AMBITION TO ADVANCE

ANNUAL REPORT 2023

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ABOUT THIS REPORT

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FIGURES
AT A GLANCE

Key Figures

in € million

	1.1.–31.12.2023[1]
Order intake	4,829
Sales	5,042
Gross profit	268
Gross margin as % of sales	5.3
Adjusted gross profit[2]	485
Adjusted gross margin as % of sales	9.6
EBIT	86
EBIT as % of sales	1.7
Adjusted EBIT[3]	322
Adjusted EBIT as % of sales	6.4
Consolidated earnings	76
Consolidated earnings as % of sales	1.5
Number of employees (FTE = full-time equivalent)	9,740
Cash flow from operating activities	280
Cash flow from investing activities	1,041
Free cash flow	1,321
	31.12.2023
Order backlog	6,724
Net working capital	-1,175

Key Figures

in € thousand

	31.12.2023
Noncurrent assets	4,634
Current assets	2,778
Shareholder's equity	3,005
Noncurrent liabilities	1,292
Current liabilities	3,115
Total assets	7,412

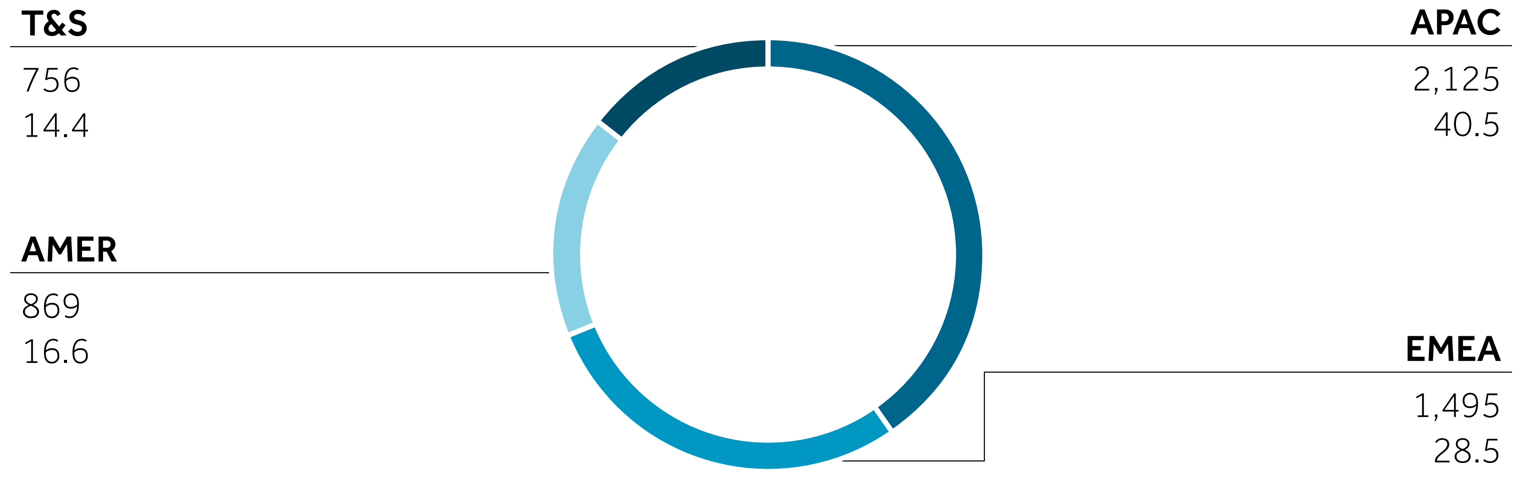
1 With respect to the key figures presented for the period from January 1 to December 31, 2023, it should be noted that the 2023 consolidated financial statements of Exyte Holding GmbH only present the Exyte Group's operations for the nine months from April to December 2023, as the contribution of the Exyte GmbH Group to Exyte Holding GmbH only took place effective March 30, 2023.

2 Adjusted gross profit is calculated as the difference between sales revenue and the cost of sales, adjusted for the effects of purchase price allocations.

3 Adjusted EBIT (earnings before interest and taxes) is defined as the results from operating activities adjusted for nonrecurring income and expenses. EBIT adjustments include, in particular, earnings effects from purchase price allocations, transaction costs in connection with (completed and planned) company acquisitions, and costs from transaction-related bonuses, restructuring costs, costs of the startup phase in the case of site expansions and site closures or relocations, as well as other income and expenses that are not recurring or fall outside the scope of normal business operations.
Adjusted EBIT is used to determine profitability, excluding nonrecurring positive or negative effects, thus ensuring comparability between different reporting periods.

Sales by region 2023[1]

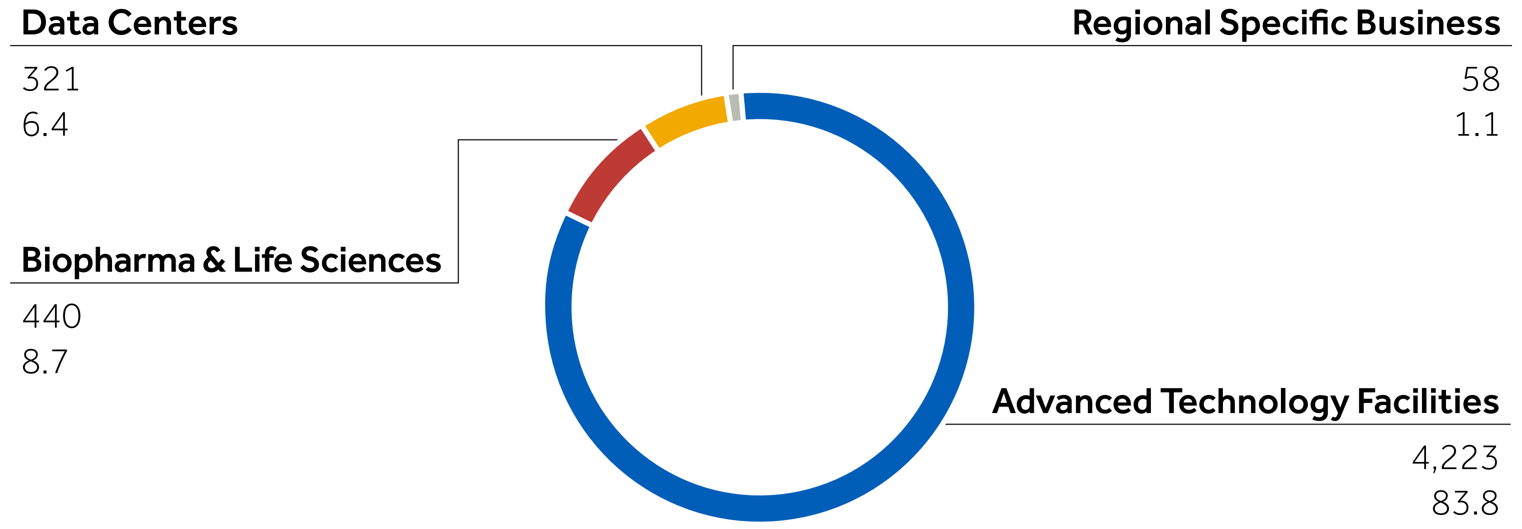
in € million
in %

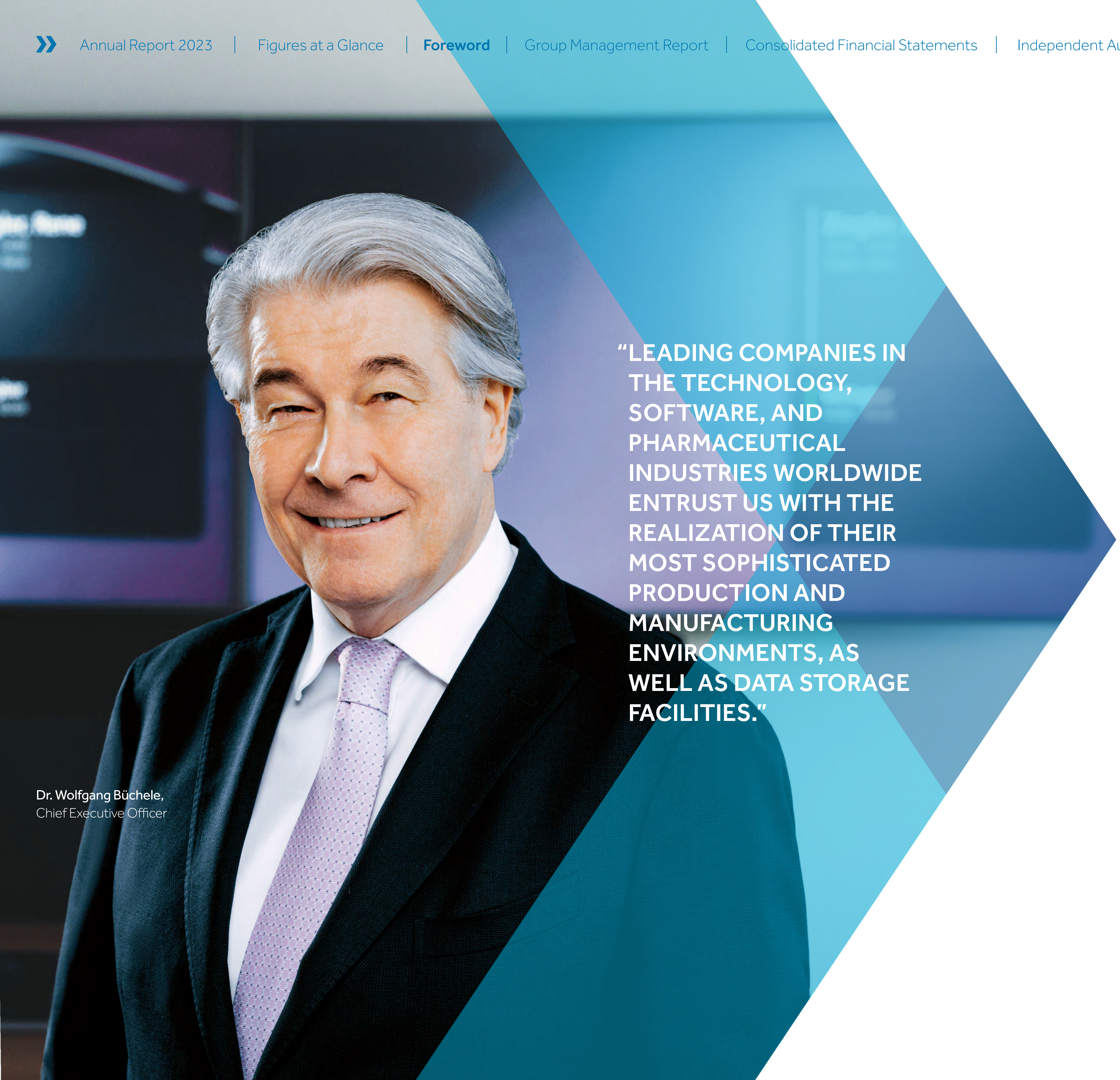


1 Before consolidation of the regions.

Sales by business segment 2023

in € million
in %





Dr. Wolfgang Büchele,
Chief Executive Officer

"LEADING COMPANIES IN THE TECHNOLOGY, SOFTWARE, AND PHARMACEUTICAL INDUSTRIES WORLDWIDE ENTRUST US WITH THE REALIZATION OF THEIR MOST SOPHISTICATED PRODUCTION AND MANUFACTURING ENVIRONMENTS, AS WELL AS DATA STORAGE FACILITIES."

FOREWORD

DEAR READERS,

In the past financial year, we celebrated a significant milestone in Exyte's short but eventful history: our fifth anniversary! Since the reorganization in 2018, we have achieved significant, strategic, and operational successes. The strategic realignment back then was the right move, as evidenced by our impressive business development since. Sales and earnings have consistently reached new record levels, and our workforce has doubled. Leading companies in the technology, software, and pharmaceutical industries worldwide entrust us with the realization of their most sophisticated production and manufacturing environments, as well as data storage facilities.

Since March 30, 2023, the shares of Exyte GmbH Group have been contributed to Exyte Holding GmbH. All information in the group management report and financial statement in this annual report pertains to Exyte Holding and only presents the Exyte business period from March 30 to December 31, 2023. There are no comparisons with previous year's figures. This corporate change was prompted by the entry of BDT & MSD Partners as shareholders in Exyte. Details can be found in the group management report, which is part of this annual report.

Overall, the business year 2023 presents itself as follows: Exyte's sales have reached a high level, as has the order intake. Our business is currently characterized by a regional shift from East to West. Companies, particularly in the semiconductor sector, have postponed project starts in the West. Reasons for this include increased financing costs and uncertainties regarding government subsidies in some regions. Exyte's profitability continues to improve, both in terms of adjusted EBIT and adjusted EBITDA. Consequently, the adjusted EBIT and adjusted EBITDA margins are also showing positive trends. We have surpassed the targeted earnings margin of approximately 6.0%.

With an order backlog of €6.7 billion as of December 31, 2023, we have an excellent starting point to continue Exyte Group's profitable growth. Regardless of the temporarily adverse sales development, Exyte's short-, medium-, and long-term perspectives remain positive. Our strategic focus on industries driven by long-term megatrends guarantees Exyte's long-term success. Whether it's semiconductors, battery cells, biotechnology and pharmaceuticals, or data centers, companies in our target industries continue to invest in expanding their capacities. We anticipate another year of significant sales growth in 2024. We remain committed to our goal of achieving €10 billion in revenue by latest 2027 as part of our "Pathway to Ten."

Currently, we observe the anticipated regional shifts in our markets. This trend is already reflected in Exyte's current order and business development. The sales share of the Asia region is declining, while order intake and sales are increasing significantly in Europe and the USA. While semiconductor fabs were predominantly built in Asia in recent years, many large projects in the semiconductor and battery cell sectors are currently being prepared or already under implementation in the USA and Europe, facilitated by government subsidies. Nevertheless, we will continue to seize opportunities presented by Asia, especially in the biopharma and life sciences as well as data center sectors. To this end, we have entered into a strategic cooperation agreement with the Japanese company JGC Corporation. Exyte and JGC Corporation will explore opportunities for joint business development and the implementation of EPC projects, and expand the business field for high-tech facility projects in emerging Southeast Asian countries such as Indonesia, Vietnam, Thailand, and the Philippines. These emerging Southeast Asian countries are highly attractive for investments in high-tech facilities, offering promising business prospects for Exyte and JGC.

Considering the regional shift in our business activities, we are investing in expanding our development and production capacities. In the summer of 2023, we began constructing new manufacturing facilities at our two existing locations in the Czech Republic. These facilities will produce products primarily used in the construction of semiconductor facilities in Europe. Additionally, we opened a third manufacturing site in the Czech Republic, where products primarily for the semiconductor industry have been produced since late 2023. We expect sustained investments from our semiconductor industry clients in the coming years, particularly in neighboring Germany. The financial support promised by the European Union (EU) under the European Chips Act and by national governments is driving this development.

The same applies to the USA. There too, we are investing in additional manufacturing capacities and expanding our organization. Due to the US Chips Act, numerous semiconductor manufacturers have announced the construction of new facilities. We have already won significant projects. In both Europe and the USA, we are organizing ourselves to realize corresponding mega-projects for our clients.

To accelerate the growth of the Data Centers business segment and achieve our projected sales targets for 2027, we entered the US data centers market last year. We also aim to capitalize on additional opportunities in the biopharma and life sciences sectors. For example, in Europe and Asia, Exyte is working for leading providers of novel diabetes medications that can also be used to treat other diseases. Thus, we are making a significant contribution towards combating the widespread diseases of diabetes and obesity.

As part of our "Next Level" future agenda, we executed a strategic acquisition last year to support our growth trajectory and strengthen vertical integration. With the acquisition of Intega GmbH in October 2023, a specialist in ultrapure media technologies, we complemented the portfolio of our Technology & Services business segment. With Intega, we are expanding our capabilities in critical subsystems for high-tech facilities, particularly for the semiconductor industry.

With our products and solutions, we support the global transition to sustainability. One growth area is the design and development of manufacturing facilities for battery cells. In Europe, we are involved in the construction of several giga-fabs. The clients are vehicle manufacturers, battery manufacturers, as well as consortia of vehicle manufacturers and energy companies. Amongst others, Exyte is responsible for the planning, procurement, construction, and commissioning of the dry room for Volkswagen's battery cell gigafactory in Salzgitter. Another example of our comprehensive technological expertise in this area is the battery cell production facility of Contemporary Amperex Technology Co. Limited in Thuringia, which started production in early 2023. Additionally, we are in discussions with other vehicle manufacturers, technology companies, and start-ups working on the next generation of battery cells. With our expertise in this growth market, we are making a significant contribution to the climate-friendly mobility of tomorrow.

"WITH OUR PRODUCTS AND SOLUTIONS, WE SUPPORT THE GLOBAL TRANSITION TO SUSTAINABILITY."

"WE ARE PROUD THAT WE HAVE BEEN AUDITED AS A TOP EMPLOYER NOT ONLY IN GERMANY BUT ALSO IN CHINA AND SINGAPORE. VARIOUS INDUSTRY AND SUBJECT MATTER EXPERTS HAVE CERTIFIED EXYTE AS A TOP EMPLOYER."

In the past year, we published our Environmental, Social, and Governance (ESG) strategy. Sustainability is a driver of value for us. To meet regulatory requirements and the growing demands of our clients, we have provided a strategic framework for our existing activities in the ESG area. For a long time, we have been working on sustainable solutions in the development, construction, and operation of high-tech facilities. In the sustainability dimensions relevant to us and our stakeholders, we intend to implement targeted activities to shape the path of our industry toward a sustainable future. By 2040, we aim to be CO_2-neutral in Scopes 1 to 3. We aim to leave no CO_2 footprint in Scopes 1 and 2 by 2035.

In the past five years, with our clear strategic focus, we have achieved remarkable financial success and significantly strengthened our market position. However, we do not rest on our laurels. We aim to continue our growth trajectory consistently. We ensure that our organization and internal structures keep pace with the growth dynamics. Accordingly, we have developed a new IT strategy focusing on globally uniform and scalable solutions. Simultaneously, we have begun introducing an integrated ERP system into the Central Europe region, which will be gradually implemented across the entire Exyte Group as a unified platform for business management.

Innovation plays a crucial role in our industries and business activities. We firmly believe that by utilizing modern technologies such as robotics and artificial intelligence, we can digitalize, automate, and improve our internal processes. This enhances project efficiency and enables us to deliver high-quality results to our clients. For example, with the introduction of a Boston Dynamic Robo Dog, which can – automatically and in real time – capture and visualize construction progress and implementation quality, we have taken only the first step in our vision.

Ultimately, our employees are crucial to our success. With their great commitment, extensive expertise, and impressive passion, they are the driving force behind our continuous improvement and our ability to offer our clients the best solutions. As an employer, we create an environment where our employees can contribute, develop, and learn through various measures. Training programs, such as the Project Management Academy introduced in October 2023, provide the necessary tools for this.

We are proud that we have been audited as a top employer not only in Germany but also in China and Singapore. Various industry and subject matter experts have certified Exyte as a top employer. The results of the 2023 Employee Engagement Survey conducted worldwide for the second time have shown significant positive development. Leaders and employees around the world are continuously and passionately working on the further development of our corporate culture.

We thank our employees, whose drive defines Exyte's success. For this reason, the 2023 Annual Report carries the motto "Ambition to Advance." We thank our shareholders, clients, and business partners for their trust. We look forward to continuing our success story together and developing, as well as implementing, innovative technical solutions collaboratively. Together, we contribute to creating a better future.

Warm regards,

Dr. Wolfgang Büchele
Chief Executive Officer

GROUP MANAGEMENT REPORT

ABOUT **THE GROUP**

Exyte Holding GmbH, headquartered in Stuttgart, was a wholly owned subsidiary of M+W Group GmbH, headquartered in Stuttgart, until March 31, 2023.

Effective March 30, 2023, M+W Group GmbH contributed all of its shares in Exyte GmbH to Exyte Holding GmbH. As such, since March 30, 2023, the parent company of the Exyte Group ("Exyte") is no longer Exyte GmbH, but Exyte Holding GmbH. As the parent company of Exyte, Exyte Holding GmbH is legally required to prepare consolidated financial statements for the first time in the 2023 financial year. Prior to March 30, 2023, it did not engage in any operating activities.

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 customers at both a local and global level.

Under a contract dated November 16, 2022, and effective March 31, 2023, M+W Group GmbH sold shares in Exyte Holding GmbH to the companies BDT Elevation 1 GmbH, headquartered in Frankfurt am Main, and BDT Elevation 2 GmbH, headquartered in Frankfurt am Main. On the basis of the contractual agreements made between the shareholders, Exyte Holding GmbH is under the joint management of the shareholders (despite M+W Group GmbH holding a majority stake), as decisions on Exyte Holding GmbH's key activities require the unanimous approval of the shareholders. The contributions made by the partner companies to form the joint venture (in this specific case: contribution of the shares in Exyte GmbH) were measured at fair value as part of acquisition accounting as of March 31, 2023. The provisions of IFRS 3 "Business Combinations" were applied in the same way.

Effective October 2, 2023, the Group company Exyte Europe Holding GmbH, headquartered in Stuttgart, acquired 100% of the shares in INTEGA Innovative Technologie für Gase und Anlagenbau GmbH, headquartered in Kirchheim, and its two subsidiaries INTEGA Villach GmbH, headquartered in Villach, Austria, and INTEGA High Purity Systems AG, headquartered in Muttenz, Switzerland (hereinafter referred to together as the "Intega Group").

EXECUTIVE MANAGEMENT

As of December 31, 2023, the executive management of Exyte Holding GmbH was made up of two members. During the period from September 1, 2023, to December 18, 2023, Dr. Wolfgang Büchele acted as the sole executive manager of Exyte Holding GmbH.

- **Dr. Wolfgang Büchele,** the Chief Executive Officer, acts as head of the following corporate functions: Corporate Strategy / M&A, Corporate Compliance, Corporate Internal Audit, Corporate Human Resources, Corporate Communications & Investor Relations, Corporate Opportunity & Risk Management. In addition, he was responsible for the management of the APAC (Asia-Pacific) region, the T&S (Technology & Services) business area, and the strategic business segments Advanced Technology Facilities (up until December 18, 2023) and Biopharma & Life Sciences. Furthermore, from September 1, 2023 onwards, Dr. Wolfgang Büchele also assumed responsibility for the functions that were previously the responsibility of Peter Schönhofer.
- **Peter Schönhofer,** was Chief Financial Officer up until August 31, 2023, and prior to his departure was responsible for the following corporate functions: Corporate Accounting, Corporate Treasury, Corporate Controlling, Corporate Legal & Insurance, Corporate IT, Corporate Tax, Corporate Procurement & Subcontracting, Corporate Project & Commercial Management, and Corporate Quality Management. In addition, he was responsible for the management of the AMER (USA) and EMEA (Europe) regions, as well as the strategic business segment Data Centers.
- **Mark Garvey,** was appointed as Chief Executive Officer of Advanced Technology Facilities from December 19, 2023, onwards and is responsible for the management of the strategic business segment Advanced Technology Facilities.

Dr. Wolfgang Büchele, Chief Executive Officer

Mark Garvey, Chief Executive Officer Advanced Technology Facilities

CORPORATE STRUCTURE

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

The following changes to the Group structure took place in the 2023 reporting year:

- Effective March 30, 2023, M+W Group GmbH contributed all of its shares in Exyte GmbH to Exyte Holding GmbH. This led to the addition of Exyte GmbH and its 44 fully consolidated subsidiaries as well as three joint ventures. In addition, the Group acquired eight other subsidiaries that were not fully consolidated by Exyte due to immateriality.
- In July 2023, the four companies CPS Intermediate, LLC; CPS Intermediate II, LLC; CPS Process Solutions, LLC; and ENGVT, LLC were merged within the Group with other companies in the US CPS Group. In addition, five nonoperating intermediate holding companies of the CPS Group were liquidated: CPS Holdco, LLC; CPS Buyer Holdco II, LLC; CPS Buyer, LLC; CPS Buyer II, LLC; and NEHP Worldwide, LLC. These changes served to optimize the structure of the CPS Group. All of the companies were also categorized under the T&S segment.
- Effective October 2, 2023, Exyte Europe Holding GmbH acquired the Intega Group. The three companies of the Intega Group have been categorized under the T&S segment.

The companies fully consolidated within Exyte as of December 31, 2023 comprise the following:

Corporate structure

EXYTE GROUP

- Exyte Holding GmbH
- Exyte GmbH
- Exyte Management GmbH

AMER

- Exyte Americas Holding, Inc.
- Exyte U.S., Inc.

EMEA

- Exyte Europe Holding GmbH
- Exyte Central Europe GmbH
- Exyte France SAS
- Exyte Italy S.r.l.
- Exyte Israel Projects Ltd.
- Exyte Netherlands B.V.
- Exyte Northern Europe Ltd.
- Blitz S18-226 GmbH

APAC

- Exyte Asia-Pacific Holding Ltd.
- Exyte Singapore Pte. Ltd.
- Exyte Malaysia Sdn. Bhd.
- Exyte Vietnam Co., Ltd.
- Exyte Shanghai Co., Ltd. (Project business)
- Exyte Trading Shanghai Co., Ltd.
- Exyte Trading (Singapore) Pte. Ltd.
- Exyte Taiwan Co., Ltd.
- Delicatessen Engineering Services Pvt. Ltd.

T&S

- Exyte Technology GmbH
- Exyte Technology CZ s.r.o.
- Exyte Technology Shanghai Co., Ltd.
- Exyte Hargreaves Ltd.
- Exyte Services (Singapore) Pte. Ltd.
- Exyte Services (Malaysia) Sdn. Bhd.
- Exyte Shanghai Co., Ltd. (Service business)
- Total Facility Solutions, Inc.
- Critical Process Systems Group, Inc.
- BioPharm Engineered Systems, LLC
- Diversified Fluid Solutions, LLC
- Fab-Tech, Inc.
- Pure Guard, LLC
- NEHP, Inc.
- Nuance Systems, LLC
- Airgard, Inc.
- INTEGA Innovative Technologie für Gase und Anlagenbau GmbH
- INTEGA GmbH
- INTEGA High Purity Systems AG

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

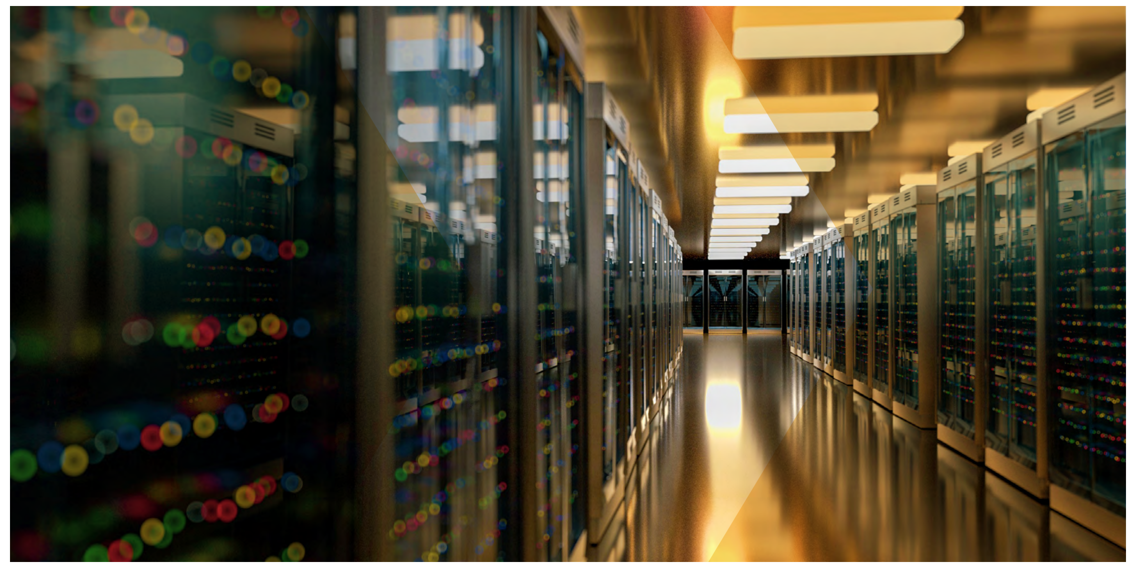
- Semiconductors
- Flat Panel Displays
- Photovoltaics
- Batteries

Biopharma & Life Sciences

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

Data Centers

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



ADVANCED TECHNOLOGY FACILITIES

Advanced Technology Facilities (ATF): The ATF business segment provides consulting and planning services, engineering and design services, as well as project management services around the building of manufacturing plants and the construction of 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, in its ATF business segment Exyte offers services in the area of mechanical, electrical, and process systems (MEP), provides clean room 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 companies and groups of companies acquired in the last three years (the CPS Group, Airgard, Inc., and the Intega Group) into the Exyte Group has also expanded the range of products and services offered to clients in the ATF business segment. The Intega Group, which was acquired in 2023 and is based in Germany, Austria, and Switzerland, specializes in the development, manufacture, installation, startup, and servicing of ultrapure media technology. Intega's products include gas, chemical, and ultrapure water supply systems that meet the high purity and safety requirements in various markets and enable semiconductor manufacturers to significantly reduce their greenhouse gas emissions. While Intega's focus is primarily on Europe, the corresponding service in the US is provided through CPS and Airgard. Through the products and services of Exyte's subsidiaries, the ATF business segment 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 long-standing business relationships. The ATF business segment's extensive experience in delivering sophisticated high-tech facilities through its integrated "design and build" approach provides customers with the reliability they expect in terms of safety, costs, deadlines, and quality.

BIOPHARMA & LIFE SCIENCES

Biopharma & Life Sciences (BLS): This business segment offers complete solutions for clients in the biotechnology, pharmaceutical, medical technology, and food and nutrition industry sectors, as well as in the consumer care sector. 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 see attractive growth opportunities in the biopharma and life sciences industry sectors for complex projects that we can offer to our clients as a reliable partner throughout the entire project cycle. The basis for our 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 and 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 the services we provide to our clients are characterized by our commitment to sustainability.

DATA CENTERS

Data Centers (DTC): The focus of the Data Centers (DTC) business segment 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 for 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 cover 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 kinds of nonstrategic business in their local markets. Such activities are also covered by the RSB segment.

ECONOMIC REPORT FOR 2023

THE OVERALL ECONOMIC SITUATION AND IN SPECIFIC INDUSTRY SECTORS

The overall economic situation

Although the global economy proved to be resilient during 2023, there was no widespread global economic recovery. Factors that had a dampening effect on overall economic development included the unstable geopolitical situation, the restrictive monetary policy of various national central banks, and the high level of volatile energy prices. The trade indicator published by the Kiel Institute for the World Economy (IfW), which tracks the trade flows (imports and exports) of 75 countries and regions worldwide, continued to fall towards the end of 2023.

The global gross domestic product (GDP) grew at an average rate of 0.8%[1] in the first three quarters of 2023. At the beginning of the fourth quarter, there were signs of a slowdown in economic momentum. Although industrial production picked up slightly in the summer months, particularly in the emerging markets, this did not provide a sustained boost to the global economy. According to IfW calculations (status: December 13, 2023), global GDP is expected to grow by 3.1% in 2023, which would be 0.2 percentage points below the previous year's level.

The developed economies provided little impetus for growth in 2023. GDP in the eurozone grew only moderately by 0.5%. The US economy performed considerably better. Economic output there increased by 2.4%. In Europe, although the energy crisis did not lead to a shortage in supplies of gas, and therefore did not result in the severe recession that had been feared, the consequences still resonated and slowed economic momentum in many countries. So far, the different economic developments have hardly had any impact on the labor markets of the developed economies. Inflation, which was high in almost all regions of the world at the start of 2023, fell as expected as a result of restrictive monetary policies. According to the International Monetary Fund (IMF), the global inflation rate fell by 1.9% to 6.8% in 2023.[2] According to calculations by experts at Eurostat, the statistical office of the European Union, the annual inflation rate in the eurozone lies well below this level. For 2023, the figure stands at 2.9% after reaching 9.2% in the previous year.[3]

There were major differences in economic momentum in the emerging markets. The South American countries in particular – with the exception of Brazil and Mexico – lagged behind expectations with a growth rate of 1.9% (2022: 3.9%). Developments in the emerging Asian economies were significantly more positive. Overall, the GDP of the emerging Asian economies grew by 5.7% in 2023, compared to 4.3% in 2022. In line with the monetary policies adopted in the developed economies, monetary policies in many of the emerging economies were restrictive. However, inflation rates and interest rates are also likely to have peaked in these countries.

After an initial slump, overall economic production in China recovered perceptibly from the middle of the year onwards. Overall, the rate of growth of the GDP in China increased by 2.4 percentage points to a level of 5.4%. Thus, the negative effects deriving from the COVID pandemic and the strictly applied lockdown policy were overcome. Nevertheless, growth momentum lagged behind that of pre-pandemic times. Weak performance in the real estate sector had a particularly negative impact on the Chinese economy and contributed to a slowdown in domestic demand, which led to a deflationary trend in the second half of 2023.

Overall, although the impact of multiple disruptive factors on the global economy weakened during the course of 2023, these still had an influence on economic development. Commodity and energy prices fell significantly and real earnings rose due to high wage settlements and declining inflation, without this having a direct impact on the consumption behavior of private households. On a more positive note, there was an easing of the supply chain bottlenecks, which gradually had less of an impact on economic activity. At the same time, businesses and consumers were still faced with significant uncertainties. These include geopolitical risks, existing and new military confrontations, and economic conflicts. Other factors include social upheavals in individual countries, unclear or inconsistent economic policies pursued by some national governments, and political uncertainty.

Developments by industry sector

The following sector-related developments for the business segments in which Exyte is active are worthy of being highlighted:

Advanced Technology Facilities (ATF)

Semiconductors

Following modest growth of 3.3% in 2022, the global semiconductor market saw a substantial double-digit decline in 2023. The projected market size for 2023 was expected to reach €515 billion, signifying a decrease of 10.3%.[4, 5] At the same time, a 22.5% decrease in capital expenditure investment was forecast for 2023 by the experts, to a level of €136.3 billion.[4, 6] While the market in 2023 was expected to experience a substantial decline, there are predominantly signs for a robust recovery and sustained, long-term growth. This outlook persists despite the fact that the semiconductor industry is facing significant pressures from factors such as inflation, increasingly restrictive monetary policies, dwindling consumer confidence, and the ongoing political conflicts. Demand for semiconductors will recover in the medium term. The industry sector continues to generate additional capacity, in order to satisfy the long-term increase in demand for semiconductors, particularly in the memory chip product group.

The market is expected to recover and grow by 11.8% in 2024.[5] 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.

1 The statistics referred to in this section (with the exception of passages marked with footnotes 2 and 3) are taken from a research paper issued by the Kiel Institute for the World Economy (IfW): World Economy in Winter 2023, completed on December 13, 2023.
2 World Economic Outlook Update by the International Monetary Fund (IMF), published on January 30, 2024.
3 Euro indicators, Statistical Office of the European Union (Eurostat), as of January 17, 2024.

4 Exchange rate applied (€1 = USD 1 in 2023).
5 World Semiconductor Trade Statistics article published online: "The World Semiconductor Trade Statistics (WSTS) has recently published its latest forecast for the semiconductor market, generated in May 2023."
6 Gartner Quarterly Report for 2Q23, dated August 23, 2023: "Forecast, Semiconductor Capital Spending, Wafer Fab Equipment and Capacity, Worldwide 2Q23."

Many of our clients are expanding their production capacity in Europe and the US, after the European Union (EU) and the US government announced plans to subsidize local wafer fabrication facilities for high-volume production purposes, as well as research and development, e.g., through the so-called US CHIPS and Science Act and the EU 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 production facilities around the world.

Batteries

Exyte has focused its attention on the fast-growing market for high-performance batteries. The increasing demand for such products is being driven by electric vehicles, energy storage applications, and an increasing demand for battery-powered devices for industrial and private use.

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 the 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.[7] In February of 2023, the EU Commission also decided to ban the registration of new vehicles with CO_2 emissions in all EU member states from 2035 onwards.

In August 2023, the United States Congress passed the Inflation Reduction Act, a package of up to USD 500 billion that includes investment to reduce carbon emissions and healthcare costs. A total of USD 12 billion of the funding aims to facilitate the conversion of US automotive manufacturer and supplier facilities into specialized production centers for electric vehicles. An additional €3.5 billion is being allocated to bolster US production of advanced batteries and battery materials, further supporting the shift throughout the US towards electric and hybrid vehicles and clean energy.[8, 9]

Up until 2030, the global capacity for battery production is expected to increase to around 6,000 gigawatt hours (GWh) per year. This corresponds to an average annual growth rate of over 15%. Europe and North America will account for about 48% of the production capacity.[10]

Flat Panel Displays and Photovoltaics

As compared to the previous year, global sales of flat panel displays (FPD) increased by 2.1% in 2023, to a level of €149.4 billion.[8, 11] 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 €170.3 billion in 2023, representing an increase of 8.0% in comparison to 2022.[8, 12] The global market for solar PV panels is projected to experience an average annual growth rate (CAGR) of 7.8% between 2023 and 2030.[12] This growth is attributed to an increasing demand for clean electricity generated from renewable sources. Additionally, government policies offering tax rebates and incentives for solar panel installations are expected to have a positive impact.

The production of PV modules on a global scale is predominantly concentrated in China and other Asian nations. Moreover, Asia represents the largest market for such modules. For this reason, particularly, a number of companies are actively engaged in the establishment of new production facilities for PV modules. Europe, in response to its energy needs, is also strategically planning a substantial increase in PV electricity capacity and has set an ambitious target of achieving an annual manufacturing capacity of 30 gigawatts of PV across the entire supply chain by 2025.[13]

Biopharma & Life Sciences (BLS)

The pharmaceutical industry sector has experienced rapid growth over the last decade, and we anticipate continuous and significant investment over the next five years in projects ranging from biotech to fill and finish, production of active pharmaceutical ingredients (API) and vaccines, cell and gene therapy, blood fractionation, as well as personalized medication due to advances in the field of genetics. Not least due to the recent COVID pandemic, innovations and scientific breakthroughs have been achieved by many biopharma and life science companies. We are also observing a shift towards more data-driven approaches across the value chain, greater collaboration, and digital transformation. As a result of working closely with many pharmaceutical multinationals, Exyte has developed unique expertise in the engineering and construction of specialist pharmaceutical facilities. Exyte systematically invests in the latest technology, software, and hardware, as well as in corresponding training programs to ensure its employees work comfortably and effectively with these technologies. Exyte provides its clients with state-of-the-art engineered and intelligent construction solutions, and with virtual and augmented reality technology, they can assess solutions in real time before construction starts. Exyte is gearing itself up to support both existing and new clients to meet the resulting demand arising from these developments.

Social developments – such as population growth, increasing prosperity, and higher life expectancy – are 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, the engineering and construction industries play a crucial role in enabling the pharma industry sector to respond quickly and efficiently to changing requirements and conditions.

Exyte is continuing on its growth path by following its "Next Level" Agenda and "Pathway to Ten" strategy. In this context, the BLS business segment plays a significant role. 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 the 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 results for our clients efficiently. In recent years, digitalization, and the innovations associated with it, has 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.

7 German government coalition agreement 2021–2025.
8 Exchange rate applied (€1 = USD 1 in 2023).
9 CNN Business article published online on August 31, 2023: "Auto industry's switch to EVs gets USD 12 billion in loans and grants from the US Energy Department."
10 Information provided by Rystad Energy coupled with Exyte estimates.
11 Online report Future Market Insights: "Outlook for Flat Panel Displays 2023–2033"
12 Report by Grand View Research published online: "Solar PV Panels Market Size & Share Analysis – 2023 Report."
13 Online report by Mckinsey & Company: "Building a competitive solar-PV supply chain in Europe."

BUSINESS PERFORMANCE IN 2023

Data Centers (DTC)

The global data centers market sector continued its rapid growth, with an estimated total of 7.4 gigawatts currently already online worldwide, showed further positive momentum in 2023, and thus boosted the development of Exyte's Data Centers business segment.[14] The global market for data centers grew by almost 13% to €100 billion in 2023, with the North America region contributing 36% to the estimated growth.[15]

All the global hyperscalers in this region already own data centers and/or have existing plans to install new data center capacity soon.[16] In the third quarter of 2023, Exyte began setting up a team in the United States to execute local projects. 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 planning and implementation of these projects enjoys the highest priority. In 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.

Market growth in 2023 depended on several factors, including the increasing adoption of multi-cloud and network upgrades to support 5G, demand planning and expansion by hyperscalers, and growing demand from SMEs (small and medium enterprises).

The ongoing digitalization of SMEs continues to have a strong impact on global demand for data center capacity. The increasing spread of data-based applications, such as smart devices, autonomous vehicles, and robotics, as well as the use of technologies such as artificial intelligence (AI) and the Internet of Things (IoT) are leading to a rapid increase in data volumes. In 2023, increasing interest in AI applications led to increased demand for data centers in metropolitan areas, near major cities and urban centers such as Frankfurt am Main, Berlin, Paris, and Milan. Large storage and computing capacities can ensure rapid response times for 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 during the past year.

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

14 Report by Cushman & Wakefield published online: "2023 Global Data Center Market Comparison."
15 Exyte's internal estimates.
16 Report by Infiniti Research: "Data Center Market – North America, Europe, EMEA, APAC: US, Canada, China, Germany, the UK – Forecast 2023–2027."

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 order intake indicator is used to measure Exyte's success in acquiring new business in comparison to previous reporting periods.

Sales

A key element of Exyte's strategy is profitable organic sales growth as well as growth via strategic acquisitions. The development of sales is used 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 (earnings before interest and tax) is defined as the result from operating activities adjusted for income or expenses deriving from irregular, nonrecurring effects. EBIT adjustments relate, in particular, to earnings effects resulting from purchase price allocations, transaction costs in connection with (completed and planned) company acquisitions, and costs from transaction-related bonuses, restructuring costs, costs of the startup phase for site expansions and site closures or relocations, as well as other income and expenses that will not recur or are outside the normal course of business.

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 adjusted gross profit, and the adjusted 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.

Adjusted gross profit

The adjusted gross profit is determined as the net amount of sales and the cost of sales, adjusted for effects deriving from purchase price allocations.

Adjusted gross profit margin

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

Business development

In the following presentation of the Group's business performance and results of operations, it should be noted that the 2023 consolidated financial statements of Exyte Holding GmbH only present the Exyte Group's operations for a period of nine months, as the contribution of the shares in the Exyte GmbH Group to Exyte Holding GmbH only took place with effect from March 30, 2023.

Exyte's order intake in the 2023 reporting period totaled €4.8 billion. The AMER region achieved the highest order intake at €2.3 billion.

Exyte's sales in 2023 stood at €5.0 billion. Neither the war in Ukraine nor the war in Israel and the Gaza Strip had a significant impact on Exyte's revenue performance in the 2023 financial year. Sales to the semiconductor industry in the ATF business segment are Exyte's most important revenue driver.

The order backlog amounted to €6.7 billion as of December 31, 2023, and forms an excellent basis for the Exyte Group's future business performance.

In the 2023 financial year, Exyte achieved an adjusted gross profit of €485.4 million. The adjusted gross profit margin stood at 9.6%.

Adjusted EBIT amounted to €321.6 million, which corresponds to an adjusted EBIT margin of 6.4%.

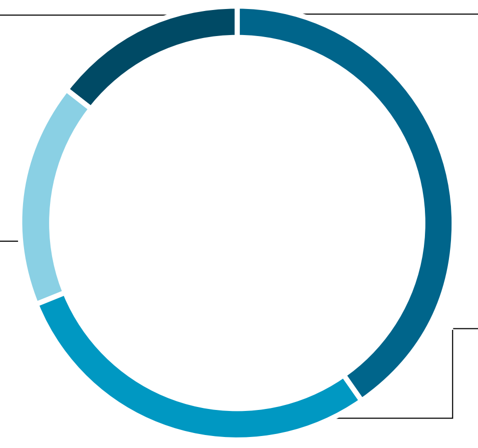
Developments in the regions

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

Revenue breakdown and key figures by region

Sales by region 2023[1]

in € million
in %



1 Before consolidation of the regions.

The following table shows key figures by region:

Key figures by region[1]

in € million

	APAC 2023	EMEA 2023	AMER 2023	T&S 2023
Order backlog upon contribution of the Exyte GmbH Group	3,153	2,720	605	836
Order intake	844	1,196	2,252	655
Order backlog as of December 31, 2023	1,710	2,423	1,946	755
Sales	2,125	1,495	869	756
Adjusted gross profit	191	142	27	130
Adjusted gross profit margin	9.0%	9.5%	3.1%	17.3%
Adjusted EBIT	159	95	13	94
Adjusted EBIT margin	7.5%	6.4%	1.5%	12.4%

1 The figures disclosed have not been consolidated. Effects resulting from consolidation between the regions are not taken into account and figures for Exyte Holding GmbH, Exyte GmbH, and Exyte Management GmbH are not included.

APAC

Order intake in the APAC region amounted to €844 million. The largest project, with a contract value of approximately €140 million, was awarded to Exyte in Singapore by a customer in the Biopharma & Life Sciences business segment. In addition, Exyte was also awarded a project in Taiwan in the Advanced Technology Facilities business segment (Flat Panel Display division) with an order value of just under €100 million.

Performance in the APAC region is characterized by the continued implementation of major projects, particularly in Malaysia and Singapore. Sales in the 2023 financial year amounted to €2,125 million. As sales significantly exceeded order intake in the financial year, the order backlog decreased to €1,710 million as of December 31, 2023, compared to €3,153 million at the time of contribution.

Adjusted gross profit amounted to €191 million, which corresponds to an adjusted gross profit margin of 9.0%. Margin improvements that were achieved in the final phase of implementing major projects in Singapore had a positive effect. The APAC region achieved an adjusted EBIT of €159 million (adjusted EBIT margin: 7.5%).

EMEA

The EMEA region recorded order intake of €1,196 million in the 2023 financial year. The largest project, with an order volume of over €270 million, was acquired by Exyte in Italy in the Data Centers business segment. In addition, the company recorded further incoming orders worth approximately €215 million from a semiconductor project in Ireland that is currently in the final phase.

At €1,495 million, sales in the EMEA region exceeded order intake in the financial year. This reduced the order backlog from €2,720 million (at the time of contribution) to €2,423 million as of December 31, 2023. The largest contributions to sales in the 2023 financial year came from semiconductor projects in Ireland and Germany.

Adjusted gross profit came to €142 million and the adjusted gross profit margin amounted to 9.5%. Positive margin effects resulted, in particular, from the semiconductor project in Ireland. Adjusted EBIT for the EMEA region amounted to €95 million (adjusted EBIT margin: 6.4%).

AMER

A good €1,780 million of the high order intake of €2,252 million in the AMER region is attributable to a major project in the semiconductor sector. In addition, the company was able to secure further incoming orders worth a good €400 million for a major semiconductor project already in the portfolio.

Sales in AMER amounted to €869 million in the 2023 financial year and were heavily influenced by the further implementation of a major project acquired in previous periods. The order backlog increased significantly from €605 million (on the date of contribution) to €1,946 million at the end of the financial year.

Adjusted gross profit amounted to €27 million, which corresponds to an adjusted gross profit margin of 3.1%. The AMER region achieved adjusted EBIT of €13 million in the 2023 financial year (adjusted EBIT margin: 1.5%).

T&S

The T&S segment's order intake amounted to €655 million in the 2023 financial year. The largest single order with a value of approximately €80 million was awarded to an Exyte company in the United States by a customer in the semiconductor sector.

Sales generated in the T&S segment amounted to €756 million. This includes a sales contribution of approximately €17 million from the Intega Group, which was acquired in early October 2023. As sales for the financial year exceeded order intake, the order backlog has fallen from €836 million (on the date of contribution) to €755 million as of December 31, 2023.

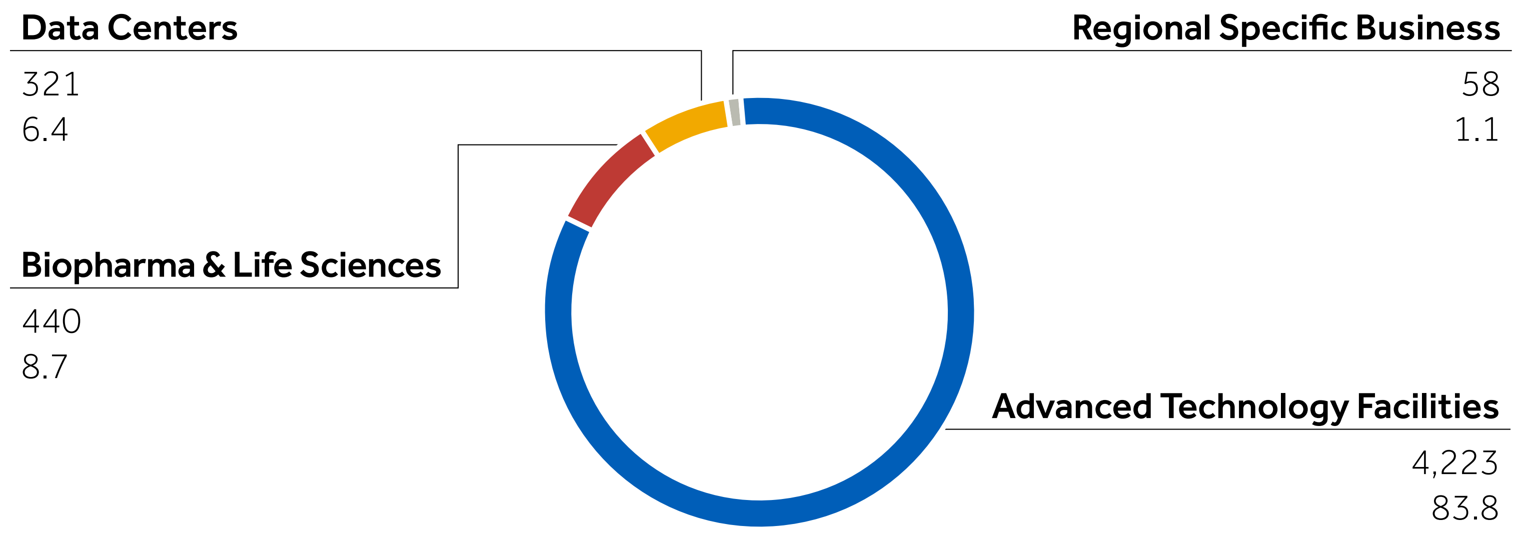
Adjusted gross profit amounted to €130 million, which corresponds to an adjusted gross profit margin of 17.3%. The higher adjusted gross margin compared to the regional segments is due to the different business model of this segment (higher percentage of product business and lower percentage of project business). T&S achieved an adjusted EBIT of €94 million (adjusted EBIT margin: 12.4%).

Development of the business segments

Revenue breakdown and key figures by business segments

Sales by business segment 2023

in € million
in %



The following table shows key figures by business segment:

Important key figures by business segment

in € million

	Advanced Technology Facilities	Biopharma & Life Sciences	Data Centers	Regional Specific Business
	2023	2023	2023	2023
Order backlog upon contribution of the Exyte GmbH Group	6,171	522	297	127
Order intake	3,841	509	423	55
Order backlog as of December 31, 2023	5,641	566	397	119
Sales	4,223	440	321	58
Adjusted gross profit	446	22	11	7
Adjusted gross profit margin	10.6%	4.9%	3.3%	12.5%

Advanced Technology Facilities (ATF)

Order intake in the ATF business segment amounted to €3,841 million in the 2023 financial year. A good €1,780 million of this is attributable to the acquisition of a major project in the semiconductor sector in the USA. In addition, the figure particularly includes further incoming orders from ongoing semiconductor projects in the USA and Ireland.

Sales in the ATF business segment amounted to €4,223 million, accounting for almost 84% of the Exyte Group's total sales. At €1,801 million, the APAC region made the largest contribution to sales. The order backlog was reduced from €6,171 million (date of contribution) to €5,641 million as of December 31, 2023.

Adjusted gross profit amounted to €446 million, with an adjusted gross profit margin of 10.6%. Margin improvements that were achieved in the final phase of implementing major projects in Singapore and Ireland had a positive effect on the gross profit margin.

Biopharma & Life Sciences (BLS)

Order intake in the BLS business segment amounted to €509 million. Exyte acquired the largest project in this segment, with a contract value of over €140 million, from a client in the pharma and biotechnology sector in Singapore.

Sales generated in the BLS segment amounted to €440 million. The main sales drivers in the 2023 financial year were major projects in Germany, Singapore, and Malaysia. The order backlog increased from €522 million (date of contribution) to €566 million at the end of the financial year.

The business segment achieved an adjusted gross profit of €22 million, resulting in an adjusted gross profit margin of 4.9%.

Data Centers (DTC)

The DTC business segment recorded order intake of €423 million in the 2023 financial year. A good €270 million is attributable to a major order awarded to Exyte Italy for the construction of a data center.

Sales in the 2023 financial year amounted to €321 million. The largest sales contributions came from major projects in Taiwan and Denmark. The order backlog increased from €297 million (date of contribution) to €397 million as of December 31, 2023.

The adjusted gross profit amounted to €11 million, and the adjusted gross profit margin was 3.3%.

Regional Specific Business (RSB)

Order intake in the RSB business segment amounted to €55 million and was heavily influenced by projects in the general industries market segment in the UK.

Sales in the 2023 financial year amounted to €58 million. The order backlog decreased slightly from €127 million (date of contribution) to €119 million. The business segment achieved an adjusted gross profit of €7 million, resulting in an adjusted gross profit margin of 12.5%.

Financial Performance

Exyte's **gross profit** (sales revenue less cost of sales) amounted to €267.9 million in the reporting year. The gross profit margin stood at 5.3%. Gross profit was negatively impacted by (noncash) earnings effects from purchase price allocations in the amount of €217.5 million. This primarily relates to the amortization of intangible assets such as customer relationships, orders on hand, technologies, and brands recognized upon the contribution of the Exyte GmbH Group and the acquisition of the Intega Group. The Executive Board uses **adjusted gross profit** (gross profit adjusted for the effects of purchase price allocations) as an important financial performance indicator for corporate management. Adjusted gross profit amounted to €485.4 million, with an adjusted gross profit margin of 9.6%.

Selling costs amounted to €47.7 million and mainly comprise personnel and material costs of the sales organization, expenses for the preparation of offers that did not result in a project order or cannot be charged to the customer, as well as expenses for marketing, public relations, and advertising. It also includes the depreciation and amortization attributable to the sales departments.

Administrative costs amounted to €128.9 million and mainly include personnel and material costs for administrative functions as well as depreciation and amortization attributable to administrative departments. In addition, these also include legal and consulting costs, costs in connection with M&A projects, and costs for the implementation of a new ERP system.

Other operating income in the amount of €9.6 million includes €4.9 million in income from government grants. These are primarily grants from government subsidy programs awarded to the Group company in Singapore. It also includes income from other sales, the invoicing of services to third parties, and rental income of €1.6 million.

Other operating expenses amounted to €14.9 million in the reporting year. Expenses for restructuring and reorganization in the amount of €4.2 million represents the largest individual item, in particular from restructuring activities at the Chinese Group company and from reorganization measures in the Data Centers global business unit. In addition, this figure includes startup costs of €4.1 million incurred as a result of the expansion of the production facility in the Czech Republic.

Result from operating activities (EBIT) for the 2023 financial year amounted to €86.0 million (EBIT margin: 1.7%).

As explained in the "Key financial performance indicators" section, the Executive Board assesses Exyte's profitability on the basis of **adjusted EBIT**, which amounted to €321.6 million in 2023 (adjusted EBIT margin: 6.4%). At €217.5 million, the largest reconciliation item is the adjustment of (noncash) earnings effects from purchase price allocations.

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

Reconciliation to adjusted EBIT

in € million	2023
Result from operating activities (EBIT)	**86.0**
EBIT margin	**1.7%**
Adjustments	**235.6**
Of this total:	
Earnings effects from purchase price allocations	217.5
Restructuring costs	4.2
Startup costs from the expansion of the production facility in the Czech Republic	4.1
Transaction costs in connection with (completed and planned) company acquisitions	3.8
Costs from transaction-based bonuses	2.6
Costs incurred as a result of the sale of shares in Exyte Holding GmbH	1.3
Costs from other nonrecurring items (e.g., one-time IT costs, legal and consulting costs, and other expenses)	2.1
Adjusted EBIT	**321.6**
Adjusted EBIT margin	**6.4%**

In the 2023 reporting year, the **financial result** was negative at €17.9 million. With a positive currency result of €15.6 million, this is due to the negative balance of interest income and interest expenses of €31.9 million. This includes interest expenses of €47.9 million from a loan liability to a related party that arose as part of the contribution of the shares in Exyte GmbH. In addition, expenses from fees for bank guarantees of €1.6 million had a negative impact on the financial result.

Consolidated earnings before tax (EBT) amounted to €68.1 million. In the financial year, tax income amounted to €7.9 million, resulting in a consolidated tax rate of –11.6%. Further information on taxes can be found in subsection D ("Notes Disclosures for Individual Items") in section 8 ("Income tax") of the notes to the consolidated financial statements. After taking income taxes into account, the Exyte Group closed the financial year with consolidated net profit of €76.0 million.

Assets and liabilities

The company's financial position was significantly impacted by both the contribution of the Exyte GmbH Group (hereinafter referred to as the "contribution") on March 30, 2023, as well as the acquisition of the Intega Group (hereinafter referred to as the "acquisition") on October 2, 2023. Prior to the contribution, the only items reported on the consolidated statement of financial position were cash and cash equivalents and the share capital of Exyte Holding GmbH, each valued at €25 thousand.

As of December 31, 2023, the Group's **total assets** amounted to €7,411.6 million. Assets and liabilities are classified by maturity as follows:

Classification of assets and liabilities by maturity

	in € million	in %
Noncurrent assets	4,633.7	62.5
Current assets	2,777.9	37.5
Total assets	**7,411.6**	**100.0**
Shareholder's equity	3,004.6	40.5
Noncurrent liabilities	1,291.7	17.4
Current liabilities	3,115.3	42.1
Total equity and liabilities	**7,411.6**	**100.0**

Noncurrent assets include, in particular, goodwill and intangible assets from purchase price allocations due to the contribution and acquisition. Property, plant and equipment, right-of-use assets, and deferred tax assets are also included. They account for 62.5% of total assets. Noncurrent assets were covered by equity and noncurrent liabilities to the amount of 92.7%.

Current assets primarily comprise inventories and advance payments, contract assets, trade receivables, and cash and cash equivalents. They account for 37.5% of total assets.

The Group's **equity ratio** stood at 40.5%.

Noncurrent liabilities include, in particular, lease liabilities, the noncurrent portion of the loan liability to related parties arising from the contribution, and deferred tax liabilities (mainly from purchase price allocations). These account for 17.4% of total liabilities.

Current liabilities primarily include contract liabilities and trade payables as well as other provisions. They account for 42.1% of total assets.

The following section explains the changes in the financial position of the Exyte Group from a business perspective. Starting with the figures from the consolidated opening statement of financial position as of January 1, 2023, the effects of the contribution of the Exyte GmbH Group, the acquisition of the Intega Group, and the other changes to the Group's financial position that occurred in the financial year are presented separately. Other changes shows the effects of current business activities in the period from April 1 to December 31, 2023.

in € million	1.1.2023	Contribution of Exyte GmbH Group	Acquisition of the Intega Group	Other Changes during the Financial year	31.12.2023
Goodwill	0.0	2,300.4	6.0	–44.6	2,261.8
Other intangible assets	0.0	2,380.5	11.0	–253.6	2,137.9
Property, plant and equipment	0.0	58.4	3.4	9.8	71.6
Right-of-use assets	0.0	125.8	3.9	1.6	131.3
Inventories and advance payments	0.0	291.9	21.8	–171.4	142.3
Contract assets and trade receivables	0.0	1,390.1	9.5	64.4	1,464.0
Other financial and nonfinancial assets	0.0	98.6	1.1	–34.8	64.9
Cash and cash equivalents	0.0	1,064.7	–24.5	67.6	1,107.8
Deferred tax assets[1]	0.0	9.3	0.0	20.7	30.0
Total assets	**0.0**	**7,719.7**	**32.2**	**–340.3**	**7,411.6**
Shareholder's equity	0.0	3,022.4	0.0	–17.8	3,004.6
Pension provisions	0.0	7.5	1.9	0.8	10.2
Other provisions and accrued liabilities	0.0	133.9	0.9	23.9	158.7
Lease liabilities	0.0	130.1	3.9	4.7	138.7
Contract liabilities and trade payables	0.0	2,965.9	11.3	–196.4	2,780.8
Loan and interest liabilities to companies affiliated with the shareholders	0.0	850.0	0.0	–118.6	731.4
Other financial and nonfinancial liabilities	0.0	94.0	10.9	32.7	137.6
Deferred tax liabilities[1]	0.0	515.9	3.3	–69.6	449.6
Total equity and liabilities	**0.0**	**7,719.7**	**32.2**	**–340.3**	**7,411.6**

1 Contrary to the corresponding disclosure in the notes to the consolidated financial statements, the deferred tax assets and liabilities from the contribution of the Exyte GmbH Group are shown here after netting (€72.6 million).

Goodwill resulting from the contribution was recognized in the amount of €2,300.4 million and resulting from the acquisition in the amount of €6.0 million. As these are carried in the functional currency of the Group company that carries the goodwill, there are effects from currency rate fluctuations of –€44.6 million as of December 31, 2023, which reduced the value of goodwill.

The **other intangible assets** recognized as of December 31, 2023, in the amount of €2,137.9 million are almost entirely attributable to intangible assets recognized as part of the purchase price allocations (mainly customer relationships, order backlogs, technologies, and brands). Of the other changes during the financial year of –€253.6 million, –€209.5 million resulted from depreciation and amortization in the financial year and –€44.1 million from currency translation effects.

As a result of the transaction-related additions, **property, plant and equipment** increased by €9.8 million from a total of €61.8 million to €71.6 million over the course of the 2023 financial year. The increase is due to further additions to assets totaling €22.1 million, which are offset by lower depreciation and amortization totaling –€10.7 million, negative effects from currency rate fluctuations totaling –€1.3 million, and disposals of assets totaling –€0.3 million. Significant investments in the 2023 financial year relate to the expansion of the production site in the Czech Republic.

Right-of-use assets amounted to €131.3 million as of December 31, 2023. At €121.1 million, these primarily include right-of-use assets from real estate leases. A total of €10.2 million is attributable to other right-of-use assets (in particular motor vehicles). The other changes in the financial year of €1.6 million result from further additions in the financial year of €33.8 million, which exceed depreciation and amortization of –€26.7 million and the negative effects from contract modifications of –€3.2 million as well as currency rate fluctuations of –€2.3 million.

Inventories and advance payments of €142.3 million include inventories of €108.8 million and advance payments of €33.5 million. Inventories are mainly attributable to companies in the T&S segment and only to a small extent to the Group's project companies. Advance payments mainly result from prepayments to subcontractors in the project business. Of the other changes during the financial year of –€171.4 million, –€154.2 million is attributable to the decline in advance payments as a result of the provision of services by subcontractors. In addition, there was a reduction in inventories of –€17.2 million.

Contract assets and trade receivables increased slightly by €64.4 million or 4.6% to €1,464.0 million following the contribution and acquisition as of the reporting date. These items are subject to fluctuations depending on the order volume, project mix, and the amount of advance payments received from customers for ongoing projects.

Other financial and nonfinancial assets amounted to €64.9 million as of December 31, 2023, and decreased by –€34.8 million following the contribution and acquisition over the course of the financial year. The decrease of –€23.0 million is due to the repayment of maturing fixed-term deposits by banks to Exyte GmbH. In addition, deferred expenses also decreased by –€6.5 million.

A total of €17.2 million of the €20.7 million increase in **deferred tax assets** after the contribution to €30.0 million is due to the higher recognition of deferred tax assets on temporary differences of the Chinese Group company as of December 31, 2023.

As part of the contribution, the Exyte Group received **cash and cash equivalents** of €1,064.7 million. The acquisition of the Intega Group led to a net cash outflow of –€24.5 million (purchase price payment less acquired cash and cash equivalents). As of December 31, 2023, the Group had cash and cash equivalents in the amount of €1,107.8 million. Cash inflows for the remainder of the financial year therefore amounted to €67.6 million. For further details, please refer to the presentation of changes in cash flow. The Group has unused credit lines with banks amounting to €10.0 million.

Changes in the Group's **equity** were significantly impacted by the contribution process. As a result of the contribution, the share capital of Exyte Holding GmbH was increased from €25 thousand to €300.0 million, and an amount of €2,200.0 million was transferred to the capital reserve of Exyte Holding GmbH as a premium. In addition, the difference between the fair value of the contributions and the contractually agreed value for the contribution of the shares in Exyte GmbH to Exyte Holding GmbH amounting to €522.4 million was transferred to the Group's revenue reserves as part of the acquisition accounting. Overall, the contribution resulted in an increase in the Group's equity of €3,022.4 million.

The other changes during the financial year led to a reduction in equity of –€17.8 million. This resulted, on the one hand, from –€94.5 million from effects from currency translation of financial statements in foreign currencies recognized directly in equity. This figure was offset by the consolidated net profit for the 2023 financial year totaling €76.0 million and other effects recognized directly in equity totaling €0.7 million.

Provisions for pensions increased by €0.8 million to €10.2 million as of December 31, 2023, following the contribution and acquisition. This is primarily due to the decline in interest rates at the end of the year.

Other provisions amounted to €158.7 million as of December 31, 2023. At €98.5 million, provisions related to employees represent the largest single item. Following the contribution and acquisition, other provisions increased by €23.9 million as of the reporting date. This increase is the result of higher provisions for warranties and is mainly due to the formation of a new provision for warranties following the completion of a major project in Asia.

Lease liabilities amounted to €138.7 million as of the reporting date and are divided into noncurrent and current lease liabilities, with values of €108.8 million and €29.9 million, respectively. Lease liabilities on the liabilities side are offset by right-of-use assets on the asset side. The other changes during the financial year of €4.7 million mainly result from new real estate leases concluded in the 2023 financial year.

Following the contribution and acquisition, **contract liabilities and trade payables** decreased by –€196.4 million or – 6.6% to €2,780.8 million as of the reporting date. Similar to contract assets and trade receivables, these items are also subject to fluctuations depending on the order volume, project mix, and the amount of advance payments received from customers for ongoing projects.

At the time of the contribution, Exyte Holding GmbH agreed to pay an amount of €850.0 million to M+W Group GmbH, which was converted into a shareholder loan on March 31, 2023, on which interest is payable at 8.25% annually. The shareholder loan was sold by M+W Group GmbH to a related party at nominal value effective May 22, 2023. On August 2, 2023, the loan was partially repaid by Exyte Holding GmbH in the amount of €148.8 million, and the interest liability of €17.7 million incurred through June 30, 2023, was also satisfied. **Loan and interest liabilities to companies affiliated with the shareholders** of €731.4 million reported as of December 31, 2023, include the remaining amount of the loan liability totaling €701.2 million and the interest liability for the second half of 2023 totaling €30.2 million. In February 2024, a further partial repayment of the loan principal was made in the amount of €13.5 million and the interest liability was paid in the amount of €30.2 million. These amounts are reported under other (current) financial liabilities as of December 31, 2023. The remaining amount of the loan totaling €687.8 million is reported under other (noncurrent) financial liabilities.

Other financial and nonfinancial liabilities amounted to €137.6 million as of December 31, 2023. In particular, these include VAT liabilities of €36.8 million, income tax liabilities of €35.3 million, and liabilities to employees from outstanding leave, flextime credits, and wages and salaries of €31.2 million. Of the €32.7 million increase following the contribution and acquisition, €23.3 million is due to higher VAT liabilities and €16.5 million to higher income tax liabilities. This was offset by a –€7.9 million decrease in liabilities to financial institutions, as bank liabilities assumed as part of the acquisition of the Intega Group were repaid in full in the 2023 financial year.

As part of the contribution and acquisition, the Group assumed **deferred tax liabilities** totaling €519.2 million, which mainly arose from purchase price allocations. Deferred tax liabilities from purchase price allocations are reversed on a prorated basis over the useful lives of the underlying depreciable assets. As of December 31, 2023, these had decreased by –€69.6 million to €449.6 million.

The Exyte Group's **contingent liabilities,** deriving from guarantees and sureties, totaled €481.9 million as of December 31, 2023.

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 implementation of plant projects and project management as its core business. The Group uses a large number of subcontractors and suppliers for the various trades on-site. As work on the project progresses, trade receivables and contract assets are offset by advance payments from clients, which are used to finance the projects and are reported under contract liabilities and trade payables. The vast majority of projects do not require additional financing. The projects are usually cash positive from the outset. The Executive Board monitors changes in working capital on an ongoing basis.

The following table shows the Group's working capital as of the reporting date on December 31, 2023:

Changes to working capital

in € million	31.12.2023
Inventories and advance payments	142.3
Trade receivables	849.4
Trade payables	–1,824.3
Trade working capital	**–832.6**
Contract assets	614.3
Contract liabilities	–956.4
Working capital from construction contracts	**–342.1**
Net working capital due from/owed to third parties	**–1,174.7**
Receivables from associated companies and nonconsolidated subsidiaries	0.3
Liabilities to associated companies and nonconsolidated subsidiaries	–0.1
Net working capital due from/owed to associated companies and nonconsolidated subsidiaries	**0.2**
Consolidated net working capital[1]	**–1,174.5**

1 A working capital ratio (consolidated net working capital as a percentage of consolidated sales) was not calculated, as consolidated sales for 2023 is not a meaningful reference figure. Due to the contribution of the Exyte GmbH Group effective March 31, 2023, consolidated sales for 2023 only includes sales for the period from April to December 2023.

The Group's net working capital amounted to –€1,174.5 million as of December 31, 2023, and is therefore clearly negative, which shows the positive financing effect of working capital. In this context, both trade working capital and working capital from construction contracts were negative as of December 31, 2023.

Trade working capital amounted to –€832.6 million. This is due to the fact that trade payables significantly exceed trade receivables, inventories, and advance payments. Working capital from construction contracts amounted to –€342.1 million, as current project business resulted in higher contract liabilities than contract assets.

Overall, net working capital due to third parties amounted to –€1,174.7 million. Net working capital due to associated companies and nonconsolidated subsidiaries amounted to €0.2 million and is therefore only of minor significance.

Liquidity management

The Group's financing is managed by the Group's central Treasury Department. In the context of its liquidity management activities, any surplus funds within the Group are invested with Exyte GmbH and loans are granted to subsidiaries as required. Within the Asian and American subgroups, financing functions are performed by the regional management companies.

Cash flow development

Cash flow from operating activities amounted to €279.6 million in the 2023 financial year. Based on consolidated earnings before taxes of €68.1 million and adjusted for the noncash net interest of €33.5 million, this is influenced by the addition of depreciation and amortization in the amount of €247.0 million. Depreciation and amortization resulted primarily from assets recognized as part of purchase price allocations. Positive effects resulted from the change in provisions (amounting to €26.5 million; in particular from the addition to warranty provisions) and from the change in other assets and liabilities (amounting to €36.1 million; mainly due to the increase in VAT liabilities). This was offset by income tax payments amounting to (–€62.3 million) and negative effects from the decrease in working capital amounting to (–€55.1 million).

Cash flow from investing activities amounted to €1,041.3 million, €1,064.7 million of which resulted from the inflow of cash and cash equivalents from the consolidated companies of the Exyte GmbH Group within the framework of the contribution to Exyte Holding GmbH. Cash inflows of €23.0 million from maturing fixed-term cash invested with banks also had a positive effect. This was offset by cash outflows from the acquisition of intangible assets and property, plant and equipment (amounting to –€22.3 million) and from the acquisition of the Intega Group (amounting to –€24.5 million).

Of the total cash flow from financing activities of –€179.8 million, –€148.8 million was attributable to the partial repayment of the loan that was granted as part of the contribution. It also includes cash effects from the repayment of lease liabilities (in the amount of –€23.2 million).

After taking into account exchange rate-related changes in cash and cash equivalents of –€33.4 million, cash and cash equivalents increased by €1,107.7 million in the reporting year from €25 thousand to €1,107.8 million.

Summary of the economic situation

Global economic trends in 2023 were characterized by the unstable geopolitical situation, national central banks' restrictive monetary policies, and highly volatile energy prices. Due to the fields of business in which the Exyte Group operates, this did not have any significant effects on Exyte's business performance. The Exyte Group closed the 2023 financial year with sales of €5.0 billion and adjusted EBIT of €321.6 million, which corresponds to an adjusted EBIT margin of 6.4%. It should be noted that these figures only reflect business operations for nine months, as the Exyte GmbH Group was only incorporated into Exyte Holding GmbH effective March 30, 2023. The Group had a high level of cash and cash equivalents of €1,107.8 million on the reporting date, accounting for 14.9% of total assets. Exyte finances itself and its growth through its operational business.

HUMAN **RESOURCES**

Prior to the contribution of the Exyte GmbH Group to Exyte Holding GmbH on March 30, 2023, the Group had no employees. The following table shows the effects of the contribution of the Exyte GmbH Group on the Group's workforce. Alongside the addition from the contribution (totaling 9,480 employees), the workforce increased by a further 260 employees over the course of the 2023 financial year, meaning that the Exyte Group had 9,740 employees (FTE = full-time equivalent) worldwide as of December 31, 2023.

Employee numbers by regional segment (FTE)

	1.1.2023	Addition from contribution of Exyte GmbH Group	Other changes	31.12.2023
AMER	0	543	139	682
APAC	0	4,450	–410	4,040
EMEA	0	1,513	110	1,623
T&S	0	2,808	395	3,203
Corporate functions	0	166	26	192
Total	**0**	**9,480**	**260**	**9,740**

Significant changes in the number of employees (after the contribution) are explained below:

The increase in the number of employees in the AMER segment by 139, or 25.6%, is the result of project-related hires as well as the expansion of the administrative departments at Exyte U.S., Inc.

The number of employees in the APAC segment decreased by 410, or 9.2%. This is due, in particular, to the reduction of operating employees in the national companies in Singapore and China.

In the EMEA segment, the number of employees grew by 110, or 7.3%. This increase is mainly due to the recruitment of employees in Germany, Ireland, and France.

The number of employees in the T&S segment increased by 395, or 14.1%. Of this total, 179 new employees were added as a result of the acquisition of the Intega Group on October 2, 2023. Adjusted for this acquisition-related addition, the number of employees in the T&S segment increased by 216, or 7.7%. The remaining increase of 98 or 83 employees, respectively, is attributable to the expansion of the service business and the TECH business and the addition of 35 employees to the CPS Group.

The number of employees in the corporate functions increased by 26, or 15.7%, due to their further expansion. This applies to Exyte Management GmbH, which provides services throughout the Group as a cross-divisional service company.

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 a negative 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, risk assessment, risk treatment, risk monitoring, and risk 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 and 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 Exyte's business processes. It is involved in all business activities.
- Exyte's core values provide the foundation 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: risks with a potential impact of €1 million or more on the EBIT or cash and cash equivalents of a region or business segment and of €5 million or more on the EBIT or cash and cash equivalents of the Exyte Group are no longer considered immaterial. 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 Director Enterprise Opportunity & Risk Management and the Executive Management.

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 subprocesses:

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

Risk identification

The various risk owners and the regional Business Partner Opportunity & Risk Management 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 regional or central management level with the support of the Director Enterprise 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 owners and the regional Business Partner Opportunity & Risk Management functions have identified the risks within their area of responsibility, they assess the risks for their area of responsibility with the support of the Director Enterprise 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 a 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 Director Enterprise 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 back under control immediately or is expected to result in only minor financial losses.

3. MEDIUM:
Causes medium disruptions to daily business or medium financial loss.

4. HIGH:
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 likely):

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

Risk owners 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 a semi-annual basis. The Director Enterprise Opportunity & Risk Management prepares a risk report based on the results of consolidated risk assessments and associated risk treatments. In addition, ad hoc reports are prepared for critical risks and reported directly to the Executive Board.

Group risk report for 2023

Exyte was exposed to various risks in 2023. 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, 2023, 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
	Research and development	Low
Operational risks	Hazards	Low
	Environment, health, and safety	Medium
	Project delivery	Medium
	Sales and marketing	Medium
	Information technology	Medium
	Employees and HR organization	High
Compliance risks	Code of conduct	Low
	Legal risks	Low
	Regulatory risks	Low
	Environmental, Social, Governance (ESG)	Low
Financial risks	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 2023, the risks are described in the following section that may have a material impact on business objectives, activities, earnings, or the organization's reputation. These are the 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. If the targeted clients reduce their capital expenditure, this could have an impact on Exyte's business performance.

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 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 within the business segments, at project level. 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 also 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 continually track and optimize all projects and interfaces 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 cyberattacks. Exyte continuously invests in resources to improve its IT infrastructure and further reduce this risk.

To reduce complexity in our IT application landscape, we are currently introducing a Group-wide ERP (Enterprise Resource Planning) system that maps a large number of business processes on a uniform platform. This is a complex multi-year project that involves risks during the implementation phase.

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 the 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 long-standing 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 the 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 through the use of forward exchange contracts. Managed by the central Group Treasury or the regional treasury hubs in APAC and the USA, a hedging relationship is established between the underlying transaction and the hedging instrument by acquiring a derivative that is matched to the maturities and volume of the underlying transaction (known as a 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.

There are also other risks in connection with macroeconomic developments that affect different risk groups and risk categories of the Exyte Group and share their respective risk classifications:

Risks related to macroeconomic developments

Ongoing armed conflicts, such as the one between Russia and Ukraine, or the war in Israel and the Gaza Strip, 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 suitable 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. 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 net assets, financial position, and results of operations, 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 and opportunities at an early stage and to successfully counteract the current and changing risk situation, Exyte monitors and continuously develops the established risk management system.

As of December 31, 2023, 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 continue this process, we are continuously further developing our strategy under the title "Pathway to Ten."

Over the medium term through 2027, Exyte is aiming for a sustainable sales volume of over €10 billion and a corresponding increase in adjusted EBIT. The "Pathway to Ten" strategy and the associated "Next Level" future agenda consist of various 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**
   We believe that the following three initiatives will enable us to continue our strong business performance, achieve a sustainable sales volume of over €10 billion, and achieve an adjusted EBIT margin of 6%:

   a. **Growth in all three GBUs:** All 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 entire Group, as well as the exploitation of new potential (e.g., battery factories) 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 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 [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. With its extensive experience, e.g., deriving from the design and construction of a gigafactory with what is currently the largest dry room in Europe, Exyte has the necessary expertise to successfully execute additional projects in this area.
   - **Sustained organic growth of biotechnology and pharmaceuticals with a focus on the US market, as well as Europe:** The BLS business segment, which offers complete solutions for clients in the biotechnology, pharmaceutical, medical technology, food and nutrition, and consumer care industry sectors, carries out projects for global and regional clients covering all phases of the project life cycle. Exyte holds leading market positions in Southeast Asia, northeast Asia, and Continental Europe. In the next few years, Exyte intends to significantly expand its business in the USA and in northern Europe. This includes increasing its overall employee count, as well as strengthening the team of industry-sector specialists. Exyte continuously invests in the most modern technology, software, and hardware, as well as in training programs to ensure clients are provided with state-of-the-art technical solutions. These include virtual and augmented reality options, which allow clients to evaluate solutions in real time during the project planning phase, in order to optimize the commissioning of facilities and the efficiency of buildings.
   - **Being the partner of choice for hyperscale data centers in Europe, Asia, and the US:** Exyte has a proven global track record for building large-scale data centers. With a sales target of €1 billion by the year 2027 as part of the "Next Level" strategy, the DTC business segment is further scaling up its operations in all major regions. In Europe, Exyte has strengthened its Data Centers organization to have a powerful team that is working on several projects in the European market. The recently established Data Centers organization in Asia is already executing major cloud-hyperscale projects in the region. We are also targeting a significant expansion in the highly potent US data center market.
   - With the ATF, BLS, and DTC business segments, we have already established ourselves in the key **global** markets. We are continually assessing whether we can expand business operations into new markets and segments that have high business and growth potential.

   b. **Growth for Technology & Services (T&S):** The strategy for vertical integration has completed the range of products and services that we offer throughout the value chain and provides support for GBU capabilities. 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. In the technological facility equipping sector, our growth is driven by clean room and dry room products, critical process technology, as well as exhaust technology. In the services sector, we have concentrated our efforts on mechanical, electrical, and process-based services (MEP), hook-up services, as well as off-site manufacturing services and skid assembly services.

   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. In 2023, we acquired the Intega Group, a specialist for the development, planning, and realization of systems for the provision of ultrapure media, based in Germany. The group's systems provide gas, water, and other chemicals for semiconductor manufacturing facilities and other advanced technology production facilities. 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 and design by increasing the number of our engineers and the provision of resources for the global business units.

   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 though these three initiatives:

a. Positioning Exyte by promoting its public awareness, in order to strengthen our employer branding: Based on our employer value proposition (EVP) and our employer brand "ExyteCareersAreExciting," we develop and implement target-specific marketing and communication measures to support recruitment and talent acquisition. These include, among other things, digital marketing, especially in growth markets, and events such as recruiting fairs. 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 "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 implement various trainee programs throughout the world, which offer university graduates an attractive start within Exyte. We have expanded our extensive learning management system to include a large range of online training courses. In the autumn of 2023, we also launched the Exyte Project Management Academy. The internal training that is offered will raise the organization's overall project management capabilities to a higher level by providing employees with tools to increase their individual skills, knowledge, and understanding of project management. In this manner, project management skills are nurtured throughout the organization.

c. Promoting a corporate culture characterized by individual responsibility, teamwork, and a sense of belonging: We foster a diverse and inclusive culture. At our locations and project sites around the world, employees from different origins, genders, religions, as well as over 70 nations work together successfully in mixed teams made up of young talented people and experienced professionals. Our corporate values provide the foundation and guidelines for this form of cooperation. We promote a corporate culture of individual responsibility, teamwork, 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. An important tool for the advancement of our corporate culture is the annual Exyte Employee Engagement Survey, which we carry out in collaboration with the renowned consulting firm Gallup.

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 have completed our new, global, and modern template-based SAP system for business administration purposes. It has interfaces to other IT applications. Following the successful "go live" of our oneERP system as a pilot project in the Central Europe region in 2023, we are continuing our initiative to harmonize our ERP landscape globally with successive rollouts into all other regions.

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. We are currently working on the enhancement of the application to include further functions with the aim of further improving our business development.

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. We have developed our ESG strategy and are now laying the foundation in the areas of governance, IT application, communication, rating, reporting, and auditing. In addition, we have conducted our materiality assessments and defined our key topics, which are now being further processed by the respective holders of responsibility.

FORECAST

The Russian invasion at the end of February 2022 marked the start of hostilities in Ukraine, which continue to this day and are having a negative impact on global economic development. The same applies to the ongoing war in Israel and the Gaza Strip since October 2023. We currently do not expect either to have a serious negative impact on Exyte's most important KPIs (order intake, sales, adjusted EBIT, and adjusted EBIT margin) for the 2024 financial year. The Executive Board has prepared Exyte's business plan for 2024 with this in mind. Nevertheless, we cannot completely rule out negative effects from these conflicts. Furthermore, our plans for 2024 include the assumptions of stable global economic development and a further decline in inflation. Based on these assumptions, we expect the following developments for the 2024 financial year:

Due to the continued positive sector-specific conditions, we expect order intake for 2024 to fall into the range of €8.5 to €9.0 billion. Based on the high order backlog of €6.7 billion at the end of 2023 and the planned new orders, we expect sales of between €8.0 billion and €8.5 billion in 2024. In line with sales, we expect a significant absolute increase in adjusted EBIT for 2024 with a slight decline in the adjusted EBIT margin compared to the 2023 financial year. When comparing these figures with the key figures for 2023, it should be noted that they only reflect the results of operations for nine months due to the contribution of the Exyte GmbH Group to Exyte Holding GmbH on March 30, 2023.

For the medium-term period through 2027, we are aiming for a sustainable sales volume of over €10 billion with an adjusted EBIT margin of 6%. We consider these targets to be achievable due to market trends, our internal initiatives to strengthen processes and further develop products and solutions, as well as the planned further expansion of our workforce. With experienced project teams and engineers who provide our clients from high-tech sectors worldwide with the highest level of service, we believe we are extremely well positioned to successfully meet the challenges of this growth.

Stuttgart, March 13, 2024

The Executive Board

Dr. Wolfgang Büchele (CEO)

Mark Garvey (CEO Advanced Technology Facilities)

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Note	1.1.–31.12.2023
Sales	1	5,041,574
Cost of sales	2	–4,773,681
Gross profit		**267,893**
Selling costs	3	–47,733
Administration costs	4	–128,924
Other operating income	5	9,646
Other operating expenses	6	–14,853
Result from operating activities (EBIT)		**86,029**
Interest and similar income	7	72,294
Interest and similar expenses	7	–90,217
Other net income (+)/expenses (–) deriving from financing activities	7	–10
Consolidated earnings before tax		**68,096**
Income tax	8	7,904
Consolidated net profit		**76,000**

in € thousand	Note	1.1.–31.12.2023
Consolidated net profit (brought forward)		**76,000**
Results deriving from the translation of financial statements of foreign business operations		
Change recognized in equity without impacting profit or loss		–95,092
Recognized in profit or loss		626
Gain/loss deriving from hedging instruments		
Change recognized in equity without impacting profit or loss	24	1,652
Reclassification to profit or loss		0
Income tax		
Change recognized in equity without impacting profit or loss		–508
Reclassification to profit or loss		0
Items that will subsequently possibly be reclassified to profit or loss		**–93,322**
Remeasurement of pension obligations		
Actuarial gains (+)/losses (–)	19	–713
Income tax		226
Items that will not be subsequently reclassified to profit or loss		**–487**
Other comprehensive income		**–93,809**
Total consolidated comprehensive income		**–17,809**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € thousand	Note	31.12.2023	1.1.2023
Assets			
Intangible assets	9	4,399,637	0
Property, plant, and equipment	10	71,636	0
Right-of-use assets	11	131,289	0
Other financial assets	15	1,153	0
Deferred tax assets	8	30,001	0
Noncurrent assets		**4,633,716**	**0**
Inventories	12	108,832	0
Advance payments made	12	33,513	0
Contract assets	13	614,327	0
Trade receivables	14	849,703	0
Other financial assets	15	20,576	0
Miscellaneous assets	16	30,385	0
Income tax receivables		12,759	0
Cash and cash equivalents	17	1,107,760	25
Current assets		**2,777,855**	**25**
Total assets		**7,411,571**	**25**

in € thousand	Note	31.12.2023	1.1.2023
Equity and liabilities			
Share capital	18	300,000	25
Capital reserve	18	2,200,000	0
Revenue reserve	18	522,394	0
Other components of equity		–93,809	0
Consolidated net profit		76,000	0
Equity		**3,004,585**	**25**
Provisions for pensions	19	10,190	0
Other provisions	20	35,479	0
Lease liabilities	11	108,777	0
Other financial liabilities	22	687,732	0
Deferred tax liabilities	8	449,562	0
Noncurrent liabilities		**1,291,740**	**0**
Other provisions	20	123,253	0
Contract liabilities	13	956,459	0
Trade payables	21	1,824,363	0
Lease liabilities	11	29,951	0
Other financial liabilities	22	49,910	0
Miscellaneous liabilities	23	95,973	0
Income tax liabilities		35,337	0
Current liabilities		**3,115,246**	**0**
Total equity and liabilities		**7,411,571**	**25**

DEVELOPMENT OF
CONSOLIDATED EQUITY

in € thousand

	(Note 18)			Other components of equity					
	Share capital	Capital reserve	Revenue reserve	Currency translation reserve	Remeasurement of pension obligations	Gains/losses deriving from hedging instruments	Income tax	Consolidated net profit	Total equity
Balance at 1.1.2023	**25**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**25**
Contributions from the majority shareholder	299,975	2,200,000							2,499,975
Contribution in kind in connection with the setup of the joint venture			522,394						522,394
Consolidated net profit								76,000	76,000
Other comprehensive income (+) / loss (–)				–94,466	–713	1,652	–282		–93,809
Total comprehensive income (+) / loss (–)				–94,466	–713	1,652	–282	76,000	–17,809
Balance at 31.12.2023	**300,000**	**2,200,000**	**522,394**	**–94,466**	**–713**	**1,652**	**–282**	**76,000**	**3,004,585**

CONSOLIDATED STATEMENT **OF CASH FLOWS**

in € thousand

		Note	1.1.–31.12.2023
	Consolidated net profit		76,000
–	Income tax	8	–7,904
+	Net interest (excluding foreign currency exchange gains or losses)	7	33,516
+	Amortization and depreciation	9–11	246,983
+	Impairment losses recognized against financial assets	7	10
+	Change in impairment loss allowances recognized against trade receivables, financial receivables, and contract assets		538
+	Net gains/losses deriving from the disposal of intangible assets and property, plant, and equipment	5, 6	83
–	Other noncash-based expenses and income		–11,188
–	Income tax payments		–62,259
–	Interest paid		–23,281
+	Interest received		19,633
+	Change in provisions		26,488
+	Change in other assets and liabilities		36,103
–	Change in working capital		–55,131
+	Thereof: change in inventories and advance payments made		163,325
–	Thereof: change in trade receivables and contract assets		–105,094
–	Thereof: change in trade payables and contract liabilities		–113,362
=	**Cash flow from operating activities**		**279,591**

in € thousand

		Note	1.1.–31.12.2023
=	**Cash flow from operating activities (brought forward)**		**279,591**
–	Payments for investments in intangible assets		–125
+	Proceeds from the disposal of property, plant, and equipment		358
–	Payments for investments in property, plant, and equipment		–22,133
+	Proceeds from cash invested with banks		23,000
+	Inflow of cash and cash equivalents deriving from the initial transfer of consolidated entities belonging to the Exyte GmbH Group		1,064,683
–	Payments for investments in consolidated entities		–24,471
=	**Cash flow from investing activities**		**1,041,312**
–	Financial transactions with related parties	29	–148,820
–	Payments for the redemption of bank loans		–7,944
+	Proceeds from lease receivables	11	39
–	Payments for the redemption of lease liabilities	11, 25	–23,170
+	Financing of nonconsolidated entities		116
=	**Cash flow from financing activities**		**–179,779**
=	**Cash-based changes in cash and cash equivalents**		**1,141,124**
+	Exchange rate effects on cash and cash equivalents		–33,389
+	Cash and cash equivalents at the beginning of the period	17	25
=	**Cash and cash equivalents at the end of the period**	**17**	**1,107,760**

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS**

A. GENERAL DISCLOSURES

Presentation of the Group's structure

Exyte Holding GmbH, with a registered office at Löwentorbogen 9b, 70376 Stuttgart, Germany, became the parent company of the Exyte Group (Exyte) with effect from March 30, 2023. The company is registered in the commercial register in Stuttgart in Section B, under registration number 785305.

Exyte Holding GmbH is obliged to prepare consolidated financial statements for the first time for the 2023 financial year in accordance with Sections 290 et seq. HGB and, as the parent company, has prepared consolidated financial statements in accordance with Section 315e (3) HGB. The consolidated financial statements presented are Exyte Holding GmbH's first IFRS financial statements prepared in accordance with IFRS 1.

The scope of Exyte Holding GmbH's consolidation includes Exyte Holding GmbH and its subsidiaries by way of full consolidation and covers the smallest – and at the same time largest – group, for which consolidated financial statements are prepared.

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 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.

Structural changes made during the 2023 financial year to create the Exyte Holding Group

Up until March 31, 2023, Exyte Holding GmbH was a fully owned (100%) subsidiary of M+W Group GmbH, Stuttgart. Prior to March 30, 2023, the company was not involved in business activities. Up until March 30, 2023, the statement of financial position of Exyte Holding GmbH only disclosed cash and cash equivalents and share capital, respectively amounting to €25 thousand.

With effect from March 30, 2023, M+W Group GmbH contributed all shares in Exyte GmbH to Exyte Holding GmbH. Thus, from March 30, 2023 onwards, the direct parent company of the Exyte Group is no longer Exyte GmbH and is now Exyte Holding GmbH.

The contribution of the shares in Exyte GmbH to Exyte Holding GmbH was made in accordance with the provisions of the contribution agreement at a value of €3,349,975 thousand. This amount was lower than the fair value of the contributed shares as the minimum value of the contribution, in compliance with German company law regulations. In return, Exyte Holding GmbH issued new shares with a nominal value of €299,975 thousand (share capital increase), which were entirely acquired by M+W Group GmbH. In addition, it was agreed that Exyte Holding GmbH would pay an amount of €850,000 thousand to M+W Group GmbH, which was converted into a shareholder loan on March 31, 2023. The shareholder loan bears interest at a rate of 8.25%. The remaining amount of €2,200,000 thousand was transferred to the capital reserve of Exyte Holding GmbH.

Under the terms of an agreement, dated November 16, 2022, and with effect from March 31, 2023, the M+W Group GmbH sold interests in Exyte Holding GmbH to the two companies BDT Elevation 1 GmbH, Frankfurt am Main, and BDT Elevation 2 GmbH, Frankfurt am Main. Following the completion of this transaction, M+W Group GmbH holds 65.5648% of the shares in Exyte Holding GmbH and BDT Elevation 1 GmbH and BDT Elevation 2 GmbH each hold a respective share interest of 17.2176%. Based on the contractual agreements concluded between the shareholders, Exyte Holding GmbH is under the joint operational management of the shareholders (despite the majority shareholding of M+W Group GmbH), as decisions on the relevant activities of Exyte Holding GmbH require the unanimous consent of all the shareholders. This includes, in particular, the appointment or dismissal of executive directors of Exyte Holding GmbH or the approval of the budget and medium-term planning of the Exyte organization. Thus, from March 31, 2023 onwards, Exyte Holding GmbH no longer has a single controlling shareholder but is instead a joint venture jointly controlled by the shareholders.

The contributions made by the partner companies during the course of the formation of the joint venture (here: contribution of the shares in Exyte GmbH) were measured at fair value in the context of the acquisition accounting process as at March 31, 2023. The provisions of IFRS 3 were applied analogously. The fair value of the contributions amounted to €3,872,369 thousand. The difference of €522,394 thousand between the fair value of the contributions (€3,872,369 thousand) and the contribution value for the shares in Exyte GmbH to Exyte Holding GmbH (€3,349,975 thousand) defined in the contribution agreement was recognized in the Group's revenue reserve during the course of the acquisition accounting process. For further information on the purchase price allocation, we make reference to section "B. Accounting Principles," in the section "Scope of the consolidation."

The shareholder loan of €850,000 thousand granted to Exyte Holding GmbH, including interest receivable due to M+W Group GmbH, amounting to €10,183 thousand, was sold on at nominal value by M+W Group GmbH to a related party entity with effect from May 22, 2023, as a result of which the loan provider to Exyte Holding GmbH has changed.

With effect from October 2, 2023, the Group company, Exyte Europe Holding GmbH, Stuttgart, acquired a 100% share interest in INTEGA Innovative Technologie für Gase und Anlagenbau GmbH ("Intega GmbH"), Kirchheim, Germany, and its two subsidiaries, INTEGA Villach GmbH, Villach, Austria, and INTEGA High Purity Systems AG, Muttenz, Switzerland. For further information on the purchase price allocation, we refer to section "B. Accounting Principles," in the section "Scope of the consolidation."

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) 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. The 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 Holding 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

New or amended accounting standards

Standard/Interpretation	First-time application[1]	Endorsement by the EU Commission	(Expected) impacts on Exyte
Accounting standards applicable for the first time in 2023			
IFRS 17 "Insurance Contracts" (including amendments to IFRS 17)	1.1.2023	Yes	None
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
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 IAS 12 "Income Taxes" – International Tax Reform – Pillar 2 Model Rules	1.1.2023[2]	Yes	Insignificant
Amended standards/interpretations to be applied in the future			
Amendments to IAS 1 "Presentation of Financial Statements" – Classification of Liabilities as Current or Noncurrent; Noncurrent Liabilities with Covenants	1.1.2024	Yes	None
Amendments to IFRS 16 "Leases"– Lease Liability in a Sale and Leaseback	1.1.2024	Yes	None
Amendments to IAS 7 "Statement of Cash Flows" and to IFRS 7 "Financial Instruments – Disclosures" – Supplier Finance Arrangements	1.1.2024	No	None
Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability	1.1.2025	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

1 The requirements are to be applied to the financial years that start on or after the stipulated date.
2 In deviation the disclosure requirements that apply to the financial years beginning on or after January 1, 2023, the accounting requirements are to be applied immediately after publication of the amendment on May 23, 2023. As Exyte applies EU IFRS, this obligation only applies to Exyte following their adoption into EU law on November 9, 2023.

Scope of the consolidation

The consolidated financial statements include all significant entities in which Exyte Holding 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

	31.12.2023
Exyte Holding GmbH and fully consolidated subsidiaries	**40**
Domestic	8
Foreign	32
Joint operations (only foreign)	**3**

The following table shows the changes to the scope of the consolidation in the 2023 financial year:

Development of the scope of the consolidation

Status as at 1.1.2023 (Exyte Holding GmbH)	**1**
Inclusion of Exyte GmbH and its 44 fully consolidated subsidiaries and three joint operations in the context of the contribution of the shareholding in Exyte GmbH	48
Reduction by nine fully consolidated entities belonging to the US-American CPS Group during the course of a corporate structure optimization process (liquidation of five sub-holding entities and merger of a further four entities through assimilation within the Group)	–9
Addition of three fully consolidated entities through acquisition of the Intega Group	3
Status as at 31.12.2023	**43**

Eight further subsidiaries, which became part of the Group in the context of the contribution of the shares in Exyte GmbH, are not significant for the presentation of the Group's assets, liabilities, financial position, and financial performance, and 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 (noncurrent).

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

Contribution of the shares in Exyte GmbH and formation of a joint venture

The following overview shows Exyte GmbH and its 44 fully consolidated subsidiaries, which were added to the Group in the context of the contribution made on March 30, 2023. The illustration also shows the allocation of the companies to the regional segments Americas (AMER), Europe, Middle East and Africa (EMEA), Asia-Pacific (APAC), as well as to the Technology & Services (T&S) business area.

In addition, in the context of the contribution, the following three joint operations also became part of the Group:

- M+W – Commodore JV, Abu Dhabi, Abu Dhabi (share of capital: 60%)
- Exyte | Gilbane JV, Plano, USA (share of capital: 51%)
- Gilbane | Exyte JV, Providence, USA (share of capital: 49%)

Furthermore, the Group gained eight other subsidiaries, which had not been fully consolidated by Exyte GmbH due to their insignificance.

Following the contribution of the shares in Exyte GmbH to Exyte Holding GmbH, the shareholder M+W Group GmbH sold respective share interests of 17.2176% in Exyte Holding GmbH to the companies BDT Elevation 1 GmbH and BDT Elevation 2 GmbH ("BDT") with effect from March 31, 2023. Based on the terms of the contractual agreements made between the shareholders, Exyte Holding GmbH came under the joint control of the shareholders from March 31, 2023 onwards.

The contributions made by the partner companies during the course of the formation of the joint venture (here: contribution of the shares in Exyte GmbH) were measured at fair value in the context of the acquisition accounting process as at March 31, 2023. The provisions of IFRS 3 were applied analogously. Exyte Holding GmbH was not required to make any payments in the context of the acquisition of the shares in Exyte GmbH.

The fair value of the contributions was extrapolated from the purchase price paid by BDT for the shares in Exyte Holding GmbH, taking into account the loan of €850,000 thousand issued by M+W Group GmbH to Exyte Holding GmbH, and applied to 100% of the shares in Exyte GmbH.

The fair value of the contributions determined in this manner amounted to €3,872,369 thousand.

Corporate structure

EXYTE GROUP

- Exyte Holding GmbH
- Exyte GmbH
- Exyte Management GmbH

AMER

- Exyte Americas Holding, Inc.
- Exyte U.S., Inc.

EMEA

- Exyte Europe Holding GmbH
- Exyte Central Europe GmbH
- Exyte France SAS
- Exyte Italy S.r.l.
- Exyte Israel Projects Ltd.
- Exyte Netherlands B.V.
- Exyte Northern Europe Ltd.
- Blitz S18-226 GmbH

APAC

- Exyte Asia-Pacific Holding Ltd.
- Exyte Singapore Pte. Ltd.
- Exyte Malaysia Sdn. Bhd.
- Exyte Vietnam Co., Ltd.
- Exyte Shanghai Co., Ltd. (Project business)
- Exyte Trading Shanghai Co., Ltd.
- Exyte Trading (Singapore) Pte. Ltd.
- Exyte Taiwan Co., Ltd.
- Delicatessen Engineering Services Pvt. Ltd.

T&S

- Exyte Technology GmbH
- Exyte Technology CZ s.r.o.
- Exyte Technology Shanghai Co., Ltd.
- Exyte Hargreaves Ltd.
- Exyte Services (Singapore) Pte. Ltd.
- Exyte Services (Malaysia) Sdn. Bhd.
- Exyte Shanghai Co., Ltd. (Service business)
- Total Facility Solutions, Inc.
- Critical Process Systems Group, Inc.
- BioPharm Engineered Systems, LLC
- Diversified Fluid Solutions, LLC
- Fab-Tech, Inc.
- Pure Guard, LLC
- NEHP, Inc.
- Nuance Systems, LLC
- Airgard, Inc.
- INTEGA Innovative Technologie für Gase und Anlagenbau GmbH
- INTEGA GmbH
- INTEGA High Purity Systems AG

The acquired net assets of the Exyte GmbH Group are made up as follows:

in € thousand	Carrying amount at the date the net assets were contributed	Remeasurement of assets and liabilities	Fair value at the date of initial consolidation
Intangible assets	880	2,379,631	2,380,511
Property, plant, and equipment	52,991	5,447	58,438
Right-of-use assets	125,817	0	125,817
Deferred tax assets	81,876	0	81,876
Inventories	96,194	8,020	104,214
Advance payments made	187,701	0	187,701
Contract assets	597,686	0	597,686
Trade receivables	792,391	0	792,391
Other financial assets	51,164	0	51,164
Miscellaneous assets	36,603	0	36,603
Income tax receivables	10,793	0	10,793
Cash and cash equivalents	1,064,683	0	1,064,683
Acquired assets	**3,098,779**	**2,393,098**	**5,491,877**
Provisions for pensions	7,500	0	7,500
Deferred tax liabilities	9,368	579,118	588,486
Other provisions	133,948	0	133,948
Contract liabilities	783,060	0	783,060
Trade payables	2,182,833	0	2,182,833
Lease liabilities	130,066	0	130,066
Other financial liabilities	8,390	0	8,390
Miscellaneous liabilities	68,268	0	68,268
Income tax liabilities	17,386	0	17,386
Acquired liabilities	**3,340,819**	**579,118**	**3,919,937**

in € thousand	Carrying amount at the date the net assets were contributed	Remeasurement of assets and liabilities	Fair value at the date of initial consolidation
Acquired net assets	**–242,040**	**1,813,980**	**1,571,940**
Fair value of the contributed net assets			3,872,369
Residual goodwill			**2,300,429**

Goodwill was allocated to the respective cash-generating units at the time of acquisition in proportion to the relative fair values of the companies acquired. This led to the following distribution:

Distribution of goodwill by groups of cash-generating units

31.3.2023	Goodwill (in € thousand)
EMEA	598,091
AMER	188,885
APAC	787,965
T&S	725,488
Total	**2,300,429**

There were no significant differences between the gross amount and the fair value of the trade receivables acquired. It was assumed that the acquired receivables were fully recoverable.

The Exyte GmbH Group is a leading global provider of services is the areas of planning, project management, and project execution and specializes in the construction of high-tech plant facilities for various industry sectors. There is particular emphasis on the business segment Advanced Technology Facilities with a focus on the semiconductor industry. Goodwill includes nonseparable intangible assets such as the expertise of employees. In addition, the negative net working capital, which is typically high for the type of business involved, also justifies the recognition of goodwill. Goodwill is not deductible for tax purposes.

The sales of the Exyte GmbH Group for the period from March 31 to December 31, 2023 amounted to €5,025,045 thousand. Earnings after taxes (including the effects on earnings deriving from the purchase price allocation) for this period were €128,593 thousand. If the business combination had already taken place on January 1, 2023, consolidated sales would have increased by €2,028,109 thousand and consolidated earnings after taxes (including the effects on earnings deriving from the purchase price allocation) would have increased by €48,705 thousand.

Disposal of companies belonging to the US-American CPS Group

In the context of the implementation of measures to optimize the structures of the US-American CPS Group, the following four companies were merged with other CPS Group companies in July 2023:

- CPS Intermediate, LLC, Boise, USA
- CPS Intermediate II, LLC, Boise, USA
- CPS Process Solutions, LLC, Lawrence, USA
- ENGVT, LLC, Williston, USA

In addition, the following five nonoperating intermediate holding companies of the CPS Group were liquidated in July 2023:

- CPS Holdco, LLC, Boise, USA
- CPS Buyer Holdco II, LLC, Boise, USA
- CPS Buyer, LLC, Boise, USA
- CPS Buyer II, LLC, Boise, USA
- NEHP Worldwide, LLC, Williston, USA

Due to the liquidation, the effects deriving from the currency translation of these foreign operations, which had been recognized directly in equity, had to be realized through profit or loss. This resulted in a loss deriving from the disposal of consolidated entities of €626 thousand, which is recognized under other operating expenses.

Acquisition of the Intega Group

With effect from October 2, 2023, Exyte Europe Holding GmbH, Stuttgart, Germany, acquired a 100% share interest in INTEGA Innovative Technologie für Gase und Anlagenbau GmbH, Kirchheim, Germany, and its two wholly owned subsidiaries INTEGA GmbH, Villach, Austria, and INTEGA High Purity Systems AG, Muttenz, Switzerland (in combination, the Intega Group)

The purchase price provisionally determined at the time of preparation of the consolidated financial statements amounted to €25,100 thousand.

At the date of acquisition, a cash payment of €24,165 thousand was made to the seller. A partial amount of €1,229 thousand of this total figure was paid into a blocked account by the seller. This amount serves the buyer as security for an insurance damage claim, which required further investigation at the date of the acquisition. Following final clarification of the circumstances, this amount was either to be paid out (in part) to the seller or to be refunded (in part) to Exyte Europe Holding GmbH. The amount was paid out in full to the seller in March 2024, after the circumstances had been finally clarified. In addition, Exyte Europe Holding GmbH assumed liabilities of the seller, amounting to €813 thousand, with a debt-discharging effect. Furthermore, Exyte Europe Holding GmbH paid transaction-related insurance premiums, amounting to €164 thousand, which are to be borne by the seller in accordance with the contractual provisions. As this amount was deducted from the purchase price payment made at the time of acquisition, it needed to be included when measuring the purchase price.

At the time of preparation of the consolidated financial statements, by reference to the provisionally calculated purchase price, it was expected that a partial amount of €42 thousand of the total payments, amounting to €25,142 thousand, needed to be repaid to Exyte Europe Holding GmbH. This repayment claim is reported under current other financial assets in the consolidated financial statements as at December 31, 2023. The amount was repaid by the seller in March 2024.

The Intega Group was included in the consolidated financial statements on a provisional basis, as not all of the information required to finalize the purchase price was available at the time that the consolidated financial statements were prepared. Any potential adjustment to the purchase price could have an impact on the figure for goodwill that has been recognized.

The transaction costs incurred in connection with the acquisition of the Intega Group in the 2023 financial year (in particular, consulting and due diligence costs) amounted to €1,481 thousand. They have been recognized as administration costs.

The acquired net assets of the Intega Group 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	412	10,635	11,047
Property, plant, and equipment	3,349	0	3,349
Right-of-use assets	3,919	0	3,919
Inventories	20,927	842	21,769
Advance payments made	10	0	10
Contract assets	233	0	233
Trade receivables	9,232	0	9,232
Other financial assets	690	0	690
Miscellaneous assets	415	0	415
Cash and cash equivalents	671	0	671
Acquired assets	**39,858**	**11,477**	**51,335**
Provisions for pensions	1,906	0	1,906
Deferred tax liabilities	21	3,296	3,317
Other provisions	866	0	866
Contract liabilities	2,071	0	2,071
Trade payables	9,203	0	9,203
Lease liabilities	3,919	0	3,919
Bank borrowings	7,944	0	7,944
Other financial liabilities	303	0	303
Miscellaneous liabilities	1,183	0	1,183
Income tax liabilities	1,513	0	1,513
Acquired liabilities	**28,929**	**3,296**	**32,225**

in € thousand	Carrying amount at date of acquisition	Remeasurement of assets and liabilities	Fair value at date of initial consolidation
Acquired net assets	**10,929**	**8,181**	**19,110**
Provisionally determined purchase price			25,100
Residual goodwill			**5,990**

There are no significant differences between the gross amount and the fair value of the trade receivables acquired. It has been assumed that the acquired receivables are fully recoverable.

The acquisition has strengthened Exyte's vertical integration potential and has expanded the portfolio of services offered by its T&S business segment to include the development, planning, and implementation of systems for the supply of ultrapure media. These supply semiconductor production plants and other high-tech production facilities with gas, water, and other chemicals. Goodwill includes nonseparable intangible assets such as employee expertise and expected synergy effects. Goodwill is not deductible for tax purposes.

The sales of the Intega Group, during the period from October 2 to December 31, 2023, in which it belonged to the Group, amounted to €16,529 thousand; earnings after tax (including effects on earnings deriving from the purchase price allocation) for this period amounted to €13 thousand. If the business combination had already taken place on January 1, 2023, consolidated sales would have increased by €52,106 thousand and consolidated earnings after taxes (including the effects on earnings deriving from the purchase price allocation) would have increased by €1,377 thousand.

Consolidation methods

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

Business acquisitions
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 at 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 relating to the acquisition 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.

Joint operations
In the case of joint operations, Exyte recognizes the assets, liabilities, and expenses and income directly attributable to it, as well as its share of the jointly held assets and liabilities or its share of the jointly generated income and jointly incurred expenses.

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 intragroup deliveries of goods and services are based on prices determined in accordance with normal market terms and conditions.

Foreign currency conversion and translation

Conversion 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 entities. Any exchange differences are recognized in profit or loss in the net income/expenses deriving from financing activities. Nonmonetary 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 an intermediate 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 foreign 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. For the 2023 financial year, the average exchange rates were determined for the period from April to December 2023, as the contribution of the shares in Exyte GmbH resulted in consolidation-related income statement effects for the first time as at April 1, 2023. Exyte recognizes the amount of any differences 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

		Year-end rate	Average rate for the period
	1 EUR	31.12.2023	April to December 2023
USA	USD	1.1065	1.0857
Singapore	SGD	1.4628	1.4620
United Kingdom	GBP	0.8683	0.8678
China	CNY	7.9086	7.7933
Malaysia	MYR	5.1220	5.0275
Taiwan	TWD	34.1680	34.1350
Vietnam	VND	26,940.0000	26,063.7778
Israel	ILS	4.0028	4.0738
India	INR	92.1860	89.7697
Switzerland	CHF	0.9438	0.9633
Czech Republic	CZK	24.6730	24.1349

Recognition and measurement

Goodwill
Goodwill is recognized as an asset in the functional currency of the group company that carries the goodwill. It 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
Acquired intangible assets are recognized as assets at their costs of acquisition. These include, in particular, the client relationships, contract order backlogs, technology, and brands recognized in the process of accounting for acquisitions (contribution of Exyte GmbH, acquisition of the Intega Group). Intangible assets with finite useful lives are amortized on a systematic straight-line basis over their economic useful lives of two to eighteen 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. Exyte did not recognize any capitalized development costs as at December 31, 2023. 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 the 2023 financial year, such operating expenses amounted to €164 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. The capitalization process commences when the recognition criteria for the respective assets are met and is concluded 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 a reasonable proportion of material and production overheads, including depreciation related to the construction 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.

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
Technical equipment and machinery	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 nor 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 of consideration 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 the incremental 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 of (or before) deployment of the leased asset, 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 in the range between 13 months and 17 years and 10 months.

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 nonterminable 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 nonexercise of such options are only taken into account in determining 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 representing the net value 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, derivative financial instruments with a positive fair value, and other financial assets. Other financial assets mainly comprise financial receivables due from nonconsolidated subsidiaries, 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 at 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, whereby changes in value are 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 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 twelve months (twelve-month ECL). If, however, the default risk has increased significantly, then the actual remaining term of the financial assets is used as a basis (lifetime ECL).

In determining any expected credit losses for trade receivables and for 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 based on 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 for these, as to whether the credit risk has significantly increased or has 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 at 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 derecognition 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, derivative financial instruments with a negative fair value, and other financial liabilities. Other financial liabilities include, in particular, loan and interest liabilities to entities classified as related parties.

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, less directly attributable transaction costs in the case of financial liabilities classified as "at amortized cost."

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 for the risks deriving from changes in the hedged item's 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 net income/expenses deriving 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 directly 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 clients 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 taxes are recognized for all temporary differences between the tax-based carrying amounts of assets and liabilities and their carrying amounts 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 current ongoing income 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 refundable tax assets against actual tax liabilities. Deferred tax balances are always classified as noncurrent.

Exyte has applied the temporary, mandatory exemption with regard to accounting for deferred taxes that result from the introduction of global minimum tax ("Pillar 2"). Any additional tax burden, that arises in future due to the minimum tax regulation, which came into force on January 1, 2024, will be recognized as a current tax expense in the year in which it is incurred. We refer to section D. "Note Disclosures for Individual Items," Note 8 "Income tax" for further information in the notes to the consolidated financial statements.

Provisions for pensions

Pension provisions cover Exyte's benefit obligations arising from defined benefit retirement plans. They are mainly attributable to German Group companies. 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/expenses deriving from financing activities.

For defined contribution retirement plans (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, 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 pretax 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 clean room 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 openly 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 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 expected transaction price to be generated with the client 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 clean-room products. These are standard products, such as filter fan units, precision air-conditioning units, 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 income deriving from other sales or the charging on of services is realized when the risk is transferred (sales) or when the service is rendered (services). 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 quantifying such estimates and assumptions, taking into account the best available information, the actual figures that arise may vary from them.

Uncertainties resulting from armed conflicts

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 same applies to the armed conflict in Israel and the Gaza Strip that has been going on since October 2023. Such armed conflicts 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.

Risks also exist due to continuing inflationary trends and the danger of a sustained 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 such developments if clients postponed or abandoned planned capital expenditure investment.

Possible impacts on Exyte's accounting and reporting processes

The war in Ukraine and the armed conflict in Israel and the Gaza Strip have had only a minor impact on Exyte's business development and hardly impacted the consolidated financial statements as at December 31, 2023.

The indirect consequences of the armed conflicts described above could necessitate the recognition of impairment losses on assets due to necessary planning modifications. Postponement of capital investment expenditure by clients could have an effect on Exyte's planning and thus, in particular, on the test for impairment to goodwill. The same applies to possible interest rate increases, although a downward trend in interest rates is currently observable as far as this is concerned. However, due to the fact that the existing surplus coverage for goodwill testing purposes is substantial, this does not constitute a risk that could have a significant impact on the accounting and reporting. The armed conflict could also result in impairment losses being recognized on assets held by the Israeli subsidiary. Based on the company's corporate planning process, and taking into account the scenario analyses that have been carried out, no risk with a significant impact on the accounting and reporting is also envisaged in this particular case.

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 subcontractors for them to absorb such increases. 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, or if projects are postponed.

Provided that no extreme scenarios arise, Exyte does not therefore expect any significant future negative implications to derive from the previously described armed conflicts 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 potential 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 armed conflicts 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.

Discretionary decisions in connection with business acquisitions (fair value of contributions, purchase price allocations)

In particular, the purchase price allocation carried out in the 2023 financial year due to the contribution of the shares in Exyte GmbH to Exyte Holding GmbH had a significant impact on the presentation of the consolidated financial statements. In this context, the fair value of the contribution had to be derived. In addition, the acquired assets, liabilities, and contingent liabilities of the Exyte GmbH Group had to be measured at fair value on the acquisition date, which, in particular, also included the identification and measurement of intangible assets not previously recognized by the acquired business. For this purpose, future cash inflows and outflows for the items to be measured had to be estimated and an appropriate discount rate determined. Discretionary decisions and estimates were also made when determining the useful lives of the intangible assets newly recognized in the context of the acquisition accounting processes. Changes in the overall economic environment, in the industry sector, or in the economic situation of the business could lead to a reduction in cash flow surpluses or to an increase in the discount rate and thus possibly to the impairment of recognized assets. With regard to the goodwill arising from the purchase price allocation, we make reference to the separate section "Goodwill."

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 (€2,261,764 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 economic environment, 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 becomes 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 (€3,704 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, 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 (€10,190 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 (–): –€22,578 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 judicature and administrative bodies, can impact the amounts of tax-related reporting line items disclosed in the consolidated financial statements.

Deferred tax assets (€30,001 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 noncurrent and current) amounted to €158,732 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 (€131,289 thousand) and on noncurrent and current lease liabilities (€138,728 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, 2023

in € thousand	2024	2025	2026	Total
	5,721,442	1,012,723	241,760	**6,975,925**

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 at 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 – 2023

in € thousand

	EMEA	AMER	APAC	T&S	Consolidation adjustments	Exyte
Sales recognized over a period of time	1,494,826	869,126	2,114,583	473,307	–156,116	4,795,726
Sales recognized at a point in time	0	0	10,230	282,474	–46,856	245,848
Total	**1,494,826**	**869,126**	**2,124,813**	**755,781**	**–202,972**	**5,041,574**

2 Cost of sales

The cost of sales (costs of generation of goods sold and of services rendered) during the financial year amounted to –€4,773,681 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. Also included are earnings effects of –€217,506 thousand deriving from purchase price allocations (contribution of the Exyte GmbH Group and acquisition of the Intega Group), which result in particular from amortization of intangible assets (client relationships, contract order backlog, technology, and brands) recognized in connection with these purchase price allocations. Furthermore, the cost of sales also includes the expenses relating to the setting up of provisions for warranty claims and for potential losses deriving from onerous contracts.

3 Selling costs

Selling costs in the financial year amounted to –€47,733 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 –€128,924 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. In addition, they include legal and advisory costs, costs in connection with M&A projects, as well as costs relating to the implementation of a new ERP system.

5 Other operating income

Other operating income

in € thousand

	2023
Income from government grants	4,939
Income deriving from the other sales and the charge-out of services to third parties and from leases	1,581
Income from the reversal of allowances for impairment and from the receipt of payments for previously derecognized receivables	847
Income from services charged out to entities belonging to the M+W Group GmbH	436
Income deriving from insurance compensation	426
Income deriving from tax credits for research and development activities	419
Gains on the disposal of property, plant, and equipment	181
Miscellaneous other items	817
Total	**9,646**

Some €4,326 thousand of the income from government grants, amounting in total to €4,939 thousand, concerns government grants provided to the Group company in Singapore, through which the state provides relief to employers in the form of various support programs.

6 Other operating expenses

Other operating expenses

in € thousand	2023
Restructuring and reorganization expenses	–4,181
Start-up costs in connection with the expansion of the production facility in the Czech Republic	–4,106
Taxes other than income taxes	–991
Expenses deriving from the recognition of impairment allowances and the derecognition of receivables	–994
Loss deriving from the disposal of consolidated entities	–626
Scrapping expenses	–604
Expenses deriving from services charged out to entities belonging to the M+W Group GmbH	–425
Losses on the disposal of intangible assets and property, plant, and equipment	–264
Miscellaneous other items	–2,662
Total	**–14,853**

The restructuring and reorganization expenses, amounting to –€4,181 thousand, mainly comprise restructuring costs incurred by the Chinese Group company (–€2,177 thousand) and costs incurred in connection with the reorganization of the Data Centers global business unit (–€1,230 thousand).

The loss of –€626 thousand deriving from the disposal of consolidated entities resulted from the deconsolidation of the following companies, which were liquidated during the 2023 financial year: CPS Holdco, LLC, CPS Buyer, LLC, NEHP Worldwide, LLC, CPS Buyer Holdco II, LLC, and CPS Buyer II, LLC.

7 Net income/expenses deriving from financing activities

Net income/expenses deriving from financing activities

in € thousand	2023
Interest and similar income	**72,294**
Foreign exchange gains (related parties)	16,463
Foreign exchange gains (third parties)	35,558
Miscellaneous interest and similar income	20,273
Interest and similar expenses	**–90,217**
Foreign exchange losses (related parties)	–1,700
Foreign exchange losses (third parties)	–34,728
Expenses for fees for bank guarantees	–1,591
Interest expense deriving from loans (from the loan arising from the contribution of shares in Exyte GmbH)	–47,914
Of which, from M+W Group GmbH	–10,183
Of which, from an entity qualifying as a related party to M+W Group GmbH	–37,731
Interest portion of lease installments deriving from lease liabilities	–3,298
Interest expense deriving from the unwinding of discount on provisions for pensions	–211
Miscellaneous interest and similar expenses	–775
Other net income/expenses deriving from financing activities	**–10**
Impairment losses recognized against financial assets	–10
Net income/expenses deriving from financing activities (total)	**–17,933**

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 deferred tax is made using the tax rates that are valid, or that have been changed for future application, as at 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 or tax credits.

The process of measurement of deferred tax takes the relevant national income tax rates into account. For domestic companies, as at 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 determined for computation of deferred tax for the German companies was 30.53%.

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	2023
Current income tax	**–76,822**
Deferred tax	**84,726**
Deferred tax deriving from temporary differences	72,993
Deferred tax deriving from tax loss carryforwards and tax credits	11,733
Total	**7,904**
Thereof: current income tax relating to prior periods	–294
Thereof: deferred tax relating to prior periods	1,676

At the year-end reporting date, Exyte had unutilized domestic and foreign corporation tax loss carryforwards, amounting to €270,346 thousand, as well as unutilized municipal trade tax loss carryforwards in Germany of €120,443 thousand.

The management's assessment is that, in all probability, sufficient future taxable income will be generated to offset €85,070 thousand of the tax losses carried forward that have not yet been utilized for corporation tax purposes and to offset €40,163 thousand of the tax losses carried forward that have not yet been utilized for municipal trade tax purposes.

Deferred tax assets amounting to €22,281 thousand were recognized in respect of these utilizable losses. No further deferred tax assets were recognized in respect of the remaining corporation tax loss carryforwards, amounting to €185,276 thousand, and municipal trade tax loss carryforwards of €80,280 thousand. A total of €232 thousand of the foreign tax loss carryforwards will expire in the next five years.

In addition, Exyte had available tax credits of €73,832 thousand, which mainly existed in Germany. A deferred tax asset of €468 thousand was recognized in respect of the utilizable tax credits.

Deferred tax expenses, amounting to –€156 thousand, arose from changes in tax rates. A total of –€286 thousand of these derived from changes in tax rates for US-American companies. These were offset by deferred tax credits of €130 thousand deriving from changes in tax legislation in the Czech Republic.

Deferred tax liabilities amounting to €1,533 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, where applicable.

Deferred tax liabilities of €274,744 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 probably 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

in € thousand

	Deferred tax assets	Deferred tax liabilities
	31.12.2023	**31.12.2023**
Noncurrent assets	**24,472**	**–563,182**
Intangible assets	24,031	–524,469
Property, plant, and equipment	441	–38,394
Financial assets	0	–319
Current assets	**8,165**	**–62,332**
Inventories	902	0
Receivables and other assets	7,263	–62,332
Noncurrent liabilities	**31,656**	**–5**
Provisions	3,682	–5
Liabilities	27,974	0
Current liabilities	**160,715**	**–41,778**
Provisions	14,360	–493
Liabilities	146,355	–41,285
Tax loss carryforwards	**72,272**	**–**
Tax credits	**23,432**	**–**
Gross value	**320,712**	**–667,297**
Write-downs	–72,976	–
Set-offs	–217,735	217,735
Recognition in the statement of financial position	**30,001**	**–449,562**

Deferred tax of –€282 thousand relates to business transactions that had to be recognized directly in equity. Deferred tax that was not recognized in profit or loss derives from the measurement of pension provisions (€226 thousand) and from forward exchange transactions, as part of cash flow hedges (–€508 thousand).

The measurement of deferred tax assets resulting from deductible temporary differences and tax loss carryforwards is based on 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 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 aim 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. Deferred tax assets on tax loss carryforwards were recognized by Exyte Technology CZ s.r.o and Exyte Malaysia Sdn. Bhd. although respective tax losses arose in 2023 and/or 2022. The recognized deferred tax assets on tax loss carryforwards amounted to €49 thousand (Exyte Technology CZ s.r.o.) and €1,546 thousand (Exyte Malaysia Sdn. Bhd.), respectively.

After start-up losses were incurred in 2022 and 2023, significantly higher sales are expected at Exyte Technology CZ s.r.o. in 2024 due to the expansion of business, particularly with the US subsidiaries of the CPS Group.

Earnings in Malaysia in 2023 were impacted by the margin reduction for a major project. This special effect will no longer apply in 2024. In addition, positive effects are expected to derive from a contract for the installation of process equipment for semiconductor production and from two major data center projects.

The management therefore considers it likely that the respective companies will generate taxable income in the future against which unutilized tax losses can be offset.

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 domestic tax rate of 30.53% for the 2023 financial year was applied.

Reconciliation of the expected and actual tax expense

in € thousand	2023
Earnings before tax	**68,096**
Expected tax expense	–20,790
Adjustments to the expected tax expense:	
Nontax-deductible expenses	–7,438
Tax-free income	35,020
Change in write-downs of deferred tax assets and impacts deriving from losses in the current year, for which no deferred tax was recognized	–24,474
Permanent differences	3,746
Deviations from the expected tax rate	28,957
Effects deriving from municipal trade tax add-ons and deductions	–925
Impacts of changes in tax rates	–156
Tax not related to the current reporting period	1,382
Foreign and other local income taxes	–7,940
Other tax effects	522
Actual tax expense	**7,904**
Group tax rate	**–11.6%**

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

Global minimum tax

As at the reporting date, the regulations relating to global minimum tax ("Pillar 2") had already been incorporated into German law (in the so-called "MinStG") but had not yet become effective. Exyte falls within the scope of these regulations.

Exyte carried out an initial indicative analysis as at the closing date to determine the basic impact of and the jurisdictions in which the Group is exposed to possible effects deriving from the global minimum tax requirement.

If the global minimum tax requirement had already been applied in the 2023 financial year, then potential effects would have arisen from the application of the minimum tax for Ireland and Singapore.

The pre-consolidation profits generated by Singapore and Ireland amounted to €521,114 thousand and €99,929 thousand, respectively, both amounts of which could be subject to minimum tax.

The effective tax rate on these profits calculated using the simplified "Pillar 2" minimum tax calculation is –0.44% for Singapore and 14.56% for Ireland.

In consequence, the Group tax rate in the 2023 financial year (–11.6%) would have increased by 26.77 percentage points if the Pillar 2 legislation had already been in force at the reporting date.

As the new legislation only came into force on January 1, 2024, there was no impact on the actual tax expense for the 2023 financial year.

Exyte is closely monitoring the progress of the legislative process in all the countries in which Exyte Group companies operate.

9 Intangible assets

Development of intangible assets

in € thousand

	Development costs	Client relationships, contract order backlog	Brands, technology, software	Goodwill	Total
Costs of acquisition or generation Balance: 1.1.2023	**0**	**0**	**0**	**0**	**0**
Changes in the scope of the consolidation	212	2,203,048	188,298	2,306,419	4,697,977
Additions	0	0	125	0	125
Disposals	–212	0	–3	0	–215
Currency impacts	0	–43,656	–1,823	–44,655	–90,134
Costs of acquisition or generation Balance: 31.12.2023	**0**	**2,159,392**	**186,597**	**2,261,764**	**4,607,753**
Accumulated amortization/write-downs Balance: 1.1.2023	**0**	**0**	**0**	**0**	**0**
Additions	–23	–194,979	–14,548	0	–209,550
Disposals	23	0	3	0	26
Currency impacts	0	1,274	134	0	1,408
Accumulated amortization/write-downs Balance: 31.12.2023	**0**	**–193,705**	**–14,411**	**0**	**–208,116**
Carrying amount: 31.12.2023	**0**	**1,965,687**	**172,186**	**2,261,764**	**4,399,637**

There were no commitments for the purchase of intangible assets as at the closing date.

Amortization charges on intangible assets, amounting to –€209,550 thousand, were recorded in cost of sales (–€209,281 thousand), in administration costs (–€266 thousand), and in other operating expenses (–€3 thousand).

The annual test for impairment was made at the level of groups of cash-generating units (CGUs) and was carried out at the end of the financial year. Exyte has identified the respective regional segments EMEA, AMER, APAC, as well as the T&S business area, 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 contract 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 planning documentation for the years 2024 to 2026 foresees a slight increase in sales for EMEA in 2024, followed by a significant increase in sales in 2025, with a slight further increase in 2026. The EBITDA margin is forecast to remain stable in 2024, and then expected to decline slightly in 2025, and to remain at around the 2025 level in 2026. A significant increase in sales is expected for AMER in 2024 and 2025; sales at a similar level to 2025 are planned for 2026. As far as the EBITDA margin is concerned, a slight increase is expected in 2024 with stable development thereafter. For T&S, increasing sales and a slightly higher EBITDA margin in 2024 and a stable EBITDA margin from 2025 are expected during the planning period. A decline in sales is expected for APAC in 2024 and 2025, while an increase in sales is planned for 2026. According to the plans, significant development is expected for the EBITDA margin in 2024, followed by a slight decline in 2025 and a stable situation in 2026.

- 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 2026 plan year and to an extent of 50% from the average sales of the actual years from 2019 to 2023 and the plans for the years from 2024 to 2026, in order to take fluctuations in regional business into account. Using this as a basis, 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 1.0% 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

31.12.2023	WACC before tax (in%)	Tax rate (in%)	WACC after tax (in%)	Goodwill (in € thousand)
EMEA	12.9	25.3	9.6	596,236
AMER	12.2	25.1	9.1	185,061
APAC	12.8	21.4	10.0	763,180
T&S	12.4	25.1	9.3	717,287
Total				**2,261,764**

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 2023 (no future margin increase), or an increase in the WACC by one percentage points, or a reduction in the long-term growth rate to 0%, were assumed. On the basis of these assumptions, there was also no need for an impairment loss to be recognized for any of these groups of CGUs.

There were no restrictions on the disposal of property, plant, and equipment, nor were there any obligations to purchase property, plant, and equipment.

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
Costs of acquisition or construction Balance: 1.1.2023	**0**	**0**	**0**	**0**	**0**
Changes in the scope of the consolidation	6,568	14,330	33,341	7,548	61,787
Additions	18	5,777	9,983	6,355	22,133
Disposals	0	–74	–169	–31	–274
Transfers	–5	1,059	–261	–793	0
Currency impacts	73	–436	–674	–379	–1,416
Costs of acquisition or construction Balance: 31.12.2023	**6,654**	**20,656**	**42,220**	**12,700**	**82,230**
Accumulated depreciation and write-downs Balance: 1.1.2023	**0**	**0**	**0**	**0**	**0**
Additions	–163	–3,035	–7,536	0	–10,734
Disposals	0	2	19	0	21
Transfers	0	5	–5	0	0
Currency impacts	0	50	69	0	119
Accumulated depreciation and write-downs Balance: 31.12.2023	**–163**	**–2,978**	**–7,453**	**0**	**–10,594**
Carrying amount: 31.12.2023	**6,491**	**17,678**	**34,767**	**12,700**	**71,636**

11 Nutzungsrechte und Leasingverbindlichkeiten

Development of right-of-use assets

in € thousand

	Land and buildings	Other equipment, operational, and office equipment	Total
Costs of acquisition or construction Balance: 1.1.2023	**0**	**0**	**0**
Changes to the scope of the consolidation	122,561	7,175	129,736
Additions	26,992	6,810	33,802
Disposals	–3,815	–450	–4,265
Remeasurement/contract amendments	–3,168	–38	–3,206
Currency impacts	–2,461	–61	–2,522
Costs of acquisition or construction Balance: 31.12.2023	**140,109**	**13,436**	**153,545**
Accumulated depreciation and write-downs Balance: 1.1.2023	**0**	**0**	**0**
Additions	–23,067	–3,632	–26,699
Disposals	3,815	450	4,265
Currency impacts	200	–22	178
Accumulated depreciation and write-downs Balance: 31.12.2023	**–19,052**	**–3,204**	**–22,256**
Carrying amount: 31.12.2023	**121,057**	**10,232**	**131,289**

Development of the lease liabilities

in € thousand

	2023
Opening balance as at 1.1.	**0**
Changes to the scope of the consolidation	133,985
Additions	33,383
Interest deriving from the unwinding of discount	3,298
Payments of interest and principal	–26,468
Remeasurement/contract amendments	–3,540
Currency impacts	–1,930
Closing balance as at 31.12.	**138,728**

The interest rates used to determine the present value of the lease liabilities vary between 0.2% and 8.1%.

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

in € thousand

	2023
Depreciation of right-of-use assets	–26,699
Interest expenses deriving from the unwinding of discount on lease liabilities	–3,298
Expenses deriving from short-term leases	–7,274
Expenses for other leases relating to assets of low value	–825
Net gain/loss deriving from remeasurement/contract amendments	386

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

in € thousand	2023
Interest paid	–3,298
Cash flow from operating activities	**–3,298**
Proceeds from lease receivables	39
Payments for the redemption of lease liabilities	–23,170
Cash flow from financing activities	**–23,131**

12 Inventories and advance payments made

Inventories

Carrying amounts for inventories

in € thousand	31.12.2023
Raw materials, consumables, and supplies	70,260
Work in process	25,427
Finished goods, merchandise for resale	13,145
Inventories	**108,832**

Impairment losses of –€2,498 thousand were recognized against inventories in the 2023 financial year. The impairment losses were recognized due to the slow movement of the related inventories.

Advance payments made

The advance payments made, amounting to €33,513 thousand, mainly result from advance payments to sub-suppliers in the project business sector.

The consumption of inventories and the utilization of advance payments made resulted in the recognition of expenses of –€322,737 thousand.

13 Contract assets and liabilities

Contract balances

in € thousand	31.12.2023
Contract assets	614,327
Contract liabilities	956,459

Sales include an amount of €196,916 thousand that had been disclosed as contract liabilities at the point in time that the Exyte GmbH Group was initially added to the scope of the consolidation of Exyte Holding GmbH (March 31, 2023).

Sales deriving from performance obligations fulfilled in previous financial years amounted to €131,505 thousand. These were mainly generated with major European and Asian clients.

Allowances for losses on contract assets amounted to –€957 thousand at the year-end reporting date.

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

Default risks for contract assets – the 2023 financial year

Default risk – rating classes		Credit loss		
Internal rating class	**External rating class**	**Gross carrying amount (in € thousand)**	**Credit standing not impaired (collective) (in € thousand)**	**Average loss allowance rate (in%)**
Rating class 1	AAA to A	225,218	–155	0.07
Rating class 2	BBB	179,395	–378	0.21
Rating class 3	BB	42,865	–113	0.26
Rating class 4	B to D	120,843	–97	0.08
No rating[1]	–	46,963	–214	0.46
Total		**615,284**	**–957**	**0.16**

1 On 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 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	31.12.2023
Trade receivables due from other than related parties	849,419
Trade receivables due from entities belonging to the M+W Group GmbH	284
Total	**849,703**

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

The development of allowances that were set up for trade receivables that were due from other than related parties (–€715 thousand) is shown below:

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

in € thousand	Credit loss 2023	
	Credit standing not impaired (collective)	Credit standing impaired (individual)
Allowance at the start of the financial year	**0**	**0**
Changes to the scope of the consolidation	–671	0
Increase	–213	–100
Utilization/derecognition	0	0
Reversal/payment received	250	0
Currency impacts	19	0
Allowance at the end of the financial year	**–615**	**–100**

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 – the 2023 financial year

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	208,055	–117	–	0.06
Rating class 2	BBB	253,904	–299	–99	0.16
Rating class 3	BB	89,216	–37	–	0.04
Rating class 4	B to D	269,877	–125	–	0.05
No rating[1]	–	29,082	–37	–1	0.13
Total		**850,134**	**–615**	**–100**	**0.08**

1 On 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 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 Exyte enters into a relationship with a new client, its 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 amounted to €284 thousand. No allowances against receivables due from entities belonging to the M+W Group GmbH had been recognized at the reporting date.

15 Other financial assets

Other financial assets

in € thousand	31.12.2023
Security deposits	1,031
Derivative financial instruments	117
Share interests in nonconsolidated subsidiaries	5
Other financial assets (noncurrent)	**1,153**
Security deposits and other deposited amounts	7,084
Derivative financial instruments	4,204
Debit balances on accounts payable	1,522
Financial receivables from nonconsolidated subsidiaries	1,223
Bank balances with restricted access	995
Interest receivable	993
Receivables from employees	366
Repayment claim deriving from a provisional purchase price payment	42
Miscellaneous other financial assets	4,147
Other financial assets (current)	**20,576**

The gross carrying amount of financial receivables due from nonconsolidated subsidiaries amounted to €1,223 thousand. No allowances had been recognized against these other financial assets.

With the exception of restrictions on access to balances with banks (€995 thousand), there are no restrictions on the disposition of other financial assets.

16 Miscellaneous assets

Miscellaneous assets

in € thousand	31.12.2023
Refundable input VAT	15,545
Prepaid expenses and deferred charges	13,855
Other tax receivables	976
Sundry miscellaneous assets	9
Miscellaneous assets (current)	**30,385**

The prepaid expenses and deferred charges (€13,855 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	31.12.2023	1.1.2023
Cash and cash equivalents	1,107,760	25

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. They are measured at amortized cost.

None of the cash and cash equivalent balances served as collateral security for obligations incurred by the Group.

18 Equity

In the context of the contribution of the shares in Exyte GmbH to Exyte Holding GmbH on March 30, 2023, the company's share capital was increased by €299,975 thousand from €25 thousand to €300,000 thousand. In addition, an amount of €2,200,000 thousand was transferred to the capital reserve of Exyte Holding GmbH as a premium.

As at December 31, 2023, the share capital of Exyte Holding GmbH was made up of 300,000,000 shares with a nominal value of €1 each. Of these, the M+W Group GmbH holds 196,694,431 shares (65.5648%), BDT Elevation 1 GmbH holds 51,652,784 shares (17.2176%), and BDT Elevation 2 GmbH holds 51,652,785 shares (17.2176%).

The capital reserve amounted to €2,200,000 thousand as at December 31, 2023.

The Group's revenue reserve, amounting to €522,394 thousand, reflects the difference between the fair value of the contributions (€3,872,369 thousand) and the value determined in the contribution agreement for the contribution of the shares in Exyte GmbH to Exyte Holding GmbH (€3,349,975 thousand) during the course of the acquisition accounting process.

The content and development of other equity components are presented in the "Development of Consolidated Equity."

No noncontrolling interests were reported as at December 31, 2023.

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 –€60,771 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.

Composition of the provisions for pensions

in € thousand

	31.12.2023
Present value of unfunded obligations (Germany only)	9,132
Present value of funded obligations (Taiwan)	1,382
Fair value of plan assets (Taiwan)	–324
Provisions for pensions	**10,190**

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

	2023
Balance at 1.1.	**0**
Changes in the scope of the consolidation	9,406
Current service cost	89
Interest expense	211
Actuarial gains (–)/losses (+)	713
Thereof: experience adjustments	–177
Thereof: adjustments for other financial assumptions	890
Benefits paid	–185
Currency impacts	–44
Balance at 31.12.	**10,190**

Development of the fair value of the plan assets

in € thousand

	2023
Balance at 1.1.	**0**
Changes in the scope of the consolidation	332
Interest income	2
Currency impacts	–10
Balance at 31.12.	**324**

Composition of the pension expense recognized in the consolidated statement of comprehensive income

in € thousand

	2023
Current service cost	–89
Interest expense	–211
Subtotal	**–300**
Actuarial gains (+)/losses (–)	
Thereof: experience adjustments	177
Thereof: adjustments for other financial assumptions	–890
Subtotal	**–713**
Pension expense recognized in the consolidated statement of comprehensive income	**–1,013**

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

Actuarial assumptions in Germany

in%

	31.12.2023
Discount rate	3.20
Inflation rate	2.25
Future salary increases	2.50
Future pension increases	2.25

Actuarial assumptions in Taiwan

in%

	31.12.2023
Discount rate	1.63
Future salary increases	3.50

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 concern 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, 2023: €9,132 thousand) as at the reporting date in each case:

Sensitivity of the present value of the pension obligations

	31.12.2023	
Discount rate (in%)	+0.75	–0.75
Present value of the pension obligations (in € thousand)	8,268	10,146
Pension increase trend (in%)	+0.75	–0.75
Present value of the pension obligations (in € thousand)	9,858	8,471

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, 2023, would have increased by €386 thousand.

Duration
The average duration of the German obligations is 15.0 years. The average duration of the obligations for the Taiwanese company is 11.2 years.

Analysis of the provisions for pensions by type of plan participant

in € thousand

	31.12.2023
Active employees	3,498
Former employees (with vested rights)	2,292
Pensioners	4,400
Provisions for pensions	**10,190**

Expected benefit payments as at 31.12.2023

in € thousand

Financial years	2024	2025–2028	2029–2033
Germany	327	1,490	2,263
Taiwan	77	136	1,348
Total	**404**	**1,626**	**3,611**

20 Other provisions

Development of other provisions

in € thousand

	1.1.2023	Change in the scope of the consolidation	Additions	Unwinding of discount	Usage	Reversal	Currency impacts	31.12.2023
Employee-based provisions	0	101,600	63,436	7	–54,189	–10,144	–2,245	98,465
Onerous contracts	0	4,281	7,128	0	–2,471	–274	–199	8,465
Provisions for restructuring	0	321	0	0	–47	0	–16	258
Warranty provisions	0	12,515	28,759	0	–3,979	–465	–347	36,483
Legal and litigation risks	0	3,080	903	0	–203	–70	–6	3,704
Dismantling obligations	0	3,662	677	52	–1,515	–304	–64	2,508
Disputed claims	0	4,125	370	0	–2	0	–172	4,321
Tax-related provisions	0	1,813	411	0	–124	–249	0	1,851
Miscellaneous other provisions	0	3,417	1,980	0	–2,494	–178	–48	2,677
Total	**0**	**134,814**	**103,664**	**59**	**–65,024**	**–11,684**	**–3,097**	**158,732**

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.

Provisions for restructuring
The provisions for restructuring are 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. The measurement of the provisions is made the basis of experience deriving from claims made in similar circumstances.

Legal and litigation risks
Entities within 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 rental contracts in some cases as ancillary obligations, if the layout of the rented space is amended to equip it to meet specific business requirements. The 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

	31.12.2023	< 1 year	1–5 years	> 5 years
Employee-based provisions	98,465	86,232	11,621	612
Onerous contracts	8,465	8,433	32	0
Provisions for restructuring	258	11	247	0
Warranty provisions	36,483	14,561	21,922	0
Legal and litigation risks	3,704	3,704	0	0
Dismantling obligations	2,508	1,559	669	280
Disputed claims	4,321	4,321	0	0
Tax-related provisions	1,851	1,851	0	0
Miscellaneous other provisions	2,677	2,581	96	0
Total as at 31.12.2023	**158,732**	**123,253**	**34,587**	**892**

21 Trade payables

Analysis of trade payables

in € thousand

	31.12.2023
Trade payables due to other than related parties	1,824,309
Trade payables due to entities belonging to the M+W Group GmbH	35
Trade payables due to nonconsolidated subsidiaries	19
Total	**1,824,363**

22 Other financial liabilities

Analysis of the other financial liabilities

in € thousand	31.12.2023
Loan liabilities due to entities classified as related parties to shareholders	687,732
Other financial liabilities (noncurrent)	**687,732**
Loan liabilities due to entities classified as related parties to shareholders	13,448
Interest liabilities due to entities classified as related parties to shareholders	30,237
Derivative financial instruments	3,357
Purchase price liability (earn-out liability)	1,808
Miscellaneous other current financial liabilities	1,060
Other financial liabilities (current)	**49,910**

The loan granted by the shareholder M+W Group GmbH, amounting to €850,000 thousand, which was made within the context of the contribution of the shares in Exyte GmbH to Exyte Holding GmbH, was sold on at nominal value by M+W Group GmbH to an entity that qualifies as its related party on May 22, 2023. The loan was partially repaid in the 2023 financial year, in the amount of €148,820 thousand. In February 2024, a further repayment of the loan liability was made, in the amount of €13,448 thousand. This portion of the loan liability is shown under other financial liabilities (current) as at December 31, 2023. The remaining amount of the loan liability, amounting to €687,732 thousand, is reported under other financial liabilities (noncurrent) as at December 31, 2023.

The interest liability due to entities classified as related parties to shareholders (€30,237 thousand) results from the interest charged on the loan liability for the second half of 2023. The interest liability was settled in February 2024.

The purchase price liability (earn-out liability) classed as current is a residual obligation incurred by the CPS Group, which derives from a business acquisition made by the CPS Group in 2020, which is due to be settled in 2024.

23 Miscellaneous liabilities

Analysis of the miscellaneous liabilities

in € thousand	31.12.2023
VAT payable	36,758
Obligations to employees (particularly for vacation time not yet taken, from flex-time credits, and from wages and salaries)	31,221
Liabilities for other taxes (particularly for wage tax)	17,900
Liabilities for social security contributions	7,171
Other current miscellaneous liabilities	2,923
Miscellaneous liabilities (current)	**95,973**

24 Additional disclosures concerning financial instruments

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

in € thousand

31.12.2023	Category	Carrying amount	Fair value
Financial assets, by class			
Trade receivables	AC	849,703	–[1]
Other noncurrent financial assets	AC	1,036	–[1]
Other current financial assets	AC	16,372	–[1]
Cash and cash equivalents	AC	1,107,760	–[1]
Foreign currency derivatives without a hedging relationship	FVTPL	3,300	3,300
Foreign currency derivatives with a hedging relationship	n.a.	1,021	1,021
Total		**1,979,192**	

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

31.12.2023	Category	Carrying amount	Fair value
Financial liabilities, by class			
Lease liabilities	n.a.	138,728	n.a.
Trade payables	AC	1,824,363	–[1]
Other noncurrent financial liabilities	AC	687,732	–[1]
Other current financial liabilities	AC	46,553	–[1]
Foreign currency derivatives without a hedging relationship	FVTPL	1,564	1,564
Foreign currency derivatives with a hedging relationship	n.a.	1,793	1,793
Total		**2,700,733**	

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: Derivation based on the 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: Derivation based on the 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 at the December 31, 2023 reporting date, 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.

The following table shows 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 31.12.2023

in € thousand

	2024	2025–2028	After 2028	Gross amount (not discounted)	Net carrying amount
Lease liabilities	30,334	71,087	59,259	160,680	138,728
Trade payables	1,824,363	0	0	1,824,363	1,824,363
Other noncurrent financial liabilities	0	687,732	0	687,732	687,732
Other current financial liabilities	46,553	0	0	46,553	46,553
Forward exchange transactions	3,357	0	0	3,357	3,357
Total	**1,904,607**	**758,819**	**59,259**	**2,722,685**	**2,700,733**

The net gains and losses for each of the financial instrument measurement categories are shown below:

Net gains and losses deriving from financial instruments in 2023

in € thousand

	Interest/measurement impacts					
	Interest	Foreign currency conversion	Change in the fair value	Increase in allowances for impairment	Reversals of allowances for impairment	Net impact
Financial assets measured at amortized cost	20,239	34,198		–592	550	54,395
Financial liabilities measured at amortized cost	–52,098	–19,381				–71,479
Financial assets and liabilities measured at fair value through profit or loss	–63		926			863
Total	**–31,922**	**14,817**	**926**	**–592**	**550**	**–16,221**

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 setting 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, intragroup loans and, in particular, advance payment agreements with clients 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, to ensure an appropriate equity ratio, and to 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 clients and suppliers while, 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.

Global netting and similar agreements
Exyte contracts forward exchange deals under the terms of a German framework or international framework agreements. Under the terms of 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 €1,569 thousand at Group level as at the current reporting date.

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
Intragroup loans designated in foreign currencies exist within the Group, which are hedged by deploying forward exchange contracts. These hedges constitute foreign currency forward exchange 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 intragroup 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 of the Group. 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 noncurrent or current items:

Derivative financial assets

in € thousand	31.12.2023
Hedging transactions covering foreign exchange risks:	
Forward exchange contracts (cash flow hedges)	1,021
Forward exchange contracts (for which hedge accounting does not apply)	3,300
Total	**4,321**

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

Derivative financial liabilities

in € thousand	31.12.2023
Hedging transactions covering foreign exchange risks:	
Forward exchange contracts (cash flow hedges)	1,793
Forward exchange contracts (for which hedge accounting does not apply)	1,564
Total	**3,357**

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 not hedged, as they do not affect the cash flows within the scope of the consolidation.

The volumes 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	31.12.2023
EUR/SGD	363,233
EUR/USD	185,371
MYR/SGD	70,483
CNY/EUR	41,701
USD/MYR	22,624
USD/SGD	7,059
TWD/USD	6,794
USD/ILS	6,049
EUR/MYR	3,300
GBP/EUR	2,301
CNY/MYR	637

The agreements serve the purpose of hedging the main currency exchange rate risks and are renewed as required. As at December 31, 2023, the derivative financial instruments held by Exyte had a maximum term of 18 months.

Disclosures concerning cash flow hedge accounting:

Cash flow hedge accounting

in € thousand

	2023
Nominal amount	104,504
Carrying amount of the hedging instruments	–772
Other noncurrent financial assets	117
Other current financial assets	904
Other current financial liabilities	–1,793
Measurement impacts recognized in other comprehensive income	1,652
Amount of the ineffective hedge recognized in profit or loss	0
Reporting line in the statement of comprehensive income in which the ineffective portion of the hedge is included	Interest and similar income/ expenses
Amount reclassified from accumulated other comprehensive income to profit or loss	0
Reporting lines in the statement of comprehensive income in which the reclassification is recognized	Sales Cost of sales

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

Hedging instruments held that are designated as cash flow hedges

	2023
Forward exchange transactions (cash flow hedges)	
Net exposure (in € thousand)	104,504
Average forward rate EUR/USD	1.11757
Average forward rate EUR/SGD	1.45298
Average forward rate ILS/USD	3.68274

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

	31.12.2023
DKK	26,566
USD	26,389
SGD	13,321
TWD	13,260
CHF	5,826
PLN	3,589
GBP	1,552
INR	941
AUD	463
CNY	357

Financial liabilities

in € thousand

	31.12.2023
DKK	17,207
TWD	10,088
USD	9,271
AED	1,785
PLN	1,522
SGD	191
GBP	166
CHF	109

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 intragroup loans, cash and cash equivalents, and trade accounts receivable and payable. These primary financial instruments are normally hedged by deploying derivative financial instruments. Exyte recognizes 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 in profit or loss. In addition, currency impacts arise through the deployment 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

	31.12.2023	
	Impact on consolidated earnings before tax	Impact on consolidated equity
EUR/USD		
+10%	–3,939	1,846
–10%	4,815	–2,256
EUR/SGD		
+10%	42,097	42,150
–10%	–51,451	–51,517

25 Reconciliation of the financial liabilities

Reconciliation of the change in financial liabilities to the cash flow from financing activities – the 2023 financial year

in € thousand

	Lease liabilities	Bank borrowings	Loan liabilities to entities classified as related parties to shareholders	Total
Carrying amounts at 1.1.2023	**0**	**0**	**0**	**0**
Increase due to changes in the scope of the consolidation	133,985	7,944	850,000	991,929
Redemption payments	–23,170	–7,944	–148,820	–179,934
Change in the cash flow from financing activities	**–23,170**	**–7,944**	**–148,820**	**–179,934**
Increase in lease liabilities from new contracts	33,383	–	–	33,383
Impact deriving from contract amendments	–3,540	–	–	–3,540
Impact of changes in currency exchange rates	–1,930	0	0	–1,930
Carrying amounts at 31.12.2023	**138,728**	**0**	**701,180**	**839,908**

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, noncash 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 nonconsolidated subsidiaries), as well as changes in contract assets and contract liabilities.

The cash flow from operating activities amounted to €279,591 thousand. Commencing with the consolidated earnings before tax (€68,096 thousand) and adjusted for noncash net interest effects (€33,516 thousand), it is significantly influenced by the addition of depreciation and amortization charges (€246,983 thousand). Depreciation and amortization resulted primarily from assets that were recognized in the context of purchase price allocations. Positive effects also resulted from the change in provisions (€26,488 thousand, particularly from the increase in warranty provisions) and from the change in other assets and liabilities (€36,103 thousand, mainly due to the increase in VAT liabilities). Compensating effects derived particularly from payments for taxes on income (–€62,259 thousand) and negative effects deriving from the change in working capital (–€55,131 thousand).

The cash flow from investing activities amounted to €1,041,312 thousand. The majority of this amount, €1,064,683 thousand, resulted from the inflow of cash and cash equivalents due to the consolidation of entities belonging to the Exyte GmbH Group in the context of the contribution to Exyte Holding GmbH. Cash inflows of €23,000 thousand, deriving from expiring fixed-term bank deposits, also had a positive effect. Cash outflows for the acquisition of intangible assets and property, plant, and equipment (–€22,258 thousand) and from the acquisition of the Intega Group (–€24,471 thousand) had a counteracting effect.

The cash flow from financing activities, amounting to –€179,779 thousand, was significantly impacted by the partial repayment (–€148,820 thousand), of a loan that was taken up in the context of the contribution of the shares in Exyte GmbH to Exyte Holding GmbH. It also includes cash effects deriving from the repayment of lease liabilities (–€23,170 thousand).

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 at December 31, 2023, the contingent liabilities of the Exyte Group, deriving from guarantees and sureties, amounted to €481,879 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 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 31.12.2023

in € thousand	< 1 year	1–5 years	> 5 years	Total
Short-term leases	4,458	0	0	4,458
Leases for assets of low value	467	380	0	847
Obligations deriving from leasing contracts concluded as at the reporting date for which lease liabilities are to be recognized in the following year upon commencement of use of the assets	1,946	11,623	5,121	18,690
Total	**6,871**	**12,003**	**5,121**	**23,995**

29 Dealings with related party entities and persons

Related parties are defined as entities or persons that have control over Exyte or are involved in its joint control, or are controlled or jointly controlled by Exyte.

In addition, all entities are considered to be related parties that belong to the same corporate group as Exyte, which means that all parent entities, subsidiaries, and affiliated entities are related to one another.

Furthermore, entities or persons are considered to be related parties if they exercise significant influence over the business or hold a key position in the management of the business or its parent entity. This also includes their close family members.

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 exercise of these decision-making powers.

Joint control is the contractually agreed, jointly exercised control over the subject of the agreement. It only exists if decisions on the relevant significant activities require the unanimous consent of the parties involved in joint governance.

From March 31, 2023 onwards, Exyte Holding GmbH has been jointly controlled by M+W Group GmbH, as well as BDT Elevation 1 GmbH and BDT Elevation 2 GmbH. Therefore, from March 31, 2023 onwards, Exyte Holding GmbH is no longer under the control of a single shareholder, but is a joint venture jointly controlled by several shareholders.

The ultimate parent entity of M+W Group GmbH is Millennium Privatstiftung, Vienna, Austria. The sole beneficiary of the Millennium Privatstiftung is Magister Georg Stumpf, Vienna, Austria, and he is thus the ultimate beneficiary of the corporate group.

The ultimate parent entity of BDT Elevation 1 GmbH and BDT Elevation 2 GmbH is BDT & MSD Holdings, LP, Delaware, USA, Mr. Byron D. Trott, Palm Beach, USA, holds a share interest of more than 25% in BDT & MSD Holdings, LP, and he is thus an ultimate beneficiary of the corporate group.

In both of these corporate groups, other intermediate entities exist that have indirect (joint) control over Exyte Holding GmbH. These entities are also considered to be related parties of Exyte Holding GmbH.

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

Relationships with shareholders and entities classified as their related parties

Transactions between Exyte and shareholders or entities classified as their related parties in the 2023 financial year were exclusively with M+W Group GmbH and entities classified as its related parties. These are presented below:

Transactions with shareholders and entities classified as their related parties

in € thousand	2023
Sales deriving from goods delivered and services rendered, as well as other income	654
Of which, with M+W Group GmbH	357
Costs for goods and services received, as well as other expenses	–175
Of which, from M+W Group GmbH	–5
Interest expenses deriving from loan liabilities	–47,914
Of which, from M+W Group GmbH	–10,183

As at the reporting date, receivables from and liabilities to shareholders and entities classified as their related parties were as follows:

Receivables and liabilities with shareholders and entities classified as their related parties

in € thousand	31.12.2023
Trade receivables	284
Trade payables	35
Of which, with M+W Group GmbH	35
Loan liabilities	701,180
Interest liabilities	30,237
Other financial liabilities	2

No loss allowances were recognized in respect of trade receivables at the reporting date.

Relationships with subsidiaries not included in the consolidated financial statements

During the financial year reported, the following income and expenses arose, deriving from transactions with subsidiaries not included in the consolidated financial statements:

Expenses and income deriving from relationships with subsidiaries not included in the consolidated financial statements

in € thousand	2023
Cost of sales	–149
Other operating expenses	–146
Interest income	30
Impairment losses recognized against financial assets	–10

As at the closing date, the following receivables and liabilities existed, deriving from relationships with subsidiaries not included in the consolidated financial statements:

Receivables and liabilities deriving from relationships with subsidiaries not included in the consolidated financial statements

in € thousand	31.12.2023
Financial receivables	1,223
Trade payables	19

No loss allowances were recognized in respect of financial receivables at the reporting date.

Executive management

The total remuneration of the executive management for the financial year amounted to €3,934 thousand. This amount is split into fixed remuneration of €1,368 thousand and variable remuneration of €2,566 thousand.

30 Segment information

General information

The business is monitored by the executive management of Exyte Holding GmbH, who act as Exyte's "Chief Operating Decision Makers" (CODM).The Exyte Group'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 (GBU), 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 taxes).

Adjusted EBIT is defined as the result from operating activities (EBIT) adjusted for income or expenses deriving from irregular, nonrecurring effects. Adjusted EBIT is used to determine profitability excluding irregular, nonrecurring 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	2023
Result from operating activities (EBIT)	**86,029**
Adjustments	235,545
Thereof:	
Impact on earnings deriving from purchase price allocations	217,506
Costs for restructuring measures	4,181
Start-up costs in connection with the expansion of the production facility in the Czech Republic	4,106
Transaction costs relating to (completed and planned) business acquisitions	3,812
Costs deriving from transaction-related bonuses	2,569
Costs incurred as a result of the sale of share interests in Exyte Holding GmbH	1,268
Costs deriving from other nonrecurring items (e.g., one-time IT costs, legal and consulting costs, or other expenses)	2,103
Adjusted EBIT	**321,574**

As a supplement to the reconciliation, further 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, contract order backlog, technology, and brands). They result primarily from the contribution of the Exyte Group into Exyte Holding GmbH, as well as from the acquisition of the Intega Group.

- Costs deriving from transaction-related bonuses comprise retention bonuses paid to employees and employee bonuses for post-merger activities. They relate to the CPS Group.

- Costs incurred as a result of the sale of share interests in Exyte Holding GmbH include the costs of auditing the financial statements underlying the transaction and the costs of preparing and auditing the purchase price allocation resulting from the transaction.

Business segments

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

The adjusted gross profit is calculated as the net difference between sales and cost of sales, adjusted for earnings effects deriving from purchase price allocations.

Expenses and income that cannot be allocated to a project are shown in the following reconciliations as "Unallocated amounts" or "Consolidation adjustments."

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."

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

Key figures and ratios of the regional segments for 2023

in € thousand

2023	EMEA	AMER	APAC	T&S	Total regional segments	Unallocated amounts	Consolidation adjustments	Exyte
External sales of the regional segments	1,476,349	867,136	2,108,825	602,481	5,054,791			
Sales between regional segments	18,477	1,990	15,988	153,300	189,755			
Regional segment sales	**1,494,826**	**869,126**	**2,124,813**	**755,781**	**5,244,546**		**–202,972**	**5,041,574**
Cost of sales	–1,416,060	–861,501	–2,017,938	–673,386	–4,968,885	–3,716	198,920	–4,773,681
Gross profit	78,766	7,625	106,875	82,395	275,661	–3,716	–4,052	267,893
Gross profit margin as % of sales	5.3%	0.9%	5.0%	10.9%	5.3%			5.3%
Adjusted gross profit	141,550	26,647	190,794	130,460	489,451	0	–4,052	485,399
Adjusted gross profit margin as % of sales	9.5%	3.1%	9.0%	17.3%	9.3%			9.6%
Depreciation, amortization, and write-downs	–70,370	–21,106	–93,303	–54,820	–239,599	–7,384		–246,983
EBIT	30,179	–6,324	73,439	36,453	133,747	–43,075	–4,643	86,029
EBIT as % of sales	2.0%	–0.7%	3.5%	4.8%	2.6%			1.7%
Adjusted EBIT	94,923	12,919	159,419	93,572	360,833	–34,616	–4,643	321,574
Adjusted EBIT as % of sales	6.4%	1.5%	7.5%	12.4%	6.9%			6.4%

Key figures and ratios of the business segments for 2023

in € thousand

2023	ATF	BLS	DTC	RSB	Exyte
Sales of the business segments	**4,223,040**	**440,215**	**320,768**	**57,551**	**5,041,574**
Thereof: EMEA	1,079,252	186,079	202,188	27,307	1,494,826
Thereof: AMER	867,381	1,745	0	0	869,126
Thereof: APAC	1,801,220	206,069	117,480	44	2,124,813
Thereof: T&S	667,794	56,323	1,421	30,243	755,781
Thereof: consolidation adjustments between regional segments	–192,607	–10,001	–321	–43	–202,972
Cost of sales	–3,959,424	–437,501	–323,930	–52,826	–4,773,681
Gross profit	263,616	2,714	–3,162	4,725	267,893
Gross profit margin as % of sales	6.2%	0.6%	–1.0%	8.2%	5.3%
Adjusted gross profit	445,808	21,706	10,677	7,208	485,399
Adjusted gross profit margin as % of sales	10.6%	4.9%	3.3%	12.5%	9.6%

Reconciliation of earnings before tax

Reconciliation of earnings before tax

in € thousand

	2023
Total of all segment results (EBIT)	86,029
Net financial income/expense	–17,933
Consolidated earnings before tax (EBT)	**68,096**

Important clients

In the year reported, sales to one client, who is mainly attributable to the APAC, AMER, and EMEA regional segments, generated more than 10% of the Group's sales (2023: €1,817,759 thousand).

Geographic information

In the following territory-specific disclosures, sales are allocated according to the respective location of the supplying or performing entity. The noncurrent assets are allocated according to the actual geographic location of the assets. Noncurrent assets do not include goodwill (as this is segment-related), financial instruments, and deferred tax assets.

Sales by territory

in € thousand

	2023
USA	1,267,712
Singapore	939,805
Germany	820,678
Malaysia	614,117
Ireland	498,140
China	379,746
Taiwan	217,504
Other	303,872
Total	**5,041,574**

Noncurrent assets by territory

in € thousand

	31.12.2023
Germany	713,480
USA	509,189
Singapore	423,789
China	157,924
Malaysia	121,549
Taiwan	118,614
Ireland	94,960
Other	201,293
Total	**2,340,798**

31 Subsequent events

With effect from March 1, 2024, the US-American Exyte company, Critical Process Systems Group, Inc., Boise, USA, acquired a 100% share interest in CollabraTech Solutions LLC, Phoenix, USA, ("CollabraTech") and thus gained control over the company. The services provided by CollabraTech encompass development, prototyping, manufacturing design, system integration and maintenance, as well as production expansion. CollabraTech employs around 70 people and generated sales of some USD 23 million in the 2023 financial year.

The acquisition strengthens Exyte's regional presence in the US market and expands the range of technological services on offer to include distribution systems and configurable system components for high-purity, inert and reactive materials.

The acquired entity will be fully consolidated from March 1, 2024 onwards and has been allocated to the T&S segment. A payment of USD 10.8 million was made at the time of acquisition; the determination of the final purchase price is the subject of the ongoing allocation process.

Further (quantitative) disclosures on the business combination are not yet available, as the business combination was only completed immediately before the end of the preparation of Exyte's consolidated financial statements as at December 31, 2023. Accordingly, further disclosures in accordance with IFRS 3.B64 cannot yet be made due to the ongoing allocation process.

E. SUPPLEMENTARY DISCLOSURES

Average number of employees

Average number of employees

	2023
Industrial workers	3,140
Salaried employees	6,903
Trainees	24
Total	**10,067**

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	2023
Cost of materials	**–4,115,169**
Cost of raw materials, consumables, and supplies and purchased merchandise for resale	–517,061
Cost of purchased services	–3,598,108
Personnel expenses	**–617,690**
Wages and salaries	–500,626
Social security contributions, retirement, and other support benefits	–117,064

Reference is made to Note 19 for disclosures concerning retirement benefit expenses.

Auditor's remuneration

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

Auditor's remuneration

in € thousand	2023
For audits of financial statements	–730
Thereof: relating to prior years	–37
For other assurance services	0
For tax advisory services	0
For other services	–432
Total	**–1,162**

Recourse to relief from requirements to prepare and publish separate financial statements

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

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

EXECUTIVE MANAGEMENT OF **EXYTE HOLDING GMBH**

Mag. Viktor Orgonyi
Vienna, Austria
(up until February 28, 2023)

Dr. Wolfgang Büchele
Chief Executive Officer and Chairman of the Executive Management Board
Römerberg, Germany
(from March 1, 2023 onwards)

Mag. Peter Schönhofer
Chief Financial Officer
Vienna, Austria
(from March 1, 2023 until August 31, 2023)

Mark Garvey
Chief Executive Officer Advanced Technology Facilities
Singapore, Singapore
(from December 19, 2023 onwards)

Stuttgart, March 13, 2024

The Executive Management

Dr. Wolfgang Büchele (CEO)

Mark Garvey (CEO ATF)

LIST OF SHAREHOLDINGS
OF EXYTE HOLDING GMBH AS AT DECEMBER 31, 2023

Nr.	Name of company	Registered office, country	Share of capital (%)	via
1.	**Exyte Holding GmbH**	**Stuttgart, Germany**		
Consolidated direct subsidiaries				
2.	Exyte GmbH	Stuttgart, Germany	100	
2. Consolidated subsidiaries of Exyte GmbH				
2.1.	Exyte Asia-Pacific Holding Ltd.	Singapore, Singapore	100	
2.2.	Blitz S18-226 GmbH	Stuttgart, Germany	100	
2.1. Consolidated subsidiaries of Exyte Asia-Pacific Holding Ltd.				
2.1.1.	Exyte Americas Holding, Inc.	Plano, USA	100	
2.1.2.	Exyte Europe Holding GmbH	Stuttgart, Germany	100	
2.1.3.	Exyte Singapore Pte. Ltd.	Singapore, Singapore	100	
2.1.4.	Exyte Trading (Singapore) Pte. Ltd.	Singapore, Singapore	100	
2.1.5.	Exyte Shanghai Co., Ltd.	Shanghai, China	100	
2.1.1. Consolidated subsidiaries of Exyte Americas Holding, Inc.				
2.1.1.1.	Exyte U.S., Inc.	Albany, USA	100	
2.1.1.2.	Total Facility Solutions, Inc.	Plano, USA	100	
2.1.1.3.	Critical Process Systems Group, Inc.	Boise, USA	100	
2.1.1.3.1. Consolidated subsidiaries of Critical Process Systems Group, Inc.				
2.1.1.3.1.1.	Airgard, Inc.	Milpitas, USA	100	
2.1.1.3.1.2.	BioPharm Engineered Systems, LLC	Lawrence, USA	100	
2.1.1.3.1.3.	Diversified Fluid Solutions, LLC	Boise, USA	100	
2.1.1.3.1.4.	Fab-Tech, Inc.	Colchester, USA	100	
2.1.1.3.1.5.	NEHP, Inc.	Williston, USA	100	
2.1.1.3.1.6.	Nuance Systems, LLC	Portland, USA	100	

Nr.	Name of company	Registered office, country	Share of capital (%)	via
2.1.1.3.1.4. Consolidated subsidiaries of Fab-Tech, Inc.				
2.1.1.3.1.4.1.	Pure Guard, LLC	Phoenix, USA	100	
2.1.2. Consolidated subsidiaries of Exyte Europe Holding GmbH				
2.1.2.1.	Exyte Central Europe GmbH	Stuttgart, Germany	100	
2.1.2.2.	Exyte France SAS	Aix-en-Provence, France	100	
2.1.2.3.	Exyte Italy S.r.l.	Agrate Brianza, Italy	100	
2.1.2.4.	Exyte Management GmbH	Stuttgart, Germany	100	
2.1.2.5.	Exyte Netherlands B.V.	Amsterdam, the Netherlands	100	
2.1.2.6.	Exyte Northern Europe Ltd.	Maynooth, Ireland	100	
2.1.2.7.	Exyte Technology GmbH	Renningen, Germany	100	
2.1.2.8.	INTEGA Innovative Technologie für Gase und Anlagenbau GmbH	Kirchheim, Germany	100	
2.1.2.7. Consolidated subsidiaries of Exyte Technology GmbH				
2.1.2.7.1.	Exyte Technology CZ s.r.o.	Krupka, Czech Republic	100	
2.1.2.8. Consolidated subsidiaries of INTEGA Innovative Technologie für Gase und Anlagenbau GmbH				
2.1.2.8.1.	INTEGA Villach GmbH	Villach, Austria	100	
2.1.2.8.2.	INTEGA High Purity Systems AG	Muttenz, Switzerland	100	
2.1.3. Consolidated subsidiaries of Exyte Trading (Singapore) Pte. Ltd				
2.1.3.1.	Exyte Hargreaves Ltd.	Bury, United Kingdom	100	
2.1.3.2.	Exyte Israel Projects Ltd.	Nes Tsiona, Israel	100	
2.1.3.3.	Exyte Malaysia Sdn. Bhd.	Penang, Malaysia	100	
2.1.3.4.	Exyte Services (Singapore) Pte. Ltd.	Singapore, Singapore	100	
2.1.3.5.	Exyte Vietnam Co., Ltd.	Ho Chi Minh City, Vietnam	100	
2.1.3.4. Consolidated subsidiaries of Exyte Services (Singapore) Pte. Ltd.				
2.1.3.4.1.	Exyte Services (Malaysia) Sdn. Bhd.	Penang, Malaysia	100	
2.1.4. Consolidated subsidiaries of Exyte Trading (Singapore) Pte. Ltd.				
2.1.4.1.	Exyte Taiwan Co., Ltd.	Hsinchu, Taiwan, R.O.C.	100	

Nr.	Name of company	Registered office, country	Share of capital (%)	via
2.1.5. Consolidated subsidiaries of Exyte Shanghai Co., Ltd.				
2.1.5.1.	Exyte Technology Shanghai Co., Ltd.	Shanghai, China	100	
2.1.5.2.	Exyte Trading Shanghai Co., Ltd.	Shanghai, China	100	
2.2. Consolidated subsidiaries of Blitz S18-226 GmbH				
2.2.1.	Delicatessen Engineering Services Pvt. Ltd.	Hyderabad, India	100	
3. Nonconsolidated subsidiaries				
3.1.	Exyte Connecticut Architecture and Engineering, P.C.	Plano, USA	0[1]	2.1.1.1.
3.2.	Exyte Michigan, Inc.	East Lansing, USA	100	2.1.1.1.
3.3.	Exyte North Carolina, Inc.	Raleigh, USA	0[1]	2.1.1.1.
3.4.	Exyte Oregon Architecture and Engineering, Inc.	Plano, USA	100	2.1.1.1.
3.5.	M+W Zander NY Architects, P.C.	Plano, USA	0[1]	2.1.1.1.
3.6.	Exyte Lotos Italy S.c.a.r.l.	Agrate Brianza, Italy	51	2.1.2.3.
3.7.	MW Services S.r.l.	Agrate Brianza, Italy	100	2.1.2.3.
3.8.	Nanjing Enviro-Chem Engineering Design Co., Ltd.	Nanjing, China	75	2.1.5.
4. Joint operations				
4.1.	M+W – Commodore J.V.	Abu Dhabi, Abu Dhabi	60	2.1.3.
	(JV partner: Commodore Contracting Co. LLC, Abu Dhabi)			
4.2.	Exyte | Gilbane JV	Plano, USA	51	2.1.1.1.
	(JV partner: Gilbane Building Co., USA)			
4.3.	Gilbane | Exyte JV	Providence, USA	49	2.1.1.1.
	(JV partner: Gilbane Building Co., USA)			

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

INDEPENDENT **AUDITOR'S REPORT**

To Exyte Holding GmbH, Stuttgart

Opinions

We have audited the consolidated financial statements of Exyte Holding GmbH, Stuttgart, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, 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 2023, 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 Holding GmbH for the financial year from 1 January to 31 December 2023.

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 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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.

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.

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, 13 March 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

[signature] Cheung	[signature] Hagg
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

IMPRINT

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Vice President
Corporate Communications & Investor Relations

René Ziegler

Idea and coordination

Exyte Corporate Communications & Investor Relations

Concept and design

LauferNeo GmbH, Berlin
Kirchhoff Consult GmbH, 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.

exyte

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