,633	447,818	+44.7 %
Non-current liabilities	144,329	114,680	+25.9 %
Current liabilities	3,152,210	2,344,551	+34.4 %
Total assets/equity and liabilities	3,958,172	2,907,049	+36.2 %

- Adjusted EBIT is defined as the result from operating activities (EBIT) adjusted for income or expenses deriving from irregular, non-recurring effects. EBIT adjustments result from income or expenses related to the Exyte Group's reorganization (in particular, from write-downs), restructuring costs, costs incurred due to site closures and relocations, effects on earnings deriving from purchase price allocations, as well as other income and expenses that are nonrecurring in nature or are incurred outside the normal course of business, as well as COVID 19-related effects. Adjusted EBIT is used to determine profitability, excluding irregular, nonrecurring positive or negative effects, thus ensuring comparability between different reporting periods.
- The percentage in the financial year 2022 is calculated based on the 2022 sales, which is €7,403 million. Full year 2021 sales: €4,865 million.

## Sales by region<sup>1</sup>

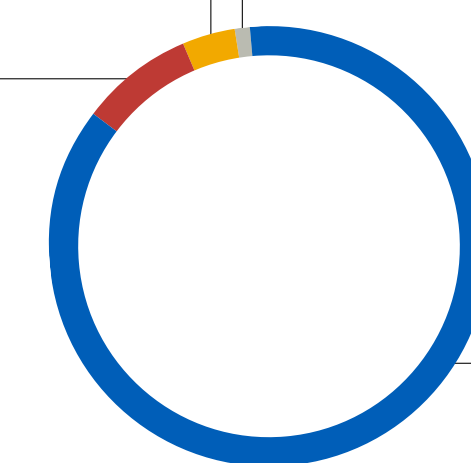
in € million (previous year)	in %
<b>T&amp;S</b>	<b>AMER</b>
775 (427)	560 (423)
10.1 (8.5)	7.3 (8.4)
<b>EMEA</b>	<b>APAC</b>
2,109 (2,441)	4,239 (1,732)
27.4 (48.6)	55.2 (34.5)



1 Before consolidation of the regions.

## Sales by business segment 2022

in € million (previous year)	in %
<b>Data Centers</b>	<b>Regional Specific Business</b>
288 (180)	75 (81)
3.9 (3.7)	1.0 (1.7)
<b>Biopharma &amp; Life Sciences</b>	<b>Advanced Technology Facilities</b>
610 (357)	6,430 (4,246)
8.2 (7.3)	86.9 (87.3)





"THE 2022 ANNUAL RESULTS PROVIDE FURTHER EVIDENCE FOR THE SUCCESS OF OUR SUSTAINABLE GROWTH STRATEGY."

## FOREWORD

### DEAR READERS,

2022 was an extremely successful financial year for the Exyte Group. We achieved or exceeded all our ambitious forecasts for our important key figures: order intake, sales, and adjusted EBIT. In view of the challenges provided by the geopolitical and economic environment, this is an outstanding achievement of which we are justifiably proud.

Our sales increased significantly in comparison to the previous year, by 52% to a level of €7.4 billion. We have thus set another sales record. This provides further evidence for the success of our sustainable growth strategy. Factors such as the COVID pandemic, the war between Russia and Ukraine, or the deteriorating economic environment did not have any significant impact on our operational business in 2022. This is evidenced by the development of our order intake. At a level of €7.6 billion, this was only slightly lower than the record level that we achieved in 2021. We were yet again successful in increasing our profitability in financial year 2022: Adjusted EBITDA increased by 56% to €460 million and adjusted EBIT by 58% to €416 million. The adjusted EBITDA margin improved to a level of 6.2%. We were able to increase the adjusted EBIT margin to 5.6%. Taking into account the order backlog of €6.8 billion euros that is reported as of December 31, 2022, we have achieved an excellent basis for the future development of the Exyte Group. Due to our strategic focus on industries fueled by long-term megatrends, we are well positioned to continue our growth trajectory even under more challenging macroeconomic conditions. All our targeted industry sectors show sustainable high growth rates and thus offer us the opportunity for long-term profitable growth.

Our dedicated employees are essential to our success, supporting our clients around the globe with their tireless commitment, great passion, and comprehensive expertise. We are an attractive employer and provide our employees with a wide range of programs to help their development in line with their individual requirements. During 2022, we significantly expanded our employee development options and added new online and digital training opportunities within our Learning Management System.



Diversity is a key driver for business success. In the past year, we became a signatory to the "Charta der Vielfalt" (Diversity Charter). In doing so, we have documented to the outside world what has long been our daily practice. We promote inclusion and diversity and are committed to open and respectful interaction with each other – regardless of age, ethnic origin, nationality, gender, gender identity, as well as sexual orientation and social background. We are one team. Our corporate culture, which is based on ownership, collaboration and a sense of belonging, is the central pillar of our new employer brand, which we have introduced as part of our "Next Level" agenda for the future. The Exyte employer brand provides support for our global recruitment of new talent for the Group and thus helps promote the dynamic expansion of our team.

The "Next Level" agenda for the future is closely linked to our "Pathway to Ten" strategy for growth. Our stated objective is to increase our total sales to €10 billion by 2027 and to generate an EBIT margin in excess of 6%. Our three global business units – Advanced Technology Facilities, Biopharma & Life Sciences, and Data Centers – are excellently positioned in targeted growth markets around the world.

Targeted strategic acquisitions in selected growth areas also form an essential part of our "Next Level" agenda for the future. In October 2022, with the acquisition of Airgard, Inc., a US American specialist for exhaust gas cleaning systems, we completed our second acquisition in the Technology & Services business area within a space of twelve months. Airgard is the market leader in the development and production of so-called wet scrubbers, which have been deployed throughout the world by numerous, reputable companies in the semiconductor industry sector. In this manner, we are strengthening our strategy of vertical integration, and thus improving our market position, in this strategic market segment. Our clients benefit from additional technical solutions for their exhaust management that assist them to make semiconductor production more sustainable.

In November 2022, BDT & MSD Partners announced their intention to become a minority shareholder in Exyte. We are thereby gaining another strong partner who will accompany and promote our further development. BDT has excellent connections, especially in the important US market. After the transaction has been completed, which is expected to take place in the spring of 2023, BDT can then provide us with additional impetus for our regional growth activities in the USA.

Exyte is a dynamically growing organization with a clear strategic focus. We have ambitious plans for 2023 and have set ourselves challenging targets. We intend to consistently pursue our "Pathway to Ten" growth strategy and realize our "Next Level" agenda for the future. Despite the current economic and geopolitical uncertainties, our excellent market positioning provides us with an excellent basis to benefit from long-term megatrends.

Our thanks go to our employees, whose commitment is the basis for Exyte Group's success. We are enabling our clients to create a better world with their innovations. Our claim with the slogan "Bringing the future of technology to life" describes this perfectly. We would like to thank our clients and business partners for their great confidence in us. We look forward to continuing our success story and cooperating in the joint development and implementation of innovative technological solutions.

The motto for our 2022 Annual Report is "Growing Together." The stories illustrate how we grow together as a business, whether as a team, with our clients, or by means of technological innovations. Where businesses, a wealth of ideas and human resources come together, new solutions for a better future are born.

Sincerely,



Dr. Wolfgang Büchele  
Chief Executive Officer



Peter Schönhofer  
Chief Financial Officer

"IN 2023, WE INTEND TO CONSISTENTLY PURSUE OUR 'PATHWAY TO TEN' GROWTH STRATEGY AND REALIZE OUR 'NEXT LEVEL' AGENDA FOR THE FUTURE."

# THE YEAR 2022 IN FIGURES

SALES

€7.4 bn

ADJ. EBIT

€416 m

ORDER INTAKE

€7.6 bn

SALES

+52%

ADJ. EBIT

+58%

EMPLOYEES

9,000



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# ABOUT THE GROUP

The Exyte Group ("Exyte") is a global leader in the planning, development, and delivery of high-tech production facilities. In more than 100 years of its corporate history, Exyte has acquired extensive experience and developed profound professional expertise for controlled and regulated environments. From the provision of initial consulting services to the design and implementation of turnkey solutions for the semiconductor and pharmaceutical industries, as well as for data centers, Exyte offers a complete range of services for its clients in growth markets. With a presence in more than 20 countries, Exyte supports its clients at both a local and global level.

## EXECUTIVE MANAGEMENT

The executive management team of Exyte GmbH has two members. Up until August 17, 2022, it had three members.

Dr. Wolfgang Büchele, the Chief Executive Officer, manages the two strategic business segments Advanced Technology Facilities and Biopharma & Life Sciences, as well as heading up these corporate functions: Corporate Strategy/M&A, Corporate Compliance, Corporate Internal Audit, Corporate Human Resources, and Corporate Communications & Investor Relations. In addition, up until April 30, 2022, he also had responsibility for the strategic business segment Data Centers. From May 1 onwards, he has also taken over responsibility for the management of the APAC (Asia-Pacific) region, the T&S business area, and the corporate functions Corporate Opportunity & Risk Management and Corporate Environment, Health & Safety (EHS).

Peter Schönhofer, Chief Financial Officer, is responsible for the Corporate Accounting, Corporate Treasury, Corporate Controlling, Corporate Legal & Insurance, Corporate IT, Corporate Tax, and Corporate Procurement & Subcontracting functions. Furthermore, from May 1, 2022 onwards, he has also taken responsibility for the strategic business segment Data Centers, for management of the AMER (USA) and EMEA (Europe) regions, and the Corporate Quality Management function. The Corporate Commercial Project Management function, of which Mr. Schönhofer had previously been the head, was merged together with the Corporate Project & Construction Management function with effect from May 1, 2022 and has now been renamed as the Corporate Project & Commercial Management function.

Roberto Penno, who was Chief Operating Officer up until August 17, 2022, retained responsibility for the management of the APAC (Asia-Pacific), AMER (USA), and EMEA (Europe) regions up until April 30, 2022, and also for the T&S (Technology & Services) business area, the Regional Specific Business segment, as well as for the Corporate Engineering & Design, Corporate Project & Construction Management, Corporate Environment, Health & Safety (EHS), Corporate Quality Management, and Corporate Risk Management & Internal Controls functions (again, up until April 30, 2022).



**Dr. Wolfgang Büchele**, Chief Executive Officer



**Peter Schönhofer**, Chief Financial Officer



## CORPORATE STRUCTURE

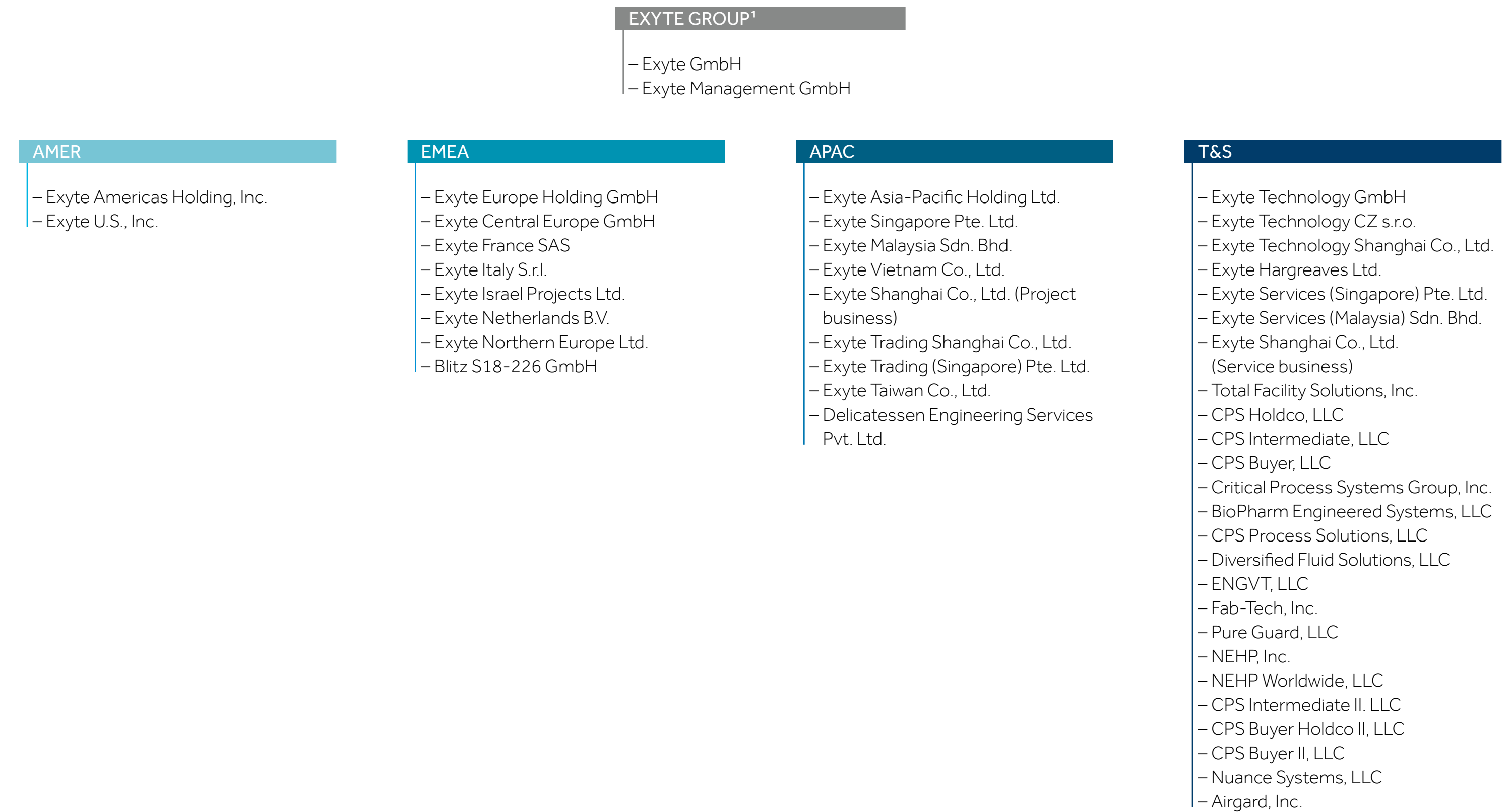
Exyte manages its business primarily by regions, which at the same correspond to the reportable segments. In addition to the three regions of AMER, EMEA, and APAC, the T&S business area is also a reportable segment.

In the 2022 financial year, the following changes were made to the Group:

- Exyte Rus, LLC was liquidated; up to the date of its liquidation, the entity was assigned to the EMEA segment.
- Exyte Netherlands B.V. was newly incorporated as a subsidiary of Exyte Europe Holding GmbH and has been assigned to the EMEA segment.
- Cyclone Acquisition Sub, Inc. was newly incorporated as a subsidiary of Critical Process Systems Group, Inc. In order to facilitate the acquisition of Airgard, Inc., Cyclone Acquisition Sub, Inc., was merged into Airgard, Inc. with effect from October 1, 2022. As a result, Airgard, Inc. became a 100% subsidiary of Critical Process Systems Group, Inc. Airgard, Inc. is a US company specializing in exhaust gas cleaning technology, which is active in the development and manufacture of wet scrubbers that are used by companies in the semiconductor industry sector throughout the world. Airgard, Inc. has been assigned to the T&S segment.

The group of Exyte companies that were fully consolidated as of December 31, 2022 was as follows:

### Corporate structure

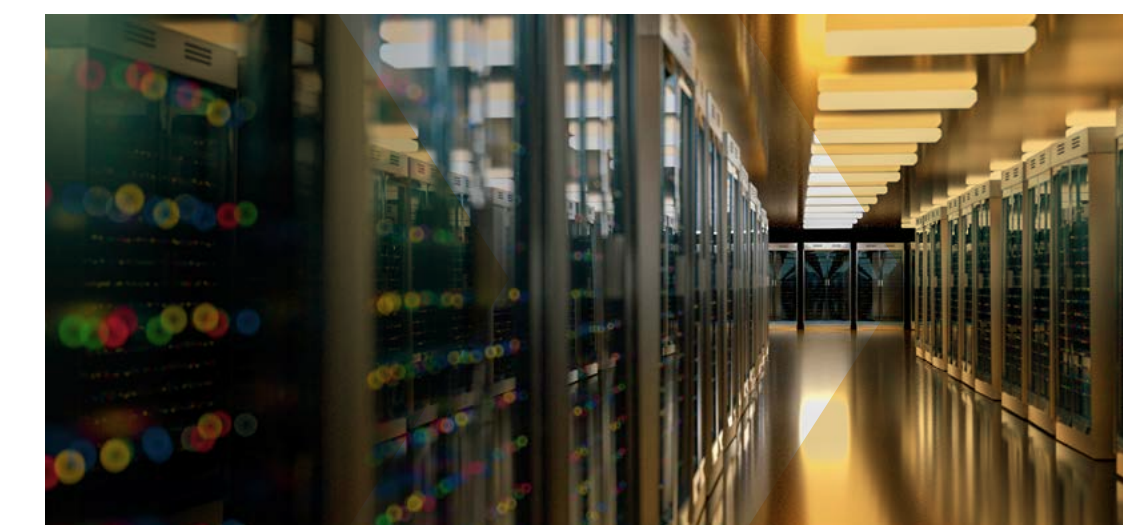


<sup>1</sup> Exyte is part of the Stumpf Group



# BUSINESS SEGMENTS

In addition to the reportable segments APAC, AMER, EMEA, and T&S, Exyte manages its business through the three strategic business segments Advanced Technology Facilities (ATF), Biopharma & Life Sciences (BLS), and Data Centers (DTC). In this manner, Exyte manages its business as a matrix structure. Financial information relating to the segments can be found in Note 30 in the notes to the consolidated financial statements.



## ADVANCED TECHNOLOGY FACILITIES

### Advanced Technology Facilities

- Semiconductors
- Flat Panel Displays
- Photovoltaics
- Batteries

### Biopharma & Life Sciences

- Pharmaceuticals & Biotechnology
- Food & Nutrition
- Consumer Care
- Specialty Chemicals

### Data Centers

- Cloud Computing
- Co-Location
- High Performance
- Computing Enterprise

**Advanced Technology Facilities (ATF):** The ATF business segment provides consulting and planning services, engineering and design services, as well as project management services surrounding the building of manufacturing plants and installations for research and development facilities in the electronics industry sector. Exyte combines its range of services to provide turnkey engineering, procurement, and implementation solutions (Design & Build). In addition to this, Exyte offers services in the area of mechanical, electrical, and process systems (MEP), provides cleanroom technology, as well as necessary gas and chemical dosing systems, and carries out the installation (Tool Install) of the process equipment used for semiconductor manufacturing purposes. The integration of the Critical Process Systems Group (CPS) and Airgard within the Exyte Group has expanded the range of products and services offered to ATF clients. The range offered encompasses innovative, critical subsystems, such as, for example, precision chemical and gas mixing systems, distribution and delivery systems, and special exhaust gas cleaning systems that enable semiconductor manufacturers to significantly reduce their greenhouse gas emissions. ATF thus supports its clients in the semiconductor, battery and flat panel display industry sectors in their efforts to decarbonize their factories and transition to more sustainable business processes. Exyte acquires contracts for its projects from its global and regional client base – mainly organizations with which Exyte has longstanding business relationships. ATF's extensive experience in delivering sophisticated high-tech facilities, by means of its integrated design and build approach, provides its clients with the reliability they expect in terms of safety, costs, timelines, and quality.

## BIOPHARMA & LIFE SCIENCES

**Biopharma & Life Sciences (BLS):** This business segment offers complete solutions for clients in the biotechnology, pharmaceutical, medical technology, food and nutrition, and consumer care sectors. The range of services includes the overall planning, engineering, construction, commissioning, and qualification of production facilities that comply with industry-specific and legal requirements. We have extended our global presence by opening up new branches in Raleigh, North Carolina (USA), in Philadelphia, Pennsylvania (USA), and in Cork, Ireland. We see attractive growth opportunities in the Biopharma & Life Sciences sectors for complex projects that we can offer to our clients as a reliable partner throughout the entire project cycle. The basis for this strategy is provided by our qualified and experienced staff, who realize first-class, high-quality solutions for our clients. BLS benefits from the long-standing relationships with its global clients to secure such projects. BLS concentrates its efforts on deepening and building relationships with both existing and new clients. We are aggressively promoting a course of global, integrated project delivery in order to further the segment's continued growth across the business regions. Our technological processes create added value for our clients through automated design, smart construction, and innovative modular solutions. Our business activities and our services to our clients are characterized by our commitment to sustainability.

## DATA CENTERS

**Data Centers (DTC):** In the DTC business segment, the focus is on building energy-efficient data centers for providers of cloud facilities, high-performance computing, and co-location centers. DTC's key clients are large technology organizations that invest extensively in high-capacity cloud data centers throughout the world. DTC is also active on behalf of co-location service providers that offer additional capacity for scaling purposes to providers of cloud services.

**Regional Specific Business (RSB):** In addition to the activities carried out in the three strategic business segments of ATF, BLS, and DTC, Exyte offers products and services in the Regional Specific Business segment. Activities in this segment primarily covers the heating, ventilation, and air-conditioning (HVAC) systems provided by the British Group company, Exyte Hargreaves Ltd., as well as defense projects in Israel and Italy. In addition, various Group companies are equipped with the necessary expertise to conduct other nonstrategic business in their local markets. Such activities are also covered by the RSB segment.



# ECONOMIC REPORT FOR 2022

## THE OVERALL ECONOMIC SITUATION AND IN SPECIFIC INDUSTRY SECTORS

### The overall economic situation

The global economy weakened during the course of 2022, especially as a general trend in the developed economies. Negative influences resulted from the drastic increase in energy prices, a monetary policy to mitigate the high inflationary pressure through use of significantly rising interest rates, as well as from widespread uncertainty triggered by these developments. Towards the end of 2022, the IfW indicator (IfW = Institute for the World Economy), which is a reliable indicator for further economic development, continued to decline.

According to the IfW, despite these negative factors of influence, global production showed growth of 3.2%<sup>1</sup> in 2022. At the beginning of the year, world trade was robust and the previous year's growth rates were initially maintained. Towards the end of the year, however, its development had lost significant momentum.

Economic development varied in the different regions. For example, the economic momentum in the developed economies continued to weaken despite extensive fiscal support measures. Overall, although the total economic production generated by these countries increased slightly, the rate of expansion for domestic consumption declined. In addition, construction investment in the USA also fell significantly. Nevertheless, GDP showed an increase of 0.7% in 2022. In the euro area, the growth rate fell to 0.3%, while in the United Kingdom and Japan there was an actual respective decline by 0.2%. In Germany, GDP grew by 1.9% in 2022 and in Austria by 4.9%. Denmark achieved growth of 3.2%, while Ireland even recorded growth of 11.8%.

The emerging economies proved to be robust. In China, the economy recovered in the third quarter despite continuing negative impacts deriving from the COVID pandemic, as well as from problems in the real estate sector, following the collapse of production in the spring due to massive lockdowns. GDP in China rose by 2.9%. India also showed strong GDP growth, even though the country's overall economic production had suffered from a historic heat wave in the summer. The other emerging Asian economies were also able to increase their production output. The level of economic activity in Latin America was also predominantly on the increase. In Malaysia, GDP grew by 5.5% in 2022. With a few exceptions – such as Ghana, Ecuador, and Pakistan – no serious negative impacts deriving from the restrictive, global monetary policies have so far been identified for the group of emerging economies.

In 2022, economic development was strongly influenced by high energy prices and high inflationary pressures, resulting from the war between Russia and Ukraine. In addition, geopolitical developments, such as the trade relations between the USA and China, continue to shape overall conditions in the global economy. Under the new US administration, relations still remain tense. Trade policy measures to promote national economic interests cannot be ruled out.

### Developments by industry sector

The following developments were observable, in financial year 2022 and thereafter, in the specific industry sectors in which the business segments of Exyte are active.

### Advanced Technology Facilities (ATF) Semiconductors

Following strong growth in 2021, sales in the global semiconductor industry sector in 2022 increased by 13.9% to a level of €633 billion, due to higher demand for chips.<sup>2,3</sup> At the same time, capital expenditure investment in 2022 increased to €185.5 billion. This represents an increase by 21%.<sup>2,4</sup> Overall, the market has continued to grow compared to the previous year and is expected to continue to show long-term, steady growth, although demand for semiconductors is under considerable pressure due to inflation, more restrictive monetary policies, declining consumer confidence, corona-related restrictions, and the war in Ukraine. At the same time, supply and demand are drawing closer together in the industry sector as more production capacity comes into operation, especially in the "memory" product group.

Nevertheless, the market is expected to grow by 4.6% in 2023. Technological advancements such as the Internet of Things (IoT), Artificial Intelligence (AI), Big Data, Industry 4.0, and e-mobility continue to drive the digital transformation process. Powerful chips play an important role in smart mobile consumer devices, as well as in driver assistance systems and other technological solutions in the field of autonomous driving. Electric and hybrid vehicles contain around twice as many semiconductors as conventional vehicles. Technological solutions are also needed to combat climate change.

Many of our clients are expanding their production capacity in Europe and the US, after the EU and the US government announced plans to subsidize local wafer plants for mass production purposes, e.g. through the so-called US Chips Act. The pressure on our clients to continue to be innovative and promote cutting-edge technologies is increasing the need for larger and more complex semiconductor facilities around the world.

<sup>1</sup> The statistics cited in this section are taken from a research paper published by the Kiel Institute for the World Economy (IfW) entitled "The World Economy in the Winter of 2022," which was completed on December 21, 2022.

<sup>2</sup> Change compared to the previous year in USD without any adjustment changes in exchange rates (1 € = 1.2 USD in 2022).

<sup>3</sup> World Semiconductor Trade Statistics article published online: "The World Semiconductor Trade Statistics (WSTS) has released its new August 2022 semiconductor market forecast."

<sup>4</sup> IC Insights article published online on August 23, 2022: "Semi Capex on pace for 21% growth to \$185.5 billion this year."



### Batteries

Exyte has focused its attention on the fast-growing market for high-performance batteries. Electric vehicles, energy storage applications, and a growing number of battery-powered devices for industrial and private use are increasing the demand for such products.

Subsidies from various European governments that take the form of national environmental incentives are accelerating the demand for hybrid and electric vehicles across Europe. For example, the current coalition agreement drawn up by German government has set the target of having at least 15 million fully electric passenger vehicles registered by the year 2030. In order to achieve this, respective production sites are to be supported.<sup>5</sup>

In June 2022, the EU Commission presented plans to ban the sale of new vehicles powered by internal combustion engines in all EU member states from 2035 onwards. The US Department of Energy announced funding of \$3.1 billion to subsidize battery manufacturing facilities in the US.<sup>6</sup> This will encourage more companies to manufacture battery cells and components in the US.

Up until 2030, global capacity for battery production is expected to increase to some 6,000 gigawatt hours per year. This corresponds to an average annual growth rate of over 20%. Europe and North America will account for about 40% of the production capacity.<sup>7</sup>

### Flat Panel Displays and Photovoltaics

As compared to the previous year, global sales of flat panel displays (FPD) increased by 4.3% in 2022, to a level of €146 billion.<sup>8</sup> Demand for electronic devices such as laptops, TVs, mobile phones, and tablets will continue to increase slightly, despite the decline in demand for consumer goods in the current global economic environment. Important factors driving the growth of the FPD market are the increased use of automotive display technology, OLED (Organic Light-Emitting Diode) displays, LCD (Liquid Crystal Display) displays for digital signage applications, and the growing demand for display-based devices in healthcare.

The global photovoltaic (PV) market achieved sales of €253 billion in 2022, representing an increase of 57% in comparison to 2021.<sup>9</sup> In conjunction with increasing demand, some 232 GWp of newly installed PV production capacity became operational in 2022. This corresponds to a capacity increase of 32% compared to the previous year.<sup>10</sup>

China and other Asian countries now produce almost all the PV modules that are sold worldwide. This region also constitutes the largest market. Companies continue to invest in new production facilities for PV modules. Exyte's key accounts in this sector are two long-standing clients in South East Asia.

### Biopharma & Life Sciences (BLS)

Not least due to the pandemic, innovation and scientific breakthroughs have been achieved by many biopharma & life sciences companies. We expect to see billions of dollars of continued investment in these sectors across the globe over the next five years. Investment projects are planned for the production of biotech products, the filling and manufacturing of pharmaceutical substances, cell and gene therapy, blood fractionation, and personalized medication due to advances in the field of genetics. We are also observing a shift towards more data-driven approaches across the value chain, greater collaboration, and digital transformation. Global engagement in healthcare is also leading to advances in vaccines that effectively prevent disease and deaths. Exyte is gearing itself up to support both existing and new clients to meet the demand arising from these developments.

Social developments – such as population growth, increasing prosperity, and higher life expectancy – continue to be important growth drivers for the market. These trends continue unchanged despite the COVID pandemic. The COVID pandemic has shown how important it is for the pharmaceuticals sector to react quickly and flexibly to health crises. Whether it involves the upgrading of existing equipment to enable rapid production changeovers or the expansion of production facilities to increase production capacity levels, BLS, together with the engineering and construction industries, play a crucial role in enabling the pharma sector to respond quickly and efficiently to changing requirements and conditions.

Exyte is continuing on its growth path by following its "Pathway to Ten" approach. BLS plays a significant role in this process. The business segment will continue to focus on working closely with multinational pharmaceutical companies in future and on strengthening its capabilities in the area of engineering and construction of specialized equipment. Our goal is to provide support to our clients around the world with our special expertise.

The process of blending technology and health requirements is accelerating rapidly. Digital transformation enables us to achieve efficient results for our clients. In recent years, digitalization, and the innovations associated with it, have had a huge impact on the way we execute and deliver our projects. The BLS segment integrates digital solutions into workflows that help to deliver critical projects more quickly. We are simultaneously boosting productivity and increasing efficiency by means of our lean engineering and smart construction processes. We are internally promoting a principle of "technology-driven delivery." In this manner, we aim to stimulate a culture of high performance and profitable growth.

Innovations in the fields of pharmaceutical research, genetics, biotechnology, bioinformatics, and materials science have led to improvements in the treatment of AIDS, cancer, and heart disease, and offer hope for improved therapies for neurodegenerative diseases. Low-cost genetic sequencing, genome mapping, biomarker testing, and targeted medication and treatments will make it possible to provide customized health information and develop personalized treatments to improve results for patients. All of this will lead to a wave of capital expenditure investment in new manufacturing facilities as pharmaceutical platforms are further developed. This will prompt biopharma companies to create space in existing manufacturing facilities and improve their flexibility.

### Data Centers (DTC)

Growth in the global data centers market sector continues to show positive momentum and continues to fuel the business development of Exyte's Data Centers business segment. In 2022, the global market for data centers grew to a level of €60 billion, representing a growth rate of almost 14%.<sup>11</sup>

<sup>5</sup> German government coalition agreement 2021–2025.

<sup>6</sup> Electrek article published online on May 2, 2022: "US Dept. of Energy announces US\$3 billion funding for EV battery manufacturing and supply chain."

<sup>7</sup> Benchmark information provided by Mineral Intelligence & Rystad coupled with Exyte estimates.

<sup>8</sup> Online article published by Future Market Insights: "Outlook for Flat Panel Displays 2022–2027."

<sup>9</sup> Online article published by GlobeNewswire on October 6, 2022: "Global Solar PV (Photovoltaic) Market Size/Share Worth 306.16 Billion by 2030 at an 8.3% CAGR."

<sup>10</sup> Online article published by IHS Markit on April 12, 2022: "Solar PV Market Outlook 2022 and Beyond."

<sup>11</sup> Data Center Services Global Market Report 2022 (reportlinker.com), September 2022.



The DTC business segment was able to acquire major contracts in Asia and Europe from globally active key clients. The provision of resources for the successful realization and delivery of these projects enjoys the highest priority. In the future, the DTC segment expects to secure follow-up projects in core Exyte markets from these key clients, which will have a positive impact on the segment's business development in the coming years.

Notwithstanding the end of the COVID lockdowns, the industry sector continues to show signs of long-term, stable growth. A consequence of the pandemic is that many companies are increasingly reliant on working from home. This significantly increases the amount of data traffic. Available data center capacities are being strained to an even greater extent. Existing capacities need to be expanded or new data centers built in order to cope with the increasing data volumes and to avoid system outages.

The continuing digitalization of companies continues to have a strong impact on the global demand for data center capacity. The increasing spread of data-based applications, such as, for example, smart devices, autonomous vehicles, and robotics, as well as the use of technology, such as artificial intelligence and the Internet of Things, is leading to a rapid increase in the volume of data. The associated need for data processing close to the point-of-use has led to an increased demand for data centers in metropolitan areas, i.e. near major cities and urban centers such as Frankfurt am Main, Paris, or Madrid. Large storage and computing capacities can ensure very short response times for local critical applications, such as autonomous driving, industrial production, or other solutions based on artificial intelligence. The number of such projects and future project opportunities increased last year.

In the Data Centers segment, Exyte is engaged in an environment with great growth potential, which offers good opportunities for the further growth of the Group in the coming years, due to sustained digitalization momentum.

## BUSINESS PERFORMANCE IN 2022

### Key financial performance indicators

The key financial performance indicators used by the executive management to manage the Exyte Group, which are also used to manage the regions, are order intake, sales, as well as adjusted EBIT, or respectively, the adjusted EBIT margin.

#### Order intake

An order forms part of the order intake when all prerequisites for an effective client contract have been fulfilled. Specifically, this means that:

- (i) A binding order document has been signed by the client and by Exyte, in which the scope of the services to be performed is clearly defined;
- (ii) A price has been fixed or can be determined by reference to the terms of the contract;
- (iii) A time schedule for the delivery of goods or the performance of the services has been defined;
- (iv) The terms and conditions governing the business transaction have been defined and agreed; and
- (v) The financing of the transaction by the client is not subject to any constraints.

The key order intake performance indicator is used to measure Exyte's success in acquiring new business compared to previous reporting periods.

#### Sales

A key element of Exyte's strategy is profitable organic sales growth. The development of sales serves as a benchmark to measure this. For a detailed presentation of the different types of sales generated by the Exyte Group and the method of sales recognition, please refer to the disclosures made in the section of the notes to the consolidated financial statements entitled "Accounting Principles."

#### Adjusted EBIT

Adjusted EBIT is defined as the result from operating activities (EBIT) adjusted for income or expenses deriving from irregular, non-recurring effects. EBIT adjustments result from income or expenses related to the Exyte Group's reorganization (in particular, from write-downs),

restructuring costs, costs incurred due to site closures and relocations, effects on earnings deriving from purchase price allocations, as well as other income and expenses that are nonrecurring in nature or are incurred outside the normal course of business, as well as COVID 19-related effects.

Adjusted EBIT is used to determine profitability, excluding irregular, nonrecurring positive or negative effects, thus ensuring comparability between different reporting periods.

#### Adjusted EBIT margin

The adjusted EBIT margin is defined as the relationship between the adjusted EBIT and sales. This key indicator is used to compare operating profitability between different segments and over time.

Further important financial performance indicators are the order backlog, the gross profit, and the gross profit margin.

#### Order backlog

The order backlog represents value of the Exyte Group's unprocessed orders at the end of the respective reporting period. It is derived from the order backlog at the beginning of the reporting period, plus the order intake, less the sales recognized in the period reported. In addition, adjustments for orders canceled or reduced during the period reported need to be taken into account, as well as any effects arising through fluctuations in currency exchange rates. The order backlog shows the orders that are still unprocessed at a certain point in time and provides indications for the allocation of resources required to process the orders. This key performance indicator is also used in the budgeting and forecasting process, in order to predict the development of sales for the current year and in subsequent years.

#### Gross profit

The gross profit is determined as the net amount of sales and the cost of sales. The earnings figure provides information as to profitability, taking only the sales-related costs into account.

#### Gross profit margin

The gross profit margin defines the relationship between the gross profit and sales. This key performance indicator is used to measure the profitability of the operational business.



## Business development

At a level of €7.6 billion, Exyte's order intake in 2022 was only slightly lower than the record level achieved in the previous year (2021: €8.1 billion).

In 2022, Exyte GmbH significantly increased its sales, by €2.5 billion or 52.2%, to a level of €7.4 billion. Neither the COVID pandemic nor the war in Ukraine had any significant impact on the development of Exyte's sales in financial year 2022. Sales to the semiconductor industry sector in the business segment Advanced Technology Facilities continue to be the main driving force for Exyte's sales.

The increase in sales is attributable to the €2.5 billion higher sales generated in the APAC region and resulted in particular from major projects in Singapore, Malaysia and China. Changes in sales levels in the other regions balanced each other out during financial year 2022.

As of December 31, 2022, the order backlog amounted to €6.8 billion and was thus at roughly the same level as in the previous year (December 31, 2021: €6.7 billion). The unchanged high order backlog provides an excellent basis for the future business development of the Exyte Group.

In financial year 2022, the gross profit increased significantly, by €199.6 million or 51.2%, to a level of €589.0 million (2021: €389.4 million). The gross profit margin was unchanged in comparison to the previous year at a level of 8.0%.

Particularly due to the increase in the gross profit, adjusted EBIT increased, by €153.0 million or 58.1%, to a level of €416.3 million (2021: €263.3 million). The adjusted EBIT margin was 5.6% and was thus higher than that of the previous year's level of 5.4%.

### Comparison of actual to planned business development

Exyte was able to achieve or exceed all of the forecasts that had been made for 2022.

### Comparison of actual to planned business development

	Forecast for 2022	Actual 2022	2021	Change 2022 vs. 2021 <sup>1</sup>
Order intake	Nearly €7 billion	€7.6 billion	€8.1 billion	-6.8%
Sales	Approx. €6 billion	€7.4 billion	€4.9 billion	+52.2%
Adjusted EBIT <sup>2</sup>	Increased	€416.3 million	€263.3 million	+58.1%
Adjusted EBIT margin	Slightly increasing	5.6%	5.4%	+0.2 pp

- Percentages are calculated based on figures denoted in millions.
- Please refer to the "Financial Performance" section for further details concerning adjustments to the reported EBIT.

## Developments in the regions

Exyte supplies its clients in all key markets at both global and local levels. The focus on specific regions is determined by the clients' capital expenditure investment plans ("follow the client approach").

The following table shows the important key figures and ratios for the regions. Due to the significant increase in sales for the APAC region, its share of total sales (before elimination of consolidation adjustments between the regions) increased significantly in 2022 and reached a new level of 55.2% (2021: 34.5%). Thus, the APAC region was the Group's strongest sales region in 2022. The EMEA region's share of total revenue sales (before elimination of consolidation adjustments between the regions) decreased to a level 27.4% (2021: 48.6%), as a result of declining sales in 2022.

The analysis of sales by region is as shown below:

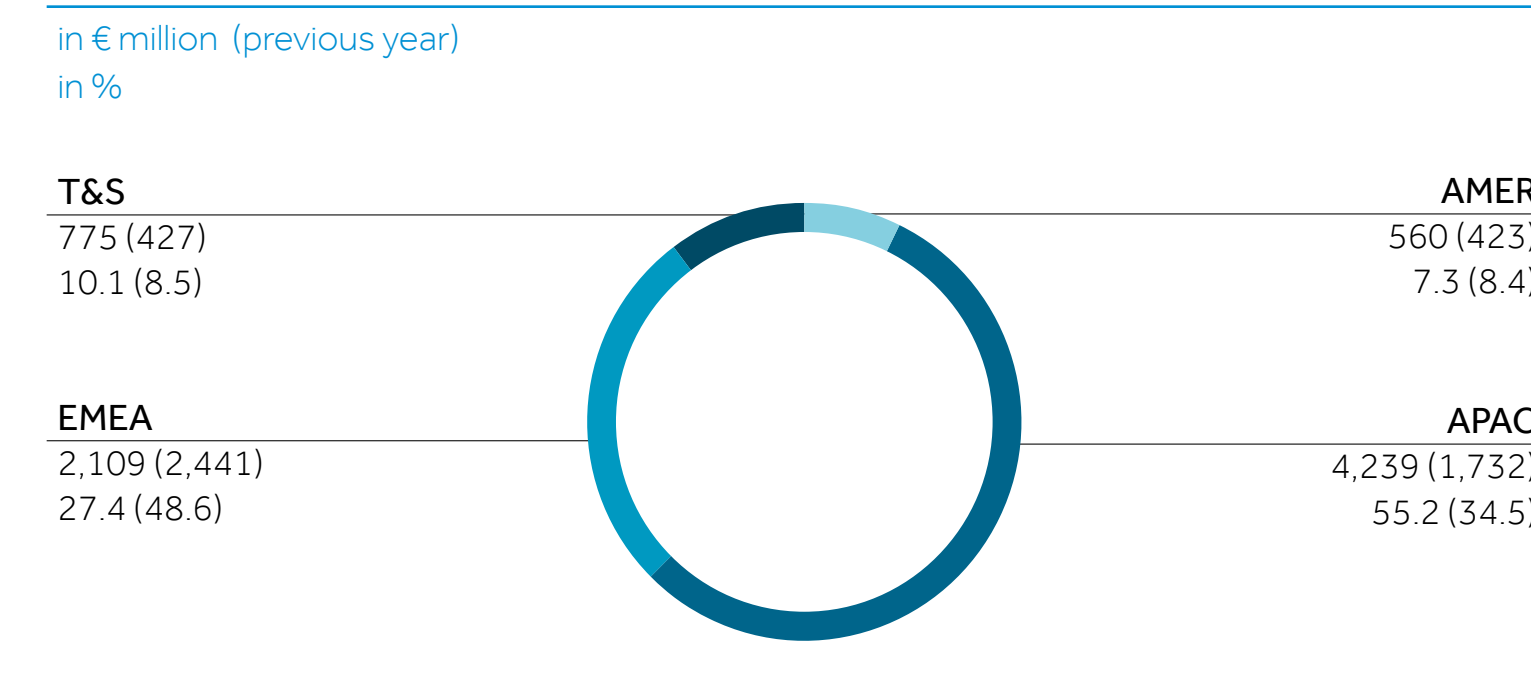
### Important key figures/ratios by region<sup>1</sup>

in € million

	APAC		EMEA		AMER		T&S	
	2022	2021	2022	2021	2022	2021	2022	2021
Order Intake	4,055	4,543	1,839	2,812	961	380	1,063	563
Order backlog	3,971	4,157	1,669	1,959	688	274	740	435
Sales	4,239	1,732	2,109	2,441	560	423	775	427
Gross profit	346	178	140	147	15	11	93	52
Gross profit margin	8.2%	10.3%	6.6%	6.0%	2.7%	2.6%	12.0%	12.1%
Adjusted EBIT	300	150	100	100	-7	0	69	33
Adjusted EBIT margin	7.1%	8.7%	4.8%	4.1%	-1.3%	0.0%	8.9%	7.8%

<sup>1</sup> The figures are shown before any consolidation adjustments. Effects deriving from consolidation eliminations between the regions are not considered and figures for Exyte GmbH and Exyte Management GmbH are not included.

### Sales by region 2022<sup>1</sup>



<sup>1</sup> Before consolidation of the regions.



### APAC

The order intake for the APAC region was €4,055 million and reduced by €488 million in comparison to the record order intake for the previous year (2021: €4,543 million). The largest project, with a contract value of €1,100 million, was awarded to Exyte in Malaysia by a major client operating in the semiconductor industry sector. In addition, the Advanced Technology Facilities business segment won two further major projects with respective order totals of above €700 million in China and just under €600 million in Singapore. In the Data Centers business segment, a project was won in Taiwan with an order volume of almost €170 million.

Sales in financial year 2022 increased significantly to a level of €4,239 million (2021: €1,732 million). This was especially due to sales increases in Singapore, Malaysia and China, which particularly resulted from the handling of major projects.

The gross profit increased significantly in financial year 2022, by €168 million to a level of €346 million (2021: €178 million). Positive volume effects, deriving from higher sales, were partially offset by the lower gross profit margin. This fell, in comparison to the previous year, from a level of 10.3% to 8.2%. The main reason for this was a change in the margin structure due to the higher proportion of major projects.

The APAC region generated an adjusted EBIT of €300 million in financial year 2022 (2021: €150 million). The increase by €150 million was predominantly due to the higher gross profit, which increased by €168 million. A slight counteracting effect derived from an increase in administration and selling costs, amounting to €15 million, which resulted from the adaptation of cost structures to cope with the increased sales volume. The adjusted EBIT margin decreased from 8.7% to 7.1%, mainly due to the decline in the gross profit margin.

### EMEA

The order intake in financial year 2022 for the EMEA region amounted to €1,839 million (2021: €2,812 million) and thus declined by €973 million. The reduction was predominantly due to lower incoming orders deriving from a semiconductor project in Ireland, which reduced by €1,500 million, due to the fact that the project is in the end phase of its execution. Counteracting effects derived in particular from projects in Austria (with a volume of just under €290 million) and in Israel (with a volume of some €160 million) in the Advanced Technology Facilities business segment, as well as a project in Denmark (with a volume of some €170 million) in the Data Centers business segment.

Sales generated in the EMEA region declined by €332 million to a level of €2,109 million (2021: €2,441 million). The main reason for this were the lower sales for the semiconductor project in Ireland, which could not be fully compensated by growth in sales from other projects.

The gross profit in financial year 2022 reduced slightly, from €147 million to €140 million. Volume effects, deriving from the lower level of sales were compensated by an improved gross profit margin, which increased to a level of 6.6% (2021: 6.0%).

At a level of €100 million, the adjusted EBIT generated for the EMEA region was at the same level as in the previous year, despite the slightly lower gross profit. The adjusted EBIT margin increased from 4.1% to 4.8%.

### AMER

The order intake in the AMER region increased significantly in financial year 2022 to a level of €961 million (2021: €380 million). This was mainly due to further incoming orders from an ongoing major project in the Advanced Technology Facilities business segment, which amounted to some €700 million.

At a level of €560 million, sales in the AMER region in financial year 2022 exceeded those of the previous year by €137 million (2021: €423 million). A major project that had commenced in the previous year was a significant contributing factor.

At a level of €15 million, the gross profit in financial year 2022 was €4 million above the level that had been achieved in the previous year (2021: €11 million). This was due to positive volume effects deriving from the higher sales. At a level of 2.7%, the gross profit margin was at nearly the same level as that achieved in the previous year (2021: 2.6%).

The AMER region generated an adjusted EBIT of –€7 million (2021: €0 million) with an adjusted EBIT margin of –1.3% (2021: 0.0%). The decline in the adjusted EBIT, despite the slight improvement in the gross profit margin, was particularly due to loss allowances and a slight increase in administration and selling costs.

### T&S

At a level of €1,063 million, the order intake for T&S in financial year 2022 was significantly above that of the previous year (2021: €563 million). €268 million of the overall increase of €500 million was due to the incoming orders generated by the CPS Group, which was acquired as of November 1, 2021 so that the figure for the previous year only includes a period of two months. The remaining increase of €232 million was particularly due to orders for service business generated by T&S (€204 million).



Sales generated by T&S also increased in financial year 2022, from a level of €427 million to €775 million. €172 million of the total increase in sales, which amounted to €348 million, resulted from the higher sales contribution made by the CPS Group.

The gross profit increased from €52 million to €93 million, mainly due to the higher volume of business. At a level of 12.0%, the gross profit margin in financial year 2022 was roughly at the same level as in the previous year (12.1%).

T&S achieved an adjusted EBIT of €69 million (2021: €33 million). The adjusted EBIT margin was 8.9% and increased in comparison to that of the previous year (2021: 7.8%). This increase was particularly due to the inclusion of the CPS Group for the whole year, as their EBIT margin is higher than the average for the segment.

## Development of the business segments

### Sales development in the business segments

As had already been the case in the previous year, the Advanced Technology Facilities business segment made the biggest contribution to the total sales of Exyte during financial year 2022. The share of sales decreased slightly, from 87.3% to 86.9%.

### Advanced Technology Facilities

The order intake in 2022 for the Advanced Technology Facilities business segment amounted to €6,506 million (2021: €7,270 million) and thus reduced – in comparison to the record order intake that had been achieved in the previous year – by €764 million. Exyte was able to win new large-volume projects in the semiconductor industry sector – especially in Malaysia, China, and Singapore. In addition, further incoming orders from ongoing semiconductor projects in the USA and Ireland are also included. Orders for the latter project reduced significantly in comparison to the previous year, as the project is in the end phase of its execution.

Sales in the Advanced Technology Facilities business segment increased significantly in 2022, to a level of €6,430 million (2021: €4,246 million). This was primarily due to higher project sales in Singapore and Malaysia. As had been the case in the previous year, the main contribution to sales came from the major project in Ireland.

At a level of 8.6%, the gross profit margin was more or less at the same level as had been achieved in the previous year (2021: 8.7%).

### Biopharma & Life Sciences

The order intake in the Biopharma & Life Sciences business segment increased in financial year 2022 to €581 million, following on from €492 million in the previous year. The largest project awarded to Exyte in the pharmaceuticals and biotechnology sector was located in Germany and had a contract value of just under €140 million.

Sales in the Biopharma & Life Sciences business segment increased significantly to a level of €610 million (2021: €357 million). The main sales drivers in 2022 were major projects in Singapore and Malaysia.

At a level of €16 million, the gross profit was lower than that achieved in the previous year (2021: €33 million). Positive volume effects deriving from the higher sales were negatively compensated by the lower gross profit margin, which reduced from 9.1% to 2.6%. This was particularly due to a change in the project portfolio with a higher proportion of low margin projects.

### Data Centers

The order intake in the Data Centers business segment increased in financial year 2022 to a level of €415 million (2021: €305 million). This was particularly due to two major projects for the construction of data centers in Denmark and Taiwan.

Sales generated by the Data Centers business segment also increased significantly to a level of €288 million (2021: €180 million). The main contributions to sales came from major projects in Israel and Malaysia.

At a level of €18 million, the gross profit was at the same level as in the previous year. Volume effects deriving from the higher sales were offset by counteracting effects due to the reduced gross margin, which reduced to 6.3% (2021: 10.1%).

### Regional Specific Business

The order intake in the Regional Specific Business segment increased, from a level of €46 million in 2021 to €57 million in 2022. The higher order intake was mainly due to projects in Israel in the defense industry market segment.

Sales in the Regional Specific Business segment reduced slightly to a level of €75 million (2021: €81 million).

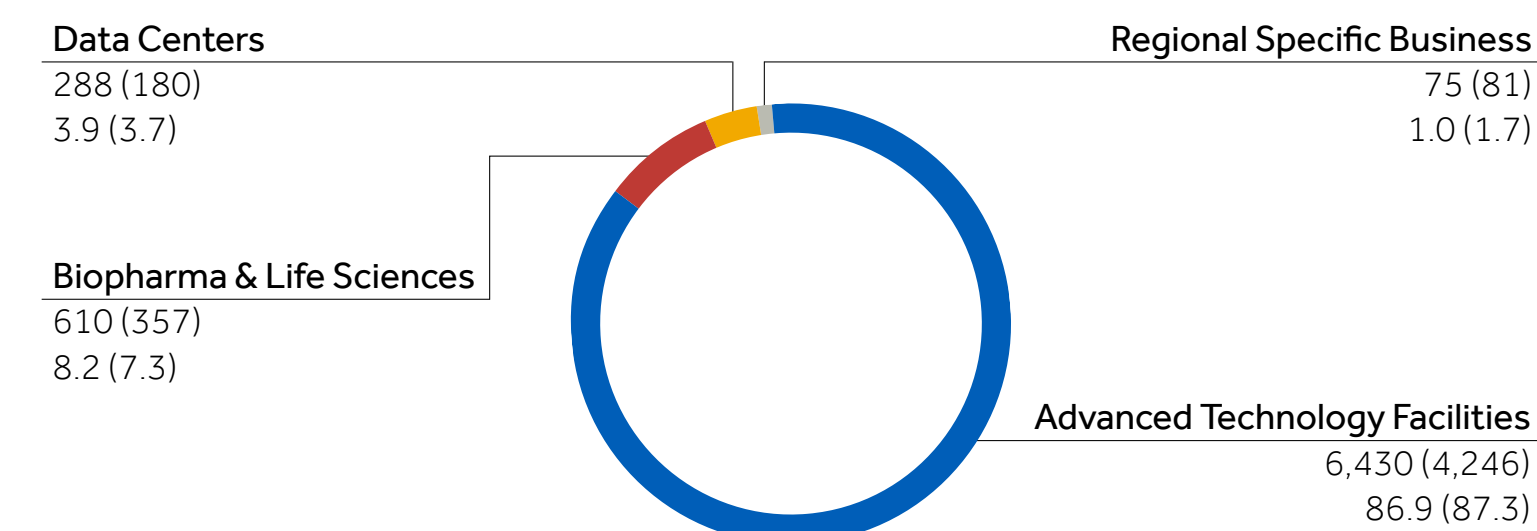
The gross profit/loss (–) improved significantly from –€30 million to €3 million. The gross loss in the previous year derived from a reduction in the margin of a project in France.

### Important key figures/ratios by business segment

in € million	Advanced Technology Facilities		Biopharma & Life Sciences		Data Centers		Regional Specific Business	
	2022	2021	2022	2021	2022	2021	2022	2021
Order intake	6,506	7,270	581	492	415	305	57	46
Order backlog	5,917	5,854	524	533	347	222	60	85
Sales	6,430	4,246	610	357	288	180	75	81
Gross profit	552	369	16	33	18	18	3	–30
Gross profit margin	8.6%	8.7%	2.6%	9.1%	6.3%	10.1%	4.2%	–36.9%

### Sales by business segment 2022

in € million (previous year)  
in %





## Financial Performance

Exyte's **gross profit** (sales less cost of sales) for the reported 2022 financial year increased substantially, by €199.6 million or 51.2%, to a level of €589.0 million (2021: €389.4 million). This was due to the significant increase in sales. As had been the case in the previous year, a gross margin of 8.0% was achieved.

**Selling costs** increased by 24.8% in comparison to the previous year, to a level of €50.5 million (2021: €40.4 million) due to the increase in business volumes. They mainly consist of costs of personnel and materials or services incurred by the sales organization, expenses in connection with the preparation of proposals for projects that were not awarded, or could not be passed on to clients, as well as marketing expenses, public relations costs, and advertising expenses. Furthermore, amortization and depreciation charges that are attributable to the sales area are also included.

**Administration costs** amounted to €141.7 million (2021: €94.0 million) and increased by €47.7 million, or 50.7%, in comparison to the previous year. They mainly include costs of personnel and materials or services incurred by administrative functions, as well as amortization and depreciation charges that are attributable to the administration area. €11.8 million of the increase was due to inclusion for the first time of the CPS Group for a full year in the consolidated financial statements, following its acquisition as of November 1, 2021. The remaining increase of €35.9 million was particularly due to the measures taken to secure the general strategy for growth, as well as the implementation of a new ERP system. We refer to the further information presented in the report on opportunities concerning the strategy for growth.

**Other operating income** reduced by €1.2 million in comparison to the previous year, to a level of €18.6 million (2021: €19.8 million). €5.6 million of the reduction was due to the lower figure for income deriving from the reimbursement of COVID-related costs, which resulted from COVID-support programs in Asia. In addition, gains on the disposal of intangible assets and property, plant and equipment reduced by €1.7 million, which is mainly due to the non-recurrence of income deriving from a sale-and-lease-back transaction (the building in Renningen) that was disclosed in the previous year. A counteracting effect derived from the €4.0 million higher gain on the disposal of consolidated entities, which resulted from the deconsolidation of Exyte Rus, LLC, Moscow, Russia, an entity that was liquidated in financial year 2022. Furthermore, the amount of income deriving from the charge-out of expenses to third parties and from leases increased by €2.6 million.

**Other operating expenses** increased by €1.2 million in the year reported, to a level of €18.4 million (2021: €17.2 million). The main cause for this were €5.3 million higher expenses deriving from the recognition of impairment losses, which were primarily attributable to a US-American client. A counteracting effect arose from the reduction in COVID related costs by €3.3 million, which were particularly incurred for the continued payment of salaries during shutdown periods in Singapore and are offset by corresponding income from government support programs. In addition, these costs also include expenses for hygiene measures and additional accommodation costs incurred because of government quarantine regulations (especially in Asia). We also refer to the explanatory comments concerning other operating income.

At a level of €397.0 million, the **result from operating activities (EBIT)** in financial year 2022 was considerably higher, by €139.4 million or 54.1%, than that of the previous year (2021: €257.6 million). As explained in the section "Key financial performance indicators," the executive management assesses Exyte's earnings performance on the basis of **adjusted EBIT**. This amounted to €416.3 million in financial year 2022 (2021: €263.3 million) and was also considerably higher, by €153.0 million or 58.1%.

The reconciliation to the **adjusted EBIT** is presented in the following table:

### Reconciliation to the adjusted EBIT

In €million	2022	2021
<b>Result from operating activities (EBIT)</b>	<b>397.0</b>	<b>257.6</b>
<b>Adjustments</b>	<b>19.3</b>	5.7
Thereof:		
Impact on earnings deriving from purchase price allocations	7.7	1.2
Costs for restructuring measures	3.6	1.9
Transaction costs relating to (planned) business acquisitions	2.3	5.4
Costs deriving from transaction-related bonuses	2.1	0.0
COVID-related income and expenses	0.1	-2.4
Income deriving from the sale-and-lease-back transaction for the building in Renningen	0.0	-1.4
Income deriving from the reversal of allowances set up against receivables due from Exyte Group companies that are not included in the consolidation, due to restructuring measures	0.0	-1.1
Costs deriving from other non-recurring items (e.g. one-time IT costs, legal and consulting costs, or other expenses)	3.5	2.1
<b>Adjusted EBIT</b>	<b>416.3</b>	<b>263.3</b>



The **net income from financing activities** for the 2022 year reported was positive at a level of €7.7 million, (2021: –€1.4 million). €6.9 million of the overall €9.1 million improvement in the net income from financing activities was due to the higher net balance of interest income and interest expenses, which resulted in particular from the higher interest earned on credit balances, due to the general increase in interest rate levels. The remaining improvement is driven by the increased currency result.

**Consolidated earnings before tax (EBT)** amounted to €404.8 million and were thus €148.6 million above the level that had been achieved in the previous year (2021: €256.2 million). The income tax expense amounted to €55.8 million (2021: €39.7 million); this equates to a slightly lower overall Group tax rate of 13.8% (2021: 15.5%). Further explanations concerning the tax position are to be found in the notes to the consolidated financial statements in Note 8 ("Income tax").

After taking income tax into account, the resultant **consolidated net profit** amounted to €349.0 million and was €132.5 million higher than the consolidated net profit for the previous year (2021: €216.5 million).

## Assets and liabilities

Due to the nature of the Group's business activities, the assets situation is mainly characterized by the **current assets**. Current assets make up 84.0% (December 31, 2021: 81.3%) of the total assets. The current assets are subject to fluctuation depending on the volume of contracts, the project mix and the amount of advance payments that customers have made in respect of ongoing projects. In a year-on-year comparison, the relative share of the non-current assets reduced slightly from 18.7% to 16.0%. In relation to the figure for total assets, Exyte's non-current assets (particularly intangible assets, property plant and equipment, right-of-use assets, and deferred tax assets) continue to be relatively less significant.

As of December 31, 2022, the **total assets** amounted to €3,958.2 million and had thus increased by €1,051.1 million in comparison to the figure as of December 31, 2021 (€2,907.1 million). The main reason for this was the both the increase in current assets (€961.2 million) and non-current assets (€89.9 million)

**Intangible assets** amounted to €373.6 million (December 31, 2021: €338.7 million).

€307.8 million of this amount is attributable to **goodwill** (December 31, 2021: €280.9 million). €17.4 million of the total increase in goodwill, amounting to €26.9 million, derives from the acquisition of Airgard, Inc. In addition, an adjustment to the goodwill arising from the acquisition of the CPS Group, which was completed in the previous year, resulted in an increase by €1.8 million, following the final determination of the purchase price in financial year 2022. Goodwill also increased by €7.7 million due to currency translation effects.

**Other intangible assets** amounted to €65.8 million (December 31, 2021: €57.8 million). Assets of €13.4 million were added during financial year 2022, of which €13.0 million was mainly due to additions of other intangible assets (mainly customer relationships, technology-based intangible assets and the brand name), in connection with the acquisition of Airgard, Inc. In addition, positive effects of €2.3 million derived from currency translation. A counteracting effect of €7.7 million arose from scheduled amortization charges for the financial year.

The figure for **property, plant and equipment** increased by €12.9 million in financial year 2022, to a level of €51.3 million. The increase is due to the fact that the asset additions of the financial year (€24.4 million, of which €0.4 million derived from the acquisition of Airgard, Inc.) and positive effects deriving from currency translation (€0.8 million) were offset by lower asset disposals (€0.7 million) and depreciation charges (€11.6 million).

**Right-of-use assets deriving from leases** amounted to €129.5 million (December 31, 2021: €98.0 million). The increase of €31.5 million results from additions in the financial year (€60.3 million, of which €3.3 million resulted from the acquisition of Airgard, Inc.), positive effects deriving from currency translation (€0.6 million), and contract modifications

(€2.0 million), which exceeded charges for depreciation (€31.4 million). The additions mainly result from leasing contracts concluded for real estate in financial year 2022.

**Inventories**, amounting to €90.4 million (December 31, 2021: €55.4 million), predominantly resulted from entities that are assigned to the T&S segment and only to a limited extent from the Group's project-related business.

The **advance payments made** of €252.0 million (December 31, 2021: €125.0 million) mainly result from advance payments to sub-suppliers in the project business sector.

The figure for **contract assets** increased by €167.7 million at the reporting date, to a level of €456.1 million. **Trade receivables** also increased, by €141.5 million to €835.5 million. The overall increase of the contract assets and trade receivables, by €309.2 million or 31.5%, was due to the higher business volumes.

**Other current financial assets** amounted to €51.5 million (December 31, 2021: €23.3 million) and thus increased by €28.2 million. The main reason for this resulted from short-term time deposits made by Exyte GmbH with banks, amounting to €23.0 million. In addition, the figure for derivative financial instruments disclosed as current financial assets increased by €9.1 million.

The increase in **other current assets** by €12.9 million, from €24.8 million to a level of €37.7 million, was due to a higher figure for refundable VAT, which increased by €12.1 million.

As of December 31, 2022, the Group had available **cash and cash equivalent balances** of €1,592.4 million (December 31, 2021: €1,148.9 million). The increase in cash and cash equivalents of €443.5 million is detailed in the explanations concerning cash flow development. As in the previous year, unutilized cash credit lines exist, amounting to €10.0 million.

€213.8 million of the increase of €1,051.1 million in **total equity and liabilities** derives from the increase in equity. In addition, current and non-current liabilities increased by €807.7 million and €29.6 million respectively.



The **non-current assets** were covered by equity and non-current liabilities to an extent of 127.4% (2021: 103.7%).

The increase in **equity** by €213.8 million, from a level of €447.8 million to €661.6 million, is primarily due to the consolidated net profit of €349.0 million for financial year 2022. In addition, equity increased by €14.8 million, in particular due to effects deriving from changes in currency exchange rates of €15.8 million. The €150.0 million distribution to the sole shareholder in financial year 2022 had a counteracting effect.

The **equity ratio** was 16.7% (December 31, 2021: 15.4%).

The increase in **non-current liabilities**, by €29.6 million, is mainly due to higher **non-current lease liabilities**, which increased by €29.0 million. The non-current and current lease liabilities are offset by corresponding rights of use on the assets side. The increase is mainly due to new lease contracts for real estate concluded in financial year 2022.

At a level of €7.4 million (December 31, 2021: €10.5 million), the figure for **provisions for pensions** was below that of the previous year; this was particularly due to the higher level for interest rates.

**Other current provisions** increased by €23.3 million, from €78.5 million to €101.8 million. The reason for this was an increase of €13.6 million in employee-based provisions (in particular for performance-related remuneration and bonuses).

**Contract liabilities** increased in financial year 2022 by €86.2 million, from €906.9 million to a level of €993.1 million. The increase resulted mainly from higher client payments for ongoing projects.

**Trade payables** increased at the year-end closing date by €679.0 million, from €1,228.2 million to €1,907.2 million. The increase was primarily due to higher usage of sub-contractor services.

In a manner analogous to the development of rights of use assets and non-current lease liabilities, the **current lease liabilities** also increased by €5.6 million, from €22.9 million to €28.5 million, in financial year 2022.

**Contingent liabilities**, deriving from guarantees and sureties provided by the Exyte Group, increased by €187.4 million to €449.7 million due to the significant increase in project volumes.

#### Financing and working capital management

Exyte finances its ongoing business activities through working capital. The Group is independent of external forms of financing; borrowing from banks does not play a role.

Within the scope of its business activities, Exyte concentrates on the engineering and realization of plant projects and project management, as its core business. The Group uses a large number of subcontractors and suppliers to carry out tasks in different trade areas. As work on the project progresses, trade receivables and contract assets are counterbalanced by client advance payments, which are used to finance the projects and are reported under contract liabilities, and trade payables. Therefore, for the vast majority of projects, no additional financing is required. As a rule, the projects show positive liquidity from their commencement. The executive management monitors the development of the working capital on an ongoing basis.

The following table shows the working capital as of the year-end reporting date as of December 31, 2022 and as of the previous year-end:

#### Development of working capital

in € million	31.12.2022	31.12.2021
Inventories and advance payments made	342.3	180.5
Trade receivables	834.6	691.6
Trade payables	-1,907.1	-1,227.5
<b>Trade working capital</b>	<b>-730.2</b>	<b>-355.4</b>
Contract assets	456.1	288.4
Contract liabilities	-993.1	-906.9
<b>Working capital deriving from construction contracts</b>	<b>-537.0</b>	<b>-618.5</b>
<b>Net working capital relating to third parties</b>	<b>-1,267.2</b>	<b>-973.9</b>
Receivables from associated entities and non-consolidated subsidiaries	0.9	2.4
Liabilities to associated entities and non-consolidated subsidiaries	-0.1	-0.7
<b>Net working capital relating to associated entities and non-consolidated subsidiaries</b>	<b>0.8</b>	<b>1.7</b>
<b>Net working capital of the Group</b>	<b>-1,266.4</b>	<b>-972.2</b>
<b>As a percentage of sales<sup>1</sup></b>	<b>-17.1</b>	<b>-20.0</b>

<sup>1</sup> Based on sales of €7,403 million for 2022 and €4,865 million for 2021.

It proved possible to improve the Group's negative net working capital by –€294.2 million in financial year 2022, from a level of –€972.2 million to –€1,266.4 million. The working capital ratio in relation to the consolidated sales revenue was –17.1% (December 31, 2021: –20.0%).

A significant driver for this development was the trade working capital, which improved by –€374.8 million in financial year 2022, from –€355.4 million to a new level of –€730.2 million. This is largely attributable to the higher level for trade payables, the increase in which more than compensated the increase in trade receivables. As had been the case in the previous year, trade payables significantly exceeded trade receivables and inventories.

The decrease in the balance of working capital deriving from construction contracts by €81.5 million, from a level of –€618.5 million to –€537.0 million, had a counteracting effect. This was primarily due to a higher level of contract assets resulting from ongoing project business.

Overall, this resulted in negative net working capital deriving from third parties of –€1,267.2 million, which shows an improvement of –€293.3 million in comparison to the previous year (December 31, 2021: –€973.9 million).

The net working capital deriving from associated entities and non-consolidated subsidiaries amounted to €0.8 million (December 31, 2021: €1.7 million) and is thus only of minor importance for the net working capital position of the Group, as was also the case in the previous year.

### Liquidity management

As a general rule, Exyte GmbH handles the Group's financing in its role as the parent company of the Group. In the context of its liquidity management activities, any surplus funds within the Group are deposited with the parent company and loans are granted to subsidiaries, as required. The local lead companies are responsible for the financing function within the subgroups in Asia and America; the Group's parent company provides this function itself in Europe.

### Cash flow development

The positive cash flow from operating activities increased by €56.4 million in comparison to the previous year, to €686.5 million. This was primarily due to the increase by €148.6 million in the consolidated earnings before tax (EBT). A counteracting effect derived in particular from the €85.4 million lower positive effect deriving from the change in working capital.

The cash flow from investing activities in financial year 2022 amounted to –€80.7 million, compared to –€185.3 million in the previous year, and thus reduced considerably, by €104.6 million. In financial year 2022, it included in particular cash outflows for investments in intangible assets and property, plant and equipment (–€24.5 million), for the acquisition of the subsidiary, Airgard, Inc. (–€32.5 million), and for time deposits made with banks (–€23.0 million). In the previous year, it had been predominantly impacted by a cash outflow of –€210.4 million for the acquisition of the CPS Group. In addition, cash outflows for capital investments in intangible assets and property, plant and equipment had amounted to –€9.6 million. A counteracting effect

had derived from cash inflows resulting from the sale-and-lease-back transaction involving the production building in Renningen (€34.7 million).

The cash flow from financing activities increased significantly by –€156.2 million in comparison to the previous year, from –€20.5 million to –€176.7 million. The distribution to the sole shareholder was responsible for –€150.0 million of this increase. In addition, payments for the redemption of finance lease liabilities amounted to –€27.8 million (2021: –€21.0 million).

After taking exchange rate effects on cash and cash equivalents, amounting to €14.4 million, into account, the cash and cash equivalents increased by €443.5 million, from €1,148.9 million to €1,592.4 million, in the year reported.

### Summary of the economic situation

Global economic development in 2022 was massively influenced by the effects of the COVID-19 pandemic and the war in Ukraine. The effects on the business development of Exyte in financial year 2022 were relatively insignificant, due to the business sectors in which the Exyte Group is active. Overall, the Exyte Group continued to develop positively in 2022, even under the difficult surrounding conditions, and was able to achieve or exceed its forecast targets. Sales increased significantly, from €4.9 billion to €7.4 billion. The adjusted EBIT also increased considerably, from €263.3 million to €416.3 million. As of the year-end reporting date, the Group continues have a high level of available liquid resources, which account for 40.2% (December 31, 2021: 39.5%) of total assets. Exyte finances itself and its growth through its operational business activities.



# HUMAN RESOURCES

As of December 31, 2022, the Exyte Group employed 8,965 employees, expressed as full-time equivalents (FTE), representing an increase, by 1,521 employees or 20.4%, in comparison to the number as of December 31, 2021 (7,444 employees)

## Employee numbers by regional segment (FTE)

	31.12.2022	31.12.2021
AMER	517	407
APAC	4,027	3,187
EMEA	1,460	1,323
T&S	2,795	2,391
Exyte Management GmbH and Exyte GmbH	166	136
<b>Total</b>	<b>8,965</b>	<b>7,444</b>

The increase in the number of employees in the AMER segment, by 110, or 27.0%, is due to project-related recruitment and the expansion of central functions within Exyte U.S., Inc.

The number of employees in the APAC segment increased by 840, or 26.4%. This is particularly due to the recruitment of employees for operational business purposes for the national companies in Malaysia, China and Singapore.

In the EMEA segment, the number of employees increased by 137, or 10.4%. The increase is predominantly due to the recruitment of employees in Germany, Italy and Israel.

The number of employees in the T&S segment increased by 404, or 16.9%. Part of the increase resulted from the 42 employees who were added within the context of the acquisition of Airgard, Inc. Adjusted for this acquisition-related increase, the employee numbers in the T&S segment increased by 362, or 15.1%. 147 of the remaining increase in employee numbers derives from the acquisition of the CPS Group and the build-up of employee numbers in the TECH sector (108 employees) and the service sector (107 employees).

The number of employees of Exyte Management GmbH and Exyte GmbH increased in total by 30, or 22.1%; this is due to the further expansion of the central functions.

# RISKS, OPPORTUNITIES, AND FORECAST

## RISKS

### Risk management system

The risk management system represents a significant integral component of Exyte's corporate governance. Its objective is to continually identify, assess, treat, monitor, and report potential risks that could threaten Exyte's business objectives or hamper its strategic initiatives. Risks are defined as possible events or developments that could have an adverse impact on Exyte's business development and its medium-term plans.

In accordance with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, Exyte's risk management system encompasses all risk identification, assessment, treatment, monitoring, and reporting measures. The risk management process, including its instruments and all underlying principles and guidelines, also forms part of the system. The risk management system is closely aligned to processes that are designed to determine strategies, achieve business objectives, and safeguard assets and the value-added chain. Unlike early warning systems, it addresses all significant risks, and not just grave risks that threaten the existence of the business as a going concern

### Risk management principles within Exyte

Exyte's risk management system is there to support the decision-making process, the achievement of business objectives, and to help use resources effectively. It is based on the following principles:

- Every business activity entails viable risks that in principle have to be identified, assessed, and communicated.
- Risk management has the objective of ensuring compliance with rules and regulations, as well as making risks transparent by implementing a systematic risk management process.
- Risk management is a key component of our business processes. It is involved in all business activities.
- Exyte's core values provide the fundament for its risk management system.
- The risk management function is responsible for all definitions, rules, and procedures that are set out in the risk management framework, in order to facilitate the implementation of a common understanding of the risks involved throughout the whole Group.
- Every employee has the duty to proactively participate and support the risk management system.
- The executive management is responsible for improving the culture of risk awareness within the organization and serves as a role model in this respect.

### Materiality thresholds

Exyte has defined risk-related materiality thresholds that are dependent on the degree of risk tolerance. In view of the profitability and cash-oriented manner in which Exyte is managed, EBIT, as well as cash and cash equivalents, have been identified as the key parameters that serve as benchmarks to determine these materiality thresholds.

Exyte distinguishes between two types of materiality thresholds:

- A reporting threshold for the identification and assessment of risks: any potential financial impacts in excess of €1 million on EBIT, or cash and cash equivalents, are no longer considered to be immaterial risks. When this level is reached or exceeded, risks have to be addressed in the risk assessment process and by means of regular risk reports.
- Escalation criterion for ad-hoc reporting: a potential financial impact of €10 million on EBIT, or cash and cash equivalents, represents a medium level of financial impact. If this threshold is exceeded during the monitoring phase, then the associated risks must be reported immediately to the Head of Corporate Opportunity & Risk Management, the Executive Management, and the Supervisory Board.



### Risk management process

The risk management process outlined below, including the related regulations and guidelines, is applicable throughout the Exyte Group for purposes of risk identification, assessment, treatment, monitoring, and reporting.

The risk management processes within the Exyte organization are divided into five sets of sub-processes:



The Head of Corporate Opportunity & Risk Management is responsible for Exyte's standard risk management process and for maintaining, and updating, the Corporate Opportunity & Risk Management Policy – at least once per year, or in the event of one of the following:

- Technological changes;
- Changes associated with business goals and processes;
- Potential new threats;

- Changes to improve the efficiency of implemented controls;
- Changes related to legal or regulatory requirements; or
- Updated contractual obligations and external events.

Risk managers, who are usually the heads of the regions, business segments, and corporate departments, are tasked to assess their respective risks and report to the Head of Corporate Opportunity & Risk Management, who also supports the efforts of the risk managers and the regional Business Partner Opportunity & Regional Risk Management function in their task of monitoring risks.

### Risk identification

The various risk managers and the Business Partner Opportunity & Risk Management functions in the regions, business segments, and central functions identify risks by means of various measures such as by staging workshops, holding individual interviews, or by reviewing internal and external reports. Strategic risks that could affect the attainment of Exyte's business objectives are identified at the regional or central management level with the support of the Head of Corporate Opportunity & Risk Management.

### Risk assessment

The process of risk assessment enables Exyte to prioritize identified risks and direct management's attention to the most important matters. Furthermore, the risk assessment process provides a basis to define appropriate measures to handle and minimize the risks.

Once the risk managers and the Business Partner Opportunity & Risk Management function have identified the risks in their areas of responsibility, they assess the risks in their area of responsibility with the support of the Head of Corporate Opportunity & Risk Management. In the process, they apply the following evaluation criteria.

### Evaluation criteria

Two dimensions are used to evaluate risks:

1. Impact – i.e. the extent to which the occurrence of given risk could affect the organization and the achievement of its objectives.
2. Likelihood – i.e. the probability that the risk will occur within a specified period of time.

The Head of Corporate Opportunity & Risk Management regularly reviews and updates these evaluation criteria at least once a year.

The potential impacts deriving from a risk are evaluated by the Risk Management function from a quantitative (financial) perspective and from a qualitative perspective (i.e. risks impacting business objectives, reputation, business continuity, and relating to supervisory authorities). The financial perspective is the primary criterion for the evaluation

The impact scale ranges from one (very low) to five (critical):

**1. VERY LOW:**

Does not impact daily performance or causes only insignificant financial losses.

**2. LOW:**

Minimal negative impact on daily business; the situation can be brought under control immediately or would cause only minor financial losses.

**3. MEDIUM:**

Causes medium disruptions to daily business or medium financial loss.

**4. SEVERE:**

Causes a temporary loss of business functionality and capability, severe injury or damage to reputation, but does not have long-term or consequential impacts, or cause high financial loss.

**5. CRITICAL:**

Causes massive financial loss or insolvency, reputational damage, or damage to relationships with stakeholders.

The likelihood classification scale ranges from one (remote) to five (very probable):

**1. REMOTE:**

The event will occur only in exceptional cases (likelihood of one event within a period of five to ten years).

**2. UNLIKELY:**

The event could occur from time to time (likelihood of one event within a period of three to five years).

**3. POSSIBLE:**

The event could occur occasionally (likelihood of one event within a period of one to three years).

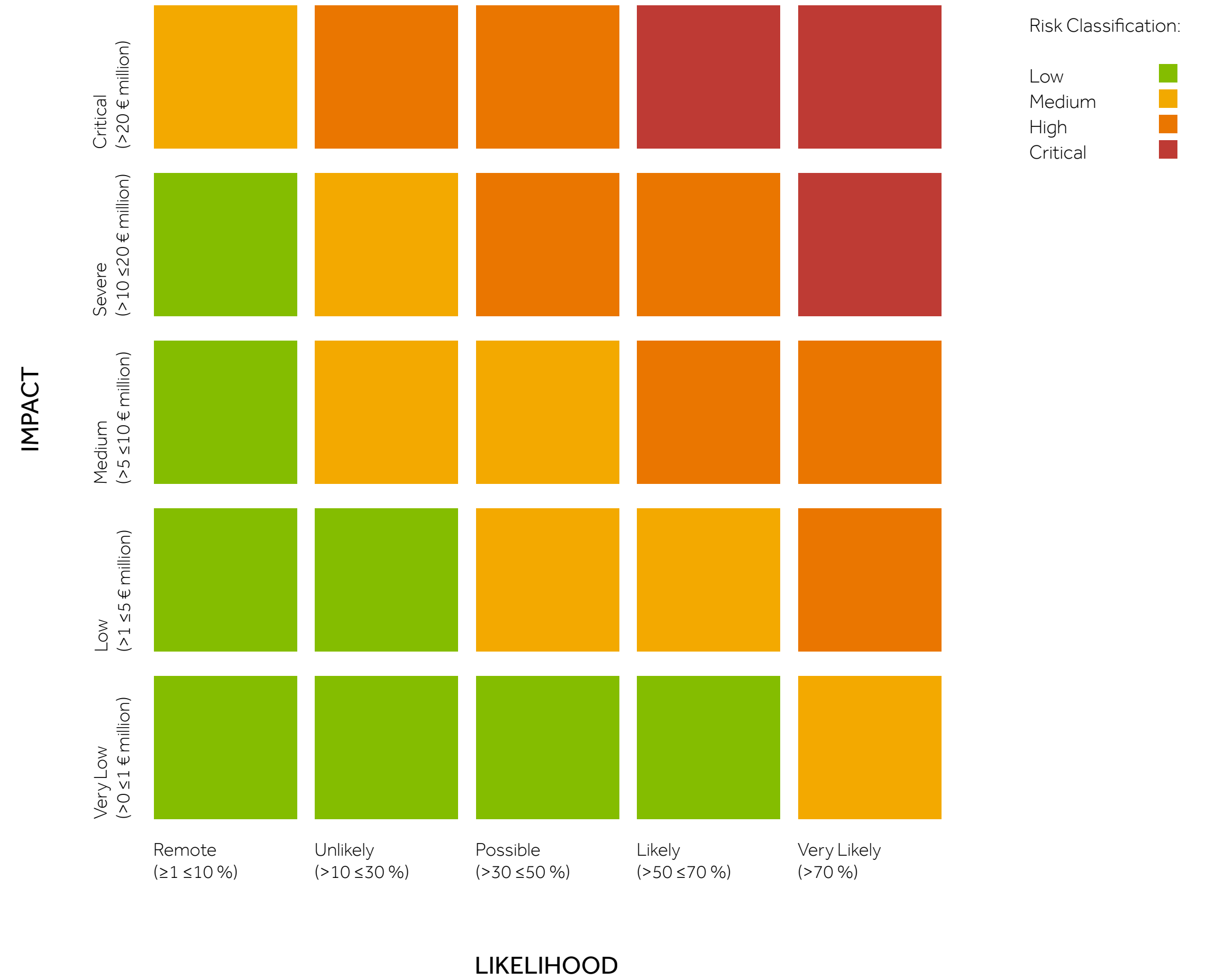
**4. LIKELY:**

The event could repeatedly occur (likelihood of one event within a period of six to twelve months).

**5. VERY LIKELY:**

The event is expected to occur in most cases (likelihood of one event within six months).

The combination of the two evaluation dimensions, impact and likelihood, defines the overall risk classification, which is used to prioritize the identified risks, in order to enable Exyte to allocate its resources accordingly. As shown in the following diagram, each risk is classified as low, medium, high, or critical.





## Risk treatment

The risk treatment process enables Exyte to determine appropriate risk mitigation measures for each type of risk.

Four important risk treatment measures are outlined below:

1. **Tolerate:** One possible risk treatment strategy variant is to tolerate the risk in a situation where any additional activities that are required to combat the risk would not be economically justifiable in relation to the potential consequences. A routine part of making business decisions is to consciously take a foreseeable and acceptable risk, by taking into account and evaluating the cost-benefit aspects with regard to the implementation or omission of additional risk management activities.
2. **Terminate:** Terminating risks means that activities should be terminated in cases where additional risk-taking activities are not economical and the potential returns deriving from the activities are not attractive in relation to the related risks involved.
3. **Treat:** Risk reduction includes activities and measures that reduce the probability of a risk occurring or minimize the severity of the impacts if the risk scenario does occur.
4. **Transfer:** Risk transfer includes activities and measures that transfer the responsibility for managing the risks, or any liabilities that might derive from the financial consequences of risk scenarios, to a third party. For example, risks can be transferred to third parties contractually or with the help of insurance.

## Risk monitoring

The risk managers are responsible for the continuous monitoring of risks in their area of responsibility. This includes:

- The identification of newly emerging risks or the recognition of a necessity to reassess risk scenarios that have already been identified.
- Recognition of the necessity to treat a risk or to redefine the risk treatment measures to be taken, if the measures taken are ineffective.

## Risk reporting

A risk report is submitted to the executive management on at least a semi-annual basis. The Head of Corporate Opportunity & Risk Management prepares a risk report based on the results of consolidated risk assessments and associated risk treatments. In addition, ad-hoc updates on critical risks identified are reported directly to the executive management if they arise outside the semi-annual reporting cycle.

## Group risk report for 2022

Exyte was exposed to various risks in 2022. Although most of the risk scenarios in the portfolio were regarded as having been known beforehand, the risk assessments for the risk positions were verified and, where necessary, updated. This was in particular the case for risks relating to Exyte's operational business activities.

An assessment is made as to whether individual risks exist for a twelve-month forward period, commencing from the reporting date. The following section describes the most important risks. They are valid for the entire Exyte Group and are based on a net risk assessment. The table below summarizes Exyte's risk situation as of December 31, 2022, in all categories:

## Risk classification by risk category

Risk group	Risk category	Risk classification
Strategic risks	External communication	Low
	Executive management	Low
	Major initiatives	Low
	Market dynamics	Medium
	Planning and resource allocation	Low
Operational risks	Research and development	Low
	Hazards	Low
	Environment, health, and safety	Medium
	Project delivery	Medium
	Sales and marketing	Medium
Compliance risks	Information technology	Medium
	Employees and HR organization	High
	Code of conduct	Low
Financial risks	Legal risks	Low
	Regulatory risks	Low
	Accounting and reporting	Medium
	Liquidity and credit management	Low
	Sales cycles	Low
	Taxation	Low

Based on the findings included in Exyte's internal Group risk report for the second half of 2022, the risks are described in the following section that may have a material impact on business objectives, activities, earnings, or on the organization's reputation. These are risks that have been designated to a risk classification of "medium" or "high."

## Strategic risks

### Market dynamics

In view of the changing market environment and volatile economic and political developments, Exyte may be exposed to macroeconomic down cycles, resulting from political tensions that could arise in any of the geographic regions in which Exyte does business.

The international semiconductor market is heavily dependent on global economic growth and Exyte's client portfolio includes some of the biggest players in this market. Exyte's targeted clients continue to be exposed to short-term market fluctuations, which could prompt them to reduce their capital expenditure investment. This would have a direct impact on Exyte's project environment.

## Operational risks

### Environment, health, and safety

Exyte's business operations are exposed to the risk of employee injury or damage to important assets, due to natural hazards or pandemics. Site-specific hygiene concepts, safety, and environmental plans, as well as business continuity plans, are in place to ensure the resilience of business operations and prevent injuries, or loss of life, caused by industrial accidents.

Projects are subject to potential direct threats deriving from environmental, safety, health, or quality-related hazards. Within this category, the selection of subcontractors that do not meet Exyte's required standards constitutes a significant risk, as they could adversely affect the Exyte's overall performance. In order to minimize this risk, Exyte assesses and controls subcontractors at project level.

### Project delivery

Project delivery is an important risk management category within Exyte's core business activities. Project-related risks may derive from various factors, such as high project complexity or through short project durations. As Exyte is globally active, the identification and treatment of risks is usually handled within the regions, or respectively, at project level within the business segments. Of particular importance is the comprehensive management of subcontractors, in order to minimize risks deriving from the failure to meet deadlines or from cost overruns. Project teams, working together with the regional and strategic business segment management teams, coordinate efforts to mitigate these risks.

### Sales and marketing

In its role as a globally active organization, Exyte carries out projects in a number of different geographic regions. In some cases, various projects may be delivered in different geographic regions for the same client. This presents a challenge for Exyte, as delays or problems in one project could adversely affect the relationship with a global client and have a direct impact on Exyte's medium and long-term business development.

At the same time, taking on several projects for individual clients can result in a situation that our project portfolio becomes heavily dependent on such clients. This is especially the case in the semiconductor industry, where the number of major global players is limited. Exyte has a structure of global business units in place to track all projects and interface with current and potential clients, in order to support efforts to diversify our project and client portfolios, and thus mitigate the risks in connection with individual clients.

### Information technology

The security of business data and the IT infrastructure is extremely important for Exyte. There is an observable global increase in events that threaten data security and the IT infrastructure. These developments must be confronted by applying effective countermeasures, as Exyte's IT systems play an important role in business processes, involving both internal and external parties. The precautionary measures that Exyte has already taken cannot completely exclude every external threat to the confidentiality, availability and reliability of the data that is used in such systems in the areas of development, project delivery, sales, or administration. Exyte's

reputation, competitive position and its operational processes could suffer due to cyber-attacks. Exyte continuously invests in resources to improve its IT infrastructure and further reduce this risk.

### Employees and HR organization

At present, the recruitment market for highly qualified employees is highly competitive. It is therefore a challenge to recruit the right employees to fill vacancies. At the same time, given the current low unemployment rate and the competition in the targeted industry sectors across the individual regions, Exyte is also faced with a challenge to retain its capable and experienced employees. The risk of not being able to fill key positions and also that deriving from a high turnover rate could jeopardize business processes, or respectively lead to a situation in which Exyte would be unable to take advantage of opportunities that present themselves. The HR organization and the senior management team are continually developing initiatives and planning measures to counteract these risks.

## Financial risks

### Accounting and reporting

Reliable and high-quality financial reporting is indispensable for the management of the organization and provides the cornerstone on which stakeholders' trust in Exyte is built. The preparation of compliant annual and consolidated financial statements and reliable forecasts has the highest priority within Exyte. Particular attention is paid to the correct accounting presentation of project-related business activities and other complex accounting issues. In addition, it is necessary to ensure compliance with the applicable accounting regulations and to properly implement changes in accounting standards in due time, by ensuring that appropriate processes and systems are in place. In order to ensure that financial reports are properly prepared, monthly reviews are conducted at both project and management level. Furthermore, internal control systems covering financial reporting processes are monitored and employees are provided with appropriate training.



## Risks related to financial instruments

In the course of carrying out its business activities, the Exyte Group is exposed to financial risks. There is an inherent potential risk, deriving from receivables due from business partners or clients, that they could default on their payments (credit or default risk).

Since many of its clients, especially those with whom longstanding business relationships have existed for many years, are major corporations with high credit ratings, Exyte's credit risk is limited, especially in its core business areas. In order to minimize the risk deriving from receivables with new clients, credit information is obtained as part of the project approval process. Any outstanding receivables are regularly monitored as part of the reporting system.

Some receivables are exposed to foreign currency risks, which are partly hedged through use of derivatives. However, due to the fact that the subsidiaries are located throughout the world, the majority of projects are processed in the functional currency of the respective subsidiary, so that the amount of currency hedging that needs to be taken into consideration within the Group is relatively low in relation to business volumes.

Currency risks result from Exyte's international business activities. The risks in this connection are that future payment flows could alter to the detriment of Exyte because of fluctuations in currency exchange rates or that the amount at which receivables denoted in foreign currencies are recognized could decrease, or respectively, that the amount at which liabilities denoted in foreign currencies are recognized could increase. Exyte mitigates such risks by deploying forward exchange contracts and currency options. In processes controlled by the organization's central Corporate Treasury function at the level of the parent company, or respectively by the regional treasury hubs in the APAC region and the USA, these risks are hedged by contracting a derivative that matches the term and volume of the hedged item (micro hedge). The derivatives used for hedging purposes are contracted with banks with a high credit rating.

Note 24 in the notes to the consolidated financial statements provides more information on the extent to which hedging instruments were deployed at the year-end reporting date, as well as about the related accounting.

In addition, the continuing COVID pandemic exposes the Exyte Group to further risks that have an impact on its various different risk groups and risk categories.

## Risks related to the COVID-19 pandemic

The COVID-19 pandemic exposes Exyte to the risk that construction sites could be temporarily completely or partially shut down, due to the imposition of official lockdown measures in individual jurisdictions. This could lead to delays in the delivery of projects, which could have the effect that Exyte is possibly not completely able to meet its contractual obligations. Due to ongoing global pandemic, as well as the possible further spread of virus mutations, further waves of infection cannot be ruled out. If further waves of infection do occur, then the risk of not achieving our financial forecasts is high. Potential risks derive, for example, from contractually agreed penalty payments, the postponement or discontinuance of projects, from increased project costs that cannot be passed on to the client due to the respective contractual terms and conditions, and from an increased risk of insolvency for our subcontractors. Stricter safety and hygiene requirements, as well as the potential underutilization of resources or downtimes, could have a negative impact on our sales, gross profit margin and earnings.

Exyte has addressed this risk by including COVID clauses in its contracts.

In addition, the COVID-19 pandemic also affects the process of recruiting new, qualified employees. The risk here is that Exyte will have difficulty to attract new talent, as the willingness of potential candidates to change jobs could be reduced by the uncertain economic environment.

## Risks related to macroeconomic developments

Ongoing armed conflicts, such as the one between Russia and Ukraine, and the potential risk of further political or military escalations in other regions of the world in which Exyte operates, may have a negative impact on clients' capital expenditure investment decisions, supply chains, and the availability of raw materials. Exyte takes preventive measures to address these possibilities. These include, in particular, instruments for legal protection in the event of delays in delivery during the construction phase. An easing of the global economic situation is not expected in the short term, especially against the backdrop of a looming recession. Irrespective of this, due to the duration of the initiation and delivery phases for major projects, Exyte is, to a large extent, resilient to short- and medium-term market fluctuations.

## Overall assessment of the risk situation

The overall picture of the Group's risk situation is made up of the individual risks presented in all risk categories.

In addition to the risk categories previously described, there are other unpredictable events that can have a negative impact on the business activities, and thus on the Exyte Group's financial performance, financial position, and its assets and liabilities, as well as on its reputation. In particular, legal risks or unethical behavior on the part of partners and suppliers may have a negative impact on its image, the environment, and the employees working for partners and suppliers. As one of the basic principles for its business activities, Exyte pays particular attention to compliance with legal and ethical rules; also in the process of selection of its partners and suppliers.

In order to identify risks at an early stage and to successfully counteract the current and changing risk situation, Exyte monitors and continuously develops the established risk management system.

In 2022, the Group's overall risk situation increased slightly compared to financial year 2021, due to the risks to which operational employees and personnel are exposed in conjunction with a positive market and order situation. As of December 31, 2022, the overall risk situation of the Group does not pose a threat to its existence. Risks that alone, or in combination with other risks, could jeopardize the continued existence of the Group were not discernible either at the reporting date or at the time of preparation of the management report.

## OPPORTUNITIES

### Opportunities deriving from "Next Level – Pathway to Ten"

Based on a strategy that has defined core industry sectors and markets, Exyte has embarked on a successful growth path. In order to accelerate this process, we have set ourselves new objectives and are further continuously developing our strategy under the title "Pathway to Ten."

In the medium term, up until 2027, Exyte's target is to increase total sales to some €10 billion, with a corresponding increase in adjusted EBIT. The "Pathway to Ten" strategy and the associated "Next Level" future agenda combine existing and new initiatives to evaluate and implement opportunities. We have divided the strategic program into four areas of activity. Within these areas, we are pursuing various strategic initiatives.

#### 1. Growth and profitability

In pursuing the following three initiatives, we see an opportunity to continue our strong business performance, to achieve a sales volume of some €10 billion, and to generate an adjusted EBIT margin of more than 6%:

**a. Growth in all three GBUs:** All the global business units are positioned in markets with high potential that offer long-term growth opportunities. Our objective is to grow with, or faster than, the markets. The drivers for such growth are the intensification of our relationships with important clients, the focus on specific regions, the utilization of our expertise, our presence, and the range of services offered throughout the Group, as well as the exploitation of new potential (e.g. batteries) and the introduction of innovative solutions (e.g. ExyCell®).

**• Realizing the potential deriving from the growing global semiconductor market:** The market for electronics is growing steadily, and at present strongly, due to trends such as cloud computing, autonomous driving and artificial intelligence. Building on this, Exyte's strategy covers the implementation of mega projects (with an order volume > €500 million) and large projects (with an order volume between €100 million and €500 million). In addition to projects in the field of semiconductor production (front end wafer fabs), further positive market developments are emerging for Exyte. Opportunities derive from the manufacture of silicon wafers as well as in new, complex production facilities for the assembly of integrated circuits and their final testing (system in a package, or SiP, advanced packaging). With its global presence and corresponding references in the relevant countries, Exyte is the ideal partner for clients who intend to build such new manufacturing facilities.

**• Opportunities in the battery industry sector, particularly within Europe and North America:** Automotive manufacturers are progressively equipping their vehicles with electric drive systems. This technological change requires enormous investment in the expansion of capacity for the production of battery cells. Exyte is ideally positioned for the planning and construction of such production facilities due to its strengths in the building of sophisticated and controlled production environments.

**• Sustained organic growth of biotechnology and pharmaceuticals with a focus on the US market, as well as Northern Europe:** The BLS business segment, which offers complete solutions for clients in the biotechnology, pharmaceutical, medical technology, food and nutrition, and consumer care sectors, carries out projects for global and regional clients covering all phases of the project life cycle. We offer consulting, engineering, design, and also both engineering, procurement, and construction management (EPCM) and engineering, procurement, and construction (EPC) services, as well as customized, prefabricated module and equipment solutions. We hold leading market positions in South East Asia, North East Asia, and Continental Europe. In the next few years, we intend to significantly expand our business in the USA and in Northern Europe. To this end, we have opened additional BLS locations Raleigh, North Carolina, as well as in Philadelphia, Pennsylvania and in Cork, Ireland. We are filling new key positions and significantly increasing our headcount in the areas of engineering and design, project and construction management, commissioning, qualification, and validation. In addition, we are strengthening our team with industry sector specialists. Exyte has a reputation as a forward-looking engineering and plant construction organization that continuously invests in the most modern technology, software, and hardware, as well as in training programs to ensure that employees can work easily and efficiently with such new technology. We provide our clients with state-of-the-art technical solutions. These include "virtual" and "augmented reality," which allow clients to evaluate solutions in real time during the project planning phase, in order to optimize the deployment of equipment and the efficiency of buildings.

**• A pioneer for data centers in Europe and Asia:** Exyte has proved that it can build large-scale data centers. In Europe, Exyte has consolidated its Data Centers organization in order to have a powerful team that is able to deliver numerous projects. In addition, Exyte has started to build up a Data Centers organization in Asia. The DTC business segment is aiming to achieve sales of €1 billion by the year 2027 as part of the "Pathway to Ten" strategy. With this purpose in mind, an evaluation is also currently underway to determine business potential and opportunities within the US data centers market.

**b. Growth for Technology & Services (T&S):** The strategy for vertical integration has completed our range of services offered in the value-added supply chain and provides support for GBU capabilities. In the technological facility equipping sector, our growth is driven by cleanroom and dry room products, as well as critical sub-systems. In the services sector, we have concentrated our efforts on the mechanical, electrical, and process technology fields (MEP), as well as the installation of machinery, off-site manufacturing, and skid systems. T&S is often an integral part of the projects carried out by the GBUs. However, the majority of the business is carried out with third party clients.

**c. Growth through strategic takeovers:** We make strategic acquisitions to strengthen our business and support our growth strategy. Our approach is based on defined "M&A" criteria. These include business suitability, geographic focus, and business development. We acquired the CPS Group in the US in 2021 and Airgard in 2022. Further potential acquisition candidates have been identified.

#### 2. Engineering & delivery

We see opportunities to continuously improve our processes with the following three initiatives:

**a. Strengthening our engineering capabilities:** Our main focus is on engineering & design by increasing the number of our engineers and making resources available to our GBUs.

**b. Improvement in the area of delivery:** We are strengthening the areas of project management and construction management, as well as commercial functions, by means of continuous training, and by improving our approach to procurement and the awarding of subcontracts.

**c. Management of risks and opportunities:** Our systematic approach to opportunity and risk management helps us to minimize risks, maximize opportunities and thus achieve our objectives. For Exyte, opportunity and risk management is important during the project acquisition and delivery phases. An analysis of opportunities and risks is carried out as part of the project evaluation and tendering phase. Opportunity and risk management is a continuous activity throughout the project handling and delivery phases.



### 3. Corporate culture

A strong corporate culture provides the basis for Exyte's success. We are promoting such a culture through these three initiatives:

- a. **Positioning Exyte by promoting its public awareness, in order to strengthen our employer branding:** We have defined an employer value proposition (EVP), including uniform and coordinated measures. On the basis of the EVP, we have developed a new employer brand, which provides the basis for our recruitment and talent acquisition activities. We want to be the employer of choice for our existing and future employees.
- b. **Introduction of a talent management approach:** Talent identification and development are of paramount importance. We take a comprehensive approach that starts with a consistent onboarding process. Onboarding activities are based on a global framework concept and take special regional factors into account. Based on our newly introduced "Core Competencies," we maintain a continuous dialogue with our employees with respect to their individual performance and development, e.g. in the context of an annual performance and development dialogue. The annual appraisal of talent is one of the tasks carried out by our senior management and helps us to identify employees with high potential. In this way, we can identify future leaders at an early stage and can consider them for our succession planning purposes. We are proud of our various trainee programs throughout the world, which offer university graduates an attractive start within Exyte. We have expanded our learning management system to include an extensive range of online training courses.
- c. **Promoting a corporate culture characterized by individual responsibility, teamwork, and a sense of belonging:** We foster a culture in our daily working relationships that is respectful, welcoming, and inclusive. Our company values provide the foundation and guidelines for this. We promote a corporate culture of ownership, collaboration, and a sense of belonging. With our "we take responsibility" approach, we promote entrepreneurial thinking, put trust in the performance of our employees, and empower them to take decisions. With our "we work together as one global team" approach, we support each other and strengthen teamwork across the regions and business units. We foster a culture characterized by active feedback. With our "We feel we belong to Exyte" approach, we strengthen identification with the organization, show and experience appreciation and are proud of what we achieve.

### 4. oneCOMPANY

We harmonize our processes and activities and set standards that are valid throughout the world. To achieve this, we have launched a number of initiatives:

- a. **oneSTRUCTURE:** We have built up a global organization that is aligned to our corporate strategy. Our organizational structure has a strong focus on Exyte's markets and clients. It clearly defines areas of responsibility and authority.
- b. **onePROCESS:** We have defined our global business processes to harmonize our business activities. We also use these as a basis for the development of our ERP system.
- c. **oneERP:** We are currently working on the completion of our new, global, and modern template-based SAP system for business administration purposes. It has interfaces to other IT applications. We will launch it in a pilot region in 2023 and roll it out globally in the following years.
- d. **oneCRM:** We have developed an application that serves as the basis for the global management of our client and project opportunities ("Opportunities"). With its aid, we can achieve full transparency at all times and manage our sales funnel by applying integrated approval procedures.
- e. **oneHR:** We have set up a global platform for HR specialists and employee self-service. It includes, among other things, a uniform payroll system, a travel management system, as well as systems for time and employee data management.
- f. **oneIT:** Global IT tools are used for optimal project handling purposes and to provide a common digital workspace. Features also include a standardized internet and intranet presence, as well as a technical infrastructure.
- g. **oneESG:** We are working on a global approach to the management of relevant environmental, social, and governance (ESG) issues to meet the needs of our stakeholders. This includes the development of an ESG strategy and the adaptation of reporting to the changed requirements.

## FORECAST

At the time of preparation of this Group Management Report, the COVID pandemic is still impacting the global economic environment. Uncertainties stem in particular from the abandonment of the zero-COVID policy in China and the related possible consequences for the global economy. With the Russian invasion at the end of February 2022, armed confrontations began in Ukraine, which have continued to this day and are a burden for global macroeconomic development. To date, no serious negative effects in financial year 2023 are expected to result from these scenarios with respect to Exyte's most important key figures, such as order intake, sales and adjusted EBIT. The executive management has taken these factors into account in the process of preparing Exyte's business plans for 2023. However, negative effects deriving from them cannot be ruled out. Our plans for 2023 also assume a further recovery for the global economy as a whole and successful containment of inflation rates. Under these premises, we expect the following developments in financial year 2023:

In 2022, Exyte was able to generate an order intake of some €7.6 billion. Due to the unchanged positive surrounding conditions in the industry sectors in which we are active, we expect the order intake to be at a comparable level in 2023. Based on the high order backlog at the end of 2022 and planned new orders, we expect a further slight increase in sales, from €7.4 billion to around €7.7 billion, in 2023. In line with sales, we also expect a slight absolute increase in adjusted EBIT for 2023, with the adjusted EBIT margin remaining constant as compared to financial year 2022.

For the medium-term planning period, up to 2027, we are targeting a sales volume of around €10 billion with a sustainable adjusted EBIT margin of 6%. We see these objectives as achievable due to market developments, our internal initiatives to strengthen processes and to further develop products and solutions, as well as the planned further increase in our employee headcount. With our experienced project teams and engineers, who are able to provide the highest level of service to our customers in high-tech sectors throughout the world, we believe that we are very well positioned to successfully meet the challenges associated with this growth.

Stuttgart, March 14, 2023

The Executive Management



Dr. Wolfgang Büchele (CEO)



Peter Schönhofer (CFO)



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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand			
	Note	1.1.–31.12.2022	1.1.–31.12.2021
Sales	1	7,402,678	4,864,854
Cost of sales	2	-6,813,724	-4,475,421
<b>Gross profit</b>		<b>588,954</b>	<b>389,433</b>
Selling costs	3	-50,458	-40,444
Administration costs	4	-141,657	-93,974
Other operating income	5	18,621	19,823
Other operating expenses	6	-18,424	-17,222
<b>Result from operating activities (EBIT)</b>		<b>397,036</b>	<b>257,616</b>
Interest and similar income	7	110,319	35,876
Interest and similar expenses	7	-102,573	-37,263
<b>Consolidated earnings before tax</b>		<b>404,782</b>	<b>256,229</b>
Income tax	8	-55,782	-39,689
<b>Consolidated net profit</b>		<b>349,000</b>	<b>216,540</b>

in € thousand			
	Note	1.1.–31.12.2022	1.1.–31.12.2021
Gain/loss deriving from the translation of financial statements of foreign business units			
Change recognized in equity without impacting profit or loss		20,113	31,382
Recognized in profit or loss		-4,270	-243
Gain/loss deriving from hedging instruments			
Change recognized in equity without impacting profit or loss	24	-5,473	-2,278
Reclassification to profit or loss	24	774	34
Income tax			
Change recognized in equity without impacting profit or loss		1,671	696
Reclassification to profit or loss		-236	-11
<b>Items that will subsequently possibly be reclassified to profit or loss</b>		<b>12,579</b>	<b>29,580</b>
Remeasurement of pension obligations			
Actuarial gains (+)/losses (-)	19	3,203	453
Income tax		-967	-182
<b>Items that will not be subsequently reclassified to profit or loss</b>		<b>2,236</b>	<b>271</b>
<b>Other comprehensive income</b>		<b>14,815</b>	<b>29,851</b>
<b>Total consolidated comprehensive income</b>		<b>363,815</b>	<b>246,391</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € thousand			
	Note	31.12.2022	31.12.2021
<b>Assets</b>			
Intangible assets	9	373,621	338,734
Property, plant and equipment	10	51,266	38,433
Right-of-use assets	11	129,492	98,007
Other financial assets	15	1,383	1,079
Deferred tax assets	8	76,788	66,371
<b>Non-current assets</b>		<b>632,550</b>	<b>542,624</b>
Inventories	12	90,361	55,434
Advanced payments made	12	251,956	125,018
Contract assets	13	456,095	288,440
Trade receivables	14	835,475	693,983
Other financial assets	15	51,535	23,326
Miscellaneous assets	16	37,661	24,797
Income tax receivables		10,104	4,516
Cash and cash equivalents	17	1,592,435	1,148,911
<b>Current assets</b>		<b>3,325,622</b>	<b>2,364,425</b>
<b>Total assets</b>		<b>3,958,172</b>	<b>2,907,049</b>

in € thousand			
	Note	31.12.2022	31.12.2021
<b>Equity and liabilities</b>			
Share capital	18	150,000	150,000
Capital reserve	18	36,585	36,585
Retained earnings		55,357	-11,183
Other components of equity		70,691	55,876
Consolidated net profit		349,000	216,540
<b>Equity</b>		<b>661,633</b>	<b>447,818</b>
Provisions for pensions	19	7,406	10,535
Other provisions	20	14,141	13,442
Lease liabilities	11	104,261	75,291
Other financial liabilities	22	3,699	2,312
Miscellaneous liabilities	23	107	0
Deferred tax liabilities	8	14,715	13,100
<b>Non-current liabilities</b>		<b>144,329</b>	<b>114,680</b>
Other provisions	20	101,841	78,490
Contract liabilities	13	993,127	906,879
Trade payables	21	1,907,186	1,228,200
Lease liabilities	11	28,533	22,909
Other financial liabilities	22	7,012	7,055
Miscellaneous liabilities	23	86,780	86,110
Income tax liabilities		27,731	14,908
<b>Current liabilities</b>		<b>3,152,210</b>	<b>2,344,551</b>
<b>Total equity and liabilities</b>		<b>3,958,172</b>	<b>2,907,049</b>



# DEVELOPMENT OF CONSOLIDATED EQUITY

in € thousand

	(18)			Other components of equity				Consolidated net profit	Total Equity
	Share capital	Capital reserve	Retained earnings	Currency translation reserve	Remeasurement of pension obligations	Gains/losses deriving from hedging instruments	Income tax		
<b>Balance at 1.1.2021</b>	<b>150,000</b>	<b>36,585</b>	<b>-178,436</b>	<b>29,257</b>	<b>-4,776</b>	<b>126</b>	<b>1,418</b>	<b>167,674</b>	<b>201,848</b>
Transfer to retained earnings			167,674					-167,674	0
Change in the scope of the consolidation			-421						-421
Consolidated net profit								216,540	216,540
Other comprehensive income				31,139	453	-2,244	503		29,851
Total comprehensive income				31,139	453	-2,244	503	216,540	246,391
<b>Balance at 31.12.2021</b>	<b>150,000</b>	<b>36,585</b>	<b>-11,183</b>	<b>60,396</b>	<b>-4,323</b>	<b>-2,118</b>	<b>1,921</b>	<b>216,540</b>	<b>447,818</b>
Transfer to retained earnings			216,540					-216,540	0
Distribution to the sole shareholder			-150,000						-150,000
Consolidated net profit								349,000	349,000
Other comprehensive income				15,843	3,203	-4,699	468		14,815
Total comprehensive income				15,843	3,203	-4,699	468	349,000	363,815
<b>Balance at 31.12.2022</b>	<b>150,000</b>	<b>36,585</b>	<b>55,357</b>	<b>76,239</b>	<b>-1,120</b>	<b>-6,817</b>	<b>2,389</b>	<b>349,000</b>	<b>661,633</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand

	Note	1.1.–31.12. 2022	1.1.–31.12. 2021
Consolidated net profit		349,000	216,540
+ Income tax	8	55,782	39,689
–/+ Net interest (excluding foreign currency exchange gains or losses)	7	–5,783	1,067
+ Amortization and depreciation	9–11	50,703	31,322
Change in impairment loss allowances recognized against trade receivables, financial receivables, and contract assets		8,044	3,809
+/- Net gains/losses deriving from the disposal of intangible assets and property, plant and equipment	5, 6	307	–1,411
+ Other non-cash based expenses and income		276	12,364
– Income tax payments		–62,402	–42,454
– Interest paid		–5,778	–3,170
+ Interest received		11,694	2,662
+/- Change in provisions		22,349	–6,283
–/+ Change in other assets and liabilities		–21,340	6,974
+ Change in working capital		283,650	369,020
– Thereof: change in inventories and advance payments made		–154,595	–119,635
– Thereof: change in trade receivables and contract assets		–299,799	–230,293
+ Thereof: change in trade payables and contract liabilities		738,044	718,948
<b>= Cash flow from operating activities</b>		<b>686,502</b>	<b>630,129</b>

in € thousand

	Note	1.1.–31.12. 2022	1.1.–31.12. 2021
<b>= Cash flow from operating activities (brought forward)</b>		<b>686,502</b>	<b>630,129</b>
– Payments for investments in intangible assets		–402	–354
+ Proceeds from the disposal of property, plant and equipment		234	34,663
– Payments for investments in property, plant and equipment		–24,073	–9,216
– Payments for cash invested with banks		–23,000	0
+ Proceeds from the disposal of consolidated entities		0	1,059
– Payments for investments in consolidated entities		–33,464	–211,436
<b>= Cash flow from investing activities</b>		<b>–80,705</b>	<b>–185,284</b>
Financial transactions with entities belonging to the M+W Group GmbH Group		983	393
– Payments for distributions made to the sole shareholder		–150,000	0
+ Proceeds from lease receivables	11	51	96
– Payments for the redemption of lease liabilities	11, 25	–27,777	–21,057
+ Financing of non-consolidated entities		35	99
<b>= Cash flow from financing activities</b>		<b>–176,708</b>	<b>–20,469</b>
<b>= Cash-based changes in cash and cash equivalents</b>		<b>429,089</b>	<b>424,376</b>
+ Exchange rate effects on cash and cash equivalents		14,435	41,385
+ Cash and cash equivalents at the beginning of the period	17	1,148,911	683,150
<b>= Cash and cash equivalents at the end of the period</b>	17	<b>1,592,435</b>	<b>1,148,911</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## A. GENERAL DISCLOSURES

Exyte GmbH, with a registered office at Löwentorbogen 9b, 70376 Stuttgart, Germany, is the parent company of the Exyte Group (Exyte). The Company is registered in the commercial register in Stuttgart in Section B, under registration number 775556.

Exyte GmbH and all its significant subsidiaries are included in the consolidated financial statements of the M+W Group GmbH. As Exyte GmbH's parent company, M+W Group GmbH prepares exempting consolidated financial statements in accordance with Section 291 of the HGB [German Commercial Code]. The consolidated financial statements of Exyte GmbH are prepared on a voluntary basis.

The consolidated financial statements of Exyte GmbH include the smallest group of companies for which consolidated financial statements are prepared. The ultimate parent entity, which prepares consolidated financial statements that include Exyte GmbH and its subsidiaries, is Millennium Privatstiftung Vienna, Austria.

Exyte is organized for management responsibility purposes into the regional segments Europe, Middle East and Africa (EMEA), Americas (AMER), Asia-Pacific (APAC), and the Technology & Services (T&S) business area. Exyte is as a globally active organization in the areas of planning, project management, and project execution in the business segments in which it is engaged – Advanced Technology Facilities (ATF), Biopharma & Life Sciences (BLS), Data Centers (DTC), and Regional Specific Business (RSB). From the development of the initial concept right through to delivery of a complete turnkey solution, Exyte carries out contracts of varying sizes that require fast delivery, high standards of quality, and cost efficiency. In this context, Exyte combines process technology and complex building infrastructures to deliver integrated complete solutions.

## B. ACCOUNTING PRINCIPLES

### Basis

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), as well as in accordance with supplementary provisions of Section 315e (3) of the HGB. The standards and interpretations published at the time of preparing the financial statements, which have been adopted by the European Union and are relevant and mandatory for the Group, are of authoritative importance for this purpose. These consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and financial performance of Exyte.

The entities included in the consolidated financial statements use the calendar year as their financial year.

The consolidated financial statements have been prepared in euros, as the euro is the functional currency of Exyte GmbH. Unless otherwise stated, all amounts are disclosed in thousands of euros (in € thousand); amounts are rounded in the normal commercial manner.

The statement of comprehensive income was prepared using the cost of sales method of classification.

### New or amended accounting standards

With the exception of the revised standards to be mandatorily applied for the first time in the financial year 2022, the accounting principles applied are generally consistent with those used in the previous year.

### New or amended accounting standards

Standard/Interpretation	First-time application <sup>1</sup>	Endorsement by the EU Commission	(Expected) Impacts on Exyte
<b>Accounting standards applicable for the first time in 2022</b>			
Amendments to IFRS 16 "Leases" – COVID-19-Related Rent Concessions beyond June 30, 2021	1.4.2021	Yes	None
Amendments to IFRS 3 "Business Combinations" – Updating a Reference to the Conceptual Framework	1.1.2022	Yes	None
Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before Intended Use	1.1.2022	Yes	None
Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous Contracts – Cost of Fulfilling a Contract	1.1.2022	Yes	Insignificant
Annual Improvements – 2018–2020 Cycle (IFRS 1, IFRS 9, IFRS 16, IAS 41)	1.1.2022	Yes	Insignificant
<b>New standards to be applied in the future</b>			
IFRS 17 "Insurance Contracts"	1.1.2023	Yes	None
<b>Amended standards/interpretations to be applied in the future</b>			
Amendments to IAS 1 "Presentation of Financial Statements" and to IFRS Practice Statement 2 "Making Materiality Judgements" – Disclosure of Accounting policies	1.1.2023	Yes	Insignificant

**New or amended accounting standards**

Standard/Interpretation	First-time application <sup>1</sup>	Endorsement by the EU Commission	(Expected) Impacts on Exyte
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of Accounting Estimates	1.1.2023	Yes	Insignificant
Amendments to IAS 12 "Income Taxes" – Deferred Tax Related to Assets and Liabilities arising from a Single Transaction	1.1.2023	Yes	Insignificant
Amendments to IFRS17 "Insurance Contracts" – Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1.1.2023	Yes	None
Amendments to IAS 1 "Presentation Statements" – Classification of Financial of Liabilities as Current or Non-current; Non-current Liabilities with Covenants	1.1.2024	No	None
Amendments to IFRS 16 "Leases" – Lease Liability in a Sale and Leaseback	1.1.2024	No	None
Amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture	Not defined	No	None

<sup>1</sup> The requirements are to be applied to financial years that start on or after the stipulated date.

**Scope of the consolidation**

The consolidated financial statements include all significant entities in which Exyte GmbH, as the parent company, has a direct or indirect controlling influence as fully consolidated subsidiaries. Control is exercised if the parent company has powers of disposition over another entity, due to voting rights or other rights, if it participates in positive or negative variable returns from its involvement with that entity and has the ability to use its power to affect the amount of such returns. Inclusion in the consolidated financial statements takes place from the point in time that the control relationship is first established. Inclusion is discontinued when this possibility for control ceases to exist.

The composition of the companies that are included within the scope of the consolidation is shown below:

**Number of entities**

	31.12.2022	31.12.2021
<b>Exyte GmbH and fully consolidated subsidiaries</b>	<b>45</b>	<b>44</b>
Domestic	6	6
Foreign	39	38
<b>Joint operations (only foreign)</b>	<b>3</b>	<b>2</b>

The following table shows the changes to the scope of the consolidation in financial year 2022:

**Development of the scope of the consolidation**

<b>Status as at 1.1.2022</b>	<b>46</b>
Exyte Rus, LLC, Moscow, Russia (liquidation)	-1
Exyte Netherlands B.V., Amsterdam, the Netherlands (incorporation)	1
Airgard, Inc., Milpitas, USA (business acquisition)	1
Gilbane Exyte JV, Providence, USA (incorporation/joint operation)	1
<b>Status as at 31.12.2022</b>	<b>48</b>

Eight (2021: eight) subsidiaries that are not significant for the presentation of the Group's assets, liabilities, financial position and financial performance are not included in the consolidated financial statements by way of full consolidation. The cost for their inclusion would not be counterbalanced by a corresponding benefit in information for the users of the financial statements. The shares in these subsidiaries are reported under other financial assets (non-current).

The list of shareholdings of Exyte GmbH forms part of the notes to the consolidated financial statements and is attached as an appendix.

**Acquisition of Airgard, Inc.**

Critical Process Systems Group, Inc., Boise, USA acquired a 100% interest in Airgard, Inc., Milpitas, USA (Airgard) with effect from October 1, 2022.

The purchase price provisionally determined at the time of the preparation of the consolidated financial statements amounted to USD 35,410 thousand (€37,020 thousand).

USD 34,327 thousand (€35,888 thousand) of the total amount was paid in cash at the time of acquisition. The remaining amount of USD 1,083 thousand (€1,132 thousand) is recognized as a purchase price liability under other financial liabilities as at December 31, 2022. Payment of this amount to the seller was made in January 2023.

Part of the purchase price payment made in cash at the time of acquisition, amounting to USD 3,500 thousand, was paid into a blocked account. After the purchase price had been determined, this amount was either to be paid (partially) to the seller or (partially) transferred back to Critical Process Systems Group, Inc. In January 2023, the remaining amount was paid out in full to the seller on the basis of the provisionally determined purchase price.

In addition, a further amount of USD 3,850 thousand was paid into a second blocked account at the time of acquisition. This amount provides the buyer security for indemnity obligations assumed by the seller. 18 months after the date of acquisition of the company, any remaining unutilized amount is to be paid out to the seller. As there were no indications at the time of the preparation of the consolidated financial statements that the seller would be called upon to meet the indemnity obligations assumed, this further amount was also fully taken into account when calculating the provisionally determined purchase price.

Airgard, Inc. was included in the consolidated financial statements on a provisional basis, as not all the necessary information that was required for the final determination of the purchase price was available at the time when the consolidated financial statements were prepared. Any possible adjustment to the purchase price could have an impact on the amount recognized for goodwill in the statement of financial position.

The transaction costs (in particular consulting and due diligence costs) incurred in connection with the acquisition of Airgard, Inc. in financial year 2022 amounted to €599 thousand. They are disclosed under administration costs.



The acquired net assets are made up as follows:

in € thousand	Carrying amount at date of acquisition	Remeasurement of assets and liabilities	Fair value at date of initial consolidation
Intangible assets	0	13,006	13,006
Property, plant and equipment	357	0	357
Right-of-use assets	3,347	0	3,347
Deferred tax assets	562	0	562
Inventories	3,228	864	4,092
Trade receivables	3,697	0	3,697
Other financial assets	44	0	44
Miscellaneous assets	338	0	338
Cash and cash equivalents	3,374	0	3,374
<b>Acquired assets</b>	<b>14,947</b>	<b>13,870</b>	<b>28,817</b>
Deferred tax liabilities	0	3,557	3,556
Other provisions	484	0	484
Trade payables	859	0	859
Lease liabilities	3,489	0	3,489
Miscellaneous liabilities	806	0	806
<b>Acquired liabilities</b>	<b>5,638</b>	<b>3,557</b>	<b>9,194</b>
<b>Acquired net assets</b>	<b>9,309</b>	<b>10,313</b>	<b>19,622</b>
Provisionally determined purchase price			37,020
<b>Residual goodwill</b>			<b>17,398</b>

There are no significant differences between the gross amount and the fair value of the acquired trade receivables. The assumption is that the acquired receivables are fully recoverable.

Exyte's regional presence in the US market has been strengthened by the acquisition and the range of technology offered has been expanded to include point-of-use cleaning products for technical equipment used in high-tech manufacturing facilities in the semiconductor industry. Goodwill includes non-separable intangible assets such as employee knowhow and anticipated synergy effects. The goodwill is not deductible for tax purposes.

In the period from October 1, 2022 until December 31, 2022, Airgard, Inc. generated sales of €4,100 thousand; earnings before tax for this period (including impacts deriving from allocation of the purchase price) amounted to –€344 thousand. If the business combination had already taken place as of January 1, 2022, the sales of the Group would have increased by €22,260 thousand and the consolidated earnings after tax by €2,035 thousand (including impacts deriving from allocation of the purchase price).

#### Acquisition of the CPS Group in the previous year

During financial year 2022, the process of determining the purchase price for the acquisition of the Critical Process Systems Group (CPS Holdco, LLC, Boise, USA and its 15 subsidiaries; the CPS Group), effective November 1, 2021, was finalized. Instead of the anticipated repayment claim of USD 924 thousand that, at the time of preparation of the 2021 consolidated financial statements, was expected to derive from the provisional purchase price payment, an additional purchase price payment of USD 1,100 thousand was determined, which was paid in cash in financial year 2022. As a result, the goodwill from the acquisition of the Group increased by USD 2,024 thousand (€1,748 thousand) and amounted to USD 170,596 thousand (€160,335 thousand) as at December 31, 2022.

#### Consolidation methods

The assets and liabilities of the domestic and foreign companies included in the consolidated financial statements are recognized in accordance with accounting principles that are uniformly valid.

#### Acquisitions under common control

In the case of acquisitions under common control (acquisition of businesses, whereby the acquirer and the acquired business are under the control of the same entity), the acquisition is accounted for using the book-value method. The difference between the carrying amounts of the acquired net assets and the purchase price is offset against the retained earnings and is not recognized in profit or loss.

#### Other business acquisitions

Other business acquisitions are accounted for using the acquisition method. At the time at which control of the acquired business is obtained, its assets and liabilities are required to be included in the consolidated financial statements and are to be measured at their fair value as of the date of acquisition.

The cost of an acquired entity is measured at the fair value of the consideration given, i.e. as the total value of any assets transferred, of any liabilities of the seller that are assumed, and of any own equity instruments issued. Any transaction costs are recognized as an expense. If the purchase price exceeds the value of net assets acquired at the purchase date, then Exyte recognizes the amount of the difference as goodwill.

#### Elimination of intercompany balances, intercompany profits, and expenses and income

Accounts receivable and accounts payable balances, intercompany profits, and expenses and income between consolidated companies are eliminated. Charges for intra-group deliveries of goods and services are based on prices determined in accordance with normal market terms and conditions.

#### Foreign currency conversion and translation

##### Translation of foreign currency transactions

Monetary items (cash and cash equivalents, accounts receivable, and liabilities) denoted in foreign currencies are measured at the closing exchange rate for the purposes of inclusion in the separate local currency financial statements of consolidated companies. Any exchange differences are recognized in profit or loss in the net income from financing activities. Non-monetary items denoted in foreign currency are recognized at the historical rates of exchange that were valid at the date of the original transaction.

As the entities included in the consolidation generally perform their transactions autonomously in a financial, economic, and organizational respect, the functional currency is identical to the respective local currency of the entities. Exceptions in this respect are a company in Singapore, which uses the US dollar as its functional currency, and a subgroup holding company in Singapore, which uses the euro as its functional currency.

##### Translation of financial statements designated in foreign currency

Exyte translates assets and liabilities of entities whose functional currency is not the euro at the average spot rate prevailing at the closing date of the financial year reported. Expenses and income are translated at the average rate for the financial year reported. Exyte recognizes the amount of the difference arising from foreign currency translation in equity, without impacting profit or loss, as a component of other comprehensive income. If the subsidiary is (partially) sold, any currency impacts are (proportionately) reclassified to the income statement section of the statement of comprehensive income.

Exyte has applied the following exchange rates for the purpose of foreign currency translation:

**Foreign currency exchange rates**

	1 EUR	Year-end rate		Average rate for the year	
		31.12.2022	31.12.2021	2022	2021
USA	USD	1.0640	1.1303	1.0520	1.1807
Singapore	SGD	1.4323	1.5309	1.4500	1.5869
United Kingdom	GBP	0.8806	0.8412	0.8567	0.8569
Russia	RUB	74.1530	83.5863	77.5832	87.0750
China	CNY	7.4224	7.1994	7.1109	7.6155
Malaysia	MYR	4.7055	4.7269	4.6336	4.8986
Taiwan	TWD	32.7603	31.3505	31.5256	33.0061
Vietnam	VND	25,167.0000	25,791.0000	24,667.9167	27,070.6667
Israel	ILS	3.7526	3.5179	3.5517	3.8193
Japan	JPY	142.2100	129.9700	138.2783	130.1075
India	INR	88.0943	84.3880	82.9817	87.1655
Czech Republic	CZK	24.2520	24.9580	24.5840	25.6658

**Recognition and measurement**

**Goodwill**

Goodwill is not subject to systematic amortization, but is tested for impairment once a year. A test is also performed if events or circumstances arise that indicate that the carrying amount may possibly not be recoverable. Goodwill is tested for impairment at the level of groups of cash-generating units, which represent the respective regional segments.

**Other intangible assets**

Intangible assets acquired, mainly comprising software, patents, and licenses, are recognized as assets at their costs of acquisition. Intangible assets with finite useful lives are amortized on a systematic straight-line basis over their economic useful lives of three to fifteen years. Furthermore, Exyte tests such intangible assets annually for indications of impairment (refer to the section: "Impairment of intangible assets and property, plant and equipment"). Exyte does not have any other intangible assets with indefinite useful lives.

Exyte recognizes intangible assets in respect of own-developed products or processes if these can be clearly segregated, are assessed to be technically feasible and they are foreseen for internal use or sale. A further prerequisite for recognition as an asset is that sufficient probability exists that the capitalized development costs can be recovered by future cash inflows. Capitalized development costs are amortized on a systematic basis over the expected period of sale of the products that are produced using the assets; in this case, ten years. They are tested annually for indications of impairment. Research costs are immediately expensed in the statement of comprehensive income.

The majority of Exyte's development activities arise in the context of client contracts. The resulting expenses are reported under cost of sales. Expenses for research and development that are not directly attributable to client projects are disclosed as other operating expenses, unless they are recognizable as assets. In financial year 2022, such operating expenses amounted to €83 thousand (2021: €56 thousand).

Other intangible assets are measured at their costs of acquisition or generation, less systematic amortization and any recognized losses for impairment. The costs of acquisition or generation include all directly attributable costs as well as an appropriate share of development-related overheads. Capitalization commences when the recognition criteria for the respective assets are met and ends as soon as the assets are available for use within the organization in accordance with the management's plans.

**Property, plant and equipment**

Items of property, plant and equipment are measured at their costs of acquisition or construction, reduced by systematic depreciation and any recognized losses for impairment. Costs of construction recognized include attributable direct costs as well as appropriate shares of material and production overheads, including depreciation related to the production process. The costs of acquisition or construction include not only the purchase price but also any directly attributable costs that are necessary to bring the asset to the location and state of operational readiness that was intended by management.

As was the case in the previous year, systematic straight-line depreciation is determined based on the following useful lives:

**Useful lives for types of property, plant and equipment**

	Useful life
Buildings	25–40 years
Machinery and technical equipment	4–25 years
Other equipment, operational, and office equipment	3–13 years

If items of property, plant and equipment are sold or disposed of, the gain or loss arising from the difference between the sales proceeds and the residual carrying amount of the assets is recorded either under other operating income or under other operating expenses.

**Impairment of intangible assets and property, plant and equipment**

At each closing date, Exyte assesses intangible assets and items of property, plant and equipment, in order to establish whether indications exist that the respective assets are impaired. If this is the case, the recoverable amount of the asset is determined in order to ascertain the amount of any potential impairment loss. If the recoverable amount of the asset is not reliably determinable, then the test for impairment is carried out at the level of the smallest cash-generating unit to which the asset is attributable. A cash-generating unit is the smallest unit for which largely independent cash inflows can be identified that derive from the continued use of the respective assets.



The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Exyte determines the fair value less costs to sell as the amount that could be obtained from the sale of an asset in an arm's length transaction between knowledgeable, willing contractual parties.

The determination of the value in use is made based on the discounted value of expected future net cash inflows deriving from operational usage. The discount rate used is a pretax rate that reflects the time to maturity of the cash flows and the risks specific to the asset that have not already been considered when determining the estimated future cash inflows.

If the recoverable amount of the object that is being measured is lower than its carrying amount, then the carrying amount is written down to the recoverable amount. The impairment loss is recognized immediately in profit or loss within the functional costs, or respectively within other operating expenses if such assignment is not possible.

Furthermore, a review of amortization and depreciation methods, useful lives, and the residual carrying amounts of assets is conducted annually.

If the reason for impairment is neither fully or partially applicable in a subsequent period, Exyte assesses whether the impairment loss needs to be reversed. The maximum amount of the impairment loss reversal is determined, on the one hand, by the amount of amortized cost of the asset that would have been applicable if no impairment loss had been recognized in previous periods. On the other hand, the asset must not be recognized at an amount that exceeds its recoverable amount. The amount of the impairment reversal is recognized immediately in profit or loss. Recognition of impairment reversals for goodwill are not permissible.

#### Leases

A lease is a contract that transfers the right to use an asset (the leased item) in return for payment for an agreed period of time. As the lessee, Exyte recognizes right-of-use assets for any leases entered into in respect of property, plant and equipment, as well as liabilities for the related payment obligations to the lessor.

The lease liability is determined as the present value of the following lease payments:

- Fixed lease payments;
- Variable lease payments that are dependent on a rate or index;
- The exercise price of a purchase option if the option is reasonably certain to be exercised.

Lease payments are discounted using marginal borrowing rates of the respective lessee that are commensurate with the currency, asset value, and term of the lease. Lease liabilities are measured and their values are updated using the effective interest method.

The right-of-use asset is recognized at its costs of acquisition, which are made up as follows:

- The present value of the lease payments (= amount of the lease liability);
- The amount of any lease payments made at the time (or before) deployment, less any lease incentives received;
- Initial direct costs;
- The equivalent present value of any dismantling obligation recognized as a liability.

Subsequent measurement is at amortized cost. Right-of-use assets are depreciated on a straight-line basis over the term of the lease. The terms of the leases, and thus their useful lives, were unchanged from the previous year and were in the range of between 13 months and 18.5 years.

Exyte has taken advantage of both the practical expedient that is available for leases of assets with a low value (value of the underlying leased asset when new < €5 thousand), as well as that for short-term leases (with a non-terminable basic lease term of twelve months or less). Usage fees for leases, for which the application of the practical expedient has been invoked, are fully recognized as an expense on a straight-line basis over the term of the lease.

Some specific contracts for the rental of real estate contain extension and/or termination options. Changes in the term of the contract resulting from the exercise or non-exercise of such options are only taken into account in the term of the contract if they are sufficiently certain.

Within Exyte, leases exist mainly for administrative and production buildings, for apartments rented on behalf of employees that are project-related, and for company motor vehicles.

In the case of one lease, Exyte acts as the sublessor and therefore as the lessor. The contract for the sublease has been classified as a finance lease and, in consequence, a receivable for the net amount of the respective investment has been recognized. The net value of the investment corresponds to the present value of the right to receive lease payments plus any potential unguaranteed residual value. The lease instalments paid by the lessee are divided into an interest and a principal repayment portion, applying the effective interest method. For subsequent measurement purposes, the leasing receivable is reduced by receipts that represent the principal

repayment portion. The interest portion of the payments received is recognized in profit or loss as interest income over the term of the lease.

#### Financial instruments

Financial instruments are contracts that give rise to a financial asset for one counterparty and to a financial liability or equity instrument for the other counterparty.

#### Financial assets

The financial assets of the Exyte Group include cash and cash equivalents, trade receivables, other financial assets, and derivative financial instruments with a positive fair value. Other financial assets mainly comprise financial receivables due from entities belonging to the M+W Group GmbH Group, non-consolidated subsidiaries, and joint ventures, as well as other financial receivables (e.g. security deposits or money invested with banks for a term of between three and twelve months).

Financial assets are recognized in the consolidated statement of financial position from the point in time at which Exyte becomes party to the contract for the financial instrument. Recognition of normal market purchases and sales of financial assets occurs as of the date of trading. With the exception of trade receivables, which are measured their respective transaction prices, financial assets are measured at fair value.

Depending on the Group's business model for managing assets, the financial assets are classified as either "at amortized cost" (AC) or "at fair value through profit or loss" (FVTPL) and measured accordingly. Exyte intends to hold financial assets until maturity in order to generate the contractual cash flows from them. If these contractual cash flows represent solely principal and interest payments on the outstanding principal amount, then Exyte measures these financial assets at amortized cost. This applies to all cash-type instruments, namely cash and cash equivalents. Exyte recognizes derivative financial instruments at fair value at the closing date, with changes in value recognized in profit or loss for the year.

A financial asset is derecognized when the contractual rights to cash flows from the respective asset expire or are transferred and the criteria for derecognition are fulfilled.

### Impairment losses

Impairment losses on financial assets are generally determined using a three-stage model. In the general approach, changes in default risks are analyzed at each financial statement reporting date to determine any expected credit losses (ECLs) and a classification is made as to whether these risks have increased significantly or not. If this is not the case, then the expected credit loss is determined over a time horizon of 12 months (12-month ECL). If, however, the risks have increased significantly, the actual remaining term of the financial assets is used as a basis (lifetime ECL).

In determining any expected credit losses on trade receivables and on contract assets, Exyte applies the simplified approach and does not make any classification of the default risks. Exyte takes into account client-specific probabilities of default that, depending on the respective amount of the receivable and the expected term of the receivable, could result in a corresponding impairment loss, which reflects the expected credit loss over the lifetime of the receivable (lifetime ECL).

The probabilities of default, which are used in order to determine expected credit losses on trade receivables and contract assets, are made available by business information service providers. Such information is based on individual and continuously updated data on the credit risk for Exyte's counterparties, or company and industry sector data, taking into account forward-looking macroeconomic data. For counterparties for which no individual default probabilities are available, country-specific benchmark data obtained from business information service providers is used.

In the case of cash and cash equivalents, as well as for other financial receivables, use has been made of the simplification option for financial instruments with a low credit risk ("low credit risk exemption"). Debtor-specific rating information is an indicator that contributes to an assessment that the credit risk is low. Cash and cash equivalents, as well as other financial receivables with at least an investment grade rating, are considered to meet the requirements for classification as financial instruments with a low credit risk, such that no credit risk tracking is required as to whether the credit risk has significantly increased or decreased.

In cases where there are objective indications for impairment, in addition to the expected first-stage and second-stage credit losses, the impairment that occurred as of the year-end reporting date is also taken into account (third-stage). Objective indications include, for example, significant financial difficulties of the debtor, payment defaults and delays, a downgrading of the credit rating, insolvency, or other restructuring measures adopted by the debtor, as well as other observable data that indicate a significant reduction in the expected cash inflows deriving from the financial assets. Actual payment defaults result in the de-recognition of the respective financial assets.

At the end of each financial year, Exyte checks whether the credit risk for the receivable has changed and adjusts amount of the allowance for impairment, where necessary.

Impairment losses, and respectively gains deriving from the reversal of impairment losses, are reported under other operating expenses or other operating income, as applicable.

### Financial liabilities

The financial liabilities of the Exyte Group include trade payables, lease liabilities, other financial liabilities, and derivative financial instruments with a negative fair value.

Financial liabilities are classified and accordingly measured either at amortized cost (AC) or at fair value through profit or loss (FVTPL). All financial liabilities are initially measured at fair value when incurred.

At the time the leased asset is provided, the related lease liabilities are measured at the present value of the lease payments that are highly probably still to be made at that time. These are discounted using the incremental borrowing rate of the respective lessee at the time the leased asset is provided, if the underlying interest rate of the lease is not readily determinable.

Financial liabilities classified as at FVTPL are subsequently measured at fair value (in Exyte's case, this is only relevant for derivative financial instruments that are not included in a hedging relationship). Any resultant net gains or losses, including interest expenses, are recognized in profit or loss.

The fair value reflects the market value or the quoted value on a stock exchange. If no active market exists, then the fair value is determined using financial valuation methods, for example by discounting the estimated future cash flows using market interest rates, or through application of recognized option pricing models.

Financial liabilities classified as at AC are subsequently measured at their amortized cost. Financing costs, including premiums payable on repayment or redemption of principal, are recognized as interest expense, applying the effective interest method. Any difference between the effective interest expense and the interest payments results in adjustment of the carrying amount of the financial liability.

A financial liability is derecognized when the obligations specified in the contract are discharged, cancelled, or are no longer enforceable by the creditor.

### Derivative financial instruments

Exyte solely deploys derivative financial instruments as hedges to manage risks deriving from fluctuations in currency exchange rates. If the requirements for a hedging relationship are fulfilled, the derivatives are recognized as cash flow hedges for hedge accounting purposes.

When a hedging relationship is initially established, the Group formally designates and documents both the hedged item and the hedging instrument for hedge accounting purposes, taking into account the Group's risk management objectives and strategy. This documentation includes the specification of the hedging instrument, the hedged transaction, and the nature of the risk being hedged, as well as including a description as to how the entity will assess the hedging instrument's effectiveness in compensating the risks deriving from changes in the hedged item's fair value or cash flows. Such hedging relationships are considered to be highly effective in achieving compensation for the hedged risks. Currency risks are hedged in a manner commensurate with the contracts (term, volume). They are assessed on an ongoing basis to determine whether they were highly effective during the entire reporting period for which the hedging relationship was designated.

Derivative instruments are measured for both initial recognition and subsequent measurement purposes at fair value. A positive market value results in recognition of a financial asset and a negative value results in recognition of a financial liability. Any changes in their fair value are recognized in profit or loss as exchange gains or losses, as part of the result from financing activities, unless the derivatives are designated as cash flow hedges for hedge accounting purposes.

Hedge transactions are classified as cash flow hedges if they hedge the exposure to fluctuations in cash flows that can be attributed to a risk associated with an asset, a liability, or a highly probable transaction and such risk might have an impact on the result for the period. The effective portion of the gain or loss deriving from the hedging instrument is recognized in equity, without impacting profit or loss, whereas the ineffective portion is recognized in profit or loss. The amounts initially recognized in equity are recognized in profit or loss in the statement of comprehensive income in the same period that the hedged cash flows impact the result for the period.

If a highly probable transaction is no longer expected to occur, any related amounts previously recognized in equity are recognized in profit or loss for the period. If the hedging instrument expires or is sold, terminated, or exercised without replacement, or rolled over into another hedging instrument, or if the Group withdraws its designation as a hedging instrument, then the amounts previously recognized in equity remain as a separate item in equity until the anticipated transaction occurs. If the anticipated transaction is no longer expected to occur, then the respective amount is recognized in profit or loss.



### Inventories

Inventories are recognized at the lower amount of their costs of acquisition or conversion and their net realizable values.

The costs of conversion comprise manufacturing-related costs, determined on a full-cost basis, assuming normal utilization of capacities. They include both direct costs and a reasonable proportion of necessary material and manufacturing overheads, as well as manufacturing-related amortization and depreciation that can be directly attributed to the conversion process. Administration costs are considered to the extent that they can be attributed to the manufacturing process. Borrowing costs are not recognized as part of the costs of acquisition or conversion. If the net realizable value of an inventory assets is determined to be lower than its carrying amount at the closing date, then this lower value is recognized. The measurement of inventory assets of the same type is performed using the average value method.

The net realizable value is the estimated selling price less the estimated costs to completion and the estimated costs necessary to make the sale.

### Advance payments made

The advance payments made mainly comprise advance payments to subcontractors in connection with contracts for projects.

### Contract assets and contract liabilities

Contract assets represent a conditional entitlement deriving from contract work in progress for which Exyte has performed work in advance on behalf of the client. For projects where sales are recognized over a defined time period, the stage of completion of the work performed is determined using the cost-to-cost method.

Any advance payments requested and received from the client before the promised services have been performed represent an obligation to the client. If the performance obligations are higher than the claim entitlement deriving from the client contract, Exyte discloses the net obligation as a contract liability.

Contract assets are realized within the normal business cycle. They are therefore presented as current assets even if the realization of the complete contract asset or the fulfilment of the client contract extends beyond a period of twelve months.

Partial services rendered that have already been invoiced (unconditional entitlements) are reported as trade receivables.

### Current and deferred taxes

Current taxes are calculated and accounted for each entity in accordance with the respective tax regulations and specifications.

Any tax consequences deriving from profit distributions are only taken into account by the entity making the distribution at the point in time when the resolution governing the appropriation of profits is passed.

Deferred tax amounts are recognized for all temporary differences between tax-based values of assets and liabilities and the values recognized for them in the consolidated statement of financial position.

In addition, deferred tax is recognized in respect of tax loss carryforwards, for which future utilization is more probable than not. The deferred tax is measured using the respective national income tax rates. The deferral is determined in the amount of the expected tax charge or tax relief for future financial years based on the rate of taxation that is valid at the closing date, unless this rate has already been changed with effect for the years in which the temporary differences are expected to reverse or the losses are expected to be utilized.

Deferred tax benefits are not recognized as assets if their utilization is dependent upon the availability of income against which they can be offset in periods that are not covered by corporate plans.

Deferred tax assets and deferred tax liabilities are not discounted. They are offset against one another if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off actual tax assets against actual tax liabilities. Deferred tax balances are always classified as non-current.

### Provisions for pensions

Pension provisions cover Exyte's benefit obligations arising from defined benefit plans. Exyte measures the pension obligations based on the projected unit credit method. For this purpose, annual reports are obtained from actuaries.

The biometric probabilities that are applied are derived from the mortality tables ("Richttafeln 2018 G") issued by Prof. Dr. Klaus Heubeck.

Exyte calculates the pension expense recognized in profit or loss based on the parameters at the end of the respective previous year and the relevant plan formula. If the effect on the amount of

obligation, as remeasured using the parameters applicable at the end of the financial year, differs from the impact on profit or loss deriving from continued application of the old parameters, then the difference is recognized in other comprehensive income.

The service cost is disclosed as part of the functional costs; the interest portion relating to the increase in the provision is included as part of the net income from financing activities.

For defined contribution plan retirement schemes (e.g. certain direct insurance schemes), the benefit contributions made by the employer are accounted for directly as an expense in the respective functional costs.

### Other provisions

Provisions are set up in cases where, at the closing date, a present obligation exists to a third party, arising out of a past event that is expected to most probably result in a future outflow of resources, the amount of which can be reliably estimated. Other provisions are only set up for legal and constructive obligations to third parties.

Provisions are recognized at their discounted settlement amount at the closing date, if the interest effect is material. Discounting is performed using pre-tax interest rates that reflect current market expectations with regard to both the interest effect and the specific risks related to the nature of the liability. The amount required to fulfill the obligation includes any expected changes in costs and prices prior to settlement.

Exyte recognizes certain, or virtually certain, rights of recourse as assets.

Income deriving from the reversal of provisions is offset against the expense items for which the provisions were originally set up.

### Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are, however, not within Exyte's control. Furthermore, current obligations may represent contingent liabilities if the outflow of resources is not sufficiently probable to justify the setting up of a provision and/or the amount of the obligation cannot be estimated with sufficient reliability.

Contingent liabilities are not recognized as liabilities in the statement of financial position but are disclosed in the notes to the consolidated financial statements.

## Sales

Exyte plans and constructs production and research facilities for the high-tech industry throughout the world. The spectrum of industries for which the Group is active includes, among other sectors, the electronics industry sector, pharmaceuticals, chemical, and food producers, as well as IT and telecommunications companies. The main focus of its value-adding activities is in the EPC business sector, i.e. in the planning (Engineering) of facilities, the procurement of all necessary components and trade services (Procurement), and the actual building of the facilities (Construction). The main sales deriving from contracts with clients are earned in the regional segments EMEA, AMER and APAC and derive from such activities. In addition to EPC business, Exyte produces and markets cleanroom components and systems for the electronics and pharmaceutical industry sectors in the T&S segment and also offers related installation services.

A contract with a client exists if a binding agreement between the contractual parties has economic substance, the rights and obligations of both contracting parties are defined, and it is probable that Exyte will receive consideration for the transfer of a good or provision of a service.

Although the exact terms of individual contracts vary, Exyte's contracts with clients are made up of the following contractual models, or combinations of such models:

- **Reimbursable:** In this case, the price includes the reimbursement of all costs approved in advance by the client. The costs are set as unit prices (e.g. as hourly rates or material prices) and normally include a profit margin.
- **Cost-plus (open-book):** In the case of cost-plus (open-book) contracts, Exyte agrees with the client on the provision of the service at a price "on proof." In such cases, the costs must be disclosed to the client. In addition, there is a percentage surcharge to cover a profit margin. In the case of pure cost-plus (open-book) contracts, Exyte does not benefit from any cost savings, but also does not bear the risk of any cost overruns.
- **Cost-plus (open-book) with a guaranteed maximum price:** In this case, Exyte bears the full risk of cost overruns without benefiting from cost savings. In such cases, however, Exyte often actually agrees on a model that shares both cost savings and cost overruns with the client.
- **Lump-sum:** With this type of contract, a fixed price is agreed for the completed project. Exyte thus benefits fully from any cost savings, but also bears the full risk of any cost overruns.

In general, contracts with clients contain only one performance obligation, as the service performed by Exyte consists of the implementation of an integrated overall solution covering everything from planning, through construction and project management, and culminating in the creation of a client-specific, turnkey plant facility, which requires its completion and handover to the client in its entirety. In the few cases where contracts with clients contain more than one performance obligation, Exyte allocates the transaction price to the individual performance obligations on the basis of the relative stand-alone selling prices.

The transaction price agreed for a contract can include both fixed and variable components. Variable components may include, for example, penalties or bonuses related to the completion date or the cost of a project. Variable components are included in the scope of the transaction price in cases where it is highly probable that there will not be any significant future reversal of already recognized sales. The estimate of the variable consideration component is reassessed regularly based on the progress of the project, and at each reporting date, and adjusted where necessary.

Exyte engages subcontractors in order to fulfill client contracts. Exyte regularly acts as the principal and, to the extent that Exyte obtains control over the goods and services before they are transferred to the client, recognizes recoverable costs as sales and cost of sales in the statement of comprehensive income. In certain cases, Exyte organizes the provision of services by the subcontractor without obtaining control over the goods and services to be transferred to the client. The costs and other expenses related to these services are charged directly to the client by the subcontractor. In such cases, Exyte does not recognize sales and cost of sales in the statement of comprehensive income.

Exyte recognizes sales deriving from project-related business based on the stage of completion. To determine the stage of completion, the costs already incurred are set in relation to the estimated total costs (cost-to-cost method). The estimated total costs are based on the cost budget for the project and past experience gathered from comparable projects.

Exyte assesses the profitability of the projects on a monthly basis. In cases where the estimated costs exceed the expected sales, the entity involved sets up a provision for onerous contracts in the amount of any deficit.

The payment terms of contracts for project-related business, whose performance obligations are fulfilled over a certain period, vary, but are usually based on a contractually agreed payment

schedule that is dependent on the achievement of certain milestones. Timing differences between the recognition of sales and the invoicing to the client, or payments by the client, result in changes to the corresponding contract assets or contract liabilities.

Exyte develops, manufactures and provides maintenance services for controlled production environments and cleanroom products. These are standard products, such as filter fan units, precision air-conditioning units and ultrapure water cabinets, as well as customized products. Sales deriving from the sale of products (excluding their installation) are recognized when control over them is transferred to the client. Control usually passes to the purchaser upon delivery of the products.

Billing is carried out when the contractually agreed milestones have been fulfilled. The terms agreed with the client usually provide for payment within 30 to 60 days of invoice preparation.

As a general rule, clients are not granted any rights of return or any rights to compensatory claims that exceed the legally prescribed guarantee or warranty provisions. The "termination for convenience" clause contained in the contracts grants the client the right to terminate the contract without giving reasons. In such cases, Exyte is entitled to payment for the services rendered up to the time of termination plus a reasonable profit margin, as well as for reimbursement of costs incurred as a result of the termination.

### Government grants and assistance

Government grants and assistance that are intended to compensate Exyte for costs that it has incurred are recognized in profit or loss, as other operating income, provided that the costs that are being compensated are incurred and the prerequisites for receiving the grant or assistance have been fulfilled with reasonable certainty.

### Other income and other expenses

Operating expenses are recognized when the relevant service is received and other sales-related expenses are recognized as expenses at the time they are incurred.

Interest expenses and interest income are recognized applying the effective interest rate method.



## C. DISCRETIONARY DECISIONS, ESTIMATES, AND ASSUMPTIONS

The process of preparing the consolidated financial statements requires discretionary decisions, estimates, and assumptions that impact the amount and presentation of recognized assets, liabilities, income, and expenses, as well as certain disclosures in the notes to the financial statements. Although great care is taken in the quantifying such estimates and assumptions, taking into account the best available information, the actual figures that arise may vary from them.

### Uncertainties resulting from the war in Ukraine

The Russian invasion of Ukraine, which began at the end of February 2022 and has continued up to now, with its accompanying political and economic consequences, such as sanctions and countermeasures, has given rise to considerable uncertainties for the further development of the global economy. The war in Ukraine can have a negative impact on sales development, production processes as well as procurement and logistics processes, through interruptions in supply chains, for example. This could lead to delays in the execution of Exyte's projects.

Any further increase in the already high inflation levels poses the risk of a prolonged wage-price spiral. Declining real incomes and increased uncertainty could also lead to a fall in demand. Further uncertainties stem from the reactions of central banks to the high rates of inflation and the associated impact on interest rate levels. More restrictive financing policies could lead to a recession in highly developed economies and pose a risk to vulnerable emerging economies. Exyte would be particularly affected by these developments if clients postponed or abandoned planned capital expenditure investment.

### Pandemic-related uncertainties

Global economic development continued to be influenced by the effects of the COVID pandemic in 2022. In particular, lockdowns in China – as a result of the strict zero-COVID policy adopted there in 2022 – put a strain on international trade and global supply chains. It is still not possible to reliably predict how the COVID pandemic will develop. The greatest uncertainty at present probably stems from the abandonment of the zero-COVID policy in China and the associated consequences of that decision for the global economy (e.g. further aggravation of supply chain bottlenecks). Moreover, the possible emergence of more aggressive virus variants also remains an incalculable risk for the global economy.

### Possible impacts on Exyte's accounting and reporting processes

The war in Ukraine and the COVID pandemic have had only a minor impact on Exyte's business development and on the consolidated financial statements for the year ended December 31, 2022.

The indirect consequences of the war in Ukraine could require the recognition of additional impairment losses on assets due to necessary amendments to planning. Postponement of capital investment expenditure by customers could have an effect on Exyte's planning and thus, in particular, on the test for impairment to goodwill. However, due to the fact that the existing surplus coverage for testing purposes is substantial, this does not constitute a risk that could have a significant impact on the accounting and reporting.

In the case of open-book contracts with clients, any unexpected cost increases would not have a negative impact on Exyte, as the costs incurred can be billed to the clients. The risk to Exyte deriving from lump-sum contracts with clients is also limited, as cost increases for these contracts are usually avoided by means of back-to-back agreements with sub-contractors. Nevertheless, negative effects on the timing and amount of expected revenue deriving from contracts with clients cannot be ruled out if delays occur in the handling of the project (e.g. due to restricted access to construction sites because of COVID-related restrictions) or if projects are postponed.

Increases in interest rates do not have an immediately significant impact on Exyte, as the consolidated financial statements contain practically no interest-sensitive items.

Provided that no extreme scenarios arise, Exyte does not therefore expect any significant future negative implications to derive from the war in Ukraine and from the COVID pandemic with regard to its operational business development, and thus with respect to the Group's assets, liabilities, financial position and financial performance. This assessment is based on past experience, an analysis of the possible risks deriving from the portfolio of current and new projects, together with the results of a review of client categories and subcontractors with regard to any potential changes in default risks. On the other hand, any consequences deriving from a conceivable escalation of the war in Ukraine cannot be reliably estimated.

Other important future-related assumptions made and the key sources of estimation uncertainty at the closing date that could lead to the risk of an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Significant discretionary decisions relating to the application of IFRS 15

#### Assessment of the stage of completion of work performed

The majority of the projects carried out by Exyte are accounted for based on the stage of completion of the work performed. In order to determine the stage of completion, the precise assessment of the degree of completion based on the actual costs incurred in relation to the estimated total costs is a matter of judgment. The total estimated costs are calculated at the beginning of a project and include cost estimates for materials, subcontractors, and the equipment and personnel that are deployed for the entire duration of the project. These cost estimates are reviewed periodically throughout the duration of the project and are amended in the period in which the need for adjustment is identified.

Other key estimation factors include, in particular, total contract sales, as well as contract risks. These estimates are also regularly reviewed and adjusted.

#### Contract amendments

In general, the scope of a project is specifically defined in the contract with the client. In cases where the client wishes to modify the scope, a contract amendment ("change order") is agreed and signed by both parties to the contract. Contract scope increases and modifications usually lead to an adjustment of the scope of the original performance obligations and thus do not constitute independent distinguishable services. Exyte accordingly amends the estimated project costs and sales and takes these into account prospectively from the date of the contract amendment. A subsequent adjustment of the estimated costs and sales may become necessary during the course of the project.

## Goodwill

Goodwill (€307,795 thousand; 2021: €280,945 thousand) is tested for impairment annually. In the process of performing this test, estimates have to be made in particular with respect to future cash inflows and outflows that arise in connection with the object that is subject to measurement. An appropriate discount rate needs to be chosen in order to determine the recoverable amount. Any changes in the situation of the overall economy, the industry sector or the organization's business itself may lead to a reduction in the cash surpluses generated, or to an increase in the discount rate, which can possibly lead to the recognition of an impairment loss against goodwill.

## Legal disputes

Particularly as far as its involvement in project-related business is concerned, Exyte is regularly involved in legal disputes that are contested in various jurisdictions. Such legal processes can lead to situations in which the Exyte Group entities that are affected become subject to criminal or civil sanctions, fines, or other costs. Exyte sets up provisions (€3,004 thousand; 2021: €1,755 thousand) for such legal disputes, regulatory processes, or governmental investigations in cases where it is more probable than not that a current obligation has arisen in connection with such procedures that will lead to an outflow of resources and where the amount of the obligation can be reliably estimated. Legal disputes, regulatory processes or governmental investigations often have their basis in complex legal issues and are subject to a significant level of uncertainty. Accordingly, any assessment at the year-end reporting date, as to whether the prerequisites for the setting up a provision are fulfilled, is based on discretionary judgment. The same applies to the estimation of the amount of the provision.

Exyte regularly assesses the current status of legal disputes, by also involving external lawyers. Due to new developments, it may become necessary for a provision for an ongoing legal dispute to be recognized for the first time in future or to adjust the amount involved. Changes in estimates and assumptions over time can have a significant effect on future financial performance. In the event of an unfavorable outcome deriving from ongoing litigation, Exyte could incur expenses in excess of the provisions recognized in the statement of financial position.

## Accounting for pensions

Provisions for pensions (€7,406 thousand; 2021: €10,535 thousand), and hence the resultant period-related net benefit costs, are determined in conformity with actuarial computations. Such computations are based on key assumptions, which include discount rates, salary and pension trends, and life expectancies. The discount rates that are applied are based on yields that can be earned through investment in first-class fixed-interest corporate bonds with a corresponding term and currency. If such yield information is not available, the discount rates are based on market yields for government bonds. Actual developments may vary in comparison to the assumptions made, due to fluctuating market and economic circumstances. These may have a significant impact on the provisions for pensions. Any resultant differences are recognized in other comprehensive income in the period in which they arise.

## Income tax

Exyte is subject to tax regulations in many different territories. The tax amounts disclosed in the consolidated financial statements (net balance of income tax receivables (+) and income tax liabilities (-): -€17,627 thousand; 2021: -€10,392 thousand) take into account the respective tax legislation and pertinent opinions of the various tax administrations involved. Due to their complexity, these may be interpreted differently by the taxpayer and by the respective local tax authorities. In particular, differences in the interpretation of tax regulations, by the judiciary and administrative bodies, can impact the amounts of tax-related reporting line items disclosed in the consolidated financial statements.

Deferred tax assets (€76,788 thousand; 2021: €66,371 thousand) are recognized if sufficient future taxable income is available, against which expenses deriving from the reversal of deductible temporary differences or tax loss carryforwards can be offset. The estimate of this income takes into account, among other things, planned results from operating business activities, the effects on earnings deriving from the reversal of taxable temporary differences, as well as planned tax strategies. Based on the planned future taxable income, the management

assesses the recoverability of deferred tax assets at each reporting date. As future business developments are subject to uncertainty, and are partly beyond management's control, the measurement of deferred tax assets may need to be adjusted in the future.

## Other provisions

The carrying amounts for other provisions (both non-current and current) amounted to €115,982 thousand (2021: €91,932 thousand). Significant estimates are required in particular for potential losses from onerous contracts, warranty provisions, and various other provisions where the amount of the obligation is uncertain.

## Determination of the contractual lease term in the case of renewal and termination options

Some contracts for the rental of real estate include renewal and/or termination options. Such contractual conditions offer Exyte the greatest possible operational flexibility. When determining the duration of the contracts, all facts and circumstances are taken into account that provide an economic incentive to exercise or not exercise such options to change the duration of leases. Any potential changes in the duration resulting from the exercise or non-exercise of such options are only taken into account when determining the term of the contract if they are sufficiently certain. Such assessment is accordingly subject to discretionary decisions, estimates and assumptions. Changes in estimates have an impact on the recognized right-of-use assets (€129,492 thousand; 2021: €98,007 thousand) and on non-current and current lease liabilities (€132,794 thousand; 2021: €98,200 thousand). In general, these have only a minor impact on profit and loss.



## D. NOTE DISCLOSURES FOR INDIVIDUAL ITEMS

### 1 Sales

#### Transaction prices to be allocated to performance obligations that are still outstanding

The following table shows sales that are expected to arise from the fulfillment of performance obligations that existed at the reporting date:

#### Expected sales from performance obligations – December 31, 2022

in € thousand			
2023	2024	2025	Total
5,798,975	1,016,641	86,055	<b>6,901,671</b>

#### Expected sales from performance obligations – December 31, 2021

in € thousand			
2022	2023	2024	Total
5,502,878	779,775	222,586	6,505,239

All contracts have been measured at their transaction prices, including any agreed contract amendments.

Only performance obligations that are part of a contract with an expected original term of more than one year are disclosed.

As was the case in the previous year, as of the closing date, no costs relating to the initiation of contracts were recognized as assets.

### Analysis of sales

The following table shows the analysis of sales by regional segment deriving from contracts with clients. We make reference to Note 30: "Segment information" for more detailed information concerning the reportable segments.

#### Sales from client contracts, by regional segment – 2022

in € thousand						
	EMEA	AMER	APAC	T&S	Consolidation adjustments	Exyte
Sales recognized over a period of time	2,109,101	559,985	4,230,478	462,988	–198,574	7,163,978
Sales recognized at a point in time	0	0	8,522	311,908	–81,730	238,700
<b>Total</b>	<b>2,109,101</b>	<b>559,985</b>	<b>4,239,000</b>	<b>774,896</b>	<b>–280,304</b>	<b>7,402,678</b>

#### Sales from client contracts, by regional segment – 2021

in € thousand						
	EMEA	AMER	APAC	T&S	Consolidation adjustments	Exyte
Sales recognized over a period of time	2,441,060	423,295	1,731,249	288,941	–120,764	4,763,781
Sales recognized at a point in time	0	0	668	137,884	–37,479	101,073
<b>Total</b>	<b>2,441,060</b>	<b>423,295</b>	<b>1,731,917</b>	<b>426,825</b>	<b>–158,243</b>	<b>4,864,854</b>

### 2 Cost of sales

The cost of sales (costs of generation of goods sold and of services rendered) during the financial year amounted to –€6,813,724 thousand (2021: –€4,475,421 thousand).

The cost of sales reporting line discloses the costs incurred in respect of the sales generated. These mainly comprise material costs, costs of third-party services and personnel costs relating to the productive area. In addition, the cost of sales also includes any depreciation and amortization charges that are attributable to the generation process.

The cost of goods also includes the expenses relating to the set-up of provisions for warranty claims and for potential losses deriving from onerous contracts. Reversals of provisions for warranty claims and potential losses deriving from onerous contracts, amounting to €2,448 thousand (2021: €5,204 thousand), reduced the cost of sales.

### 3 Selling costs

Selling costs in the financial year amounted to –€50,458 thousand (2021: –€40,444 thousand). These mainly consist of costs of personnel and materials or services incurred by the sales organization, expenses in connection with the preparation of proposals for projects that were not awarded, or which could not be charged to the clients concerned, as well as marketing expenses, public relations costs, and advertising expenses. Furthermore, amortization and depreciation charges that are attributable to the sales area are also included.

#### 4 Administration costs

Administration costs, amounting to –€141,657 thousand (2021: –€93,974 thousand) mainly include costs of personnel and materials or services incurred by administrative functions, as well as amortization and depreciation charges that are attributable to the administration area. –€11,757 thousand of the overall increase of –€47,683 thousand derives from the fact that a full year's costs of CPS Group, which was acquired as of November 1, 2021, were included for the first time in the consolidated financial statements. The remaining increase of –€35,926 thousand is mainly due to costs incurred to support the overall growth strategy, as well as costs related to the design and implementation of a new ERP system.

#### 5 Other operating income

##### Other operating income

in € thousand

	2022	2021
Gain on the disposal of consolidated entities	4,270	237
Income from government grants	3,919	2,872
Income deriving from the charge-out of services to third parties and from leases	3,535	970
Income from services charged out to entities belonging to the M+W Group GmbH Group	1,561	1,743
Income from the reversal of allowances for impairment and from the receipt of payments for previously derecognized receivables	1,151	2,725
Income deriving from the reimbursement of costs related to COVID-19	1,083	6,695
Income deriving from tax credits for research and development activities	468	0
Gains on the disposal of intangible assets and property, plant and equipment	10	1,738
Miscellaneous other items	2,624	2,843
<b>Total</b>	<b>18,621</b>	<b>19,823</b>

The gain on the disposal of consolidated entities, amounting to €4,270 thousand in financial year 2022 (2021: €237 thousand), derived from the liquidation-related deconsolidation of Exyte Rus, LLC.

The income from government grants, amounting to €3,919 thousand (2021: €2,872 thousand), mainly includes incentives of €3,699 thousand (2021: €2,654 thousand) granted by the Chinese government. The Chinese company was entitled to claim a partial tax repayment as an incentive fund to support its business activities.

Income deriving from the reimbursement of costs related to COVID-19, amounting to €1,083 thousand (2021: €6,695 thousand), mainly results from government COVID support programs in Asia.

The income deriving from tax credits for research and development activities, amounting to €468 thousand (2021: €0 thousand), resulted from a Group company located in the United Kingdom.

#### 6 Other operating expenses

##### Other operating expenses

in € thousand

	2022	2021
Expenses deriving from the recognition of impairment allowances and the derecognition of receivables	–8,197	–2,895
Restructuring and reorganization expenses	–3,786	–1,943
Taxes other than income tax	–1,302	–1,873
Expenses deriving from services charged out to entities belonging to the M+W Group GmbH Group	–1,510	–1,697
COVID-19 related costs	–452	–3,727
Losses on the disposal of intangible assets and property, plant and equipment	–317	–327
Miscellaneous other items	–2,860	–4,760
<b>Total</b>	<b>–18,424</b>	<b>–17,222</b>

–€7,170 thousand (2021: €0 thousand) of the total expenses deriving from the recognition of impairment allowances and the derecognition of receivables, amounting in total to –€8,197 thousand (2021: –€2,895 thousand), relate to contract assets and trade receivables due from a US American client.

COVID-related costs, amounting to –€452 thousand (2021: –€3,727 thousand) include, in particular, expenses for the continued payment of salaries during shutdown periods in Asia, which are offset by corresponding income from government support programs (refer to the information contained in the note on other operating income). In addition, these costs also include expenses for hygiene measures and additional accommodation costs incurred because of government quarantine regulations (especially in Asia).

#### 7 Net income from financing activities

##### Net income from financing activities

in € thousand

	2022	2021
<b>Interest and similar income</b>	<b>110,319</b>	<b>35,876</b>
Foreign exchange gains (related parties)	5,049	6,171
Foreign exchange gains (third parties)	93,575	27,512
Income from charge-on of fees for bank guarantees	159	370
Miscellaneous interest and similar income	11,536	1,823
<b>Interest and similar expenses</b>	<b>–102,573</b>	<b>–37,263</b>
Foreign exchange losses (related parties)	–26,784	–18,957
Foreign exchange losses (third parties)	–69,877	–15,041
Expenses for fees for bank guarantees	–1,682	–1,861
Interest portion of lease Installments deriving from lease liabilities	–1,853	–1,062
Interest expense deriving from the unwinding of discount on provisions for pensions	–104	–69
Miscellaneous interest and similar expenses	–2,273	–273
<b>Net income from financing activities (net total)</b>	<b>7,746</b>	<b>–1,387</b>



## 8 Income tax

Income tax comprises taxes on income paid or owed in the various individual territories (current tax) and deferred tax. The computation of the expense for income tax is made using the tax rates that are valid, or that have been announced for the future, as of the year-end reporting date.

Deferred tax assets and deferred tax liabilities are presented as separately reported line items in the statement of financial position. They provide clarity concerning the tax effects of a future reduction of temporary differences or the future use of tax loss carryforwards.

The process of measurement of deferred tax takes the relevant national income tax rates into account. For domestic companies, as of the respective year-end reporting dates, deferred tax was calculated using a corporation tax rate of 15.0% plus a respective solidarity tax surcharge of 5.5% based on the corporation tax, as well as using an effective rate of 14.7% in respect of municipal trade tax. After considering the solidarity tax surcharge and municipal trade tax, the tax rate of 30.53% – determined for computation of deferred tax for the German companies – is unchanged from the previous year.

For foreign companies, deferred tax is calculated using the specific tax rates that are valid for the respective territories.

Current and deferred taxes are recorded in profit or loss unless they relate to items that have been recognized in other comprehensive income or directly in equity, without impacting profit or loss. In such a case, the deferred tax is also accounted for in comprehensive income or equity without impacting profit or loss.

Based on origin, the figure for income tax is made up as follows:

### Income tax, based on origin

in € thousand	2022	2021
<b>Current income tax</b>	<b>-70,417</b>	<b>-41,846</b>
<b>Deferred tax</b>	<b>14,635</b>	<b>2,157</b>
Deferred tax deriving from temporary differences	13,364	4,763
Deferred tax deriving from tax loss carryforwards and tax credits	1,271	-2,606
<b>Total</b>	<b>-55,782</b>	<b>-39,689</b>
Thereof: current income tax relating to prior periods	-1,835	1,164
Thereof: deferred tax relating to prior periods	2,757	-1,018

At the year-end reporting date, Exyte had unutilized domestic and foreign corporation tax loss carryforwards, amounting to €188,997 thousand (2021: €179,348 thousand), as well as unutilized municipal trade tax loss carryforwards in Germany of €68,054 thousand (2021: €46,906 thousand).

The management's assessment is that in all probability, sufficient future taxable income will be generated to offset €45,516 thousand (2021: €46,510 thousand) of the tax losses carried forward that have not yet been utilized for corporation tax purposes and to offset €16,529 thousand (2021: €8,715 thousand) of the tax losses carried forward that have not yet been utilized for municipal trade tax purposes.

Deferred tax assets amounting to €11,142 thousand (2021: €10,506 thousand) were set up in respect of these utilizable losses. No further deferred tax assets were recognized in respect of the remaining corporation tax loss carryforwards, amounting to €143,481 thousand (2021: €132,838 thousand) and municipal trade tax loss carryforwards of €51,525 thousand (2021: €38,191 thousand). €1,476 thousand (2021: €1,925 thousand) of the foreign tax loss carryforwards will expire in the next five years.

In addition, Exyte has available tax credits of €4,424 thousand (2021: €16,018 thousand), which mainly existed in Germany in financial year 2022. In the previous year, €13,185 thousand of these related to the USA. No deferred tax assets were recognized in the past as the tax credits were assessed to be not utilizable. As their utilization is assessed to be improbable, these losses have no longer been reported as of December 31, 2022. A deferred tax asset of €267 thousand (2021: €538 thousand) was recognized in respect of the utilizable tax credits.

Deferred tax credits, amounting to €167 thousand (2021: €41 thousand) arose from changes in tax rates. These arose mainly due to changes in tax legislation in the United Kingdom.

Deferred tax liabilities amounting to €5,702 thousand (2021: €1,032 thousand) were recognized for temporary differences in connection with investments in subsidiaries, as it is currently probable that the temporary differences will reverse in this amount due to dividend payments in the following year. In the event of a distribution, these dividends will be taxed in Germany at a rate of 5% or will respectively be subject to foreign withholding tax.

Deferred tax liabilities of €284,128 thousand (2021: €330,726 thousand) were not recognized for temporary differences in connection with participatory investments in subsidiaries because Exyte is able to control the timing of the reversal of the temporary differences and these will not reverse in the foreseeable future.

The following deferred tax assets and deferred tax liabilities were set up in respect of recognition and measurement differences relating to individual line items in the statement of financial position and in respect of tax loss carryforwards:

Deferred tax relating to separate line items in the statement of financial position

	Deferred tax assets		Deferred tax liabilities	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
in € thousand				
<b>Non-current assets</b>	<b>16,868</b>	<b>16,016</b>	<b>-50,739</b>	<b>-39,403</b>
Intangible assets	15,271	14,508	-18,101	-18,892
Property, plant and equipment	207	34	-32,575	-20,415
Financial assets	1,390	1,474	-63	-96
<b>Current assets</b>	<b>7,459</b>	<b>51,141</b>	<b>-47,089</b>	<b>-34,433</b>
Inventories	686	1,445	0	0
Receivables and other assets	6,773	49,696	-47,089	-34,433
<b>Non-current liabilities</b>	<b>28,201</b>	<b>20,221</b>	<b>-108</b>	<b>-66</b>
Provisions	2,974	4,185	-1	-66
Liabilities	25,227	16,036	-107	0
<b>Current liabilities</b>	<b>121,002</b>	<b>131,040</b>	<b>-24,881</b>	<b>-101,735</b>
Provisions	8,995	7,593	-396	-788
Liabilities	112,007	123,447	-24,485	-100,947
<b>Tax loss carryforwards</b>	<b>49,451</b>	<b>44,627</b>	<b>-</b>	<b>-</b>
<b>Tax credits</b>	<b>2,043</b>	<b>3,871</b>	<b>-</b>	<b>-</b>
<b>Gross value</b>	<b>225,024</b>	<b>266,916</b>	<b>-122,817</b>	<b>-175,637</b>
Write-downs	-40,134	-38,008	-	-
Set-offs	-108,102	-162,537	108,102	162,537
<b>Recognition in the statement of financial position</b>	<b>76,788</b>	<b>66,371</b>	<b>-14,715</b>	<b>-13,100</b>

Deferred tax of €2,389 thousand (2021: €1,921 thousand) relates to business transactions that had to be recognized directly in equity. Deferred tax recognized directly in equity mainly derives from the measurement of pension provisions (€306 thousand; 2021: €1,273 thousand) and from the measurement of forward exchange transactions, as part of cash flow hedges (€2,083 thousand; 2021: €648 thousand)

The measurement of deferred tax assets resulting from deductible temporary differences and tax loss carryforwards is based on underlying tax-planning calculations and is derived from multi-annual planning and business strategy information. Such tax planning calculations show that it is highly probable that sufficient taxable income can be expected over the period covered by the planning horizon to confirm the viability of the deferred tax assets deriving from both deductible temporary differences and tax loss carry forwards. This assessment is particularly based on the achievement of the Group's strategic objectives, which are aiming to result in an improved earnings situation. In case of a history of losses, recognition of deferred tax assets is mandatory if there is convincing substantial evidence that sufficient taxable income will become available from ongoing business operations.

The following table shows the tax reconciliation of the expected tax expense and the actual tax expense reported. For purposes of determining the expected tax expense the currently valid – and unchanged – domestic tax rate of 30.53% for the financial year 2022 was applied.



Reconciliation of the expected and actual tax expense

in € thousand

	2022	2021
<b>Earnings before tax</b>	<b>404,782</b>	<b>256,229</b>
Expected tax expense	-123,580	-78,227
<b>Adjustments to the expected tax expense:</b>		
Non-tax-deductible expenses	-8,545	-5,100
Tax-free income	39,058	20,371
Change in write-downs of deferred tax assets and impacts deriving from losses in the current year, for which no deferred tax was recognized	-5,011	-7,753
Permanent differences	-871	1,535
Deviations from the expected tax rate	51,098	37,711
Effects deriving from municipal trade tax add-ons and deductions	-331	284
Impacts of changes in tax rates	167	41
Tax not related to the current reporting period	922	146
Foreign and other local income taxes	-10,604	-7,048
Other tax effects	1,915	-1,649
<b>Actual tax expense</b>	<b>-55,782</b>	<b>-39,689</b>
<b>Group tax rate</b>	<b>13.8%</b>	<b>15.5%</b>

"Foreign and other local income taxes" mainly include tax on the results of foreign operations and foreign withholding tax.

9 Intangible assets

Development of intangible assets

in € thousand

	Development costs	Client relationships, non-competition agreements	Patents, trademarks, software	Goodwill	Total
<b>Costs of acquisition or generation</b>					
<b>Balance: 1.1.2022</b>	<b>613</b>	<b>46,236</b>	<b>23,847</b>	<b>280,945</b>	<b>351,641</b>
Currency impacts	0	1,864	728	7,704	10,296
Changes to the scope of the consolidation	0	9,869	3,137	19,146	32,152
Additions	0	0	402	0	402
Disposals	0	0	0	0	0
<b>Costs of acquisition or generation</b>					
<b>Balance: 31.12.2022</b>	<b>613</b>	<b>57,969</b>	<b>28,114</b>	<b>307,795</b>	<b>394,491</b>
<b>Accumulated amortization/write-downs</b>					
<b>Balance: 1.1.2022</b>	<b>-343</b>	<b>-789</b>	<b>-11,775</b>	<b>0</b>	<b>-12,907</b>
Currency impacts	0	8	-315	0	-307
Changes to the scope of the consolidation	0	0	0	0	0
Additions	-46	-3,470	-4,140	0	-7,656
Disposals	0	0	0	0	0
<b>Accumulated amortization/write-downs</b>					
<b>Balance: 31.12.2022</b>	<b>-389</b>	<b>-4,251</b>	<b>-16,230</b>	<b>0</b>	<b>-20,870</b>
<b>Carrying amount: 31.12.2022</b>	<b>224</b>	<b>53,718</b>	<b>11,884</b>	<b>307,795</b>	<b>373,621</b>

Development of intangible assets

in € thousand

	Development costs	Client relationships, non-competition agreements	Patents, trademarks, software	Goodwill	Total
<b>Costs of acquisition or generation</b>					
<b>Balance: 1.1.2021</b>	<b>613</b>	<b>1,856</b>	<b>11,906</b>	<b>131,787</b>	<b>146,162</b>
Currency impacts	0	1,091	298	3,561	4,950
Changes to the scope of the consolidation	0	44,826	11,347	145,597	201,770
Additions	0	0	354	0	354
Disposals	0	-1,537	-58	0	-1,595
<b>Costs of acquisition or generation</b>					
<b>Balance: 31.12.2021</b>	<b>613</b>	<b>46,236</b>	<b>23,847</b>	<b>280,945</b>	<b>351,641</b>
<b>Accumulated amortization/write-downs</b>					
<b>Balance: 1.1.2021</b>	<b>-297</b>	<b>-1,787</b>	<b>-10,685</b>	<b>0</b>	<b>-12,769</b>
Currency impacts	0	-22	-38	0	-60
Changes to the scope of the consolidation	0	0	-2	0	-2
Additions	-46	-517	-1,108	0	-1,671
Disposals	0	1,537	58	0	1,595
<b>Accumulated amortization/write-downs</b>					
<b>Balance: 31.12.2021</b>	<b>-343</b>	<b>-789</b>	<b>-11,775</b>	<b>0</b>	<b>-12,907</b>
<b>Carrying amount: 31.12.2021</b>	<b>270</b>	<b>45,447</b>	<b>12,072</b>	<b>280,945</b>	<b>338,734</b>

As was the case in the previous year, there were no commitments for the purchase of intangible assets as of the closing date.

Amortization charges on intangible assets, amounting to -€7,656 thousand (2021: -€1,671 thousand), were recorded in cost of sales (-€7,064 thousand; 2021: -€1,135 thousand) and in administration costs (-€592 thousand; 2021: -€531 thousand). In the previous year, -€5 thousand was also recorded in other operating expenses.

As in the previous year, the annual test for impairment was made at the level of groups of cash-generating units (CGUs) and was carried out in an unchanged manner at the end of the financial year. Exyte has identified the respective regional segments EMEA, AMER, APAC, and T&S as groups of CGUs.

The recoverable amount for purposes of the impairment test of goodwill is determined as the value in use. The estimation of cash flows from the continued use of the CGU groups is based on the most recent medium-term planning approved by management for a planning horizon of three years (earnings, statement of financial position and cash flow planning). The medium-term planning is based, among other things, on the existing order backlog and the expectation of future project acquisitions. Cash flows beyond the planning horizon of the medium-term plan are extrapolated for each group of CGUs using individual planning assumptions.

The following are the most significant planning assumptions used for the groups of CGUs:

- The medium-term plan for EMEA for the years 2023 to 2025 forecasts sales for EMEA in 2023 that remain generally stable, and significantly increasing sales from 2024 on, accompanied by a more-or-less stable EBITDA margin. Increasing sales and improving EBITDA margins are forecast for AMER and T&S. For APAC, a decrease in sales is expected, accompanied by a slight declining EBITDA margin.
- The sales expectations for EMEA, AMER, and APAC for purposes of the perpetual annuity were derived to an extent of 50% from the sales for the final planning year and to an extent of 50% from the average sales of the actual years 2018 to 2022 and for the plan years 2023 to 2025, in order to take fluctuations in regional business into account. Based on this, the EBITDA margin for the final planning year was then applied.



- For T&S, both the sales revenue and EBITDA of the final planning year were used to derive the perpetual annuity.
- For EMEA, AMER, APAC and T&S, sustainable growth of 0.25% was calculated for purposes of the perpetual annuity.

The values in use that were determined are not only dependent on the forecast future cash flows, but are also particularly influenced by the discount rates used to determine the present value. The discount rates applied are based on the weighted average cost of capital (WACC) concept.

The WACC is individually determined based on a risk-free interest rate and a market risk premium for each group of CGUs. In addition, the discount rates reflect a current market assessment of specific risks by taking into account beta factors and the debt ratios of a specific peer group, as well as country-specific premiums. The parameters used to determine the discount rates are based on external information sources. The peer group used is subject to an annual review and is adjusted if necessary.

The discount rates used to calculate the present value, as well as the allocation of goodwill to the groups of CGUs, are presented below:

**Goodwill analyzed by groups of cash-generating units**

<b>31.12.2022</b>	<b>WACC before tax (in %)</b>	<b>Tax rate (in %)</b>	<b>WACC after tax (in %)</b>	<b>Goodwill (in € thousand)</b>
EMEA	12.0	22.7	9.3	58,474
AMER	13.2	25.6	9.8	9,701
APAC	12.2	21.2	9.6	50,422
T&S	12.5	24.8	9.4	189,198

**Goodwill analyzed by groups of cash-generating units**

<b>31.12.2021</b>	<b>WACC before tax (in %)</b>	<b>Tax rate (in %)</b>	<b>WACC after tax (in %)</b>	<b>Goodwill (in € thousand)</b>
EMEA	10.8	19.8	8.7	58,474
AMER	11.3	25.3	8.4	9,701
APAC	10.6	20.2	8.5	50,422
T&S	11.0	24.6	8.3	162,348

As had been the case in the previous year, the impairment test resulted in no requirement to recognize an impairment loss against the carrying amount of goodwill in the financial year.

For purposes of a sensitivity analysis conducted for the groups of CGUs to which significant goodwill is allocated, a sustainable EBITDA margin in the amount of the actual EBITDA margin for 2022 (no future margin increase), or an increase in the WACC by 2 percentage points, or a reduction in the long-term growth rate to 0%, were assumed. On this basis, there was also no need for an impairment loss to be recognized for any of these groups of CGUs.

## 10 Property, plant and equipment

### Development of property, plant and equipment

in € thousand

	Land and buildings	Technical equipment and machinery	Other equipment, operational, and office equipment	Assets under construction	Total
<b>Costs of acquisition or construction</b>					
<b>Balance: 1.1.2022</b>	<b>1,929</b>	<b>15,719</b>	<b>81,081</b>	<b>2,418</b>	<b>101,147</b>
Currency impacts	-83	92	1,547	162	1,718
Changes to the scope of the consolidation	0	200	395	0	595
Additions	1	5,280	10,171	8,624	24,076
Disposals	0	-839	-1,932	-188	-2,959
Transfers	0	4,411	-1,761	-2,650	0
<b>Costs of acquisition or construction</b>					
<b>Balance: 31.12.2022</b>	<b>1,847</b>	<b>24,863</b>	<b>89,501</b>	<b>8,366</b>	<b>124,577</b>
<b>Accumulated depreciation and write-downs</b>					
<b>Balance: 1.1.2022</b>	<b>-824</b>	<b>-9,662</b>	<b>-52,228</b>	<b>0</b>	<b>-62,714</b>
Currency impacts	37	21	-980	0	-922
Changes to the scope of the consolidation	0	-124	-113	0	-237
Additions	-40	-2,787	-8,819	0	-11,646
Disposals	0	516	1,692	0	2,208
Transfers	0	-1,123	1,123	0	0
<b>Accumulated depreciation and write-downs</b>					
<b>Balance: 31.12.2022</b>	<b>-827</b>	<b>-13,159</b>	<b>-59,325</b>	<b>0</b>	<b>-73,311</b>
<b>Carrying amount: 31.12.2022</b>	<b>1,020</b>	<b>11,704</b>	<b>30,176</b>	<b>8,366</b>	<b>51,266</b>

Development of property, plant and equipment

in € thousand

	Land and buildings	Technical equipment and machinery	Other equipment, operational, and office equipment	Assets under construction	Total
<b>Costs of acquisition or construction</b>					
<b>Balance: 1.1.2021</b>	<b>30,487</b>	<b>16,403</b>	<b>64,726</b>	<b>35</b>	<b>111,651</b>
Currency impacts	142	1,010	4,049	64	5,265
Changes to the scope of the consolidation	27	4,232	9,134	1,629	15,022
Additions	12	530	7,631	1,043	9,216
Disposals	-28,739	-6,774	-4,476	-18	-40,007
Transfers	0	318	17	-335	0
<b>Costs of acquisition or construction</b>					
<b>Balance: 31.12.2021</b>	<b>1,929</b>	<b>15,719</b>	<b>81,081</b>	<b>2,418</b>	<b>101,147</b>
<b>Accumulated depreciation and write-downs</b>					
<b>Balance: 1.1.2021</b>	<b>-2,213</b>	<b>-8,694</b>	<b>-44,535</b>	<b>0</b>	<b>-55,442</b>
Currency impacts	-57	-709	-3,110	0	-3,876
Changes to the scope of the consolidation	-12	-1,955	-2,543	0	-4,510
Additions	-161	-843	-6,003	0	-7,007
Disposals	1,619	2,539	3,963	0	8,121
<b>Accumulated depreciation and write-downs</b>					
<b>Balance: 31.12.2021</b>	<b>-824</b>	<b>-9,662</b>	<b>-52,228</b>	<b>0</b>	<b>-62,714</b>
<b>Carrying amount: 31.12.2021</b>	<b>1,105</b>	<b>6,057</b>	<b>28,853</b>	<b>2,418</b>	<b>38,433</b>

As in the previous year, there were no restrictions on the disposal of property, plant and equipment, nor were there any obligations to purchase property, plant and equipment.



## 11 Right-of-use assets and lease liabilities

### Development of right-of-use assets

in € thousand

	Land and buildings	Other equipment, operational, and office equipment	Total
<b>Costs of acquisition or construction</b>			
<b>Balance: 1.1.2022</b>	<b>124,810</b>	<b>13,232</b>	<b>138,042</b>
Currency impacts	1,418	-332	1,086
Changes to the scope of the consolidation	3,347	0	3,347
Additions	52,667	4,322	56,989
Disposals	-8,081	-3,863	-11,944
Remeasurement/contract amendments	1,712	260	1,972
<b>Costs of acquisition or construction</b>			
<b>Balance: 31.12.2022</b>	<b>175,873</b>	<b>13,619</b>	<b>189,492</b>
<b>Accumulated depreciation and write-downs</b>			
<b>Balance: 1.1.2022</b>	<b>-33,128</b>	<b>-6,907</b>	<b>-40,035</b>
Currency impacts	-669	161	-508
Additions	-26,910	-4,491	-31,401
Disposals	8,081	3,863	11,944
<b>Accumulated depreciation and write-downs</b>			
<b>Balance: 31.12.2022</b>	<b>-52,626</b>	<b>-7,374</b>	<b>-60,000</b>
<b>Carrying amount: 31.12.2022</b>	<b>123,247</b>	<b>6,245</b>	<b>129,492</b>

Development of right-of-use assets

in € thousand

	Land and buildings	Other equipment, operational, and office equipment	Total
<b>Costs of acquisition or construction</b>			
<b>Balance: 1.1.2021</b>	<b>81,780</b>	<b>11,344</b>	<b>93,124</b>
Currency impacts	3,961	611	4,572
Changes to the scope of the consolidation	4,864	0	4,864
Additions	45,335	3,237	48,572
Disposals	-9,969	-2,053	-12,022
Remeasurement/contract amendments	-1,161	93	-1,068
<b>Costs of acquisition or construction</b>			
<b>Balance: 31.12.2021</b>	<b>124,810</b>	<b>13,232</b>	<b>138,042</b>
<b>Accumulated depreciation and write-downs</b>			
<b>Balance: 1.1.2021</b>	<b>-22,701</b>	<b>-4,647</b>	<b>-27,348</b>
Currency impacts	-1,291	-308	-1,599
Changes to the scope of the consolidation	-331	0	-331
Additions	-18,639	-4,005	-22,644
Disposals	9,834	2,053	11,887
<b>Accumulated depreciation and write-downs</b>			
<b>Balance: 31.12.2021</b>	<b>-33,128</b>	<b>-6,907</b>	<b>-40,035</b>
<b>Carrying amount: 31.12.2021</b>	<b>91,682</b>	<b>6,325</b>	<b>98,007</b>

Development of the lease liabilities

in € thousand

	2022	2021
<b>Opening balance as at 1.1.</b>	<b>98,200</b>	<b>64,917</b>
Currency impacts	595	2,925
Changes to the scope of the consolidation	3,489	4,491
Additions	56,325	47,889
Interest expense deriving from the unwinding of discount	1,853	1,062
Payments of interest and principal	-29,630	-22,119
Remeasurement/contract amendments	1,962	-965
<b>Closing balance as at 31.12.</b>	<b>132,794</b>	<b>98,200</b>

The interest rates used to determine the present value of the lease liabilities vary between 0.1% and 7.1% (2021: 0.3% and 4.8%).

**Amounts recognized in the consolidated statement of comprehensive income deriving from leases**

in € thousand	2022	2021
Depreciation of right-of-use assets	-31,401	-22,644
Interest expenses deriving from the unwinding of discount on lease liabilities	-1,853	-1,062
Expenses deriving from short-term leases	-7,948	-7,725
Expenses for other leases relating to assets of low value	-1,257	-1,348
Net gain/loss deriving from remeasurement/contract amendments	15	206
Gain deriving from sale-and-lease-back transactions	0	1,722

**Amounts recognized in the consolidated statement of cash flows deriving from leases**

in € thousand	2022	2021
Interest paid	-1,853	-1,062
<b>Cash flow from operating activities</b>	<b>-1,853</b>	<b>-1,062</b>
Proceeds from lease receivables	51	96
Payments for the redemption of lease liabilities	-27,777	-21,057
<b>Cash flow from financing activities</b>	<b>-27,726</b>	<b>-20,961</b>

**12 Inventories and advance payments made**

**Carrying amounts for inventories**

in € thousand	31.12.2022	31.12.2021
Raw materials, consumables, and supplies	56,883	33,165
Work in process	22,614	14,605
Finished goods, merchandise for resale	10,864	7,664
<b>Inventories</b>	<b>90,361</b>	<b>55,434</b>

Impairment losses of -€1,762 thousand were recognized against inventories in financial year 2022 (2021: -€1,653 thousand). The impairment losses were recognized due to the slow movement of the related inventories.

**Advance payments made**

The advance payments made, amounting to €251,956 thousand (December 31, 2021: €125,018 thousand), mainly result from advance payments to sub-suppliers in the project business sector. Their total balance increased by €126,938 thousand in financial year 2022 (2021: €118,545 thousand).

The consumption of inventories and the utilization of advance payments made resulted in the recognition of expenses of -€112,622 thousand (2021: -€82,774 thousand).

**13 Contract assets and liabilities**

**Contract balances**

in € thousand	31.12.2022	31.12.2021
Contract assets	456,095	288,440
Contract liabilities	993,127	906,879

Sales include an amount of €890,083 thousand (2021: 250,925 thousand) that had been disclosed as contract liabilities at the beginning of the financial year.

Sales deriving from performance obligations fulfilled in previous financial years amounted to €66,421 thousand (2021: €64,168 thousand); these were mainly generated with major European and Asian clients.

Allowances for losses on contract assets amounted to -€7,536 thousand at the year-end reporting date (December 31, 2021: -€489 thousand).



The following table includes an analysis of the credit quality of the contract assets:

**Default risks for contract assets – financial year 2022**

Default risk – rating classes		Credit loss			
Internal rating class	External rating class	Gross carrying amount (in € thousand)	Credit standing not impaired (collective) (in € thousand)	Credit standing impaired (individual) (in € thousand)	Average loss allowance rate (in %)
Rating class 1	AAA to A	209,451	-137	0	0.07
Rating class 2	BBB	57,825	-284	0	0.49
Rating class 3	BB	124,826	-165	0	0.13
Rating class 4	B to D	46,443	-161	0	0.35
No rating <sup>1</sup>	–	25,086	-94	-6,695	27.06
<b>Total</b>		<b>463,631</b>	<b>-841</b>	<b>-6,695</b>	<b>1.63</b>

<sup>1</sup> On the one hand, clients with balances that are not material are directly allocated to a territory risk classification (average default risk for a business in a particular territory); on the other hand, Exyte has top clients for which no risk classification is available. For these latter clients, the territory risk classification was also applied for purpose of determining the amount of the allowance.

**Default risks for contract assets – financial year 2021**

Default risk – rating classes		Credit loss			
Internal rating class	External rating class	Gross carrying amount (in € thousand)	Credit standing not impaired (collective) (in € thousand)	Credit standing impaired (individual) (in € thousand)	Average loss allowance rate (in %)
Rating class 1	AAA to A	149,788	-86	0	0.06
Rating class 2	BBB	46,178	-118	0	0.26
Rating class 3	BB	34,265	-138	0	0.40
Rating class 4	B to D	49,920	-124	0	0.25
No rating <sup>1</sup>	–	8,778	-23	0	0.27
<b>Total</b>		<b>288,929</b>	<b>-489</b>	<b>0</b>	<b>0.17</b>

<sup>1</sup> On the one hand, clients with balances that are not material are directly allocated to a territory risk classification (average default risk for a business in a particular territory); on the other hand, Exyte has top clients for which no risk classification is available. For these latter clients, the territory risk classification was also applied for purpose of determining the amount of the allowance.

The gross carrying amounts were used as the measurement basis for the expected credit losses. The increase in the allowances for losses in the category "Credit standing not impaired (collective)" was due to the higher carrying amounts for the contract assets and resulted from the higher business volumes. The allowance for losses set up for the category "Credit standing impaired (individual)" derives from expected payment defaults for a US American client. The methods and input parameters that are used to determine the allowances are described in the section "Recognition and measurement."

**14 Trade receivables**

**Carrying amount of trade receivables**

in € thousand	31.12.2022	31.12.2021
Trade receivables due from other than related parties	834,625	691,605
Trade receivables due from entities belonging to the M+W Group GmbH Group	709	2,237
Trade receivables due from other non-consolidated subsidiaries	141	141
<b>Total</b>	<b>835,475</b>	<b>693,983</b>

The fair values of the trade receivables roughly correspond to their carrying amounts.

The development of allowances that were set up for trade receivables due from other than related parties (–€6,090 thousand; December 31, 2021: –€6,156 thousand) is shown below:

**Allowances set up for trade receivables due from other than related parties**

in € thousand

	Credit loss 2022		Credit loss 2021	
	Credit standing not impaired (collective)	Credit standing impaired (individual)	Credit standing not impaired (collective)	Credit standing impaired (individual)
<b>Allowance at the start of the financial year</b>	<b>–342</b>	<b>–5,814</b>	<b>–339</b>	<b>–8,603</b>
Changes to the scope of the consolidation	–2	0	–16	0
Increase	–282	–430	–95	–1,115
Utilization/derecognition	0	219	0	3,433
Reversal/payment received	50	880	131	1,011
Currency impacts	1	–370	–23	–540
<b>Allowance at the end of the financial year</b>	<b>–575</b>	<b>–5,515</b>	<b>–342</b>	<b>–5,814</b>

The following table includes an analysis of the credit quality of the trade receivables due from other than related parties:

**Default risk for trade receivables due from other than related parties – financial year 2022**

Default risk – rating classes		Credit loss			
Internal rating class	External rating class	Gross carrying amount (in € thousand)	Credit standing not impaired (collective) (in € thousand)	Credit standing impaired (individual) (in € thousand)	Average Impairment allowance rate (in %)
Rating class 1	AAA to A	448,564	–86	–	0.02
Rating class 2	BBB	115,827	–64	–	0.06
Rating class 3	BB	62,570	–20	–	0.03
Rating class 4	B to D	178,808	–365	–	0.20
No rating <sup>1</sup>	–	34,946	–40	–5,515	15.90
<b>Total</b>		<b>840,715</b>	<b>–575</b>	<b>–5,515</b>	<b>0.72</b>

<sup>1</sup> On the one hand, client receivables that are not material are directly allocated to a territory risk classification (average default risk for a business in a particular territory); on the other hand, Exyte has top clients for which no risk classification is available. For these latter clients, the territory risk classification was also applied for purpose of determining the amount of the allowance.

**Default risk for trade receivables due from other than related parties – financial year 2021**

Default risk – rating classes		Credit loss			
Internal rating class	External rating class	Gross carrying amount (in € thousand)	Credit standing not impaired (collective) (in € thousand)	Credit standing impaired (individual) (in € thousand)	Average Impairment allowance rate (in %)
Rating class 1	AAA to A	399,453	–78	–	0.02
Rating class 2	BBB	72,449	–51	–	0.07
Rating class 3	BB	26,860	–22	–	0.08
Rating class 4	B to D	142,555	–142	–415	0.39
No rating <sup>1</sup>	–	56,444	–49	–5,399	9.65
<b>Total</b>		<b>697,761</b>	<b>–342</b>	<b>–5,814</b>	<b>0.88</b>

<sup>1</sup> On the one hand, client receivables that are not material are directly allocated to a territory risk classification (average default risk for a business in a particular territory); on the other hand, Exyte has top clients for which no risk classification is available. For these latter clients, the territory risk classification was also applied for purpose of determining the amount of the allowance.



The increase in the allowances for losses in the category "Credit standing not impaired (collective)" was due to the higher carrying amounts for the receivables and resulted from the higher business volumes. The methods and input parameters that are used to determine the loss allowances are described in the section "Recognition and measurement."

In respect of those receivable balances that had a credit standing that was not impaired, there were no indications at the year-end reporting date that the debtors would not meet their payment obligations. Before entering into a relationship with a new client, Exyte's management verifies the creditworthiness of the potential contractual partner by means of an external credit check. In determining the recoverability of trade receivables, any changes in the credit rating between the initial granting of payment terms and the year-end reporting date are taken into account. There is no notable concentration of credit risks due to the widespread client base and because no correlations exist. Accordingly, the executive management's opinion is that the existing risk provisions are adequate.

The gross carrying amount of the trade receivables due from entities belonging to the M+W Group GmbH Group amounted to €709 thousand (December 31, 2021: €2,237 thousand). As had been the case in the previous year, there was no necessity for recognition of allowances against receivables due from entities belonging to the M+W Group GmbH at the reporting date. The same applies to the receivables due from non-consolidated subsidiaries, amounting to €141 thousand (December 31, 2021: €141 thousand).

## 15 Other financial assets

### Other financial assets

in € thousand

	31.12.2022	31.12.2021
Security deposits	1,368	946
Derivative financial instruments	0	118
Share interests in non-consolidated affiliated entities	15	15
<b>Other financial assets (non-current)</b>	<b>1,383</b>	<b>1,079</b>
Financial receivables from non-consolidated affiliated entities and joint ventures	1,418	1,497
Financial receivables from entities belonging to the M+W Group GmbH Group	0	1,184
Time deposits with banks	23,000	0
Derivative financial instruments	14,078	4,955
Security deposits and other deposits	6,695	7,876
Debit balances on accounts payable	639	1,038
Receivables from employees	439	567
Finance lease receivables	43	94
Repayment claim deriving from a provisional purchase price payment	0	817
Loans receivable from third parties	0	60
Miscellaneous other financial assets	5,223	5,238
<b>Other financial assets (current)</b>	<b>51,535</b>	<b>23,326</b>

The remaining term to maturity of the time deposits with banks (€23,000 thousand; December 31, 2021: €0 thousand) ranges between three and twelve months and relates to Exyte GmbH.

The gross carrying amounts of financial receivables due from other non-consolidated subsidiaries and joint ventures amounted to €2,240 thousand (December 31, 2021: €2,319 thousand). As was the case in the previous year, loss allowances on these financial receivables amounted to –€822 thousand at the reporting date.

As was the case in the previous year, no loss allowances had been recognized in respect of financial receivables due from entities belonging to the MW Group GmbH Group.

As of December 31, 2022, no disposition restrictions existed in respect of the other financial receivables. In the previous year, a disposition restriction had existed with respect to a repayment claim deriving from a provisional purchase price payment (€817 thousand).

## 16 Miscellaneous assets

### Miscellaneous assets

in € thousand

	31.12.2022	31.12.2021
Refundable input VAT	18,712	6,573
Prepaid expenses and deferred charges	18,048	17,845
Other tax receivables	899	369
Sundry miscellaneous assets	2	10
<b>Miscellaneous assets (current)</b>	<b>37,661</b>	<b>24,797</b>

The prepaid expenses and deferred charges (€18,048 thousand; December 31, 2021: €17,845 thousand) particularly relate to prepayments of IT license costs that will lead to expenses in subsequent periods.

## 17 Cash and cash equivalents

### Cash and cash equivalents

in € thousand

	31.12.2022	31.12.2021
Cash and cash equivalents	1,592,435	1,148,911

Cash and cash equivalents are made up of cash on hand, checks and bank balances that are readily available, with an original term of up to three months. These are measured at amortized cost.

As had been the case in the previous year, none of the cash and cash equivalent balances served as collateral security for obligations incurred by the Group.

### 18 Equity

The development of Exyte's equity is presented in the statement showing the development of consolidated equity. All the equity is attributable to the parent company as sole shareholder.

As of December 31, 2022, the share capital of €150,000 thousand and the capital reserve of €36,585 thousand were unchanged compared to the previous year.

### 19 Corporate retirement benefits

Provisions for pension obligations are set up for benefit plans in respect of promises relating to retirement, invalidity and surviving dependent benefits. The benefits provided by the Group vary depending on legal, tax and economic factors that are relevant in the respective territories and are usually dependent upon length of service and the remuneration level of employees. Corporate retirement benefits are provided by Exyte both in the form of defined contribution and defined benefit plans.

#### Defined contribution plans

In the case of defined contribution plans, the organization pays contributions based on statutory or contractual requirements, or on a voluntary basis, to government or private retirement pension organizations. The consolidated statement of comprehensive income includes total expenses of –€78,971 thousand (2021: –€54,877 thousand) for such contributions in the respective functional costs. Once the contributions have been paid, the organization has no further benefit obligation deriving from the defined contribution plans.

#### Defined benefit plans

The pension provisions for the defined benefit plans are determined using the projected unit credit method. Under this method, future obligations are measured based on the proportion of benefits earned at the year-end reporting date. In the measurement process, trend assumptions are considered for the relevant parameters that influence the amount of the defined benefits. Actuarial computations are necessary for all defined benefit schemes. The defined benefit plans mostly relate to benefit plans in Germany. For many years, no new defined benefit plan commitments have been made there.

The composition of the pension provisions, reflecting the present value of the defined benefit obligations and the fair value of the plan assets, is as follows:

#### Composition of the provisions for pensions

in € thousand	31.12.2022	31.12.2021
Present value of unfunded obligations (Germany only)	6,108	9,144
Present value of funded obligations (Taiwan)	1,463	1,544
Fair value of plan assets (Taiwan)	–165	–153
<b>Provisions for pensions</b>	<b>7,406</b>	<b>10,535</b>

The plan assets relate solely to a Taiwanese company. The plan assets comprise investments made with a bank.

#### Development of the net liability deriving from defined benefit pension plans

in € thousand	2022	2021
<b>Balance at 1.1.</b>	<b>10,535</b>	<b>10,772</b>
Current service cost	185	177
Interest expense	104	69
Actuarial gains (–)/losses (+)	–3,203	–453
Thereof: experience adjustments	–42	363
Thereof: adjustments for other financial assumptions	–3,161	–861
Thereof: adjustments of demographic assumptions	0	45
Benefits paid	–156	–135
Currency impacts	–59	105
<b>Balance at 31.12.</b>	<b>7,406</b>	<b>10,535</b>

#### Development of the fair value of the plan assets

in € thousand	2022	2021
<b>Balance at 1.1.</b>	<b>153</b>	<b>130</b>
Employer contributions	7	7
Interest income	1	3
Currency impacts	4	13
<b>Balance at 31.12.</b>	<b>165</b>	<b>153</b>

#### Composition of the expenses deriving from pension obligations recognized in the consolidated statement of comprehensive income

in € thousand	2022	2021
Current service cost	–185	–177
Interest expense	–104	–69
<b>Subtotal</b>	<b>–289</b>	<b>–246</b>
Actuarial gains (+)/losses (–)		
Thereof: experience adjustments	42	–363
Thereof: adjustments for other financial assumptions	3,161	861
Thereof: adjustments of demographic assumptions	0	–45
<b>Subtotal</b>	<b>3,203</b>	<b>453</b>
<b>Pension expense recognized in the consolidated statement of comprehensive income</b>	<b>2,914</b>	<b>207</b>

The current service cost is included as part of the personnel cost of the functional areas; the interest cost relating to the obligation is disclosed as interest and similar expenses as a component of the net income from financing activities.

#### Actuarial assumptions in Germany

in %	31.12.2022	31.12.2021
Discount rate	3.90	1.05
Inflation rate	2.25	1.75
Future salary increases	2.50	2.50
Future pension increases	2.25	1.75

#### Actuarial assumptions in Taiwan

in %	31.12.2022	31.12.2021
Discount rate	1.75	0.63
Future salary increases	4.00	3.00

#### Sensitivity analysis

The main actuarial assumptions that are used to calculate the provisions for post-employment benefits in Germany are the discount rate and the trend for future increases in pensions. As the benefit obligations mainly concerns obligations in Germany, the sensitivity analysis has been restricted to the German obligations. An increase, or respectively a decrease, in the significant actuarial assumptions would have had the following impact on the present value of the German pension obligations (December 31, 2022: €6,108 thousand; December 31, 2021: €9,144 thousand) as of the respective reporting dates:

#### Sensitivity of the present value of the pension obligations

	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Discount rate (in %)	+0.75	+0.50	-0.75	-0.50
Present value of the pension obligations (in € thousand)	5,472	8,329	6,863	10,076
Inflation rate/pension increase trend (in %)	+0.75	+0.25	-0.75	-0.25
Present value of the pension obligations (in € thousand)	6,654	9,454	5,628	8,849

If an assumption had been made that the life expectancies of those persons with benefit entitlements would increase by one year, the German pension obligations at December 31, 2022 would have increased by €233 thousand (December 31, 2021: €474 thousand).

#### Duration

The average duration of the German obligations is 15.7 years (December 31, 2021: 19.2 years). The average duration of the obligations for the Taiwanese company is 12.0 years (December 31, 2021: 12.7 years).

#### Analysis of the provisions for pensions by type of plan participant

in € thousand	31.12.2022	31.12.2021
Active employees	3,362	5,486
Former employees (with vested rights)	1,481	2,513
Pensioners	2,563	2,536
<b>Provisions for pensions</b>	<b>7,406</b>	<b>10,535</b>

#### Expected benefit payments as of 31.12.2022

in € thousand	2023	2024–2027	2028–2032
<b>Financial years</b>			
Germany	184	902	1,479
Taiwan	81	4	1,440
<b>Total</b>	<b>265</b>	<b>906</b>	<b>2,919</b>

#### Expected benefit payments as of 31.12.2021

in € thousand	2022	2023–2026	2027–2031
<b>Financial years</b>			
Germany	142	813	1,356
Taiwan	75	12	588
<b>Total</b>	<b>217</b>	<b>825</b>	<b>1,944</b>



## 20 Other provisions

### Development of other provisions

in € thousand

	1.1.2022	Currency impacts	Change in scope of the consolidation	Additions	Unwinding of discount	Usage	Reversal	31.12.2022
Employee-based provisions	66,812	265	395	69,896	0	-41,867	-13,139	82,362
Onerous contracts	5,972	121	0	3,990	0	-1,185	-387	8,511
Provision for restructuring	1,118	57	0	0	0	-169	-679	327
Warranty provisions	7,496	-13	89	6,612	0	-3,422	-2,061	8,701
Legal and litigation risks	1,755	-2	0	1,321	0	-68	-2	3,004
Dismantling obligations	3,456	197	0	659	29	-649	0	3,692
Disputed claims	1,085	-118	0	3,649	0	-185	-362	4,069
Tax-related provisions	1,148	0	0	1,055	0	-116	-272	1,815
Miscellaneous other provisions	3,090	52	0	2,083	0	-1,542	-182	3,501
<b>Total</b>	<b>91,932</b>	<b>559</b>	<b>484</b>	<b>89,265</b>	<b>29</b>	<b>-49,203</b>	<b>-17,084</b>	<b>115,982</b>

### Development of other provisions

in € thousand

	1.1.2021	Currency impacts	Change in scope of the consolidation	Additions	Unwinding of discount	Usage	Reversal	Reclassification	31.12.2021
Employee-based provisions	59,640	3,084	3,385	50,257	0	-43,775	-5,779	0	66,812
Onerous contracts	9,821	365	0	1,256	0	-2,289	-3,181	0	5,972
Provision for restructuring	772	86	0	885	0	-121	-504	0	1,118
Warranty provisions	7,506	540	1,038	2,575	0	-2,140	-2,023	0	7,496
Legal and litigation risks	2,729	25	0	69	0	-1,064	-4	0	1,755
Dismantling obligations	2,979	206	0	2,048	21	-6	-1,792	0	3,456
Disputed claims	712	33	0	884	0	-608	0	64	1,085
Tax-related provisions	918	0	0	1,020	0	-40	-686	-64	1,148
Miscellaneous other provisions	2,468	186	0	3,883	0	-2,957	-490	0	3,090
<b>Total</b>	<b>87,545</b>	<b>4,525</b>	<b>4,423</b>	<b>62,877</b>	<b>21</b>	<b>-53,000</b>	<b>-14,459</b>	<b>0</b>	<b>91,932</b>

#### Employee-based provisions

Employee-based provisions are set up for long-service anniversary benefits, partial early retirement, performance-related bonuses, and similar obligations.

#### Onerous contracts

Provisions for potential losses deriving from onerous contracts are set up if the total project costs are expected to exceed the respective sales on an individual project basis.

#### Provision for restructuring

The provision for restructuring is in respect of expenses for the closure of an Asian entity.

#### Warranty provisions

Within the context of their operational activities, the Group's companies incur warranty obligations. Such cases mainly involve obligations that involve the assumption of responsibility for a particular successful outcome or for a particular service to be rendered. Warranty provisions are set up for future reworking or costs for replacement deliveries due to statutory or contractual warranty obligations. Measurement of the provisions is made the basis of experience deriving from claims made in similar circumstances.

#### Legal and litigation risks

Companies of the Exyte Group are involved in various court cases or arbitration procedures that could have a significant impact on the economic situation of the Group. The litigation proceedings mainly relate to construction projects.

#### Dismantling obligations

Dismantling obligations arise from lease contracts in some cases as ancillary obligations, if the layout of the rented space is amended to equip it to meet specific business requirements. Provisions for the anticipated costs are recognized if the related installations have to be removed at the end of the contractual lease term and the rented property has to be returned to its original condition.

#### Disputed claims

Provisions for disputed receivables are set up for trade receivables for which the risk of issuing a credit note is assessed to be more probable than not.

#### Tax-related provisions

The tax-related provisions mainly comprise provisions for expected tax advisory services in connection with tax field audits and ancillary tax services.

#### Miscellaneous other provisions

The miscellaneous other provisions are made up of a large number of individual risks that are recognized in the amount of the expected outflow of resources.

#### Other provisions by their terms to maturity

in € thousand (prior year figures in brackets)

	31.12.2022	< 1 year	1–5 years	> 5 years
Employee-based provisions	82,362 (66,812)	70,089 (56,475)	11,512 (9,260)	761 (1,077)
Onerous contracts	8,511 (5,972)	8,511 (5,972)	0 (0)	0 (0)
Provision for restructuring	327 (1,118)	0 (396)	327 (722)	0 (0)
Warranty provisions	8,701 (7,496)	8,268 (7,214)	433 (282)	0 (0)
Legal and litigation risks	3,004 (1,755)	3,004 (1,755)	0 (0)	0 (0)
Dismantling obligations	3,692 (3,456)	2,686 (1,391)	1,006 (2,065)	0 (0)
Disputed claims	4,069 (1,085)	4,069 (1,085)	0 (0)	0 (0)
Tax-related provisions	1,815 (1,148)	1,815 (1,148)	0 (0)	0 (0)
Miscellaneous other provisions	3,501 (3,090)	3,399 (3,054)	102 (36)	0 (0)
<b>Total as of 31.12.2022</b>	<b>115,982</b> <b>(91,932)</b>	<b>101,841</b> <b>(78,490)</b>	<b>13,380</b> <b>(12,365)</b>	<b>761</b> <b>(1,077)</b>

## 21 Trade payables

### Analysis of trade payables

in € thousand	31.12.2022	31.12.2021
Trade payables due to other than related parties	1,907,162	1,227,498
Trade payables due to entities belonging to the M+W Group GmbH Group	24	660
Trade payables due to non-consolidated subsidiaries	0	42
<b>Total</b>	<b>1,907,186</b>	<b>1,228,200</b>

## 22 Other financial liabilities

### Analysis of the other financial liabilities

in € thousand	31.12.2022	31.12.2021
Purchase price liability (earn-out liability)	1,880	1,770
Derivative financial instruments	1,814	513
Miscellaneous other non-current financial liabilities	5	29
<b>Other financial liabilities (non-current)</b>	<b>3,699</b>	<b>2,312</b>
Financial liabilities due to entities belonging to the M+W Group GmbH Group	0	201
Derivative financial instruments	5,174	4,261
Purchase price liability	1,018	0
Miscellaneous other current financial liabilities	820	2,593
<b>Other financial liabilities (current)</b>	<b>7,012</b>	<b>7,055</b>

The purchase price liability (earn-out liability) classed as non-current is a residual obligation incurred by the CPS Group, which was acquired in financial year 2021, and derives from a business acquisition made by the CPS Group in 2020. As at the year-end reporting date, the liability was not due for payment until after more than twelve months.

The purchase price liability classed as current represents the remaining purchase price outstanding in connection with the acquisition of Airgard, Inc. in financial year 2022.

## 23 Miscellaneous liabilities

### Analysis of the miscellaneous liabilities

in € thousand	31.12.2022	31.12.2021
Liabilities for social security contributions	107	0
<b>Miscellaneous liabilities (non-current)</b>	<b>107</b>	<b>0</b>
VAT payable	35,345	40,453
Obligations to employees (particularly for vacation time not yet taken, from flex-time credits, and from wages and salaries)	27,446	23,667
Liabilities for other taxes (particularly for wage tax)	14,792	10,057
Liabilities for social security contributions	7,041	8,481
Other current miscellaneous liabilities	2,156	3,452
<b>Miscellaneous liabilities (current)</b>	<b>86,780</b>	<b>86,110</b>



## 24 Additional disclosures concerning financial instruments

### Carrying amounts and fair values of financial instruments, analyzed by classes and measurement categories

in € thousand

31.12.2022	Category	Carrying amount	Fair value
<b>Financial assets, by class</b>			
Trade receivables	AC	835,475	- <sup>1</sup>
Other non-current financial assets	AC	1,383	- <sup>1</sup>
Other current financial assets	AC	37,457	- <sup>1</sup>
Cash and cash equivalents	AC	1,592,435	- <sup>1</sup>
Foreign currency derivatives without a hedging relationship	FVTPL	11,643	11,643
Foreign currency derivatives with a hedging relationship	n.a.	2,435	2,435
<b>Total</b>		<b>2,480,828</b>	

1 The fair value of the financial instruments is approximately equal to the carrying amount.

### Carrying amounts and fair values of financial instruments, analyzed by classes and measurement categories

in € thousand

31.12.2022	Category	Carrying amount	Fair value
<b>Financial liabilities, by class</b>			
Lease liabilities	n.a.	132,794	n.a.
Trade payables	AC	1,907,186	- <sup>1</sup>
Other non-current financial liabilities	AC	1,885	- <sup>1</sup>
Other current financial liabilities	AC	1,838	- <sup>1</sup>
Foreign currency derivatives without a hedging relationship	FVTPL	3,126	3,126
Foreign currency derivatives with a hedging relationship	n.a.	3,862	3,862
<b>Total</b>		<b>2,050,691</b>	

1 The fair value of the financial instruments is approximately equal to the carrying amount.

**Carrying amounts and fair values of financial instruments, analyzed by classes and measurement categories**

in € thousand

31.12.2021	Category	Carrying amount	Fair value
Financial assets, by class			
Trade receivables	AC	693,983	– <sup>1</sup>
Other non-current financial assets	AC	961	– <sup>1</sup>
Other current financial assets	AC	18,371	– <sup>1</sup>
Cash and cash equivalents	AC	1,148,911	– <sup>1</sup>
Foreign currency derivatives without a hedging relationship	FVTPL	4,512	4,512
Foreign currency derivatives with a hedging relationship	n.a.	561	561
<b>Total</b>		<b>1,867,299</b>	

1 The fair value of the financial instruments is approximately equal to the carrying amount.

Exyte utilizes observable market data to the greatest extent possible when determining the fair values of an asset or liability. Based on the input factors that are applied in such valuation techniques, fair values are classified into the various levels depending on the degree to which their determination is reliable, as follows:

- Level 1: (Unadjusted) quoted prices in active markets for identical assets and liabilities
- Level 2: Determination based on use of measurement parameters, other than quoted prices considered under Level 1, but which can, however, either be directly (i.e. as a price) or indirectly (as a basis for the derivation of a price) observed for the asset or liability
- Level 3: Determination based on use of measurement parameters, which are not derived from observable market data.

If the input factors that are used to determine the fair value of an asset or liability can be classified according to different levels of the fair value hierarchy, the measurement of the fair value is completely assigned to the hierarchy level that corresponds to the lowest level input factor that is of overall significance for purposes of measurement.

As of both December 31, 2022 and December 31, 2021 reporting dates, the assets and liabilities measured at fair value consist exclusively of foreign currency derivatives.

Exyte determines the fair values of forward exchange contracts by applying quoted forward rates and a net present value calculation based on yield curves. They are assigned to Level 2 of the fair value hierarchy.

**Carrying amounts and fair values of financial instruments, analyzed by classes and measurement categories**

in € thousand

31.12.2021	Category	Carrying amount	Fair value
Financial liabilities, by class			
Lease liabilities	n.a.	98,200	n.a.
Trade payables	AC	1,228,200	– <sup>1</sup>
Other non-current financial liabilities	AC	1,799	– <sup>1</sup>
Other current financial liabilities	AC	2,794	– <sup>1</sup>
Foreign currency derivatives without a hedging relationship	FVTPL	2,321	2,321
Foreign currency derivatives with a hedging relationship	n.a.	2,453	2,453
<b>Total</b>		<b>1,335,767</b>	

1 The fair value of the financial instruments is approximately equal to the carrying amount.

The following tables show the future cash outflows for financial liabilities at the time of their maturity, as well as their corresponding recognized net carrying amounts.

**Contractually agreed maturities for interest and principal payments as at 31.12.2022**

in € thousand

	2023	2024–2027	After 2027	Gross amount (not discounted)	Net carrying amount
Lease liabilities	31,084	64,603	50,790	146,477	132,794
Trade payables	1,907,186	0	0	1,907,186	1,907,186
Other non-current financial liabilities	0	1,885	0	1,885	1,885
Other current financial liabilities	1,838	0	0	1,838	1,838
Forward exchange transactions	5,174	1,814	0	6,988	6,988
<b>Total</b>	<b>1,945,282</b>	<b>68,302</b>	<b>50,790</b>	<b>2,064,374</b>	<b>2,050,691</b>

**Contractually agreed maturities for interest and principal payments as at 31.12.2021**

in € thousand

	2022	2023–2026	After 2026	Gross amount (not discounted)	Net carrying amount
Lease liabilities	23,944	48,913	30,026	102,883	98,200
Trade payables	1,228,200	0	0	1,228,200	1,228,200
Other non-current financial liabilities	0	1,799	0	1,799	1,799
Other current financial liabilities	2,794	0	0	2,794	2,794
Forward exchange transactions	4,261	513	0	4,774	4,774
<b>Total</b>	<b>1,259,199</b>	<b>51,225</b>	<b>30,026</b>	<b>1,340,450</b>	<b>1,335,767</b>



The following tables show the net gains and losses for each of the financial instrument measurement categories:

**Net gains and losses deriving from financial instruments in 2022**

in € thousand

	Interest/Measurement impacts					Net impact
	Interest	Foreign currency conversion	Change in the fair value	Increase in allowances for impairment	Reversals of allowances for impairment	
Financial assets measured at amortized cost	8,576	8,422		-964	1,046	17,080
Financial liabilities measured at amortized cost	-1,786	-7,514				-9,300
Financial assets and liabilities measured at fair value through profit or loss	1,616	3,229	-1,858			2,987
<b>Total</b>	<b>8,406</b>	<b>4,137</b>	<b>-1,858</b>	<b>-964</b>	<b>1,046</b>	<b>10,767</b>

**Net gains and losses deriving from financial instruments in 2021**

in € thousand

	Interest/Measurement impacts					Net impact
	Interest	Foreign currency conversion	Change in the fair value	Increase in allowances for impairment	Reversals of allowances for impairment	
Financial assets measured at amortized cost	1,769	23,101		-2,816	2,450	24,504
Financial liabilities measured at amortized cost	-1,263	-26,201				-27,464
Financial assets and liabilities measured at fair value through profit or loss			2,795			2,795
<b>Total</b>	<b>506</b>	<b>-3,100</b>	<b>2,795</b>	<b>-2,816</b>	<b>2,450</b>	<b>-165</b>

**Hedging policies and risks**

Exyte is exposed to financial risks – particularly deriving from foreign currency exchange rate fluctuations – in the context of its operational business activities, due to its financial assets and financial liabilities, as well as its regular transactions; these can have an influence on its assets, liabilities, financial position and financial performance.

The executive management is responsible for the set-up of and the control over Exyte's risk management system and has issued relevant guidelines in this connection. The central treasury function and the regional treasury hubs are responsible for the operational monitoring and management of financial risks and report regularly to the executive management.

**Foreign currency risks**

Risks deriving from fluctuations in currency exchange rates exist due to the international activities of Exyte and particularly arise in cases where receivables or liabilities are designated in other currencies than the respective local entity's functional currency.

Forward exchange deals are contracted to hedge these foreign currency exchange rate risks (refer also to the section "Derivative financial instruments"). Such transactions are used to compensate exchange rate fluctuations in operational business payment flows that are designated in foreign currencies.

**Interest rate risks**

Interest rate risks derive from market-related fluctuations in interest rates. The risk deriving from changes in interest rates is not significant for Exyte. No interest rate hedges were contracted by Exyte during the financial year or during the previous year.

**Default risks**

The default risk deriving from financial assets consists of the danger of a loss because contractual partners do not fulfil their payment obligations or only partially fulfil them. Any risks are limited to the respective carrying amounts of the financial assets (refer to Notes 13 to 15). This type of risk is mainly associated with trade receivables, contract assets, as well as other financial assets.

As part of the client credit management process, information on creditworthiness is obtained from commercial information service providers to evaluate new clients. Many existing regular clients are major corporate groups of unquestionable creditworthiness and the risk of default for these is assessed to be very low. In the area of trade receivables and contract assets, there is no notable concentration of credit risks due to the widespread client base and because no correlations exist.

The default risk for cash and cash equivalents is limited by means of the selection of banking partners, by assessing their solvency and also by spreading assets between various different contractual counterparties.

Exyte accounts for the risk deriving from primary financial instruments by setting up allowances for expected credit losses.

Derivative financial instruments are only contracted directly and with reputable banks. Any outstanding market values are monitored within the context of risk management processes. Thus, the actual default risk deriving from them can be neglected.

#### Liquidity risk

The liquidity risk describes the risk that financial payment obligations cannot be met at the time that they are due. In the context of its liquidity management processes, Exyte ensures that the supply of liquidity is always sufficient to settle financial liabilities that are due for payment.

Liquidity is secured at all times by means of liquidity forecasts based on fixed planning horizons covering a number of months and through the cash and cash equivalent balances that are available. The measures used by Exyte for central liquidity management purposes include cash-pooling arrangements, intra-group loans and, in particular, advance payment agreements with customers in connection with long-term construction contracts (refer also to the following section "Capital management").

#### Capital management

The primary objectives of capital management processes are to support operating activities, ensure an appropriate equity ratio, and increase the value of the business.

Exyte works with numerous subcontractors and suppliers to carry out its business activities successfully; these include planning, construction and project management activities. Consequently, because of its business model, working capital is of particular importance to Exyte. The objective of the executive management is to continue to finance the business activities without reliance on banks. The aim is to achieve significant upfront financing of projects by both customers and suppliers, whilst at the same time operating strict receivables management processes. The intention is to ensure at least a moderate level of negative working capital at all times through the active management of payment terms within the projects.

The capital management processes are also operated with the objective of ensuring that the business activities of all the Exyte companies can continue as going concerns. The overall capital management strategy did not change in during the financial year.

#### Global netting and similar agreements

Exyte contracts forward exchange deals under the terms of a German framework or international framework agreements. Under such agreements, the amounts owed by each involved counterparty from any outstanding transactions in the same currency for each individual day are offset against each other. In certain cases – if, for example, a credit event such as delayed payment occurs – all outstanding transactions that fall under the agreement are terminated and the mutual claims are settled on a net basis. These framework agreements do not fulfil the requirements that are necessary to allow the offsetting of the amounts in the statement of financial position because they do not grant the contractual counterparties the right to settle on a net basis at any time.

An assumed netting obligation would have resulted in a netting effect of €5,280 thousand at Group level as of the current reporting date (December 31, 2021: €3,277 thousand).

#### Derivative financial instruments

Forward exchange contracts are used to hedge currency risks, which constitute the primary financial risk for Exyte.

#### Forward exchange contracts for which hedge accounting does not apply

Intra-group loans designated in foreign currencies exist within the Group, which are hedged by deploying forward exchange contracts. These hedges constitute foreign currency forward contracts (measured at FVPTL) and are contracted with terms that are commensurate with the risk position of the hedged transactions. Such terms are normally between one month and twelve months. Exyte accounts for financial instruments that are deployed to hedge intra-group hedged transactions in accordance with the applicable general regulations.

#### Forward exchange contracts for which hedge accounting does apply

Depending on an assessment of the market situation, Exyte hedges both planned sales revenue and planned cost of sales designated in foreign currencies on a net basis, using forward exchange contracts, normally for periods of up to 24 months. In this manner, future cash flows deriving from projects are hedged by deploying these instruments (cash flow hedges). In this context, the recognized market value of the forward exchange contracts varies depending on the nominal value of the underlying hedged transaction and the development of the respective foreign exchange rate. Exyte applies hedge accounting requirements to hedging relationships in respect of hedged items that exist in relation to third parties. Due to a continuously rolling strategy, only minimal ineffectiveness occurs as a consequence of credit value adjustments to the fair values of the forward exchange contracts.

The following positive fair values deriving from derivative financial instruments are disclosed under the reporting line "Other financial receivables" either as non-current or current items:

#### Derivative financial assets

in € thousand	31.12.2022	31.12.2021
Hedging transactions covering foreign exchange risks:		
Forward exchange contracts (cash flow hedges)	2,435	561
Forward exchange contracts (for which hedge accounting does not apply)	11,643	4,512
<b>Total</b>	<b>14,078</b>	<b>5,073</b>

The following negative fair values deriving from derivative financial instruments are disclosed under the reporting line "Other financial liabilities" either as non-current or current items:

#### Derivative financial liabilities

in € thousand	31.12.2022	31.12.2021
Hedging transactions covering foreign exchange risks:		
Forward exchange contracts (cash flow hedges)	3,862	2,453
Forward exchange contracts (for which hedge accounting does not apply)	3,126	2,321
<b>Total</b>	<b>6,988</b>	<b>4,774</b>

The amounts are based on market values that are determined using standard market measurement methods. We also make reference in this connection to the disclosures concerning the measurement of derivatives in the section "Recognition and measurement."

#### Management of foreign currency exchange rate risks

Risks arise from exchange rate fluctuations to the extent that Exyte Group entities conduct business in a currency other than their functional currency. Foreign currency exchange rate risks are reduced by entering into forward exchange deals.

Changes in values resulting from the translation of assets and liabilities of foreign business units into the reporting currency (translation risks) are generally not hedged, as they do not affect the cash flows within the scope of the consolidation.

The nominal amounts of the forward exchange deals contracted by Group entities, as at the respective year-end reporting dates, are shown in the following table:

**Nominal amounts of forward exchange contracts**

in € thousand	31.12.2022	31.12.2021
EUR/USD	254,312	210,868
EUR/SGD	333,212	87,609
CNY/EUR	42,130	0
MYR/USD	40,128	0
SGD/MYR	39,860	19,518
MYR/EUR	29,000	0
SGD/USD	13,126	1,330
CZK/EUR	5,961	943
GBP/EUR	3,382	3,107
TWD/USD	3,056	0
CNY/MYR	1,413	984
CNY/SGD	0	31,771
DKK/EUR	0	2,151

The agreements serve the purpose of hedging the main currency exchange rate risks and are renewed as required. As of December 31, 2022, the derivative financial instruments held by Exyte had a maximum term of 18 months (December 31, 2021: 30 months).

The significant increase in the nominal amounts of the EUR/SGD forward exchange contracts is mainly due to the hedging of newly granted intra-group loans designated in SGD.

Disclosures concerning cash flow hedge accounting:

**Cash flow hedge accounting**

in € thousand	2022	2021
Nominal amount	99,919	100,971
Carrying amount of the hedging instruments	-1,427	-1,892
Other current financial assets	2,435	561
Other non-current financial assets	-1,814	-513
Other current financial liabilities	-2,048	-1,940
Measurement impacts recognized in other comprehensive income	-4,699	-2,244
Amount of the ineffective hedge recognized in profit or loss	0	0
Reporting line in the statement of comprehensive income in which the ineffective portion of the hedge is included	Interest and similar income/ expenses	Interest and similar income/ expenses
Amount reclassified from accumulated other comprehensive income to profit or loss	774	34
Reporting lines in the statement of comprehensive income in which the reclassification is recognized	Sales Cost of sales	Sales Cost of sales

The amount of hedging instruments deployed for cash flow hedge accounting purposes was as follows:

**Hedging instruments held that are designated as cash flow hedges**

	2022	2021
Forward exchange transactions (cash flow hedges)		
Net exposure (in € thousand)	99,919	100,971
Average forward rate EUR/USD	1.00068	1.17756
Average forward rate EUR/SGD	1.47730	1.56666

The hedging instruments are offset by hedged items that are not recognized for accounting purposes, representing highly probable expected sales and procurement transactions, designated in foreign currencies.

At the year-end reporting date, the carrying amounts of the financial assets and financial liabilities of the Group that are designated in foreign currencies are presented in the following two tables:

**Financial assets**

in € thousand	31.12.2022	31.12.2021
USD	53,070	44,572
TWD	17,140	15,914
GBP	13,026	24,093
SGD	13,013	33,414
DKK	12,323	2,430
CHF	2,726	4,506
PLN	1,870	8,672
INR	1,333	1,396
AUD	518	553

**Financial liabilities**

in € thousand	31.12.2022	31.12.2021
USD	27,199	19,875
DKK	14,316	88
TWD	7,977	4,239
GBP	7,022	215
AED	1,859	1,727
SGD	593	1,545
CHF	380	162
PLN	305	2,730



In the majority of cases, projects and client contracts involving services that are carried out and invoiced in their respective local currencies do not include cross-border transactions. Thus, the related currency risk deriving from cross-territory transactions is relatively insignificant. Exyte does not hedge such transactions.

**Sensitivity analysis**

Significant primary monetary items for which the Group is exposed to currency risks are intra-group loans, cash and cash equivalents, and trade accounts receivable and payable. These primary financial instruments are normally hedged by deploying derivative financial instruments. In such cases, both the currency-related change in the fair value of the primary financial instrument and the change in the value of the derivative financial instrument are recognized in profit or loss. In addition, currency risks derive from the use of derivatives that form part of an effective cash flow hedging relationship used to hedge exchange rate-related payment fluctuations. Changes in the exchange rates of the currencies on which these transactions are based have an impact on the hedging reserve in equity and on the fair value of the hedging transactions.

In order to calculate the effects of changes in currency exchange rates on the consolidated earnings and consolidated equity, those currency pairs that are significant for the Exyte Group were taken into account. The sensitivity analyses simulate a respective hypothetical 10% appreciation or depreciation of the euro against the US dollar and the Singapore dollar:

**Sensitivity analysis – Impact on consolidated earnings before tax and on consolidated equity**

in € thousand

	31.12.2022		31.12.2021	
	Impact on consolidated earnings before tax	Impact on consolidated equity	Impact on consolidated earnings before tax	Impact on consolidated equity
<b>EUR/USD</b>				
+10%	-7,572	-1,251	-2,829	2,433
-10%	9,255	1,528	3,458	-2,973
<b>EUR/SGD</b>				
+10%	-62	36	-142	-207
-10%	76	-43	173	253

## 25 Reconciliation of the financial liabilities

### Reconciliation of the change in financial liabilities to the cash flow from financing activities – financial year 2022

in € thousand

	Lease liabilities	Other current financial liabilities due to the M+W Group GmbH Group	Total
<b>Carrying amounts at 1.1.2022</b>	<b>98,200</b>	<b>201</b>	<b>98,401</b>
Redemption payments	-27,777	-201	-27,978
<b>Change in the cash flow from financing activities</b>	<b>-27,777</b>	<b>-201</b>	<b>-27,978</b>
Increase due to changes in the scope of the consolidation	3,489	0	3,489
Increase in lease liabilities from new contracts	56,325	-	56,325
Impact deriving from contract amendments	1,962	-	1,962
Impact of changes in currency exchange rates	595	0	595
<b>Carrying amounts at 31.12.2022</b>	<b>132,794</b>	<b>0</b>	<b>132,794</b>

### Reconciliation of the change in financial liabilities to the cash flow from financing activities – financial year 2021

in € thousand

	Lease liabilities	Liabilities deriving from the limited partner's share for a non-group shareholder	Other current financial liabilities due to the M+W Group GmbH Group	Total
Carrying amounts at 1.1.2021	64,917	1,334	13	66,264
Redemption payments	-21,057	0	-13	-21,070
Change in the cash flow from financing activities	-21,057	0	-13	-21,070
Increase due to changes in the scope of the consolidation	4,491	0	201	4,692
Increase in lease liabilities from new contracts	47,889	-	-	47,889
Impact deriving from contract amendments	-965	-	-	-965
Changes in liabilities that were not cash-effective	0	-1,334	0	-1,334
Impact of changes in currency exchange rates	2,925	0	0	2,925
<b>Carrying amounts at 31.12.2021</b>	<b>98,200</b>	<b>0</b>	<b>201</b>	<b>98,401</b>

## 26 Comments on the consolidated statement of cash flows

The cash and cash equivalents disclosed in the statement of cash flows correspond to the cash and cash equivalents disclosed in the statement of financial position.

The statement of cash flows reports cash flows, distinguishing between cash inflows and cash outflows, from operating activities, from investing activities, and from financing activities. Using the consolidated net profit as the starting point, the cash flow from operating activities is derived indirectly. The consolidated net profit is adjusted for noncash expenses and income. These adjustments mainly comprise amortization and depreciation charges, effects deriving from movements in currency exchange rates, non-cash effects deriving from income tax and interest, as well as changes in impairment losses. After taking into account other cash-effective changes in assets and liabilities that are involved in operating business activities, the cash flow from operating activities is determined. Due to the nature of Exyte's business activities, changes in working capital are particularly important in this connection. These include changes in inventories and advance payments made, trade receivables and payables (also including balances with non-consolidated subsidiaries and joint ventures), as well as changes in contract assets and contract liabilities.

The cash flow from operating activities amounted to €686,502 thousand (2021: €630,129 thousand). The increase, by €56,373 thousand, is significantly influenced by the increase of €148,553 thousand in the consolidated earnings before tax (EBT). A counteracting impact particularly derived from the lower positive effect, amounting to €85,370 thousand, deriving from the change in working capital.

The cash flow from investing activities amounted to -€80,705 thousand (2021: -€185,284 thousand) and thus reduced considerably. In addition to cash outflows from the acquisition of intangible assets and property, plant and equipment (-€24,475 thousand; 2021: -€9,570 thousand), this particularly includes cash outflows deriving from the acquisition of the subsidiary Airgard, Inc. in financial year 2022 (-€32,514 thousand) and from time deposit investments made with banks (-€23,000 thousand). In the previous year, the figure mainly included payments made for the acquisition of the CPS Group (-€210,359 thousand); a counteracting effect derived from the proceeds of a sale and leaseback transaction involving the production building in Renningen (€34,649 thousand).

In financial year 2022, the cash flow from financing activities, amounting to -€176,708 thousand (2021: -€20,469 thousand), was strongly influenced by the -€150,000 thousand outflow of funds deriving from the distribution to the sole shareholder. In addition, the figure includes cash effects deriving from the repayments of lease liabilities and other financial liabilities, as well as from financial transactions with companies of the M+W Group GmbH Group.

The changes in the reported line items in the statement of financial position that are used to present developments for purposes of the cash flow statement cannot be directly derived from the statement of financial position, as they are partially impacted by effects deriving from foreign currency translation and changes in the scope of the consolidation, which are not cash-based items.

## 27 Contingent liabilities

As of December 31, 2022, the Exyte Group has contingent liabilities deriving from guarantees and sureties, amounting to €449,720 thousand (December 31, 2021: €262,252 thousand). These relate to potential future obligations for which the occurrence of the events that would trigger the obligations is still uncertain at the reporting date and will probably not arise. Group entities mainly incur warranty obligations during the normal course of their operational business activities, which involve taking responsibility to achieve a particular successful result or providing a particular service.

Exyte is subject to tax legislation in many different countries. Risks may arise from changes in local tax legislation as well as from different interpretations of tax regulations by the respective jurisdictions and tax authorities. The actual occurrence of such risk events may have an impact on the tax expenses and tax credits, as well as on Exyte's tax receivables and liabilities.

## 28 Other financial commitments

Financial commitments deriving from rental and leasing agreements are made up as follows:

### Other financial commitments as at 31.12.2022

in € thousand	< 1 year	1–5 years	> 5 years	Total
Short-term leases	1,810	0	0	1,810
Leases for assets of low value	316	351	0	667
Obligations deriving from leasing contracts concluded as of the reporting date for which lease liabilities are to be recognized in the following year upon commencement of use of the assets	1,710	11,049	10,931	23,690
<b>Total</b>	<b>3,836</b>	<b>11,400</b>	<b>10,931</b>	<b>26,167</b>

### Other financial commitments as at 31.12.2021

in € thousand	< 1 year	1–5 years	> 5 years	Total
Short-term leases	4,742	250 <sup>1</sup>	0	4,992
Leases for assets of low value	338	262	19	619
Obligations deriving from leasing contracts concluded as of the reporting date for which lease liabilities are to be recognized in the following year upon commencement of use of the assets	347	3,805	4,824	8,976
<b>Total</b>	<b>5,427</b>	<b>4,317</b>	<b>4,843</b>	<b>14,587</b>

1 Relates to residual obligations deriving from short-term leases entered into as of the reporting date, the terms of which begin during 2022.

## 29 Dealings with related parties

Related parties are entities or persons that control, or are controlled by, Exyte. Control is exercised if an entity or a person has decision-making powers over another entity, deriving from voting rights or other rights, participates in positive or negative returns, and can influence such returns through these decision-making powers. Furthermore, all entities qualify as related parties that belong to the same corporate group as Exyte, which means that all parent companies, subsidiaries and affiliated entities are considered to be related.

In addition, entities or persons meet the definition of related parties if they can exercise significant influence over an entity, or if they hold a key position in the management of the entity or the parent of the entity. This definition encompasses close members of their families.

The parent company of Exyte GmbH is M+W Group GmbH, Stuttgart, the sole shareholder of which is ANDORRA Immobilien GmbH, Vienna, Austria. The parent company of ANDORRA Immobilien GmbH is Stumpf GmbH, Vienna, Austria. The sole shareholder of Stumpf GmbH is the Millennium Privatstiftung, Vienna, Austria, so that this latter entity is also the ultimate parent entity of Exyte GmbH. The sole beneficiary of the Millennium Privatstiftung is Mag. Georg Stumpf, Vienna, Austria.

All business dealings with related parties are transacted at normal market conditions.

### Relationships to the M+W Group GmbH Group

Exyte maintains business relationships with the M+W Group GmbH and the companies in which it holds direct and indirect held participatory investment interests; these relationships resulted in the following transactions:

### Transactions with entities belonging to the M+W Group GmbH Group

in € thousand	2022	2021
Goods delivered and services rendered and other income	1,694	2,509
Goods and services received and other expenses	-449	-8,415
Equity transactions in connection with business acquisitions	0	-421



Exyte's receivables and liabilities with the M+W Group GmbH Group were as follows:

**Receivables and liabilities with entities belonging to the M+W Group GmbH Group**

in € thousand	31.12.2022	31.12.2021
Receivables	709	3,421
Thereof: receivables deriving from financing	0	1,184
Thereof: trade receivables	709	2,237
Liabilities	24	861
Thereof: liabilities deriving from financing	0	201
Thereof: trade payables	<b>24</b>	660

As had been the case in the previous year, as of December 31, 2022, no loss allowances have been set up for financial receivables or trade receivables.

The financial liabilities and receivables are current in nature; the agreed interest rates are revised at regular intervals, depending on the development of reference interest rates on the capital market.

**Relationships to other related parties**

The income and expenses deriving from relationships with other related parties are shown below:

**Expenses and income deriving from relationships with other related parties**

in € thousand	2022	2021
ANDORRA Immobilien GmbH, Vienna, Austria		
Other operating expenses	0	-297

ANDORRA Immobilien GmbH, Vienna, Austria, is part of group of companies under the control of Millennium Privatstiftung, Vienna, Austria.

As had been the case in the previous year, as of December 31, 2022, Exyte had no receivables due from or liabilities owed to other related parties.

**Relationships to non-consolidated subsidiaries and joint ventures**

The following expenses and income arose from transactions with non-consolidated subsidiaries and joint ventures during the financial year:

**Expenses and income deriving from relationships with non-consolidated subsidiaries and joint ventures**

in € thousand	2022	2021
Other operating income	0	1,084
Interest income	35	41
Cost of sales	-31	-136
Other operating expenses	0	-822

As of the reporting date, the following receivables and liabilities of Exyte existed relating to non-consolidated subsidiaries and joint ventures:

**Receivables and liabilities deriving from relationships with non-consolidated subsidiaries and joint ventures**

in € thousand	31.12.2022	31.12.2021
Financial receivables	1,418	1,497
Trade receivables	141	141
Trade payables	0	42

As of December 31, 2022, loss allowances of -€822 thousand (December 31, 2021: -€822 thousand) have been set up for financial receivables. As was the case in the previous year, no loss allowances exist for trade receivables.

**Supervisory Board and executive management**

Remuneration granted to the members of the Supervisory Board (short-term benefits) amounted in total to €429 thousand in the financial year (2021: €429 thousand).

The total remuneration of the executive management for the financial year amounted to €5,732 thousand (2021: €4,849 thousand). This amount is split into fixed remuneration of €2,688 thousand (2021: €2,695 thousand) and variable remuneration of €3,044 thousand (2021: €2,154 thousand).

**30 Segment information**

**General information**

The business is monitored by the executive management, made up of the CEO and the CFO, who together act as Exyte's "Chief Operating Decision Makers" (CODM). Exyte's business activities are managed at the level of the four operational segments: Europe, Middle East and Africa (EMEA), Americas (AMER), Asia-Pacific (APAC), and Technology & Services (T&S), which also constitute the reportable segments.

In addition to this, the business activities of the Group are reported to the executive management based on business segments: Advanced Technology Facilities (ATF), Biopharma & Life Sciences (BLS), Data Centers (DTC), and Regional Specific Business (RSB). The first three segments – ATF, BLS, and DTC – are also termed Global Business Units (GBUs), as their business activities are global and these also have a parallel business segment leadership – in accordance with the matrix structure of the organization.

Exyte's executive management reviews the results of the segments at least monthly, on the basis of internal management reports. The segment information presented has been prepared on the same basis as is used for the purpose of preparing the internal management reports that are used by the executive management as the basis to assess the business development of the Group and for allocating resources within the Group.

The same accounting principles have been used for regional segment reporting purposes as were used for the purpose of preparing the consolidated financial statements.

**Segment financial information**

**Regional segments**

A complete income statement is available for the regional segments. The main control parameters within the income statement that are used for management purposes are sales, the gross profit, and the adjusted EBIT (earnings before interest and tax).

Adjusted EBIT is defined as the result from operating activities (EBIT) adjusted for income or expenses deriving from irregular, non-recurring effects. Adjusted EBIT is used to determine profitability excluding irregular, non-recurring positive or negative effects, thus ensuring comparability between different reporting periods.

The following table shows a reconciliation of the result from operating activities (EBIT) to the adjusted EBIT:

**Reconciliation of the result from operating activities (EBIT) to the adjusted EBIT**

in € thousand

	2022	2021
<b>Result from operating activities (EBIT)</b>	<b>397,036</b>	<b>257,616</b>
Adjustments	19,311	5,712
Thereof:		
Impact on earnings deriving from purchase price allocations	7,731	1,189
Costs for restructuring measures	3,620	1,894
Transaction costs relating to (planned) business acquisitions	2,280	5,391
Costs deriving from transaction-related bonuses	2,079	0
COVID-related income and expenses	95	-2,433
Income deriving from the sale-and-lease-back transaction for the building in Renningen	0	-1,374
Income deriving from the reversal of allowances set up against receivables due from Exyte Group companies that are not included in the consolidation, due to restructuring measures	0	-1,072
Costs deriving from other non-recurring items (e.g. one-time IT costs, legal and consulting costs, or other expenses)	3,506	2,117
<b>Adjusted EBIT</b>	<b>416,347</b>	<b>263,328</b>

As a supplement to the reconciliation, additional explanations on individual EBIT adjustments are presented below:

- The impact on earnings deriving from purchase price allocations particularly includes the amortization of acquired intangible assets that were not recognized as assets in the acquired entity (e.g. client relationships). They result from the acquisitions of Airgard, Inc. and the CPS Group.
- Costs deriving from transaction-related bonuses comprise retention bonuses paid to employees and employee bonuses for post-merger activities incurred as a result of the acquisition of the CPS Group.
- COVID-related income and expenses include costs for medical supplies, additional accommodation costs to comply with quarantine regulations, costs for the continued payment of salaries when projects come to a standstill, and income deriving from reimbursement of these costs due to government support programs, especially in the Asian region.

Consolidation effects result primarily from the elimination of intra-group sales and costs across segments, as well as from consolidation measures across segments that have an impact on profit or loss.

Certain costs relating to the Group's central functions have been allocated to the regional segments; other costs remain as costs attributable to the Group's headquarters. The latter costs are presented in the following reconciliations as "Unallocated amounts."

**Business segments**

The management uses the control parameters sales and gross profit to measure business development and the profitability of the business segments.

In cases where expenses and income cannot be allocated to a project, such items are shown in the following reconciliations as "Unallocated amounts" or "Consolidation adjustments."

**Key figures and ratios of the regional segments for 2022**

in € thousand

2022	EMEA	AMER	APAC	T&S	Total regional segments	Un-allocated amounts	Consolidation adjustments	Exyte
External sales of the regional segments	2,098,181	555,775	4,229,569	539,126	7,422,651			
Sales between regional segments	10,920	4,210	9,431	235,770	260,331			
<b>Regional segment sales</b>	<b>2,109,101</b>	<b>559,985</b>	<b>4,239,000</b>	<b>774,896</b>	<b>7,682,982</b>		<b>-280,304</b>	<b>7,402,678</b>
Cost of sales	-1,969,572	-544,905	-3,893,090	-682,079	-7,089,646		275,922	-6,813,724
Gross profit	139,529	15,080	345,910	92,817	593,336		-4,382	588,954
Gross profit margin as a percentage of sales	6.6%	2.7%	8.2%	12.0%	7.7%			8.0%
Depreciation, amortization, and write-downs	-10,183	-2,823	-13,580	-21,119	-47,705	-2,998		-50,703
EBIT	95,871	-8,532	300,945	54,754	443,038	-42,051	-3,951	397,036
EBIT as a percentage of sales	4.5%	-1.5%	7.1%	7.1%	5.8%			5.4%
Adjusted EBIT	100,235	-7,213	299,565	68,639	461,226	-40,928	-3,951	416,347
Adjusted EBIT as a percentage of sales	4.8%	-1.3%	7.1%	8.9%	6.0%			5.6%

**Key figures and ratios of the business segments for 2022**

in € thousand

2022	ATF	BLS	DTC	RSB	Exyte
<b>Sales of the business segments</b>	<b>6,429,911</b>	<b>610,378</b>	<b>287,480</b>	<b>74,909</b>	<b>7,402,678</b>
Thereof: EMEA	1,780,054	92,388	212,097	24,562	2,109,101
Thereof: AMER	559,543	404	38	0	559,985
Thereof: APAC	3,674,880	490,825	73,280	15	4,239,000
Thereof: T&S	672,499	49,949	2,101	50,347	774,896
Thereof: consolidation adjustments between regional segments	-257,065	-23,188	-36	-15	-280,304
Cost of sales	-5,878,088	-594,497	-269,343	-71,796	-6,813,724
Gross profit	551,823	15,881	18,137	3,113	588,954
Gross profit margin as a percentage of sales	8.6%	2.6%	6.3%	4.2%	8.0%



### Key figures and ratios of the regional segments for 2021

in € thousand

2021	EMEA	AMER	APAC	T&S	Total regional segments	Un-allocated amounts	Consolidation adjustments	Exyte
External sales of the regional segments	2,438,343	420,487	1,727,831	276,618	4,863,279			
Sales between regional segments	2,717	2,808	4,085	150,207	159,817			
Regional segment sales	2,441,060	423,295	1,731,916	426,825	5,023,096		-158,242	4,864,854
Cost of sales	-2,294,500	-412,284	-1,553,592	-374,972	-4,635,348		159,927	-4,475,421
Gross profit	146,560	11,011	178,324	51,853	387,748		1,685	389,433
Gross profit margin as a percentage of sales	6.0%	2.6%	10.3%	12.1%	7.7%			8.0%
Depreciation, amortization, and write-downs	-10,744	-2,401	-8,704	-7,929	-29,778	-1,544		-31,322
EBIT	97,886	-5,695	152,205	32,147	276,543	-20,976	2,049	257,616
EBIT as a percentage of sales	4.0%	-1.3%	8.8%	7.5%	5.5%			5.3%
Adjusted EBIT	99,667	101	149,830	33,243	282,841	-21,562	2,049	263,328
Adjusted EBIT as a percentage of sales	4.1%	0.0%	8.7%	7.8%	5.6%			5.4%

### Key figures and ratios of the business segments for 2021

in € thousand

2021	ATF	BLS	DTC	RSB	Exyte
Sales of the business segments	4,245,950	357,224	180,430	81,250	4,864,854
Thereof: EMEA	2,125,224	106,544	177,179	32,113	2,441,060
Thereof: AMER	413,957	9,333	0	5	423,295
Thereof: APAC	1,515,591	214,076	1,986	263	1,731,916
Thereof: T&S	345,891	30,535	1,268	49,131	426,825
Thereof: consolidation adjustments between regional segments	-154,713	-3,264	-3	-262	-158,242
Cost of sales	-3,877,324	-324,646	-162,181	-111,270	-4,475,421
Gross profit	368,626	32,578	18,249	-30,020	389,433
Gross profit margin as a percentage of sales	8.7%	9.1%	10.1%	-36.9%	8.0%

### Reconciliation to the earnings before tax

#### Reconciliation to the earnings before tax

in € thousand

	2022	2021
Total segment earnings (EBIT)	397,036	257,616
Net income from financing activities	7,746	-1,387
<b>Consolidated earnings before tax (EBT)</b>	<b>404,782</b>	<b>256,229</b>

### Important clients

In both the year reported and the previous year, sales to one client, who is mainly attributable to the EMEA and APAC regional segments (in 2021, to EMEA), generated more than 10% of the Group's sales (2022: €2,579,113 thousand; 2021: €1,943,915 thousand). In addition, sales to a further client, who is mainly attributable to the APAC regional segment generated more than 10% of the Group's sales (2022: €800,450 thousand; 2021: €633,708 thousand).

### Geographic Information

The tables presented below show Exyte's sales and its non-current assets, differentiating between the territory in which the organization is based and other territories. For purposes of presentation of this geographic information, the sales for the segment are assigned based on the respective location of the registered office of the delivering or performing entity and the segment assets are assigned based on the geographic location of the assets. Goodwill has been exclusively assigned to Germany, as this is the location of registered office of the parent company of the Group. The non-current assets do not include any financial instruments or deferred tax assets.

#### Sales by territory

in € thousand		
	2022	2021
Singapore	2,266,918	1,070,691
Ireland	1,056,848	1,686,559
China	1,052,916	460,832
USA	880,840	560,651
Germany	798,342	561,363
Malaysia	655,187	71,690
Other	691,627	453,068
<b>Total</b>	<b>7,402,678</b>	<b>4,864,854</b>

#### Non-current assets by territory

in € thousand		
	31.12.2022	31.12.2021
Germany	363,170	335,698
USA	137,292	85,267
Singapore	14,083	18,129
Other	39,834	36,080
<b>Total</b>	<b>554,379</b>	<b>475,174</b>

## E. SUPPLEMENTARY DISCLOSURES

### Average number of employees

#### Average number of employees

	2022	2021
Industrial workers	2,065	1,292
Salaried employees	6,685	4,782
Trainees	17	18
<b>Total</b>	<b>8,767</b>	<b>6,092</b>

The average number of employees was determined based on quarterly computations.

### Cost of materials and personnel expenses

#### Cost of materials and personnel expenses

in € thousand		
	2022	2021
<b>Cost of materials</b>	<b>-6,036,070</b>	<b>-3,930,015</b>
Cost of raw materials, consumables, and supplies and purchased merchandise for resale	-628,440	-847,597
Cost of purchased services	-5,407,630	-3,082,418
<b>Personnel expenses</b>	<b>-721,597</b>	<b>-496,984</b>
Wages and salaries	-573,947	-394,943
Social security contributions, retirement, and other support benefits	-147,650	-102,041

Please refer to Note 19 for disclosures concerning retirement benefit expenses.

### Auditor's remuneration

The fees charged by the auditor for services rendered amounted to:

#### Auditor's remuneration

in € thousand		
	2022	2021
For audits of financial statements	-621	-649
Thereof: relating to prior years	20	-74
For other assurance services	0	0
For tax advisory services	0	0
For other services	-14	-14
<b>Total</b>	<b>-635</b>	<b>-663</b>

### Claims for relief from requirements to prepare and publish separate financial statements

Due to their inclusion in the consolidated financial statements of Exyte GmbH, the following fully consolidated German companies are waiving publication of their own annual financial statements:

- Exyte Technology GmbH, Renningen;
- Exyte Europe Holding GmbH, Stuttgart;
- Exyte Central Europe GmbH, Stuttgart;
- Exyte Management GmbH, Stuttgart.

# EXECUTIVE MANAGEMENT OF EXYTE GMBH

**Dr. Wolfgang Büchele**  
Chief Executive Officer  
Römerberg, Germany

**Peter Schönhofer**  
Chief Financial Officer  
Vienna, Austria

**Roberto Penno**  
Chief Operating Officer  
London, United Kingdom  
(up until August 17, 2022)

# SUPERVISORY BOARD OF EXYTE GMBH

**Mag. Georg Stumpf**  
Chairman Businessman  
Vienna, Austria

**Karl Ableidinger**  
Deputy Chairman Managing Director of Stumpf Capital LP  
Dubai, United Arab Emirates

**Thomas Boehnke**  
Head of Engineering DACH + Belgium  
Exyte Central Europe GmbH  
Stuttgart, Germany

**Prof. Dr. Harald Kessler**  
Management Consultant and Managing Director of KLS Accounting & Valuation GmbH  
St. Ingbert, Germany

**Dorothee Johanna Lauffer**  
Chairperson of the Works Council of Exyte Technology GmbH and Chairperson of the Works  
Council for the Exyte Group  
Ditzingen, Germany

**Michael Wang**  
Independent Board Member of Janus Technologies Inc.; Simplo Technology Co Ltd.; Casetek  
Holdings Ltd.; Phison Electronics Corp.; and Industrial Technology Investment Corp.  
Taipei City, Taiwan

Stuttgart, March 14, 2023

The Executive Management



Dr. Wolfgang Büchele (CEO)



Peter Schönhofer (CFO)



# LIST OF SHAREHOLDINGS OF EXYTE GMBH AS OF DECEMBER 31, 2022

No.	Name of company	Registered office, country	Share of capital (%)	via
<b>1.</b>	<b>Exyte GmbH</b>	<b>Stuttgart, Germany</b>		
<b>Consolidated subsidiaries</b>				
2.	Exyte Asia-Pacific Holding Ltd.	Singapore, Singapore	100	
3.	Blitz S18-226 GmbH	Stuttgart, Germany	100	
<b>2. Consolidated subsidiaries of Exyte Asia-Pacific Holding Ltd.</b>				
2.1.	Exyte Americas Holding, Inc.	Plano, USA	100	
2.2.	Exyte Europe Holding GmbH	Stuttgart, Germany	100	
2.3.	Exyte Singapore Pte. Ltd.	Singapore, Singapore	100	
2.4.	Exyte Trading (Singapore) Pte. Ltd.	Singapore, Singapore	100	
2.5.	Exyte Shanghai Co., Ltd.	Shanghai, China	100	
<b>2.1. Consolidated subsidiaries of Exyte Americas Holding, Inc.</b>				
2.1.1.	Exyte U.S., Inc.	Albany, USA	100	
2.1.2.	Total Facility Solutions, Inc.	Plano, USA	100	
2.1.3.	CPS Holdco, LLC	Boise, USA	100	
<b>2.1.3. Consolidated subsidiaries of CPS Holdco, LLC</b>				
2.1.3.1.	CPS Intermediate, LLC	Boise, USA	100	
2.1.3.2.	CPS Intermediate II, LLC	Boise, USA	100	
<b>2.1.3.1. Consolidated subsidiaries of CPS Intermediate, LLC</b>				
2.1.3.1.1.	CPS Buyer, LLC	Boise, USA	100	
<b>2.1.3.1.1. Consolidated subsidiaries of CPS Buyer, LLC</b>				
2.1.3.1.1.1.	Critical Process Systems Group, Inc.	Boise, USA	100	
<b>2.1.3.1.1.1. Consolidated subsidiaries of Critical Process Systems Group, Inc.</b>				
2.1.3.1.1.1.1.	Airgard, Inc.	Milpitas, USA	100	
2.1.3.1.1.1.2.	BioPharm Engineered Systems, LLC	Lawrence, USA	100	

No.	Name of company	Registered office, country	Share of capital (%)	via
2.1.3.1.1.1.3.	CPS Process Solutions, LLC	Lawrence, USA	100	
2.1.3.1.1.1.4.	Diversified Fluid Solutions, LLC	Boise, USA	100	
2.1.3.1.1.1.5.	ENGVT, LLC	Williston, USA	100	
2.1.3.1.1.1.6.	Fab-Tech, Inc.	Colchester, USA	100	
2.1.3.1.1.1.7.	NEHP, Inc.	Williston, USA	100	
<b>2.1.3.1.1.1.6. Consolidated subsidiaries of Fab-Tech, Inc.</b>				
2.1.3.1.1.1.6.1.	Pure Guard, LLC	Phoenix, USA	100	
<b>2.1.3.1.1.1.7. Consolidated subsidiaries of NEHP, Inc.</b>				
2.1.3.1.1.1.7.1.	NEHP Worldwide, LLC	Williston, USA	100	
<b>2.1.3.2. Consolidated subsidiaries of CPS Intermediate II, LLC</b>				
2.1.3.2.1.	CPS Buyer Holdco II, LLC	Boise, USA	100	
<b>2.1.3.2.1. Consolidated subsidiaries of CPS Buyer Holdco II, LLC</b>				
2.1.3.2.1.1.	CPS Buyer II, LLC	Boise, USA	100	
<b>2.1.3.2.1.1. Consolidated subsidiaries of CPS Buyer II, LLC</b>				
2.1.3.2.1.1.1.	Nuance Systems, LLC	Portland, USA	100	
<b>2.2. Consolidated subsidiaries of Exyte Europe Holding GmbH</b>				
2.2.1.	Exyte Central Europe GmbH	Stuttgart, Germany	100	
2.2.2.	Exyte France SAS	Aix-en-Provence, France	100	
2.2.3.	Exyte Italy S.r.l.	Agrate Brianza, Italy	100	
2.2.4.	Exyte Management GmbH	Stuttgart, Germany	100	
2.2.5.	Exyte Netherlands B.V.	Amsterdam, the Netherlands	100	
2.2.6.	Exyte Northern Europe Ltd.	Maynooth, Ireland	100	
2.2.7.	Exyte Technology GmbH	Renningen, Germany	100	
<b>2.2.7. Consolidated subsidiaries of Exyte Technology GmbH</b>				
2.2.7.1.	Exyte Technology CZ s.r.o.	Krupka, Czech Republic	100	
<b>2.3. Consolidated subsidiaries of Exyte Singapore Pte. Ltd.</b>				
2.3.1.	Exyte Hargreaves Ltd.	Bury, United Kingdom	100	
2.3.2.	Exyte Israel Projects Ltd.	Nes TSIONA, Israel	100	
2.3.3.	Exyte Malaysia Sdn. Bhd.	Penang, Malaysia	100	

No.	Name of company	Registered office, country	Share of capital (%)	via
2.3.4.	Exyte Services (Singapore) Pte. Ltd.	Singapore, Singapore	100	
2.3.5.	Exyte Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam	100	
<b>2.3.4. Consolidated subsidiaries of Exyte Services (Singapore) Pte. Ltd.</b>				
2.3.4.1.	Exyte Services (Malaysia) Sdn. Bhd.	Penang, Malaysia	100	
<b>2.4. Consolidated subsidiaries of Exyte Trading (Singapore) Pte. Ltd.</b>				
2.4.1.	Exyte Taiwan Co., Ltd.	Hsinchu, Taiwan, R.O.C.	100	
<b>2.5. Consolidated subsidiaries of Exyte Shanghai Co., Ltd.</b>				
2.5.1.	Exyte Technology Shanghai Co., Ltd.	Shanghai, China	100	
2.5.2.	Exyte Trading Shanghai Co., Ltd.	Shanghai, China	100	
<b>3. Consolidated subsidiaries of Blitz S18-226 GmbH</b>				
3.1.	Delicatessen Engineering Services Pvt. Ltd.	Hyderabad, India	100	
<b>4. Non-consolidated subsidiaries</b>				
4.1.	Exyte Connecticut Architecture and Engineering, PC.	Plano, USA	0 <sup>1</sup>	2.1.1.
4.2.	Exyte Michigan, Inc.	East Lansing, USA	100	2.1.1.
4.3.	Exyte North Carolina, Inc.	Raleigh, USA	0 <sup>1</sup>	2.1.1.
4.4.	Exyte Oregon Architecture and Engineering, Inc.	Plano, USA	100	2.1.1.
4.5.	M+W Zander NY Architects, PC.	Plano, USA	0 <sup>1</sup>	2.1.1.
4.6.	Exyte Lotos Italy S.c.a.r.l.	Agrate Brianza, Italy	51	2.2.3.
4.7.	MW Services S.r.l.	Agrate Brianza, Italy	100	2.2.3.
4.8.	Nanjing Enviro-Chem Engineering Design Co., Ltd.	Nanjing, China	75	2.5.
<b>5. Joint operations</b>				
5.1.	M+W – Commodore J.V. (JV-Partner: Commodore Contracting Co. LLC, Abu Dhabi)	Abu Dhabi, Abu Dhabi	60	2.3.
5.2.	Exyte   Gilbane JV (JV-Partner: Gilbane Building Co., USA)	Plano, USA	51	2.1.1.
5.3.	Gilbane   Exyte JV (JV-Partner: Gilbane Building Co., USA)	Providence, USA	49	2.1.1.

1 Shares are held by employees in accordance with professional licensing legislation.



# INDEPENDENT AUDITOR'S REPORT

To Exyte GmbH, Stuttgart

## Opinions

We have audited the consolidated financial statements of Exyte GmbH, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Exyte GmbH for the financial year from 1 January to 31 December 2022.

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 Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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.

Pursuant to Section 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 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 Section 317 HGB and the German Generally Accepted Standards of 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 German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the 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.

## Other Information

Management is responsible for the other information.

The other information comprises the information in the other parts of the annual report. The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the 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 other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

## Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

Management is 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 Section 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, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is 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, management is 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, management is 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 Responsibilities 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 Section 317 HGB 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 judgement and maintain professional scepticism 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's 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 Section 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 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 management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 matters, 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.

Stuttgart, 14 March 2023

KPMG AG  
 Wirtschaftsprüfungsgesellschaft  
 [Original German version signed by:]

Cheung  
 Wirtschaftsprüfer  
 [German Public Auditor]

Hagg  
 Wirtschaftsprüfer  
 [German Public Auditor]

# IMPRINT

## Contact

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## Vice President Corporate Communications & Investor Relations

René Ziegler

## Idea and coordination

Veronika Grießler  
John Warren

## Concept and design

LauferNeo GmbH, Berlin  
Kirchhoff Consult AG, Hamburg

## Disclaimer

This report contains forward-looking statements that reflect our current view about future business and financial performance as well as future events or developments. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate, and similar expressions. These statements are based on current expectations and assumptions made by the executive management of Exyte Group and are subject to many risks and uncertainties which are mainly beyond Exyte's control. Should any of these risks or uncertainties materialize or any expectations or assumptions prove to be incorrect, the actual future results may be materially different from those described explicitly or implicitly in the relevant forward-looking statement. Therefore, Exyte does not guarantee any of these forward-looking statements and neither intends nor assumes any obligation to update or revise those in case of developments which differ from those anticipated.

All rights reserved. Valid March 2023. Exyte Group accepts no liability for the accuracy and completeness of information provided in this report. The German version shall govern in all instances.



The Exyte logo is rendered in a bold, white, lowercase sans-serif font. It is positioned on the left side of the image, set against a dark blue background that features a large, light blue diamond-shaped graphic element. The background itself is a photograph of two people in an office setting, with a blue color overlay.

# exyte

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