JENOPTIK

MORE LIGHT

Annual Report 2023

Table of content

Jenoptik at a glance

	Jan.-Dec. 2023	Jan.-Dec. 2022	Change in %
Order intake (in million euros)	**1,092.2**	**1,185.4**	**– 7.9**
Advanced Photonic Solutions	826.5	906.8	– 8.9
Smart Mobility Solutions	113.6	125.8	– 9.7
Non-Photonic Portfolio Companies	147.1	148.4	– 0.9
Other[1]	5.0	4.5	10.6
Revenue (in million euros)	**1,066.0**	**980.7**	**8.7**
Advanced Photonic Solutions	821.2	742.6	10.6
Smart Mobility Solutions	118.8	114.3	3.9
Non-Photonic Portfolio Companies	121.1	119.3	1.5
Other[1]	5.0	4.5	10.6
EBITDA (in million euros)	**209.6**	**184.1**	**13.9**
Advanced Photonic Solutions	182.6	169.1	8.0
Smart Mobility Solutions	15.3	19.3	– 20.8
Non-Photonic Portfolio Companies	17.6	3.6	384.6
EBITDA margin	**19.7**	**18.8**	
Advanced Photonic Solutions[2]	21.9	22.7	
Smart Mobility Solutions[2]	12.9	16.9	
Non-Photonic Portfolio Companies[2]	14.1	2.8	
EBIT (in million euros)	**126.3**	**101.9**	**24.0**
EBIT margin	**11.9**	**10.4**	
Earnings after tax (in million euros)	**73.5**	**57.0**	**28.8**
Earnings per share – Group (in euros)	**1.27**	**0.96**	**32.3**
Dividend (in euros)	0.35	**0.3**	**16.7**
Free cash flow (in million euros)	**127.3**	**82.7**	**54.0**
Cash conversion rate (in %)	**60.8**	**44.9**	
Net debt (in million euros)	**423.1**	**479.0**	**– 11.7**
Equity ratio (in %)	**54.2**	**50.4**	

	31/12/2023	31/12/2022	Change in %
Order backlog (in million euros)	**745.0**	**733.7**	**1.5**
Advanced Photonic Solutions	579.8	586.9	– 1.2
Smart Mobility Solutions	60.2	65.7	– 8.3
Non-Photonic Portfolio Companies	104.9	81.0	29.5
Employees (headcount incl. trainees and temporary staff)	**4,658**	**4,435**	**5.0**
Advanced Photonic Solutions	3,293	3,054	7.8
Smart Mobility Solutions	526	485	8.5
Non-Photonic Portfolio Companies	534	598	– 10.7
Other[1]	305	298	2.3

[1] The item Other includes Corporate Center (Holding, Shared Services, Real Estate) and Consolidation

[2] Based on the total of external and internal revenue

The prior year's information by segment was adjusted due to minor changes in the structure of the Jenoptik Group. Please note that rounding differences may occur in relation to the mathematically exact values (monetary units, percentages, etc.).

More Value

This is the motto of our Strategy 2025. With the "More Value" growth agenda, we want to accelerate the transformation of Jenoptik into a globally leading photonics group.

Focusing on the three high-growth markets of the future – semiconductor & electronics, life science & medical technology and smart mobility – is the core of the "More Value" agenda. We expect this to generate substantial organic revenue growth.

By 2025, we plan to increase revenue to around 1.2 billion euros and the EBITDA margin to between 21 and 22 percent.

With this positive development, we want to create "More Value" for all our stakeholders.

The online report is available at:
www.jenoptik.com/annual-report

About Jenoptik

Optical technologies are the basis of our business. Our key markets primarily include the semiconductor equipment & electronics industry, life science & medical technology as well as smart mobility.

The Jenoptik Group is headquartered in Jena (Thuringia). In addition to several major sites in Germany, Jenoptik is represented worldwide, for example with production and assembly sites in the US, France, the United Kingdom, China, and Switzerland.

As a globally operating technology group Jenoptik is active in the two photonics-based divisions Advanced Photonic Solutions and Smart Mobility Solutions. The non-photonic business activities, which are focused in particular on the automotive market, are managed within the Jenoptik Group's Non-Photonic Portfolio Companies.

Chapter 1

Management

Interview with the Executive Board

In 2023, Jenoptik continued the successful development of prior years, once again growing profitably with revenue up by 8.7 percent to 1,066.0 million euros and an EBITDA margin of 19.7 percent. With its photonic solutions, the Group serves the growth areas of semiconductor & electronics, life science & medical technology, and smart mobility. After years of increased external growth through acquisitions that have expanded the portfolio in its core markets, the Group’s strategic focus is now primarily on organic growth. Jenoptik considers itself to be very well positioned here and has set itself a number of goals as part of the “More Value” strategic agenda with defined medium-term goals up to the year 2025. The aim is to further increase revenue to around 1.2 billion euros and the EBITDA margin to between 21 and 22 percent. These ambitious goals are based on a very solid financial foundation. Jenoptik Executive Board members Dr. Stefan Traeger, Dr. Prisca Havranek-Kosicek, and Dr. Ralf Kuschnereit explain in this interview how the goals are being achieved, what growth potential sits in which areas, where Jenoptik is using the funds generated, and how the company is committed to sustainability.

Dr. Traeger, 2023 was geopolitically and economically turbulent, but Jenoptik has remained on course for success, how have you achieved this?

Stefan Traeger: 2023 was characterized by significant uncertainty. Jenoptik has been able to navigate well through this challenging environment thanks to our product portfolio which is focused on growth areas in the photonics market, where we have a strong presence. In 2023, we achieved significant growth in our Advanced Photonic Solutions division. However, our Smart Mobility Solutions business and our Non-Photonic Portfolio Companies have also contributed to the growth of our Group. Overall, we have achieved what we set out to do and are continuing to make progress towards our goal of becoming a world leading photonics group. Above all, sustainable organic growth is now the decisive factor for the future, for which our high innovative strength remains key.

> “Overall, we achieved what we set out to do in 2023 and remain well on the way to becoming a world leading photonics group.”
>
> Dr. Stefan Traeger

Dr. Havranek-Kosicek, we'll come to the outlook a little later. How do you specifically assess the key financial figures for the fiscal year 2023?

Prisca Havranek-Kosicek: As Stefan Traeger rightly says: We delivered what we promised and even went one better, as we raised our profitability targets in the course of the year. Specifically, with group revenue of 1,066.0 million euros, we are within the forecasted target corridor of 1,050 to 1,100 million euros. In terms of our EBITDA margin, we even managed to slightly exceed the increased forecast of around 19.5 percent. This means that 2023 was another record year for Jenoptik in terms of revenue and EBITDA despite the aforementioned adversities. And what I find particularly important as Chief Financial Officer is that we have been able to further improve our financing and balance sheet quality. For example, the ratio of net debt to EBITDA – i.e. leverage – was significantly reduced from 2.6 to 2.0, and our equity ratio is rock solid at 54.2 percent. In addition, our free cash flow has improved significantly to 127.3 million euros.

Dr. Kuschnereit, could you please give more details on the subject of growth focus?

Ralf Kuschnereit: With our "More Value" Agenda 2025, we are simultaneously serving several markets which promise above-average growth going forward: semiconductor & electronics, life science & medical technology, and smart mobility. With its innovative photonic solutions, Jenoptik has become an indispensable link and enabler in the value chain, for example in the semiconductor equipment industry. Experts predict that the semiconductor market will grow dynamically to around 1 trillion US dollars by 2030. We will also benefit from this and are significantly expanding our capacities in Dresden, for example. We are convinced of the strong growth of our business and key customers in the medium to long term. This also applies to the other target markets I mentioned.

"With our "More Value" Agenda 2025, we are simultaneously serving several markets which promise above-average growth in the future."

Dr. Ralf Kuschnereit

Let me ask you a quick question: what are the specific investments planned at the Dresden site?

Ralf Kuschnereit: In Dresden, we are investing between 90 and 100 million euros in a new factory for the production of micro-optics and sensors for the semiconductor equipment industry. Everything is going according to schedule, with the ground-breaking ceremony taking place in September 2022 and the topping-out ceremony in the fall of 2023. The buildings are expected to be completed in the first half of 2024 and production is set to commence in the new factory at the beginning of 2025. We think on a global scale, but our commitment to Germany remains strong – one such example of this was the opening of the new medical technology site in Berlin in June 2023. This lays the foundation for further strong, global growth at Jenoptik.

Within your portfolio, you still differentiate between photonic core businesses and non-photonic activities. What will happen with the latter?

Stefan Traeger: Correct, "More Value" essentially envisages profitable growth in our photonic divisions Advanced Photonics Solutions and Smart Mobility Solutions. The portfolio for this is in place, we see opportunities for good organic growth here and we do not exclude that there might be smaller additions to the portfolio through acquisitions. Our Non-Photonic Portfolio Companies, where the focus is on the automotive sector, still generated around 11 percent of our revenue in 2023. We have succeeded in recording a noticeable growth in earnings here, thus achieving a return to solid profitability. We are seeking potential suitable owners for our automation business, which we operate under the Prodomax brand. We are not under pressure in terms of time, the price must be right. The further development of our industrial metrology business may take place both within and outside the Group.

We are already well into 2024, what are Jenoptik's plans for this fiscal year?

Prisca Havranek-Kosicek: 2024 will be an important interim stage in achieving our medium-term targets for 2025. To this end, we announced in November that we would be sticking to our group revenue target for 2025 of around 1.2 billion euros. However, we have raised our profitability target from around 20 percent to between 21 and 22 percent in view of good organic development, especially in the semiconductor equipment sector. Of course, we will only meet this if we also make gains in 2024. Consequently, we have set ourselves the target of organic growth in revenue in the mid-single-digit percentage range. Our EBITDA margin is expected to be between 19.5 and 20.0 percent, including a charge of around 0.5 percentage points associated with the move to our new plant in Dresden. We anticipate more moderate progress during the first half of the year with an upturn in business beginning in summer 2024.

Sustainability is also one of your responsibilities. Have you also increased some of your targets for 2025 in this area?

Prisca Havranek-Kosicek: That is correct. We are clearly committed to our social responsibility and, as a leading technology company, will make our contribution to the Paris climate goals and the associated need to reduce CO_2 emissions worldwide. Accordingly, Jenoptik has set itself non-financial objectives, some of which are also reflected in the Executive Board remuneration. Group financing is also aligned with these objectives. Firstly, we have set ourselves the target of reducing our CO_2 emissions by more than 55 percent by 2025 in comparison to the base year 2019 and, secondly, we are aiming to achieve net zero by 2035 at the latest. Our CO_2 reduction target was previously 30 percent. In terms of our proportion of green electricity, we are now also pursuing a target value in excess of 90 percent for 2025 in comparison with the previous target of 75 percent.

"We are clearly committed to our social responsibility and are aiming to achieve net zero by 2035 at the latest."

Dr. Prisca Havranek-Kosicek

And my final question: what do your shareholders gain from this positive development?

Stefan Traeger: Everything we do at Jenoptik is aimed at creating value for our stakeholders. The approximate 11 percent increase in our share price in 2023 is a step in the right direction. However, if the majority of our analysts are to be believed, there is still plenty of room for improvement. And the investment in growth described above should naturally lead to a sustainable increase in the value of our company. And to ensure that our shareholders continue to participate appropriately in the company's success in the future, we want to increase our dividend for 2023 to 0.35 euros per share.

Mr. Traeger, Ms. Havranek-Kosicek, Mr. Kuschnereit, good luck for 2024 and thank you very much for talking to us!

Supervisory Board Report

Dear shareholders,

2023 was a challenging year, with new geopolitical crises and uncertainties. In an increasingly difficult economic environment, Jenoptik proved its ability to perform, once again demonstrating its resilience and strength to grow: Group revenue increased organically by 8.7 percent and the EBITDA margin improved to 19.7 percent. With our Agenda 2025 "More Value", we will consistently continue to focus strategically on the high-growth cutting-edge industries in the photonics sector.

Cooperation on the Executive and Supervisory Boards

In the year covered by the report, the Supervisory Board stringently fulfilled its duties as stipulated in law, the Articles of Association, the Rules of Procedure, and the German Corporate Governance Code (the "Code") and both monitored and advised the Executive Board in its management of the company. We were fully involved in all decisions of fundamental importance to Jenoptik at an early stage. The Executive Board regularly informed us, both verbally and in writing, about all issues relevant to JENOPTIK AG and the Group relating to corporate planning, business development and profitability trends, the risk position and risk management, sustainability issues, compliance, corporate strategy, and the general economic situation. We intensively discussed the reports submitted, especially regarding transactions of significance to Jenoptik, and reviewed them for plausibility. Meetings of the Supervisory Board were in part prepared separately by shareholder representatives and employee representatives.

On occasions where, in accordance with the provisions of the German Stock Corporation Act (AktG), the Articles of Association, and the Rules of Procedure, the Executive Board required the agreement of the Supervisory Board before undertaking certain actions, we granted approval after thorough examination and consultation. In the event that the business development deviated from the established plans, the Executive Board notified us, explaining the reasons in detail. The Executive Board thus completely fulfilled its reporting obligations as stipulated in § 90 AktG and the Code.

Attendance at Meetings of the Supervisory Board and its Committees

The Supervisory Board held five regular meetings during the year. Four out of five meetings were held in person, with individual members joining virtually via video in several meetings when they were unable to be physically present. Resolutions were also adopted using a written circulation procedure on three occasions. Over the past fiscal year, the Supervisory Board saw a consistently high participation rate: No active members of the Supervisory Board or its committees attended half or fewer than half of the meetings in 2023. On average, attendance at Supervisory Board meetings was 97 percent.

There were also five meetings of the Audit Committee, six meetings of the Personnel Committee, five meetings of the Investment Committee, and one meeting of the Nomination Committee. The Nomination Committee meeting and four Audit Committee meetings were held in person. One meeting of the Audit Committee was held entirely virtually. Of the six meetings of the Personnel Committee, two were held in person and four virtually. Three Investment Committee meetings were held in person, two virtually. At some of the committee meetings that were held in person, individual members were given the opportunity to attend virtually. Attendance at Audit Committee and Nomination Committee meetings was 100 percent, at the Investment Committee meetings 97 percent, and at the Personnel Committee meetings 94 percent. In most cases, members who were unable to attend a meeting participated in the resolutions by means of voting in absentia. Detailed information on members' attendance at meetings can be found in the table below.

T01 Attendance at meetings by the individual members of the Supervisory Board

	Matthias Wierlacher	Stefan Schaumburg	Evert Dudok	Elke Eckstein	André Hillner	Prof. Dr. Ursula Keller	Dörthe Knips
Supervisory Board 5 meetings (of which 4 in person)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●	●●● ○○
Audit Committee 5 meetings (of which 4 in person)	-	-	-	-	-	-	●●●●●
Personnel Committee 6 meetings (of which 2 in person)	●●●●●●	●●●●●●	●●●●●●	●●●●●●	-	-	●●●●●●
Investment Committee 5 meetings (of which 3 in person)	●●●●●	●●●● ○	-	●●●●●	●●●●●	●	-
Nomination Committee 1 meeting (in person)	●	-	●	●	-	-	-
Attendance in percent	100 %	94 %	100 %	100 %	100 %	100 %	88 %

	Daniela Mattheus (since 1/11/2023)	Alexander Münkwitz	Doreen Nowotne (until 15/10/2023)	Thomas Spitzenpfeil	Christina Süßenbach	Franziska Wolf	Total attendance of all members in percent
Supervisory Board 5 meetings (of which 4 in person)	●●	●●●●●	●●●	●●●●●	●●●●●	●●●●●	97 %
Audit Committee 5 meetings (of which 4 in person)	●	●●●●●	●●●●	●●●●●	-	-	100 %
Personnel Committee 6 meetings (of which 2 in person)	-	-	-	-	-	●●●● ○○	94 %
Investment Committee 5 meetings (of which 3 in person)	-	-	●●●●	-	●●●●●	-	97 %
Nomination Committee 1 meeting (in person)	-	-	-	-	-	-	100 %
Attendance in percent	100 %	100 %	100 %	100 %	100 %	82 %	

● Attendance
○ No attendance

The members of the Executive Board attended the meetings of the Supervisory Board and its committees. In line with recommendations D.6 and D.10 of the Code, the Supervisory Board, the Audit Committee, and the Personnel Committee regularly discussed individual items on the agenda without the presence of the Executive Board.

The Executive Board and Supervisory Board always cooperated in an open and trusting atmosphere. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also maintained regular contact with the Executive Board in between the meetings. The Chairman of the Supervisory Board consulted with the Executive Board on current business performance, in particular, but also on planning, the risk situation, risk management, and compliance within the company. In addition, the Executive Board promptly informed the Chairman of the Supervisory Board, either verbally or in writing, about important issues of key relevance to assessing the position, development, and management of Jenoptik. He informed the Supervisory Board of these issues without delay and at the next meeting by the latest.

Particular Subjects Discussed by the Supervisory Board

At all of its regular meetings, the Supervisory Board dealt with the detailed reports of the Executive Board on the progress of business, particularly with regard to the current development of revenue and earnings, the position of the company and the Group, and the financial and risk situations. This included a thorough examination and discussion of the relevant quarterly and monthly reports. Recurring topics at several meetings included information on the status of the construction of the new high-tech factory for micro-optics and sensors in Dresden as well as explanations and discussions on various acquisition and divestment projects.

The members of the Supervisory Board adopted their report for the Annual General Meeting and approved the Corporate Governance Statement, including the qualification matrix it contains, by two **written circular resolutions** in **February 2023**. In addition, the CVs of Supervisory Board members were compared against the competency profile adopted by the Supervisory Board, and were published in updated version on the JENOPTIK AG website.

The focus of the **balance sheet meeting on March 27, 2023** was the audit of JENOPTIK AG's Annual Financial Statements, the Consolidated Financial Statements, and both the Combined Management Report for JENOPTIK AG and the Group and the Non-Financial Report for the past fiscal year 2022. The auditors reported on the results of their audit. After a thorough review, and on the recommendation of the Audit Committee, the Supervisory Board approved the Annual and Consolidated Financial Statements. The Annual Financial Statements were thus adopted. Following in-depth discussions, the Supervisory Board also approved the Executive Board's proposal for the appropriation of profits, providing for a year-on-year increase of 5 cents in the dividend, to 0.30 euros per qualifying no-par value share. Another issue at this meeting was the approval of the agenda for the Annual General Meeting on June 7, 2023. We approved the settlement of the 2022 target agreements for the members of the Executive Board and adopted the new 2023 target agreements as well as the revised remuneration system for the members of the Executive Board, which was subsequently presented to the Annual General Meeting in June and approved by a large majority. The revised remuneration system was implemented in the employment contracts of all current members of the Executive Board with retroactive effect from January 1, 2023. Another topic of this meeting was the approval of a new target quota of at least one woman on the Executive Board. This target will apply until March 31, 2028. The Executive Board also provided information on various potential acquisition and divestment projects, as well as on the status of the construction of the new factory in Dresden. We also approved in principle the planned sale of a property in North America and authorized the Investment Committee to give final approval.

At its **meeting on June 6, 2023**, the Supervisory Board was given updated information relating to the Annual General Meeting to be held the following day, as well as on ongoing M+A projects, in addition to dealing with recurring topics. The Supervisory Board approved a major investment in machinery for the new building in Dresden and dealt with a report on production capacity in the Advanced Photonic Solutions division. It also authorized the Chairman of the Supervisory Board to sign the contracts negotiated with the two new members of the Executive Board regarding the structure of their company pension scheme.

In a written **circular resolution in July 2023**, the Supervisory Board approved the updated investment budget for the construction of the new high-tech factory in Dresden.

At the meeting on **September 12, 2023**, the Supervisory Board first discussed the regular topics with the Executive Board. The Executive Board informed the Supervisory Board about the planning assumptions for the fiscal year 2024, provided an update on various sustainability/ESG topics and processes, and reported on initial considerations regarding the further development of Jenoptik's strategy through 2030. The Supervisory Board also dealt with the Group's current risk and opportunity report. After Ms. Doreen Nowotne announced her resignation from the Supervisory Board with effect from October 15, 2023, Ms. Daniela Mattheus, a lawyer and management consultant from Berlin, personally introduced herself to the Supervisory Board as a candidate to succeed her. On the recommendation of the Nomination Committee, the Supervisory Board decided to propose Ms. Mattheus as a candidate to be appointed in replacement by court order. It also decided to have this year's efficiency review carried out again by an independent external expert and authorized the Chairman of the Supervisory Board to commission this expert.

At its two-day **strategy meeting on November 22/23, 2023**, the Executive Board and the Supervisory Board discussed in detail the status of the implementation of the Group Strategy 2025 "More Value" in key areas of the Group, the planned changes to the group structure, and HR activities for 2023. The Executive Board also informed the Supervisory Board about the status of the corporate planning for the fiscal year 2024. By focusing on the three high-growth semiconductor & electronics, life science & medical technology, and smart mobility markets, Jenoptik has essentially completed its transformation from a diversified industrial company to a leading and streamlined photonics group and will continue to concentrate on organic growth in the future markets as well as operational excellence and innovation through 2025.

At its final **meeting** in the year covered by the report, **on December 12, 2023**, the Supervisory Board approved the corporate planning for the fiscal year 2024 following discussion of the regular submissions. After reviewing a corporate governance checklist, the Supervisory Board and the Executive Board approved the Declaration of Conformity in accordance with § 161(1) AktG for the fiscal year 2023 and discussed the results of the efficiency review carried out by an independent expert. It also adopted an updated version of its Rules of Procedure, which are published on the company's website. The Board also set the qualitative ESG targets for the variable remuneration of the members of the Executive Board for the next remuneration period. The Executive Board also informed the Supervisory Board about Jenoptik's sustainability management and reported on acquisition and divestment projects when required.

Work in the Committees

The Supervisory Board has established five committees to perform its tasks with greater efficiency. To the extent permissible by law and under the Supervisory Board's Rules of Procedure or on a one-off basis, these committees make decisions in place of the Supervisory Board and prepare topics that are then addressed by the Supervisory Board. The chairmen on the committees provide in-depth information on the content and outcomes of each committee meeting at the following meeting of the Supervisory Board. With the exception of the Audit Committee, chaired by Thomas Spitzenpfeil, the committees are led by the Chairman of the Supervisory Board. Information on the individual members of each committee can be found in the Corporate Governance Statement, from page 98 on.

During the reporting period, the Audit Committee met five times. The Chairman of the Executive Board, the Chief Financial Officer, the Executive Vice President Corporate Controlling & Accounting, and the Head of Group Accounting were present at all meetings; the heads of relevant departments attended as required for individual topics. Representatives of the auditor also attended the March and November meetings. The primary duties of the Audit Committee were in-depth audits of the Annual and Consolidated Financial Statements, the Combined Management Report for JENOPTIK AG and the Group, the Non-Financial Report, and detailed discussions of the quarterly statements and half-year reports prior to their publication. In addition, particular attention was paid to the effectiveness and further development of the risk management system, the internal control and compliance management system, and current topics and projects in the areas of Internal Audit, Treasury, Compliance, Tax, and Legal.

During a **conference call on February 14, 2023**, the Executive Board presented the committee members with the preliminary figures of the 2022 Consolidated Financial Statements.

The main issue at the **balance sheet meeting on March 8, 2023**, with the auditor and the auditor of the Non-financial Report present, was an in-depth discussion of the Annual and Consolidated Financial Statements, the Combined Management Report, the Non-financial Report, and the Executive Board's proposal for the appropriation of profits. As a result of these discussions, the Audit Committee recommended to the Supervisory Board that the Annual Financial Statements be adopted. The Audit Committee discussed the quality of the audit and recommended that the Supervisory Board propose to the Annual General Meeting the appointment of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, ("EY", since February 1, 2024 operating as EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft) as auditor for the fiscal year 2023. EY had previously confirmed that there are no circumstances that could compromise its independence as auditor. The Audit Committee also dealt with the Group's current risk and opportunity report.

At the **meeting on May 10, 2023**, the Audit Committee focused on the financial statements for the first quarter, the current forecast for the fiscal year 2023, a report on Jenoptik's internal control system, audit planning and results of the internal audit, the implementation of the ESEF process at Jenoptik, and an update on sustainability reporting. In the context of constantly growing regulatory requirements, the Audit Committee also reviewed and updated its meeting agenda in the course of the year.

At its **meeting on August 8, 2023**, the Audit Committee discussed the Half-Year Financial Statements with the Executive Board prior to their publication. It determined the main points for the audit of the Financial Statements of the fiscal year 2023, reviewed the fee agreements with EY and PWC, and addressed the issue of monitoring the independence of the auditor. To this end, the Audit Committee also reviewed the non-audit services provided in 2022 and confirmed the catalog of permissible non-audit services it had approved in the prior year. It then appointed EY to audit the Annual and Consolidated Financial Statements for the fiscal year 2023 and carry out an audit of the formal aspects of the 2023 Remuneration Report in accordance with the shareholder resolution by the Annual General Meeting. PWC was appointed to carry out the external audit of the Non-financial Report. Other items discussed at the meeting included a report on ESG regulation, the latest Group Risk and Opportunity Report, and information from the central Treasury department.

At its last **meeting** of the year **on November 8, 2023**, the Audit Committee examined the Group's Quarterly Statement as of September 30, 2023 and the current forecast. The meeting also focused on information on the project to further develop CSRD alignment, the presentation of EY's audit planning and strategy for the audit of the Financial Statements for the fiscal year 2023, and the initiation of a project to tender the audit mandate for the fiscal years from 2026 onwards. Internal Audit reported on the results of its audits during the reporting period and on the further development of the internal control system. The Legal department provided information on significant litigation. The Tax department explained the tax compliance processes and the Chief Compliance & Risk Officer provided an update on global compliance issues. The committee also reviewed the relevant sections of the Supervisory Board's Rules of Procedure and proposed amendments for resolution by the Supervisory Board.

The Personnel Committee met six times in the past fiscal year. The topic of the three sessions in February and March 2023 was the settlement of the target agreements with the members of the Executive Board for 2022, in particular the definition of the multiplier for calculating variable remuneration and the settlement of long-term variable remuneration. In addition, the performance criteria for the variable remuneration of the target agreements for the fiscal year 2023 were proposed to the Supervisory Board. Furthermore, the Personnel Committee informed itself about Jenoptik's structured succession planning at management levels below the Executive Board and – together with the members of the Audit Committee – the implementation of ESG regulations and the ESG indicators at Jenoptik. Finally, the last meeting of the year prepared the Supervisory Board's resolution on the ESG indicators for the variable remuneration of the Executive Board in 2024.

The Investment Committee met five times in the past fiscal year and dealt with various acquisition and divestment projects, the sale of a building in North America, and, on a regular basis, the current status of construction and the budget for the new high-tech factory in Dresden.

The Nomination Committee met once and dealt with the search for a suitable successor to Ms. Nowotne, as she retired from the Board. Ms. Mattheus presented herself to the members of the committee as a candidate for the Supervisory Board. The committee subsequently recommended that the Supervisory Board propose Ms. Mattheus as a replacement candidate to be appointed by court order.

The Mediation Committee established on the basis of § 27 (3) of the Codetermination Act (MitbestG) did not meet in the year covered by the report as there was no reason for it to do so.

Corporate Governance

The Supervisory Board continued to focus on the principles of good corporate governance and regulatory changes in corporate governance over the past fiscal year.

In line with the recommendations of the Code, the Board regularly reviews the efficiency of its activities. Following the most recent external efficiency review in 2020 and internal self-evaluations in both 2021 and 2022, the Supervisory Board appointed an independent external expert in September 2023 to evaluate its work and processes with regard to its composition, discussion and working culture, the further development of the Board's work, and general aspects of good corporate governance. The review was conducted by means of a digital questionnaire followed by individual interviews with all members of the Supervisory Board. At the December meeting, the external expert presented the results of his review to the full Supervisory Board and made individual recommendations for action on organizational, procedural, and content-related issues. Overall, however, the audit provided a positive picture of the work of the Supervisory Board and its committees in terms of cooperation within the Board and its committees, also in comparison with peer companies, and confirmed an atmosphere of professional and trusting cooperation within the Board. The next external efficiency review is scheduled to take place in 2026.

At its December meeting, the Supervisory Board updated its Rules of Procedure, which were subsequently published on the company's website. We reviewed a checklist on the German Corporate Governance Code and, together with the Executive Board, approved the Declaration of Conformity pursuant to § 161 (1) AktG. This and prior declarations extending back to 2004 are permanently available to shareholders on the Jenoptik website.

Based on the recommendations of the Code, members of the Executive Board may only exercise external supervisory board mandates with the approval of the Supervisory Board. In the past fiscal year, the Supervisory Board approved the exercise of a directorship by Dr. Havranek-Kosicek at the Swiss company Sulzer AG.

Within the Executive and Supervisory Boards, there were no conflicts of interest that were subject to reporting requirements in the past fiscal year that would have to be disclosed to the Annual General Meeting with this report. Until the end of February 2024, one member of the Supervisory Board exercised an executive role at another company with which Jenoptik has an indirect business relationship. These are not material transactions for Jenoptik and were conducted on terms that would also have been concluded with other external companies.

Neither the Executive Board nor the Supervisory Board effected any transactions that would have required approval or a duty to disclose under the provisions of §§ 111a ff. AktG ("related party transactions"). More information on business transactions by the Executive Board or Supervisory Board with related parties can be found in chapter 8.5 of the Notes.

Members of the Supervisory Board are themselves responsible for undergoing the training and professional development measures necessary for their tasks. The company offers selected internal or external information events for targeted professional development as required. All members are regularly notified of new regulatory requirements. New members are also supported by the company during their inductions. During two onboarding days, Ms. Mattheus was given a comprehensive introduction to the structures at Jenoptik, in particular the responsibilities of the individual departments. She took the opportunity to get to know the members of the Executive Board and other Jenoptik managers with specialist responsibility as part of her onboarding. In particular, she gained an overview of the issues relevant to the Audit Committee at Jenoptik.

Further detailed information on corporate governance can be found in the Corporate Governance Statement beginning on page 94 of the Annual Report.

Annual Financial Statements and Consolidated Financial Statements

At its meeting on August 8, 2023, the Audit Committee appointed EY as auditor for the fiscal year 2023 after an in-depth preliminary review and on the basis of the resolution by the Annual General Meeting on June 7, 2023. EY has been the JENOPTIK AG and Group auditor of the Annual and Consolidated Financial Statements since 2016. The lead audit partner is Steffen Maurer, who is exercising this role for the fifth time. EY audited the Annual Financial Statements prepared by the Executive Board according to the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements prepared according to § 315e HGB and on the basis of International Financial Reporting Standards (IFRS) and the supplementary provisions of German commercial law, and the Combined Management Report, and issued its unqualified approval. The audit of the Non-financial Report in the form of a so-called limited assurance audit was also issued with unqualified approval by PWC. EY carried out an audit of the formal aspects of the Remuneration Report in accordance with § 162 (3) AktG and issued an unqualified approval.

Within the scope of its duties, EY also checked whether the Executive Board had adopted suitable measures to ensure that developments that may endanger the continued existence of the company are identified in good time. The auditor undertook its audit according to § 317 HGB and the EU Audit Regulation, giving consideration to the generally accepted German audit principles defined by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]).

On completion, the audit reports, the Annual Financial Statements, the Consolidated Financial Statements, the Executive Board's proposal for the appropriation of profits, the Remuneration Report, the Combined Management Report, and the Non-financial Report were sent to all members without delay and, together with the documents submitted by the Executive Board, discussed in great detail by the Audit Committee and the Supervisory Board at their March meetings. Both also dealt extensively with the key audit matters.

At the March meetings of the Supervisory Board and the Audit Committee, representatives of auditor EY and of audit firm PWC, which was appointed by the Audit Committee to conduct an audit review of the Non-financial Report, reported on the key findings of their audits in the presence of the Executive Board during the discussion of the relevant agenda items, and were also available to respond to any further queries. The Supervisory Board is of the opinion that the participation of the Executive Board is a valuable addition to discussions of the Supervisory Board and Audit Committee about the Annual and Consolidated Financial Statements, at which auditor EY is in attendance, and therefore considers it necessary that the Executive Board continue to participate in the future. If a member wishes to have a discussion with the auditor without the participation of the Executive Board, the Chairman of the Supervisory Board or the Committee will, however, agree to this.

EY also provided information on services rendered in addition to the financial statement audit services. Detailed information can be found in the Notes in chapter 10.3. According to EY, there were no circumstances that gave rise to a concern of impartiality. No major weaknesses in the risk management system or the internal control system were reported. The Chairman of the Audit Committee also reported in detail on the Audit Committee's review of the Annual Financial Statements to the Supervisory Board.

Following its own comprehensive review and discussion, the Supervisory Board concurred with the findings of the auditors and the recommendation of the Audit Committee and raised no objections to the results of the audit. It approved the Annual Financial Statements and Consolidated Financial Statements submitted by the Executive Board, thus adopting the Annual Financial Statements in accordance with § 172 (1) AktG. Following its own review, the Supervisory Board discussed in detail with the Executive Board the proposal for the appropriation of accumulated profits, providing for payment of a dividend of 0.35 euros per qualifying no-par value share and also agreed to this.

Changes to the Supervisory Board and the Executive Board

Ms. Doreen Nowotne resigned from the Supervisory Board with effect from October 15, 2023. Ms. Nowotne was a corporate governance expert on the Board and strengthened its expertise as a whole with regard to the professionalization of the work of supervisory boards of listed companies, while also promoting it in other areas of expertise such as strategy and growth, capital markets, and mergers and acquisitions. She was also a financial expert on the Supervisory Board. We would like to thank Ms. Nowotne for her valuable support during her eight years on the Supervisory Board of JENOPTIK AG. Daniela Mattheus, lawyer and management consultant, was appointed to the Supervisory Board by court order as Ms. Nowotne's successor with effect from November 1, 2023 for a limited period until the end of the Annual General Meeting in 2024. With extensive expertise in areas such as corporate governance, accounting, and auditing, as well as sustainability (ESG), mergers and acquisitions, portfolio management, and digitization, Ms. Mattheus will strengthen the Supervisory Board in the future. She was also elected Deputy Chairwoman of the Audit Committee.

Mr. Stefan Schaumburg, Deputy Chairman of the Supervisory Board of JENOPTIK AG since October 2020, left his position to enter retirement with effect from December 31, 2023. Mr. Schaumburg had been a member of the Supervisory Board since 2012 and made a lasting contribution to the work of the Board, particularly in personnel matters, including co-determination and social issues. We thank him for his valuable assistance and years of service on the Supervisory Board of JENOPTIK AG. His replacement, Jakob Habermann, was elected as the new Deputy Chairman of the Supervisory Board with effect from January 1, 2024. Mr. Habermann is a trade union secretary in the central Germany regional directorate of IG Metall and will also support the Supervisory Board with his human resources skills and his expertise in co-determination and social issues.

The composition of the Executive Board also changed during the past fiscal year. As of January 1, 2023, Dr. Ralf Kuschnereit and as of March 1, 2023, Dr. Prisca Havranek-Kosicek were appointed additional members of the Executive Board. After Hans-Dieter Schumacher announced that he would not be available to extend his contract, which expired on March 31, 2023, Dr. Havranek-Kosicek took over from Mr. Schumacher as Chief Financial Officer with effect from April 1, 2023. Mr. Schumacher was Chief Financial Officer of JENOPTIK AG for a total of eight years, starting April 1, 2015, and has played a key role in shaping the company's very successful development since then. We would like to thank Mr. Schumacher again for the services he has provided to the company.

On behalf of the Supervisory Board, I would like to thank the members of the Executive Board and all employees for their outstanding performance and commitment in the past fiscal year, as well as our shareholders for the trust they have placed in us.

Jena, March 2024
For the Supervisory Board

Matthias Wierlacher
Chairman of the Supervisory Board

Jenoptik Highlights 2023

Strategy and commitment

At the end of the year, the Jenoptik Executive Board, which has had three members since April 2023 – Dr. Stefan Traeger, Dr. Prisca Havranek-Kosicek, and Dr. Ralf Kuschnereit – gave a positive interim assessment of the implementation of our Agenda 2025 "More Value". Speaking to capital market representatives and the media, Dr. Stefan Traeger said that Jenoptik is making excellent progress in its transformation into a globally leading photonics group and has created strong growth platforms.

At the end of 2023, Jenoptik launched a campaign, initially focusing on Germany, to encourage people to remain open to progress, other perspectives, differences, and diversity. Openness is a key competence for Jenoptik if it wants to remain successful in its global markets, says Dr. Stefan Traeger. Away from the political contest between the parties, the company wants to position itself clearly and set an example to the public with a variety of communication measures.

In addition, the Group was once again committed to promoting young talent. In spring 2023, Jenoptik was once again the state-level corporate sponsor of the "Jugend forscht" competition and in summer extended its contract as the main sponsor of Imaginata Jena, an experimental and learning center focusing on the natural sciences.

Jenoptik continued its commitment to art and culture with video projections. Not only works of art were staged at the Ernst Abbe Tower, but also messages for seasonal occasions and events.

Investments and milestones

Progress on our construction site in "Silicon Saxony": Exactly one year after the groundbreaking ceremony, the topping-out ceremony for Jenoptik's new high-tech factory in Dresden took place in September. Jenoptik employees and neighboring companies from the industrial park were present alongside those involved in the construction. The high-tech factory will not only meet precise production requirements, but also high environmental standards. Micro-optics and sensors, which are mainly used in semiconductor lithography systems, are expected to be manufactured there from the beginning of 2025.

New medical technology site in Berlin: Together with employees from the Berlin sites and guests, the Jenoptik management celebrated the completion of the new site on Groß-Berliner Damm in June. In the new production areas and clean rooms, optical components and systems specifically for dentistry (intraoral scanners) and robotic surgery are developed and manufactured in a state-of-the-art environment.

Innovations and awards

At the Blechexpo trade fair in November, Jenoptik received an innovation award for the new PSS-40/LCLW test station. The system enables efficient stamping production thanks to optical inspection with integrated laser processing.

The optoelectronic UFO Probe® Card was further developed for wafer-level photonic integrated circuit (PIC) testing. The probe card, the first generation of which was awarded the Thuringian Innovation Prize at the end of 2002, combines a novel optical concept with industry-proven electrical needle technology.

In Australia, the Group supplied camera systems and software for one of the world's first cell phone speed camera projects. The solution detects dangerous driver behavior, such as using a mobile phone while driving or not wearing a seat belt.

A new lens from the JENar™ Silverline™ product family was launched, enabling efficient laser material processing of solar cells and thus indirectly contributing to the further development of the photovoltaic industry in favor of the energy transition.

Award from Manager Magazin in September: Jenoptik took first place in the SDax in the renowned "Investors' Darling" capital market competition and was thus recognized as one of the best communicators on the German capital market for the fiscal year 2022.

The Jenoptik Share

Stock Markets

The 2023 stock market year year was dominated by geopolitical tensions, wars in Ukraine and the Middle East, higher interest rates, falling inflation rates, and below-average economic momentum. Nevertheless, financial markets performed well. Despite often positive price developments, many German equities, particularly in the small and mid-cap segment, attracted less investment capital than in previous years.

Following a year-end rally, Germany's benchmark index, the Dax, was at 16,751.64 points at the end of December, 20.3 percent higher than at the end of 2022. The TecDax, Germany's technology index, was at 3,337.41 points at the end of the year, up 14.3 percent for the year. On the last day of trading in 2023, the MDax was up 8.0 percent, at 27,137.30 points.

> The latest information on the Jenoptik share and the development of the Jenoptik Group can be found at www.jenoptik.com/investors

Performance of the Jenoptik Share

The Jenoptik share also increased significantly in value during the reporting period. Starting the first day of trading in 2023 with a closing price of 26.20 euros, the share price initially rose to 33.06 euros at the beginning of March, the highest closing price in the trading year. After losses, especially in the third quarter, the share price recovered in the last weeks of the year and increased significantly, especially after the Capital Markets Day at the end of November. The share ended trading on December 29 at 28.44 euros, an increase of 11.3 percent.

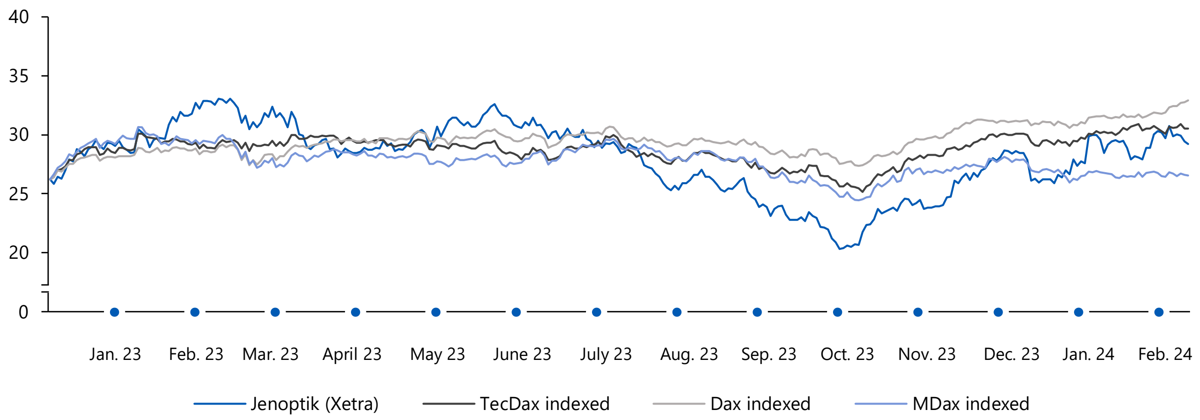
Jenoptik's total shareholder return, i.e., share price performance from the last closing price in 2022 through the last closing price in 2023, accounting for dividends paid in the fiscal year, came to 12.4 percent in 2023 (prior year: minus 30.4 percent). At 57,238,115 shares issued, market capitalization amounted to 1,627.9 million euros at the end of the year (prior year: 1,463.0 million euros).

In the first two months of 2024, the Dax, TecDax and SDax moved upwards, while the MDax fell slightly. The Jenoptik share price also rose. On February 29, the share closed Xetra trading at 29.22 euros. This corresponded to a market capitalization of 1,672.5 million euros.

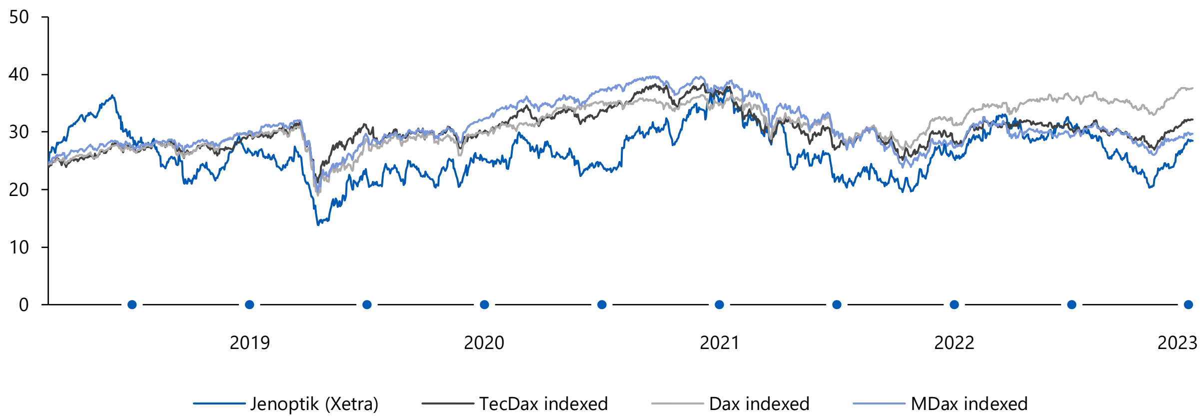
In line with the general trend in the capital market, trading in Jenoptik shares declined compared with the prior year. The average number of Jenoptik shares traded per day on the Xetra, in floor trading, and on Tradegate in 2023 was 101,031, 20.6 percent less than in the prior year (prior year: average 127,179 shares).

In the TecDax ranking compiled by Deutsche Börse Group, the Jenoptik share improved to 17th place in terms of free float market capitalization in December 2023, up from 18th in the prior year. The Jenoptik share was admitted to the MDax in March 2023 and ranked 84th in terms of free float market capitalization at the end of the year.

G01 Share performance January 2, 2023 through February 29, 2024 (indexed in euros)



G02 Share performance 2018 through 2023 (indexed in euros)



T02 Jenoptik share key figures

	2023	2022	2021	2020	2019
Closing price (Xetra year-end) in euros	28.44	25.56	37.14	25.12	25.48
Highest price/lowest price (Xetra) in euros	33.06/30.32	37.26/19.54	37.60/22.36	27.44/13.82	36.45/21.00
Performance: absolute in euros/relative in percent	2.88/11.3	-11.58/-31.2	12.02/47.9	-0.36/-1.4	2.70/11.9
No-par value bearer shares issued (31/12) in million euros	57.24	57.24	57.24	57.24	57.24
Market capitalization (Xetra year-end) in million euros	1,627.9	1,463.0	2,125.8	1,437.8	1,458.4
Average daily turnover in units[1]	101,031	127,179	179,374	190,855	152,355
P/E ratio (based on highest price) / P/E ratio (based on lowest price)	26.03/16.0	38.81/20.35	26.3/15.6	37.6/18.9	30.9/17.8
Free cash flow per share in euros	2.22	1.39	1.10	1.09	1.35
Group earnings per share in euros	1.27	0.96	1.43	0.73	1.18

[1] Source: Deutsche Börse; includes trading on Xetra, in Frankfurt, Munich, Berlin, Düsseldorf, Hamburg, Hannover, and Stuttgart, and on Tradegate

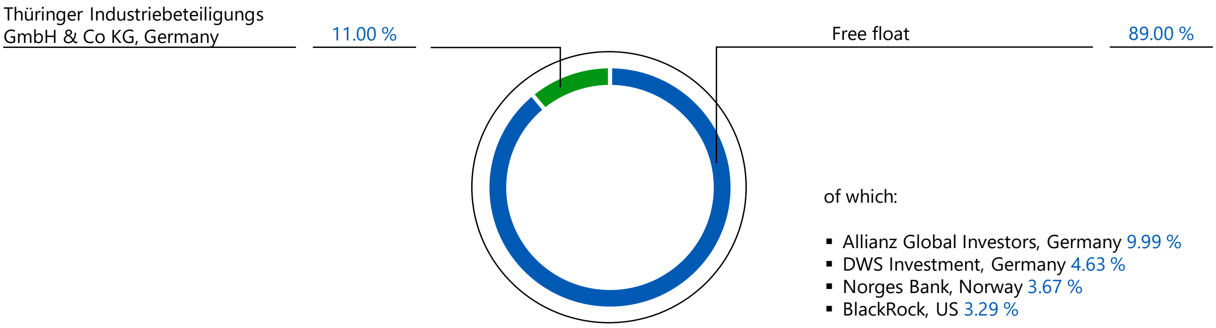
Shareholder Structure

At the end of the fiscal year, JENOPTIK AG's free float was unchanged at 89 percent.

In the course of 2023, we received various voting right notifications from institutional investors regarding the purchase or sale of larger share positions, which were published by the company. More information on this can be found in the Annual Financial Statements of JENOPTIK AG and at www.jenoptik.com/investors/share, under "Voting rights announcements".

At the end of 2023, a total of 51,615 shareholders (prior year: 50,612) were entered in the share register, of which 557 were institutional investors (prior year: 556) and 51,058 private investors (prior year: 50,056). Institutional investors held 76.98 percent of the company's share capital (prior year: 77.31 percent), private investors 23.02 percent (prior year: 22.69 percent).

G03 Shareholder structure (as of February 29, 2024)*



* Based on received voting right notifications

Dividend

Jenoptik's management aims to pursue a reliable and continuous dividend policy in which shareholders receive payment of a dividend in line with the company's success. At the same time, sufficient financial resources are required to finance Jenoptik's operating business and strategic investment to assist its transformation into a globally leading photonics group. This is key to the sustainable and successful growth of the company and thus also in the interests of shareholders. The Executive and Supervisory Boards of JENOPTIK AG therefore review their dividend recommendation with considerable prudence every year. In the past fiscal year, Jenoptik paid a dividend of 0.30 euros per share (prior year: 0.25 euros) to its shareholders for 2022.

Based on the very good result for fiscal year 2023 the Executive Board and the Supervisory Board will propose to the Annual General Meeting 2024 to pay a dividend of 0.35 euros per share for fiscal year 2023. The management is thus pursuing the goal of allowing shareholders to participate appropriately in the company's success while at the same time enabling further investment in growths. With earnings per share of 1.27 euros (previous year: 0.96 euros), the pay-out ratio is 27.6 percent (prior year: 31.2 percent), subject to the approval of the Annual General Meeting.

T03 Dividend key figures

	2023	2022	2021	2020	2019
Dividend per share in euros	0.35	0.30	0.25	0.25	0.13
Dividend payout in million euros	20.0!	17.2	14.3	14.3	7.4
Dividend yield[1] in %	1.2	1.2	0.7	1.0	0.5
Payout ratio[2] in %	27.6	31.2	17.5	34.2	11.0
Total shareholder return in %	12.4	– 30.4	48.8	– 0.4	12.4

[1] based on year-end closing price
[2] based on earnings attributable to shareholder

Capital Market Communication

We are committed to making sure our communication with shareholders, analysts, and institutional investors is open, timely, and ongoing. In this way, we want to ensure the greatest possible transparency for capital market participants and the interested public, and boost confidence in Jenoptik.

In September 2023, Jenoptik was awarded first place in the SDax in the "Investors' Darling" competition for the fiscal year 2022, making it one of the best communicators on the German capital market.

We use our financial reports and statements to provide extensive information about the Group's earnings, assets, and finances four times a year. In addition, important events and current developments are reported in press releases. These documents, as well as presentations, the financial calendar, the Articles of Association, and further information are also available in German and English on the Jenoptik website at www.jenoptik.com/investors. In accordance with the statutory requirements of the Regulation on Market Abuse, inside information is published immediately and simultaneously worldwide in German and English, insofar as JENOPTIK AG is not, in individual cases, exempt from this publication.

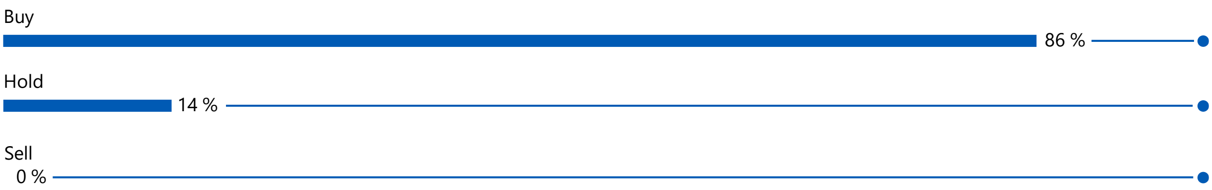
In the fiscal year 2023, Jenoptik was once again represented at numerous investor conferences and roadshows. During conference calls on the publication of the Consolidated, Annual, and Quarterly Financial Statements and Reports, and in numerous individual conversations, the Executive Board and the investor relations team explained the development of business, key figures, and strategy to institutional investors, analysts, and journalists. At our Capital Markets Days on November 30 and December 1, in particular, the Executive Board informed the approximately 50 analysts, investors, and other capital market participants in attendance about the status of implementation of our Strategy 2025 in the Group and the divisions as well as the next planned steps.

Jenoptik celebrated its 25th anniversary on the stock exchange in June 2023. The shares were first listed on the Frankfurt Stock Exchange on June 16, 1998.

The 25th Annual General Meeting of JENOPTIK AG was held on June 7, 2023 as an in-person event for the first time since the pandemic. At around 65 percent, the proportion of capital represented was slightly up on the prior-year figure of around 63 percent. By a large majority, the shareholders formally approved the actions of the Executive Board and Supervisory Board, and agreed to payment of the proposed dividend. Shareholders also approved all other items on the agenda by a clear majority.

Over the course of 2023, 14 (prior year: 14) analysts published recommendations on the Jenoptik share: Baader Helvea, Bankhaus Metzler, Berenberg, BNP Paribas, Deutsche Bank, DZ Bank, Hauck & Aufhäuser, HSBC, Jefferies, Kepler Cheuvreux, LBBW, ODDO BHF, STIFEL, and Warburg Research. On December 31, 2023, the average target price of the Jenoptik share as assessed by our analysts was 34.29 euros (prior year: 31.08 euros).

G04 Analyst recommendations (as of December 31, 2023)



Chapter 2

Combined Management Report

General Group Information

Group Structure

Legal and organizational structure

Jenoptik is an international technology group. It comprises JENOPTIK Aktiengesellschaft, a stock corporation under German law based in Jena, as the parent company, and its subsidiaries.

As the corporate center and strategic holding company of the Group, JENOPTIK AG performs top-level functions including strategic corporate development, key tasks in corporate development (strategy, mergers and acquisitions), innovation, corporate real estate management, finance (controlling, accounting, treasury), internal audit, investor relations and sustainability, communications, human resources, legal and IP, compliance and risk management, and taxes. It further pools the central functions of IT and data security, purchasing, safety, occupational health and safety, and environmental protection.

The divisions are responsible for the Group's operating business which is largely focused on photonics growth markets.

G05 Organizational structure of the Jenoptik Group in the fiscal year 2023

Advanced Photonic Solutions (B2B business)	Smart Mobility Solutions (B2G business)	Non-Photonic Portfolio Companies
Semiconductor & Electronics, including Laser Material Processing	Smart Mobility	Prodomax
Life Science & Medical Technology		HOMMEL ETAMIC

The Jenoptik Group has consolidated its core photonics business in two divisions, Advanced Photonic Solutions (industrial customer business, B2B) and Smart Mobility Solutions (business with public sector contractors, B2G). Non-photonic activities, particularly for the automotive market, are operated as independent brands (HOMMEL ETAMIC and Prodomax) within the Non-Photonic Portfolio Companies.

The two photonics divisions and the Non-Photonic Portfolio Companies represent the segments as defined in IFRS 8.

In August 2023, Jenoptik acquired a 33.34-percent stake in JENOPTIK Korea Corporation Ltd. (Advanced Photonic Solutions division) from its former co-shareholder, TELSTAR-HOMMEL CORPORATION, Ltd. as part of its ongoing focus strategy. At the same time, Jenoptik sold its 33.33-percent stake in TELSTAR-HOMMEL CORPORATION, Ltd., which is focused on the automotive market.

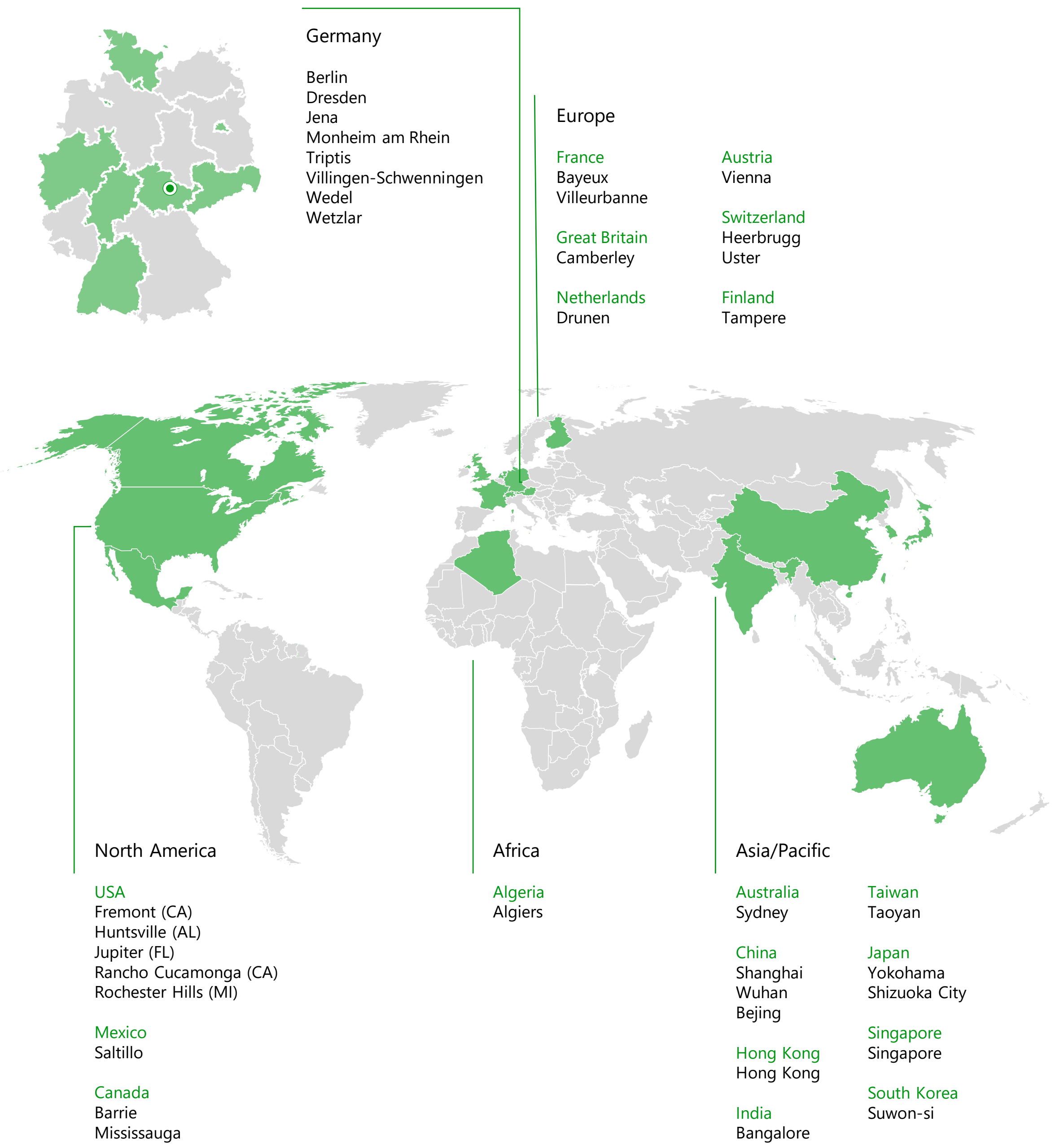
The 50-percent stake in HILLOS GmbH previously held by Jenoptik was sold to the prior co-shareholder, Hilti Aktiengesellschaft, Liechtenstein, in the first half-year 2023.

Key locations

Jenoptik is represented in over 80 countries worldwide, with a direct presence in 19 of them, e.g., through its own companies, investments, or associates. The majority of the Group’s products are manufactured in Germany, followed by Switzerland, the US, and China. The Group’s Jena headquarters is primarily home to the Advanced Photonic Solutions division. An overview of Jenoptik’s locations can be found in chart G06.

> Further information can be found in the List of Shareholdings of the Jenoptik Group

G06 Selected locations of the Jenoptik Group



Last updated: December 2023

Business Model and Markets

Jenoptik is a globally operating photonics group that provides the majority of its products and services for the photonics market. Its key markets primarily include semiconductor & electronics, life science & medical technology, and smart mobility.

Photonics covers the basics and areas of use of optical methods and technologies that address the generation, transmission, shaping, and measurement of light. Controllable light sources such as LEDs and lasers, together with suitable optical devices and sensors, make it possible to transmit data, analyze materials, create micro-optical components, and perform non-contact precision measurements. Photonics is also critical to efficient data exchange. In the process, it uses the special physical properties of light quanta (photons) in place of electrons or also combines optics and electronics. Light-based solutions also enable resource-saving production processes, material savings, and reduced energy consumption, thus contributing to the global reduction of greenhouse gas emissions.

As a supplier of innovative capital goods for the photonics markets, Jenoptik is primarily a technology partner to industrial companies. The Group has strengthened its focus on key customers. In 2023 around 43 percent of revenue was generated with its seven most important customers. The company's range of products comprises OEM and standard components, modules and subsystems, and complex systems and production equipment, particularly for the semiconductor & electronics, life science & medical technology, and smart mobility sectors. The range also includes total solutions and full-service operator models. Alongside industry, customers in the Smart Mobility Solutions division include public sector contractors.

Jenoptik attaches great importance to research and development. Technology-intensive products and systems are often created in close collaboration with customers. Lasting and successful cooperation with key customers is therefore an important factor of Jenoptik's success. This demands a spirit of mutual trust together with knowledge of our partners' requirements, and is reflected, for example, in the costs for developments on behalf of customers in the fiscal year 2023.

Examples of innovative products can be found in the "Research and Development" chapter

Jenoptik's product range competes with a wide range of internationally operating companies predominantly specializing in only one or a few of the product areas and markets addressed by Jenoptik. The various services are only comparable to a limited extent and therefore make it difficult to estimate precise market shares.

The Jenoptik Divisions

Advanced Photonic Solutions

The Advanced Photonic Solutions division is a global supplier of solutions and systems based on photonic technologies. Jenoptik has a wide range of such technologies, especially in the fields of optics, micro-optics, laser technology, digital imaging, optoelectronics, sensor technology, and optical testing and measurement systems. The core markets in which Jenoptik supplies specific market segments are the semiconductor equipment, life science & medical technology, information and communication technology, metrology, automotive, virtual and augmented reality, industrial automation, and security technology industries. The division’s business model is often based on long-standing, close relationships with key customers.

As a development and production partner, the division uses its expertise in key technologies to solve the demanding technological challenges our customers are facing. Its systems, modules, and components help customers meet their challenges with the help of photonic technologies. Key sales regions of the Advanced Photonic Solutions division are in Europe and North America, as well as in Asia/Pacific.

The division’s competitive environment is in part heavily fragmented, with a limited number of larger suppliers. For some products, the division is the sole supplier. Competitors include MKS/Newport, Excelitas/Qioptiq, Meopta, IDEX, II VI/Coherent, Lumentum, Novanta, OptoAlignment Technologies, Optikos, Gooch & Housego,, or Prima Industrie.

In the Semiconductor & Advanced Manufacturing area, Advanced Photonic Solutions develops and produces optical and micro-optical systems as well as precision components to the highest quality standards. This includes – primarily as customized solutions – complete systems and modules, all the way to special optical components and customized solutions for wavelengths from the far infrared (FIR) to the extreme ultraviolet (EUV) region. The products are mainly used in the semiconductor equipment industry, both in wafer lithography and in mask and wafer inspection. In the semiconductor backend sector, new opportunities for growth are emerging in the context of novel chip packaging technologies. The division collaborates with leading international manufacturers in the semiconductor equipment industry, such as ASML. This collaboration benefits from the tight network of the division’s development and production sites in Germany, Switzerland, and the USA, each offering partially complementary solutions, facilitating close integration into these customers’ global business activities.

Jenoptik also realizes further growth in the digitization sphere with its innovative, often highly integrated micro-optical and optical solutions, particularly in the information and communication technology market and increasingly in the laser material processing market. For information and communication technology, the company offers components and modules for use in optoelectronic transceiver modules, as well as in systems for terrestrial or space-based optical free-space data transmission. The product range also features optoelectronic probe cards for industrial testing of photonic integrated circuits at wafer level. In the laser material processing field, system integrators and manufacturers of laser production equipment are supplied with components and modules, such as laser objectives, optical gratings, beam expanders, or beam shaping modules for use in manufacturing displays, smartphones, and more.

In the field of biophotonics, the division is an OEM partner, enabling the development and production of photonic solutions for the life sciences and medical technology industries. The business model encompasses the entire process from concept and development to mass production and service. The competencies in developing photonic technologies is complemented by expertise in the manufacturing and assembly of systems. For life sciences, the product range includes light sources and imaging systems for diagnostic and analytical applications. In medical technology, the division develops and produces laser-based modules and camera systems for diagnostic and therapeutic applications in fields like ophthalmology, dermatology, aesthetics, dentistry, and minimally invasive or robot-assisted surgery. At the new medical technology site in Berlin, solutions such as 3D imaging systems for dentistry, minimally invasive surgery, and neurosurgery are being developed. Manufacturing also takes place at this site in new, modern cleanrooms.

Biophotonics customers include renowned international life science and medical technology companies, particularly OEMs in ophthalmology and dentistry, diagnostic providers, and companies involved in DNA sequencing.

In the field of Optical Test & Measurement, the division supplies an extensive range of optical measurement, testing, and production technology for development, quality assurance, and production worldwide. Its expertise ranges from testing individual optical components to the assembly and testing of complex camera systems. These systems help to accelerate and improve the development, quality control, and production of lenses, objectives, and camera modules. Customers include smartphone and camera manufacturers, and their suppliers. We are also targeting other markets, such as those for new virtual and augmented reality applications in the industrial and consumer segments, the optical industry, and the automotive industry. Products and services are marketed worldwide through a network of subsidiaries and sales partners, with local service centers in key markets. In the Optical Test & Measurement field, the division also offers optical testing systems for product inspection and process optimization, optical shaft metrology, and complex imaging systems for applications in the field of parts measurement, surface testing, and position detection, primarily serving customers from the automotive, stamping, glass industry, and machinery and equipment manufacturing.

For customers in the field of Industrial Solutions, Advanced Photonic Solutions supplies high-performance optoelectronic components and modules as well as integrated solutions that combine optics, laser technology, sensors, and digital imaging as required, e.g., infrared and thermography camera systems, polymer and infrared optics, and laser rangefinders. The focus here is on applications in the fields of industrial automation, security/defense, and industrial applications. In the field of Industrial Solutions, the company benefits from increasing demand for laser rangefinders, for example, used in New Space applications or monitoring critical infrastructure. Infrared cameras are also used in solar power plants, contributing to climate protection.

The product portfolio in the Advanced Photonic Solutions division also includes laser machines (e.g., for laser airbag weakening) that are integrated into customers' production lines, e.g., in the automotive industry, as part of process optimization and automation. These machines enable the efficient and precise processing of plastics or leather with high speed and contour accuracy.

Smart Mobility Solutions

The Smart Mobility Solutions division is primarily active in the areas of traffic law enforcement/road safety, civil security, road user charging, emission control, and traffic management. For customers in the public sector (local and central authorities, police and regulatory agencies), the division develops, produces, and distributes photonics-based components, systems, and services, which are used to monitor compliance with road traffic regulations and thus make roads and cities safer worldwide.

With its range of sensor-based traffic cameras and automatic license plate recognition (ANPR/ALPR), the division focuses on technologies for traffic monitoring. The solutions offered cover a wide range of stationary and mobile applications, which also make use of video analytics and artificial intelligence. Examples include vehicle monitoring and classification, speed and red light monitoring, illegal turning maneuvers, average speed measurement, distracted driving detection, civil security, road user charging, and emission control.

Depending on the region and its local requirements, the division offers different business models, ranging from the delivery of systems, enabling services to managed services and traffic service provision, a combination of equipment business and services. Here, Jenoptik covers the entire supporting process chain – from system development, construction, installation, and maintenance of the monitoring infrastructure, to capturing images of traffic violations and their automated back-office processing – enabling the company to generate recurring revenues. Within the scope of this service business, the division pursues various business models (managed services, rental models, operation of a traffic rule enforcement program) along the entire value chain, especially in Germany, the United Kingdom, Australia, and increasingly in the Americas. Furthermore, the Smart Mobility Solutions offering increasingly includes Software-as-a-Service (SaaS) business models.

The division's regional areas of focus are primarily determined by customers. Sales activities are subdivided into four regional units: Americas, Europe, Middle East and Africa (EMEA), Great Britain, and APAC/Australia. Smart Mobility Solutions has a strong local presence in Germany, Great Britain, the Netherlands, Switzerland, Austria, North America, and Australia, and continues to expand its sales activities, particularly in America, on the basis of the above structure.

In addition to international companies such as Verra Mobilty/Redflex, Sensys Gatso Group, Idemia, and Vitronic, Smart Mobility Solutions also often competes with locally operating companies.

Traffic safety systems in Germany are tested and certified by the Physikalisch-Technische Bundesanstalt (PTB) in Braunschweig, thereby obtaining proof of their measuring accuracy. Foreign installations are subject to controls by national institutes, although various countries also partially or fully recognize the German PTB test certificate or licenses from other leading European licensing authorities.

Non-Photonic Portfolio Companies

With many years of experience and expertise in industrial metrology, optical inspection, and highly flexible robot-based automation, Jenoptik's Non-Photonic Portfolio Companies develop manufacturing solutions for customers in the automotive, aerospace, and other manufacturing industries. With its products, automation solutions, and services for industrial customers, Jenoptik is thus primarily addressing the trend toward greater flexibility and efficiency in production processes, particularly in the automotive industry.

In the field of automation and integration, Prodomax plans and builds automated production lines, integrating them into customers' manufacturing environments. Solutions, products, and services related to process engineering and implementation include plant layouts, simulation, machine control and software design, robot handling systems, and transport devices.

The HOMMEL ETAMIC metrology portfolio includes high-precision contact and non-contact production metrology with a resolution in the nanometer range for tactile, pneumatic, and optical inspection of roughness, contour, shape, and the determination of dimensions at every stage of the production process and in the inspection room. A wide range of services such as advice, training, service, and long-term maintenance agreements are also all provided.

The Non-Photonic Portfolio Companies are active in the centers of the global automotive and automotive supplier industry in Europe, North America, and Asia and, in addition to Germany, also have development and production facilities in the US, Canada, and France. There are also numerous sales and service offices located on three continents. Companies such as Marposs, Mahr, ViciVision, Tokyo Seimitsu, Faro Technologies, and Renishaw compete with Jenoptik's metrology business and companies such as Centerline Automation, Serra, and Kuka with its automation business.

Detailed information on the course of business in the divisions can be found in the Segment Report; information on the development of the divisions in the Forecast Report

Information on our extensive product range can be found at www.jenoptik.com/products

Targets and Strategies

Strategic orientation of the Group

As already described in the "Business model and markets" chapter, Jenoptik's range of services is predominantly based on optical/photonic product solutions High-precision, flexible photonics products, methods and processes will continue to enjoy an increasing share in industrial value creation as so-called "enabling" technologies and contribute to greater sustainability.

Further information on the development of the photonics market can be found in the "Macro-economic and Sectoral Developments" chapter

Agenda 2025 "More Value" – Transformation into a photonics group

By focusing on photonic growth markets, we want to develop Jenoptik into a globally positioned photonics company. We have largely completed this transformation, creating strong growth platforms. For the remainder of the strategy period, our main priorities for the implementation of Agenda 2025 are organic growth, operational excellence, innovation, and customer focus.

The core of the "More Value" agenda is to focus Jenoptik's technological expertise on the three high-growth future markets of semiconductor & electronics, life science & medical technology as well as smart mobility. As an "enabler", the company can create significant added value ("More Value") for all stakeholders – e.g. customers, employees, and shareholders – with its photonic solutions, aiming for above-average growth and increasing profitability. For us, entrepreneurial activity is closely linked to our commitment to the environment and society.

In recent years, Jenoptik has already aligned its product portfolio with the core photonics markets. The acquisition of TRIOPTICS, BG Medical, and the SwissOptic Group has contributed to this, along with the divestment of VINCORION as well as of non-core activities (non-optical metrology for grinding machines and crystal growing).

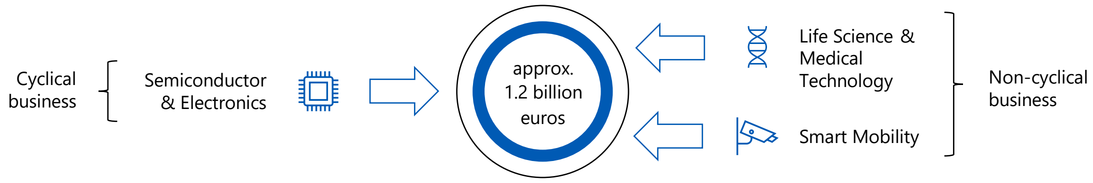
Information on the Group structure can be found in the "Business Model and Markets" chapter

Focusing on three core markets

For us, the three core markets of semiconductor & electronics, life science & medical technology, and smart mobility are not only growing at an above-average rate (greater than the gross domestic product), but also offer Jenoptik an opportunity for technological differentiation in the field of optics and photonics. With our range of services, we help our customers to solve complex photonic challenges and thus have a decisive influence on the performance of their products. This enables us to achieve higher prices, among other things.

At the same time, we want to position ourselves in such a way that our business remains resilient to market fluctuations. We therefore address both markets that are less cyclical – this applies to our business in the life science & medical technology and smart mobility markets – and cyclical markets such as the semiconductor equipment industry.

G07 2025 – Jenoptik focuses on three core markets



2025 targets

As Jenoptik has grown more strongly organically and profitability has also improved faster than originally expected, we increased the profitability target at the end of 2023. As before, we plan to increase revenue to around 1.2 billion euros by the fiscal year 2025 (without any further substantial changes to the portfolio). We now expect the EBITDA margin to be between 21 percent and 22 percent (previously around 20 percent).

The targeted business expansion is to be achieved primarily through the following measures:

- Continuation of the successful “Grow share of wallet” strategy (further increase share of revenue with key customers), e.g., through increased customer focus
- Realization of opportunities for growth in new application areas and regions
- Expansion of R+D capacities, development of innovative technologies
- Further improvement of operative excellence, and efficiency
- Significant capacity expansion

The further expansion of profitability, i.e. the EBITDA margin, is to be achieved primarily through an improved product mix in addition to expected economies of scale.

As part of the “More Value” Agenda 2025, we want to ensure sufficient financial flexibility for the scheduled profitable organic growth. In addition, we have set ourselves the target for return on capital employed (ROCE) to exceed WACC by 2025 (previously 20 percent excluding goodwill).

Organic growth

We want to achieve our goals through significant organic growth. This is also reflected in the way we want to invest our capital in the future. We focus on investing in our organic growth, e.g. in the expansion of production capacities or in research and development. In addition, we want our shareholders to continue to participate appropriately in the company's success in the future. Despite the clear focus on organic growth, we are not ruling out smaller acquisitions (bolt-on acquisitions).

Long-standing and strong customer relationships

Jenoptik profits in particular from the global trends in digitization, health, mobility, as well as sustainability, and is increasingly establishing itself as a strategic systems partner for international customers, with whom it cooperates to design forward-looking solutions.

We are focusing in particular on our key customers. By strengthening our core businesses, both organically and through acquisitions, we have significantly increased the share of revenue with key long-term partners. In the future, the share of revenue with these customers (share of wallet) is to be further expanded and customer concentration increased. We see this as a strength, as joint development plans and projects mean that we are deeply rooted in our customers' products.

The planned profitable growth will be further supported by efficiency measures, the realization of economies of scale, and increasingly also by the further expansion of the service business, especially in the Smart Mobility Solutions division.

Innovation

As an innovative high-tech company, it remains crucial for Jenoptik to identify customer needs and trends at an early stage and to align strategic measures and business activities with them accordingly. That is why we will continue to focus on research and development – both in our own innovative products and for joint developments with our customers. This enables us to achieve and expand competitive advantages which determine our performance and thus our economic success. Within the Group, we have implemented an innovation strategy with various objectives and defined specific measures for their implementation.

As a system partner, Jenoptik is constantly looking for new solutions together with customers who often involve us in the development process at a very early stage. This enables us to strengthen our relationships and steadily boost value creation. At the same time, we also want to drive our own innovation forward independently of customer-related orders.

We will continue to invest in future applications, such as those in the areas of augmented and virtual reality. We also want to further expand our software expertise and our knowledge in the field of artificial intelligence.

Over the medium and long-term, we are also dealing with market segments and applications that are currently still relatively small, but in which we see (1) enormous potential for market growth as well as (2) substantial impact of high-performance optical technologies. For example, this is the topic of quantum technology.

> Further information can be found in the "Research and Development" chapter

Internationalization

Due to the continuing strengthening of domestic industrial production in the Americas and Asia/Pacific regions, we continue to see particularly great potential for future growth in these regions. The further expansion of on-site value creation should help to better address local customer needs, providing support through regional service.

The acquisitions of previous years have enabled us to further expand our global presence in strategically important markets with attractive locations and to significantly extend our global production network, including modern clean room capacities. This will enable Jenoptik to better manage capacity utilization at the individual sites in the future, thereby realizing additional growth potential.

In the future, Jenoptik will also continue to invest in the organization and expansion of new and existing sales and service structures. We rely both on our own direct distribution channels and on dealer structures.

Employees – our most important resource

In order to achieve sustainable profitable growth, we must attract highly qualified and committed employees, ensuring their long-term retention in the company. Jenoptik utilizes targeted employer branding to position itself as an attractive employer. Personnel development measures, an interdisciplinary and intercultural work environment, and an open and dialog-oriented corporate culture aim to help to strengthen employees' loyalty to the company. The basis for this are our values – open, driving, confident – which help to bring Jenoptik's employees closer together across different cultural and legal systems. As part of our personnel work, anchoring the values in everyday corporate life is therefore important for realizing our strategic objectives. As we are convinced that more diversity in the company and an open working atmosphere lead to greater innovation and creativity at Jenoptik as an international group, we have set ourselves diversity targets and defined measures to implement them.

> Further information on this can be found in the Non-financial Report

We want to continue our cultural change and the development of the corporate culture in the years to come. In the future, we will continue to focus on growing together even more as a company and placing the needs of our customers even more firmly at the center of our activities.

> Further information on employees and the corporate culture can be found in the Non-financial Report

Sustainability is part of our corporate strategy

For us, our corporate activities are not only aimed at achieving economic goals but are also an obligation to the environment and society. Consequently, the subject of sustainability is firmly rooted throughout the entire Jenoptik organization. As an "enabler", we want to use our innovative products and solutions to make an important contribution to overcoming social and climate challenges, and to enable our customers worldwide to contribute more efficiently and sustainably to greater resource conservation and climate protection.

> Further information on sustainability, measures, and goals can be found in the Non-financial Report

Future strategic orientation of the operating business

The business activities of the Advanced Photonic Solutions division will continue to focus on the semiconductor & electronics and life science & medical technology markets. Here we use our expertise in photonics as a key technology and we want to support our customers in improving the competitiveness of their products and their environmental sustainability. For our future growth, we rely above all on the long-standing close relationships with our customers and further expand our key account management. Cooperation with our customers often begins in the development phase, where we work together to develop customized solutions. We also want to continue to grow with our customers in the future, increase the percentage of revenue with key customers (share of wallet) and position ourselves even more strongly as their partner.

We are continuing to consistently focus our optical and micro-optical systems business in the semiconductor & advanced manufacturing business field on the "digitization" mega trend, which, according to market assessments, e.g. from Researchandmarkets, will further intensify. In addition, we believe that Jenoptik can benefit from the trend that both the USA (US Chips Act) and Europe (European Chips Act) are attempting to initiate – bringing semiconductor production, which is currently mainly located in Asia, back to these regions. In order to meet the expected further increased demand for chips, and therefore also for the equipment required to manufacture them, targeted investments are being made, such as in a new highly functional clean room factory in Dresden.

On the basis of our optical and micro-optical solutions, we aim to target further markets in the digital world in addition to the semiconductor equipment sector, e.g. for optical information and communications technology.

In the Biophotonics sector, we are focusing on the "health" mega trend. We want to position ourselves even more strongly as one of the leading partners for the development of photonic modules and system solutions for the medical technology and life science industries. In doing so, we rely on our product portfolio with light sources and imaging systems for diagnostic and analytical applications in the life science sector as well as laser-based solutions and camera systems for diagnostic and therapeutic applications in ophthalmology, aesthetics, dentistry, diagnostics as well as minimally invasive and robotic surgery. We want to continue to grow with our customers and steadily increase our share. In June 2023, we opened our new medical technology site in Berlin, opening up further opportunities for growth.

In the Optical Test & Measurement area, we aim to further expand with a comprehensive product range what we believe to be a leading position, thanks to our broad technology base in the field of optical measurement systems. Here we can rely on what we consider to be good positioning in terms of the measuring accuracy of our systems and many years of experience in testing and measurement in large-volume production. We see important potential here, for example, in the growing markets for new virtual and augmented reality applications in the industrial and consumer segments as well as advanced driver-assistance systems (ADAS).

In the Smart Mobility Solutions division we are pursuing two further future trends with a focus on mobility and public safety. In the field of traffic monitoring systems, we continue to support our customers – primarily public-sector customers (B2G) – in achieving their targets to improve traffic safety with complete solutions. Urbanization and digitization of smart cities lead to a moderate but sustainable growth in demand for traffic regulation and control. Initiatives such as "Vision Zero" also contribute to this. Vision Zero is a multinational traffic safety project, that aims to reduce the number of road deaths and serious injuries. The coronavirus pandemic and climate change have also intensified discussions about traffic management in inner cities, congestion charges and clean air zones.

The expansion of the offering and more services are expected to contribute to the division's organic growth. In America in particular, we will continue to expand our sales and service portfolio. Furthermore, we want to establish a product portfolio with a platform approach. The goal is to offer entry-level products for emerging markets and high-end solutions for developed, homologated markets with additional applications/functionalities. To do this, we want to expand our technology and software expertise and make greater use of artificial intelligence. Our goal is to implement our product road map and new business models, which include software-as-a-service. Investment in deep learning, for example in video analysis or detection of cell phone usage while driving will help us to increase performance and functionality in the coming years.

In the global market for traffic safety technology, there is also a noticeable trend towards larger projects with a combination of equipment business and services. That is why we are focusing on strengthening this profitable service business. We also want to further increase the share of recurring revenue to over 50 percent of division revenue (currently around 40 percent).

In the Non-Photonic Portfolio Companies segment, Jenoptik combines its investments in Prodomax and HOMMEL ETAMIC. The aim is to sell the automation specialist Prodomax, which specializes in the automotive industry. The further development of HOMMEL ETAMIC (industrial metrology) can take place both within or outside the Group.

Further information on the segments can be found in the Segment Report and the "Business Model and Markets" chapter

Control System

Corporate management is geared toward the long-term corporate strategy and the Group's short to medium-term objectives. The Executive Board is responsible for overall planning, and thus for realizing the stated targets within the framework of strategic corporate development.

With the support of the Executive Management Committee (EMC), the Executive Board steered the development of the business units in 2023 on the basis of a defined corporate strategy. It monitors the implementation of defined measures at quarterly business reviews. On the basis of global trends, growth paths are defined, opportunities and risks are evaluated, portfolio decisions are made, and the focuses of in-house research and development are determined using technology roadmaps at annual strategy meetings. Strategy and planning meetings provide a planning basis for the following year and in medium-term group planning.

Based on the corporate strategy, a planning forecast for the coming year and a five-year period is prepared annually which is guided by the market-driven strategic planning of the key indicators and uses a bottom-up/top-down approach. Planning is updated in several forecast cycles over the course of a fiscal year. Alongside quarterly forecasts, a rolling three-month forecast for revenue and order intake is prepared every month and used to manage the company's development.

For operational management purposes, the monthly results of the Group and the divisions are discussed at the EMC meetings. At these meetings, the division heads/regional managers report to the Executive Board on the economic situation, the development of customer relationships, the competitive situation, and any special business transactions. Their reports use standardized reporting methods and ad hoc analyses largely involving performance indicators, information parameters, and qualitative assessments, which are then used to define further operating and strategic measures to achieve the objectives in the event of planning deviations. The internal reports for the monthly Executive Board meetings provide aggregated financial and non-financial information for the divisions and the Corporate Center, which is essential to managing the Group on a global level, allocating resources in a targeted manner, and passing resolutions on the Executive Board.

A business intelligence environment enables and supports continuous improvement in business development analysis, reporting, and planning processes.

In 2023 the indicator system used in internal reporting and to manage the business units comprised the "key performance indicators" (high-priority performance indicators). It also covers other financial and non-financial information parameters. All the indicators focus on shareholder value, the interests of our stakeholders, the requirements of the capital market, and the corporate strategy. The key indicators are shown in chart G08.

Information parameters such as order backlog, number of employees, or non-financial indicators are used for management purposes at business unit level. The most important non-financial information parameters (sustainability indicators) are taken into account in Executive Board remuneration and group financing.

For more information on the non-financial information indicators,
see the Non-financial Report

G08 Performance indicators for corporate management

	Financial indicators		Non-financial indicators	
Key performance indicators	Growth	Revenue, order intake, capital expenditure		
	Liquidity	Cash conversion rate		
	Profitability	EBITDA margin		
Information parameters	Growth	Order backlog	Environment	Green electricity rate, CO_2 reduction
	Return	ROCE	Employees	Diversity rate, engagement score, training rate (from 2024)
	Profitability	EBIT margin	Suppliers	CSR rate (sustainable supply chain)
	Liquidity	Net debt, working capital	Innovation	Vitality index

Explanation of the indicator base

EBITDA means EBIT before depreciation and amortization (including impairments and reversals of impairments). The EBITDA margin is the ratio measuring EBITDA to revenue.

The free cash flow is calculated from the cash flows from operating activities before tax payments, less capital expenditure for and receipts from the sale of intangible assets and property, plant, and equipment.

The cash conversion rate is the ratio measuring free cash flow to EBITDA.

The ROCE (return on capital employed) is calculated by dividing EBIT by the average operating capital employed. The average capital employed comprises non-current non-interest-bearing assets (such as intangible assets including goodwill, property, plant, and equipment, and investment property) plus current non-interest-bearing assets (mainly inventories, trade receivables, contract assets, and other current receivables) less non-interest-bearing borrowings (such as provisions – excluding pensions and taxes –, trade payables, contract liabilities, and other current liabilities). The calculation of averages uses the twelve month-end balances in the period under review and the opening balance at the start of the year.

For information on the planned development of key performance indicators, see the Forecast Report

Research and Development

Research and Development (R+D) is embedded in Jenoptik DNA and is very important to the company. Our products and services give us competitive advantages which determine our performance and thus our economic success. One of our key strategic aims is therefore to expand our innovative capabilities in the photonics growth markets and to be a driver of innovations. We also develop technologies, products, and platforms with unique selling points, protecting them where possible and appropriate by means of industrial property rights. With our products and solutions, we not only want to improve our customers' performance, competitive advantage, and profitability, but also contribute to greater energy efficiency and the responsible use of resources. In doing so, Jenoptik is primarily an "enabler" for its customers.

Innovation management is an important tool used by Jenoptik to systematically identify and implement promising ideas. With networked processes, this is primarily geared towards generating profitable growth from knowledge by uniting market and corporate viewpoints. Our innovation management has a uniform group-wide process landscape that is adapted within the divisions to meet the requirements of the respective industry. These framework conditions help to drive developments forward in order to make positive value contributions for the entire Group.

Innovations within the Group are made possible to a large extent by various fields, on the one hand locally by the development and product management departments of the divisions and individual business units, and on the other by the central Innovation Management department. The latter sees itself as a service provider and sparring partner for the divisions, working closely with them to create a working environment and the necessary infrastructure to facilitate innovations for our customers. It also supports the development of strategic partnerships with external institutions.

Innovation process

Innovation, development, and operational excellence in the launch of new products are one of the pillars of our "Strategy 2025". The first stage of the Jenoptik innovation process involves identifying growth potential based on a strategic analysis of global trends and the requirements of our customers. Innovation projects are then created in line with our core areas of expertise and often with the direct cooperation of key customers. Strategic development projects are planned in road maps on the basis of corresponding milestones. This applies to product, technology, and process innovations. Innovation projects can now be implemented more quickly in the early phases of development, enabling innovative solutions to reach the market sooner.

Innovation culture

In addition to creating an optimal process-based innovation landscape, strengthening the innovation culture also plays an important role in exploiting the full potential of our company. Communication, networking, and the transfer of knowledge are the central elements here. Examples include best practice communities, creative co-working, and employee podcasts for technology and innovation.

New areas of technology and application were further investigated in the reporting year. The emerging technology field of quantum technology, in which photonic components play an essential role, deserves special mention. With areas of use such as quantum computing, quantum communication, and quantum sensing & imaging, disruptive applications are also expected to emerge here in the future. With its photonic expertise, Jenoptik is already supplying components to companies and the scientific community at this early stage. In addition, Innovation Management coordinates the opportunities for external research funding to support innovative projects and ideas.

Memberships in associations

Jenoptik procures additional external expertise with the help of targeted strategic cooperation arrangements. Through research cooperations, projects can be realized in a market-driven manner, development times can be reduced, and specialist expertise can be successfully built up. Jenoptik works with both universities and non-university research institutions as well as with industrial partners and key customers.

Jenoptik is also active in numerous industry and technology-oriented associations. Examples include the Optonet Photonics Network e.V. at regional level, SPECTARIS e.V. at national level, and the European Photonics Industry Consortium (EPIC) at European level. As part of active membership and involvement in various specialist groups and boards, the future aim is for more close interaction with the various networks in order to exploit the range and cooperation potential for disruptive innovations. Jenoptik is also active in the field of quantum technology, becoming a member of the European Quantum Industry Consortium (QuIC) in 2022. The Group also joined the Quantum Economic Development Consortium (QED-C) in 2023.

Employees in research and development

The experience and expertise of our employees are essential to the success of our research and development, and the qualification standards we expect of them are correspondingly high. Their knowledge is used both for specific tasks and across all divisions in corresponding development projects. In total, 695 employees worked in Research and Development in 2023 (prior year: 641 employees).

Development output

At 94.9 million euros, the R+D output including developments on behalf of customers was up on the prior year (prior year: 87.1 million euros). The reason for this is the increase in R+D costs compared to the prior year, which amounted to 60.9 million euros (prior year: 54.6 million euros) due to the expansion of our R+D capacities. At 27.9 million euros, the costs for developments on behalf of customers were largely unchanged on the prior year and are included in the cost of sales (prior year: 28.0 million euros). In 2023 development services including patents were capitalized in the amount of 6.1 million euros (prior year: 4.5 million euros). The capitalization rate, i.e. the capitalized development costs divided by total R+D expenses, amounted to 10.0 percent in 2023 (prior year: 8.2 percent).

Information on the amortization of internally generated intangible assets can be found in the “Intangible assets” section in the Notes

T04 R+D output[1] (in million euros)

	2023	2022	2021	2020	2019
R+D expenses	60.9	54.6	38.9	39.4	44.1
Capitalized development services including patents	6.1	4.5	4.4	4.0	4.0
Developments on behalf of customers	27.9	28.0	20.3	13.5	20.4
R+D output	94.9	87.1	63.6	56.9	68.4
R+D ratio 1 (R+D output/revenue) in %	8.9	8.9	8.5	9.2	8.0
R+D ratio 2 (R+D expenses/revenue) in %	5.7	5.6	5.2	6.4	5.2

[1] Values for the year 2019 are data for the Group including VINCORION

As shown in the table T05, R+D output is distributed among the divisions.

T05 R+D output by segment (in million euros)

	2023	2022	Change in %
Group	94.9	87.1	9.1
Advanced Photonic Solutions	68.5	63.4	8.0
Smart Mobility Solutions	20.0	17.6	13.7
Non-Photonic Portfolio Companies	5.6	5.2	7.5
Other	0.9	0.8	

Patents

Our R+D capital expenditure is protected via central IP Management in close cooperation with the operating areas. We are increasingly focusing on high-quality applications and internationalizing these in important growth markets such as China and the USA. In 2023, Jenoptik subsidiary companies filed a total of 25 new first patents (prior year: 26 patents), and additionally made18 subsequent international registrations carried out. The focus continued to be in the area of optical components and optical modules. The number of patents does not include registered designs, utility models or brand registrations. For competition reasons, Jenoptik does not publish information on the receipt and issue of licenses.

Key projects

In 2023, Jenoptik developed or launched the solutions described in table T06, among others.

T06 Key projects in 2023

Market	Products and solutions developed and launched in 2023
Semiconductor equipment	• Focus: Expansion of the product portfolio, particularly for use in lithography and inspection applications in the field of advanced chip packaging • Development of a more compact frame technology for lenses that supports a reduced product volume with the same performance parameters • Launch of a new, complex coating technology that significantly increases the service life of high-precision micro-optical sensor products • The new UFO Probe® Vertical expands the portfolio of probe cards for the testing of photonic integrated circuits (PICs) at wafer level. It now combines a new optical concept with the industry-proven vertical needle technology • Reuse of individual components from recycled products to strengthen sustainability and circular economy
Information and communication technology	• Improvements to the OptiSurf® measurement device were honored with the Innovation Award at Laser Munich 2023. OptiSurf® PRO AR recognizes geometric properties of waveguides for AR optics in the field of augmented reality • With the CamTest TempControl the image quality of electronic camera modules can be tested in a temperature range from -40°C to +120°C. The camera systems used in safety-critical applications recognize and classify objects and are used for safety-relevant applications • OptiCentric® Compact for manual centration testing and lens alignment allows for fast and simple work processes as well as a high measurement precision of 0.1 µm
Life science and medical technology	Photonic solutions for diagnostic and therapeutic applications in the area of light sources and imaging systems, laser-based solutions and camera systems in ophthalmology, aesthetics, dentistry as well as in minimally invasive and robotic surgery, such as: • Further development of existing instrument series in the area of DNA sequencing to make them more robust, cost-effective and efficient • Improvement of transmission electron microscopes and expansion of the portfolio for scanning electron microscopy • White light sources with adjustable range for illumination for vitreoretinal surgery, cataract surgery and endoscopy • Improved contrast imaging and surgical performance (ergonomics, time, and convalescence) with innovative robotized exoscope
Laser material processing:	• New JENarTM Silverline TM lenses for efficient laser material processing of solar cells • New JENscan® product family for chipless laser material removal • JENscan® STYLE facilitates light design for the individualization of vehicle interiors and exteriors • Prototyping technology of JENscan® Tire allows shorter development cycles in the tire industry, saving costs and resources
Traffic safety technology	• Distracted driving: New development of AI-based services for detecting smartphone use while driving • TraffiApp: Development of a smartphone application for monitoring road users through mobile police operations • Enhanced functions of the SR390 radar-based system for traffic monitoring such as illegal turning, illegal lane changing or tailgating violations • New products GardoVia and NexoVia for the traffic enforcement, civil security, and road user charging markets

Employees

Development of employee numbers

As of December 31, 2023, with 4,658 employees (incl. trainees and temporary staff), Jenoptik recorded growth of 5.0 percent in its workforce (31/12/2022: 4,435 employees). The number of Jenoptik employees abroad rose by 5.1 percent to 1,677 (31/12/2022: 1,595 employees). At 36.0 percent, the proportion of employees working abroad has remained constant in comparison with the prior year (31/12/2022: 36.0 percent).

Temporary workers were also employed in the past fiscal year to cover production peaks and short-term order intakes as well as for major projects. They were employed mainly in the operating areas and the number fluctuated during the year. On the reporting date of December 31, 2023, 42 temporary workers were employed by Jenoptik (31/12/2022: 114).

At 377.1 million euros, personnel expenses in 2023 (wages, salaries, social security deductions as well as costs for retirement provision) were up 8.6 percent compared with the prior year's figure of 347.2 million euros. In addition to the usual salary increases, the rise resulted primarily from the growth in the workforce in the Advanced Photonic Solutions and the Smart Mobility Solutions divisions.

T07 Employees by region (including trainees and temporary staff)

	31/12/2023	31/12/2022	Change in %	Absolute change
Germany	2,981	2,840	5.0	141
Germany in %	64.0	64.0		0
Abroad	1,677	1,595	5.1	82
Abroad in %	36.0	36.0		0
Europe (excl. Germany)	674	593	13.7	81
Americas	611	592	3.2	19
Asia/Pacific	392	410	– 4.4	– 18

T08 Revenue per employee

in thousand euros	2023	2022	Change in %
Revenue per employee (including temporary employees)	246.7	235.8	4.6

The employee age distribution, as can be seen in the table below, is balanced. The figures are largely unchanged compared with the prior year.

T09 Group age distribution

	under 30	30-39	40-49	50-59	60-65	over 65	Total
31/12/2023	17.0 %	28.1 %	25.8 %	19.7 %	8.0 %	1.4 %	100.0 %
31/12/2022	15.9 %	29.7 %	24.7 %	21.1 %	7.1 %	1.5 %	100.0 %

The proportion of women (in Germany and abroad) was 37.3 percent on December 31, 2023, on a par with the prior year (31/12/2022: 37.0 percent).

At 6.2 percent, the absenteeism rate among Jenoptik employees in Germany in 2023 was below the level of the prior year (prior year: 6.5 percent). This effect is also in line with the general trend in Germany. The fluctuation rate fell to 5.8 percent compared to the prior year (prior year: 7.1 percent). There are signs of normalization following the high figures of the prior year. The fluctuation rate is calculated by dividing the number of employees leaving the company in the fiscal year by the number of employees as of the reporting date of the prior year plus those who joined the company in the fiscal year. Temporary workers are not included in the calculation.

Training & HR development

As of December 31, 2023, 163 trainees and students of the Cooperative State University were employed by the Group (31/12/2022: 154). Of these, 64 were new hires (prior year: 47). At the same time, 50 trainees and students of the Cooperative State Universities successfully completed their training in the year covered by the report (prior year: 37).

In Germany, Jenoptik offers training in more than 20 different professions and study programs at its sites in Jena, Triptis, Dresden, Berlin, Monheim, Villingen-Schwenningen, and Wedel. The Jenaer Bildungszentrum gGmbH – Schott Zeiss Jenoptik, in which Jenoptik is a partner, helps to ensure that trainees at the Jena site receive sound basic training. In addition, the Jena Bildungszentrum also offers cross-qualification measures.

In 2023 Jenoptik invested around 2.9 million euros more in the professional development of its employees than it did in the prior year (prior year: 2.7 million euros). These costs include both the expenses for trainees and students at the Cooperative State Universities and the costs for further training of our employees. The overall development needs in the Group are assessed in regular staff appraisals. Suitable qualification measures are then derived from these and implemented.

Further information on this can be found in the Non-Financial Report

Economic Report

Macroeconomic and Sectoral Developments

The global economy only slowly recovered from the adverse impacts of the pandemic, the Ukraine crisis, and inflation-driven high living costs over the reporting year, while disruptions in supply chains gradually subsided and war-related disturbances in energy and food markets eased. Although inflation levels dropped faster than expected over the course of the year, the significant tightening of monetary policy to curb high inflation dampened the pace of global economic expansion.

According to the International Monetary Fund's (IMF) January 2024 forecast, global economic growth last year was around 3.1 percent, significantly below the historical average and also slower than in 2022 (3.5 percent).

Economic output in the United States has exceeded pre-pandemic levels again, making it the fastest growing of all major economies over the entire period. Despite a banking crisis at the beginning of the year, triggered by rapid interest rate hikes to combat sharply rising inflationary pressure, the US economy managed to grow by 2.5 percent last year according to the IMF (2022: 1.9 percent), largely driven by strong consumer spending against the backdrop of a still very robust labor market.

China's growth momentum slowed somewhat after a Covid-19-induced surge in early 2023, likely standing at about 5.2 percent last year (2022: 3.0 percent). While declining energy and food prices led to significantly lower inflation, economic development was hampered by difficulties in the construction sector and a consequent weakening of consumer confidence. Moreover, uncertainties in the job market and high youth unemployment weighed on the economy. Additionally, industrial production, investments, and exports also weakened, mainly due to diminishing foreign demand and geopolitical uncertainties.

Growth in the eurozone is estimated by the IMF to have slowed significantly from 3.4 percent in 2022 to about 0.5 percent in the reporting year. Overall, the industrial economy was still burdened by unfavorable real wage developments, consumer behavior, and the pronounced energy price shocks of the prior year. The German economy saw a contraction of about minus 0.3 percent last year, primarily affected by weak consumer spending and lower exports. Only government investments provided significant expansionary impulses, notably including the procurement of defense equipment from the special fund for the Bundeswehr.

T10 Change in gross domestic product (in percent)

	2023*	2022
World	3.1	3.5
USA	2.5	1.9
Eurozone	0.5	3.4
Germany	– 0.3	1.8
China	5.2	3.0
India	6.7	7.2
Emerging markets	4.1	4.1

Source: International Monetary Fund, World Economic Outlook (Update), January 2024
* Estimate

The Jenoptik Group operates in different sectors, each influenced to varying degrees by economic trends. For instance, demand in Life Science & Medical Technology and Smart Mobility remains largely unaffected by economic fluctuations, while business with the semiconductor equipment and electronics industries is partly influenced by economic factors.

According to the German SPECTARIS industry association, the photonics sector continues to operate in a growing environment against the backdrop of advancing digitization. The use of light technologies forms the basis for many innovations, including as a basic technology for autonomous driving, for Industry 4.0 and big data applications, for the "smart lab" in analytics and biotechnology, and for quantum technology. Based on developments in the first half of 2023, the industry association expects revenue growth of about 8 percent to around 54 billion euros for the full year 2023.

According to the Semiconductor Industry Association (SIA), after a very weak start to the year, the global semiconductor industry posted a revenue decline of about 9 percent. This was mainly due to high inflation and geopolitical uncertainties, which had a correspondingly negative impact on consumer spending on electronic products. Market observer Gartner reported that semiconductor industry revenues were about 11 percent lower than in the prior year, at around 533 billion US dollars.

The global semiconductor equipment industry also did not reach its record revenue level of 2022 in the reporting year. According to Semiconductor Equipment and Materials International (SEMI), its revenue in 2023 is expected to be about 15 percent below the prior-year level, due to weak chip demand and comparatively high inventory levels. Gartner forecasts a revenue decline of about 8 percent for the semiconductor equipment industry in 2023.

According to the German Electrical and Electronic Manufacturers' Association (ZVEI), the German electrical and digital industry saw a 2.2-percent increase in production in the first ten months of 2023 compared to the prior year. Industry revenue increased by 8.9 percent to 198.5 billion euros during the same period, mainly due to strong domestic demand.

Demand in the global medical technology market is being driven by factors including an aging population, increasing healthcare penetration in emerging markets, and new treatment methods. According to market observer Frost & Sullivan, the market is expected to grow at an average annual rate of around 5 percent.

Due to decreasing order backlogs, the German Mechanical Engineering Industry Association (VDMA) expects a real production decline of 1 percent for the German mechanical and plant engineering industry for the full year. According to the German Association of the Automotive Industry (VDA), the major international automotive markets recorded a significant increase in new registrations for the full year 2023.

According to analyst MarketsandMarkets, the revenue volume of the global traffic safety technology market in 2023 was about 4.3 billion euros. Fundamental market trends remained unchanged during the reporting year: The political goal of Vision Zero, i.e., no fatalities or serious injuries in road traffic, continues to be pursued. Moreover, the operation of traffic monitoring systems is increasingly being outsourced by authorities, and new traffic safety technologies are being used.

Legal Framework Conditions

The legal framework conditions governing business operations essentially remained constant in 2023 and therefore had no significant impact on the business development of the Jenoptik Group.

Earnings, Financial, and Asset Position

Comparison of actual and forecast course of business

On release of the preliminary results in February 2023, and based on a strong order intake, a high order backlog, and ongoing promising performance in the core photonics businesses, especially in the semiconductor equipment sector, the Jenoptik management forecast revenue in the range of 1,050 million to 1,100 million euros and an EBITDA margin of 19.0 to 19.5 percent for the fiscal year 2023.

These forecast figures were also included in the management report published on March 29, 2023 with the publication of the final figures, and were supplemented by forecast statements on further key figures. The forecast was confirmed with the results of the first quarter of 2023 and the first half-year 2023.

Considering the good business performance in the first nine months of 2023, the Executive Board of JENOPTIK AG confirmed the revenue forecast of 1,050 million euros to 1,100 million euros for the full year upon the publication of the results for the first three quarters. The forecast for the EBITDA margin was raised to around 19.5 percent, compared to the prior forecast of 19.0 to 19.5 percent.

In the year covered by the report, Jenoptik generated revenue of 1,066.0 million euros, which was within the expected range.

The EBITDA margin increased to 19.7 percent, slightly above the forecast value.

Revenue and EBITDA of the divisions and their forecast development are shown in the table below.

Regarding order intake, the Executive Board anticipated it would be approximately at the very high level of 2022. The Group received orders worth 1,092.2 million euros in 2023, slightly less than the prior year (prior year: 1,185.4 million euros).

By the end of 2023, the cash conversion rate was 60.8 percent (prior year: 44.9 percent), thus achieving the value of over 50 percent as forecast in March.

It was expected that capital expenditure in the fiscal year 2023 would be significantly above the level in the prior year. It amounted to 110.4 million euros, only slightly above the prior-year level of 106.0 million euros, primarily due to postponements into 2024.

T11 Actual and forecast course of business for the Jenoptik Group (in million euros/as specified)

Indicator	As of year-end 2022	2023 forecast		As of year-end 2023	Change in %
Revenue	980.7	February/March[2]:	1,050 to 1,100 million euros	1,066.0	8.7
Advanced Photonic Solutions	742.6	March[2]:	Growth in the low double-digit percentage range	821.2	10.6
Smart Mobility Solutions	114.3	March[2]:	Growth in the high single-digit percentage range	118.8	3.9
Non-Photonic Portfolio Companies	119.3	March[2]:	Growth in the mid-single-digit percentage range	121.1	1.5
		February/March[2]:	Marked growth/19.0 to 19.5 percent		
EBITDA/EBITDA margin	184.1/18.8 %	November:	Around 19.5 percent	209.6/19.7 %	13.9
Advanced Photonic Solutions	169.1	March[2]:	Growth in line with revenue	182.6	8.0
Smart Mobility Solutions	19.3	March[2]:	Growth stronger than revenue	15.3	– 20.8
Non-Photonic Portfolio Companies	3.6	March[2]:	Growth stronger than revenue	17.6	384.6
Order intake	1,185.4	March[2]:	Roughly at the very high level of the prior year	1,092.2	– 7.9
Cash conversion rate	44.9 %	March[2]:	> 50 percent	60.8 %	
Capital expenditure[1]	106.0	March[2]:	Significantly above prior year	110.4	4.1

[1] Without capital expenditure on financial investments

[2] in the Management Report of the Annual Report 2022

Earnings position

The tables in the Management Report, which show a breakdown of the key indicators by segment, include the Corporate Center (holding company, shared services, real estate) and consolidation effects under “Other”. Jenoptik has the following reportable segments: the Advanced Photonic Solutions division, the Smart Mobility Solutions division, and the Non-Photonic Portfolio Companies.

Earnings position

According to its own assessment, Jenoptik has a business model that is largely resilient to crises, along with strong financial and balance sheet positions, even given the present ongoing challenges of armed conflicts, persistently high inflation, and a difficult overall economic environment.

In the fiscal year 2023, the Group achieved revenue of 1,066.0 million euros, a significant 8.7-percent increase on the prior year (prior year: 980.7 million euros).

Over the reporting period, growth came primarily from the Advanced Photonic Solutions division, facilitated by sustained high demand in semiconductor equipment business. The Smart Mobility Solutions division and the Non-Photonic Portfolio Companies also contributed to higher revenue.

The quarter with the highest revenue both in the fiscal year 2023 and the prior year was the fourth, with 297.3 million euros (prior year: 282.7 million euros).

More information on the development of revenue in the divisions can be found in the Segment Report

In the fiscal year 2023, Jenoptik significantly increased its revenue in Europe (including Germany) and posted moderate growth in Asia/Pacific. Primarily the Advanced Photonic Solutions division contributed to the growth in revenue in Europe, from 504.7 million euros to 589.3 million euros, but the other two divisions also saw increases. Revenues in the Asia/Pacific region rose from 196.2 million euros to 204.4 million euros. By contrast, revenue in the Americas decreased by 2.8 percent due to lower contributions from Smart Mobility Solutions and the Non-Photonic Portfolio Companies. At 476.7 million euros, Jenoptik generated 44.7 percent of revenue abroad in the past fiscal year (prior year: 476.0 million euros/48.5 percent).

T12 Revenue by segment (in million euros)

	2023	2022	Change in %
Total	1,066.0	980.7	8.7
Advanced Photonic Solutions	821.2	742.6	10.6
Smart Mobility Solutions	118.8	114.3	3.9
Non-Photonic Portfolio Companies	121.1	119.3	1.5
Other	5.0	4.5	10.6

T13 Revenue by region (in million euros)

	2023	2022	Change in %
Total	1,066.0	980.7	8.7
Europe	589.3	504.7	16.8
of which Germany	272.3	229.0	18.9
Americas	237.2	244.1	– 2.8
Asia/Pacific	204.4	196.2	4.2
Middle East/Africa	35.1	35.7	– 1.6

In 2023, Jenoptik generated its largest share of revenue, of 397.2 million euros or 37.3 percent, with the semiconductor equipment/electronics industry due to strong demand (prior year: 363.8 million euros or 37.1 percent). Revenue with the medical technology industry came to 148.2 million euros (prior year: 138.8 million euros).

In the fiscal year 2023, our top seven customers accounted for around 43 percent of revenue (prior year: around 37 percent).

T14 Revenue in target markets (in million euros and in % of revenue)

	2023		2022	
Semiconductor equipment and electronics	397.2	37.3 %	363.8	37.1 %
Automotive	196.9	18.5 %	198.7	19.3 %
Medical technology	148.2	13.9 %	138.8	14.2 %
Traffic	135.8	12.7 %	130.7	13.3 %
Industry	124.8	11.7 %	117.6	12.0 %
Other	63.1	5.9 %	40.1	4.1 %
Total	**1,066.0**	**100.0 %**	**980.7**	**100.0 %**

The cost of sales rose by 9.5 percent to 695.5 million euros (prior year: 635.0 million euros) and thus at a slightly higher rate than revenue, primarily due to higher material and personnel costs, as well as increased depreciation/amortization and startup costs for new projects. The cost of sales also included expenses arising from developments on behalf of customers totaling 27.9 million euros (prior year: 28.0 million euros), which were offset by corresponding revenues, and the reversal of a provision for onerous contracts of 7.9 million euros due to a contract modification with a customer in the Advanced Photonic Solutions division during the reporting period.

Gross profit was up on the prior-year figure of 345.7 million euros and came to 370.5 million euros. The gross margin was 34.8 percent (prior year: 35.3 percent).

In 2023, research and development expenses amounted to 60.9 million euros (prior year: 54.6 million euros). The share of R+D expenses as a proportion of revenue thus increased slightly to 5.7 percent (prior year: 5.6 percent). At 94.9 million euros, the R+D output, including developments on behalf of customers, was also up on the prior-year figure (prior year: 87.1 million euros).

More information on research and development can be found in the Research and Development chapter

Selling expenses fell by 4.3 percent in 2023, to 103.0 million euros (prior year: 107.6 million euros), mainly due to lower amortization on customer relationships associated with impacts from purchase price allocation (PPA effects). At 9.7 percent, the selling expenses ratio was down on the prior year level of 11.0 percent.

General administrative expenses remained nearly unchanged at 66.0 million euros despite higher revenue (prior year: 65.5 million euros), with the administrative expenses ratio falling to 6.2 percent (prior year: 6.7 percent).

Other operating income decreased from 21.5 million euros in the prior year to 18.8 million euros, mainly due to lower currency gains of 6.4 million euros (prior year: 12.0 million euros).

Other operating expenses came to 33.1 million euros, down on the prior year's figure of 37.7 million euros. This item included impairments totaling 12.7 million euros in 2023. Of these, 4.0 million euros resulted from the sale of TELSTAR-HOMMEL in the second quarter. Furthermore, due to the medium-term intention to sell Prodomax, a reallocation of the goodwill of the Non-Photonic Portfolio Companies was made in the past fiscal year, resulting in an impairment of 8.3 million euros for HOMMEL ETAMIC (see Notes, Intangible assets chapter). In the prior year, following a review and reassessment of the business prospects of INTEROB in particular, impairments of 13.9 million euros were recognized on intangible assets, property, plant, and equipment, and goodwill in this item. At 8.5 million euros, currency losses remained below the prior-year figure of 14.0 million euros and thus contributed to the decrease.

Overall, other operating income and expenses came to minus 14.3 million euros (prior year: minus 16.1 million euros).

Detailed information on the composition of other operating income and expenses can be found in point 4.5 and 4.6 of the Notes

T15 Key items in the Statement of Comprehensive Income (in million euros)

	2023	2022	Change in %
Revenue	1,066.0	980.7	8.7
Cost of sales	695.5	635.0	9.5
R+D expenses	60.9	54.6	11.6
Selling expenses	103.0	107.6	– 4.3
Administrative expenses	66.0	65.5	0.8
Other operating income	18.8	21.5	– 12.7
Other operating expenses	33.1	37.7	– 12.2

Following good operating performance of the Advanced Photonic Solutions division and the Non-Photonic Portfolio Companies, income improved significantly in the fiscal year 2023. Earnings before interest, taxes, depreciation, and amortization (incl. impairments and reversals of impairments/EBITDA) increased to 209.6 million euros and were thus 13.9 percent up on the prior-year figure of 184.1 million euros. The EBITDA margin increased to 19.7 percent (prior year: 18.8 percent). In terms of EBITDA, the fourth quarter was again the strongest, with 66.5 million euros (prior year: 66.3 million euros).

EBIT (income from operations) came to 126.3 million euros, 24.0 percent up on the prior-year figure of 101.9 million euros. The EBIT item includes the impairment set out in other operating expenses, as well as higher scheduled depreciation/amortization of minus 70.9 million euros (prior year: minus 68.3 million euros), of which purchase price allocations accounted for minus 20.9 million euros (prior year: minus 26.5 million euros).

Information on the segment EBITDA and EBIT can be found in the Segment Report

Particularly due to the significantly higher EBIT, the Group's ROCE (return on capital employed) improved to 9.6 percent as of December 31, 2023 (prior year: 7.9 percent). The calculation of the ROCE is explained in the Control System chapter and shown in the following table. The calculation of averages uses the twelve month-end balances in the period under review and the opening balance at the start of the year.

T16 EBITDA (in million euros)

	2023	2022	Change in %
Total	209.6	184.1	13.9
Advanced Photonic Solutions	182.6	169.1	8.0
Smart Mobility Solutions	15.3	19.3	– 20.8
Non-Photonic Portfolio Companies	17.6	3.6	384.6
Other	– 5.9	– 8.0	25.8

T17 EBIT (in million euros)

	2023	2022	Change in %
Total	126.3	101.9	24.0
Advanced Photonic Solutions	132.3	121.9	8.5
Smart Mobility Solutions	9.1	13.9	– 34.7
Non-Photonic Portfolio Companies	– 1.5	– 19.3	92.1
Other	– 13.5	– 14.6	7.4

T18 ROCE (in million euros)

	2023	2022
Non-current non-interest-bearing assets	1,079.7	1,060.3
Current non-interest-bearing assets	498.9	480.4
Non-interest-bearing liabilities	– 256.4	– 255.7
Average capital employed	1,322.2	1,284.9
EBIT	126.3	101.9
ROCE (in percent)	9.6	7.9

Higher interest expenses, caused by increased market interest rates, led to a financial result of minus 15.0 million euros (prior year: minus 6.0 million euros). Both currency gains and losses decreased compared with the prior year and totaled 1.0 million euros (prior year: 1.6 million euros).

Higher EBIT was also reflected in the earnings before tax, which at a total of 111.4 million euros were 16.1 percent up on the prior year (prior year: 96.0 million euros).

The current income taxes of 37.6 million euros were above the level of the prior year (prior year: 32.1 million euros).

The tax rate was 33.7 percent (prior year: 33.5 percent), influenced by non-tax-effective impairments. The cash effective tax rate, the ratio of current income taxes to earnings before tax, was 19.5 percent (prior year: 20.8 percent) and, in view of the domestic earnings and tax loss carryforwards that can be offset in Germany, was at a comparatively low level for a German company.

See point 4.8 in the Notes for detailed information on the subject of taxes

Discontinued operation

Earnings after tax from the discontinued operation (VINCORION) amounted to minus 0.3 million euros (prior year: minus 6.8 million euros). In addition to the earnings of VINCORION until deconsolidation, it also includes the result from the disposal of the discontinued operation (see also Notes point 4.9).

The Group generated earnings after tax of 73.5 million euros in 2023 (prior year: 57.0 million euros). At 72.5 million euros, earnings attributable to shareholders were therefore higher than the prior year's figure of 55.1 million euros. At 1.27 euros, earnings per share improved on the prior year's figure of 0.96 euros.

Order position

The Jenoptik Group's order intake remained at a good level of 1,092.2 million euros in the reporting year but was 7.9 percent below the very high prior-year figure of 1,185.4 million euros. All three segments posted a lower volume of new orders.

The book-to-bill ratio came to 1.02 (prior year: 1.21). Both the Advanced Photonic Solutions division and the Non-Photonic Portfolio Companies had a book-to-bill ratio of more than 1 in the reporting period.

See the Segment Report for detailed information on the order intake in the divisions

The order backlog of the Jenoptik Group increased to 745.0 million euros at the end of 2023 (31/12/2022: 733.7 million euros). Of this order backlog, 86.7 percent (prior year: 83.4 percent) will be converted to revenue in 2024.

T19 Order intake (in million euros)

	2023	2022	Change in %
Total	1,092.2	1,185.4	– 7.9
Advanced Photonic Solutions	826.5	906.8	– 8.9
Smart Mobility Solutions	113.6	125.8	– 9.7
Non-Photonic Portfolio Companies	147.1	148.4	– 0.9
Other	5.0	4.5	10.6

T20 Order backlog (in million euros)

	2023	2022	Change in %
Total	745.0	733.7	1.5
Advanced Photonic Solutions	579.8	586.9	– 1.2
Smart Mobility Solutions	60.2	65.7	– 8.3
Non-Photonic Portfolio Companies	104.9	81.0	29.5

T21 Book-to-bill ratio

	2023	2022
Total	1.02	1.21
Advanced Photonic Solutions	1.01	1.22
Smart Mobility Solutions	0.96	1.10
Non-Photonic Portfolio Companies	1.21	1.24

G09 Development of the book-to-bill ratio

[1] Values for the year 2019 are data for the Group including VINCORION

Financial position

The wars in Ukraine and the Middle East, persistently high inflation, and an overall challenging economic environment were significant sources of uncertainty in the fiscal year 2023, which were taken into account in the financial management of the Jenoptik Group. In the assessment of the Executive Board, the Group continues to ensure healthy balance sheet ratios and an ample supply of liquidity and is thus in a good financial position.

Financial management principles

The central Treasury department plans the liquid resources needed and controls their provision within the Group. The Group's financial flexibility and solvency is guaranteed at all times on the basis of multi-year financial planning and quarterly forecasts. A cash pooling system also ensures the liquidity supply to all the major companies in Europe and the US. Companies not integrated in the cash pooling system are usually supplied with liquidity through internal Group loans or, in exceptional cases, lines of credit from local banks.

Jenoptik utilizes a program to sell trade receivables (factoring), The volume of this instrument is set at 50 million euros, with approximately 25 million euros being used on a revolving basis.

See point 5.7 of the Notes for more information on factoring

Primarily using currency forward transactions, Jenoptik hedges orders and internal loan receivables in foreign currencies, thereby reducing the impacts of exchange rate fluctuations on earnings and cash flow. Derivative financial instruments are used exclusively to hedge the operating business and essential financial transactions.

As a result of the above measures, the existing financing instruments – essentially the syndicated loan and debenture bonds –, and the available cash and cash equivalents, the liquidity of all the group companies was sufficiently secured at all times in the past fiscal year.

See point 8.2 of the Notes for more information on liquidity

Capital structure and financing analysis

With an equity ratio of 54.2 percent as of December 31, 2023, net debt of 423.1 million euros, and leverage (net debt in relation to EBITDA) of 2.0, the Executive Board believes that the Group enjoys a solid and viable financing structure, as well as healthy balance sheet ratios. This gives Jenoptik the flexibility and financial latitude to finance future organic growth and potential acquisitions, in order to implement its "Agenda 2025".

In March 2021, Jenoptik placed sustainability-linked debenture bonds worth 400 million euros on the capital market. The debenture bonds comprised several installments, initially with terms of five, seven, and ten years, which were issued not only in euros but also, to a lesser extent, in US dollars (59 million US dollars). Investors from Germany and abroad were offered both fixed and variable interest rate options. A variable-interest rate installment of 25.5 million euros due in March 2026 was repaid early on September 30, 2023.

In December 2021, Jenoptik also refinanced a revolving syndicated loan and increased it to over 400 million euros. The term of the loan provided by seven banks was originally five years and was extended by a year in 2022. In 2023, the term of nearly 350 million euros was extended by another year until December 2028. The volume can be increased to 600 million euros, subject to the consent of the participating banks. This financing instrument, too, included sustainability components.

Further information can be found in point 8.2 of the Notes

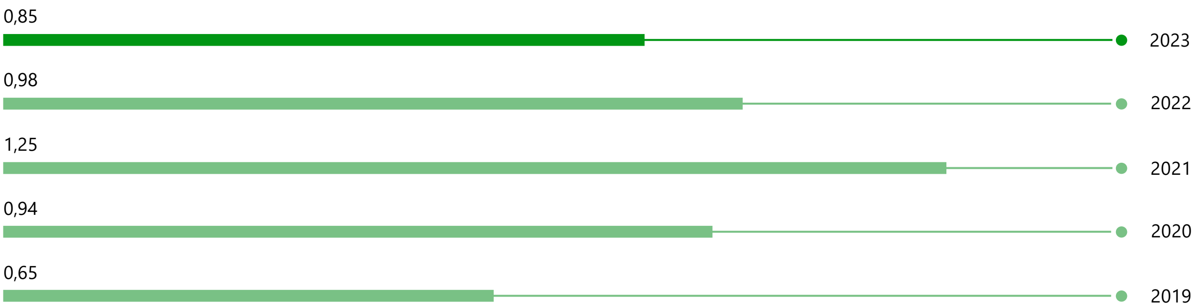
In addition to cash and cash equivalents of 67.7 million euros, the Group had unused credit lines totaling almost 400 million euros at the end of 2023. This means that, as of the end of 2023, Jenoptik had around 460 million euros available for corporate development.

In 2023, non-current financial debt decreased to 466.5 million euros (31/12/2022: 477.7 million euros). This item included financial liabilities to banks in the amount of 416.0 million euros (31/12/2022: 435.4 million euros) and lease liabilities of 50.5 million euros (31/12/2022: 42.4 million euros). At the end of 2023, non-current financial debt accounted for around 95 percent of Jenoptik's financial debt (31/12/2022: 89 percent).

In part due to reduced utilization of credit lines, current financial debt fell sharply to 24.3 million euros (31/12/2022: 59.1 million euros).

The debt-to-equity ratio was 0.85 at the end of 2023 (31/12/2022: 0.98), The debt-to-equity ratio is defined as the ratio between liabilities (763.6 million euros) and equity (903.3 million euros).

G10 Debt-to-equity ratio



The net cash position is defined as the total cash, cash equivalents, and current financial investments minus current financial debt. At the end of 2023, it improved to 43.4 million euros (31/12/2022: minus 1.2 million euros), mainly due to a reduction of current financial debt. In addition, cash and cash equivalents, including current financial investments, increased to 67.7 million euros (31/12/2022: 57.8 million euros).

The reduction in financial debt also resulted in net debt falling sharply over the reporting period, to 423.1 million euros as of December 31, 2023 (31/12/2022: 479.0 million euros).

T22 Net and gross debt (in million euros)[1]

	2023	2022	2021	2020	2019
Non-current financial debt	466.5	477.7	448.7	138.4	122.6
Current financial debt	24.3	59.1	149.0	130.9	37.0
Gross debt	490.8	536.8	597.7	269.3	159.6
minus current financial investments	0.0	1.0	1.6	4.9	69.7
minus cash and cash equivalents	67.7	56.8	54.8	63.4	99.0
Net debt	423.1	479.0	541.4	201.0	– 9.1

[1] Values for the years 2019 and 2020 are data for the Group including VINCORION

Analysis of capital expenditure

The focus of capital expenditure is derived from the group strategy and is in line with the planned growth targets and the asset structure of the Group. To ensure this, the individual investments are systematically reviewed with respect to their future viability or value contribution on the basis of performance and financial indicators, and all risks and opportunities are thoroughly analyzed.

In 2023, Jenoptik invested 110.4 million euros in intangible assets and property, plant, and equipment, incl. leases of 25.4 million euros (prior year: 106.0 million euros, incl. leases of 28.4 million euros). Investments were primarily made to create the conditions for the Group's further organic growth.

At 101.1 million euros, the largest share of capital expenditure was once again on property, plant, and equipment (prior year: 95.5 million euros). These funds were used to expand manufacturing capacity and acquire new technical equipment, in particular for the semiconductor equipment industry, for construction of the factory in Dresden, and for the new site for the medical technology business in Berlin.

Capital expenditure for intangible assets of 9.2 million euros was slightly down on the prior-year figure of 10.5 million euros. These investments were mainly attributable to capitalized development output, which amounted to 5.5 million euros in the reporting period (prior year: 4.2 million euros).

More information on capital expenditure in the divisions can be found in the Segment Report; on future investment projects in the Forecast Report

Scheduled depreciation and amortization increased to 70.9 million euros (prior year: 68.3 million euros), and included impacts arising from the purchase price allocation for the acquisitions made in recent years.

Scheduled depreciation on property, plant, and equipment came to 44.2 million euros (prior year: 37.2 million euros) and was thus significantly below the figure for capital expenditure on property, plant, and equipment.

Scheduled amortization on intangible assets amounted to 26.5 million euros (prior year: 30.9 million euros), and, as in the prior year, primarily included amortization of software, as well as intangible assets identified in the course of company acquisitions.

In addition, impairments totaling 12.7 million euros (prior year: 13.9 million euros) were recognized, in particular for the Non-Photonic Portfolio Companies.

For further information, see explanations in the Earnings position chapter and in points 5.1 and 5.4 of the Notes

T23 Capital expenditure and depreciation/amortization (in million euros)

	2023	2022	Change in %
Capital expenditure	110.4	106.0	4.1
Intangible assets	9.2	10.5	– 12.0
Property, plant, and equipment	101.1	95.5	5.9
Depreciation/amortization/impairments and reversals of impairments	83.3	82.2	1.2
Intangible assets	34.8	44.2	– 21.3
Property, plant, and equipment	44.4	37.8	17.2
Investment property	0.1	0.1	0.5
Investments accounted for using the equity method	4.0	0.0	n.a.

T24 Capital expenditure by segment – intangible assets and property, plant, and equipment (in million euros)

	2023	2022	Change in %
Total	110.4	106.0	4.1
Advanced Photonic Solutions	83.1	79.7	4.3
Smart Mobility Solutions	12.8	7.8	63.5
Non-Photonic Portfolio Companies	6.8	3.7	82.8
Other	7.7	14.8	– 47.8

Analysis of cash flows

The Group's cash flows from operating activities improved significantly to 167.0 million euros in the reporting year (prior year. 142.7 million euros), primarily due to a substantially improved EBITDA. Positive contributions also came from inflows from other assets and liabilities, especially other tax receivables, and a smaller increase in working capital.

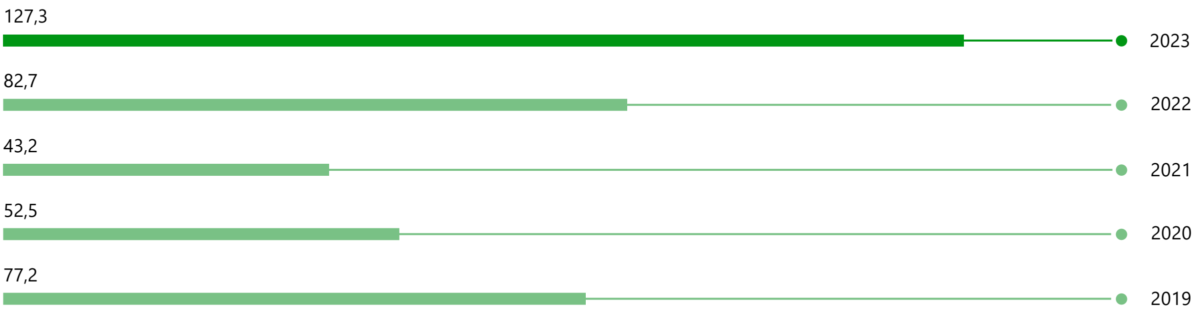
In 2023, the Group's cash flows from investing activities amounted to minus 48.5 million euros (prior year: minus 13.4 million euros). Over the reporting period, this item was influenced in particular by higher capital expenditure for property, plant, and equipment, liquidity flows associated with the sale of real estate in the Non-Photonic Portfolio Companies segment, and proceeds from the sale of shares in HILLOS GmbH. In the prior year, it was dominated by cash inflows related to the sale of VINCORION, in addition to capital expenditure for property, plant, and equipment.

Due to higher cash flows from operating activities before taxes and lower net payments from operating investing activities, the free cash flow of 127.3 million euros was significantly higher than the prior-year figure of 82.7 million euros. The free cash flow is calculated as the group cash flows from operating activities before income tax payments in the amount of 193.7 million euros (prior year: 157.5 million euros) and cash flows from operating investment activities, i.e., the balance of proceeds from sale of and capital expenditure for intangible assets and property, plant, and equipment, amounting to minus 66.3 million euros (prior year: minus 77.9 million euros).

In the fiscal year 2023, the cash conversion rate came to 60.8 percent (prior year: 44.9 percent).

The Group's cash flows from financing activities amounted to minus 104.9 million euros in the period covered by the report (prior year: minus 127.3 million euros), influenced in particular by the changes in liabilities to banks, higher interest payments, and dividend payments to shareholders of the parent company and minority shareholders amounting to 21.3 million euros (prior year: 17.6 million euros), of which 17.2 million euros was to shareholders of JENOPTIK AG and 4.1 million euros to minority shareholders of TRIOPTICS.

G11 Free cash flow (in million euros)[1]



[1] Values for the year 2019 are data for the Group including VINCORION

T25 Group cash flow (incl. discontinued operation) (in million euros)

	2023	2022	2021	2020	2019
Cash flows from operating activities	167.0	142.7	98.0	89.7	108.9
Cash flows from investing activities	– 48.5	– 13.4	– 413.6	– 188.4	– 54.4
Cash flows from financing activities	– 104.9	– 127.3	304.2	63.7	– 46.1
Cash-effective change in cash and cash equivalents	13.6	2.0	– 11.4	– 35.0	8.4
Non-cash-effective change in cash and cash equivalents	– 2.6	– 0.1	2.8	– 0.6	1.4
Change in cash and cash equivalents	**10.9**	**1.9**	**– 8.6**	**– 35.6**	**9.8**
Cash and cash equivalents at end of fiscal year	**67.7**	**56.8**	**54.8**	**63.4**	**99.0**

Asset position

Compared to the end of 2022, the Jenoptik Group’s total assets decreased slightly to 1,666.9 million euros as of December 31, 2023 (31/12/2022: 1,671.8 million euros).

On the assets side, non-current assets decreased to 1,099.8 million euros (31/12/2022: 1,128.5 million euros), particularly due to a reduction in intangible assets from 730.6 million euros to 712.5 million euros, among other reasons due to depreciation/amortization and deferred taxes mainly through the utilization of the tax loss carryforward. The “Investments accounted for using the equity method” item decreased due to the sale of shares in HILLOS GmbH and TELSTAR-HOMMEL CORPORATION Ltd. By contrast, property, plant, and equipment increased from 324.6 million euros at the end of 2022 to 361.7 million euros as of December 31, 2023, as a result of the investments made. This is mainly due to an increase in technical equipment and machinery as well as advances made and assets under construction.

More information on the intangible assets and property, plant, and equipment can be found in point 5.1 to 5.3 of the Notes

Over the past fiscal year, current assets grew to 567.1 million euros (31/12/2022: 543.3 million euros), the result of an increase in inventories, contract assets, trade receivables, and cash and cash equivalents. Inventories increased to 269.3 million euros (31/12/2022: 256.0 million euros), contract assets from 58.1 million euros to 68.1 million euros. Cash and cash equivalents grew to 67.7 million euros (31/12/2022: 56.8 million euros).

As of December 31, 2023, the working capital rose to 304.4 million euros (31/12/2022: 287.4 million euros). On the assets side, inventories, trade receivables, and contract assets increased more strongly than trade payables and contract liabilities on the liabilities side. The working capital ratio, that of working capital to revenue based on the last twelve months, improved to 28.6 percent at the end of 2023 (31/12/2022: 29.3 percent) as a result of the increase in revenue.

T26 Components of working capital (in million euros)

	2023	2022	Change in %
Inventories	269.3	256.0	5.2
Trade receivables	144.2	138.8	3.9
Contract assets	68.1	58.1	17.2
Trade payables	108.8	100.6	8.2
Contract liabilities	68.4	64.9	5.5
Total	**304.4**	**287.4**	**5.9**

As of December 31, 2023, equity of 903.3 million euros was sharply up on the figure at year-end 2022 (31/12/2022: 843.3 million euros), with net profit for the period and currency effects contributing positively. By contrast, the dividend for the shareholders of JENOPTIK AG and the minority shareholders of TRIOPTICS had an equity-reducing effect. The equity ratio, that of equity to total assets, improved significantly to 54.2 percent (31/12/2022: 50.4 percent).

Non-current liabilities decreased to 490.2 million euros (31/12/2022: 519.0 million euros), influenced particularly over the reporting period by the reduction in non-current financial debt to 466.5 million euros due to the early repayment of a variable-interest installment of the debenture bond amounting to 25.5 million euros (31/12/2022: 477.7 million euros).

Current liabilities fell to 273.4 million euros (31/12/2022: 309.5 million euros), with a notable decrease in current financial debt from 59.1 million euros at the end of 2022 to 24.3 million euros at the end of 2023 due to reduced utilization of credit lines. As of the reporting date, current trade payables increased to 108.8 million euros (31/12/2022: 100.6 million euros).

Acquisitions and disposals

The acquisitions and disposals made in the fiscal year 2023 are set out in the Group Structure chapter. There were no other purchases or sales of companies in 2023.

G12 Equity ratio (in percent)

T27 Financial debt by due date (in million euros)

	Up to 1 year		1 to 5 years		More than 5 years		Total as of 31/12	
	2023	2022	2023	2022	2023	2022	2023	2022
Liabilities to banks	10.0	47.1	331.7	203.1	84.4	232.3	426.0	482.5
Liabilities from leases	14.3	11.9	33.9	27.8	16.6	14.6	64.8	54.3
Total	**24.3**	**59.1**	**365.6**	**230.9**	**100.9**	**246.8**	**490.8**	**536.8**

Assets and obligations not recognized in the statement of financial position

The value of the Jenoptik brand is one of the main assets we do not include in the statement of financial position. Jenoptik operates in the highly fragmented photonics market that is characterized by a multitude of highly-specialized companies. We aim to further boost awareness of our brand, especially on the international stage, in the coming years. For several years now, Jenoptik has been on the market with new brand positioning and a new corporate design. Strategically, Jenoptik is positioning itself as a photonics specialist.

Non-capitalized tax loss carryforwards. Tax loss carryforwards arise from losses in the past that have not yet been offset against taxable profits. They represent potential liquidity advantages in the future, as their offset against taxable income can reduce actual tax payments.

For non-usable loss carryforwards, deferred tax assets are not recognized for corporation tax purposes in the amount of 34.4 million euros (prior year: 27.6 million euros) and trade tax purposes in the amount of 0.7 million euros (prior year: 1.2 million euros), as they are unlikely to be used within a determined planning time frame. Equally, no deferred tax assets were recognized for deductible timing differences in the amount of 0.2 million euros (prior year: 3.0 million euros).

Off-balance sheet financing instruments for the financial and asset position. Jenoptik uses a factoring program as an additional instrument to manage its liquidity and working capital. This involves the sale of trade receivables from selected customers to a factoring company and allows Jenoptik to convert some long-term receivables into liquidity at short notice. The volume of this instrument is set at 50 million euros, with approximately 25 million euros actually being used on a revolving basis. Since the economic opportunities and risks associated with the receivables are transferred to the buyer when the receivables are sold, those receivables are no longer recognized on Jenoptik's statement of financial position (“real factoring”). Jenoptik does not use any other significant off-balance sheet financing instruments.

Information on contingent liabilities and commitments can be found in point 8.3 of the Notes.

Clauses in contracts concluded by JENOPTIK AG, which apply in the event of a change of control within the ownership structure of JENOPTIK AG following a takeover bid, exist for financing agreements with a total utilized volume of 395.6 million euros (prior year: 456.8 million euros). More information can be found in the Information on Takeover Law.

General Statement by the Executive Board on the Development of Business

Jenoptik reported good performance in terms of revenue and earnings in the fiscal year 2023. The wars in Ukraine and the Middle East, as well as issues such as still comparatively high inflation despite reduced rates and a more challenging economic environment, had no significant negative impact on the operating activities of the Jenoptik businesses in the reporting year and therefore on the Group's earnings, financial, and asset position. Jenoptik was able to raise its guidance for the EBITDA margin during the year and in the fiscal year 2023 generated revenue and EBITDA margin figures that were within or slightly above the ranges forecast.

The Jenoptik Group achieved noticeable organic revenue growth in 2023, which was, in particular, attributable to strong ongoing demand in semiconductor equipment business in the Advanced Photonic Solutions division. Revenue in the Smart Mobility Solutions division and the Non-Photonic Portfolio Companies was also up on the prior year.

In the fiscal year 2023, Jenoptik was able to increase EBITDA even more than revenue and significantly improve profitability. EBIT was again impacted by impairments.

The order intake remained below the very high prior-year figure, with all three segments receiving fewer new orders. At the end of 2023 the Group's order backlog was slightly up on the good level of the prior year and thus represents, in the opinion of the Executive Board, a solid basis for further profitable growth.

Particularly thanks to higher cash flows from operating activities, the Group's free cash flow was up on the prior-year figure, which allowed for an appreciable reduction in net debt over the course of the year. Thus, in the Executive Board's assessment, Jenoptik continues to have the financial latitude required for investments in the core photonics business and has created a good basis for further organic growth.

In the view of the Executive Board, the balance sheet and financing structure is very solid. The equity ratio rose to 54.2 percent at the end of the year.

In view of the ongoing challenging environment in 2023, the Executive Board was very satisfied overall with the company's performance.

Segment Report

The two divisions, Advanced Photonic Solutions and Smart Mobility Solutions, together with the Non-Photonic Portfolio Companies, represent the segments as defined in IFRS 8. Prior-year information in the Segment Report has been adjusted due to minor changes in the structure of the Jenoptik Group.

For the Group structure, please refer to the Group Structure chapter

The divisions' product portfolio and competitive positioning are set out in greater detail in the Group Business Model chapter.

The revenue, order intake, and order backlog figures provided in the Segment Report relate to business with external parties only.

Information on the various markets can be found in the Sector Report, on future developments in the Forecast Report

Advanced Photonic Solutions

T28 Advanced Photonic Solutions at a glance (in million euros)

	2023	2022	Change in %
Revenue	821.2	742.6	10.6
EBITDA	182.6	169.1	8.0
EBITDA margin in %[1]	21.9	22.7	
EBIT	132.3	121.9	8.5
EBIT margin in %[1]	15.9	16.4	
Capital expenditure	83.1	79.7	4.3
Free cash flow	78.2	101.2	– 22.8
Cash conversion rate in %	42.8	59.9	
Order intake	826.5	906.8	– 8.9
Order backlog	579.8	586.9	– 1.2
Employees	3,293	3,054	7.8

[1] Based on total external and internal revenue

The Advanced Photonic Solutions division supports its customers as a partner with a broad photonics technology portfolio covering everything from development to volume production. Cooperation as a development and production partner with numerous large international companies was again an important part of the business in the 2023 reporting year.

Advanced Photonic Solutions generated revenue of 821.2 million euros in 2023 (prior year: 742.6 million euros). The division thus grew by 10.6 percent in the reporting period. The fourth quarter was the strongest, with 226.9 million euros in revenue (prior year: 207.8 million euros). In particular business with the semiconductor equipment industry grew in 2023. With the exception of Optical Test & Measurement, all areas contributed to revenue growth. The Advanced Photonic Solutions division's share of Jenoptik revenue rose to 77.0 percent (prior year. 75.7 percent).

In total, around 75.3 percent of the division's revenue was generated abroad in 2023 (prior year: 77.6 percent). Revenue in Europe (including Germany) rose to 464.5 million euros (prior year: 396.8 million euros) and continued to account for the largest share. Revenue in the Americas increased by 9.3 percent to 150.1 million euros (prior year: 137.3 million euros). At 176.9 million euros, revenue in Asia/Pacific was almost on a par with the prior-year figure of 178.7 million euros.

More information on revenue in the regions can be found in the Segment Report in the Notes

Due to the growth in revenue, earnings before interest, tax, depreciation, and amortization (EBITDA) of 182.6 million euros were a sharp 8.0 percent up on the prior-year figure of 169.1 million euros. This was due mainly to higher contributions from Semiconductor Equipment and improved earnings in Industrial Solutions, which included an amount of 7.9 million euros from the reversal of a provision for onerous contracts from a customer order due to a contract modification during the reporting period. The EBITDA margin came to 21.9 percent during the reporting period, influenced in part by Optical Test & Measurement, down on the prior-year figure of 22.7 percent.

Compared to the prior year, the division's EBIT improved to 132.3 million euros (prior year: 121.9 million euros). The EBIT also includes PPA impacts arising from acquisitions in prior years of minus 17.3 million euros (prior year: minus 22.6 million euros). The EBIT margin came to 15.9 percent (prior year 16.4 percent).

Demand for products made by the division remained at a good level in 2023. The order intake worth 826.5 million euros, however, could not match the high prior-year figure of 906.8 million euros. With a value of 1.01, the book-to-bill ratio remained above 1 in 2023 (prior year: 1.22).

Despite the lower order intake, the order backlog at the end of 2023 was practically at the same good level seen at the end of 2022 (31/12/2022: 586.9 million euros), reaching 579.8 million euros. Both Semiconductor Equipment and Laser Processing saw an increase in order backlogs.

Increased capital expenditure, in particular, but also the rise in working capital led to a lower free cash flow before interest and income taxes of 78.2 million euros (prior year: 101.2 million euros) despite the improved EBITDA. The cash conversion rate consequently fell from 59.9 percent in the prior-year period to 42.8 percent at year-end 2023.

Working capital, on the other hand, increased significantly, primarily due to a substantial buildup of inventories, trade receivables, and contract assets, from 205.1 million euros at the end of 2022 to 239.4 million euros as of December 31, 2023.

As of December 31, 2023, Advanced Photonic Solutions had a total of 3,293 employees, 239 more than in the prior year (prior year: 3,054), with the greatest rise seen in Semiconductor Equipment. At the end of 2023, the division had 119 trainees (prior year: 115).

Including development services on behalf of customers, the division's R+D output came to 68.5 million euros, slightly up on the prior-year figure of 63.4 million euros. R+D expenses in the past fiscal year totaled 40.9 million euros (prior year: 35.1 million euros). The share of the R+D output in division revenue was 8.2 percent (prior year. 8.5 percent).

For more information on the key development topics, see the Research and Development chapter

Capital expenditure on intangible assets and property, plant, and equipment rose by 4.3 percent to 83.1 million euros (prior year: 79.7 million euros). To meet growing customer requirements, the division invested in machinery and equipment, as well as in a new development and production site for medical technology in Berlin. As a result of rising demand for optics and sensors for the semiconductor industry, Jenoptik is also expanding its manufacturing capacities and will invest between 90 and 100 million euros in a state-of-the-art production building for micro-optics and sensors and a new office complex in Dresden. Production is scheduled to start at the new factory in early 2025.

Due to increased capital expenditure, scheduled depreciation and amortization also rose to 50.0 million euros (prior year: 47.1 million euros).

Smart Mobility Solutions

The Smart Mobility Solutions division is responsible for the Group's business with systems and services related to traffic safety, such as speed and red-light monitoring systems and custom solutions for identifying other traffic violations, and for the fields of public safety and road user charging. The business is primarily influenced by projects, although the service component is steadily increasing.

In 2023, the division generated revenue of 118.8 million euros (prior year: 114.3 million euros), 3.9 percent more than in the prior year. The division posted its strongest revenue of 36.1 million euros in the fourth quarter (prior year: 38.5 million euros). In the past fiscal year Smart Mobility Solution's share of revenue came to 11.1 percent (prior year: 11.7 percent).

At around 69.2 percent, the share of revenue generated abroad in 2023 was up on the prior-year figure of 67.3 percent, reflecting project volumes. The division saw revenue growth in Europe and, in particular, the Asia/Pacific region. However, revenue in the Americas declined due to changes in the sales structure in the USA.

T29 Smart Mobility Solutions at a glance (in million euros)

	2023	2022	Change in %
Revenue	118.8	114.3	3.9
EBITDA	15.3	19.3	– 20.8
EBITDA margin in %[1]	12.9	16.9	
EBIT	9.1	13.9	– 34.7
EBIT margin in %[1]	7.6	12.1	
Capital expenditure	12.8	7.8	63.5
Free cash flow	10.1	4.2	138.4
Cash conversion rate in %	66.1	22.0	
Order intake	113.6	125.8	– 9.7
Order backlog	60.2	65.7	– 8.3
Employees	526	485	8.5

[1] Based on total external and internal revenue

Due primarily to a lower-margin product mix, EBITDA amounted to 15.3 million euros despite increased revenue, falling below the prior-year figure of 19.3 million euros. A considerable contribution to earnings of 8.6 million euros (prior year: 10.9 million euros) was again generated in the fourth quarter. In 2023, the EBITDA margin came to 12.9 percent, compared with 16.9 percent in the prior year.

The division's order intake is subject to typical fluctuations in project business. In 2023, Smart Mobility Solutions received new orders worth a total of 113.6 million euros, less than in the prior year (prior year: 125.8 million euros). In 2022, the division had secured larger orders in North America and the Middle East/Africa region. The book-to-bill ratio decreased to 0.96 (prior year: 1.10).

As of December 31, 2023, the division had an order backlog worth 60.2 million euros (31/12/2022: 65.7 million euros).

With a total of 526 employees, the number of people employed in the division at the end of 2023 was higher than at the end of 2022 (485 employees). At the end of December, the division had 12 trainees (prior year: 9 trainees).

In 2023, R+D expenses of 15.6 million euros were practically on a par with the prior-year figure of 15.5 million euros. Overall, the division's R+D output increased to 20.0 million euros (prior year. 17.6 million euros).

For information on the key development topics, see the Research and Development chapter

As of December 31, 2023, the working capital reduced to 31.4 million euros, down on the prior-year figure of 34.1 million euros, mainly due to a decrease in trade receivables.

In particular, the reduction in working capital (prior year: increase) led to a higher free cash flow (before interest and income taxes) of 10.1 million euros (prior year: 4.2 million euros), despite the lower EBITDA in the fiscal year 2023. As a result, the cash conversion rate of 66.1 percent was also significantly up on the prior-year figure of 22.0 percent.

The division invested 12.8 million euros in intangible assets and property, plant, and equipment in the reporting year, an increase of 63.5 percent over the prior year's 7.8 million euros. Capital expenditure was primarily deployed in Traffic Service Provision (TSP) projects, particularly in North America, and in establishing the division's own sales structure in this region. Capitalized development costs are also included. In the TSP projects, the traffic safety technology is installed and operated by Jenoptik on behalf of the customer. Capital expenditure was offset by scheduled depreciation and amortization totaling 6.3 million euros (prior year: 5.5 million euros).

Non-Photonic Portfolio Companies

The Non-Photonic Portfolio Companies particularly focus on solutions for the automotive industry in the Metrology and Automation business areas.

Revenue of the Non-Photonic Portfolio Companies came to 121.1 million euros in 2023 (prior year: 119.3 million euros), with Metrology seeing a significant increase. The Non-Photonic Portfolio Companies' share of group revenue fell to 11.4 percent in 2023 (prior year: 12.2 percent).

At around 76.7 percent, the division again generated most of its revenue abroad in 2023 (prior year: 82.4 percent). While revenues increased in Europe, including Germany, and in the Asia/Pacific region, they fell in the Americas.

EBITDA increased sharply to 17.6 million euros (prior year: 3.6 million euros), mainly due to higher profitability in Automation. In the prior year, EBITDA was heavily impacted by projects in this area. The EBITDA margin improved strongly to 14.1 percent in 2023, compared with 2.8 percent in the prior year. With EBITDA of 5.4 million euros, a margin of 16.5 percent was achieved in the fourth quarter (prior year: 4.8 million euros or 13.0 percent).

EBIT of the Non-Photonic Portfolio Companies came to minus 1.5 million euros (prior year: minus 19.3 million euros). In the past fiscal year, EBIT was also negatively affected by impairments of 4.0 million euros relating to the sale of shares in TELSTAR-HOMMEL. Due to the medium-term intention to sell Prodomax, the past fiscal year also saw a reallocation of the goodwill of the Non-Photonic Portfolio Companies to Prodomax and HOMMEL ETAMIC. As a result, there was an impairment on the goodwill of HOMMEL ETAMIC amounting to 8.3 million euros (see the Notes, Intangible assets chapter). In the prior year, following a review and reassessment of the business prospects, especially of INTEROB, impairments of 13.9 million euros were recognized. The EBIT margin improved to 1.2 percent (prior year: minus 15.1 percent).

T30 Non-Photonic Portfolio Companies at a glance (in million euros)

	2023	2022	Change in %
Revenue	121.1	119.3	1.5
EBITDA	17.6	3.6	384.6
EBITDA margin in %[1]	14.1	2.8	
EBIT	– 1.5	– 19.3	92.1
EBIT margin in %[1]	– 1.2	– 15.1	
Capital expenditure	6.8	3.7	82.8
Free cash flow	40.1	12.9	211.7
Cash conversion rate in %	227.5	353.7	
Order intake	147.1	148.4	– 0.9
Order backlog	104.9	81.0	29.5
Employees	534	598	– 10.7

[1] Based on total external and internal revenue

In the fiscal year 2023, the order intake of the Non-Photonic Portfolio Companies nearly reached the level of the prior year, totaling 147.1 million euros (prior year: 148.4 million euros), with Metrology posting more new orders. Furthermore, Prodomax received a major order in the past fiscal year to design, construct, and commission four welding robots in North America, valued at over 30 million euros. In 2023 the book-to-bill ratio reached a figure of 1.21 (prior year: 1.24).

At the end of 2023, the order backlog was worth 104.9 million euros, 29.5 percent above the figure at the end of 2022 (31/12/2022: 81.0 million euros).

An increase in cash flows from operating activities, driven by significantly improved EBITDA and the sale of real estate, led to a substantial improvement in free cash flow (before interest and income taxes) to 40.1 million euros (prior year: 12.9 million euros). The working capital decreased from 57.8 million euros at the end of 2022 to 44.4 million euros at the end of the reporting year, chiefly due to the decline in inventories and contract assets.

As of December 31, 2023, the Non-Photonic Portfolio Companies had 534 employees (31/12/2022: 598 employees). 21 people were in trainee positions as of the reporting date (31/12/2022: 21 trainees).

The R+D output rose to a value of 5.6 million euros (prior year: 5.2 million euros). Developments on behalf of customers were worth 2.1 million euros in 2023, as in the prior year. R+D expenses came to 3.5 million euros (prior year: 3.2 million euros). In 2023, the share of R+D output in the Non-Photonic Portfolio Companies' total revenue was 4.5 percent (prior year. 4.1 percent).

Capital expenditure on intangible assets and property, plant, and equipment rose to 6.8 million euros (prior year. 3.7 million euros), mainly due to the extension of lease liabilities for Prodomax's production and administrative buildings in Barrie, Canada. In the fiscal year 2023, capital expenditure was offset by scheduled depreciation/amortization in the sum of 7.1 million euros (prior year: 9.1 million euros).

General Statement by the Executive Board on the Development of the Segments

The Advanced Photonic Solutions division benefited from good revenue with the semiconductor equipment industry in 2023. However, most other areas also contributed to its significant growth. The division also achieved an appreciable improvement in EBITDA. While the order intake did not reach the high level of the prior year, the division still has a good order backlog.

In 2023, the Smart Mobility Solutions division achieved an increase in revenue compared to the prior year, though it did not meet the prior year’s EBITDA. Fluctuations in project business resulted in a lower order intake and, consequently, a reduced order backlog.

The Non-Photonic Portfolio Companies also saw a slight increase in revenue, with significant improvements in EBITDA and the EBITDA margin, which had been affected by negative impacts in Automation in the prior year. As in the prior year, EBIT was impacted by impairment effects in the past fiscal year. Although the order intake was nearly at the level of the prior year, the order backlog significantly increased.

Over the course of the past fiscal year, Jenoptik boosted its capital expenditure on expanding production capacity and developing new products.

In the opinion of the Executive Board, Jenoptik again succeeded in establishing a broader range of products and services, expanding the revenue share with key customers, and winning international projects and new customers in 2023. In terms of revenue, we posted increases in all three segments subject to reporting requirements. Both divisions and the Non-Photonic Portfolio Companies ended 2023 with a good order backlog, creating a solid basis for the Group’s continued development.

Management Report of JENOPTIK AG

(abridged version according to HGB)

Supplementary to the reports on the Jenoptik Group, the development of (JENOPTIK Aktiengesellschaft (hereinafter JENOPTIK AG) is set out below.

JENOPTIK AG is the parent company of the Jenoptik Group and based in Jena. Its asset, financial, and earnings position is fundamentally defined by its capacity as the holding company of the Jenoptik Group. The operating activities of JENOPTIK AG primarily cover the provision of services for subsidiary companies and the subleasing of commercial premises.

The Annual Financial Statements of JENOPTIK AG are prepared in accordance with German commercial law (HGB) and the supplementary regulations of the German Stock Corporation Act (AktG). The Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) valid on the reporting date, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) whose application is mandatory within the European Union, as well as the regulations under commercial law in accordance with § 315e (1) HGB that apply on a supplementary basis. This gives rise to differences in the accounting and measurement methods, chiefly concerning fixed assets, derivatives, provisions, deferred taxes, leases, and revenue recognition.

The Group's strategic policy entails a greater focus on photonics growth markets and thus its transformation into a globally positioned photonics company.

Asset, Financial, and Earnings Position

T31 Abbreviated income statement of JENOPTIK AG

in thousand euros	1/1 -31/12/2023	1/1 -31/12/2022
Revenue	64,062	52,345
Cost of sales	61,760	46,361
Gross profit	2,302	5,984
Selling expenses	1,461	1,210
General administrative expenses	13,719	12,698
Research and development expenses	938	838
Other operating result	4,605	2,613
Income and expenses from profit and loss transfer agreements and investment income	94,997	71,140
Financial result	– 4,550	– 1,873
Income taxes	9,488	7,735
Earnings after tax	71,749	55,383
Net profit	71,749	55,383
Retained profits from prior year	20,000	20,000
Accumulated profit	91,749	75,383

Earnings position

Revenue was up 11.7 million euros on the prior year, at 64.1 million euros, mainly due to higher revenues from intra-group services and rental and leasing. The cost of sales saw a sharp increase of 15.4 million euros, to 61.8 million euros, mainly due to significantly higher real estate management costs and increased expenses for license fees.

Selling expenses of 1.5 million euros (prior year: 1.2 million euros) covered costs for communications, advertising, sponsorship, and strategic brand projects.

Administrative expenses rose year-on-year by 1.0 million euros, to 13.7 million euros, and primarily included personnel costs in the amount of 5.7 million euros (prior year. 5.3 million euros).

JENOPTIK AG posted research and development expenses amounting to 0.9 million euros (prior year: 0.8 million euros), primarily covering expenditure for innovation management and the coordination of R+D activities in the Jenoptik Group.

The other operating result included other operating income of 16.7 million euros (prior year: 27.9 million euros), which was offset by 12.1 million euros of other operating expenses (prior year: 25.3 million euros).

Other operating income primarily included currency gains worth 7.3 million euros (prior year: 9.4 million euros), intra-group cost allocations of 3.2 million euros (prior year: 2.0 million euros), and income arising from the reversal of provisions in the sum of 1.7 million euros (prior year: 0.2 million euros). In addition, other operating income in the fiscal year 2022 included income of 16.1 million euros from the sale of financial investments in connection with the sale of VINCORION, while in 2023 write-ups on financial investments in the amount of 4.2 million euros increased other operating income.

Key items in the other operating expenses were currency losses of 6.4 million euros (prior year: 9.6 million euros) and expenses for intra-group cost allocations of 3.2 million euros (prior year: 2.6 million euros). In addition, other operating expenses included 1.5 million euros from the disposal of fixed assets. In the prior year, other operating expenses included expenses due to unscheduled depreciation/amortization on short-term loans to an associate in the amount of 8.8 million euros.

Income taxes were 1.8 million euros above the figure for the prior year due to higher taxable income of the companies consolidated for tax purposes in the fiscal year 2023.

JENOPTIK AG's net profit increased overall by 16.4 million euros, to 71.7 million euros (prior year: 55.4 million euros). The company's earnings position was mainly influenced by the subsidiaries' earnings, which are transferred to JENOPTIK AG on the basis of existing control and profit and loss transfer agreements. The net earnings contribution of the subsidiaries increased compared to the prior year, by 23.9 million euros to 95.0 million euros, primarily attributable to good earnings performance in the semiconductor equipment and medical technology industries.

As forecast for 2023, revenues have seen a significant increase, driven not only by higher rental and leasing revenues but also by increased revenues from intra-group services. Despite the forecast stability compared to the prior year, earnings for 2023 were lower than expected, with a decrease in the net profit before profit and loss transfers from subsidiary companies of 7.5 million euros. This was due to lower gross profit of 2.3 million euros (prior year: 6.0 million euros) and a worse financial result of minus 4.6 million euros (prior year: minus 1.9 million euros), mainly as a result of higher interest expenses.

T32 Statement of financial position of JENOPTIK AG

in thousand euros	31/12/2023	31/12/2022
Assets		
Intangible assets, property, plant, and equipment	84,686	87,007
Financial investment	980,142	982,739
Fixed assets	**1,064,828**	**1,069,747**
Inventories, trade receivables, and other assets	131,025	146,264
Cash and cash equivalents	24,623	779
Current assets	**155,648**	**147,043**
Accruals and deferrals	**3,246**	**5,487**
	1,223,722	**1,222,276**
Liabilities		
Share capital	148,819	148,819
Conditional capital 14,950 thousand euros (prior year: 14,950 thousand euros)		
Capital reserves	180,756	180,756
Revenue reserves	337,047	298,836
Accumulated profit	91,749	75,383
Equity	**758,371**	**703,794**
Provisions	**16,089**	**19,663**
Liabilities to banks	380,076	442,429
Trade accounts payable	6,776	7,920
Other liabilities	60,035	48,471
Liabilities	**446,887**	**498,819**
Accruals and deferrals	**2,374**	**0**
	1,223,722	**1,222,276**

Asset and financial position

At 1,223.7 million euros, JENOPTIK AG’s total assets were on a par with the prior-year figure of 1,222.3 million euros.

The assets side of the statement of financial position reflects JENOPTIK AG’s status as a holding company. Alongside a capitalization ratio of 87.0 percent, of which 80.1 percent was attributable to financial investments and 6.9 percent to other fixed assets (in particular real estate), the total assets are dominated by a high level of receivables from associates in the amount of 128.9 million euros, which corresponds to 10.5 percent of total assets.

Within financial investments, the increase in shares in associates of 4.0 million euros, resulting from a reversal of an impairment, is offset by the decrease in loans to associates of 6.9 million euros due to the repayment of issued loans.

Receivables from associates of 128.9 million euros (31/12/2002: 133.2 million euros) essentially concerned cash pool balances of subsidiaries worth 122.8 million euros (31/12/2002: 124.5 million euros) and short-term loan receivables from a subsidiary, which still amounted to 2.7 million euros on the reporting date after taking impairments into account.

The increase in cash and cash equivalents by 23.8 million euros is related to the reporting date and the result of active liquidity management.

As a holding company, the financial position of JENOPTIK AG is significantly influenced by the liquidity situation of the Group. The company was able to meet its financial obligations at all times during the fiscal year. Overall, we assess our liquidity situation as comfortable. Please refer to the “Financial position” section for more details.

Accruals and deferrals essentially comprised accrued costs for various rental licenses.

On the liabilities side, JENOPTIK AG's financing function as the holding company for the Jenoptik Group was particularly evident. Equity came to 758.4 million euros (62.0 percent of total assets), liabilities to banks to 380.1 million euros (31.1 percent of total assets).

In particular thanks to the positive annual result of 71.7 million euros, equity improved by 54.6 million euros, rising from 703.8 to 758.4 million euros. This was countered by the payment of dividends of 17.2 million euros for the fiscal year 2022. The equity ratio increased from 57.6 percent to 62.0 percent, also due to the reduction in liabilities to banks.

Provisions were down from 19.7 million euros to 16.1 million euros, the fall of 3.6 million euros due in particular to a sharp drop in tax provisions to 1.6 million euros (31/12/2022: 5.0 million euros). Other provisions of 11.9 million euros (31/12/2022: 12.2 million euros) included personnel provisions, provisions for outstanding invoices, and provisions for limited indemnification agreements in connection with the sale of VINCORION.

The 62.4-million-euro decrease in liabilities to banks, from 442.4 million euros to 380.1 million euros, related to the early repayment of an installment of the debenture bonds issued in 2021 in the amount of 25.5 million euros and the reduction in the utilization of the syndicated loan from 45.6 million euros to 11.3 million euros.

Other liabilities mainly comprised cash pool liabilities to associates amounting to 50.8 million euros.

Over the reporting year, JENOPTIK AG's debt-to-asset ratio changed, primarily due to the decrease in liabilities to banks, from a 42.4-percent to a 38.0-percent share of total assets.

As of December 31, 2023, JENOPTIK AG had 275 employees, of which 37 were temporary workers and trainees (31/12/2022: 270 employees, of which 30 temporary workers and trainees).

General statement by the Executive Board on the development of business

The business performance of JENOPTIK AG is dependent on the overall business performance of the Group. In this respect, we refer to our statements in the section "General statement by the Executive Board on the development of business".

Risks and opportunities

Due to its function as a holding company, JENOPTIK AG's development of business is subject to the same risks and opportunities as the Jenoptik Group. JENOPTIK generally participated in the risks of equity investments and subsidiaries in line with their equity interests and financial investments. The risks and opportunities of the Group and the segments are set out in the Risk and Opportunity Report.

Forecast report

The annual result of JENOPTIK AG is largely dependent on the development of contributions to earnings of the subsidiaries.

JENOPTIK AG is expecting slightly higher revenue for the fiscal year 2024 due to rent adjustments. Revenue from holding company services and service charges will also be slightly up on the prior year.

JENOPTIK AG's earnings – prior to transfer of subsidiaries' earnings contributions and excluding any impacts from corporate transactions or unscheduled depreciation/amortization – are expected to remain stable compared with the past fiscal year. For a detailed presentation of the expected future development of the Jenoptik Group and its segments, we refer to the Forecast Report.

Risk and Opportunity Report

Principles of Risk and Opportunity Management (Enterprise Risk Management) at Jenoptik

Jenoptik operates in a global and complex business environment and is therefore constantly exposed to internal and external influences on its business activities. A consideration of the risks and opportunities of the corporate environment is therefore required for every business decision. This consideration, for Jenoptik, is one of the principles of responsible and value-oriented corporate management.

Jenoptik's comprehensive opportunity and risk management system is based on an interactive and management-oriented approach. Its enterprise risk management (ERM) system accounts for both risks and opportunities, and is integrated throughout the company. The goal is to support the implementation of the Group strategy and to define actions that create an optimum balance between growth and return targets on the one side and the associated risks on the other. In implementing the strategy, it is necessary to identify strategic, operational, financial, and compliance-related risks and opportunities, and within these categories sustainability risks, early on, and to present, evaluate, and manage them transparently and in a way that facilitates comparison. This is achieved by promoting an open risk culture, and through regular development of the enterprise risk management system guided by the ISO 31000 standard. The risk assessment is set out in detail below.

G13 Risk assessment

Metrics	Probability of occurence	Consequences/extent of damage		
		Qualitative		Quantitative EBITDA impact
5 = High	up to 50 %	The goal of the Group or the risk reporting unit is jeopardized	or	> 20 %
4 = Medium-high	up to 40 %	The goal of the Group or the risk reporting unit has to be adapted immediately	or	> 15 to 20 %
3 = Medium	up to 30 %	The goal of the Group or the risk reporting unit has to be adapted in the medium term	or	> 10 to 15 %
2 = Low	up to 20 %	Further measures are necessary in order to achieve the goals of the Group or the risk reporting unit	or	> 5 to 10 %
1 = Very low	up to 10 %	Minor consequences	or	> 0 to 5 %

Structure and organizational integration of enterprise risk management

The Supervisory Board's Audit Committee monitors the existence and effectiveness of Jenoptik's enterprise risk management. Overall responsibility for the ERM system in the Jenoptik Group lies with the Executive Board. The group-wide approach is set out in a risk manual. The structure and process are shown in the figure below.

G14 Process of risk reporting

Risk Officers in the divisions and central departments	Assessment of single risks
Central Functions	Review of aggregated risks
Corporate Compliance & Risk Management department	Review and analysis of group risks
Risk Committee	Analysis of group risks
Executive Board	Final assessment of group risks
Audit Committee Supervisory Board	Evaluation of group risks

Functional responsibility lies with the Central Compliance & Risk Management department, which reports on group risk management directly to the CFO, who is also defined as the Group's risk officer.

The Risk Committee consists of the members of the Executive Board and the Head of Central Compliance & Risk Management. It combines all aggregated reporting results into an overall evaluation of the Group's risk position.

The definition and ongoing development of the system takes place with the close cooperation of Central Compliance & Risk Management, the Executive Board, and the Audit Committee of the Supervisory Board. The system is managed and approved by the Executive Board, to whom the Head of Central Compliance & Risk Management communicates the current requirements of the risk management system, advises on its practical implementation, and monitors the measures and results of the risk management processes.

The Central Compliance & Risk Management department organizes and manages the system in close cooperation with other central departments and the risk officers and managers of the divisions. These, in turn, are responsible for implementing the ERM system in the various risk reporting units. The risk reporting units are defined reporting units that are employed to accurately identify and allocate risks and opportunities. They can be both business units and individual subsidiaries or consolidated regional units.

While Internal Audit monitors the effectiveness, appropriateness, and efficiency of enterprise risk management, the Supervisory Board's Audit Committee performs the external monitoring function for or in conjunction with the Supervisory Board.

As part of the audit of the Annual Financial Statements, the risk early warning system of JENOPTIK AG is examined by the auditor in accordance with the requirements of stock corporation law. The audit for the fiscal year 2023 showed that Jenoptik's ERM system complies with the legal requirements for a risk early warning system and that it is suitable for the early detection of developments that could jeopardize the continued existence of the Group.

The scope of risk consolidation corresponds to the group of consolidated entities used for financial reporting.

Procedure and processes of enterprise risk management

Risks are defined as potential developments and events that may result in a negative divergence from objectives and forecasts for the company and involve uncertainty regarding the occurrence of an event. Correspondingly, opportunities are events that may result in a positive divergence from expected targets.

The self-contained, regular, and IT-supported risk management process consists of various risk assessments, which are carried out using a combination of top-down and bottom-up elements. In order to ensure the most in-depth risk identification and comparability possible within the company, a risk register was developed to support management in the evaluation of risks. It comprises several specified categories, further divided up into subcategories, which are associated with predefined risk symptoms and provide the risk reporting units with a framework to assign potential risks and opportunities. This is to ensure that each risk reporting unit deals with the entire risk landscape and that, simultaneously, an aggregation of the results is guaranteed across the specified categories. While operational and financial targets are analyzed over a time frame of up to two years, strategic and compliance-related topics are considered for periods of up to four years. In the current system, sustainability risks are not yet identified in a separate risk category but are covered in the existing risk categories. The following table outlines the categories of risks and opportunities.

G15 Risk and opportunity categories*

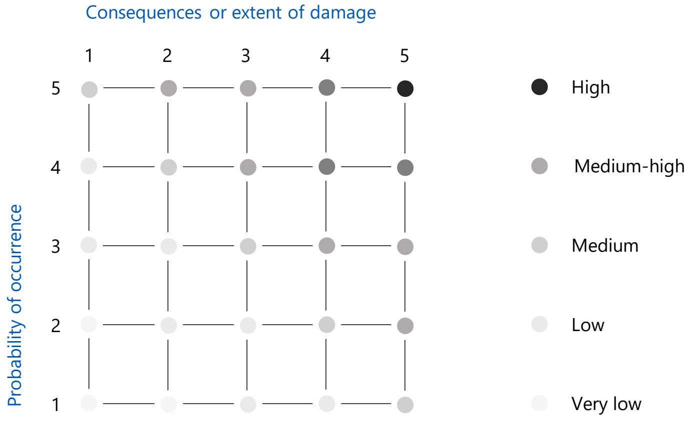
Operational Risks / Opportunities	Strategic Risks / Opportunities
Supply Chain Management / Safety and Environmental Protection / Production (incl. Quality Management) / Marketing & Sales / Patents & IP rights / Human Resources Management / IT / Compliance / Legal Affairs / Real Estate	Market Development / Product Development (incl. Research and Development) / Corporate Development (Portfolio and Structure) / Organizational Setup (Processes and Resources)
Financial Management Risks / Opportunities	**Compliance Risks / Opportunities**
Accounting / Finance Management (Treasury) / Controlling / Taxes	Corporate / Criminal and Competition Compliance Data Protection / Data Security

*In the current system, sustainability risks are not yet identified in a separate risk category but are covered in the existing risk categories

Within the scope of the risk analysis, the risk reporting units determine the risks and opportunities, recorded by divisional risk managers, in order to be able to undertake a valid risk assessment in the next stage regarding the assessment methods (qualitative or quantitative) and the measures already taken or still required. The information is recorded using both the gross and net methods. Only the assessed residual risks (net risks) are used for aggregation and reporting, i.e., mitigating measures are already included in the assessment. The assessment of a risk is the product of the probability of occurrence and the quantitative amount of loss or the qualitative extent of damage. The opportunities are evaluated in the same way.

For the two evaluation factors – probability of occurrence and extent of damage – there is a scale from 1 to 5, making the smallest possible risk score 1 and the largest possible risk score 25. Please see the following graphical representation for more details.

G16 Calculation of risk scores



Every six months, the results of the assessments are requested by central Compliance & Risk Management at the risk reporting units and aggregated to the Group Risk and Opportunity Report. The findings are then validated by the central Corporate Center prior to discussion on the Risk Committee. The Executive Board conducts an overarching assessment, is informed about the impacts on risk-bearing capacity, determined through a Monte Carlo simulation, and decides on any further steps required. The Group Risk and Opportunity Report is then presented to and discussed by the Audit Committee and subsequently by the Supervisory Board.

In addition, any risks identified during the year that have a high probability of occurrence and significant potential for damage are communicated without delay to the Head of Central Compliance & Risk Management and the Executive Board. After joint analysis with the relevant departments, they decide on further steps and any necessary communication.

Risk prevention and assurance of compliance

Prevention is a key element of the risk management system, and an integral part of regular business operations and committee work. It essentially comprises risk monitoring as part of a range of assessments and special approval procedures. Consequently, risks and opportunities, as well as their impact on the company, are discussed during the monthly meetings of the Executive Board, the EMC meetings, and the quarterly business reviews. At the same time, potential risks to achieving the strategic goals can be considered directly in the strategy development process and suitable measures adopted.

Compliance with national and international standards is an integral part of risk prevention and the processes of Jenoptik's risk management system. In order to improve employee awareness and achieve a company-wide uniform understanding of our compliance standards, regular training is provided on subjects relevant to compliance, such as anti-corruption or anti-trust law, as well as data protection issues. Online training on key compliance issues is obligatory for all employees. Since 2022, Jenoptik Compliance Days have been established and further developed as a dedicated communication format. A corresponding helpdesk is available on the intranet for important risk or compliance-related questions from employees. The guidelines implemented within the Group with regard to important company processes are regularly reexamined, expanded, and updated. They are published on intranet portals. Together with the Code of Conduct for Jenoptik employees, they serve to further prevent risks.

The Code of Conduct for Jenoptik's contractual business partners obligates them to comply with various international standards of compliance requirements. Central business partner screening (third-party due diligence) is used to check whether a cooperation is viable from a compliance perspective.

Jenoptik therefore has a preventive system of regulations, processes, and controls that enable it to identify any possible deficits in the company and to minimize them using appropriate measures at an early stage.

Alongside the risk and compliance management systems, the Internal Control System (ICS) is a key element of corporate governance. It covers technical and organizational regulations and control steps to ensure compliance with guidelines and prevent damages, as well as clear division of responsibility and function, in adherence to the principle of double-checking. Its primary goals are to ensure the security and efficiency of business transactions and the reliability of financial reporting. In the past fiscal year, compliance interviews were conducted at all group companies, partly through virtual conversations and partly through self-assessments. The statements were documented and confirmed by the respective management. These compliance interviews are made in a two-year cycle, alternating with the ICS self-assessments. Monitoring and evaluation of the completed ICS self-assessments is carried out by Internal Audit. Reported deficits are analyzed, and appropriate countermeasures are determined to sustainably eliminate them. In addition, the fiscal year 2022 saw the start of efforts in the financial area to introduce a globally uniform, documented, and tool-supported ICS for the larger Jenoptik companies (number of employees > 30). Since 2023, the system has been progressively extended to key non-financial processes, introducing a system-supported effectiveness monitoring mechanism. In the long term, the documented internal control system will replace the ICS self-assessment currently still carried out at the larger Jenoptik companies. The process regarding the biennial compliance interviews remains unaffected.

The Executive Board has no evidence that the internal control system and the enterprise risk management system are not essentially appropriate and effective.

Internal Audit supports the Jenoptik Group in achieving its goals by using a systematic and comprehensive approach to assessing and improving the effectiveness of its risk management, control, and monitoring processes. It is responsible for the risk-oriented audit of all processes in the divisions, regions, group companies, operating sites/facilities, strategic business units or functions/specialist areas of the Group ("audit universe"), and follow-up of measures for any deficiencies identified. Seventeen audits were carried out in 2023. In order to ensure the greatest possible independence and objectivity, the Internal Audit at JENOPTIK AG is a staff function of the Executive Board. In addition to ongoing reporting to the Executive Board, reports are also submitted directly to the Audit Committee every six months.

Key features of the Internal Control and Risk Management System (ICS) with regard to the accounting processes of the Group and JENOPTIK AG (§ 289(4) and § 315(4) of the German Commercial Code [HGB])

The accounting-related internal control system is part of the ICS of the Jenoptik Group. Its purpose, in part, is to ensure a due and proper process in preparing the Consolidated Financial Statements, guaranteeing compliance with statutory regulations, accounting rules, and internal guidelines for uniform accounting and valuation principles, which are binding for all companies included in the Consolidated Financial Statements. New regulations and changes to existing rules are analyzed and implemented promptly. All employees involved in the accounting process receive regular training. Regional financial delivery centers carry out some operational accounting processes. They also support the harmonization of processes, their efficiency and quality, and thus also the reliability of the internal control system.

Access restrictions in the respective IT systems protect financial systems from misuse. Central control and regular backup of IT systems reduce the risk of data loss.

In order to prepare the Consolidated Financial Statements, data from the companies is recorded directly by them in the consolidation tool. The transferred financial statement data and individual financial statements of the included companies are checked through system-technical and manual controls. All consolidation processes required for the preparation of the Consolidated Financial Statements are documented. These processes, systems, and controls enable Jenoptik to ensure a Group accounting process that complies with both the IFRS and statutory requirements. The group auditor audits JENOPTIK AG's Consolidated Financial Statements prepared in accordance with IFRS and the Annual Financial Statements prepared according to HGB rules, in accordance with § 317 HGB and the EU Auditor Regulation (No. 537/2014), giving consideration to the generally accepted German audit principles defined by the Institute of Public Auditors in Germany (IDW).

Group Risk and Opportunity Profile

The Group's risk and opportunity profile for 2023 and subsequent years was determined with the aid of the risk and opportunity assessments of the segments. Part of the risk assessment of the segments is a review by the central Corporate Center, whose identified risk assessments are then included in the segment reporting and in the final group assessment. Our processes for identifying, managing, and controlling risks involve non-financial environmental, social, and corporate governance risks, including climate-related risks, at all levels. Our risk and opportunity management enables a direct comparison of the individual risk profiles, from risk categories and subcategories to the level of risk symptoms.

The Group's overall risk is calculated after weighting the individual segments according to their shares of total group EBITDA.

Overall, the risks to which the Group is exposed remain in the medium risk range. No significant changes on the prior year were identified.

T33 Risk profile of the Jenoptik Group 2023

	Group risk assessment	
	Current (2023)	Prior year (2022)
Strategic risks		
Market development	Medium	Medium
Product development (incl. R+D)	Medium	Medium
Corporate development (portfolio & structure)	Medium	Medium
Organizational setup (processes & resources)	Medium	Medium
Operational risks		
Supply chain management	Medium	Medium
Occupational, environmental and health protection	Medium	Medium
Production (incl. quality management)	Medium	Medium
Marketing and sales	Medium	Medium
Patents and IP rights	Low	Low
Human resources management	Medium	Medium
IT	Medium	Medium high
Legal affairs	Low	Low
Real estate	Medium	Medium
Financial management risks		
Accounting	Low	Low
Finance management	Low	Low
Controlling	Low	Medium
Taxes	Medium	Medium
Compliance risks		
Corporate/criminal, and competition compliance	Medium	Medium
Data security and data protection	Medium	Medium
Total risks	**Medium**	**Medium**

In 2023 the Group's strategic risks and opportunities were in the medium risk range.

Uncertainties from trade and geopolitical conflicts persist, and conflicts may intensify due to various factors. While the economic decoupling of the US and China has not changed significantly in the past fiscal year, with increasing trade barriers and technical regulations having a negative impact on global growth, the risk of renewed escalation of tensions between China on the one hand and Taiwan and the US on the other remains high. Despite the international orientation of the semiconductor industry, a significant impact on the global semiconductor market may be assumed in the event of escalation due to Taiwan's strong position in some stages of production. The Israel-Gaza conflict, which escalated again in 2023, could also intensify further and has the potential to trigger a major regional conflict involving other parties. For Jenoptik, the conflict currently has no significant direct impact on customers and suppliers. The Russian war against Ukraine with the associated sanctions does not pose any direct risks due to Jenoptik's almost non-existent business activities in either country. Indirectly, both conflicts could impact in particular on supply chains, the supply of energy, and its pricing, and also influence the short-term availability of raw materials. This could have a negative impact on inflation rates and pose the risk of a continuing wage-price spiral. Similarly, the blocking of financial transactions may also have an impact on the procurement or distribution of non-sanctioned goods. Both could severely impact on overall economic development in Jenoptik's growth markets and on the success of our business activities by negatively affecting our cost structure through price increases in raw materials and intermediate goods. Jenoptik is attempting to counter this through various measures in purchasing, through further optimization of the internal cost structure, and, if necessary, through price adjustments in close cooperation with our customers. Both conflicts could escalate and spread to other countries, including NATO states. This would have a significant impact on the European economies.

Jenoptik is dependent on the economic development of specific industries and markets, and so we are particularly affected by the ongoing weakness of the automotive markets. The global trend toward digitization and various (supra-)national support programs to strengthen the local semiconductor industry continue to drive demand for optical technologies in the semiconductor equipment industry and offer major opportunities for Jenoptik, but are also accompanied by challenges.

Jenoptik has strong and established competitors in all areas and, in some business fields, competitors from emerging countries may also emerge. The company counters the risk of being squeezed out by competitors with, for example, innovative USPs, specific and flexible changes to its product range, or customization options for existing products and solutions. In addition, mergers and acquisitions in the markets we target may intensify the competitive environment. Potentially improved cost structures at competitor companies and the resulting increase in pricing pressure, may have negative effects on group earnings.

Operational risks and opportunities were assessed with low to medium-high risk indicators for the overall Group; on average, the Group's risk level is medium.

The increasing number of complex international projects, particularly those of a technically challenging nature, place enormous operational demands on all parts of the business. Supplier management and production are predominantly responsible for assuring the quality of our products. The use of single-source suppliers and the continuing possibility of insolvencies, for example, may increase the risk of dependency on or the loss of individual suppliers. Inflationary pressures may also continue to increase the prices of products purchased from our suppliers. Ongoing refinement of our purchasing and production organization therefore aims to ensure that our customers continue to receive high-quality, tailored solutions when they need them.

Global IT systems and processes are of great significance to Jenoptik in all its divisions. The security and availability of these systems have high priority. The data is stored on redundant storage media and protected from data loss by a multi-level archive and backup system, in order to enable rapid data recovery in the event of a crisis situation. Due to increasing IT threats worldwide, for example in the form of social engineering such as phishing attacks or ransomware, Jenoptik is actively taking both preventive and corrective measures to reduce the risk of cyber attacks. As examples, all IT security issues are coordinated by the Chief Information Security Officer, existing processes are continuously scrutinized and adjusted, technical measures are implemented, and employees in positions of responsibility are provided with internal training. Jenoptik has also improved its Security Operations Center (SOC) to better ensure protection of its IT infrastructure. It integrates, monitors, and analyzes all security-related systems such as our corporate networks, servers, workstations, and Internet services, alerts the affected units, and takes action to protect our data and applications. However, these measures to protect our IT infrastructure, intellectual property, and portfolio cannot result in complete risk mitigation.

Our employees make the most important contribution to the company’s success. As an international technology company, Jenoptik needs dedicated and highly qualified colleagues – now and in the future. Due to the shortage of skilled labor, particularly in Germany, Jenoptik is also exposed to the risk of not being able to fill vacant positions as they arise. This risk is countered with a large range of targeted measures, including the establishment of a succession planning process for management positions, leadership and professional career programs, an employer branding campaign, and both attractive and personalized incentive and loyalty schemes. Worthy of mention here is the campaign promoting openness, tolerance, diversity, and freedom of movement, which aims to counteract intolerance and isolation and promote an attractive location for foreign skilled workers.

In view of Jenoptik’s international business operations, one general risk is non-compliance with legal, ethical, and contractual requirements. Successfully completed M+A activities, in particular, require careful integration and coordination processes to ensure full integration of the acquired companies into our corporate governance. The continuous improvement of our compliance structures and processes assists all departments and business units in this regard. As a company with customers and business partners in numerous countries and global clients in the public sector, Jenoptik must grapple with many, partly evolving, compliance requirements in a wide range of different markets. Although the necessary organizational structures and measures to minimize potential compliance violations have been implemented with a group-wide export control and data protection organization, the central Compliance & Risk Management department, and corresponding processes, such violations cannot be entirely ruled out. Strict adherence to the compliance program and the continuous further development of the compliance management system aim to close up any process gaps and ensure that processes comply with laws and regulations.

Financial management risks were assessed on average as low throughout the Group. The following topics also include segment-specific risks. One key task of the central Treasury department is to safeguard and coordinate the financing of all group companies over the long term. For this purpose, Jenoptik has access to a range of external financing instruments.

Currency-related risks arising from the Group’s international activities are identified together with the group companies and reduced by adopting suitable measures such as the conclusion of currency forward transactions.

The risk of changing interest rates is in part reduced by the conclusion of fixed interest loans. Interest derivatives are also used where required.

Long-term group-wide liquidity planning aims to identify liquidity risks at an early stage and systematically minimize them. Regular treasury reports and quarterly planning updates have been established for liquidity control and monitoring.

With regard to the use of financial instruments, see point 8.2 in the Notes

In the Controlling and Accounting departments, opportunities predominantly arise from the continuing expansion and optimization of the standardized ERP system, and from the centralization of accounting activities for continuous quality improvement. Thanks to the establishment of new controlling instruments based on modern IT solutions, Jenoptik counters the risk of a possible lack of business-critical information in internal reporting.

From this year on, compliance risks are identified and shown as a separate risk category. These risks, which include corporate, criminal, and competition law risks, as well as data protection, are at a medium level throughout the Group.

Risk and Opportunity Profiles of the Segments

The risk and opportunity profile of the Jenoptik Group was derived from the risk profiles of the Advanced Photonic Solutions division, the Smart Mobility Solutions division, and the Non-Photonic Portfolio Companies.

T34 Risk profiles of the segments 2023

	Advanced Photonic Solutions division		Smart Mobility Solutions division		Non-Photonic Portfolio Companies division	
	2023	2022	2023	2022	2023	2022
Strategic risks						
Market development	Medium	Low	Medium	Medium	Medium high	Medium high
Product development (incl. R+D)	Medium	Medium	Medium high	Medium high	Medium	Medium
Corporate development (portfolio & structure)	Medium	Medium	Medium	Medium	Medium	Medium
Organizational setup (processes & resources)	Medium	Medium	Medium	Medium	Medium	Medium
Operational risks						
Supply chain management	Medium	Medium	Medium high	Medium high	Medium	Medium
Occupational, environmental and health protection	Medium	Medium	Low	Medium	Low	Low
Production (incl. quality management)	Medium	Medium high	Medium	Medium	Medium	Medium
Marketing and sales	Medium	Low	Medium	Medium	Medium	Medium
Patents and IP rights	Low	Low	Medium	Medium	Low	Low
Human resources management	Medium	Medium	Medium	Medium	Medium	Medium high
IT	Medium high	Medium high	Medium	Medium	Medium	Medium
Legal affairs	Low	Low	Low	Low	Low	Low
Real estate	Medium	Medium high	Low	Low	Medium	Medium
Financial management risks						
Accounting	Medium	Low	Low	Low	Low	Low
Finance management	Low	Low	Low	Low	Low	Medium
Controlling	Medium	Medium	Low	Low	Low	Low
Taxes	Medium	Medium	Medium	Medium	Low	Medium
Compliance risks						
Corporate/criminal, and competition compliance	Medium	Medium	Medium	Medium	Low	Low
Data security and data protection	Medium	Medium	Medium high	Medium	Medium	Medium
Total risks	Medium	Medium	Medium	Medium	Medium	Medium

Advanced Photonic Solutions

Strategic risks and opportunities primarily arise on the basis of demand in the semiconductor equipment industry. They may have a significant positive or negative effect on results. Beyond this, the division's focus on individual, larger customers and the resulting customer concentration is generally associated with the risk that a negative business performance or the loss of these customers may impact severely on revenue and earnings. On the other hand, the retention of such customers enables profitable revenue growth through economies of scale. Due to the highly specialized technology portfolio of both Jenoptik and its key customers, the dependency exists in both directions. Although there is always an inherent threat to revenue growth posed by the growing number of mainly Asian competitors and the trend among suppliers and customers toward forward and/or backward integration, it may, however, be achieved through the continuous expansion of existing competitive advantages, in-house development activities, and internationalization. In addition, the division addresses this risk by continuously reviewing vertical integration with the aim of supplying more system and service solutions to its customers.

Increasing trade barriers and technical regulations affect the Advanced Photonic Solutions division in particular. As part of the lithography systems supply chain, which is subject to increasing export requirements and restrictions, particularly to China, this situation may also have a downstream impact on Advanced Photonic Solutions revenue.

Both the growing importance of digitization, further accelerated by the Covid-19 pandemic, and the (supra-)national industrial policy that aims to reduce dependency in the semiconductor sector on individual countries, offer major opportunities for the division both in the current situation and in coming years, accompanied by increasing challenges in operational issues such as supply chain management, attracting skilled workers, and increasing production capacity. In these areas, Jenoptik competes with other companies in the semiconductor equipment industry. America's subsidy policy is accompanied by increasing requirements in export handling, as it is associated with geopolitical interests. The relentless progress being made in medical technology and demographic developments, especially in Asia and the Americas, is also boosting demand for product solutions. Ongoing development of the product portfolio, the strategic acquisition of BG Medical GmbH in the field of medical technology, and Jenoptik's stronger market orientation, all mean that the requirements of our customers can be better served. Increasing financing problems in healthcare systems, however, are resulting in growing price pressure among suppliers. The increasing complexity of the market environment makes it difficult to make clear and reliable forecasts, particularly in innovative areas of application.

The exacting technology and quality requirements placed on Jenoptik and our suppliers with regard to source materials and production technology result in particular in operational risks and opportunities in supplier management and production processes. For many components manufactured in the division, there is only a very limited number of qualified suppliers that are able to meet the necessary specifications in a timely manner. When such a supplier is lost or the customer changes specifications, this can result in corresponding problems in the development or production process. To ensure a stable base of suitable suppliers in the medium and long term, the division's partners are subject to ongoing qualification with the help of Strategic Purchasing. In addition, special supplier development teams support our suppliers where there is a need to further develop their organizational arrangements or business processes. Strained supply chains may also pose risks, especially at a time of increased demand for our products.

Specific customer requirements, especially regarding the quality and growing number of complex high-end products, and the dynamic growth of some business areas, lead to rising demands on production technologies, capacities, and floor area concepts. We meet these requirements through targeted expansion or replacement investment. Delays in necessary investments may increase the risk of quality and performance requirements not being met to the agreed schedule, or at all, resulting in either delivery delays or non-acceptance by the customer.

The division is investing in new sites and continuously developing existing sites around the world while maintaining operations in order to better serve growing demand in the future.

There are also growing challenges in adequately filling new and existing vacancies. This is due to both demographic factors and the sometimes demanding technical aspects in the core business of photonics, coupled with strong competition for skilled workers. Jenoptik counters this risk with its employer branding activities and its positioning as an attractive employer.

Smart Mobility Solutions

Uncertain economic and political developments around the world represent the main strategic risks and opportunities currently affecting the Smart Mobility Solutions division. As a supplier to international public-sector customers in particular, Jenoptik is exposed to both the political and economic development of the respective countries. Particularly in the event of unrest or regime change, this may result in projects being delayed or even not being realized. Due to the tight budgetary situation following the Covid-19 pandemic and the realignment of public budgets in the wake of the war in Ukraine, cuts in public investment for traffic monitoring projects cannot be ruled out for the future.

Consolidation of the traffic safety market through Verra Mobility's acquisition of Redflex in 2021 continues to pose sales market risks, especially in the United States, but also in other international markets due to the market entry of Asian competitors. The division is currently working on strengthening its presence in the American market and on further developing its products in line with divergent regional requirements. The highly regulated European traffic safety market, which has certain barriers to market entry due to its high approval requirements, also has a supporting effect here.

At the same time, the growing demand for safety technologies, intelligent traffic flow solutions ("smart cities"), the levying of congestion charges for the use of inner-city traffic infrastructure, and compliance with emission values for air pollutants, especially in metropolitan areas, present good opportunities for the division. We aim to improve our strategic competitive position by continuously optimizing our product range and establishing a standardized platform capable of addressing the above-mentioned future issues. The development and market readiness, or in some markets the approval, of such comprehensive solutions involves risks, which means that delays in new and further development can have an impact on competitiveness. The division is addressing these risks by continuously reviewing and, if necessary, adjusting the product roadmap, and by increasing the focus on a modular product portfolio to better meet customer needs.

The operational risks and opportunities are dominated by the difficult situation in parts of the supply chain. The products made by the Smart Mobility Solutions division require technical approval, particularly in European countries, the duration of which can only be influenced to a limited extent. It is therefore not always an easy process to substitute purchased materials or modules without having to apply for an updated operating license. In many cases, therefore, only a very limited number of companies are qualified as suppliers. If one of these suppliers is lost or products are discontinued, challenges may arise due to the need for new approvals, modified production processes, delivery bottlenecks, and negative impacts on long-term sales. The division's partners are continuously being qualified with the help of Strategic Purchasing to ensure a stable base of suitable suppliers in the medium and long term.

In addition, the division is compelled to meet strict compliance requirements, whether imposed by customers or legislation. They entail the risk of delays in our business processes or of additional costs that could affect earnings. In the field of traffic safety technology, the requirements of the General Data Protection Regulation are of particular significance in Europe. They can now be met thanks to the further expansion of a standardized group-wide data protection organization.

Non-Photonic Portfolio Companies

The strategic risks and opportunities of the Non-Photonic Portfolio Companies are strongly influenced by the development of the automotive industry and its investment schedule. The industry continues to face challenges due to the technological transformations and sales developments of vehicles with conventional drive trains, which pose risks to our business success as an equipment supplier to this industry. A focus on larger customers in the field of process automation is generally associated with the risk that poor business performance or the loss of customers may impact severely on revenue and earnings. By addressing other branches of industry with our product portfolio, we aim to reduce our dependence on the automotive industry in the future.

In terms of operational risks and opportunities, the increasing internationalization of projects and parts of the value chain is reflected in increased demands on supplier management, manufacturing, marketing, sales, and HR management. The consistent expansion of efficient service and sales structures is of crucial importance to achieving the growth targets, particularly abroad.

Financial pressure on stakeholders throughout the automotive supply chain is steadily increasing, and may result in increased risks to the Non-Photonic Portfolio Companies due to cash flow optimization on the part of customers as well as the loss of own suppliers. To counter this, we have initiated a more efficient receivables management system and the further qualification of suitable suppliers.

General Statement by the Executive Board on the Group's Risks and Opportunities

Significant and controllable risks and opportunities were identified and assessed on the basis of our risk and opportunity management system. Overall, in terms of strategic, operational, and financial management risks, the Jenoptik Group's exposure to risk marginally increased on the prior year, and currently remains in the medium risk range. The risks addressed are limited – as far as possible – by the initiation and follow-up of appropriate measures.

In addition to the specific risks set out in the Group Management Report, however, unforeseeable events may occur at any time that have a significant impact on market developments, our sales and production processes, and the reputation of the company. The medium and long-term effects of the unstable geopolitical situation, such as Russia's ongoing war in Ukraine but also the increasing tensions between China on the one hand and the partners Taiwan and the US on the other, cannot be assessed with certainty at present. These may have consequences for the supply and pricing of energy, raw materials, and logistics services. Despite the international orientation of the semiconductor industry, a significant impact on the global semiconductor market may be assumed in the event of escalation due to Taiwan's strong position in some stages of production. Downstream, this could result in inflation remaining high or rising in the coming years.

Overall, we can say that a consistent focus on the Group's strategic market segments (with the help of "Strategy 2025") may gradually help to reduce the existing strategic risks. The growing importance of the photonics industry and the related strong demand for applications and devices, both from private households and companies, continues to offer Jenoptik the potential for further growth. As mentioned in the Advanced Photonic Solutions section, (supra-)national industrial policy within the framework of the American CHIPS and Science Act and the European Chips Act can also have a supportive effect here.

Overall, there is an acceptable relationship between risks and opportunities in the Jenoptik Group. No risks were identified that may jeopardize the continued existence of the Group.

Forecast Report

Framework Conditions: Future Development of the Economy as a Whole and the Jenoptik Sectors

As in the prior year, the International Monetary Fund (IMF) expects the global economy to grow by around 3.1 percent in 2024 and forecasts a slight increase in momentum to 3.2 percent in 2025. Despite slight upward revisions in comparison with the IMF's previous forecast in October 2023, expectations for global growth in 2024 are below the historical (2000-2019) annual average of 3.8 percent, against the backdrop of a restrictive global monetary policy, lower government support measures, and moderate productivity growth.

The IMF's key underlying assumptions include falling commodity prices in the major national economies and stable interest rates until the second half of 2024, before the Federal Reserve, European Central Bank and Bank of England gradually begin to cut interest rates. While a quicker than expected fall in inflation represents an opportunity for the development of the global economy, the IMF sees risks from geopolitical shocks such as the attacks in the Red Sea and their impact on global supply chains.

T35 Gross domestic product forecast (in percent)

	2023*	2024*
World	3.1	3.1
USA	2.5	2.1
Eurozone	0.5	0.9
Germany	– 0.3	0.5
China	5.2	4.6
India	6.7	6.5
Emerging markets	4.1	4.1

Source: International Monetary Fund, World Economic Outlook (Update), January 2024

* 2023 estimate / 2024 forecast

For the USA, the IMF expects growth momentum to slow from 2.5 percent in 2023 to 2.1 percent in 2024 and 1.7 percent in 2025. The primary reasons for this are the delayed effects of the tighter monetary policy, a gradual budget consolidation, and an expected weakening of the labor market, all of which are slowing down overall economic demand.

The IMF increased its growth forecast for China, the world’s second largest economy, by 0.4 percentage points in comparison with its last forecast, but still sees declining growth momentum at 4.6 percent in 2024 and 4.1 percent in 2025. While a loose monetary policy due to low inflation and increased government spending to develop capacities to protect against natural disasters, among other things, have a positive effect, the IMF believes that a worsening of the problems in the real estate sector could lead to disappointing growth.

Growth in the eurozone is expected to gradually improve from its very low momentum of an estimated 0.5 percent in 2023, which was influenced by the relatively high impact of the war in Ukraine, to 0.9 percent in 2024 and 1.7 percent in 2025. Greater consumption due to the drop in energy prices and falling inflation, which support real income growth, are expected to be key drivers for the recovery of the economic zone.

According to the IMF's January 2023 assessment, the German economy should gradually recover after last year's recession with low growth of 0.5 percent in 2024 and 1.6 percent in 2025. The ifo Institute also believes that the German economy is on course for recovery. Inflation is continuing to fall, wage incomes are rising significantly, and employment is at a high level, which should improve purchasing power and increase overall economic demand.

The worldwide photonics industry is being influenced by a number of long-term trends. Increasing digitization and the resulting steady rise in the demand for microchips, new applications in areas such as mobility and health, as well as an increasing focus on sustainability were key drivers. Overall, market observer Verified Market Research expects the global photonics market to grow by an average of around 6 percent a year by 2030.

The global semi-conductor industry experienced comparatively weak demand in 2023 due to a noticeable reluctance to consume and high inventories. However, the Semiconductor Industry Association (SIA) expects demand for semiconductors to grow in the long term as chips make the world smarter, more efficient, and better connected. Geopolitical tensions and associated sanctions create uncertainty for the global semiconductor industry and can fundamentally affect regional competitiveness and disrupt supply chains. Both SIA and market observer Gartner expect revenue in the global semiconductor industry to grow substantially in 2024.

Following a decline to around 84 billion US dollars in 2024, the SEMI association expects the global market for semiconductor equipment to rebound significantly by around 15 percent to 97 billion US dollars in 2025, driven by the development of new capacities, including through various funding programs (e.g. in the USA and Europe). In contrast, Gartner expects the industry to experience a slight decline in revenue in 2024, followed by an increase of around 8 percent in 2025.

Based on assessments by Frost & Sullivan, the global medical technology market will grow by an average of around 6 percent a year until 2025. Market researcher Fortune Business Insights forecasts the global market for medical technology devices to grow at an annual rate of 5.9 percent through 2030. This market development will be driven, for example, by increasing demand for wearable health devices such as fitness trackers, the spread of chronic diseases, and the shift to home care, which requires portable, easy-to-use equipment.

The VDMA industry association expects production in the German mechanical and plant engineering industry to fall by 4 percent in real terms in 2024. In addition to the ongoing slump in the global economy, the industry association also believes that the industry's declining order backlog is likely to have a noticeable effect in 2024.According to the German Association of the Automotive Industry (VDA), the business environment for the automotive industry will be challenging following a period of strong growth in 2023 due to geopolitical and macroeconomic uncertainties.

The global traffic safety market is expected to experience average annual growth of 9.6 percent to 5.8 billion US dollars by 2026, according to the US market research company MarketsandMarkets. The key drivers for this are the increasing urbanization and expansion in the transport and traffic sector, the further development of smart systems and initiatives for greater road safety such as “Vision Zero”.

Expected Development of the Business Situation

Planning assumptions for the Group and the divisions

The forecast for business growth in 2024 is based on the Group planning set out in the fall of 2023.

Jenoptik has the following reportable segments: Advanced Photonic Solutions, Smart Mobility Solutions, and the Non-Photonic Portfolio Companies.

The separate plans from the divisions and operational business units form the starting point, they are harmonized and integrated in the group planning. Potential acquisitions, divestments, and exchange rate fluctuations are generally not taken into account in the planning process.

The system of top key performance indicators covers the revenue, EBITDA margin, order intake, capital expenditure, and cash conversion rate indicators. Other indicators will also be regularly compiled in the future, serving as information for top management.

> See the “Control System” chapter for more information on the key performance indicators

With our strategic Agenda 2025, "More Value", we are targeting sustainable and profitable organic growth in the core photonic markets of semiconductor & electronics, life science & medical technology and smart mobility. We will continue the transformation into a world-leading photonics group.

> See the “Business Model and Markets” and the “Targets and Strategy” chapters for more information on the strategy and the division structure

> See the Framework Conditions chapter for more information on the future development of the Jenoptik sectors

Overall, in 2024, the Executive Board anticipates consistently good business performance, leading to an increase in revenue and earnings of the Advanced Photonic Solutions division. We will achieve this by intensifying our business activities as a globally active provider of solutions and products based on photonic technologies, focusing on our key sales markets, strengthening our close and long-standing customer relationships as well as offering innovative products and a wider range of integrated system solutions. In 2024, the regional matrix in the division is to be dissolved and the functions verticalized. We are doing this to intensify our customer focus and strengthen direct responsibility for the operating business. This should help to further improve efficiency. In the current fiscal year, the division should continue to benefit in particular from the high demand for optical and micro-optical system solutions for semiconductor production.

In the current fiscal year, the Advanced Photonic Solutions division will continue to strengthen its operational excellence and expand its capacities. One of the key measures to support future growth is the construction of a new cleanroom facility in Dresden, which is scheduled to commence operations at the beginning of 2025.

For the fiscal year 2024, the Executive Board expects further growth also in the Smart Mobility Solutions division. This is to be supported by new products, the expansion of in-house sales channels, and a promising project pipeline. By optimizing the product pipeline, also in the form of new business models such as software-as-a-service, and a broader range of offering in the value chain, the share of recurring revenue in the division is to be increased. On a regional level, Jenoptik is expecting the Smart Mobility Solutions division to benefit from growth momentum primarily in North America. The replacement of older products and approval for new innovative systems will continue to shape our product road map in 2024. This will include enhanced functions in existing systems, but also new applications such as the detection of cell phone use, unused seat belts or the detection of unauthorized noise emissions.

The Executive Board expects a positive development of the Non-Photonic Portfolio Companies segment in 2024. Accordingly, further growth is expected in the current fiscal year. The aim is to sell the automation specialist Prodomax, which specializes in the automotive industry.

2024 earnings position forecast

Based on the high order backlog in the fiscal year 2023 and ongoing promising developments in the core photonics businesses, especially in the semiconductor equipment sector, the Executive Board is optimistic to achieve further profitable growth in the fiscal year 2024. The following figures relate to organic growth, i.e. possible portfolio changes have not been taken into account.

In order to achieve this growth, we continue to assume that the political and economic conditions will not deteriorate. In particular, these include economic trends, the war in Ukraine and the Middle East, regulations at European level, and other macropolitical developments in our sales markets.

For 2024, Jenoptik is expecting revenue growth to be in the mid-single-digit percentage range (2023: 1,066.0 million euros).

For the current fiscal year 2024, the Executive Board expects EBITDA (earnings before interest, tax, depreciation, and amortization including impairments and reversals of impairments) to increase further noticeably in comparison with the prior year (2023: 209.6 million euros). The EBITDA margin is due to be between 19.5 and 20,0 percent, including an expected charge of around 0.5 percentage points for the move to the new semiconductor site in Dresden (2023: 19.7 percent).

The order intake is in part affected by major orders, particularly in the Smart Mobility Solutions division. In the past fiscal year, Jenoptik received new orders worth 1,092.20 million euros and had thus built up a good order base at year-end 2023. 86.7 percent of the order backlog as of December 31, 2023 is due to be recognized in revenue in 2024. For the current fiscal year 2024, the Executive Board expects the order intake to grow in the mid-single-digit percentage range.

The Advanced Photonic Solutions division is expecting revenue growth in the mid-single-digit percentage range. EBITDA is expected to grow somewhat stronger than the revenue.

The Smart Mobility Solutions division also expects growth in 2024, with a revenue increase in the high single-digit percentage range. EBITDA is expected to show a stronger rate of growth than revenue.

The Non-Photonic Portfolio Companies are expecting revenue to grow in the high single-digit to low double-digit percentage range in 2024. EBITDA is expected to grow roughly in line with revenue.

Group asset and financial position forecast

In the fiscal year 2024 Jenoptik expects, that the capital expenditure will also be slightly higher than the prior-year level of 110.4 million euros, due in part to postponements associated with the construction of the new semiconductor factory in Dresden. The capital expenditure will be used to expand capacities, thereby securing future growth.

The Executive Board expects that the cash conversion rate (ratio of free cash flow to EBITDA) for 2024 will around 50 percent (31/12/2023 60.8 percent, free cash flow also included liquidity flows in connection with the sale of real estate).

Important note. The actual results may differ significantly from the forecasts of anticipated development described and summarized below. This may especially be the case if one of the uncertainties mentioned in this report were to materialize or worsen, or if the assumptions upon which the statements are based, including with regard to economic and macroeconomic development, market and geopolitical risks, conflicts and war, and the associated sanctions, prove to be inaccurate.

T36 Targets for Group and segments (in million euros/or as specified)

	Actual 2023	Forecast for 2024 (without major portfolio changes)
Revenue	1,066.0	Growth in the mid-single-digit percentage range
Advanced Photonic Solutions	821.2	Growth in the mid-single-digit percentage range
Smart Mobility Solutions	118.8	Growth in the high single-digit percentage range
Non-Photonic Portfolio Companies	121.1	Growth in the high single-digit to low double-digit percentage range
EBITDA/EBITDA margin	209.6/19.7 %	Noticeable growth/19.5 to 20.0 percent (including an expected charge of around 0.5 percentage points for the move to Dresden)
Advanced Photonic Solutions	182.6	Growth somewhat stronger than revenue
Smart Mobility Solutions	15.3	Growth stronger than revenue
Non-Photonic Portfolio Companies	17.6	Growth roughly in line with revenue
Order intake	1,092.2	Growth in the mid-single-digit percentage range
Cash conversion rate	60.8 %	Around 50 percent
Capital expenditure[1]	110.4	Slightly above prior-year level

[1] Without capital expenditure on financial investments

General Statement by the Executive Board on Future Development

In the current fiscal year 2024, the Jenoptik Group will continue to push on with its strategic Agenda 2025, concentrating on three core photonics markets. In terms of economic development, our key focus remains on profitable organic growth. We believe that revenue growth, a positive product mix, economies of scale, and more efficient and faster processes will result in higher earnings. It is the opinion of the Executive Board that Jenoptik's very good financial situation and a sustainable and flexible financing structure provide it with sufficient room for maneuver to finance capital expenditure in further organic growth.

Achieving targets is dependent on the development of the economic and political environment, in particular in connection with the conflicts and wars around the world as well as the general economic development.

Based on the high order backlog and ongoing good developments in the core photonics business, particularly in the semiconductor equipment industry, the Executive Board is confident about the fiscal year 2024, and expects revenue growth in the mid-single-digit percentage range for the current fiscal year. The EBITDA margin is due to be between 19.5 and 20.0 percent (including charges of around 0.5 percentage points for the relocation to the new site in Dresden).

In 2024, we will again invest a significant portion of our funds in developing innovative products and expanding capacities.

Based on the information available at the time this report was created, the Executive Board expects the Jenoptik Group to see positive business development in 2024.

Jena, March 15, 2024

JENOPTIK AG

Stefan Traeger

Dr. Stefan Traeger
President & CEO

Dr. Prisca Havranek-Kosicek
Chief Financial Officer

Dr. Ralf Kuschnereit
Member of the Executive Board

Information and Disclosures relating to Takeover Law

Explanatory Report in accordance with § 176(1) (1) of the German Stock Corporation Act (AktG) and Reporting on § 289a and § 315a of the German Commercial Code (HGB) in accordance with the Takeover Directive Implementation Act

1. Composition of the share capital

As of the balance sheet date on December 31, 2023, the share capital totaled 148,819 thousand euros (prior year: 148,819 thousand euros). It is divided into 57,238,115 no-par value registered shares (prior year 57,238,115). Each share is therefore worth 2.60 euros of the nominal capital.

The same rights and obligations apply to all the shares of the company. Each share represents one vote at the Annual General Meeting and is the determining factor for the shareholders' proportion of company profits (§ 58 (4), § 60 of the German Stock Corporation Act (AktG)). The shareholders' rights also include the subscription right to shares in the event of increases in capital (§ 186 of the German Stock Corporation Act), unless it has been excluded in accordance with the statutory provisions or corresponding authorizations. In addition, the shareholders are entitled to administrative rights, e.g. the right to participate in the Annual General Meeting and the authority to put forward questions and motions and to exercise their right to vote. The shareholders' additional rights and duties are defined in the German Stock Corporation Act, in particular in § 12, 53a et seq., § 118 et seq., and § 186. Under § 4 (3) of the Articles of Association, any claim by a shareholder to the securitization of their shares is excluded.

2. Restrictions relating to voting rights or the transfer of shares

In accordance with § 136 (1) of the German Stock Corporation Act, legal restrictions affecting voting rights exist with respect to votes for annual approval regarding shares that are held directly or indirectly by members of the Executive and/or Supervisory Boards. Violations of reporting obligations as specified in § 33 (1) or (2) and § 38 (1) or § 39 (1) of the German Securities Trading Act may nullify voting rights, at least temporarily, in accordance with § 44 of this Act.

Pursuant to § 67 (2) of the German Stock Corporation Act, rights and obligations arising from shares shall exist in relation to JENOPTIK AG only for and against those persons entered in the share register. To be recorded in the share register, shareholders must provide JENOPTIK AG with the information required by law (name or company name, address, registered office if applicable, email address, date of birth, and number of shares they hold). Shareholders who do not comply with these disclosure obligations may not exercise their voting rights pursuant to § 67 (2) (2) and (3) of the German Stock Corporation Act.

In connection with Article 19 (11) of the EU Market Abuse Regulation (EU 596/2014) and due to intra-group requirements, certain restraints of trade shall apply to members of the Executive and Supervisory Boards and to certain employees in connection with the publication of quarterly statements and reports, preliminary figures as well as the Annual and Consolidated Financial Statements.

3. Direct or indirect investments in the capital exceeding 10 percent of the voting rights

Information on direct or indirect investments in capital which exceed 10 percent of the voting rights, can be found in in chapter 3 "Equity" of the Notes of the Annual Financial Statements.

4. Holders of shares with special rights conferring controlling powers

There are no shares in JENOPTIK AG that entail special rights.

5. Form of controlling voting rights if employees own shares and do not directly exercise their control rights

There are no employee shareholdings and therefore no resultant control of voting rights.

6. Statutory regulations and provisions of the Articles of Association relating to the appointment and dismissal of Executive Board members and changes to the Articles of Association

The appointment and dismissal of Executive Board members is carried out exclusively in accordance with the statutory regulations of § 84, § 85 of the Stock Corporation Act and § 31 of the Codetermination Act (MitbestG). In accordance with this, the Articles of Association stipulate in § 6 (2) that the appointment of members to the Executive Board, the revocation of their appointment, and the conclusion, modification, and termination of contracts for services with members of the Executive Board shall be carried out by the Supervisory Board. In accordance with § 31 (2) of the Codetermination Act, a majority of at least two thirds of the members of the Supervisory Board is required for the appointment of Executive Board members. Revocation of appointment as a member of the Executive Board is only possible for serious due cause (§ 84 (3) of the Stock Corporation Act).

§ 6 (1) (1) of the Articles of Association stipulates that the Executive Board of JENOPTIK AG must comprise at least two members. In the absence of a required Executive Board member, in urgent cases the court must appoint the member on the application of a stakeholder (§ 85 (1) (1) of the Stock Corporation Act). The Supervisory Board can appoint a Chairman of or Spokesperson for the Executive Board (§ 84 (2) of the Stock Corporation Act, § 6 (2) (2) of the Articles of Association).

In accordance with § 119 (1) (5), § 179 (1) (1) of the Stock Corporation Act, changes to the content of the Articles of Association are passed by the Annual General Meeting. However, changes relating purely to the wording of the Articles of Association may be passed by the Supervisory Board in accordance with § 179 (1) (2) of the Stock Corporation Act in conjunction with § 13 (3) of the Articles of Association. This also includes the corresponding adaptation to the Articles of Association following the utilization of the Authorized Capital 2023 and of the Conditional Capital 2021. According to § 24 (1) of the Articles of Association, resolutions by the Annual General Meeting require a simple majority of the votes cast unless stipulated otherwise by law. In those cases in which the law requires a majority of the nominal capital represented for a resolution to be passed, a simple majority of the nominal capital represented is sufficient, unless specified otherwise by the law.

7. Authority of the Executive Board to issue and buy back shares

Detailed information on the authority of the Executive Board to issue shares, i.e. under the Authorized Capital 2023 and the Conditional Capital 2021, as well as the authority of the Executive Board to buy back treasury shares, can be found in the Group Notes under item 5.11 “Equity”.

8. Key agreements in the event of a change of control resulting from a takeover bid

Clauses in contracts concluded by JENOPTIK AG, which apply in the event of a change of control within the ownership structure of JENOPTIK AG following a takeover bid, exist for the financing agreements described below with a total utilized volume of 395.6 million euros as of December 31, 2023 (prior year: 456.8 million euros).

The conditions for accepting a change of control are formulated differently in each of the loan agreements. For the debenture bonds with a total utilized volume of 377.9 million euros (prior year: 405.3 million euros) a change of control gives the lenders the right to demand the repayment of the loan amount plus interest accumulated up to the repayment date within 30 banking days of receipt of the change of control notification. A change of control applies if one or more persons acting in concert, who are not attributable to the group of main shareholders existing on the date the contract is concluded, acquire more than 50 percent of the outstanding nominal capital, or more than 50 percent of the voting rights, directly or indirectly at any time.

Under the revolving syndicated loan, every change in the current shareholder base of JENOPTIK AG, as a result of which at least 50 percent of the shares or voting rights are held by one or several persons acting in concert as described in § 2 (5) of the Securities Acquisition and Takeover Act, results in the possibility that lenders (i) may refuse to participate in further disbursements and (ii) may terminate loan commitments, in full or in part, and can call in payments made and subline liabilities, including accrued interest. The syndicated loan has a total volume of 400 million euros, of which 17.7 million euros had been utilized by December 31, 2023 (prior year: 51.5 million euros).

9. Compensation agreements by the company with Executive Board members or employees in the event of a change of control

No right to give notice of termination in the event of a change of control, i.e. the acquisition of at least 30 percent of voting rights by a third party, has been agreed with the members of the Executive Board. In such cases, they also have no claim to any severance payment. If the premature termination of an Executive Board role is agreed with an Executive Board member due to a change of control, the amount of a severance payment is limited to a maximum of two years' annual compensation in accordance with the respective recommendations of the German Corporate Governance Code, as amended on April 28, 2022. Under no circumstances, however, may the severance payment be greater than the compensation due for the remaining term of the service contract.

Corporate Governance Statement (with Corporate Governance Report)

In this statement, the Executive Board and Supervisory Board report on the corporate governance of the company in accordance with § 289 f, § 315 d of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (the Code).

The JENOPTIK AG Executive Board and Supervisory Board affirm their commitment to responsible corporate governance and control, geared towards lasting value creation and encompassing all units within the Group. They see good corporate governance as the foundation for sustained corporate success and, at the same time, an important contribution to strengthening the trust in Jenoptik on the part of shareholders, business partners, employees, and the general public.

Corporate Governance

In December 2023, the Executive and Supervisory Boards jointly adopted the following Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website at www.jenoptik.com in the Investors/Corporate Governance section. If, in the future, changes arise at Jenoptik which have an impact on a declared compliance, the Declaration of Conformity will be updated during the year.

Declaration of Conformity by the Executive Board and Supervisory Board of JENOPTIK AG in the Fiscal Year 2023

According to § 161 (1) (1) of the German Stock Corporation Act, the Executive and Supervisory Boards of a listed company are required to issue a declaration once a year that the recommendations of the "Government Commission on the German Corporate Governance "("Code") as published by the Federal Ministry of Justice in the official section of the Federal Gazette [Bundesanzeiger] have been and are complied with, or to indicate which recommendations have not been or are not applied and why not.

The Executive Board and the Supervisory Boards of JENOPTIK AG support the recommendations of the Code in the version of April 28, 2022, and state that as per § 161 (1) (1) of the German Stock Corporation Act:

I. Since the last Declaration of Conformity as of December 14, 2022, the recommendations of the Code have been complied with, with the following exception of recommendation C.4 of the Code (maximum number of supervisory board mandates) for which a deviation has been declared as a purely precautionary measure.

II. In future, JENOPTIK AG will comply with all recommendations of the Code with the exception of recommendation C.4 for which a deviation has been declared as a purely precautionary measure.

III. Reasons for the declared deviation from recommendation C.4 of the Code:

In accordance with recommendation C.4 of the Code a Supervisory Board member who is not a member of any Executive Board of a listed company shall not accept more than five Supervisory Board mandates at non-group listed companies or comparable functions, with an appointment as Chair of the Supervisory Board being counted twice.

Our former Supervisory Board member, Ms. Doreen Nowotne, also chaired the Supervisory Board of Franz Haniel & Cie. GmbH as well as of Brenntag AG and was Supervisory Board member of Lufthansa Technik AG. If the mandate at Jenoptik, which she exercised until October 15, 2023, which from Jenoptik's point of view is an internal mandate, is included in the addition of the mandates according to C.4 Ms. Nowotne temporarily had a total of six supervisory board mandates. Ms. Nowotne has since resigned as Chairman of the Supervisory Boards of Franz Haniel & Cie. GmbH and Brenntag AG. This also applies to her mandate on the Supervisory Board of JENOPTIK AG (until October 15, 2023).

Our Supervisory Board member, Ms. Elke Eckstein is a member of the following comparable supervisory bodies: Saferoad Holding AS, Norway (not listed), KK Wind Solutions A/S, Denmark (not listed), BE Semiconductor Industries NV, Netherlands (stock-listed), U-Blox Holding AG, Switzerland (listed) as well as of Viacon Group AB, Sweden (not listed). Provided that the Jenoptik group-internal mandate at Jenoptik is also counted in the addition of the mandates, Ms. Eckstein holds a total of six supervisory board and comparable mandates at listed and not listed companies, so that a deviation from recommendation C.4 is declared as a purely precautionary measure.

The Supervisory Board has ensured that Ms. Eckstein has sufficient time to perform her duties at JENOPTIK AG.

December 12, 2023

JENOPTIK AG

For the Executive Board	For the Supervisory Board
Stefan Traeger	Matthias Wierlacher
Dr. Stefan Traeger	Matthias Wierlacher

Information on Methods of Corporate Governance

Code of conduct, opportunity and risk management, compliance

At Jenoptik, economic success and responsibility for our actions are inextricably linked. For us, respect, fairness, and openness as well as compliance with statutory provisions and intra-group regulations are essential factors for responsible conduct with all stakeholders. Jenoptik's most important principles of conduct are summarized in a Code of Conduct which is equally binding on all employees, managers, and the Executive Board of the Jenoptik Group. It sets out the fundamental principles and rules for our actions within the company as well as towards external partners and the public. This enables us to ensure a high level of integrity as well as ethical and legal standards within the Jenoptik Group. At the beginning of 2024, the Code of Conduct will be replaced by the Jenoptik Integrity Code, which will combine the previous Code of Conduct and key group policies in order to avoid redundancies and reduce complexity. Any Jenoptik employees who have questions about the Code of Conduct or the Jenoptik Integrity Code, or who suspect illegal or irregular behavior may approach in confidence their respective manager or the contact persons named in the respective code. In addition, all employees may use a digital and anonymous whistleblowing system to report significant violations that must be handled confidentially. The system is available in several languages via our internal platforms and also the Jenoptik website. It is operated independently by EQS Group AG. The data is stored on protected servers in Germany. Confidential processing of reports, which can also be submitted by telephone or email, is carried out exclusively by appropriately trained Jenoptik employees.

> The Jenoptik Integrity Code can be found at www.jenoptik.com in the Investors/Corporate Governance/Code of Conduct section

Requirements for our suppliers and sales partners are set out in the Jenoptik Group's Code of Conduct for Business Partners, which applies to all business partners worldwide. Jenoptik has also signed the Diversity Charter and is a signatory to the UN Global Compact.

For Jenoptik, good corporate governance also includes continuous and systematic management of opportunities and risks. With this in mind, an Enterprise Risk Management system (ERM) has been implemented throughout the entire organization, taking into account both risks and opportunities. The goal is to support the implementation of the group strategy and to define actions that create an optimum balance between growth and return targets on the one side and the associated risks on the other.

For detailed information on Enterprise Risk Management see the Risk and Opportunity Report

Compliance with nationally and internationally recognized compliance requirements is an essential element of our risk prevention and the processes of the Jenoptik Compliance Management System (CMS). The Jenoptik values, the Jenoptik Code of Conduct, and numerous process descriptions form the basis of the CMS. Compliance with them is central to the trust of our business partners, shareholders, and the public in Jenoptik's performance and integrity. The CMS is continuously developed and adapted in line with changing conditions.

With the group guidelines for key business processes, the Jenoptik Group has a globally uniform framework. Central departments, divisions, and regions can reinforce this set of rules with more detailed regulations in accordance with their respective requirements. The guidelines are regularly reviewed, and extended or updated as necessary. This system of processes and controls is intended to identify any possible deficits in the company at an early stage and to take appropriate actions to minimize or eliminate them.

For further information on the Internal Control System, see the Risk and Opportunity Report

On the Executive Board, Dr. Stefan Traeger is responsible for the central Compliance & Risk Management department. Global compliance activities are coordinated by the center of excellence in Germany and supported by local colleagues in the Americas and Asia/Pacific regions.

In order to familiarize employees with these topics and to improve employee awareness, regular online training courses, and classroom events are held on subjects relevant to compliance, such as anti-corruption, anti-trust law, export control, IT security as well as data protection. The aim of this is to create company-wide uniform understanding of our compliance standards. Main training courses are offered for new employees as well as mandatory e-learning refresher courses for all employees. In addition, employees can contact the central Compliance & Risk Management department with any questions relating to compliance or risk issues at Jenoptik, as well as use a help desk on the intranet or an app on their smartphone.

Further information on compliance and supplier management can also be found in the chapter "Non-financial Report"

Sustainability

Jenoptik's understanding of sustainability is based on the conviction that the economic goals of the company, and thus lasting profitable growth, can only be achieved by behaving responsibly in line with the environment and society. The separate Combined Non-financial Report contains detailed information on Jenoptik's sustainability management, e.g. in topics regarding employees and the environment and climate protection, human rights, anti-corruption, and the supply chain, quality management as well as the social commitment of the Group.

Composition and Mode of Operations of the Executive Board, Supervisory Board and its Committees

JENOPTIK AG is a stock corporation under German law with a dual management system, comprising the Executive Board and Supervisory Board. Their tasks and powers as well as structure and working methods are essentially determined by the German Stock Corporation Act, the Articles of Association of JENOPTIK AG, and the Rules of Procedure. The Executive Board runs the company on its own responsibility and in the interests of the company with the aim of sustainably increasing the enterprise value. It takes into account the concerns of all stakeholders, in particular shareholders and the Group's employees. The Supervisory Board advises and monitors the Executive Board in its leadership of the company and is involved in decisions of fundamental importance to the company.

Executive Board

The members of the Executive Board of JENOPTIK AG are appointed by the Supervisory Board. All Executive Board members share common responsibility for the overall management of the Group and decide on primary matters of company policy, the corporate strategy in which environmental and social objectives are given appropriate consideration alongside long-term economic goals, as well as planning with financial and sustainability-related targets. In the fiscal year 2023, the Board had three members and, for a transitional period of one month, four members. The Executive Board has not set up any committees. It is supported in the management of the company by the Executive Management Committee (EMC), which, up to December 31, 2023, comprised the members of the Executive Board, the head of Personnel, the head of Corporate Controlling, the heads of the North America and Asia / Pacific regions as well as the heads of two divisions – Advanced Photonic Solutions and Smart Mobility Solutions. At monthly meetings, the members of the EMC provide the Executive Board with information on all events relevant to the company and the economic situation of the divisions.

The Executive Board is also responsible for ensuring compliance with statutory provisions and internal regulations. It is responsible for the preparation of interim reports and statements, consolidated and annual financial statements, and for setting up the control and risk management system geared to the company's risk situation and the compliance management system. The Executive Board ensures that strategic, operational, financial, and compliance-related risks and opportunities, as well as sustainability risks within these categories, are identified, presented transparently and comparably, systematically assessed, and managed at an early stage. The specific allocation of responsibilities and tasks within the Executive Board (including the responsibility for sustainability topics (environment, social, governance)) is regulated in an organizational chart as an appendix to the Executive Board's Rules of Procedure.

> Further information on the members of the Executive Board as well as details on the allocation of responsibilities can be found in the 2023 Annual Financial Statements of JENOPTIK AG as well as on the Internet at
> www.jenoptik.com/about-jenoptik/management/executive-board-and-executive-management-committee-emc

The members of the Executive Board work closely together in a collegial manner and continually inform one another of important measures and events within their assigned areas. Executive Board meetings take place at least once a month. The Supervisory Board has issued Rules of Procedure for the Executive Board. These define which significant business events require the approval of the Executive Board as a whole or the Supervisory Board. In addition, the internal working methods of the Executive Board and the methods of reporting to and coordinating with the Supervisory Board are regulated in greater detail.

The Chairman of the Executive Board coordinates the cooperation of the Executive Board with the Supervisory Board. Members of the Executive Board are required to disclose conflicts of interest to the Supervisory Board without delay and to inform the other members of the Executive Board of this.

> Further information about the function and structure of the Executive Board can be found in the Executive Board's Rules of Procedure at
> www.jenoptik.com/about-jenoptik/management/executive-board-and-executive-management-committee-emc

Supervisory Board

The Supervisory Board of JENOPTIK AG has equal representation in accordance with the German Co-Determination Act and consists of twelve members. Six members are elected by the shareholders at the Annual General Meeting and six members are elected by the employees in accordance with the provisions of the German Co-Determination Act. The Supervisory Board is composed in such a way that, as a whole, it is endowed with the knowledge, abilities, and professional experience necessary to carry out its tasks in an orderly manner. Each member shall ensure that they have sufficient time available in which to perform their duties. Six of its twelve members, three shareholder and three employee representatives, are female, currently exceeding the requirements of § 96 (2) (1) of the German Stock Corporation Act. The concept of diversity pursued with respect to the composition of the Supervisory Board is described in section "2. Diversity concept for the Supervisory Board" of this statement. The shareholder representatives were elected individually at the 2022 Annual General Meeting, three of them for a term of office until the end of the Annual General Meeting for the fiscal year 2024 and three until the end of the Annual General Meeting for the fiscal year 2025. Ms. Doreen Nowotne resigned from the Supervisory Board in the fiscal year 2023 with effect from October 15, 2023. By way of appointment by court, Ms. Daniela Mattheus was appointed as a replacement member of the shareholder representatives with effect from November 1, 2023, until the next Annual General Meeting on June 18, 2024.

> Further details on the composition of the Supervisory Board and its committees can be found in § 11 of the Articles of Association of JENOPTIK AG, in the Report of the Supervisory Board, and in the 2023 Annual Financial Statements of JENOPTIK AG

The Chairman of the Supervisory Board is elected by the members of the Supervisory Board. He coordinates the work of the Supervisory Board, presides over its meetings and represents the body externally. The Chairman maintains regular contact with the Executive Board, in particular with the Chairman of the Executive Board, who also between meetings provides the Supervisory Board Chairman with immediate information on important events which are of crucial importance to the position and development of the company. In the event of a tied vote by the Supervisory Board, a second round of voting is conducted in which the Board Chairman casts two votes, insofar as this is permitted by law. The Chairman of the Supervisory Board also chairs the Personnel, Mediation, Investment, and Nomination Committees, but not the Audit Committee.

The Supervisory Board meets at least four times a year, usually five times a year due to the Supervisory Board's strategy meeting which takes place in the fall. Taking into account the results of the audit and the recommendations of the Audit Committee, the Supervisory Board examines and approves the Annual Financial Statements and Consolidated Financial Statements, the Combined Non-financial Report, the Combined Management Report for JENOPTIK AG and the Group and adopts the Annual Financial Statements. Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart ("EY", since February 1, 2024 operating as EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft), was appointed to audit the Annual and Consolidated Financial Statements for the fiscal year 2023. The Supervisory Board also decides on the Executive Board's proposal for the appropriation of accumulated profits, which is then submitted to the Annual General Meeting for resolution. It decides and regularly reviews the system for the remuneration of Executive Board members. Together with the Executive Board, the Supervisory Board is also responsible for preparing the Remuneration Report. It also deals with sustainability issues. The Supervisory Board also meets regularly without the Executive Board.

The Supervisory Board reviews the efficiency of its activities at regular intervals. The Supervisory Board has decided to have the review externally evaluated every three years. In the intervening period, it will be discussed and reviewed internally on an annual basis. An external evaluation was carried out in the past fiscal year, resulting in individual recommendations for action with regard to organizational, procedural, and content-related issues. Overall, however, the audit revealed a positive picture of the activities of the Supervisory Board and its committees with regard to cooperation within the Board and its skills, even in benchmarking of comparable companies, and confirmed the professional and trusting cooperation within the Supervisory Board.

All Supervisory Board members are to disclose any conflicts of interest to the Supervisory Board without delay. In the fiscal year 2023, there were no conflicts of interest requiring disclosure among members of the Supervisory Board.

The Rules of Procedure for the Supervisory Board govern key aspects of cooperation within the Board and with the Executive Board. They also mandate to create committees as a means of improving efficiency when it comes to Supervisory Board work on complex topics.

> The Rules of Procedure of the Supervisory Board can be found at
> www.jenoptik.com/about-jenoptik/management/supervisory-board

The Supervisory Board currently has five committees that, with the exception of the Nomination Committee, which is composed only of shareholder representatives, are made up of equal numbers of shareholder and employee representatives. The candidates' professional and personal expertise is taken into account in the formation of committees.

The committees prepare decisions for the Supervisory Board or, in individual cases, make decisions in place of the Supervisory Board insofar as this is permitted by law. The respective committee chairmen report to the Board on the content discussed and the resolutions and recommendations approved no later than at the next Supervisory Board meeting.

The Audit Committee meets at least four times each year. It monitors the accounting, the accounting processes, and auditing of the financial statements. It also deals with the effectiveness, appropriateness, and further development of the compliance, risk management, and internal control systems, the establishment of CSRD reporting, and other sustainability-related issues. After obtaining a declaration of independence from the auditor as well as verifying their qualifications, it prepares the Supervisory Board's recommendation to the Annual General Meeting for election of the auditor, grants the audit assignment to the elected auditor, and sets out the main points for the audit. It consults with the auditor on the assessment of the audit risk, audit strategy, and audit planning, and regularly assesses the quality of the audit. It also approves and regularly updates a catalog of permissible non-audit services of the auditor that it has approved in advance. On the basis of the auditor's reports, and following its own review, the Audit Committee submits proposals to the Supervisory Board for the adoption of the Annual Financial Statements of JENOPTIK AG and for the approval of the Consolidated Financial Statements. The Chairman of the Audit Committee also regularly discusses the progress of the audit with the auditor outside of meetings and reports to the Committee on this. The Audit Committee also regularly discusses individual agenda items with the auditor without the Executive Board being present. The duties of the Audit Committee also include preparing the Supervisory Board's audit of the Combined Non-financial Report. Internal Audit, the Legal department, the Compliance & Risk Management department, IT and other corporate center departments report regularly to the Audit Committee.

T37 Committee memberships of the Supervisory Board members (as of December 31, 2023)

Members of the Personnel Committee	Members of the Mediation Committee	Members of the Nomination Committee	Members of the Audit Committee	Members of the Investment Committee
Matthias Wierlacher, Chairman	Matthias Wierlacher, Chairman	Matthias Wierlacher, Chairman	Thomas Spitzenpfeil, Chairman	Matthias Wierlacher, Chairman
Stefan Schaumburg, Deputy Chairman	Evert Dudok	Evert Dudok	Daniela Mattheus, Deputy Chairman (since November 1, 2023)	Stefan Schaumburg, Deputy Chairman
Evert Dudok	Alexander Münkwitz	Elke Eckstein	Dörthe Knips	Elke Eckstein
Elke Eckstein	Stefan Schaumburg		Alexander Münkwitz	André Hillner
Dörthe Knips			Doreen Nowotne, Deputy Chairman (up to October 15, 2023)	Ursula Keller (since October 16, 2023)
Franziska Wolf				Christina Süßenbach
				Doreen Nowotne (up to October 15, 2023)

Both Thomas Spitzenpfeil as Chairman of the Audit Committee and Daniela Mattheus as his deputy have expertise in both accounting and auditing as defined by § 100 (5) of the German Stock Corporation Act. It is the opinion of the Supervisory Board that both are independent members (detailed information on this can be found in "2. Diversity concept for the Supervisory Board"). They are not former members of the Executive Board of JENOPTIK AG.

Mr. Spitzenpfeil's expertise in the field of accounting is based on his professional career and his other activities, including as a member of the Supervisory Board of OQ Chemicals GmbH and Chairman of the Audit Committee of OQ Chemicals International Holding GmbH, in the application of accounting principles and internal control and risk management systems. His expertise in auditing consists of specialist knowledge and many years of experience in supporting the audits at various corporations, some of which are listed on the stock exchange, in positions of responsibility.

Due to her professional career at two major accounting firms, Ms. Mattheus has extensive expertise in the field of accounting and corporate governance. For many years, she headed the Audit Committee Institute e.V. at KPMG, subsequently becoming Corporate Governance Leader EMEIA in the Financial Accounting Advisory Service at Ernst & Young. She is also President of the Financial Expert Association e.V. Due to her extensive and long-standing expertise as a member of supervisory boards and chair of audit committees at various domestic listed and non-listed corporations, she has extensive knowledge of auditing financial statements and also has expertise in sustainability reporting and the associated auditing.

> Further information on the activities of Ms. Mattheus and Mr. Spitzenpfeil in these areas can be found in the CVs of both members on the Jenoptik website at www.jenoptik.com/about-jenoptik/management/supervisory-board

The Personnel Committee convenes at least once a year. It deals with the long-term succession planning for the members of the Executive Board and prepares their appointment by the Supervisory Board. The Personnel Committee regularly reviews the remuneration system for the Executive Board members, which is then approved by the Supervisory Board and submitted to the Annual General Meeting for approval in accordance with the statutory provisions. The Personnel Committee also prepares the conclusion and settlement of the target agreements for the short-term and long-term variable remuneration for the Executive Board members. If necessary, it may be supported by external, independent consultants.

The Nomination Committee proposes to the Supervisory Board suitable candidates for election to the Supervisory Board at the Annual General Meeting and meets only when required. Its proposals take into account the requirements and skills profile for the Supervisory Board as well as the Diversity Statement, which is part of the Supervisory Board's Rules of Procedure. In doing so, the Committee also takes into account whether overall compliance with the gender ratio has been objected to in accordance with § 111 (5), 96 (2) of the German Stock Corporation Act (AktG) (for detailed information, please refer to "2. Diversity concept for the Supervisory Board").

The Investment Committee advises the Executive Board and supports the Supervisory Board on investment and divestment decisions requiring approval in accordance with the Executive Board's Rules of Procedure, in particular with the preparation and operational implementation of resolutions on the acquisition or sale of interests in companies or parts of companies.

The Mediation Committee, which deals with matters relating to § 31 (3) (1) of the Codetermination Act, only meets when necessary.

The Supervisory Board has not established a separate ESG/Sustainability Committee. ESG and sustainability issues are of key importance to Jenoptik and are discussed regularly and in depth by the full Supervisory Board. In addition, various ESG/sustainability topics also fall within the remits of the Audit and Personnel Committees as cross-cutting issues.

> Further details on the activities of the Supervisory Board and its committees in the fiscal year 2023 (as well as individual attendance at meetings) can be found in the Supervisory Board Report in this Annual Report. The allocation of responsibilities of the individual committees can be found in the Rules of Procedure of the Supervisory Board published on our website

Remuneration of the Executive Board and Supervisory Board

The remuneration for the members of the Executive and Supervisory Boards is described in the Remuneration Report in this Annual Report. The last vote on the adjusted remuneration system for the members of the Executive Board was made by the Annual General Meeting on June 7, 2023, which approved the remuneration system for the Executive Board with 94.21 percent. The resolution on the remuneration system for the members of the Supervisory Board at the 2022 Annual General Meeting was approved by 99.77 percent.

The Remuneration Report of the Executive Board and Supervisory Board for the last fiscal year, the auditor's report on this Remuneration Report and the applicable remuneration system in accordance with § 87a (1) and (2) (1) of the German Stock Corporation Act and the last remuneration resolution as per § 113 (3) AktG are also available on the Internet at www.jenoptik.com in the Investors/Corporate Governance or Annual General Meeting sections. The Remuneration Report, including the auditor's opinion, is also included in the chapter of the same name in this Annual Report.

Specifications for Promoting the Participation of Women in Management Positions/Targets for the Proportion of Women

In accordance with § 111 (5) and § 96 (2) of the German Stock Corporation Act, the Supervisory Board of JENOPTIK AG must be comprised of at least 30 percent women and 30 percent men. With Elke Eckstein, Prof. Dr. Ursula Keller and Daniela Mattheus on the shareholder side and Dörthe Knips, Christina Süßenbach, and Franziska Wolf on the employee side, a total of six women are currently represented on the Supervisory Board. This equates to 50 percent, so Jenoptik currently significantly exceeds the legally required gender quota on the Supervisory Board.

In accordance with § 111 (5) of the German Stock Corporation Act, the Supervisory Board of Jenoptik is also required to determine targets for the proportion of women on the Executive Board. In March 2023, the Supervisory Board resolved that the Executive Board of JENOPTIK AG should include at least one woman until March 31, 2028. With the Executive Board consisting of three people, this corresponds to a target percentage of 33 percent. With the appointment of Dr. Prisca Havranek-Kosicek, this target has now been achieved.

In accordance with § 76 (4) of the German Stock Corporation Act, the Executive Board of JENOPTIK AG resolved at its meeting on June 24, 2022 a target figure for the proportion of women of 25 percent for the first management level below the Executive Board. This target figure is to be achieved by June 30, 2027. The first management level below the Executive Board of JENOPTIK AG includes all Executive/Senior Vice Presidents, Vice Presidents, and Directors employed at JENOPTIK AG. As of December 31, 2023, the proportion of women in the first management level below the Executive Board equated to 20.8 percent (prior year: 10.5 percent). The Executive Board has taken various measures to further increase the proportion of women in the medium to long term. A target for the second management level has not been set because JENOPTIK AG as a corporate center has flat management structures and therefore has no continuous second management level.

At the end of 2023, women made up 50.9 percent of all employees at JENOPTIK AG. Jenoptik has also voluntarily set itself a further target figure, the diversity rate, which is calculated from the average percentage of managers with an international background as well as female managers throughout the Group. As of December 31, 2023, the diversity rate was 29.4 percent (prior year: 30.6 percent) and is set to rise to 33 percent by 2025.

> Further information on measures taken to increase diversity within the Jenoptik Group (such as the Jenoptik Diversity Council, internal and external recruiting campaigns or various women's networks) can be found in the Combined Non-financial Report

Description, Goals, and Implementation of Diversity Policy with Results Achieved

1. Diversity policy for the Executive Board including the results achieved in the fiscal year 2023

The diversity policy for the Executive Board facilitates a long-term and orderly selection process for the appointment of new Executive Board members. The aim is to fill the Executive Board positions in such a way that it has the knowledge, skills, and professional experience which, when taking into account the statutory framework, are necessary for the proper performance of the Executive Board's duties, and essential for the activities of the Jenoptik Group.

The Supervisory Board makes decisions for the long-term succession planning of the Executive Board and is supported in this by the Personnel Committee. Both the Personnel Committee and the Supervisory Board itself regularly discuss the contract terms and renewal options for current Executive Board members and, where relevant, also discuss possible successors. The Supervisory Board and the Personnel Committee base their deliberations on the requirements and skills profile for the Executive Board and continuously develop this further. This is an integral element of the diversity concept and defines various criteria which must be fulfilled, such as education, professional background, and the personality requirements of the candidate. When necessary, the Personnel Committee and the Supervisory Board are supported by independent, external experts.

In 2022, the Supervisory Board, with the support of the Personnel Committee, revised and updated the requirements profile as part of the expansion of the Executive Board to three people from January 1, 2023 and the search for a successor to Hans-Dieter Schumacher, who left the company on March 31, 2023. When appointing people to the Executive Board, appropriate consideration is to be given particularly to the international nature of the company and its dealing with other cultures. The diversity concept also takes into account the specifications of the Supervisory Board's Rules of Procedure with regard to the appointment of Executive Board members. For instance, the maximum age limit for the appointment of Executive Board members is 65 years at the time of the appointment. The initial appointment of Executive Board members shall be for a maximum of three years in accordance with the Code, unless the Supervisory Board agrees on a longer initial appointment period due to special circumstances in individual cases. The weighting of the individual criteria is based on the respective Executive Board mandate to be filled and the associated areas of responsibility. The aim is to ensure that the Executive Board members as a whole complement each other as well as possible in terms of their skills, abilities, and experience.

The composition of the Executive Board as of December 31, 2023 fully complies with the requirements and skills profile. With the appointment of Dr. Ralf Kuschnereit as a member of the Executive Board as of January 1, 2023, and the associated expansion of the Executive Board to three persons, the photonic and operational expertise on the Executive Board has been further strengthened. Together with Dr. Prisca Havranek-Kosicek, who was appointed to the Executive Board as of March 1, 2023, and as Chief Financial Officer as of April 1, 2023, a wide spectrum of knowledge and experience as well as educational and professional backgrounds is now covered on the Executive Board as a whole due to the different personalities, educational backgrounds, professional careers and diverse international experience provided by each member of the Executive Board. The members of the Board also represent different age groups. Ralf Kuschnereit and Prisca Havranek-Kosicek's current term of office is three years in accordance with the Code.

More information on the CVs of the members of the Executive Board can be found on our website at www.jenoptik.com/about-jenoptik/management/executive-board-and-executive-management-committee-emc

2. Diversity concept for the Supervisory Board

The diversity concept for the Supervisory Board is intended to ensure that the Supervisory Board is filled in such a way that, as a whole, the Board has the necessary knowledge, skills, and professional experience to perform its duties. This ensures professional and qualified control by the Supervisory Board, which complies with the applicable requirements of the German Stock Corporation Act, the German Corporate Governance Code, the Articles of Association, and the Rules of Procedure of the Supervisory Board of JENOPTIK AG.

The diversity policy is implemented in the election of shareholder representatives. When searching for candidates for the Supervisory Board, the Nomination Committee of the Supervisory Board ensures that the objectives for the composition of the Jenoptik Supervisory Board ("Diversity-Statement", see Annex 1 of the Rules of Procedure of the Supervisory Board, the requirements of the German Stock Corporation Act as well as the German Corporate Governance Code and its requirements and skills profile are met. In doing so, it also takes into account the existing skills and competencies of the elected employee representatives and then submits suitable candidate proposals for the election of Supervisory Board members representing the shareholders to the Annual General Meeting or for replacements appointed by court in the event of a temporary shortfall in the Supervisory Board. When selecting the respective candidates, the Nomination Committee and the Supervisory Board ensure that they are able to devote the necessary time to performing their duties.

The requirements profile drawn up by the Supervisory Board was last revised at the end of 2021 with the support of an external consultant, and is continually updated as required. The requirements profile specifies various criteria with regard to diversity, functional and structural expertise as well as strategic and company-related skills. The criteria relate to the requirements of the Supervisory Board mandate at Jenoptik as a global photonics group in a challenging competitive environment. This requirements profile has been and will be taken into account in elections to the Supervisory Board or in any proposals for the appointment of new candidates by way of replacements appointed by court, such as the selection and appointment of Daniela Mattheus in the past fiscal year.

It is the opinion of the Supervisory Board that its current composition fully meets the required competencies, experience, and skills. The twelve members of the Supervisory Board bring a wide range of specific knowledge and expertise to the work of the Supervisory Board.

The following graphic G17 and table T38 from pages 104 on detail the qualification matrix of the JENOPTIK AG Supervisory Board. This is based on the revised skills profile of the Supervisory Board and the composition of the Supervisory Board as of December 31, 2023. The diversity of the professional and educational backgrounds of the individual members of the Supervisory Board can also be seen in the CVs published on our website and updated annually in February at www.jenoptik.com/about-Jenoptik/management/supervisory-board.

In accordance with its Diversity Statement, the Supervisory Board currently includes at least three members with extensive international experience. Furthermore, the Supervisory Board should include at least four women. With three women on the shareholder side and three women on the employee side, the proportion of at least 30 percent required by the German Stock Corporation Act is exceeded with a current figure of 50 percent.

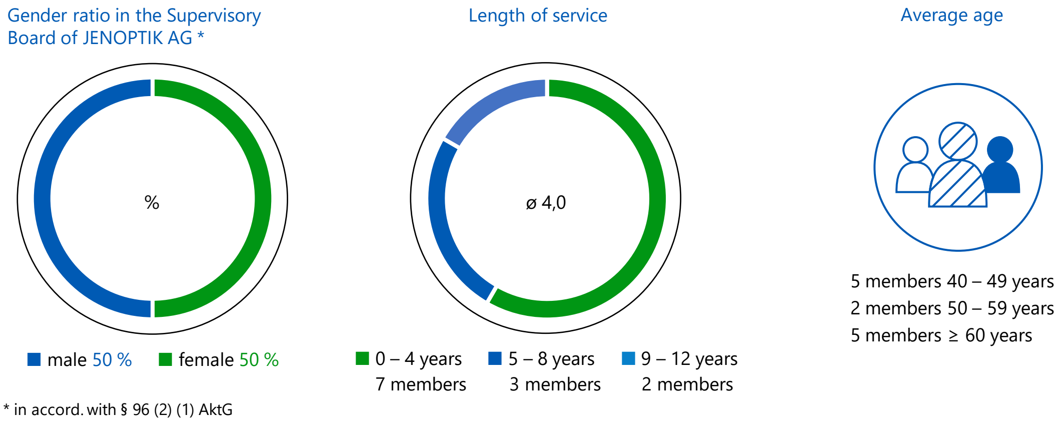
At its meeting on December 12, 2023, the Supervisory Board also decided to set a maximum limit of 12 years for length of service on the Jenoptik Supervisory Board. This limit was deliberately designed as a standard length of service in order to be able to continue to take individual factors into account when electing members, which may, in exceptional cases, also justify a longer period of service for individual Supervisory Board members. Stability in the composition can promote trusting cooperation within the Board. If, in individual cases, there is a deviation from the regular limit of length of service, this shall be justified accordingly in the relevant recommendation for election. As can be seen in the following graphic G17, the average length of service for members of the Supervisory Board on December 31, 2023, was 4.0 years (prior year: 3.3 years).

No member of the Supervisory Board performs either an advisory or an executive function with customers, suppliers, creditors or other business partners of JENOPTIK AG, which would lead to a significant and not merely temporary conflict of interest. The Supervisory Board is of the opinion that Mr. Dudok's post as Executive Vice President of Connected Intelligence at Airbus Defense & Space is not detrimental to his independence, as none of the transactions between the Advanced Photonics Solutions division and Airbus concerned the operations for which Mr. Dudok is responsible at Airbus. In 2023, the revenue of the Advanced Photonic Solutions division with companies of the Airbus Group amounted to 3.8 million euros (prior year: 2.9 million euros) and thus less than 0.4 percent (prior year: 0.3 percent) of the Jenoptik group revenue. They are therefore not material for the Jenoptik Group. Mr. Dudok will leave Airbus at the end of February 2024 for reasons of age. From this date, as a member of Jenoptik's Supervisory Board, he will no longer undertake any executive functions for Jenoptik customers.

As a whole, the members are familiar with the photonics sector in which Jenoptik operates.

In accordance with the specifications of the Rules of Procedure, all members were under 70 years of age not only at the time of their respective election but also at the end of 2023. Five members are older than 60, two members are between 50 and 59 years old and five members are between 40 and 49 years of age, which means that different age groups are adequately represented on the Supervisory Board.

G17 Composition of the Supervisory Board



Last updated: 31/12/2023

In the view of the Supervisory Board all shareholder representatives are independent. They are Matthias Wierlacher, Elke Eckstein, Prof. Dr. Ursula Keller, Daniela Mattheus, Evert Dudok, and Thomas Spitzenpfeil.

Further information on the Executive Board and Supervisory Board, in particular on their working methods, including work in the committees, participation in meetings, and other mandates held by members, can be found in the Supervisory Board Report and in the Notes of the Annual Financial Statements of JENOPTIK AG.

> The CVs of the Supervisory Board members including the mandates they hold can be found at www.jenoptik.com/about-jenoptik/management/supervisory-board

In the opinion of the Supervisory Board, the members in the following composition have the following personal and professional qualifications contained in the skills profile:

T38 Qualification matrix

in thousand euros	Matthias Wierlacher	Evert Dudok	Elke Eckstein	Andre Hillner*	Prof. Ursula Keller	Dörthe Knips*
Length of service/initial appointment	2012	2015	2017	2022	2022	2017
Diversity						
Year of birth	1963	1959	1964	1979	1959	1974
Gender	Male	Male	Female	Male	Female	Female
Nationality	Austrian	Dutch	German	German	Swiss	German
Governance-specific skills						
Independence[1]	✓	✓	✓	n.a.	✓	n.a.
Number of positions held[2]	✓	✓		✓	✓	✓
Corporate governance experience	✓		✓			
(Supervisory or Executive Board) experience in listed companies	✓		✓			
CEO experience (in non-listed companies)	✓	✓	✓			
CFO experience (in non-listed companies)	✓					
Financial and business skills	✓	✓	✓			✓
Functional/structural skills						
Personnel expertise, worker participation and social matters	✓	✓	✓	✓		✓
Sales and marketing expertise		✓	✓			
Operational expertise		✓	✓	✓		✓
Strategic and company-related skills in the following areas						
Digitization, innovation, IT		✓	✓		✓	
Technology		✓	✓	✓	✓	
Strategy and growth/M+A/portfolio management	✓		✓			
Markets and internationality		✓	✓		✓	
Entrepreneurship/management	✓	✓	✓		✓	
Capital markets	✓					
Specific industry/sector experience			✓	✓		
ESG expertise			✓			

[1] According to the Supervisory Board's self-assessment for the shareholder representatives

[2] The criterion for number of positions is not considered to be met if there is a deviation from the recommendation pursuant to section C.4 of the Code (even as a precautionary measure)

✓ = Criterion is deemed to be met on the basis of a self-assessment by the Supervisory Board if there is good knowledge or experience in the dimension concerned. These can be acquired through existing qualifications or as part of the work as a member of the Supervisory Board (for example, many years of service on the Audit Committee)

* employee representative

T38 Qualification matrix (continued)

in thousand euros	Daniela Mattheus	Alexander Münkwitz*	Stefan Schaumburg*	Thomas Spitzenpfeil	Christina Süßenbach*	Franziska Wolf*
Length of service/initial appointment	2023	2022	2012	2022	2022	2022
Diversity						
Year of birth	1972	1978	1961	1962	1980	1982
Gender	Female	Male	Male	Male	Female	Female
Nationality	German	German	German	German	German	German
Governance-specific skills						
Independence[1]	✓	n.a.	n.a.	✓	n.a.	n.a.
Number of positions held[2]	✓	✓	✓	✓	✓	✓
Corporate governance experience	✓		✓	✓		
(Supervisory or Executive Board) experience in listed companies	✓		✓	✓		
CEO experience (in non-listed companies)						
CFO experience (in non-listed companies)				✓		
Financial and business skills	✓	✓		✓	✓	
Functional/structural skills						
Personnel expertise, worker participation and social matters		✓	✓	✓	✓	✓
Sales and marketing expertise						
Operational expertise					✓	
Strategic and company-related skills in the following areas						
Digitization, innovation, IT	✓	✓		✓		
Technology						
Strategy and growth/M+A/portfolio management	✓			✓		
Markets and internationality						
Entrepreneurship/management				✓		
Capital markets	✓			✓		
Specific industry/sector experience				✓	✓	
ESG expertise	✓			✓		

[1] According to the Supervisory Board's self-assessment for the shareholder representatives

[2] The criterion for number of positions is not considered to be met if there is a deviation from the recommendation pursuant to section C.4 of the Code (even as a precautionary measure)

✓ = Criterion is deemed to be met on the basis of a self-assessment by the Supervisory Board if there is good knowledge or experience in the dimension concerned.. These can be acquired through existing qualifications or as part of the work as a member of the Supervisory Board (for example, many years of service on the Audit Committee)

* employee representative

Further Information on Corporate Governance

Annual General Meeting

JENOPTIK AG shareholders exercise their rights at the Annual General Meeting which takes place at least once a year. Each share is accorded one vote; there are no special voting rights. The shares of JENOPTIK AG are registered shares and the holders of the shares are entered in the share register of JENOPTIK AG. Only shareholders entered in the share register have the right to vote at the Annual General Meeting. The use of electronic means of communication, in particular the Internet and the shareholder portal, makes it easier for shareholders to participate in the Annual General Meeting. They may either participate directly in the Annual General Meeting, or exercise their voting rights via a company-nominated proxy who is bound by the shareholder's instructions, via postal voting, or by authorizing a person of their choice. They also have the option of casting their vote by means of electronic communication. Shareholders will receive appropriate support from the company. The documents and information legally required for the Annual General Meeting are available on our website at www.jenoptik.com/investors/annual-general-meeting. The speech by a representative of the Executive Board and, after the Annual General Meeting, the attendance and voting results are also published there.

The Annual General Meeting in the fiscal year 2023 was held in person. Shareholders who did not have the opportunity to be present on site were given the opportunity to cast their votes, in particular by means of electronic communication, e.g., via the Internet-based shareholder portal available on Jenoptik's website. They could also follow the Annual General Meeting there in audio and video. In addition, the speech by a representative of the Executive Board was published in advance in text form on the website and broadcast live on the Internet.

By resolution of the Annual General Meeting on June 7, 2023, the Articles of Association were amended and the Executive Board was authorized to provide that the Annual General Meeting may in the future also be held as a virtual Annual General Meeting without the physical presence of shareholders or their proxies. This authorization is valid for two years from the date of entry in the commercial register.

Transparent information

As part of our investor relations work, we report comprehensively on the position and development of the company. We use the Internet in particular for this purpose and information is made available at www.jenoptik.com in the Investors section.

For further information on investor relations activities, please refer to the chapter "The Jenoptik share"

Jenoptik immediately publishes major changes to its shareholder structure when it is informed that reportable voting rights thresholds have been reached, fallen below or exceeded. All publications are available on the JENOPTIK AG website www.jenoptik.com/investors/share in the Voting rights announcements section. Further information can also be found in the Annual Financial Statements of JENOPTIK AG.

Directors' dealings

Reportable securities transactions by members of the Executive Board or Supervisory Board pursuant to Article 19 of the EU Market Abuse Regulation are published at www.jenoptik.com in the Investors/Corporate Governance/Directors' Dealings section. In the fiscal year 2023, we received a total of three notifications from Dr. Stefan Traeger and Dr. Ralf Kuschnereit.

For further information on the shares acquired by the members of the Executive Board in the fiscal year 2023 see table T46 in the Remuneration Report

Accounting and auditing

Jenoptik prepares the Consolidated Financial Statements as well as the Consolidated Interim Reports in accordance with the International Financial Reporting Standards (IFRS) and the additional requirements of commercial law according to § 315e (1) of the German Commercial Code (HGB), as they are to be used in the European Union. JENOPTIK AG's Financial Statements, which are decisive for the dividend payment, are compiled in accordance with the requirements of the German Commercial Code and the German Stock Corporation Act. The Consolidated Financial Statements and the Annual Financial Statements, including the Combined Management Report, are examined by the auditor. On June 7, 2023, the Annual General Meeting again selected EY as the auditor for the fiscal year 2023 on the recommendation of the Supervisory Board. EY was initially appointed in the fiscal year 2016 following an external tender. The position of responsible auditor for the auditing of the Consolidated Financial Statements and the Annual Financial Statements as well as the Combined Management Report was taken on for the fifth time by Steffen Maurer. The auditor's report for the past fiscal year 2023 was signed by Steffen Maurer and Martin von Michaelis and by Steffen Mauer and Alexander Murrmann in 2022. In 2021, it was signed by Steffen Maurer and Uwe Pester, in 2019 and 2020 by Michael Blesch and Steffen Maurer, and from 2016 to 2018 by Michael Blesch and Uwe Pester. The statutory provisions regarding the rotation obligations have been fulfilled. At its meeting on November 8, 2023, the Audit Committee decided to launch a tendering process in accordance with the requirements of EU Regulation 537/2014 for the Annual and Consolidated Financial Statements of JENOPTIK AG for the fiscal years beginning from 2026. The audit of the 2023 Combined Non-financial Report was carried out with so-called "limited assurance" by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. The Remuneration Report was formally audited by EY.

The Supervisory Board has agreed with the auditor that they shall inform the Supervisory Board Chairman of all important events and findings that emerge during the audit. This also applies if the audit reveals inaccuracies during the audit in the Declaration of Conformity submitted by the Executive Board and Supervisory Board in accordance with § 161 of the German Stock Corporation Act (AktG).

The Audit Committee reviewed the quality of the audit prior to submitting the election proposal to the Annual General Meeting. EY confirmed to the Supervisory Board in a declaration of independence that there were no business, financial, personal, or other links between the auditor, its board members and audit managers on the one side and the company and its board members on the other, that could give rise to doubts about the independence of the auditor. It also provided information on the extent to which non-audit services had been provided for Jenoptik in the previous fiscal year or which had been contractually agreed for the current year. In the summer of 2023, the Audit Committee reviewed EY's non-audit services provided in the past year and confirmed the catalog of approved, predefined non-audit services approved in the prior year.

Chapter 3

Remuneration Report

Remuneration Report

Contents

With this report, the Executive Board and Supervisory Board inform, as per § 162 AktG, on the remuneration granted and owed to the current and former members of the Executive Board and Supervisory Board of JENOPTIK AG and companies of the Jenoptik Group for the fiscal year 2023, including a comparative presentation of the annual change in remuneration for the members of the Executive Board, the development of the company's earnings, and the average remuneration of the employees. At its meeting on August 8, 2023, the Audit Committee appointed Ernst & Young Wirtschaftsprüfungsgesellschaft GmbH, Stuttgart (trading as EY GmbH & Co. since 1/2/2024), to carry out a formal audit of the Remuneration Report in accordance with § 162 (3) AktG.

2023 was marked by geopolitical unrest, the war in Ukraine and the conflict in the Middle East, with their associated humanitarian, economic, and geopolitical consequences, affecting the global economy. In a progressively challenging economic climate, Jenoptik performed very well with a year-on-year revenue growth of 8.7 percent and an EBITDA margin of 19.7 percent, once again demonstrating its resilience and ability to grow. In line with the "Pay for Performance" principle, this performance by Jenoptik is also reflected in the variable remuneration for the Executive Board.

A. Executive Board Remuneration

I. Executive Board remuneration system

Following preparation by the Personnel Committee, the Supervisory Board is responsible for specifying the remuneration system and determining the total remuneration for the individual Executive Board members. The criteria for defining the appropriateness of the individual total remuneration are primarily the respective tasks and areas of responsibility of the members of the Executive Board, their personal performance, and the economic situation, the success of the company, and its future prospects. Another factor is the level of remuneration customary in a comparable environment and in relation to defined peer groups within the company.

Jenoptik's corporate strategy focuses on its core expertise in photonics, combined with increased investment in research and development and organic growth. The remuneration system for members of the Executive Board aims to provide key incentives for implementing this corporate strategy by setting ambitious targets in line with the strategy. In a similar way to the control system, the remuneration system is geared toward the long-term corporate strategy, in addition, it is aligned with the Group's short to medium-term objectives. The company control system's key indicators are used to assess the performance of the Executive Board. The long-term targets are in line with envisaged business performance and aim to enable a clear assessment of its attainment. Jenoptik aims to promote long-term and sustainable development with a multi-year variable remuneration component and a consideration of sustainability criteria from various ESG areas (ESG: environmental, social, governance, hereinafter "ESG targets") in both one-year and multi-year variable remuneration.

G18 An overview of the remuneration system

Relative share of total target remuneration	Remuneration components	Description
~ 38 % – 43 %	Basic remuneration	
~ 2 %	Fringe benefits	
~ 9 % – 12 %	Company pension plan	
~ 17 % – 23 %	One-year variable remuneration	– Scheme type: Target bonus model – Limit: max. 200 % of target amount – Performance criteria: ▪ 40 % revenue growth ▪ 40 % EBITDA margin ▪ 20 % cash conversion rate ▪ Multiplier (0.8 to 1.2) to assess individual and collective performance of the Executive Board and ESG targets
25 % – 30 %	Multi-year variable remuneration	– Scheme type: Virtual performance share plan – Performance period: Four years – Limit: ▪ Target attainment: max. 150 % per target ▪ Payout: max. 200 % of target amount – Performance criteria: ▪ 30 % return on capital employed (ROCE) ▪ 25 % relative total shareholder return (TSR) compared to TecDax ▪ 25 % relative total shareholder return (TSR) compared to individual peer group ▪ 20 % ESG targets
	Malus & clawback	– Opportunity to reduce bonus via the multiplier in the sense of a malus – Right of the company to repayment of the multi-year variable remuneration (clawback)
	Maximum remuneration pursuant to § 87a(1) (2) AktG	– Chairman of the Executive Board: 2,550,000 euros p. a. – Ordinary member of the Executive Board : 1,800,000 euros p. a.
	Share ownership	– Obligation to hold shares: 100 % fixed gross annual remuneration

If the targets set are not met, the variable remuneration may be reduced to zero. At the same time, if the targets are exceeded, it can only increase up to a clearly defined upper limit (“cap”) in terms of amount, thereby avoiding the incentive to take excessive risks.

The system of remuneration applicable for the Executive Board in the fiscal year 2023 was adopted by the Supervisory Board with the assistance of an independent external remuneration advisor and approved at the Annual General Meeting on June 7, 2023 with a majority of 94.21 percent of the votes. The revision of the remuneration system focused on creating an even stronger share-based link to further align the interests of the Executive Board and shareholders. In addition, and in line with the ”More Value” strategic agenda, ESG targets are now explicitly included in the long-term variable remuneration. In the future, the capital market performance of the Jenoptik share will also be measured against relevant competitors and sector companies as well as the TecDax. Share ownership guidelines have been introduced for the members of the Executive Board. To sharpen the existing governance structures, the Supervisory Board’s options in the event of non-compliant behavior have been strengthened. In addition to the existing rules on performance clawback, the Supervisory Board can now, under certain conditions, reclaim remuneration components already paid out (“malus”) or withhold remuneration components not yet paid out (“compliance clawback”) in the event of a compliance violation.

The remuneration system thus adopted applies retroactively from January 1, 2023 for both newly appointed and existing members of the Executive Board and is published on the Jenoptik website at www.jenoptik.com/about-jenoptik/management/executive-board-and-executive-management-committee-emc. The old remuneration system will continue to apply to Hans-Dieter Schumacher, who left the company at the end of March 31, 2023.

II. Determination of total target remuneration; appropriateness of Executive Board remuneration

The Supervisory Board has determined the amount of the total target remuneration for the members of the Executive Board in accordance with the remuneration system for Executive Board members approved by the Annual General Meeting. The target total remuneration for Executive Board members remained unchanged in 2023.

T39 Target remuneration for the fiscal year 2023 in euros

	Dr. Stefan Traeger President & CEO			Dr. Prisca Havranek-Kosicek Member of the Executive Board since 1/3/2023		
	Target remuneration	Min.	Max.	Target remuneration	Min.	Max.
Non-performance-related remuneration						
Fixed remuneration	675,000	675,000	675,000	375,000	375,000	375,000
Fringe benefits	19,630	16,630	19,630	19,099	19,099	19,099
Pension contribution	200,000	200,000	200,000	83,333	83,333	83,333
Total	**894,630**	**894,630**	**894,630**	**477,432**	**477,432**	**477,432**
Performance-related remuneration						
One-year variable remuneration (bonus for fiscal year 2023)	330,000	0	660,000	166,666	0	333,333
Multi-year variable remuneration						
of which performance shares 2023	445,000	0	890,000	250,000	0	500,000
Total	**775,000**	**0**	**1,550,000**	**416,666**	**0**	**833,333**
Total remuneration	**1,669,630**	**894,630**	**2,444,630**	**894,098**	**477,432**	**1,310,765**

	Dr. Ralf Kuschnereit Executive Board member			Hans-Dieter Schumacher Member of the Executive Board until 31/3/2023		
	Target remuneration	Min.	Max.	Target remuneration	Min.	Max.
Non-performance-related remuneration						
Fixed remuneration	450,000	450,000	450,000	112,500	112,500	112,500
Fringe benefits	15,860	15,860	15,860	5,383	5,383	5,383
Pension contribution	100,000	100,000	100,000	40,000	40,000	40,000
Total	**565,860**	**565,860**	**565,860**	**157,883**	**157,883**	**157,883**
Performance-related remuneration						
One-year variable remuneration (bonus for fiscal year 2023)	200,000	0	400,000	50,000	0	100,000
Multi-year variable remuneration						
of which performance shares 2023	300,000	0	600,000	75,000	0	150,000
Total	**500,000**	**0**	**1,000,000**	**125,000**	**0**	**250,000**
Total remuneration	**1,065,860**	**565,860**	**1,565,860**	**282,883**	**157,883**	**407,883**

Maximum remuneration. The maximum remuneration (including pension contributions and fringe benefits) set by the Supervisory Board for the members of the Executive Board and approved by the 2023 Annual General Meeting is 2,550,000 euros per fiscal year for the Chairman of the Executive Board and 1,800,000 euros for ordinary members of the Executive Board. The basic remuneration is a fixed value. The upper limit for the one-year and multi-year variable remuneration granted and owed in 2023 – as shown in Table T47 – was not reached. Although achievement of the performance targets for the 2023 installment of performance shares will not be determined until the first quarter of 2027, it is already certain that, even if the maximum target is achieved in 2027, the defined maximum remuneration for the fiscal year 2023 will be met.

Customary level of the specific total remuneration in comparison with other companies and within the company. The appropriateness of the remuneration was last reviewed in mid-2022 by comparing the level and structure of the remuneration with that at companies in the TecDax and SDax indices. These two indices were chosen as the companies included are largely comparable with Jenoptik in terms of country and sector, and Jenoptik itself was listed on both indices at that time (Jenoptik was included in the MDax with effect from March 2023). In order to take the size of the company into account, Jenoptik was included in the peer groups on the basis of the criteria of revenue, employees, and market capitalization; the size-adjusted remuneration bands derived from this were analyzed. In addition, a vertical review was also undertaken with the remuneration of managers and the workforce as a whole. The Supervisory Board came to the conclusion that the remuneration agreed with the members of the Executive Board is customary and appropriate in a horizontal and vertical comparison in accordance with the requirements of the German Corporate Governance Code.

III. Specific configuration of the remuneration system

The remuneration for the Executive Board of Jenoptik consists of non-performance-related and performance-related components.

1. Non-performance-related remuneration

Fixed remuneration. The non-performance-related basic salary is paid on a pro rata basis each month. It amounted to 650,000 euros p.a. for Dr. Stefan Traeger until June 30, 2023, 700,000 euros p.a. since July 1, 2023 (prior year: 650,000 euros), and 450,000 euros p.a. for each of the other Executive Board members (prior year: 450,000 euros).

Retirement benefits. Agreements relating to occupational retirement benefits have been concluded with the members of the Executive Board. The commitment is based on a pension fund reinsured by a life insurance policy. This is a defined contribution scheme within the framework of a provident fund. The annual and the long-term costs for Jenoptik are clearly defined. On reaching retirement age, the payouts will no longer affect Jenoptik – with the exception of a possible subsidiary liability. In 2023, the pension contributions amounted to 200,000 euros for Dr. Stefan Traeger, 100,000 euros for Dr. Ralf Kuschnereit, 83,333 euros for Dr. Prisca Havranek-Kosicek due to her appointment as of March 1, 2023, and 40,000 euros for Hans-Dieter Schumacher until his retirement on March 31, 2023. The annual pension contributions have remained unchanged for all members of the Executive Board since they joined the company. The surrender value of the pension commitment in accordance with § 169 of the German Insurance Contract Act (VVG) as of December 31, 2023 was 1,288,768 euros for Dr. Stefan Traeger (prior year: 1,083,541 euros), 97,632 euros for Dr. Prisca Havranek-Kosicek (prior year: 0 euros), 98,377 euros for Dr. Ralf Kuschnereit (prior year: 0 euros), and 1,318,465 euros for Hans-Dieter Schumacher (prior year: 1,254,533 euros).

Fringe benefits. There are an accident insurance and a directors and officers liability insurance for the members of the Executive Board. The latter comprises the contractual obligation to pay a deductible amounting to 10 percent of the loss per claim, however up to a maximum sum of 150 percent of the fixed remuneration of the Executive Board member in question. Executive Board members are also entitled to the private use of a company vehicle. Dr. Prisca Havranek-Kosicek has opted for a mobility allowance based on the rules for employees entitled to a company vehicle instead of a company car. The cost of a Bahncard 100, which is paid by Jenoptik, is deducted from the allowance.

2. Performance-related remuneration components

The variable remuneration of the Executive Board is based on target agreements concluded with the respective member of the Executive Board in the first quarter of each calendar year. Jenoptik's long-term and sustainable development is thereby promoted by a multi-year variable remuneration component and a consideration of sustainability criteria (ESG) in the one-year and multi-year variable remuneration. The same targets are agreed upon with all members of the Executive Board, as the Executive Board functions as a team and implements the targets together.

The variable remuneration comprises two components:

The (one-year) bonus (~40 percent of the variable remuneration) is based on the achievement of certain targets within a fiscal year and is paid in the subsequent year.

The second part of the variable remuneration (~60 percent of the variable remuneration) is granted as multi-year variable remuneration in the form of so-called performance shares. To this end, virtual shares are allocated to the members of the Executive Board on an annual basis. For each installment of performance shares granted, the target attainment is determined at the end of a four-year performance period and the amount resulting from a predefined calculation method is paid out.

The total variable remuneration for 2023 may amount to a maximum of 1,550,000 euros for Dr. Stefan Traeger, 1,000,000 euros for Dr. Ralf Kuschnereit, 833,333 euros for Dr. Prisca Havranek-Kosicek due to her appointment since March 1, 2023, and 250,000 euros for Hans-Dieter Schumacher due to his retirement on March 31, 2023. If less than 50 percent of the targets are achieved, the variable remuneration will be 0 euros. For the respective maximum amount, 200 percent of the targets for one-year variable remuneration and 150 percent of the targets for multi-year variable remuneration must be achieved.

a) Bonus.

(i) Bonus system. 40 percent of the bonus is dependent on the Group's revenue growth: In 2023, 75 percent of this (i.e., 30 percent of the bonus) is reached at 100 percent if the revenue growth stated in the annual plan for the Jenoptik Group adopted by the Supervisory Board is achieved organically for the corresponding year, i.e., without taking into account companies or parts of companies acquired or sold. The remaining 25 percent of the revenue growth target (i.e., 10 percent of the bonus) is achieved at 100 percent if a certain level of revenue attributable to new acquisitions is achieved (regardless of the acquisition date in relation to the entire fiscal year). A further 40 percent of the bonus is calculated on the basis of the EBITDA margin contained in the annual plan. The third sub-target, with a 20 percent share of the bonus, is achieved at 100 percent if the ratio of free cash flow to EBITDA for the year in question (the cash conversion rate) reaches the value stated in the annual plan approved by the Supervisory Board.

The yardstick for determining the degree of target attainment need not be linear. This means that a target attainment of 200 percent does not necessarily require a doubling of the initial value of the financial key indicator, in the same way as a 50-percent target attainment does not necessarily have to be achieved at half of the originally defined financial baseline for 100 percent. The precise calibration of the targets is based on historical experience and future expecta-tions, as well as the adopted budget of the respective year.

(ii) Targets for 2023. The financial targets agreed with the members of the Executive Board for 2023 were:

T40 Financial targets agreed for 2023

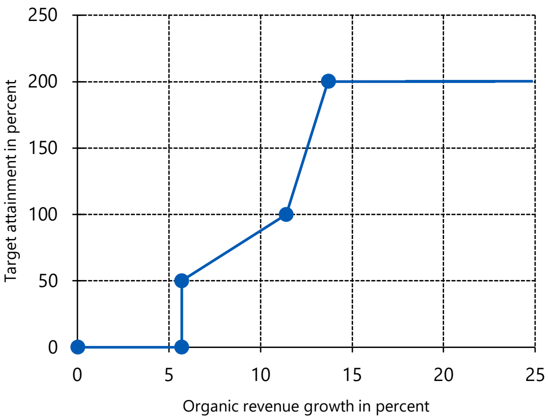
		Targets for 2023 in %		
Target	Weighting with target attainment of 100 %	100	50 (lower cap)	200 (upper cap)
Organic revenue growth in %*	30 %	11.4	5.7	13.7
Non-organic revenue growth in million euros**	10 %	20.0	>0.0	30.0
EBITDA margin in %	40 %	19.2	12.9	23.0
Cash conversion rate in %	20 %	60.2	30.1	72.2

*Revenue growth is calculated based on the ratio of revenue achieved in 2022 to 2023. Acquisitions are not included. In addition, the shares of revenue of business units to be sold/closed in 2023 are deducted from the revenue for 2022 and 2023

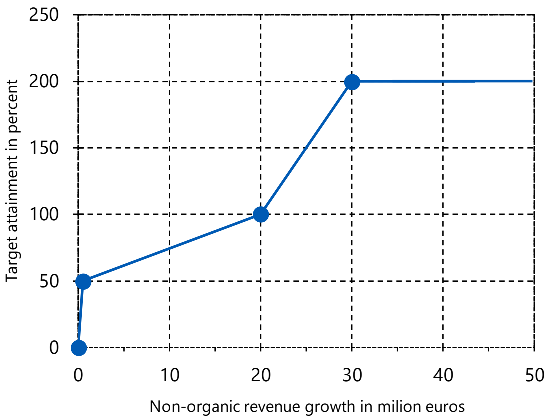
**The calculation is based on the total revenue of the acquired target in the full calendar year 2023 (irrespective of the acquisition date in the fiscal year)

The following charts illustrate the target attainment curves for the 2023 bonuses:

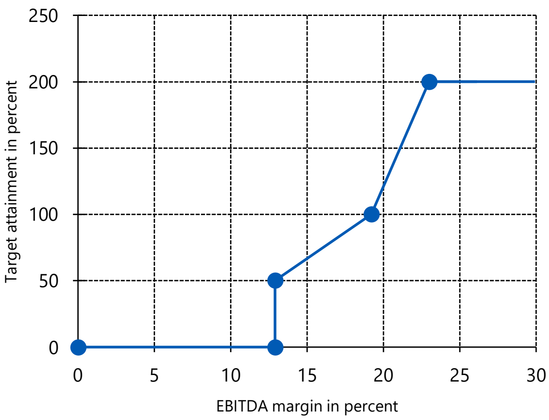
G19 Organic revenue growth



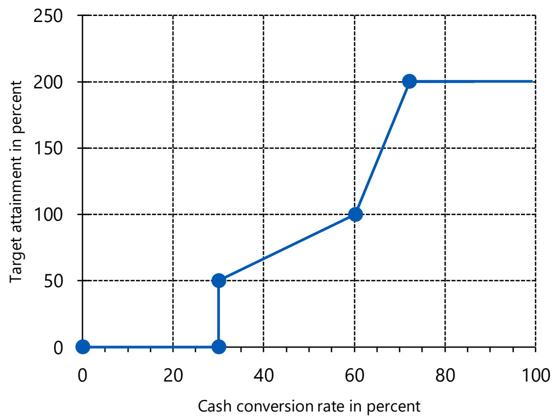
G20 Non-organic revenue growth



G21 EBITDA margin



G22 Cash conversion rate

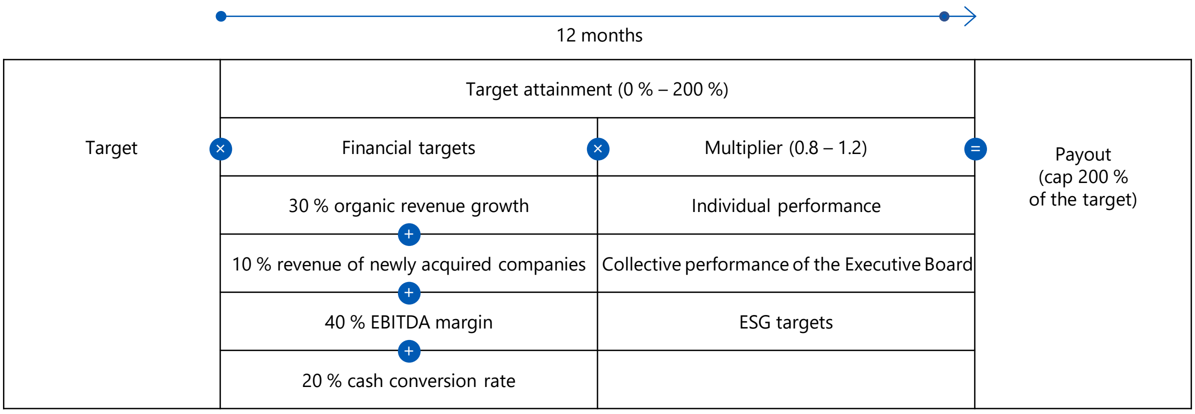


To take account of non-financial aspects, the bonus amount for the respective Board member resulting from the target attainment is then multiplied by a performance factor, the so-called multiplier. The value for this can be between 0.8 and 1.2. The multiplier is determined on the basis of the individual performance of the Executive Board member, the collective performance of the Executive Board as a whole, and the attainment of ESG targets. These latter targets are derived from the Jenoptik Group's ESG road map described in the Sustainability Report and published on our website at www.jenoptik.com/sustainability/sustainability-targets. The ESG targets agreed for 2023 and their attainment are shown in Table T41.

The Supervisory Board can use the multiplier to reduce the variable bonus in the sense of a malus arrangement by up to 20 percent even if the financial targets are met or exceeded, if, for example, the behavior of the Executive Board member strongly warrants it, but is not serious enough to justify termination or liability due to breach of duty or a reduction in remuneration in accordance with § 87 (2) AktG is not possible.

Assuming 100 percent target achievement and a multiplier of 1.0, Dr. Stefan Traeger receives a bonus of 330,000 euros for the fiscal year (prior year: 320,000 euros), Dr. Ralf Kuschnereit a bonus of 200,000 euros, Dr. Prisca Havranek-Kosicek a pro rata bonus of 166,666 euros, and Hans-Dieter Schumacher a pro rata bonus of 50,000 euros until March 31, 2023. In each case, the bonus for the Executive Board members for 2023 is capped at twice the above amounts, which corresponds to a target achievement of 200 percent. The bonus is paid with the subsequent payroll after the target settlement and approval of the Annual Financial Statements.

G23 One-year variable remuneration (bonus)



(iii) Target attainment 2023. On the basis of its assessment and after weighing up all relevant aspects for the fiscal year 2023, the Personnel Committee of the Supervisory Board has decided to propose to the Supervisory Board that a multiplier of 1.0 be used for all members of the Executive Board. In particular, the successful work in the capital market with the inclusion of the Jenoptik share in the MDax, the attainment of the ESG non-financial targets shown in table T42 with the development of the corresponding reporting, as well as the continued successful integration of BG Medical and the SwissOptic Group were taken into account. However, the existing challenges in connection with the further development of the Non-Photonic Portfolio Companies and the still comparatively high level of working capital were also taken into consideration. The actual target attainment of the one-year variable remuneration for 2023 and the resulting payments for the fiscal year 2023 are as follows:

T41 Target attainment of the one-year variable remuneration for 2023 and payment in euros

Indicator	Fiscal year 2023 Actually attained	Target attainment in %	Payment to Dr. Stefan Traeger	Payment to Dr. Prisca Havranek-Kosicek	Payment to Dr. Ralf Kuschnereit	Payment to Hans-Dieter Schumacher
Organic revenue growth in %*	8.7	76.32	75,557	38,160	45,792	11,448
Non-organic revenue growth in million euros**	0	0	0	0	0	0
EBITDA margin in %	19.7	113.16	149,371	75,440	90,528	22,632
Cash conversion rate in %	60.8	105.00	69,300	35,000	42,000	10,500
Subtotal			294,228	148,600	178,320	44,580
Multiplier			1.00	1.00	1.00	1.00
Total			**294,228**	**148,600**	**178,320**	**44,580**

* Acquisitions are not included. In addition, the shares of revenue of business units to be sold/closed in 2023 are deducted from the revenue for 2022 and 2023

** The calculation is based on the total revenue of the acquired target in the full calendar year 2023 (irrespective of the acquisition date in the fiscal year)

T42 Target attainment of ESG targets 2023 in the multiplier

		2023 target	Target attainment
Vitality index	Increase in innovative strength: Percentage of revenue generated by products and services developed within the last 3 years	25.0 %	27.7 %
Green electricity rate	Active reduction of CO_2 emissions: Green electricity share as a proportion of the total electricity demand used by the main sites	90.0 %	93.6 %
Employee satisfaction	Global Engagement Score: Our employees' engagement, i.e., 75 % of our employees identify positively with their duties at Jenoptik in 2023 and are active participants	75.0 %	75.0 %

b) Performance shares.

(i) System of performance shares. Based on a value of 430,000 euros until June 30, 2023 and 460,000 euros since July 1, 2023 (prior year: 430,000 euros) for Dr. Stefan Traeger and 300,000 euros for the other Executive Board members for the full calendar year (prior year: 300,000 euros) ("initial value" for 2023), each member of the Executive Board is provisionally allocated performance shares in the first quarter of each fiscal year, usually at the Supervisory Board's balance sheet meeting in the second half of March. The above values are reduced on a pro rata basis by periods during which the member was not a member of the Executive Board.

In order to calculate the provisional number of performance shares to be allocated, the initial value is divided by the volume-weighted average price (VWAP) of the Jenoptik share on the last 60 trading days of the fiscal year preceding the provisional allocation. The VWAP for the specified 2022 period was 24.682 euros (prior year: 33.906 euros). For the 2023 installment, Dr. Stefan Traeger was provisionally allocated a total of 18,029 performance shares, Dr. Prisca Havranek-Kosicek a total of 10,129 performance shares, Dr. Ralf Kuschnereit a total of 12,154 performance shares, and Hans-Dieter Schumacher a total of 3,039 performance shares. Long-term performance targets are agreed for each installment, the achievement of which is measured at the end of each four-year "performance period". For the performance shares provisionally allocated in 2023, the measurement will take place at the beginning of 2027.

The performance shares not yet paid out are:

T43 Performance shares

	Number of provisionally allocated performance shares				
Installment	Dr. Stefan Traeger	Dr. Prisca Havranek-Kosicek	Dr. Ralf Kuschnereit	Hans-Dieter Schumacher	Payout year
2020	18,933			13,687	2024
2021	17,832			12,441	2025
2022	12,682			8,848	2026
2023	18,029	10,129	12,154	3,309	2027

(ii) Targets for the 2023 installment. The performance targets to be achieved during the performance period are the return on capital employed (ROCE) with a weighting of 30 percent, the total shareholder return (TSR) of Jenoptik compared with the TecDax with a weighting of 25 percent, the total shareholder return (TSR) of Jenoptik compared with companies in an individual peer group with a weighting of 25 percent, and various ESG targets with a total weighting of 20 percent.

An average ROCE of 14 percent is currently set as the target value for the ROCE target. The ROCE target of 50 percent is achieved if the average ROCE over the performance period is 5 percentage points below the target ("lower cap"). If the average ROCE is more than 5 percentage points below the target value, target attainment is 0 percent. The target attainment for the ROCE target can be a maximum of 150 percent. This is achieved if the average ROCE over the performance period is 5 percentage points or more above the target value of 14 percent ("upper cap"). Exceeding the ROCE target value by more than 5 percentage points does not result in a higher target attainment.

The ROCE is calculated by dividing group EBIT by the average capital employed. The average capital employed comprises non-current non-interest-bearing assets (such as intangible assets including goodwill, property, plant, and equipment, and investment property) plus current non-interest-bearing assets (mainly inventories, trade receivables, contract assets, and other current receivables) less non-interest-bearing non-equity capital (such as provisions – excluding pensions and taxes –, trade payables, contract liabilities, and other current liabilities). The calculation of averages uses the twelve month-end balances in the period under review and the opening balance at the start of the year.

The development of Jenoptik's relative TSR compared with the TecDax and at least 10 other companies over the performance period is used as the second performance criterion, with a total weighting of 50 percent. By taking the relative TSR into account, both internal and external performance criteria are included in the multi-year variable remuneration. The relative TSR is determined as the difference in percentage points between the change in the Jenoptik share price, including notionally reinvested dividends, and the change in the respective peer index over the performance period. Half of this performance target is allocated to a comparison with the TecDax and half to a comparison with an individual peer group of international listed companies operating in the markets addressed by Jenoptik.

As of December 31, 2023, the individual peer group consists of the companies shown in the following chart G24.

G24 Companies in the individual peer group

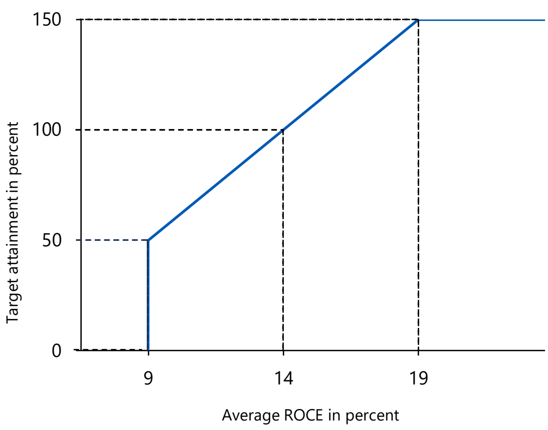
- Basler AG
- Coherent, Inc.
- Corning Inc.
- Gooch & Housego PLC
- IDEX Corporation
- IPG Photonics Corporation
- Kapsch AG
- LPKF Laser & Electronics AG
- Lumentum Holdings Inc.
- MKS Instruments, Inc.
- Novanta Inc.
- Sensys Gatso Group AB

To determine the relative TSR, only those companies in the peer group are taken into account that were listed during the entire performance period. Companies that were not listed throughout or at the end of the performance period are excluded from the relative TSR calculation.

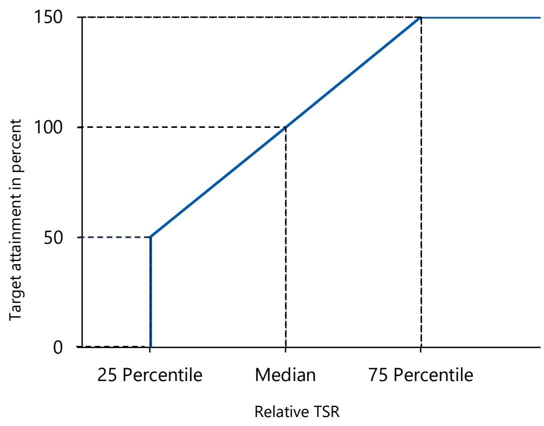
To determine target attainment, the TSR values of all companies in the respective peer group are ranked and Jenoptik's relative positioning is determined. Target attainment is determined on the basis of this relative positioning, the percentile. The target value for 100 percent target attainment is reached when Jenoptik's relative TSR within the peer group is at the median. If the development of Jenoptik's relative TSR is at the 25th percentile within the respective peer group, this results in target attainment of 50 percent ("lower cap"). If the development of the relative TSR is below the 25th percentile, target attainment falls to 0 percent. Similarly, target attainment is capped at 150 percent, and this "upper cap" is achieved if the relative TSR is positioned at or above the 75th percentile. Target attainment is interpolated on a linear basis between the aforementioned target attainment points (50 percent/100 percent/150 percent). The target attainment of the relative TSR is rounded to two decimal places.

The target attainment curve for the “relative TSR” performance criterion is as follows:

G25 ROCE target attainment curve



G26 Relative TSR target attainment curve



As a third performance criterion, ESG targets are included in the multi-year variable remuneration with a weighting of 20 percent. The selection of targets for each installment of the Performance Share Plan is based on a catalog of criteria derived from the materiality matrix. At the beginning of each fiscal year the Supervisory Board selects two to four specific long-term measurable ESG targets from this catalog of criteria and defines their weighting. For each ESG target, the Board sets a value for the performance period with a target achievement of 100 percent (“target value”), 50 percent (“minimum value”), and 150 percent (“maximum value”).

The following ESG targets were agreed for the 2023 tranche, each with a weighting of 1/3:

T44 Target agreement on non-financial ESG targets Performance Shares

Diversity rate	Increase in diversity: ~ Ø proportion of managers with an international background and female managers
CSR rate	Increased transparency in the supply chain to protect human rights and the environment: CSR rate: The percentage of suppliers of production materials with an annual purchase volume in excess of 200,000 euros for which full CSR self-assessments are available
CO_2 reduction	Active reduction in CO_2 emissions (Scope 1+2) compared to the base year 2019

(iii) Calculation of the payout amount for the 2023 performance share installment in 2027. Depending on the level of target achievement, the number of performance shares to be finally allocated is determined at the end of the four-year performance period. It is limited to one and a half times the number of provisionally allocated performance shares ("allocation cap"). If the level of target attainment is less than 50 percent, the entitlement to final allocation of performance shares shall no longer apply.

The number of finally allocated performance shares is multiplied by the VWAP of the Jenoptik share on the last 60 trading days of the last fiscal year of the performance period ("payout price"). The dividends paid for the JENOPTIK AG shares during the performance period are added to this amount ("dividend equivalent"). The resulting amount shall be paid after the adoption of the annual financial statements. The payout amount is limited to a maximum of 200 percent of the initial value, i.e., for Dr. Stefan Traeger to 890,000 euros for the 2023 installment (prior year: 860,000 euros) and for the other members of the Executive Board to 600,000 euros per calendar year ("payout cap"). The above values are reduced on a pro rata basis by periods during which the member was not a member of the Executive Board. In the event of extraordinary, unforeseen developments, the Supervisory Board may reduce the payment at its reasonable discretion pursuant to § 87 (1) (3) (2) AktG (see chapter III. 2. c).

In the event of termination of the Executive Board mandate, performance shares which have not yet been allocated finally, but only provisionally, shall not be prematurely finally allocated and paid out, but valued, allocated and then paid out in accordance with the regular procedure at the end of the respective performance period. If the employment relationship is terminated or dissolved prior to the end of the performance period (1) by extraordinary notice of termination by the company for good cause attributable to the member of the Executive Board or (2) at the instigation of the member of the Executive Board without good cause attributable to the company, all provisionally allocated performance shares for which the performance period has not yet expired will be forfeited without substitution or compensation. The Executive Board service contracts contain provisions for capital and conversion measures and the event of a delisting, which are aimed at ensuring that the performance shares are financially equivalent to real shares.

(iv) Calculation of the payout amount for the performance share installment 2020. The fiscal year 2023 was the last year of the performance period of the performance shares provisionally allocated to Dr. Stefan Traeger and Hans-Dieter Schumacher in 2020 (2020 installment). The long-term variable remuneration is deemed to be granted and owed in the final year of the performance period. The relevant share price for determining the number of performance shares to be provisionally allocated in 2020 was 21,919 euros, so Dr. Stefan Traeger and Hans-Dieter Schumacher were provisionally allocated 18,933 and 13,687 performance shares respectively for the 2020 installment.

The arithmetic mean of the ROCE achieved for the 2020 to 2023 performance period was 10.5 percent, and thus slightly below the lower cap of 11 percent for this installment, which corresponds to a target achievement of 0 percent. The relative TSR target attainment level in the relevant measurement period was 14.39 percent which corresponded to a target attainment of 118.78 percentage points. With a weighting of 30 percent for the ROCE target and 70 percent for the relative TSR target, the weighted overall target attainment for the 2020 performance share installment is 83.15 percent.

The final number of performance shares was then calculated by taking the number of performance shares provisionally allocated at the beginning of the performance period (18,933 and 13,687 shares respectively) and multiplying it by the overall target attainment, resulting in a final number of performance shares of 15,742 shares for Dr. Stefan Traeger and 11,380 shares for Hans-Dieter Schumacher. The payout amount is calculated by multiplying the final number of performance shares by the volume-weighted average price of the last 60 trading days of the last fiscal year of the performance period ("payout price"), i.e., 2023. The payout price calculated in this way was 24.695 euros. In 2023, Dr. Stefan Traeger will therefore receive a total of 388,749 euros (corresponding to 15,742 shares * 24.695 euros) and Hans-Dieter Schumacher will receive a total of 281,029 euros (corresponding to 11,380 shares * 24.695 euros).

T45 Performance share installment 2020

	Number of performance shares provisionally allocated for the 2020 installment (allocation price: 21.919 euros)	ROCE target value for 100 % target attainment	TSR target value for 100 % target attainment	ROCE value achieved in % = target attainment	TSR value achieved in % = target attainment	Number of finally allocated performance shares	Payout amount in euros at a payout price of 24.682 euros
Dr. Stefan Traeger	18,933	16 %	+ 5 %	10.5 = 0 %	14.39 = 118.78 %	15,472	388,749
Hans-Dieter Schumacher	13,687	16 %	+ 5 %	10.5 = 0 %	14.39 = 118.78 %	11,380	281,029

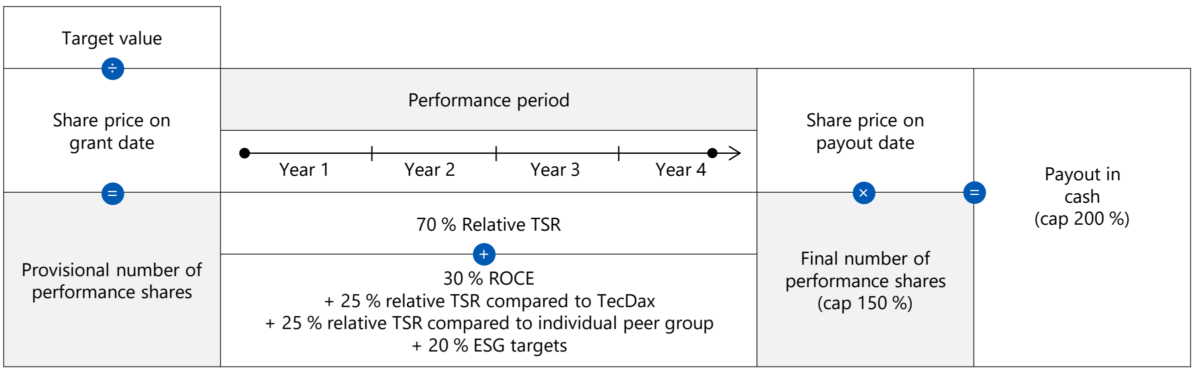
(v) Summary. The system of remuneration with performance shares is summarized as follows:

Year 1: Agreement of a performance target for the year 1 installment (“installment 1”) with the member of the Executive Board; provisional allocation of performance shares for installment 1; calculation of the provisional number by dividing the initial value by a VWAP of the last 60 trading days of the prior year.

Years 1– 4: Performance period for installment 1.

Year 5: Measurement of target attainment, from which determination of the number of final performance shares to be allocated for installment 1, taking into account the allocation cap; multiplication of this final number by a VWAP of the last 60 trading days of year 4. Payout of this amount to the member of the Executive Board, taking into account the payout cap.

G27 Multi-year variable remuneration



c) Adjustments in the event of extraordinary developments

In the event of extraordinary events or developments, the Supervisory Board is authorized to make appropriate adjustments to the plan conditions for the one-year variable remuneration and the performance shares at its reasonable discretion. Extraordinary events or developments may include, for example, the acquisition or sale of a company or an interest in a company requiring approval, a merger with another company, changes in the legal and/or regulatory framework, or significant changes in accounting policies and valuation methods.

3. Other agreements.

Clawback. The company has a right to repayment of the multi-year remuneration if, within three years after payout of the multiple variable remuneration, it becomes apparent that one of the audited and approved consolidated financial statements during the four-year performance period was objectively incorrect and therefore had to be subsequently corrected in accordance with the relevant accounting standards ("performance clawback"). In the event of intentional breaches of duty by a member of the Executive Board in the form of a breach of material provisions of the Code of Conduct for Jenoptik Employees, a breach of material contractual duties, or a breach of material duties of care as defined in § 93 AktG that meet the requirements of a gross breach of duty and justify revocation of the appointment as a member of the Executive Board, the Supervisory Board may, at its reasonable discretion, reduce the variable remuneration not yet paid for the year in which the breach occurred in part or in full to zero ("malus") or reclaim it ("compliance clawback"). Clawback is not possible if the relevant breach occurred more than seven years ago.

In addition, the Supervisory Board has the option to reduce the one-year variable remuneration by selecting a low multiplier if there are significant reasons relating to the behavior of a member of the Executive Board in addition to any statutory claims for damages under § 93 (2) AktG or a reduction in remuneration under § 87 (2) AktG. Should JENOPTIK AG terminate the employment relationship for a good reason for which the member of the Executive Board is responsible, all provisionally allocated performance shares for which the performance period has not yet expired shall be forfeited without substitution or compensation (see chapter III. 2. b. (iii)). There was no reason to exercise this option in the fiscal year 2023, i.e., no variable remuneration components were clawed back.

Share ownership guidelines. In order to further strengthen share ownership and to give the members of the Executive Board an even greater incentive to achieve a sustained increase in the value of the company in the interests of the shareholders, the members of the Executive Board have been obliged since 2023 to acquire Jenoptik shares in the amount of 100 percent of their respective annual gross basic remuneration by the end of a four-year build-up phase and to hold these shares for the duration of their Executive Board mandate.

T46 Commitment according to share ownership guidelines*

		Required	Proven	
	Percentage basic remuneration	Amount in euros	Amount in euros**	Number of shares
Dr. Stefan Traeger	100	700,000	565,336	22,965
Dr. Prisca Havranek-Kosicek	100	450,000	241,981	9,000
Dr. Ralf Kuschnereit	100	450,000	239,917	8,885

* As of 31/12/2023 (during the build-up phase)

** Based on the share price at the time of acquisition

Third-party benefit commitments. In the past fiscal year, no benefit commitments were promised or granted to any Executive Board member by a third party with regard to his activity as a member of the Executive Board.

Benefit commitments in the event of regular termination of employment. The members of the Executive Board are not entitled to payment of bridging payments following their regular departure from the company. Nor was any right of termination agreed with them in the event of a change of control.

Benefits in the event of the premature termination of employment. In the event of a member of the Executive Board being dismissed in accordance with § 84 (3) AktG in conjunction with the relevant provisions of the German Codetermination Act, the rights under the employment contract shall remain unaffected. In this case, however, the member of the Executive Board is entitled to terminate the employment relationship extraordinarily and with immediate effect. At the same time, Jenoptik is entitled to release the Executive Board member from their obligation to render services.

In the event that the appointment as member of the Executive Board and the employment contract end prematurely without good cause within the meaning of § 626 BGB, a severance payment may be agreed. This amounts to a maximum of two years' remuneration (plus fringe benefits) or the remuneration due for the remaining term of the service contract, whichever is lower ("severance payment cap"). The annual remuneration comprises the basic remuneration, the variable remuneration components, and the annual pension contribution. For the one-year variable remuneration, a target attainment of 100 percent and a neutral multiplier of 1.0 are assumed. Virtual performance shares that have already been provisionally allocated but whose performance period has not yet expired are not forfeit in the event of premature termination. They are valued in accordance with the normal procedure at the end of the performance period depending on the attainment of the performance criteria, finally allocated, and paid out.

However, should, the company terminate the employment relationship for a good reason for which the member of the Executive Board is responsible, as per § 626 BGB, all provisionally allocated virtual performance shares for which the performance period has not yet expired shall be forfeited without substitution or compensation (see chapter II. 2. b. (iii)).

Non-competition clause. A post-contractual non-competition clause was agreed with the current members of the Executive Board for a period of one year following the end of their contract of employment. An amount of 50 percent of the annual remuneration, including one-year and multi-year variable remuneration (with a target attainment level of 100 percent and a multiplier of 1.0) and pension contributions has been agreed as compensation for the non-competition clause. Any severance payment shall be offset against the compensation. Prior to termination of the employment relationship, Jenoptik may also waive the post-contractual non-competition clause by means of a written declaration.

Ancillary activities. The acceptance of seats on a supervisory board, advisory board, or comparable supervisory bodies of companies outside the Group requires the approval of the Supervisory Board. In the past fiscal year, the Supervisory Board approved the exercise of a directorship by Dr. Havranek-Kosicek at the Swiss company Sulzer AG.

Rejection of the remuneration system. Should the Annual General Meeting reject the remuneration system and/or the remuneration report, the members of the Executive Board have committed themselves to enter into discussions on an adaptation of the remuneration system.

4. Services in connection with the termination of Hans-Dieter Schumacher's employment contract

Hans-Dieter Schumacher left the company when his employment contract expired on March 31, 2023. All remuneration entitlements due to him at that time will be paid on their respective due dates in accordance with the above provisions. For his services until March 31, 2023, Hans-Dieter Schumacher is entitled to pro rata fixed remuneration (of 112,500 euros) and pro rata annual variable remuneration with the same targets as for the other members of the Executive Board. For the 2023 performance share installment, Mr. Schumacher continues to be subject to the provisions of the remuneration system in place until 2022, according to which two targets have been agreed: first, the ROCE target with a weighting of 30 percent and second, the relative TSR compared to the TecDax with a weighting of 70 percent. The achievement of this installment of performance shares will be determined at the end of the four-year performance period in 2027. Performance shares granted to Hans-Dieter Schumacher in prior years will also not be paid out until the end of the respective four-year performance period, despite his departure. No further payments will be made as a result of his departure.

IV. Detailed presentation of the total remuneration for the members of the Executive Board

Table T47 below contains the remuneration components granted and owed to the members of the Executive Board in office in the fiscal year 2023 for the past fiscal year. In this context, remuneration granted and owed is understood to mean remuneration granted for professional activities performed in the fiscal year 2023, irrespective of whether payout takes place in 2023 or later. The long-term variable remuneration is deemed to be granted and owed in the last year of the performance period, even if payout is not made until the following year, because only then it can be determined that all performance criteria were fulfilled. This means that the performance shares allocated in 2020 are deemed to be granted and owed in the fiscal year 2023, even if payment is not made until after the 2023 Annual Financial Statements have been adopted in April 2024.

T47 Remuneration granted and owed in the fiscal years 2022 and 2023

	Dr. Stefan Traeger President & CEO				Dr. Prisca Havranek-Kosicek Member of the Executive Board since 1/3/2023			
	2023		2022		2023		2022	
	in euros	in %	in euros	in %	in euros	in %	in euros	in %
Non-performance-related remuneration								
Fixed remuneration	675,000	42.8	650,000	47.8	375,000	59.9	0	
Fringe benefits	19,630	1.2	18,161	1.3	19,099	3.1	0	
Pension contribution	200,000	12.7	200,000	14.7	83,333	13.3	0	
Total	**894,630**	**56.7**	**868,161**	**63.9**	**477,432**	**76.3**	**0**	
Performance-related remuneration								
One-year variable remuneration (bonus for fiscal year 2023)	294,228	18.7	n.a.		148,600	23.7	n.a	
One-year variable remuneration (bonus for fiscal year 2022)	n.a.		436,684	32.1	n.a.		0	
Multi-year variable remuneration (performance shares 2020)	388,749	24.6	n.a.		0	0.0	n.a.	
Multi-year variable remuneration (performance shares 2019)	n.a.		53,733	4.0	n.a		0	
Total	**682,977**	**43.3**	**490,417**	**36.1**	**148,600**	**23.7**	**0**	
Total remuneration	**1,577,607**	**100.0**	**1,358,578**	**100.0**	**626,032**	**100.0**	**0**	

	Dr. Ralf Kuschnereit Executive Board member				Hans-Dieter Schumacher Member of the Executive Board until 31/3/2023			
	2023		2022		2023		2022	
	in euros	in %	in euros	in %	in euros	in %	in euros	in %
Non-performance-related remuneration								
Fixed remuneration	450,000	60.5	0		112,500	23.3	450,000	47.6
Fringe benefits	15,860	2.1	0		5,383	1.1	21,532	2.3
Pension contribution	100,000	13.4	0		40,000	8.3	160,000	16.9
Total	**565,860**	**76.0**	**0**		**157,883**	**32.7**	**631,532**	**66.8**
Performance-related remuneration								
One-year variable remuneration (bonus for fiscal year 2023)	178,320	24.0	n.a		44,580	9.2	n.a	
One-year variable remuneration (bonus for fiscal year 2022)	n.a.	0.0	0		n.a.	0.0	272,928	28.9
Multi-year variable remuneration (performance shares 2020)	0	0.0	n.a.		281,029	58.1	n.a.	
Multi-year variable remuneration (performance shares 2019)	n.a	0.0	0		n.a	0.0	40,306	4.3
Total	**178,320**	**24.0**	**0**		**325,609**	**67.3**	**313,234**	**33.2**
Total remuneration	**744,180**	**100.0**	**0**		**483,492**	**100.0**	**944,766**	**100.0**

V. Comparative presentation of the annual change in remuneration, the development of the company’s earnings, and the average remuneration of employees considered over the last five fiscal years

Table T48 below presents the total remuneration granted and owed to the members of the Executive Board and Supervisory Board in the years 2019 to 2023.

The Executive Board’s total remuneration comprises the fixed remuneration, the one-year and multi-year variable remuneration, fringe benefits, and pension contributions. Should a member not have worked for Jenoptik for the full calendar year, the amount is extrapolated to a full 12 months.

The Supervisory Board’s total remuneration comprises the fixed remuneration paid for 2023 for membership of the Supervisory Board and the committees, as well as the attendance fees for meetings held in 2023.

In addition, the average remuneration for the total workforce and for employees paid in accordance with collective agreements in Germany is shown for the last five fiscal years. The total workforce includes all employees below Executive Board level (including non-pay-scale employees and senior executives). The table also shows the average remuneration for all pay-scale employees in Germany. Pay-scale employees are salaried employees covered by collective bargaining agreements and employees on a par with the collective bargaining agreement but not bound by it. In addition to the basic salary, the average remuneration for the total workforce and pay-scale employees includes bonuses, special payments, variable remuneration for the year in question (for the year 2023 the provision amount) and the employer's share of social security contributions, but not any severance pay or sign-on bonuses. Should an employee not have worked for Jenoptik for the full calendar year, the amount is extrapolated to a full 12 months. Due to differing salary levels worldwide, the presentation is restricted to employees working in Germany, particularly as all members of the Executive Board are also employed and based in Germany.

The company’s development of earnings is presented on the basis of the Jenoptik performance indicators of revenue, EBITDA, and free cash flow of the Jenoptik Group. The overview was supplemented by a comparative presentation of the development of the annual net profit of JENOPTIK AG as per the HGB.

T48 Comparative presentation of the change in the remuneration of the Executive Board, the Supervisory Board, employees, and the development of the company's earnings

		2023		2022		2021		2020	2019
Remuneration in euros	2023 amount	Change in %	2022 amount	Change in %	2021 amount	Change in %	2020 amount	Change in %	2019 amount
Earnings development in million euros[1]									
Revenue	1,066.0	8.7	980.7	30.6	895.7	16.7	767.2	-10.3	855.2
EBITDA	209.6	13.9	184.1	18.2	177.2	58.8	111.6	-16.7	134,0
Free cashflow (before income taxes)	127.3	54.0	82.7	31.7	62.8	0.8	62.3	-19.3	77.2
JENOPTIK AG annual net profit as per German Commercial Code	71.7	29.4	55.4	346.3	16.0	-56.9	37.2	-33.2	55.6
Average remuneration for employees[2]									
Total workforce in Germany (excluding the Executive Board)[2]	78,000	4.0	75,000	0	75,000	2.7	73,000	0.0	73,000
Pay-scale employees in Germany[2]	73,000	5.8	69,000	0	69,000	3.0	67,000	3.1	65,000
Remuneration granted and owed to the Executive Board									
Dr. Stefan Traeger	1,577,607	16.1	1,358,578	– 5.9	1,443,249	19.6	1,206,741	20.2	1,003,786
Dr. Prisca Havranek-Kosicek[5]	751,238	/	/	/	/	/	/	/	/
Dr. Ralf Kuschnereit	744,180	/	/	/	/	/	/	/	/
Hans-Dieter Schumacher[3, 5]	1,090,881	15.5	944,766	– 34.4	1,439,997	16.7	1,234,072	-9.5	1,363,020
Remuneration granted and owed to the Supervisory Board[4]									
Matthias Wierlacher	147,000	8.5	135,432	11.9	121,000	19.2	101,500	-8.6	111,000
Stefan Schaumburg	100,000	9.7	91,199	14.7	79,500	57.5	50,470	-6.5	54,000
Astrid Biesterfeldt (until June 15, 2022)	/	/	26,171	– 54.9	58,000	11.5	52,000	-14.1	60,500
Evert Dudok	72,000	10.0	65,466	48.8	44,000	14.3	38,500	-15.4	45,500
Michael Ebenau (until October 15, 2020)	/	/	/	/	/	/	57,536	-28.5	80,500
Elke Eckstein	82,000	21.6	67,432	28.4	52,500	11.7	47,000	-9.6	52,000
André Hillner (since June 15, 2022)	65,000	80.2	36,062	/	/	/	/	/	/
Prof. Ursula Keller	57,055	17.0	48,774	/	/	/	/	/	/
Thomas Klippstein (until June 15, 2022)	/		29,938	– 53.6	64,500	5.7	61,000	-11.6	69,000
Dörthe Knips	77,500	13.3	68,432	29.1	53,000	10.4	48,000	-10.3	53,500
Dieter Kröhn (until March 31, 2022)	/	/	12,596	– 76.5	53,500	12.6	47,500	-10.4	53,000
Daniela Mattheus (since November 1, 2023)	13,863	/	/	/	/	/	/	/	/
Alexander Münkwitz (since June 15, 2022)	70,000	41.1	49,603	/	/	/	/	/	/
Doreen Nowotne (until October 15, 2023)	66,233	-13.4	76,466	10.0	69,500	8.6	64,000	-11.1	72,000
Heinrich Reimitz (until June 15, 2022)	/	/	37,240	– 52.9	79,000	14.5	69,000	-11.5	78,000

		2023		2022		2021		2020	2019
Remuneration in euros	2023 amount	Change in %	2022 amount	Change in %	2021 amount	Change in %	2020 amount	Change in %	2019 amount
Thomas Spitzenpfeil (since June 15, 2022)	80,000	80.8	44,260	/	/	/	/	/	/
Frank-Dirk Steininger (until June 15, 2022)	/	/	23,404	– 53.7	50,500	517.6	9,757	/	/
Christina Süßenbach (since June 15, 2022)	65,000	80.2	36,062	/	/	/	/	/	/
Prof. Andreas Tünnermann (until December 31, 2021)	/	/	/	/	57,000	21.3	47,000	-11.3	53,000
Franziska Wolf (since June 15, 2022)	64,000	75.0	36,562	/	/	/	/	/	/

[1] Key indicators for revenue, EBITDA, and free cash flow from continuing operations in 2022 and 2023; on an overall group basis until 2021

[2] Personnel expenses including employer share of social security contributions without severance pay and sign-on bonuses. Excluding VINCORION and Hillos. Pay-scale employees are salaried employees covered by collective bargaining agreements and employees on a par with but not covered by collective bargaining agreements. Combined workforce includes pay-scale employees as well as non-pay-scale employees and senior executives. 2022 includes Trioptics and Jenoptik Medical for the first time

[3] In the case of Hans-Dieter Schumacher, from 2019 including LTI payouts under the LTI model applicable until 2017 (for the last time in 2021)

[4] In the Covid-year 2020, the members of the Supervisory Board waived 10 % of their fixed remuneration

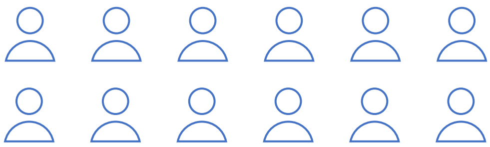
[5] Amount was extrapolated to a full 12 months

B. Supervisory Board Remuneration

Current remuneration for the members of the Supervisory Board is governed by § 19 of the Articles of Association of JENOPTIK AG and was approved by the Annual General Meeting on June 15, 2022 with a majority of 99.77 percent.

G28 Supervisory Board Remuneration

Basic remuneration for the Supervisory Board



Chairman of the Supervisory Board	Deputy	Member
100,000 euros	75,000 euros	50,000 euros

Additional remuneration for committee work

in euros	Audit Committee	Personnel Committee	Investment Committee	Nominations Committee
Chairman	20,000	10,000	10,000	10,000
Deputy	15,000			
Member	10,000	5,000	5,000	5,000

Each member of the Supervisory Board receives a fixed annual remuneration of 50,000 euros for their services (prior year: 50,000 euros). No variable remuneration is provided. This ensures independent control of the Executive Board by the Supervisory Board. The Chairman of the Supervisory Board receives double and his deputy one-and-a-half times this amount.

In addition, each member of a committee receives an annual remuneration in the sum of 5,000 euros per year. The committee chairperson receives twice this amount. The annual remuneration for members of the Audit Committee, whose duties are particularly labor- and time-intensive, is 10,000 euros. The Chairman of the Audit Committee receives double and his deputy one-and-a-half times this amount. These allowances are intended to take account of the particular responsibility and greater time commitment associated with individual roles on the Supervisory Board. This also implements the recommendation of Point G.17 of the German Corporate Governance Code.

No remuneration is paid for membership of committees that did not meet during the fiscal year. Members of the Supervisory Board who have only served on the Supervisory Board or a committee for part of the fiscal year receive a pro rata payment. All the aforementioned remuneration is payable on expiry of the fiscal year.

The members of the Supervisory Board are paid a meeting allowance of 1,000 euros for attending a meeting. This also applies to participation in conference calls or video conferences. If several meetings are held on the same day, only half of the attendance fee is paid from the second meeting onwards. Verified expenses incurred in connection with a meeting are reimbursed in addition to the meeting allowance, but limited to an amount of 1,000 euros for meetings held in Germany. JENOPTIK AG also reimburses the members of the Supervisory Board for any value added tax applicable to the payment of their expenses.

The members of the Supervisory Board are covered by directors and officers liability insurance.

There are no further remuneration-related agreements between the company and the members of the Supervisory Board which go beyond the provisions of § 19 of the Articles of Association. In particular, in the event of a member leaving the Supervisory Board, there is no provision granting remuneration to the members of the Supervisory Board after the end of their term of office.

Jenoptik did not pay any other remuneration or benefits to the members of the Supervisory Board for services rendered personally by them, in particular consulting and intermediary services.

The following table shows the remuneration granted and owed to the members of the Supervisory Board of JENOPTIK AG for the fiscal year 2023 in accordance with § 162 (1) (1) AktG:

T49 Supervisory Board remuneration

	Total remuneration in euros	in %	Fixed remuneration for 2023 in euros	in %	Committee remuneration in euros	in %	Meeting attendance fees in euros	in %
Matthias Wierlacher (Chairman)	147,000	100	100,000	68.0	30,000	20.4	17,000	11.6
Stefan Schaumburg (Deputy Chairman)	100,000	100	75,000	75.0	10,000	10.0	15,000	15.0
Evert Dudok	72,000	100	50,000	69.4	10,000	13.9	12,000	16.7
Elke Eckstein	82,000	100	50,000	61.0	15,000	18.3	17,000	20.7
André Hillner	65,000	100	50,000	76.9	5,000	7.7	10,000	15.4
Prof. Ursula Keller	57,055	100	50,000	87.6	1,055	1.8	6,000	10.5
Dörthe Knips	77,500	100	50,000	64.5	15,000	19.4	12,500	16.1
Daniela Mattheus (since November 1, 2023)	13,863	100	8,356	60.3	2,507	18.1	3,000	21.6
Alexander Münkwitz	70,000	100	50,000	71.4	10,000	14.3	10,000	14.3
Doreen Nowotne (through October 15, 2023)	66,233	100	39,452	59.6	15,781	23.8	11,000	16.6
Thomas Spitzenpfeil	80,000	100	50,000	62.5	20,000	25.0	10,000	12.5
Christina Süßenbach	65,000	100	50,000	76.9	5,000	7.7	10,000	15.4
Franziska Wolf	64,000	100	50,000	78.1	5,000	7.8	9,000	14.1
Total	**959,651**		**672,808**		**144,342**		**142,500**	

At regular intervals and at the latest every four years, the Supervisory Board reviews whether the remuneration received by its members is appropriate in view of their duties and the company situation. Due to the special nature of the Supervisory Board's work, a vertical comparison with the remuneration paid to company employees is not generally used when reviewing Supervisory Board remuneration. The remuneration system for the Supervisory Board can be found on our website at www.jenoptik.com/investors/corporate-governance under the heading Supervisory Board.

Jena, March 25, 2024

For the Executive Board

Dr. Stefan Traeger
President & CEO

Dr. Prisca Havranek-Kosicek
Chief Financial Officer

Dr. Ralf Kuschnereit
Member of the Executive Board

For the Supervisory Board

Matthias Wierlacher
Chairman of the
Supervisory Board

Report of the independent auditor on the audit of the remuneration report pursuant to Sec. 162 (3) AktG

To JENOPTIK AG

Opinion

We have audited the formal aspects of the remuneration report of JENOPTIK AG, Jena, for the fiscal year from 1 January to 31 December 2023 to determine whether the disclosures required by Sec. 162 (1) and (2) AktG ["Aktiengesetz": German Stock Corporation Act] have been made therein. In accordance with Sec. 162 (3) AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures required by Sec. 162 (1) and (2) AktG have been made in the accompanying remuneration report in all material respects. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our audit of the remuneration report in accordance with Sec. 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report in Accordance with Sec. 162 (3) AktG (IDW AuS 870 (09.2023)). Our responsibilities under this provision and standard are further described in the "Responsibilities of the auditor" section of our report. As an audit firm, we applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We complied with the professional obligations pursuant to the WPO ["Wirtschaftsprüferordnung": German Law Regulating the Profession of Wirtschaftsprüfer (German Public Auditor)] and the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/German Sworn Auditors] including the requirements regarding independence.

Responsibilities of the Executive Board and Supervisory Board

The Executive Board and Supervisory Board are responsible for the preparation of the remuneration report and the related disclosures in compliance with the requirements of Sec. 162 AktG. In addition, they are responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report and the related disclosures that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Responsibilities of the auditor

Our objectives are to obtain reasonable assurance about whether the disclosures required by Sec. 162 (1) and (2) AktG are made in the remuneration report in all material respects and to express an opinion thereon in a report.

We planned and performed our audit so as to determine the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Sec. 162 (1) and (2) AktG. In accordance with Sec. 162 (3) AktG, we have not audited the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Consideration of misrepresentations

In connection with our audit, our responsibility is to read the remuneration report considering the knowledge obtained in the audit of the financial statements and, in doing so, remain alert for indications of whether the remuneration report contains misrepresentations in relation to the accuracy of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

If, based on the work we have performed, we conclude that there is a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Stuttgart, 15 March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

von Michaelis	Maurer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Chapter 4

Combined Non-financial Report

Separate Combined Non-financial Report in Accordance with the CSR Directive Implementation Act

Position and Business Model

For Jenoptik, entrepreneurial activity is not only the realization of economic goals but also a commitment to the environment and society. As a globally operating photonics group, innovation is our driving force and the basis of our success in business. Innovation and responsibility also form the core of our sustainability strategy. Together with our customers, we create forward-looking trends in the fields of healthcare, the environment, mobility, and safety. As an "enabler" we use our expertise and innovative products to make an important contribution to overcoming social and climate challenges as well as enabling customers worldwide to contribute more efficiently and sustainably to greater resource conservation and climate protection.

Jenoptik operates in the photonics market and supplies the majority of its products and services to the capital goods industry. The Group is thus primarily a technology partner to industrial companies and public sector contractors. According to the current SPECTARIS Trend Report, photonic solutions can make a significant contribution to reducing greenhouse gas emissions due to their properties, applications, and effects and enable resource-saving production processes as well as energy savings and reduce material consumption. According to SPECTARIS, the use of photonic technologies will reduce global greenhouse gas emissions by at least 11 percent by 2030.

As an enabler, Jenoptik supports the achievement of the United Nations Sustainable Development Goals (SDGs) through its products and solutions. Our biophotonics products improve health and well-being (SDG 3), Jenoptik road safety solutions help to make cities and communities more sustainable (SDG 11). We strengthen industry, innovation, and infrastructure (SDG 9) and enable responsible production through smart manufacturing (SDG 12). We promote more diversity among our employees (SDG 5) and continue to intensify our efforts to reduce greenhouse gases (SDG 13). As a supporter of the UN Global Compact – the world's largest initiative for responsible corporate governance – we commit to comprehensively complying with the ten principles in the areas of human rights, labor standards, environmental protection, and anti-corruption.

More information on the business model and markets can be found in chapter Business Model and Markets of this Annual Report

Our Take on Sustainability

Our understanding of sustainability is based on the conviction that we can only achieve our economic goals, thereby sustaining profitable growth, by behaving responsibly towards the environment and society. The issue of sustainability, including climate protection, is the responsibility of the Chief Financial Officer. Responsible for the group-wide coordination of Jenoptik's sustainability management is the Investor Relations & Sustainability department, which coordinates this cross-cutting issue in close cooperation with the specialist departments involved as well as the divisions. An ESG Committee, comprising the relevant representatives of the central and operating business units, discusses current cross-cutting issues and ongoing ESG projects, coordinates the implementation of new regulations, and makes the necessary decisions. In 2023, for example, initial preparatory projects were carried out in connection with the implementation of the Corporate Sustainability Reporting Directive (CSRD), such as the revision of our emission reduction targets and the determination of Scope 3 emissions. The Executive Board and Supervisory Board are regularly updated on the current projects.

With the publication of this separate Combined Non-financial Report we fulfill the requirements of the currently valid CSR Directive Implementation Act (CSR-RL-UG) in accordance with § 289b (3) and 315b (3) of the German Commercial Code (HGB). For example, some individual indicators are already based on the CSRD to be applied in the future and the associated European Sustainable Reporting Standards (ESRS). The reporting requirements pursuant to Article 8 of the EU Taxonomy Regulation relating to the disclosure of environmentally sustainable business activities are also implemented. Taking into account the interests of our stakeholders, the report explains the material topics in terms of their impact and business relevance. This includes the areas of employees, the environment, social commitment, human rights, anti-corruption and supplier management. The basis for this is the materiality analysis prepared in accordance with the requirements of the CSR-RL-UG, the results of which were also consistently relevant for Jenoptik in 2023.

The information in the Non-financial Report applies equally to the Group and JENOPTIK AG; any information that differs is indicated. The GRI standard served as an orientation aid for the selection of key figures, but was not used for further detailing. This includes information on the number of employees, employees on parental leave or the fluctuation rate. In addition, to maintain clarity of reporting, no further framework was used. Risks were assessed in accordance with the requirements of CSR-RL-UG. In accordance with § 315b (1) (3) of the German Commercial Code, reference is occasionally made to other information available in the Group Management Report. The list below shows all the relevant passages in the Management Report that are relevant to the separate Combined Non-financial Report.

- Business model page 28
- Strategy from page 32 on
- R+D/Innovation management from page 39 on
- Risks & opportunities from page 72 on
- Diversity concept from page 102 on

Materiality Analysis

Jenoptik maintains ongoing dialog with all of its stakeholders. The materiality analysis carried out in 2020 in the form of an online survey via an independent assessment of all non-financial aspects that are material to sustainable business development was confirmed for the fiscal year 2023. The following sections report on the topics that are relevant both from the company's perspective and from the perspective of the respective external target groups (customers and business partners, suppliers, employees, shareholders, investors, and the general public). They are summarized in table T50 and reviewed annually. In addition to the reduction of CO_2 emissions, recruiting, and HR development as well as sustainable supplier management became of great importance to Jenoptik in the fiscal year 2023. In preparation for reporting in accordance with the European Sustainability Reporting Standards (ESRS) for the fiscal year 2024, we have already started to carry out a so-called double materiality analysis. Based on expert assessments, Jenoptik's impact on people and nature as well as opportunities and risks for Jenoptik – in each case with the involvement of stakeholders – are identified and evaluated by experts. These key topics for Jenoptik in the future form the basis of all long-term ESG activities and will be incorporated into the new corporate strategy in the current fiscal year.

In the following, we provide information on key sustainability issues that are relevant both for our business performance and for our stakeholders, who have a particular focus on our impact on the environment and society, and that therefore have an impact on the environment and society.

Sustainability Targets

Sustainability plays a crucial role in our corporate culture and is firmly anchored in the Group's corporate strategy. Our clear commitment to greater sustainability is evident in the wide range of sustainability objectives, some of which are also reflected in remuneration for the Executive Board and group financing. Both our debenture bonds and the syndicated loan are aligned to the ESG targets diversity rate, green electricity rate, and the Group's CSR rate.

The Group's sustainability objectives cover all ESG areas and are summarized in table T51. Jenoptik made considerable progress in the year under review, particularly in the environmental and climate protection area, and achieved the target values early, so that the short-term objectives were revised at the end of the year covered by the report. By 2025, Scope 1 + 2 emissions are to be reduced by at least 55 percent (before 30 percent) compared to the base year 2019 and the green electricity rate is to be more than 90 percent (before > 75 percent). The Jenoptik Group is striving to achieve "net zero" with regard to Scope 1+2 emissions by 2035 at the latest. Jenoptik has also increased its targets in the area of innovation management. For example, the Vitality Index is to reach a level of 25 percent in 2025 compared to the previous target of 22 percent. In the area of human resources, the target for employee-related turnover has been adjusted from <5 percent to < =10 percent due to changing market trends.

The sustainability targets are explained in detail in the respective subsequent sections of the Non-financial Report. Innovation topics can be found in the Research and Development chapter.

For more on the topic of innovation management, see the R+D chapter from page 39 on

T50 Key topics for Jenoptik

Employees	Environment and climate protection	Social commitment	Human rights	Anti-corruption	Other topics
Corporate culture HR development	Energy management Reduction in CO_2 emissions	Social commitment in science, education, art & culture, and social projects	Compliance with human rights and social standards in the supply chain	Responsible business relationships and fair business practices	Innovation: Environmentally friendly products and efficient use of materials
Recruiting and attractiveness as employer	Water management		Sustainable supplier management	Integrity and compliance	Innovation-friendly environment
Fair working conditions	Resource conservation			Data protection	Customer satisfaction
Occupational safety				Data security	

T51 Non-financial targets and key performance indicators

Aspects	Aspiration	Performance indicators	Status 2022	Status 2023	Target
Employees	We want to increase the satisfaction and commitment of the employees and the attractiveness of Jenoptik as an employer	• Fluctuation (attributable to employees)	7.1 %	5.8 %	<=10 %
		• Engagement score	76 %	75 %	Better than global benchmark
		• Absenteeism	6.5 %	6.2 %	<5 %
	We want to increase our diversity and employ more women and employees of international origin in management positions	• Diversity rate[1]	30.6 %	29.4 %	33 % by 2025
	We want to fill more vacancies with our own trainees	• Training rate	3.5 %	3.5 %	>4 %
		• Number of trainees taken on (retention rate)	83.8 %	88.0 %	100 %
Innovation	Securing and boosting competitiveness, revenue, and earnings through successful innovations • We want to increase the share of revenue generated by products and platforms which have been developed in the last three years	• Vitality Index	23.7 %	27.7 %	Level >25 %
Environment	Reduction in CO_2 emissions: • We want to increase the proportion of green electricity used at our main sites[3]	• Proportion of green electricity at main sites	85.4 %	93.6 %	>90 % by 2025
	• We want to reduce our CO_2 emissions	• CO_2 reduction (Scope 1+2) in comparison to the base year 2019 (10,161 t)	35.9 %	50.5 %	>55 % by 2025
	• We want to expand our fleet of trucks with alternative drive technologies and build up a corresponding infrastructure	• Number of trucks in the fleet with alternative drives	16	35	Increase
		• Number of charging columns/ charging points	23	15	Increase
Suppliers	We want to increase transparency in our supply chain in order to guarantee the protection of human rights and the environment	• CSR rate[2]	51.4 %	49.0 %	50 % by 2025

[1] Diversity rate: average percentage of the number of managers with an international background as well as female managers

[2] CSR rate: Corporate Social Responsibility Rate: percentage of all suppliers of production materials with an annual purchasing volume in excess of 200,000 euros for which complete CSR self-assessments assessed as non-critical exist

[3] Main sites: are responsible for more than 98 percent of the Jenoptik Group's total energy consumption

Since 2021, the group-wide recording of all key performance indicators (KPIs) for sustainability reporting has been carried out quarterly as part of the existing LucaNet financial reporting system. The creation of a uniform reporting process guarantees the provision of regular information to the boards as well as the management of these KPIs.

Risks in Connection with Non-financial Aspects

Weighing up corporate risks and opportunities is one of Jenoptik’s principles of responsible corporate governance. The Group has a risk manual and a system of guidelines, thus providing a reliable reference framework for all employees worldwide.

See Corporate Governance Statement from page 94 on

In two risk periods per year, Compliance & Risk Management identifies all risks within the Group and discusses the top issues – set in net terms – with the Executive Board and the Supervisory Board. Our processes for the identification, management, and control of risks involve non-financial environmental, social, and corporate governance risks, including climate-related risks in the form of physical risks. These result from the physical effects of climate change, e.g. plant damage due to extreme weather events or losses due to long periods of drought.

The net analysis did not identify any risks that are very likely, now or in the future, to have a serious negative impact on the specified key non-financial aspects.

Detailed information on the risk management system as well as risks associated with non-financial aspects, can be found in the Risk and Opportunity Report from page 72 on

Employees

HR at Jenoptik covers all employee-related operating and strategic measures for the implementation of the Group’s objectives and is thus an essential component of the overall leadership and management process. The HR department globally provides governance for the most important HR processes and offers local service on site in the respective country for all employees and managers. It provides local HR teams with support for division-specific projects and central expert knowledge in the areas of recruiting, HR development, compensation & benefits, health management, and supporting HR systems. The HR department reports directly to the Chairman of the Executive Board, who is also HR Director, via the function Head of Global HR.

Our colleagues from the dedicated HR support team are the first point of contact for all HR-related issues in day-to-day business concerning the Group’s employees and managers. Each division and business unit has an HR Business Partner who is part of the management team. Working with division management, the HR Business Partners develop and implement HR strategic topics. SuccessFactors as a new complete solution for the Human Experience Management (HXM) supports all HR processes in digital form.

Jenoptik's corporate culture is characterized by initiative, respect for diversity, and equal opportunities. The basis for this is formed by our Jenoptik values – open, driving, confident.

For further information on the topic of corporate culture, please refer to the Strategy chapter from page 32 on

We have continued to pursue our diversity initiatives. The focus was on internal communication and our external "Stay open" campaign. Increasing the diversity rate, calculated as the average percentage of managers with an international background and female managers, to 33 percent by 2025 is therefore a key objective of the Group. In the fiscal year 2023, the diversity rate was 29.4 percent (prior year: 30.6 percent). Detailed information on gender equality and targets for the proportion of women on the Supervisory Board, Executive Board, and the management level below the Executive Board can be found in the Corporate Governance Statement.

Our regional diversity councils have supported us in our activities, promoting implementation in the various countries. For external benchmarking, we once again took part in the Women's Career Index (FKI) audit, scoring 86 (out of 100) in 2023, three percentage points better than in the prior year.

Jenoptik promotes equal pay in the workplace and ensures comparability and fairness through a group-wide uniform, person-independent assessment of all jobs. Using a standardized software solution, jobs will be continuously classified in terms of requirements, tasks, and responsibilities. In all divisions or areas of activity, new jobs undergo a structured classification process. This counteracts gender-specific salary differences for comparable activities.

We have measured the satisfaction and commitment of our employees using an employee survey. This is carried out annually worldwide. When completing the survey, employees evaluate the various facets of the corporate and leadership culture. The commitment of our employees (so-called Engagement Score) and the recommendation rate (so-called Net Promoter Score) are also measured.

A total of 69 percent of our employees took part in the 2023 survey (prior year: 63 percent). The engagement score was 75 percent, i.e. 75 percent of the employees who took part in the survey positively identify with their duties at Jenoptik and actively contribute (prior year: 76 percent). With a "Net Promoter Score" of 72 percent (prior year: 74 percent) more than two thirds of the participating employees would recommend Jenoptik as a good employer.

Jenoptik is family-friendly and responds to the needs of its employees with flexible working hour models. Flextime, part-time work, and flexible parental leave all make it easier for our employees to strike their own balance between family and working life. In 2023, 155 employees made use of parental leave in Germany (prior year: 165 employees). The number of part-time contracts in Germany rose to 15.1 percent in 2023 and, globally, 11.4 percent of our employees are part-time workers (prior year: 13.3 percent in Germany and 10.6 percent worldwide). In 2023, the global employee turnover rate was 5.8 percent (prior year: 7.1 percent). The target for employee-related turnover was adjusted from <5% to <=10 percent in the reporting year due to changes in market trends. The aim is to keep staff turnover within the target corridor, among other things through training and promotions as well as the associated internal communication.

One of the most important preconditions for balancing career and family is the availability of childcare. For several years, Jenoptik has been investing in flexible childcare models at daycare centers at the Jena, Wedel, and Monheim sites. This means that our employees are assured a fixed quota of places at the daycare centers.

HR development is a key factor that determines the future viability of the company and the commitment of our employees. To help promote them in line with their potential and interests, the development needs are analyzed in regular staff appraisals. In 2023, Jenoptik invested around 2.9 million euros (prior year: 2.7 million euros) in the professional development of its employees. This includes both the costs for trainees and students at the Cooperative State Universities and the costs for further training for our employees.

Learning at Jenoptik is structured according to the 70:20:10 principle: as employees and their supervisors are the experts for their own further development, 70 percent of learning takes place in the workplace and 20 percent through learning from others. Classroom or online training makes up 10 percent.

We have also been following the 70:20:10 learning principle in the development of our managers: there are three target-group specific programs aimed at potential employees or new and experienced managers. We will again offer training in healthy management and conflict management for our experienced managers in 2024.

HR Recruitment

Jenoptik's personnel requirements are aligned with the Group's growth strategy. As a result of this and due to staff turnover, there is a greater need for recruitment, particularly in Germany, Canada and the USA. The target groups for recruitment and thus also HR marketing are primarily junior employees, specialists, and skilled workers in the natural and engineering sciences.

In order to fill more vacant positions with internal specialists trained at Jenoptik, the training ratio was increased, taking into account the retirement of employees in the context of succession planning. In the reporting period, the training rate was 3.5 percent (prior year: 3.5 percent). Thus, at the end of 2023, a total of 163 trainees were employed by the Group worldwide (prior year 154 worldwide). The retention rate for trainees who successfully completed their vocational training in 2023 was 88.0 percent (prior year: 83.8 percent). These trainees were taken on for an unlimited period by the company.

Specific support for school students, university students, and graduates is part of the Group's expertise strategy, ensuring early loyalty to the company and thus making the recruitment process easier. A selection of targeted initiatives and cooperation arrangements is shown in the following table T52:

T52 Initiatives and cooperation arrangements (selection)

Jenoptik supports	• career guidance projects at schools, also offering their students the opportunity to complete an internship • young researchers in Thuringia as a longstanding state-level corporate sponsor of the “Jugend forscht” initiative • various industry organizations to promote professional development activities • students in the form of degree theses, internships, and scholarships
Jenoptik works with	• selected universities around the world with regards to HR marketing and recruitment, for research purposes, and to foster the professional development of its employees • selected universities around the world via projects and is active through a range of committees and networks in an advisory capacity

Further information on our social commitment can be found in the section “Social commitment” from page 147 on

Increasing attractiveness as an employer is the focus of employer branding at Jenoptik. Clear and distinctive positioning as an attractive employer should support recruitment and develop a positive and unmistakable employer image as a future-oriented, innovative high-tech company in the photonics industry. Social media channels as well as training and university fairs are used for this purpose.

Occupational health and safety are also key topics affecting the basic needs of our employees and their satisfaction in the workplace. They are firmly anchored in the Group's operating processes to minimize risks arising in the work environment, work processes as well as work and operating equipment, that may endanger employees. Their principles apply to all Jenoptik employees. The Jenoptik companies are each responsible for applying the law on all aspects of occupational health and safety. Occupational health and safety and environmental protection issues are the responsibility of the Executive Board. Managers are advised and supported by occupational safety specialists and company physicians. They provide advice to all companies, coordinate tasks and support the Executive Board in implementing measures. Occupational health and safety committee meetings are held in all divisions each quarter. In addition, all employees are briefed on issues relating to occupational health and safety at least once a year. At all the German locations, around ten percent of the workforce are trained as first-aiders. In 2023, the number of reportable workplace and commuting accidents in Germany was 11.6 per 1,000 employees (prior year: 9.9). For the Group as a whole, the rate of workplace accidents (excluding commuting accidents) was 5.5 (prior year: 4.3). Compared to the other member companies of the ETEM trade association (Energy, Textile, Electronics, and Media Products), Jenoptik was still below the average figure of 15.9 in 2022. Once again this year, we have not recorded any fatal accidents at work across the Group.

In the interests of our employees' health and performance, the Group also offers regular preventive medical checkups in line with the employees' working conditions and tasks, in addition to occupational health management measures.

Company health management at Jenoptik in Germany is centrally managed within the HR department. A cooperation agreement with the Techniker Krankenkasse (TK) health insurance fund and the establishment of local "health steering groups" to support the implementation of on-site activities further enabled the implementation of various employee offerings. In addition, the psychological risk assessment was carried out as part of our employee survey and the measures were tracked on an ongoing basis.

Environmental and Climate Protection

The protection of our environment is of high priority to Jenoptik. Accordingly, we see it as our corporate responsibility to grow sustainably in harmony with the environment and society and to use resources efficiently at all our sites worldwide.

Environmental management is a key part of our business practices. We comply with national and international statutes and ensure that our products are manufactured in line with resource conservation and energy efficiency. However we also require our suppliers and contractual partners to comply with relevant laws to minimize environmental risks. As a manufacturing company, we focus on efficient resource management so as to reduce energy consumption and greenhouse gas emissions to the best of our ability, use commodities and materials in a safe and resource-saving manner, and to largely avoid producing hazardous waste. We pay attention to good environmentally friendly design and the economical use of resources as early as the development stage, while minimizing the impact on people, the environment, and nature through regulated recycling and disposal. In line with their environmental relevance, selected Jenoptik companies are certified in accordance with the ISO 14001 environmental management standard, which sets out globally recognized requirements for an environmental management system.

See section on quality management in the Non-financial Report

Environmental protection issues, including climate protection, are the responsibility of Investor Relations & Sustainability in cooperation with the operating divisions Corporate Real Estate Management in the reporting year. All environmental issues were reported to the Executive Board. Active operational environmental management is carried out in the divisions. The Jenoptik companies are each responsible for applying the law on all aspects of environmental protection. Waste officers take care of all matters relating to the prevention, accrual, recycling, and disposal of hazardous and non-hazardous waste.

2023 has already seen the fourth group-wide sustainability competition focusing on environmental protection. The numerous contributions of projects presented by our employees show how committed they are to contributing to greater sustainability at Jenoptik in a wide range of areas. An independent internal jury evaluated the project entries, and the winners were awarded prizes.

Projects from the 2023 sustainability competition:

- In optics production in Jena, rejects of highly specialized cables that are required in the manufacturing process of assemblies for semiconductor chips can now be repaired in cooperation with the supplier, thus reducing electronic waste, saving valuable components and avoiding costs.
- By readjusting and adapting heating circuits in the production areas, we were able to significantly reduce gas consumption, lower CO_2 emissions and cut heating costs.
- With a great deal of commitment, abandoned bicycles were repaired in Wedel, converting them into bikes which our employees can use to travel between plant buildings.
- Through active participation in the DTE Energy MI Greenpower program, the US site in Rochester Hills, Michigan, promotes the development of wind and solar farms in Michigan and thus the transition to renewable energies.

In the Real Estate area, Jenoptik implements the statutory requirements relating to nature conservation and environmental protection for all new buildings, extensions, and the modernization of production facilities. For example, state-of-the-art technologies for saving resources and protecting the environment are utilized when fitting out production facilities. With LEED Gold certification (Leadership in Energy and Environmental Design), most recognized sustainability standard in the construction industry, being implemented for all newly constructed buildings, the Group far exceeds the statutory requirements in terms of sustainability. Ecological and social aspects are implemented to a particularly high degree, e.g. the installation of photovoltaic systems, e-charging stations, covered bicycle parking spaces, low-emission interior materials or measures to reduce water consumption.

On September 6, 2023, the topping-out ceremony for the Jenoptik Group's new high-tech factory (Fab) took place at Airportpark Dresden. The high-tech fab, with an investment volume of 90 to 100 million euros, will not only provide precise manufacturing conditions but also meet stringent environmental standards. Jenoptik is striving to comply with the “KfW 40 Standard” and “LEED Gold Certification”, the most comprehensive and strictest building criteria in terms of sustainability. In order to achieve this, plans include a photovoltaic system, the use of recycled materials in construction, an ultra-efficient building envelope including extensive vegetation, cold and heat recovery, as well as the recycling of water. Production is scheduled to start at the fab at the beginning of 2025.

Following renovation work, a new production area was completed at the Berlin site in 2023 and a lease was signed with the landlord with the most sustainable criteria possible, a so-called "Green Lease Agreement". In connection with operation of the rental space, this includes the use of sustainable energy sources, links to public transport, energy-saving lighting (LED), and recommendations for sustainable cleaning with green cleaning agents and materials.

At several sites around the world, the conversion of existing lighting to LED lighting is being examined and successively implemented in ongoing renovation measures, taking into account cost and environmental aspects. In addition, the course was set for the further development of an energy monitoring system. With the help of ultra efficient building control technology (BCT) and a computer-aided facility management system (CAFM), data quality is to be further increased, evaluation facilitated, and transparency improved. The successive development of an e-charging network will create the basis for the further expansion of the vehicle fleet with alternative drive technologies.

Energy consumption and greenhouse gases:

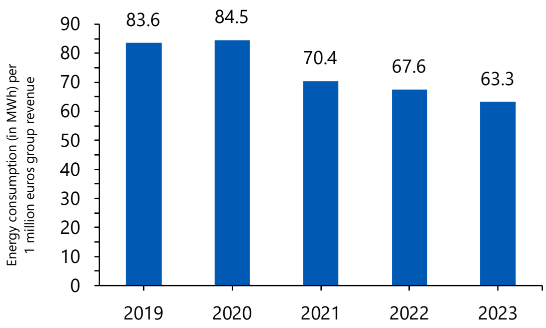
As a photonics group, Jenoptik actively contributes to climate protection and was able to make considerable progress in the year under review. Due to the continued move towards green electricity at our primary sites, 2023 in the USA, it was possible to reduce the CO_2 emissions for the first time by more than 50 percent to 5,031 t compared to the 2019 base year.

In 2023, Jenoptik set itself the target of being “net zero”with respect to Scope 1+2 emissions by 2035 at the latest. Due to the successful implementation of measures to date, the short-term interim targets for reducing emissions by 2025 have also been adjusted: Emissions are now to be reduced by more than 55 percent by 2025 in comparison with the base year 2019 (previously by 30 percent). In this way, the Group is supporting the climate policy goals of the Paris Agreement and is closely aligned to the requirements of the Science Based Targets Initiative (SBTi), which aims to limit the average rise in world temperatures to significantly below 1.5 degrees. Specific actions include energy efficiency measures in the buildings and facilities at Jenoptik's locations worldwide. For example, new buildings are constructed and certified as standard in accordance with the stringent “LEED Gold” environmental standards. Our measures also include the further conversion of our foreign production facilities to green electricity as well as the continued expansion of the fleet to vehicles with alternative drive systems with the corresponding charging infrastructure. The use of intelligent production control software to increase energy efficiency is also being examined.

The group-wide total energy consumption, calculated using the market-based method, is shown in Table T53 and is largely generated from electricity, gas and district heating. Despite a significant increase in revenue, at 67,477 MWh, the 2023 figure was only 2 percent above the prior year’s value (2022: 66,263 MWh).

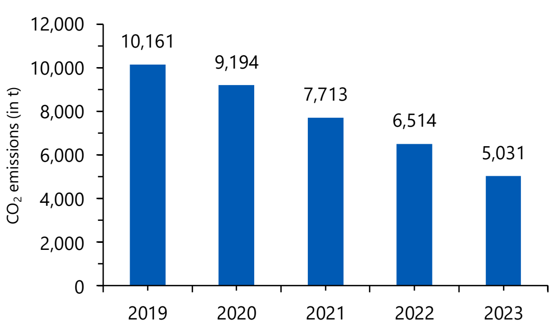
In addition to absolute energy consumption, we are also reporting the energy consumption in relation to revenue, thus making the development of energy efficiency in our production transparent. With total energy consumption of 63.3 MWh per 1 million euros of group revenue, energy efficiency improved in 2023 compared to the prior year (2022: 67.6 MWh per 1 million euros group revenue).

G29 Energy efficiency



Figures correspond to the values published in the respective annual report for the reporting year

G30 CO_2 emissions scope 1+2 (in t)



Figures correspond to the values published in the respective annual report for the reporting year

Throughout Germany, Jenoptik has used the targeted purchase of renewable energies to source predominantly green electricity, documented by certificates of origin. In the year covered by the report, we also successfully completed the switch to green electricity at our locations in the USA. The other international locations are also gradually being converted to renewable energy sources. As a result of these measures, the proportion of green electricity increased significantly to 93.6 percent in the year covered by the report (prior year: 85.4 percent). We want to maintain or gradually increase this level over the next few years, and consequently have increased the short-term target for 2025 to >90 percent of electricity consumption.

The CO_2 emissions are calculated on the basis of media consumption (electricity, district heating, gas, heating oil, wood pellets, and diesel/gasoline) at all main sites, whereby the values stated comprise existing invoices and meter readings as well as estimated values. Group-wide emissions fell by 22.8 percent to 5,031 t in 2023 despite an increase in revenue (2022: 6,514 t). Relative to the base year 2019, Jenoptik was able to reduce CO_2 emissions in 2023 (Scope 1+2) by 50.5 percent. In addition to active management, the main drivers for this were the conversion of our US sites to green electricity and thus a higher proportion of green electricity overall. Direct emissions from gas, heating oil, diesel, and gasoline (Scope 1) amounted to 2,254 t in 2023 (prior year: 2,010 t), while indirect emissions from electricity and district heating totaled 2,778 t (prior year: 4,504 t). We only emit very small quantities of other greenhouse gases in our production processes, so we refrain from reporting them for reasons of immateriality.

T53 Energy consumption and CO_2 emissions by the major Jenoptik sites (in MWh and t)

	Electricity	Gas	Wooden pellets	District heating	Heating oil	Diesel/ gasoline	Energy consump-tion	CO_2 emissions (in t)
Germany	28,103	1,913	408	7,851	0	3,677	41,952	2,324
	(28,562)	(1,546)	(628)	(8,359)	(376)	(1,528)	(40,998)	(2,031)
Europe	10,334	42	0	0	0	271	10,648	97
	(10,167)	(72)	(0)	(0)	(0)	(71)	(10,310)	(59)
Americas	8,044	2,970	0	0	0	512	11,526	861
	(8,268)	(3,855)	(0)	(0)	(0)	(159)	(12,282)	(2,661)
Asia/Pacific	3,351	0	0	0	0	0	3,351	1,750
	(2,673)	(0)	(0)	(0)	(0)	(0)	(2,673)	(1,764)
Energy consumption (in MWh)	49,833	4,925	408	7,851	0	4,460	67,477	
	(49,670)	(5,473)	(628)	(8,359)	(376)	(1,758)	(66,263)	
of which green electricity	93.6 %							
	(85.4 %)							
CO_2 emissions (in t)	2,053	1,057	0	725	0	1,197		5,031
	(3,657)	(1,419)	(0)	(848)	(120)	(471)		(6,514)
of which Scope 1	0	1,057	0	0	0	1,197		2,254
	(0)	(1,419)	(0)	(0)	(120)	(471)		(2,010)
of which Scope 2	2,053	0	0	725	0	0		2,778
	(3,657)	(0)	(0)	(848)	(0)	(0)		(4,504)

The figures in brackets relate to the prior year

* In order to simplify, a country mix was used in the market-based approach for electricity of unknown origin

Scope 3 emissions were calculated for the first time in the 2023 reporting year. They cover the entire value chain and include both emissions from the upstream supply chain and downstream emissions, such as those resulting from the use of our products by customers. For 2023, the total value of Scope 3 emissions was estimated at around 300,000 tons of CO_2 equivalents (eq), of which around 70 percent came from emissions in the upstream supply chain and around 30 percent from downstream emissions. Jenoptik will refine the survey of Scope 3 emissions in the coming years and derive targets and measures for reduction.

Water: Jenoptik does not require large volumes of water for its manufacturing processes. Water is only used as a coolant, as a process medium, and for sanitary purposes and comes primarily from the public drinking water supply and from groundwater. Nevertheless, as part of our water management, we take care to keep water consumption as low as possible at all our sites. For the current year covered by the report, water consumption and waste volumes were reported as far as possible on the basis of available invoices during the year and valid estimates of the remaining consumption. In 2023, 92,444 m^3 of water was consumed at our main sites (prior year: 98,874 m^3). The reduction was mainly due to a decrease in water consumption at our sites in Heerbrugg, Switzerland, and Wedel. T54

Due to low volumes of water required for production processes, we do not see ourselves encountering any key risks in this area. Conservation regulations only play a very minor role for the Group due to its business purpose and the location of its sites outside conservation areas.

T54 Water consumption (in m^3)

	2023	2022	2021
Total	**92,444**	**98,874**	**59,166**

Waste: Increasing reusability and recycling, e.g. of electronic components, is an important issue for Jenoptik. Both the use of recyclable materials in product development and the increase in recyclable waste make an important contribution to conserving resources and reducing avoidable waste in terms of the circular economy.

Within the scope of our business activities, however, hazardous waste is also generated to a small extent in a few production processes, for example, adhesive residues or solvents. Our goal is to avoid producing such waste which is generated during production as far as possible or to recycle it and, if this is not possible, to dispose of it properly in order to minimize negative effects on the environment. In the production of semiconductor lasers in Berlin-Adlershof, for example, a new process has reduced the solvents used. Volumes sent for recovery or recycling are recorded locally, and we distinguish between hazardous and non-hazardous waste within these categories. In order to increase transparency, the share of recyclable waste in total waste, the recycling rate, was determined for the first time in the year covered by the report. An estimate based on the previous year's figures and ratios resulted in a recycling rate of 38.6 percent for waste in 2023.

Waste types at Jenoptik are systematically recorded, categorized, and their quantities calculated. The waste volumes are reported group-wide for all main sites. In 2023, the amount of hazardous waste disposed of at treatment and disposal facilities amounted to 195 t (prior year: 175 t). The volume of non-hazardous waste amounted to 1,127 t (prior year: 1,305 t). In general, Jenoptik recycles its waste through certified waste management companies. In order to conserve resources and avoid disposal costs, the introduction of digital production control at the Triptis site, for example, has made it possible to save paper and return more plastic materials to the recycling process.

T55 Hazardous and non-hazardous waste (in t)

	2023	2022	2021
Non-hazardous waste	1,127	1,305	1,014
Paper and cardboard in t	224	198	195
Mixed packaging in t	159	197	212
Household-type commercial waste in t	301	366	290
Metals in t	152	189	133
Other non-hazardous waste in t	292	356	185
Hazardous waste	195	175	64

Resource management

Many innovative Jenoptik products and solutions contribute to an efficient and responsible use of resources and support the UN's Sustainable Development Goals (SDGs). As an "enabler", we enable our customers to design production processes and products more efficiently, thereby saving on energy and resources. The table below provides an overview of the contribution of selected Jenoptik products to resource conservation.

T56 Product contribution to resource conservation

Jenoptik products & solutions	Contribution to resource conservation, environmental and health protection
Optical systems and components for semiconductor equipment or information and data transfer	• Ongoing development toward ever-smaller crystalline structures in semiconductor production opens up a growing number of new uses • Customized measurement solutions from TRIOPTICS check the image quality, for example, of smartphone camera lenses or AR/VR systems, thereby helping to reduce waste. • Improving communication options and extending Internet access to remote regions • Efficient and time-saving production processes conserve resources and improve, for example, the data volumes while simultaneously reducing production costs, waste, and power consumption • Thermography solutions facilitate the monitoring and optimization of solar power panels
... for medical diagnostics	• Optical systems improve imaging and diagnostics in real-time disease detection, enhancing health and well-being
Diode laser and laser systems for a wide range of applications, e.g. in the automotive industry	• Most efficient available light sources with an efficiency of up to 70 percent conserve resources and enable efficient production, especially in comparison with conventional processing methods, when machining high-strength steels with a lower weight
or in medical technology for the treatment of glaucoma in ophthalmology	• Increasing health and well-being through minimally invasive surgical methods, e.g. in ophthalmology
Traffic monitoring systems check the compliance with current road traffic regulations and improve traffic flow	• Increased safety on the roads and in public squares through reduction of accidents and resilient infrastructures • Improvement of living conditions through reduced noise pollution and environmental pollution • Traffic monitoring with TraffiPole as a sustainable and environmentally conscious solution with reduced power consumption and elimination of cooling due to special design, housing made entirely of recyclable materials, with option for self-sufficient operation using solar panels
Cooperation agreement with SFC-Energy to increase traffic safety with environmentally friendly technologies	• SFC fuel cell technology reliably supplies Jenoptik speed monitoring systems with green energy
Green cameras Improve the air quality	• Average speed cameras not only improve compliance with speed limits and traffic flow, but also deliberately reduce emissions in so-called "clean air zones"
Toll payment monitoring systems on federal highways	• Installation at the side of the road limits interference in the environment (no installation of monitoring gantries)
Metrology systems and equipment for checking shape and roughness, particularly in the automotive industry, stabilize production processes, and reduce failure rates	• The results are more precise surfaces and tighter tolerances in engine components (downsizing) and thus vehicles requiring less fuel and generating fewer emissions • More complex transmissions for hybrid vehicles in the field of electromobility demand the increased use of metrology • Flexible design and long service life, often in excess of 10 years, allow upgrades and overhauls for a long time, thus conserving resources

Social Commitment/Corporate Citizenship

Supporting young people in their education and scientific activities, as well as in social projects, is at the heart of our social commitment. Jenoptik supports a large number of non-profit projects, organizations, and initiatives and is chiefly involved in the following areas:

- A commitment to the younger generation with projects in science, education, and in the social arena
- Art and cultural projects to lend an attractive design to our company locations
- Creation of conditions to improve our employees' work/life balance
- Commitment to integration and internationality to strengthen the foundations of business and society in the future

As a responsible and socially committed company, we want to play an active role in shaping our own environment, relying here on close and long-term partnerships that go beyond purely financial aspects. With our commitment to society, we want to strengthen the confidence placed in Jenoptik and boost the employees' sense of identification with the company. We also expect this to have a positive effect on our brand image, reputation, and attractiveness as an employer.

The duties of Corporate Citizenship are the responsibility of Corporate Communications, which reports directly to the Chairman of the Executive Board. Group-wide guidelines govern the principles of a structured and standardized approach to defining "Jenoptik as a Corporate Citizen" and are intended to ensure a standardized method of handling donations and sponsorship queries, as well as carrying out sponsorship projects.

T57 Social commitment – exemplary projects 2023

Social	Jenoptik supports	• Summer camps for children of Jenoptik employees and children of recognized refugee families • Thanksgiving food collections for the needy in Jupiter
Science and Education	Jenoptik is a partner with	• Experimentarium Imaginata Jena e.V. • Young researcher competitions and support for pupils and students • Applied Photonics Award • Lothar Späth Award for Outstanding Innovations in Science and Business • Global competition "SPIE Startup Challenge"
Art and Culture	Jenoptik supports cultural projects with partners	• Light art on the facade of the Ernst Abbe high-rise • Summer concert series at the Thalbürgel monastery church • Open-air Cultural Festival "Kulturarena" organized by the city of Jena

Our commitment to our region is of particular relevance. Since 1996, the Group has supported the Adult Initiative for Children with Cancer Jena e.V. Donations both made by Jenoptik and collected from partners as well as the organization of diverse events help to support children with cancer and their parents. Another pillar of social commitment is the group-wide "Mitarbeiter*innen im Ehrenamt (Employees and Volunteering)" program. Many Jenoptik employees around the world are committed to this and are supported by Jenoptik in doing so.

Jenoptik promotes the work/life balance with a comprehensive concept that takes into account working hour models, comprehensive employee information, and childcare. As a member of the "Familienfreundliches Jena e.V." support group, the Group works with numerous partners to support projects conducted by the "Jenaer Bündnis für Familie (Jena Alliance for the Family)". Once again there was a joint summer camp for the children of Jenoptik employees and children from refugee families.

Since 2021, Jenoptik has been the main sponsor of Imaginata Jena, an experimentarium for the senses and an extraordinary learning and events venue. The aim of Imaginata, to get young people excited about science and technology at an early age, fits in very well with one of the central issues of Jenoptik's social commitment – encouraging young people socially and in education.

Responsible Corporate Governance

In a globalized market environment, Jenoptik is fully committed to responsible corporate governance and law-abiding, compliant conduct. We make our business decisions with this in mind and always work to ensure that our actions are in accordance with regulations, laws, and our values. Compliance & Risk Management lies within the remit of the Chairman of the Executive Board and reports directly and regularly to him. The Director of Compliance & Risk Management is also the Human Rights Officers and is in close contact with all employees throughout the organization. He also controls the Group's enterprise risk management system in close cooperation with the central divisions and the divisions' risk officers. Our compliance organization comprises a central Compliance Competence Center with specialist responsibility for compliance, risk management, data protection as well as customs and export control. In the Asia/Pacific region, the team is strengthened by a regional compliance officer.

> Further information on compliance & risk management can be
> found in the Risk and Opportunity Report chapter

Respect for human rights is a high priority for Jenoptik, both in its own operations and especially in the delivery chain. Jenoptik is committed to comply with internationally recognized standards of human rights through a published mission statement and does not tolerate any form of slavery, forced labor, child labor, human trafficking or exploitation. We also expect our suppliers to comply with and respect internationally recognized human rights standards and statutes such as the German Supply Chain Due Diligence Act (LkSG) and the UK Modern Slavery Act. The codes of conduct for sales partners and suppliers define the Jenoptik Group's requirements of its business partners and require them to comply with nationally and internationally applicable statutes, regulations, and standards. As part of the implementation of the LkSG for the Jenoptik Group, our Code of Conduct was adapted, and the Executive Board published a mission statement on respecting and protecting human rights. The abstract and concrete risk analysis takes place with the aid of a platform used group-wide for the identification, validation, and appropriateness assessment of risks as well as for the implementation of preventive and remedial measures. Violations and high-risk business partners identified via the whistleblower system are also taken into account. In particular, the analysis of country and industry-specific risks in the supply chain forms the basis for reporting to the Federal Office for Economic Affairs and Export Control, which took place for the first time in the fiscal year 2023. The results of the risk analysis are regularly discussed and monitored by the LkSG Committee. Cooperation only takes place with those business partners who accept Jenoptik's compliance declaration.

Anti-corruption: Jenoptik fights all forms of active and passive corruption and expects all its business partners to do the same. For detailed information on Jenoptik's compliance management system, the company guidelines, and codes of conduct for employees, suppliers, sales partners, and other contractors, our online training, and our whistleblowing system, we refer you to the Corporate Governance Statement and the Risk and Opportunity Report.

Supply Chain Management

Sustainability in the supply chain: Part of our awareness as a sustainable company is to assume responsibility along the value chain. We have established various measures to implement sustainability standards at our suppliers and demand those from them.

A code of conduct applicable to sales partners defines the requirements for our business partners with regard to compliance with human rights, the prohibition of corruption and bribery, fair conduct in the market and competition, commitment to environmental protection, and the responsible handling of substances, mixtures, and products as well as conflict minerals. International guidelines and standards, such as the UN Global Compact, are of particular relevance to us when it comes to protecting the environment and resources and complying with human rights. Our Code of Conduct is an integral part of all supply contracts and is binding on all suppliers.

As a high-tech company, Jenoptik is dependent on a wide range of raw materials. In the face of an increasing scarcity of resources, Jenoptik is committed to making economical use of the materials it requires. Supply bottlenecks were offset by targeted supplier management measures, such as weekly coordination and planning meetings with critical suppliers as well as support for suppliers in the procurement of critical components. We comply with the applicable regulations, for example the requirements of the European chemicals regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and the European RoHS directive (Restriction of certain Hazardous Substances), and are engaged in associated committees. In order to realize efficient processes for collecting relevant data, the “Product Compliance” project was implemented in 2023. In the future, declarations from suppliers, raw material and chemical data can be systematically and automatically evaluated and the respective declarations issued. The objective of our purchasing processes is to meet all regulations relating to so-called conflict minerals in compliance with the Dodd-Frank Act and the EU Conflict Minerals Regulation. Our Code of Conduct for Business Partners requires that our suppliers do not supply any products that violate these requirements. To minimize risks, we use a central digital platform to query the relevant suppliers. This platform is used to obtain the standardized form (CMRT) of the Responsible Minerals Initiative from suppliers. The information provided by the suppliers is checked for possible risks and measures to minimize them are derived.

When assessing our suppliers, we evaluate not only a certified quality management system, but also proof of a certified environmental management system that complies with the international standard ISO 14001. Among other things, the ISO standard requires to define a corporate environmental policy, environmental targets, and an environmental program, and in conjunction with that to establish a corresponding management system to implement the achievement of objectives.

Another component for reviewing and evaluating the sustainability performance of suppliers is our assessment as part of a strategic supplier evaluation. This has been expanded to include the main criterion of sustainability and covers the topics of sustainability, compliance, CO_2 management as well as innovations in the field of sustainability. For the evaluation of the first two criteria, we assess the responses of our suppliers on a global ESG risk management platform with regard to the fulfillment of environmental and energy standards, precautions against bribery and corruption, as well as compliance with human rights. The establishment and publication of the CO_2 emissions of purchased goods and services (Scope 3.1) as well as the definition of reduction measures are rewarded with a higher score. A supplier achieves the maximum score for the main criterion of sustainability if it actively undertakes additional initiatives beyond the statutory requirements.

Purchasing in the Jenoptik Group is globally positioned and responsible for all procurement activities and supplier management. The department reports directly to the Executive Board of JENOPTIK AG. The central topic in the year covered by the report was the implementation of new statutory CSRD requirements and the optimization of sustainability standards in the supply chain. Scope 3 emissions (upstream and downstream) were determined for the first time as part of implementation process. The largest share is caused by our supply chain and comes from category 3.1. purchased goods and services.

See section on environmental matters: Energy consumption and greenhouse gases

Compliance in the supply chain

Compliance in the supply chain is guided by our aspiration to always comply with statutes, internal regulations, and voluntary commitments. In order to further increase transparency in the supply chain, identify compliance violations in good time, and initiate suitable measures to minimize risks, we subject our supplier base to regular risk analyses. For all suppliers with a significant purchasing volume or an increased risk, surveys are conducted on ESG issues such as environmental protection, compliance management, human rights, and the prohibition of child labor, ensuring health and safety, as well as anti-corruption and sustainability. In the event of violations, or where there is potential for improvement, the causes are determined in dialog with the suppliers and joint action plans for improvement are developed and implemented. The Corporate Social Responsibility Rate (CSR rate), indicates the percentage of suppliers of production materials with an annual purchasing volume in excess of 200,000 euros for which completed CSR self-assessments evaluated as non-critical exist. In 2023, the CSR rate was 49.0 percent (prior year: 51.4 percent). The target level for the CSR rate is 50 percent by 2025.

A further target in the year covered by the report was to fulfill the first reporting requirements for the creation of a Carbon Border Adjustment Mechanism (CBAM). Continuous implementation takes place with the help of a time and action plan drawn up in the year covered by the report.

Quality Management

Quality management

The key to Jenoptik’s success as a technology company primarily lies in the quality of its components, products, and solutions. Longstanding collaborations with key customers, sometimes in the form of development partnerships, and the confidence placed in us by our partners are proof that our products and solutions are convincing in their quality worldwide. We are committed to actively ensuring that the quality of our products and services is above average in all of our product areas. For more than 30 years, Jenoptik has been a member of the German Association for Quality (DGQ e.V.).

Quality management at Jenoptik is managed locally in the business units and falls within the responsibility of the division managers. Each division applies individual customer and market-related quality indicators. The following overview summarizes essential Key Performance Indicators (KPIs) for quality management in the Jenoptik Group. The Jenoptik Business System (JBS) was established group-wide to support the divisional QM system in 2022.

T58 Examples for KPIs of the divisions

Criterion	Examples for KPIs of the divisions
Quality from a customer perspective	• Customer satisfaction • Complaints costs ratio • Guarantee and warranty costs • Delivery reliability
Quality as an internal operations partner	• Internal audits (number of improvements) • Measures in the process of continual improvement (number) • Process and product quality – Production yield/quality level – Reworking costs – Scrap costs • Policy Deployment Matrix (PDM)
Quality from the supplier’s perspective	• External supplier audits (number of improvements) • Suitable suppliers (number) • Complaints ratio • Complaints costs • Guarantee and warranty costs • Delivery reliability

Measures to ensure and further improve our quality are our process optimizations (Plan-Do-Check-Act (PDCA) and lean cycles), which have a positive impact in all areas – from the development of new products via quality planning to the quality of the finished product (safe launch). The international quality, environmental protection, and occupational health and safety programs were developed on the basis of the Jenoptik and divisional strategies. 2023 saw the implementation of additional modules for computer-aided quality assurance, such as audit and test equipment management for more efficient planning, execution and evaluation of business processes at individual locations. The Smart Mobility Solutions division also set up a "Supplier Quality Development Area" to have a preventative effect on the quality of purchased parts. Currently, the focus is on the further development and improvement of the SAP system, such as integration of a module for product compliance.

Our group companies comply with the requirements of the ISO 9001 quality management standard. Continuous optimization and standardization of processes are among the core tasks of our quality management system. Through dialog with our customers, we are able to align our activities with market requirements.

Selected companies meet the requirements of the ISO 14001 environmental management system. In 2023, another company, JENOPTIK Automatisierungstechnik GmbH in Jena, was certified in accordance with ISO 14001.

Table T59 shows the certifications held by the Group. In 2023, the Advanced Photonic Solutions division successfully passed the multi-site certification in accordance with the ISO 9001 and ISO 14001 international standards for quality and environmental management for several sites. Similarly, some manufacturing sites have obtained ISO 13485 (medical) certification. In all audits, the auditors from the DQS (Deutschen Gesellschaft zur Zertifizierung von Managementsystemen) and TÜV Rhineland positively highlighted in particular the further development of the quality and environmental management system, the high degree of integration of environmental topics into company processes, and the large number of improvement measures planned and implemented. In addition, they certified that the employees have a very high level of qualification. In the fall, the production area at the Shanghai and Wuhan sites successfully passed an ISO 9001 audit by the DQS.

The Smart Mobility Solutions division has also been successful with regard to certifications. Environmentally compatible action is one of the top priorities here. For this reason, environmental management in accordance with ISO 14001 was integrated into the management system for the first time as part of the re-certification of ISO 9001 and successfully certified.

The newly created integrated management system for JENOPTIK Industrial Metrology Germany GmbH was further expanded and recertified in 2023 (ISO 9001/ISO 14001/ISO 45001). In addition, a calibration laboratory was newly accredited. JENOPTIK Industrial Metrology Germany GmbH began the TISAX certification process in 2023 and will complete it in 2024.

T59 Certification in the Group

Certification	Description	Division and company
ISO 9001	Certification of quality management processes	• Advanced Photonic Solutions: JENOPTIK Optical Systems GmbH, JENOPTIK Optical Systems, LLC; JENOPTIK (Shanghai) Precision Instrument and Equipment Co., Ltd.; JENOPTIK (Shanghai) Precision Instruments and Equipment Co., Ltd. • Smart Mobility Solutions: JENOPTIK Robot GmbH, JENOPTIK UK Ltd, Traffipax, LLC • Non-Photonic Portfolio Companies: JENOPTIK Industrial Metrology Germany GmbH
ISO 13485 EN ISO 13485	Certification for the medical market with respect to the design, development, and manufacture of medical products	• Advanced Photonic Solutions: JENOPTIK Optical Systems GmbH, JENOPTIK Optical Systems, LLC
ISO 14001	Certification for the environmental management system	• Advanced Photonic Solutions: JENOPTIK Optical Systems GmbH • Smart Mobility Solutions: JENOPTIK Robot GmbH, JENOPTIK UK Ltd. • Non-Photonic Portfolio Companies: JENOPTIK Industrial Metrology Germany GmbH
ISO/IEC 17025 DIN EN ISO/IEC 17025	Accreditation of the calibration laboratory	• Non-photonic portfolio companies: JENOPTIK Industrial Metrology Germany GmbH
ISO 27001	Provision, support, and maintenance of traffic control systems, civil security, and smart mobility solutions	• Smart Mobility Solutions: JENOPTIK UK Ltd, JENOPTIK Benelux B.V.
AEO-F	Customs law simplification and security	• Smart Mobility Solutions: JENOPTIK Robot GmbH
DIN EN 16247-1	Energy audit to increase energy efficiency	• Certification with the new scope of JENOPTIK Industrial Metrology Germany GmbH, Villingen-Schwenningen site
NLF/ILO-OSH 2001, ISO 45001	Certification of occupational safety and health management	• Non-Photonic Portfolio Companies: JENOPTIK Industrial Metrology Germany GmbH

Information on the EU Taxonomy Regulation

With the taxonomy regulations, the EU Commission has defined uniform standards for ecological management and specifies, among other things, when an economic activity is to be classified as ecologically sustainable. The aim is to increase the transparency of the sustainability level of companies and to direct the flow of more money into sustainable investments in order to achieve climate neutrality by 2050. In accordance with Article 8 of the EU Taxonomy Regulation, the Jenoptik Group also fulfills the transparency requirements to ensure transition to a climate-neutral, resource-efficient, and circular economy for the long-term competitiveness of the EU.

After considering the taxonomy eligibility and alignment for the taxonomy environmental objectives (1) “Climate protection” and (2) “Adaptation to climate change” in the fiscal year 2022, the taxonomy eligibility for the environmental objectives (3) “Sustainable use and protection of water and marine resources”, (4) “Transition to a circular economy”, (5) “Prevention and reduction of pollution“, and (6) "Protection and restoration of biodiversity and ecosystems" is also to be reported for the fiscal year 2023. Due to the extended scope of the reporting obligations as a result of environmental goals 3 – 6 and the selective revision and expansion of the economic activities of the environmental objectives 1 - 2, a screening of all key activities of the Jenoptik Group was carried out again in 2023. As a result, it was determined that Jenoptik's business activities relate in particular to environmental objective (4) “Transition to a circular economy”. Specifically, the following business activities of the Jenoptik Group listed in Annex II of the environmental act are classified as taxonomy-eligible: CE 1.2. Manufacture of electrical and electronic equipment (including measuring and testing systems, traffic monitoring systems and infrared cameras); CE 5.1. Repair, refurbishment, and remanufacturing; CE 5.2. Sale of spare parts; CE 5.3. Sale of second-hand goods as well as CE 5.5. Products-as-a-service and other circular use-and result-oriented service models (among other things Traffic Service Provision). Individual investments and operating expenditure also affect the environmental objective (1) Climate protection.

Another prerequisite for taxonomy alignment is the verification of the essential contribution and of the "Do no significant harm" (DNSH) requirements, i.e. the economic activity must not significantly impair any other environmental objective. In order to comply with the "Minimum Safeguards", the minimum (social) protection requirements must also be fulfilled and international human rights standards and regulations on issues such as bribery and corruption, taxation, and fair competition must be complied with.

Jenoptik invests in sustainability, thereby also contributing to environmental protection and resource conservation. Taxonomy-eligible capital expenditure as well as operating expenditure as per Annex I of climate law act within the scope of business activities CCM 6.5 "Transportation by car and light commercial vehicles", CCM 7.1 "Construction of new buildings" and CCM 7.3 "Installation, maintenance, and repair of energy efficiency equipment", 7.4. "Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and in parking lots belonging to buildings)", and CCM 7.5 "Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings", were made in the year covered by the report. The composition of the revenue, CapEx, and OpEx KPIs is explained below.

The tables T60 – T63 at the end of the Non-financial Report show an overview of the key performance indicators (KPIs) to be disclosed.

The revenue was determined in accordance with the requirements of the delegated act on the reporting obligations. In order to determine Jenoptik's taxonomy-eligible revenue, the first step was to analyze the product portfolio and the revenue generated in the year covered by the report to determine what proportion of this relates to taxonomy-eligible business activities. In order to avoid double counting, only external revenue was taken into account and each product or product group was allocated exclusively to one business activity.

The taxonomy-eligible revenue (numerator) determined in this way was compared to the total revenue (denominator) The group revenue was 1,066.0 million euros in 2023. The revenue from taxonomy-eligible business activities was 412.1 million euros (prior year: 0 million euros), which equates to 38.7 percent of the total revenue.

The audit of revenue for taxonomy alignment with regard to the taxonomy-eligible business activities from environmental objective (4) "Change to a circular economy" is carried out in accordance with the reporting obligation for fiscal year 2024 in the Annual Report 2024.

The capital expenditure (CapEx) was determined in accordance with the requirements of the delegated act on the reporting obligations. In order to determine Jenoptik's taxonomy-eligible capital expenditure, the first step was to analyze the additions to property, plant, and equipment, and intangible assets in the year covered by the report to determine what proportion of these relate to the acquisition of products from taxonomy-eligible business activities and individual measures (numerator). If capital expenditure for certain business activities could not be derived, an allocation key was used. The taxonomy-eligible capital expenditure determined in this way was set in proportion to the total capital expenditure reported in the Notes (denominator).

> Detailed information on the asset position can be found in the Management Report starting on page 46 and in the notes 5.1 and 5.2 starting on page 196

Additions to property, plant, and equipment, intangible assets, and right-of-use assets amounted to 110.4 million euros in 2023 (prior year: 106.0 million euros). In 2023, the Jenoptik Group invested a total of 41.1 million euros (prior year: 10.2 million euros) in the acquisition of products from taxonomy-eligible business activities comprised, which equates to 37.3 percent of the total investment volume. Capital expenditure that serves the environmental objective of (1) climate protection was also checked for alignment. This includes, for example, construction of the high-tech fab in Dresden, investment in energy-efficient equipment, renewable energy technologies, and vehicle leasing. To verify the taxonomy alignment of energy-efficient equipment, the suppliers of the relevant equipment were contacted. Ultimately, not all evidence could be provided, so that there were no taxonomy-aligned investments.

The determination of the operating expenditure (OpEx) was carried out in accordance with Article 8, item 1.1.3. of delegated act on the reporting obligations. As for capital expenditure, in order to determine taxonomy-eligible operating expenditure, the expenditure in the year covered by the report was analyzed in a first step to determine what proportion of this relates to direct, non-capitalized costs for research and development, building renovation measures, short-term leasing, maintenance and repairs as well as all other direct expenditure in connection with the daily maintenance of fixed assets (numerator). If operating expenditure for certain business activities could not be derived, an allocation key was used. The total operating expenditure identified by the taxonomy (denominator) amounted to 86.3 million euros (prior year: 79.7 million euros). In 2023, the Jenoptik Group's operating expenditure from taxonomy-eligible business activities totaled 37.6 million euros (prior year: 0 million euros), which equates to 43.6 percent of the total operating expenditure. Operating expenditure that serves the environmental objectives of (1) "Climate protection" and (2) "Adaptation to climate change" was also checked for alignment. These include, for example, opex in connection with the maintenance and repair of energy-efficient equipment and equipment for regulating overall energy efficiency.

Ultimately, not all evidence could be provided, so that there is no taxonomy-aligned operating expenditure.

Jenoptik is not involved in any economic activity related to energy production from fossil gas or nuclear energy and therefore does not provide the specific reporting forms for these activities.

T60 Share of revenue from goods or services related to taxonomy-aligned business activities – disclosure for 2023

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which enabling		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which transitional		0	0 %	0 %													0 %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	254,014	23.8 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Repair, refurbishment and remanufacturing	CE 5.1	53,732	5.0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of spare parts	CE 5.2	81,689	7.7 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of second-hand goods	CE 5.4	926	0.1 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	21,760	2.0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**412,122**	**38.7 %**	**0.0 %**	**0.0 %**	**0.0 %**	**38.7 %**	**0.0 %**	**0.0 %**								**0.0 %**		
A. Turnover of taxonomy-eligible activities (A.1+A.2)		**412,122**	**38.7 %**	**0.0 %**	**0.0 %**	**0.0 %**	**38.7 %**	**0.0 %**	**0.0 %**								**0.0 %**		
B. Taxonomy-non-eligible activities																			
Turnover of taxonomy-non-eligible activities		**653,927**	**61.3 %**																
Total		**1,066,048**	**100.0 %**																

Abbreviations: N/EL - non eligible/eligible, Y/N - Yes/No

T61 CapEx share of goods or services associated with taxonomy-aligned business activities – disclosure for 2023

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which enabling		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which transitional		0	0 %	0 %													0 %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	6,376	5.8 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Repair, refurbishment and remanufacturing	CE 5.1	823	0.7 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of spare parts	CE 5.2	4,103	3.7 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of second-hand goods	CE 5.4	35	0.0 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	5,111	4.6 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute Capex (3)	Proportion of Capex (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollu-tion (9)	Bio-diversity and eco-systems (10)	Climate change mitiga-tion (11)	Climate change adaptati on (12)	Water and marine re-sources (13)	Circular econo-my (14)	Pollu-tion (15)	Biodiver sity and ecosyst ems (16)	Mini-mum safe-guards (17)	Portion of taxo-nomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)	Cate-gory en-abling activity (19)	Cate-gory transitio nal activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,880	2.6 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.5 %		
Construction of new buildings	CCM 7.1/ CE 3.1	21,698	19.7 %	EL	N/EL	N/EL	EL	N/EL	N/EL								6.5 %		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	106	0.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.6 %		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not-taxonomy-aligned activities) (A.2)		**41,131**	**37.3 %**	**22.4 %**	**0.0 %**	**0.0 %**	**14.9 %**	**0.0 %**	**0.0 %**								9.6 %		
A. CapEx of taxonomy-eligible activities (A.1+A.2)		**41,131**	**37.3 %**	**22.4 %**	**0.0 %**	**0.0 %**	**14.9 %**	**0.0 %**	**0.0 %**										
B. Taxonomy-non-eligible activities																			
CapEx of taxonomy-non-eligible activities		**69,234**	**62.7 %**																
Total		**110,365**	**100.0 %**																

Abbreviations: N/EL - non eligible/eligible, Y/N - Yes/No

T62 OpEx share of goods or services associated with taxonomy-aligned business activities – disclosure for 2023

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which enabling		0	0 %	0 %	0 %	-	-	-	-								0 %		
Of which transitional		0	0 %	0 %													0 %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)																			
				J;N; N/EL	J;N; N/EL	J;N; N/EL	J;N; N/EL	J;N; N/EL	J;N; N/EL										
Manufacture of electrical and electronic equipment	CE 1.2	25,933	30.1 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Repair, refurbishment and remanufacturing	CE 5.1	3,713	4.3 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of spare parts	CE 5.2	4,162	4.8 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Sale of second-hand goods	CE 5.4	197	0.2 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	3,144	3.6 %	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		

Details in thousand euros				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		Currency Thousand euros	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	266	0.3 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**0 %**		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	197	0.2 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								**0 %**		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	25	0.0 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0 %		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**37,638**	**43.6 %**	**0.6 %**	**0.0 %**	**0.0 %**	**43.1 %**	**0.0 %**	**0.0 %**								**0 %**		
A. OpEx of taxonomy-eligible activities (A.1+A.2)		**37,638**	**43.6 %**	**0.6 %**	**0.0 %**	**0.0 %**	**43.1 %**	**0.0 %**	**0.0 %**										
B. Taxonomy-non-eligible activities																			
OpEx of taxonomy-non-eligible activities		**48,653**	**56.4 %**																
Total		**86,290**	**100.0 %**																

Abbreviations: N/EL - non eligible/eligible, Y/N - Yes/No

T63 Revenue share/total revenue

	Taxonomy-aligned per target	Taxonomy-eligible per target
CCM	0 %	0 %
CCA	0 %	0 %
WTR	-	0 %
CE	-	38.7 %
PPC	-	0 %
BIO	-	0 %

Abbreviations: CCM – Climate Change Mitigation, CCA – Climate change Adaption, WTR – Water, CE – Circular Economy. PPC – Pollution Prevention and Control, BIO – Biodiversity and ecosystems

T64 CapEx share/total CapEx

	Taxonomy-aligned per target	Taxonomy-eligible per target
CCM	0 %	22.4 %
CCA	0 %	0 %
WTR	-	0 %
CE	-	34.6 %
PPC	-	0 %
BIO	-	0 %

Abbreviations: CCM – Climate Change Mitigation, CCA – Climate change Adaption, WTR – Water, CE – Circular Economy. PPC – Pollution Prevention and Control, BIO – Biodiversity and ecosystems

T65 OpEx share/total OpEx

	Taxonomy-aligned per target	Taxonomy-eligible per target
CCM	0 %	0.6 %
CCA	0 %	0 %
WTR	-	0 %
CE	-	43.1 %
PPC	-	0 %
BIO	-	0 %

Abbreviations: CCM – Climate Change Mitigation, CCA – Climate change Adaption, WTR – Water, CE – Circular Economy. PPC – Pollution Prevention and Control, BIO – Biodiversity and ecosystems

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting [1]

To JENOPTIK AG, Jena

We have performed a limited assurance engagement on the Combined Separate Non-financial Report of JENOPTIK AG, Jena, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Information on the EU Taxonomy Regulation" of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Information on the EU Taxonomy Regulation" of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined separate non-financial report and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

Audit Firm’s Independence and Quality Management

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company’s Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “Information on the EU Taxonomy Regulation" of the Combined Separate Non-financial Report.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gaining an understanding of the structure of the Company’s sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Separate Non-financial Report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2023 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Information on the EU Taxonomy Regulation" of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 15 March 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
[German public auditor]

ppa. Thomas Groth

Chapter 5

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

in thousand euros	Note No.	1/1 – 31/12/2023	1/1 – 31/12/2022
Continuing operations			
Revenue	4.1	1,066,048	980,684
Cost of sales	4.2	695,527	634,982
Gross profit		**370,521**	**345,702**
Research and development expenses	4.3	60,923	54,610
Selling expenses		102,984	107,559
General administrative expenses		65,987	65,477
Other operating income	4.5	18,767	21,508
Other operating expenses	4.6	33,067	37,655
EBIT		**126,328**	**101,909**
Financial income	4.7	6,973	11,648
Financial expenses	4.7	21,925	17,604
Financial result		**– 14,952**	**– 5,956**
Earnings before tax from continuing operations		**111,375**	**95,954**
Income taxes	4.8	– 37,563	– 32,103
Earnings after tax from continuing operations		**73,812**	**63,851**
Discontinued operation			
Earnings after tax from discontinued operation	**4.9**	**– 350**	**– 6,817**
Group			
Earnings after tax		**73,462**	**57,034**
Results from non-controlling interests		997	1,933
Earnings attributable to shareholders	4.10	72,466	55,100
Earnings per share in euros (undiluted = diluted)	**4.10**	**1.27**	**0.96**
Earnings per share from continuing operations in euros (undiluted = diluted)		**1.27**	**1.08**

Consolidated Statement of Comprehensive Income

in thousand euros	Note No.	1/1 – 31/12/2023	1/1 – 31/12/2022
Earnings after tax		**73,462**	**57,034**
Items that will never be reclassified to profit or loss		**– 660**	**10,159**
Actuarial gains/losses from the valuation of pensions and similar obligations	5.12	– 660	10,152
thereof: income taxes		202	– 2,951
Equity instruments measured at fair value through other comprehensive income		0	7
Items that are or may be reclassified to profit or loss		**9,788**	**13,084**
Cash flow hedges	8.2	945	1,229
thereof: income taxes		– 372	– 520
Foreign currency exchange differences	2.3	8,844	11,854
thereof: income taxes		707	– 746
Total other comprehensive income		**9,128**	**23,243**
Total comprehensive income		**82,591**	**80,276**
Thereof attributable to:			
Non-controlling interests		279	1,828
Shareholders		82,312	78,448

Consolidated Statement of Financial Position

Assets in thousand euros	Note no.	31/12/2023	31/12/2022
Non-current assets		**1,099,825**	**1,128,455**
Intangible assets	5.1	712,512	730,642
Property, plant and equipment	5.2/5.3	361,654	324,606
Investment property		3,461	3,592
Investments accounted for using the equity method	5.4	207	14,310
Financial investments		945	2,754
Other non-current assets	5.5	11,863	13,729
Deferred tax assets	4.8	9,182	38,822
Current assets		**567,087**	**543,309**
Inventories	5.6	269,261	255,950
Current trade receivables	5.7	144,239	138,769
Contract assets	5.8	68,079	58,096
Other current financial assets	5.8	5,347	13,423
Other current non-financial assets	5.10	12,472	19,265
Current financial investments		0	1,048
Cash and cash equivalents		67,690	56,758
Total assets		**1,666,912**	**1,671,765**

Equity and liabilities in thousand euros	Note no.	31/12/2023	31/12/2022
Equity	**5.11**	**903,313**	**843,307**
Share capital		148,819	148,819
Capital reserve		194,286	194,286
Other reserves		553,487	488,846
Non-controlling interests		6,720	11,356
Non-current liabilities		**490,198**	**518,959**
Pension provisions	5.12	4,627	4,262
Other non-current provisions	5.13	14,257	17,043
Non-current financial debt	8.1/8.2	466,487	477,729
Other non-current liabilities		1,936	3,863
Deferred tax liabilities	4.8	2,891	16,062
Current liabilities		**273,402**	**309,499**
Income tax payables		6,305	10,921
Other current provisions	5.13	37,815	43,887
Current financial debt	8.1/8.2	24,273	59,052
Current trade payables		108,810	100,600
Contract liabilities	5.8	68,400	64,856
Other current financial liabilities	5.15	8,058	10,306
Other current non-financial liabilities	5.16	19,741	19,876
Total equity and liabilities		**1,666,912**	**1,671,765**

Consolidated Statement of Cash Flows

in thousand euros	1/1 – 31/12/2023	1/1 – 31/12/2022
Earnings before tax from continuing operations	111,375	95,954
Earnings before tax from discontinued operation	– 350	– 5,342
Earnings before tax	**111,026**	**90,612**
Financial income and expenses	14,952	6,371
Depreciation and amortization	70,870	68,265
Impairments and reversals of impairments from non-current assets	12,394	13,894
Profit/loss from disposals of non-current assets, subsidiaries, and other business units	4,415	4,893
Other non-cash income/expenses	– 514	488
Dividends received	95	720
Change in provisions	– 7,026	– 511
Change in working capital	– 17,447	– 20,809
Change in other assets and liabilities	4,891	– 6,453
Cash flows from operating activities before income tax payments	**193,656**	**157,469**
Income tax payments	– 26,665	– 14,761
Cash flows from operating activities	**166,991**	**142,707**
Capital expenditure for intangible assets	– 9,044	– 14,784
Proceeds from sale of property, plant, and equipment	21,368	1,380
Capital expenditure for property, plant, and equipment	– 78,636	– 64,466
Sale of subsidiaries and other business units, net of cash disposed of	2,013	63,166
Acquisition of consolidated entities, net of cash acquired	3,761	713
Proceeds from sale of investments accounted for using the equity method	8,480	0
Proceeds from other financial investments	3,967	1,583
Capital expenditure for other financial investments and investment properties	– 1,377	– 1,239
Interest received and similar income	988	233
Cash flows from investing activities	**– 48,481**	**– 13,415**
Dividend to shareholders of the parent company	– 17,171	– 14,310
Dividend to non-controlling interests	– 4,083	– 3,298
Proceeds from additions of financial liabilities	13,187	126,197
Repayments of loans	– 68,076	– 206,783
Payments for leases	– 14,242	– 14,639
Change in group financing	1,142	– 3,949
Interest paid and similar expenses	– 15,697	– 10,544
Cash flows from financing activities	**– 104,940**	**– 127,325**
Cash-effective change in cash and cash equivalents	**13,570**	**1,967**
Change in cash and cash equivalents from foreign currency effects	– 2,518	36
Change of loss allowance and consolidation-related changes in cash and cash equivalents	– 120	– 62
Cash and cash equivalents at the beginning of the period	56,758	54,817
Cash and cash equivalents at the end of the period	**67,690**	**56,758**

Statement of Changes in Equity

in thousand euros	Note no.	Share capital	Capital reserve	Retained earnings	Equity instruments measured through other comprehensive income	Cash flow hedges	Cumulative exchange differences	Actuarial effects	Equity attributable to shareholders of JENOPTIK AG	Non-controlling interests	Total
Balance at 1/1/2022		**148,819**	**194,286**	**426,627**	**– 86**	**– 659**	**16,644**	**– 17,820**	**767,811**	**12,849**	**780,659**
Net profit for the period	4.10			55,100					55,100	1,933	57,034
Other comprehensive income after tax	2.3/5.11/ 5.12/8.2				7	1,229	11,961	10,152	23,349	– 106	23,243
Total comprehensive income				**55,100**	**7**	**1,229**	**11,961**	**10,152**	**78,449**	**1,828**	**80,277**
Transactions with owners (dividend)				– 14,310					– 14,310	– 3,320	– 17,630
Transfer of actuarial effects and revaluation reserve for equity instruments to retained earnings				– 11,560	79			11,482	0		0
Balance at 31/12/2022		**148,819**	**194,286**	**455,858**	**0**	**570**	**28,605**	**3,813**	**831,951**	**11,356**	**843,307**
Balance at 1/1/2023		**148,819**	**194,286**	**455,858**	**0**	**570**	**28,605**	**3,813**	**831,951**	**11,356**	**843,307**
Net profit for the period	4.10			72,466					72,466	997	73,462
Other comprehensive income after tax	2.3/5.11/ 5.12/8.2				0	945	9,562	– 660	9,846	– 718	9,128
Total comprehensive income				**72,466**	**0**	**945**	**9,562**	**– 660**	**82,312**	**279**	**82,591**
Acquisition of non-controlling interests	2.1			– 436			– 64		– 500	– 831	– 1,331
Transactions with owners (dividend)	6			– 17,171					– 17,171	– 4,083	– 21,255
Balance at 31/12/2023		**148,819**	**194,286**	**510,717**	**0**	**1,514**	**38,103**	**3,153**	**896,592**	**6,721**	**903,313**

Notes

1 Presentation of the Group Structure

1.1 Parent company

The parent company is JENOPTIK Aktiengesellschaft (hereinafter: JENOPTIK AG), Jena, Germany, and is registered in the Commercial Register of the district of Jena in Department B under the number 200146. JENOPTIK AG is listed on the German Stock Exchange in Frankfurt and traded, among others, on the TecDax and, since March 20, 2023, on the MDax (formerly: SDax).

The list of shareholdings is published in the company register in accordance with § 313 (2) Nos. 1 to 4 of the German Commercial Code (Handelsgesetzbuch [HGB]) and is disclosed in the Notes under the heading "List of Shareholdings of the Jenoptik Group". The entities to which the simplification relief regulations were applied as specified in § 264 (3) of the HGB are disclosed in the section "Other Required and Supplementary Disclosures under HGB".

1.2 Accounting principles

Jenoptik is an international technology group. The consolidated financial statements of JENOPTIK AG were prepared for the fiscal year 2023 in accordance with the International Financial Reporting Standards (IFRS) and the binding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in force at the reporting date for use in the European Union as well as the regulations under commercial law in accordance with § 315e (1) of the HGB which apply on a supplementary basis.

The consolidated financial statements were presented in euros. Unless otherwise specified, all amounts are presented in thousand euros. Please note that there may be rounding differences compared to the mathematically exact amounts (monetary units, percentages, etc.). The consolidated statement of profit or loss was prepared in accordance with the cost of sales method.

The fiscal year of JENOPTIK AG and of its subsidiaries included in the consolidated financial statements corresponds to the calendar year.

In order to improve the clarity of the presentation, individual items were aggregated in the consolidated statement of comprehensive income and the statement of financial position. The classifications for these items are listed in the Notes.

Change in accounting principles

The following IFRS were applied in the consolidated financial statements for the first time in the fiscal year 2023:

Standard/Interpretation		Effects
IAS 1	Disclosure of accounting methods	Amendment to individual disclosures in the Notes
IAS 8	Definition of accounting estimates	No effects
IAS 12	Deferred taxes relating to assets and liabilities that arise from one single business transaction (leases and decommissioning obligations)	No effects
IAS 12	International tax reform - Pillar 2 model rules	Use of the exemption when determining and disclosing deferred taxes from the legal implementation of the Pillar 2 model rules
IFRS 17	Insurance contracts including changes to IFRS 17	No effects as not applicable to the Group

Standards which have been published but not yet adopted as mandatory

The application of the following amendments to standards published by the IASB is not yet mandatory and these were not taken into account by Jenoptik in the consolidated financial statements as of December 31, 2023. The Group does not plan to make use of the early adoption of these standards.

Standard/Interpretation		Published by the IASB	Mandatory application	Adopted by the EU	Expected effects
IAS 1	Classification of liabilities as current or non-current with secondary conditions	23/1/2020/ 31/10/2022	01/01/2024	Yes	Amendment to the classification and reclassification of current to non-current financial debt of 5,836 thousand euros as at 1/1/2024
IFRS 16	Change in lease liabilities in a sale-and leaseback transaction	22/09/2022	01/01/2024	Yes	No effects
IAS 7, IFRS 7	Financing agreements with suppliers	25/05/2023	01/01/2024	No	No effects
IFRS 1, IAS 21	Lack of currency exchangability	15/08/2023	01/01/2025	No	No effects

Amendment to IAS 1. Within the framework of the syndicated loan, Jenoptik utilizes bilateral credit lines or overdrafts, which were previously classified as current financial debt due to the intention to repay this in the short term. Since Jenoptik has a substantial right to postpone settlement until the end of the term of the syndicated loan (December 2028), in future it will be reported as non-current financial debt.

1.3 Assumptions and estimates

The preparation of the consolidated financial statements in accordance with IFRS, as are to be applied in the EU, requires that assumptions be made for certain items, affecting their recognition in the consolidated statement of financial position or in the consolidated statement of comprehensive income, as well as the disclosure of contingent receivables and liabilities. All assumptions and estimates are made to the best of the Group’s knowledge and belief and aim to provide a true and fair view of the Group’s asset, financial and earnings position.

The underlying assumptions and estimates are continually reviewed. This gives the author of the consolidated financial statement a certain amount of discretionary leeway. Against the backdrop of the macroeconomic and geopolitical environment, such as the ongoing Russian war against Ukraine, the Middle East conflict or the tensions between China on the one hand and Taiwan and the USA on the other, there are currently increased uncertainties with regard to estimates and forecasts (e.g. concerning the supply and development prices for energy and raw materials or risks on the purchasing and sales sides in the event of the conflicts spreading) and, consequently, risks in terms of significant adjustments to carrying amounts in the future.

There will be no significant climate-related risks to the Group’s business activities. The assumptions and estimates underlying the consolidated financial statements take into account, where necessary, potential effects of climate change and the company's specific sustainability goals, for example in the forecast of future revenues of the Non-Photonic Portfolio Companies segment as well as the planned payments for sustainable investments, e.g., in buildings, or to increase the green electricity rate.

The assumptions and estimates made for the preparation of these consolidated financial statements relate mainly to:

- the valuation of contingent purchase price components arising from business combinations and disposals (see sections “Discontinued operation” and “Financial instruments”) in prior years,
- the feasibility of future tax reliefs – in particular arising from losses carried forward – when measuring deferred tax assets (see section “Income taxes”),
- the assessment of impairment to goodwill, also taking into account the current uncertainties regarding forecasts (see section ”Intangible assets”),
- the actuarial parameters applied to measure provisions for pensions and similar obligations (see section “Pension provisions”), and
- the measurement of economically retained risks arising from business disposals (see sections “Discontinued operation” and “Contingent liabilities and commitments”).

2 Consolidation Principles

2.1 The group of consolidated entities

Along with JENOPTIK AG, all significant subsidiaries have been included fully in the consolidated financial statements. The list of shareholdings is shown in the Notes in the section "List of Shareholdings of the Jenoptik Group".

The consolidated financial statements of JENOPTIK AG includes 37 (prior year: 39) fully consolidated subsidiaries. Of which 5 (prior year: 7) have their legal seat in Germany and 32 (prior year: 32) have theirs abroad. The decrease is due to an intra-group merger and the liquidation of a property company. 1 entity (prior year: 3) will continue to be included in the consolidated financial statements based on the equity method.

As part of the continued focusing process, on August 6, 2023, Jenoptik acquired the remaining 33.34 percent non-controlling interest in JENOPTIK Korea Corporation Ltd., from the previous co-shareholder, TELSTAR-HOMMEL CORPORATION, Ltd. Jenoptik has consequently held 100 percent of the shares in the company since this time. The acquisition was made as part of a non-cash share exchange for the shares held by Jenoptik in TELSTAR-HOMMEL CORPORATION, Ltd. (see section "Investments accounted for using the equity method") and is beyond that reported as a transaction between owners outside of profit or loss.

The subsidiaries in the table below have material investments held by non-controlling shareholders. Additional entities have insignificant investments held by non-controlling shareholders. The corresponding minority investments can be seen in the List of Shareholdings.

Name	Registered office of the entity	Non-controlling interests
Beijing TRIOPTICS Optical Test Instruments (China) Ltd.	China	49.00
TRIOPTICS Hong Kong Limited (via TRIOPTICS China)	Hong Kong	49.00

The following table summarizes the financial information of subsidiaries with significant minority shareholders based on their IFRS individual financial statements and impacts arising from the purchase price allocation. Impacts of the consolidation were not taken into account.

in thousand euros	Trioptics China	Trioptics Hong Kong
Revenue	17,091 (15,069)	12,377 (17,617)
Earnings after tax	3,466 (6,074)	443 (328)
Other comprehensive income	– 593 (– 429)	– 157 (547)
Total other comprehensive income	2,873 (5,644)	286 (874)
Non-current assets	1,244 (1,465)	1,466 (2,252)
Current assets	11,449 (16,819)	5,446 (8,374)
Non-current liabilities	377 (632)	229 (372)
Current liabilities	7.781 (9.699)	4.381 (6.356)
Net assets	4,535 (7,953)	2,303 (3,899)
Cash flow from operating activities	1,443 (8,339)	– 1,411 (1,477)
Cash flow from financing activities	– 9,043 (– 2,616)	– 1,883 (– 4,027)

The figures in brackets relate to the prior year

2.2 Consolidation procedures

The assets and liabilities of the domestic and foreign entities included in full in the consolidated financial statements are recognized in accordance with the uniform accounting policies and valuation methods applicable for the Jenoptik Group.

At the date of the acquisition of the entity, the capital consolidation is carried out in accordance with the acquisition method. The assets and liabilities of the subsidiaries are recognized at the fair values. Furthermore, identifiable intangible assets are capitalized and specific contingent liabilities classified as liabilities. The remaining difference between the consideration transferred, including the fair value of contingent considerations, and the net assets acquired, corresponds to the goodwill. This is subject to an annual impairment test in the subsequent periods in accordance with IAS 36.

Intra-group assets and liabilities, income and expenses, as well as cash flows from transactions between consolidated companies, are eliminated. Intra-group goods and services are delivered and rendered both on the basis of market prices as well as transfer prices which are determined on the basis of the "dealing-at-arm's-length" principle. Assets from intra-group deliveries included in the inventories for intangible assets and property, plant, and equipment, are adjusted by intra-group results. Consolidation transactions recognized as profit or loss are subject to the accrual of deferred taxes, with deferred tax assets and deferred tax liabilities being netted if there is a legally enforceable right to offset actual tax refund claims against actual tax liabilities and insofar as they concern income taxes levied by the same tax authority.

In the event of loss of control of a subsidiary, the assets and liabilities of the subsidiary are derecognized (deconsolidation) and any resulting gain or loss taken into account in the statement of profit or loss.

The consolidation methods applied were not changed compared to the prior year.

2.3 Foreign currency conversion

Annual financial statements of the consolidated entities prepared in foreign currencies are converted on the basis of the functional currency concept as defined in IAS 21 “The Effects of Changes in Foreign Exchange Rates” by using the modified reporting date exchange rate method. Since the subsidiaries conduct their business activities independently from the financial, economic and organizational aspects, the functional currency of the entities is generally identical to that of their respective national currency.

Assets and liabilities are consequently converted at the exchange rate on the reporting date, whereas expenses and income are converted at the average rate which is determined on a monthly basis. The resulting difference arising from the currency conversion is offset outside of profit or loss and shown separately in equity under “Cumulative exchange differences”.

If group companies leave the group of consolidation, the relevant currency translation difference is released through profit or loss.

Receivables and payables in the individual financial statements of consolidated entities prepared in a local currency which is not the functional currency of the subsidiary, are converted at the exchange rate on the reporting date in accordance with IAS 21. Differences arising from currency translation are recognized in profit or loss under other operating income or other operating expenses and, to the extent that they result from financial transactions, in financial income or financial expenses. This excludes differences from currency translation arising from loans and advances which represent part of the net investment in a foreign operation. These foreign currency exchange differences are recorded in other comprehensive income and shown in equity under “Cumulative exchange differences” until the sale of the net investment; it is only at the time of their disposal that the cumulative amount is reclassified into the statement of profit or loss.

The exchange rates used for the conversion are shown in the table below:

		Annual average exchange rate		Exchange rate on the reporting date	
	1 euro =	1/1-31/12/2023	1/1-31/12/2022	31/12/2023	31/12/2022
Australia	AUD	1.6285	1.5174	1.6263	1.5693
Canada	CAD	1.4596	1.3703	1.4642	1.4440
Switzerland	CHF	0.9717	1.0052	0.9260	0.9847
China	CNY	7.6591	7.0801	7.8509	7.3582
Great Britain	GBP	0.8699	0.8526	0.8691	0.8869
Hong Kong	HKD	8.4676	8.2512	8.6314	8.3163
India	INR	89.3249	82.7145	91.9045	88.1710
Japan	JPY	151.9421	138.0051	156.3300	140.6600
Korea	KRW	1,413.2644	1,358.0712	1,433.6600	1,344.0900
Singapore	SGD	1.4523	1.4520	1.4591	1.4300
Taiwan	TWD	33.6738	31.3273	33.8607	32.7235
USA	USD	1.0816	1.0539	1.1050	1.0666

3 Accounting Policies and Valuation Methods

3.1 Goodwill

Goodwill as stated in IFRS 3 corresponds to the positive difference between the consideration for a business combination and the newly acquired, revalued assets and liabilities, including certain contingent liabilities remaining after a purchase price has been allocated. This is recorded in intangible assets.

As part of gaining control over the acquired entity, non-controlling interests are valued according to the share of identifiable net assets.

Goodwill is recognized as an asset and subject to an impairment test at least once a year on a defined date or whenever there is an indication that the cash-generating unit could be impaired. An impairment loss to goodwill is recognized immediately through profit or loss in other operating expenses and not reversed in later reporting periods.

3.2 Intangible assets

Intangible assets acquired for consideration, primarily patents, trademarks, software and customer relationships, are capitalized at their acquisition costs. Intangible assets with finite useful lives are subject to scheduled amortization on a straight-line basis over their economic useful lives. This is generally a period of three to fifteen years. The Group reviews whether its intangible assets with a finite useful life have suffered an impairment loss (see section "Impairments of Property, Plant, and Equipment and Intangible Assets").

Internally generated intangible assets are capitalized if the recognition criteria of IAS 38 "Intangible assets" have been fulfilled.

Development costs are capitalized if a newly developed product or process can be clearly identified, is technically realizable and if there are plans for production, own use or marketing. Furthermore, capitalization requires that there is sufficient probability that the development expenses will be covered by future financial cash inflows and can be reliably determined. Finally, there must be sufficient resources available to conclude the development and enable the asset to be used or sold.

Internally generated patents are subject to scheduled amortization on a straight-line basis over their expected useful lives. This is generally a period of five to ten years.

Intangible assets not ready for use are subject to impairment tests at least on an annual basis to determine any impairments. Capitalized development costs are subject to scheduled amortization over the expected sales period of the products – in principle however no longer than five years. In this context, the acquisition and production costs cover all the costs directly attributable to the development process as well as appropriate portions of the overheads relating to the development. If the requirements for capitalization have not been met, the expenditures are recognized through profit or loss in the year they are incurred.

Amortization of intangible assets is allocated to the corresponding functional areas of the income statement depending on the cause.

In accordance with IAS 38, research costs and development costs that cannot be capitalized are recognized as ongoing expenses in research and development expenses.

3.3 Property, plant, and equipment

Property, plant, and equipment are measured at acquisition and production cost, less scheduled, straight-line depreciation. The method of depreciation reflects the expected pattern of consumption of the future economic benefit. If the acquisition cost of individual components of an asset is material (particularly in the case of buildings), the depreciation is applied separately for each part of the property, plant, and equipment. Where necessary, impairments reduce the amortized acquisition and production cost. Production costs are calculated on the basis of directly attributable specific costs as well as proportionate, directly attributable cost of materials and production overheads including depreciation.

Costs for the repair of property, plant, and equipment are generally treated as an expense. Subsequent acquisition costs for components of property, plant, and equipment which are renewed at regular intervals, are capitalized insofar as a future economic benefit is likely and the corresponding costs can be reliably measured.

As in the prior year, scheduled depreciation, is essentially based on the following useful lives:

	Useful life
Buildings	12 - 80 years
Machinery and technical systems	5 - 15 years
Other equipment, operating, and office equipment	3 - 15 years

If items of property, plant, and equipment are decommissioned, sold, or relinquished, the gain or loss arising from the difference between the proceeds from the sale and the residual carrying amount is recognized under other operating income or expenses.

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

Property, plant, and equipment and intangible assets with finite useful lives are assessed at each reporting date to see if there are any indications of possible impairments for the corresponding assets in accordance with IAS 36 “Impairment of assets”. If any such indications for specific assets or a cash-generating unit are identified, these will be subject to an impairment test.

The cash-generating unit for the impairment test of property, plant, and equipment and intangible assets is generally the reporting unit. The goodwill impairment test is conducted at the level of a group of cash-generating units represented by the Advanced Photonic Solutions and Smart Mobility Solutions segments, as well as by the HOMMEL ETAMIC and Prodomax operations for the Non-Photonic Portfolio Companies.

As part of the impairment test, the recoverable amount of an asset or (group of) cash generating unit(s) is first determined and then compared with the corresponding carrying amount in order to identify if there is any need for impairment.

The recoverable amount is the higher of the fair value less costs to sell and value in use of an asset or a (group of) cash-generating unit(s).

Value in use is determined on the basis of the discounted expected future cash inflows. This is based on a fair market interest, before taxes, which reflects the risks of using the assets that are not yet reflected in the estimated future cash inflows.

If the recoverable amount of an asset is estimated to be less than the carrying amount, it is then depreciated to the recoverable amount. The impairments are immediately recognized in other operating expenses, through profit or loss.

If an impairment loss is reversed in a subsequent period, the carrying amount of the asset is adjusted to reflect the recoverable amount determined. The maximum limit for the reversal of an impairment is determined by the amount of the amortized acquisition or production costs that would have been recorded if an impairment loss had not been recognized in prior periods. The impairment reversal is immediately shown in other operating income, through profit or loss.

3.5 Leases

On commencement of contract, the Group assesses whether a contract constitutes or contains a lease. This is the case if the contract provides the entitlement to control the use of an identified asset for consideration of a remuneration to be monitored for a specific period. As a lessee, Jenoptik fundamentally accounts for the rights of use of the lease items and the corresponding leasing liabilities in accordance with IFRS 16.

Rights of use are measured at acquisition costs less all accumulated depreciation. The acquisition costs include the recognized lease liabilities, the initial direct costs incurred as well as the lease payments made at or before provision. Rights of use are subject to planned, straight-line depreciation over the shorter of the two periods of duration and expected useful life and for real estate class assets amount to one to 22 years and for machinery, technical equipment as well as other equipment, operating and office equipment class assets, one to five years. The rights of use are recognized in the balance sheet item under which the underlying asset would be recognized if it were the property of the Group.

Lease liabilities are recognized at present value. They include fixed payments, variable lease payments linked to an index or interest rate, payments arising from a contractually guaranteed residual value, payments from the exercising of renewal or purchase options deemed to be sufficiently secure and contractual penalties for exercising sufficiently secure termination options.

When calculating the present value of the lease payments, the Group applies its incremental borrowing rate on the date of provision if the interest rate underlying the lease cannot be readily determined. The Group’s lease liabilities are shown in the items “Non-current financial debt” and “Current financial debt”.

The Group makes use of the practical expedients offered by IFRS 16 and recognizes the lease payments for short-term leases (excluding property) as well as low-value leased assets as expenses on a straight-line basis over the term of the lease.

3.6 Investments accounted for using the equity method

Shares in companies over which Jenoptik exerts key influence, as well as shares in joint ventures, are accounted for using the equity method under IAS 28. For this purpose, the original investment carrying amount value is updated with the shares in the company's equity changes to which the shareholders are entitled. The share of the companies' profit or loss is shown in other operating income or expenses. Shares in total comprehensive income, however, are recognized outside profit or loss. The shares of the total comprehensive income recorded in the current year are based on the companies' preliminary annual financial statements. Differences between the preliminary and final annual financial statements are taken into account in the following year.

3.7 Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. According to IAS 32, such instruments include on the one side primary financial instruments such as trade receivables and trade payables or financial receivables and financial payables. On the other side, it also includes derivative financial instruments which are used as hedging transactions to protect against risks arising from changes in foreign currency exchange rates and interest rates.

Financial assets and financial liabilities are recognized in the consolidated statement of financial position from the date on which the Group becomes a contractual party in the financial instrument.

Depending upon the Group's business model for managing assets and the question as to whether the contractual cash flows of the financial instruments exclusively constitute repayments and interest payments on the outstanding nominal amount, the existing financial instruments are categorized in accordance with IFRS 9 either as "at amortized costs", "at fair value through other comprehensive income", or "at fair value through profit or loss" and recognized accordingly.

The amortized costs of a financial asset or a financial liability are defined as the amount at which a financial asset or financial liability was measured when recognized for the first time

- less any repayments,
- less any impairments or potential inability to be recovered, as well as
- added/less the cumulative distribution of any difference between the original amount and the amount repayable on maturity (for example premium and transaction costs). Under the effective interest method, this difference is spread over the term of the financial asset or financial liability.

The amortized costs for current receivables and payables generally reflect the nominal amount or the repayment value.

The fair value generally corresponds to the market or stock market value. If there is no active market, the fair value is determined by using financial mathematical methods, for example by discounting estimated future cash flows at market interest rate or by applying standard option price models and verifying confirmations issued by the banks that process the transactions.

a) Non-derivative financial instruments

Shares in entities

Initial recognition in the statement of financial position is based on the fair value.

In the Jenoptik Group, all long-term shareholdings in companies are classified as "at fair value through other comprehensive income" based on the exercising of the accounting choice granted in accordance with IFRS 9 and measured at fair value. In the absence of any identifiable market prices, the fair values of these financial instruments are determined on the basis of discounted cash flows. Changes in value are recorded in other comprehensive income outside of profit or loss.

Jenoptik holds shares in 5 (prior year: 6) non-consolidated, affiliated entities as well as in 5 (prior year: 6) other entities with a maximum shareholding of 50 percent each. These entities are of minor importance respectively and overall, for the asset, financial and earnings situation of Jenoptik. Therefore, based on the principle of cost effectiveness and materiality, these were not included in the consolidated financial statements respective no equity accounting was conducted.

Loans
Loans involve credits granted by the Jenoptik Group and are to be measured at the amortized costs in accordance with IFRS 9. All identifiable default risks are taken into consideration through corresponding impairments.

Non-current, non-interest-bearing loans and low-interest-bearing loans are accounted for at their present value.

Trade receivables
Trade receivables are non-interest bearing due to their short-term nature and are recognized at nominal value less impairments on the basis of expected credit loss (amortized costs).

Other financial assets
Other financial assets are recognized at amortized costs. All identifiable default risks are taken into consideration through corresponding impairments.

Non-current, non-interest-bearing or low interest-bearing receivables are discounted.

Current financial investments
Current cash deposits and current financial receivables are classified "at amortized costs" in accordance with IFRS 9 and measured accordingly.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, checks and bank balances with banks available on demand. These are recognized at the nominal amount less risk provision for the risk of expected loan defaults.

Equity instruments
An equity instrument is any contractual agreement that constitutes a residual claim on the assets of the Group after deduction of all liabilities. Shares which have been issued are classified as equity, whereby the costs (less related income tax benefits) directly attributable to the issue of treasury shares, have been deducted from equity.

Liabilities to banks
Interest-bearing bank loans and overdraft lines of credit are accounted for at the amount received less directly attributable disbursement expenses. Financing costs, including premiums payable on repayment or redemption, are recognized in accordance with the accrual's principle, using the effective interest method. Amortization via the effective interest method is included in the statement of profit or loss as part of the financial expenses.

Other financial liabilities
In principle, financial liabilities are measured at amortized costs by applying the effective interest method. This does not apply to financial liabilities which are accounted for at fair value through profit or loss.

b) Derivative financial instruments
The Jenoptik Group uses derivative financial instruments for hedging risks arising from fluctuations in interest and foreign currency exchange rates. They serve to reduce earnings volatility resulting from interest and foreign currency exchange risks. Fair value was determined on the basis of the market conditions – interest rates, currency exchange rates – at the balance sheet date and using the valuation, applying generally recognized measurement methods presented below.

Derivative financial instruments are not used for speculation purposes. The use of derivative financial instruments is subject to a group guideline which governs the use of derivative financial instruments. The Group uses cash flow hedges to hedge risks from foreign currency exchange and interest rates changes.

Changes in the fair value of derivative financial instruments used to hedge a cash flow risk are documented. If the hedging relationships are classified as effective, the changes in fair value are recognized outside of profit or loss in other comprehensive income. Reclassifications from equity to profit or loss are carried out in the period in which the hedged underlying transaction is recognized through profit or loss. Fluctuations in the value of financial instruments classified as ineffective are recognized directly through profit or loss.

3.8 Inventories

Inventories are measured at the lower of acquisition and production costs and their net realizable value.

The net realizable value is the estimated proceeds from sale less the estimated production costs and any further costs incurred up to sale. For determining the net realizable value, devaluation routines are applied in addition to case-by-case assessment. The range, market price (based on existing orders) as well as marketability, serve as indicators of lower net sales proceeds.

Acquisition costs comprise all costs of purchase as well as other costs incurred in bringing the inventories to their present condition. These take into account any reductions such as rebates, bonuses or trade discounts.

Production costs include production-related costs determined on the basis of normal capacity utilization. In addition to the unit costs, this includes appropriate portions of the necessary material and production overhead costs as well as production-related depreciation that can be directly attributed to the production process. This takes into account, in particular, the costs incurred at the specific production cost centers. Administrative costs are also considered insofar as they are attributable to production. If values at the reporting date have decreased owing to lower prices on the sales market, then these are recognized. In principle, the valuation of similar inventory assets is based on the average method. If the reasons that led to a write-down of inventories cease to exist and the net realizable value has consequently increased, the reversals of write-downs are recognized as a reduction in material expenses in the corresponding period in which the reversal of the write-downs occurs.

3.9 Contract assets and contract liabilities

A contract asset is the as yet unconditional claim to the receipt of a consideration in return for goods or services transferred to a customer. If the Group meets its contractual obligations by transferring goods or services to a customer before the customer pays the consideration or before the payment is due, a contract asset is recognized for the conditional claim to consideration in return. This gives rise to contract assets as the difference between the realized revenue from the respective order, less payments received and customer billings. Receivables due from customers arising from invoices issued, are shown under trade receivables.

If the received payments and requested payments due, as well as the customer billings issued, exceed the realized revenue, a contract liability will be shown. A contract liability therefore constitutes the obligation of the Group to transfer goods or services to a customer for which the Group has received a consideration from the customer or for which a requested payment is due. Contract liabilities are recognized as revenues as soon as the Group fulfills its contractual obligations.

The contractual liabilities additionally include obligations arising from contractual penalties which have to be taken into account as a variable consideration, reducing revenue.

Contract assets reported in accordance with IFRS 15 are measured at the nominal value, taking into account impairments in the default amounts expected over the entire useful life.

3.10 Deferred taxes

Deferred tax assets and tax liabilities are calculated in the amount of the expected tax burden or tax relief for subsequent fiscal years on the basis of the tax rate applicable at the date of realization. The effects of changes in tax rates on deferred taxes are recognized in the reporting period in which the legislative procedure underlying the tax rate change is completed.

Tax effects that may result from the future application of the global minimum taxation rules (Pillar Two) are not taken into account when calculating the recognition of deferred tax assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset against each other insofar as taxes are levied by the same authority and relate to the same tax period.

3.11 Pension provisions

Pensions and similar obligations comprise the pension obligations of the Jenoptik Group arising from both defined benefit as well as defined contribution retirement schemes.

Defined benefit plans

In defined benefit retirement schemes, pension provisions are measured in accordance with IAS 19 according to the projected unit credit method. In this context, the future obligations are valued measured on the basis of benefit claims acquired pro rata as of the balance sheet date, taking into account trend assumptions for the valuation parameters which affect the level of benefits. An actuarial expert opinion for this procedure is obtained at least once a year.

Assets that meet the requirements for plan assets under IAS 19.8 are recognized at their fair value and offset against the pension provisions.

Service costs of the pension provisions are reported as personnel expenses in the corresponding functional costs. The net interest expense is reported in the financial result and determined by multiplying the net liability at the beginning of the period by the interest rate underlying the discounting of the pension provision at the beginning of the period. Actuarial gains and losses due to adjustments and changes in assumptions in connection with the valuation of pension provisions and plan assets (including the difference between the actual return on plan assets realized and the return typically assumed at the beginning of the period) as well as from the adjustment to the asset ceiling, are recognized in other comprehensive income outside of profit or loss.

Defined contribution plans

For defined contribution pension schemes, the contributions payable are recognized directly as an expense.

3.12 Tax provisions

Tax provisions contain obligations arising from current income taxes, including uncertain tax items. Claims for tax refunds are recognized under other current non-financial assets. Deferred taxes are disclosed in separate items in the statement of financial position.

Tax provisions for corporate income tax and trade tax or similar income tax expenses are determined on the basis of the taxable income of the consolidated entities, less any prepayments made.

3.13 Other provisions

In accordance with IAS 37, provisions are set aside to the extent that there is a current legal or constructive obligation to third parties arising from a past event that is likely to lead to an outflow of resources in the future and the amount of which can be reliably estimated. No provisions are set aside for expenses that are inextricably linked to future operating activities.

Provisions are recognized at their settlement value discounted at the reporting date, provided that the interest effect is significant. The settlement value also includes the expected increases in prices and costs. The discounting is based on non-negative interest rates before taxes that reflect current market expectations with regard to the interest effect and which are dependent upon the corresponding term of the liability. The interest portion arising from the compounded provision, as well as any effects of changes in interest rates, are recognized in the financial result.

Provisions are measured based on empirical values, taking into account the circumstances at the balance sheet date.

Provisions for onerous contracts are recognized in the amount of the liability overhang from the difference between the unavoidable costs of fulfilling the contract and the expected economic benefits.

Provisions for guarantees and warranties are set aside for individual cases and on a lump-sum basis. The amount of the provision is based on the historical development of warranties as well as a consideration of all currently known and future potential warranty claims, weighted with their probability of occurrence.

Claims to the right of recourse are only considered if these are as good as certain.

3.14 Share-based payments

The members of the Executive Board and some senior management personnel of JENOPTIK AG receive multi-year variable remuneration (Long Term Incentives - LTI) in the form of virtual shares or (virtual) performance shares. Both types of virtual shares are accounted for in accordance with IFRS 2 as share-based payments with settlement in cash. At the balance sheet date and depending upon the contractual provisions, a provision is set aside in the amount of the earned fair value of the payment obligation according to IFRS 2, through profit or loss.

3.15 Contingent liabilities

Contingent liabilities are potential obligations that are based on past events and whose existence is only clarified by the occurrence of one or more uncertain future events, which are, however, outside the control of the Jenoptik Group. Moreover, current obligations can constitute contingent liabilities if there is insufficient certainty regarding the likelihood of outflows of resources to set aside a provision and/or the amount of the obligation cannot be estimated to sufficiently reliable extent. The valuations of the contingent liabilities correspond to the existing scope of liability at the balance sheet date. In principle, they are not accounted for in the statement of financial position but are explained in the Notes.

3.16 Revenue

Revenue from contracts with customers are accounted for in accordance with IFRS 15 if the control of the goods or services is transferred to the customer. These are recognized in the amount of the consideration in return that the Group is expected to receive in exchange for these goods or services. For sales transactions with multiple performance obligations, revenues are allocated on the basis of the estimated stand-alone selling prices.

Revenue from the sale of goods is generally realized at the time when control of the good passes to the customer. The determination of this timing takes into account, among other things, the transfer of the legal ownership, the physical transfer of possession, and any potentially agreed acceptance of the products by the customer.

In certain cases, the goods produced by Jenoptik as part of a specific order process represent assets with no alternative use to the Group. Subject to the additional requirement of an enforceable right for payment for the performance completed to date, the revenue is recognized over time, whereby the percentage of completion is determined generally according to the input-oriented cost-to-cost method. This applies both to the production of individual assets as well as to development projects with subsequent volume production (customer-specific volume production).

Revenue from the rendering of services which represent separate performance obligations within the framework of IFRS 15 and from which the customer can benefit at the same time as the service is rendered, are recognized over time by measuring the progress towards complete satisfaction of that performance obligation as at the balance sheet date, whereby the percentage of completion is determined according to the input-oriented cost-to-cost method.

The Group is usually subject to statutory warranties for the repair of defects that were present at the time of sale. These so-called assurance-type warranties are recognized under provisions for warranties in accordance with IAS 37. If agreed guarantees and warranty claims significantly exceed the usual framework (so-called service-type warranties), these are assessed and accounted for as a separate performance obligation. In this case, the revenue for the applicable portion is realized on a straight-line basis over the agreed period of the service-type warranty.

Rental income received from property is realized on a straight-line basis over the term of the corresponding rental contracts and disclosed under revenue insofar as this is the result of the entity's normal business activities.

If a contract contains a number of distinct components (multi-component contracts), these will be separately recognized in accordance with the above principles.

In determining the amount of consideration in return that Jenoptik receives for fulfilling a customer order, agreed variable components are estimated at the beginning of the contract and then included in the transaction price when it is highly likely that the elimination of the uncertainty associated with the variable components of the consideration in return will not lead to a cancellation of revenue which has already been recognized. At Jenoptik, this applies to both agreed discounts and bonuses as well as to possible contractual penalties.

Based on the fact that advances received from the customer are generally current, the Group takes advantage of the simplification relief offered by IFRS 15 and refrains from taking a financing component into account when determining the consideration in return.

3.17 Cost of sales

The costs incurred to achieve the revenue are recorded under cost of sales. This item also includes the costs of the allocation of provisions for warranty as well as additions and reversals of provisions for onerous contracts related to customer orders. The scheduled depreciation/amortization of intangible assets and property, plant, and equipment is shown in the respective functional costs and in accordance with the principle of cause and included in cost of sales insofar as they are attributed to the production process.

3.18 Research and development expenses

Research and development expenses include non-capitalizable research and development expenses, with the exception of research and development expenses for customer orders which are disclosed under cost of sales.

3.19 Selling expenses and general administrative expenses

In addition to personnel and material costs, selling expenses include shipping, advertising, sales promotion, market research and customer service costs incurred. In addition, selling expenses also include the costs of obtaining a contract which are immediately recognized as an expense as a result of applying the practical remedy under IFRS 15, since the period of depreciation/amortization for the asset that the Group would otherwise have recognized is not more than one year. Amortization of customer relationships and order backlogs acquired as part of business combinations are also recorded in the selling expenses.

General administrative expenses include personnel and material costs, as well as well as administration-related depreciation.

3.20 Other operating income and expenses

Impairments and reversals of impairments for trade receivables and contract assets in accordance with IFRS 9 are included in other operating income and expenses. Income from the reversal of provisions is recognized in the functional costs, insofar as the provision was also set aside via the corresponding functional costs. If the provision was set aside in other operating expenses, the reversal of the provision is also shown in other operating expenses. Furthermore, these items include currency exchange gains and losses arising from operational receivables and liabilities as well as net gains and losses arising from hedging instruments for these items. The items also include effects arising from the hedging of net positions. Income and expenses from the measurement of the fair value of contingent considerations arising from business combinations are shown in these items if the contingent considerations is dependent upon financial parameters within the EBIT. Earnings contributions from investments accounted for using the equity method as well as gains or losses in connection with their disposal and other taxes are also recognized in these items.

3.21 Financial income and financial expenses

The financial income and financial expenses of the Group mainly comprise interest income and interest expenses as well as the investment income and investment expenses arising from financial investments. In addition, the financial result includes currency exchange gains and losses arising from financial assets and liabilities as well as net gains and losses arising from hedging instruments for these financial assets and liabilities.

4 Disclosures on the Statement of Income

4.1 Revenue

Detailed disclosures on revenue by division and region are shown in the section “Segment report”.

A breakdown of the date of the transfer of goods or services (recognition of revenue over time and at a point in time) is shown below:

in thousand euros	Advanced Photonic Solutions	Smart Mobility Solutions	Non-Photonic Portfolio Companies	Other	Total
External revenue	**821,192**	**118,784**	**121,104**	**4,968**	**1,066,048**
	(742,593)	**(114,307)**	**(119,289)**	**(4,493)**	**(980,684)**
of which, recognized over time	309,911	54,794	69,939	4,968	439,612
	(268,262)	(36,760)	(67,856)	(4,493)	(377,372)
of which, recognized at a point in time	511,281	63,990	51,164	0	626,436
	(474,332)	(77,547)	(51,433)	(0)	(603,312)

The figures in brackets relate to the prior year

The revenue recognized over time includes revenue from customer-specific volume production in the sum of 261,172 thousand euros (prior year: 216,218 thousand euros). In addition, revenue for customer-specific individual production, services provided and arising from the Traffic Service Provision contracts were recognized over time.

In addition, revenue recognized over time includes other revenue of Smart Mobility Solutions division arising from embedded operating-leasing contracts in the sum of 11.726 thousand euros (prior year: 11,071 thousand euros) as well as rental revenue generated by the corporate center in the sum of 3,523 thousand euros (prior year: 3,442 thousand euros).

As in the prior year, no significant revenue was recognized for performance obligations that had already been fulfilled in prior years.

4.2 Cost of sales

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Cost of materials and services purchased	393,619	356,975
Personnel expenses	220,552	201,453
Depreciation and amortization	41,447	33,150
Other cost of sales	39,909	43,403
Total	**695,527**	**634,982**

4.3 Research and development expenses

Research and development expenses cover expenses attributable to research and development activities that cannot be capitalized. This item in the statement of profit or loss does not include expenses in connection with research and development services paid for by customers in the sum of 27,909 thousand euros (prior year: 27,952 thousand euros). These were allocated to cost of sales.

In the fiscal year just past, expenses of 5,496 thousand euros (prior year: 4,207 thousand euros) were capitalized for internal development projects in intangible assets.

4.4 Expenses according to types of expense

The following main types of expenses are included in cost of sales, selling and administrative expenses as well as in the research and development expenses:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Cost of materials and services purchased	422,267	382,842
Personnel expenses	388,493	355,829
Depreciation and amortization	70,870	68,254
Other expenses	43,791	55,703
Total	**925,421**	**862,628**

4.5 Other operating income

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Income from currency gains	6,409	12,004
Income from services, clearing, rental and staff restaurant	2,693	1,314
Income from benefits in kind	2,283	1,874
Income from reversal of impairments for trade receivables and contract assets	2,103	3,128
Income from compensation/insurance payments	1,788	600
Income from the sale of intangible assets, property, plant and equipment and investments accounted for using the equity method	1,206	208
Income from fair value adjustments of conditional purchase price components	447	0
Income from government grants	352	545
Income from reversal of impairments for intangible assets and property, plant, and equipment	314	0
Income from investments accounted for using the equity method	132	690
Other income	1,039	1,145
Total	**18,767**	**21,508**

Income from services, clearing and rentals which do not result from the normal business activity of the entities, are reported under other operating income.

4.6 Other operating expenses

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Currency losses	8,542	13,970
Impairments to intangible assets and property, plant and equipment	8,714	13,894
Losses from the sale of intangible assets, property, plant, and equipment and investments accounted for using the equity method	5,271	716
Expenses from impairments on investments accounted for using the equity method	3,994	0
Expenses from impairments on trade receivables and contract assets	3,114	3,533
Other taxes	1,052	606
Expenses from services, clearing, rentals and staff restaurant	937	225
Expenses for group projects	599	1,656
Transaction costs	266	1.796
Expenses from adjustment to the fair values of conditional purchase price components	0	1,100
Other expenses	482	729
Additions to/reversal of provisions	98	– 569
Total	**33,067**	**37,655**

In 2023, the balance of foreign currency gains and losses led to a net loss of 2,132 thousand euros (prior year: 1,966 thousand euros).

The balance of expenses for impairments and reversals of impairments arising from trade receivables and contract assets led to a net loss in the sum of 1,011 thousand euros (prior year: 405 thousand euros).

Information on impairments on non-current assets can be found in the sections “Intangible assets” and “Investments accounted for using the equity method”.

Losses from the disposal of non-current assets resulted in particular from discontinued development projects from which no future economic benefit is expected, as well as from concept and customizing measures initiated as part of the SAP S/4 HANA system that will no longer be pursued.

4.7 Financial income and financial expenses

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Income from foreign currency valuation of financial transactions	6,135	9,584
Other interest and similar income	764	875
Income from the compounding/discounting of other provisions and liabilities	0	1,081
Investment income	74	108
Total financial income	**6,973**	**11,648**
Financing costs for syndicated loans and debenture bonds	12,033	7,042
Expenses from the foreign currency valuation of financial transactions	5,164	8,001
Interest expenses for leases	1,848	976
Expenses from the compounding/discounting of other provisions and liabilities	314	0
Net interest expenses for pension provisions	148	84
Other interest and other financial expenses	2,419	1,501
Total financial expenses	**21,925**	**17,604**
Total	**– 14,952**	**– 5,956**

In fiscal year 2023, income from the foreign currency valuation of financial transactions in the sum of 6,135 thousand euros (prior year: 9,584 thousand euros) and counteracting expenses in the sum of 5,164 thousand euros (prior year: 8,001 thousand euros) led to a net profit of 972 thousand euros (prior year: of 1,583 thousand euros). This result is attributable to currency exchange gains and losses from group financing.

4.8 Income taxes

Current income tax expenses (paid or owing), as well as deferred tax assets and deferred tax liabilities in the individual countries, are shown as income taxes. The current income tax expenses of the Jenoptik Group were calculated by applying the tax rates applicable at the balance sheet date.

The calculation of the deferred taxes for the domestic entities was based on a tax rate of 30.36 percent (prior year: 30.36 percent). In addition to the corporate income tax in the sum of 15.0 percent (prior year: 15.0 percent) and the solidarity surcharge of 5.5 percent of the corporate income tax (prior year: 5.5 percent), an effective trade tax ate of 14.54 percent (prior year: 14.54 percent) was taken into account. The calculation of deferred taxes for foreign entities is based on the tax rates which are currently or imminently applicable in the respective country.

Deferred taxes are recognized as either tax expenses or tax income in the consolidated statement of profit or loss, unless these directly relate to items recognized outside of profit or loss in other comprehensive income. In this case the deferred taxes are also recognized outside of profit or loss in other comprehensive income.

Uncertainties regarding the treatment of income for tax purposes are subject to continuous analysis. Where there is a probability of the tax authorities not accepting uncertain income tax treatment, a reasonable sum will be set aside for risk provisioning. The amount of the risk provision shall be equal to the amount which represents the most likely value or expected value, taking into account any tax uncertainties. In this context, uncertain tax issues are not considered separately but together.

In various countries in which Jenoptik operates, laws implementing the global minimum taxation (Pillar II) have been passed or have come into force. These laws will apply to the Jenoptik Group for the first time from the fiscal year January 1 to December 31, 2024. In this context, Jenoptik has conducted an assessment of the potential risks associated with Pillar II income taxes. This assessment is based on qualified country-by-country reporting for all group entities which are to be included. As a result, the effective tax rates in accordance with Pillar II are above the minimum tax rate of 15 percent in most of the countries in which Jenoptik operates. The 'safe harbor' regulations do not currently apply to two of the Jenoptik Group entities. Jenoptik does not anticipate any material impact of Pillar II income taxes in these two countries.

Tax expenses were classified according to origin as follows:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Current income taxes		
Germany	9,419	10,299
Abroad	12,326	9,697
Total	**21,745**	**19,996**
Deferred taxes		
Germany	18,257	18,652
Abroad	– 2,438	– 6,546
Total	**15,819**	**12,106**
Total income taxes	**37,563**	**32,103**

The current income taxes for 2023 include an income in the sum of 1,057 thousand euros (prior year: 710 thousand euros) for earlier business periods. Deferred tax expenses included expenses relating to a different period in the sum of 1,030 thousand euros (prior year: 700 thousand euros).

Deferred tax expenses include income resulting from the development of temporary differences in the sum of 114 thousand euros (prior year: 3,438 thousand euros).

As at the balance sheet date, the Jenoptik Group had the following tax loss carry forwards for offsetting against future profits:

in thousand euros	31/12/2023	31/12/2022
Corporate income tax	54,815	98,341
Trade tax	191,765	241,773

The reduction in tax losses carried forward mainly resulted from their being used in the fiscal year just past. Taking into consideration all currently known positive and negative factors influencing the future tax results of the Jenoptik Group, a utilization of the corporate income tax loss carried forward of 20,424 thousand euros (prior year: 70,763 thousand euros) and the use of trade tax losses carried forward of 191,046 thousand euros (prior year: 240,586 thousand euros) is probable. A deferred tax claim of 31,316 thousand euros (prior year: 46,907 thousand euros) was recognized for these available tax losses carried forward, of which 27,769 thousand euros (prior year: 34,982 thousand euros) was attributable to trade tax losses carried forward.

For the remaining, non-utilizable losses carried forward, no deferred tax assets were recognized for corporate income tax purposes in the sum of 34,391 thousand euros (prior year: 27,578 thousand euros) and for trade tax purposes in the sum of 719 thousand euros (prior year: 1.187 thousand euros).

A portion of the tax losses with carry forward option is subject to a time limit for carry forward purposes:

in thousand euros	31/12/2023	31/12/2022
Up to 1 year	262	184
2 to 5 years	250	362
6 to 9 years	563	308
More than 9 years	1,548	2,879
Total losses with carried forward option subject to a time limit	**2,623**	**3,733**

No deferred tax assets were shown for allowable time differences in the sum of 192 thousand euros (prior year: 2,978 thousand euros) as these will probably not be realized in the underlying reporting period.

The following recognized deferred tax assets and deferred tax liabilities were attributed to recognition and valuation differences in the individual balance sheet items and to tax losses carried forward:

	Deferred tax assets		Deferred tax liabilities	
in thousand euros	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Intangible assets	13,869	11,126	34,785	35,274
Property, plant, and equipment	898	1,493	17,381	14,740
Financial investments	3,473	233	5,036	2,593
Inventories	8,615	9,357	2,305	1,225
Receivables and other assets	2,725	1,319	10,835	11,544
Provisions	5,182	6,955	1,161	1,738
Liabilities	14,107	13,469	2,391	1,333
Tax losses carried forward, and tax credits	31,316	47,255	0	0
Gross figure	**80,185**	**91,207**	**73,894**	**68,447**
Netting out	– 71,003	– 52,385	– 71,003	– 52,385
Recognition in the statement of financial position	**9,182**	**38,822**	**2,891**	**16,062**

The balance of deferred tax assets decreased by 16,468 thousand euros. Taking into consideration the deferred taxes recognized outside of profit or loss (minus 536 thousand euros), as well as the foreign currency exchange effects (minus 113 thousand euros) in the reporting year, this gave rise to deferred tax expenses of 15,819 thousand euros included in the statement of profit or loss.

Temporary differences in the sum of 164,993 thousand euros (prior year: 226,735 thousand euros) related to shares in subsidiaries for which no deferred tax liabilities had been set aside due to IAS 12.39. Deferred tax liabilities in the sum of 145 thousand euros (prior year: 268 thousand euros) were set aside on outside basis differences in accordance with IAS 12.40.

The following table shows the tax reconciliation between the tax expense expected in the respective fiscal year and the actual tax expense recognized. To determine the expected tax expense, in the fiscal year 2023 the applicable group tax rate of 30.36 percent (prior year: 30,36 percent) was multiplied by the earnings before tax.

in thousand euros	1/1 -31/12/2023	1/1 -31/12/2022
Earnings before tax from continuing operations	111,375	95,954
Earnings before tax from discontinued operation	– 350	– 5,342
Earnings before tax	**111,026**	**90,612**
Income tax rate for the Jenoptik Group in %	30.36	30.36
Expected tax expense	**33,707**	**27,510**
The tax implications of the following facts led to a deviation between the actual and expected tax expense:		
Non-deductible expenses, tax-exempt earnings and permanent deviations	897	5,405
Impairments to goodwill	2,517	0
Change in the realizability of deferred tax assets and tax credits	1,240	801
Effects from differences in tax rates	– 1,255	– 400
Implications of changes in tax rates	57	– 54
Taxes in prior years	– 27	82
Other tax effects	427	235
Total adjustments	**3,856**	**6,069**
Actual income taxes	**37,563**	**33,578**
The breakdown of the actual income tax expense is as follows:		
Income taxes attributable to the continuing operations	37,563	32,103
Income taxes attributable to the discontinued operation	0	1,476

4.9 Discontinued Operation

On November 25, 2021 Jenoptik signed a contract to sell VINCORION, consisting of the wholly-owned subsidiaries JENOPTIK Advanced Systems GmbH (Germany; now operating as VINCORION Advanced Systems GmbH), JENOPTIK Power Systems GmbH (Germany; now operating as VINCORION Power Systems GmbH), and JENOPTIK Advanced Systems, LLC (USA; now operating as VINCORION LLC). The VINCORION segment has been classified as a discontinued operation since the signing of this contract.

On the closing date of the transaction, June 30, 2022, Jenoptik lost control over these subsidiaries and deconsolidated them.

Earnings from the discontinued operation

The current result from VINCORION up to the deconsolidation as well as the result from the disposal are shown below:

in thousand euros	1/1 -31/12/2023	1/1 -31/12/2022
Revenue	0	47,855
Expenses	0	48,425
EBIT	**0**	**– 570**
Financial expenses	0	– 415
Earnings from operating activities before income taxes	**0**	**– 985**
Income taxes	0	– 1,007
Earnings from operating activities after income taxes	**0**	**– 1,992**
Loss from the sale of the discontinued operation	– 350	– 4,826
Earnings after tax from discontinued operation	**– 350**	**– 6,817**

The contractually agreed purchase price is based on closing accounts, taking into account net financial debt and a working capital balancing mechanism as of June 30, 2022. Contingent consideration was also agreed and depends on the attainment of certain EBITDA success criteria for VINCORION in the years 2022 and 2023, potentially resulting in additional consideration. The contingent consideration was recognized at fair value of zero both as at December 31, 2022 and as at December 31, 2023.

In addition, there are claims relating to individual assets as well as obligations with limited monetary amounts arising from indemnity agreements vis-à-vis VINCORION, consequently these remain with Jenoptik from an economic point of view and are recognized as an additional purchase price receivable in the amount of 450 thousand euros (prior year: 4,846 thousand euros) respectively a provision in the sum of 1,091 thousand euros (prior year: 3,120 thousand euros). Adjustments affecting profit or loss are recognized as part of the loss from the sale in the discontinued operation.

Earnings per share from discontinued operation (undiluted = diluted) amount to minus 0.01 euros (prior year: minus 0.12 euros).

Net cash flows from discontinued operation

The net cash flows of VINCORION are shown as follows:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Operating activities	0	1,752
Investing activities[1]	2,017	58,558
Financing activities	0	– 2,076
Net cash flows	**2,017**	**58,234**

[1] Including receipts from the sale of the discontinued operation as well as the cash-effective change in the remaining purchase price receivables and provisions

4.10 Earnings of shareholders and earnings per share

Earnings attributable to shareholders include the earnings after tax from continuing operations and earnings after tax from the discontinued operation. Earnings per share equate to the earnings attributable to shareholders, divided by the weighted average number of shares outstanding during the year.

	1/1 -31/12/2023	1/1 -31/12/2022
Earnings of shareholders – continuing operations in thousand euros	72,815	61,918
Earnings of shareholders – discontinued operation in thousand euros	– 350	– 6,817
Earnings after tax of shareholders in thousand euros	**72,466**	**55,100**
Weighted average number of shares outstanding	57,238,115	57,238,115
Earnings per share in euros (undiluted = diluted)	**1.27**	**0.96**

The earnings after tax from discontinued operation are to be allocated to the shareholders of the parent company in full. From the earnings after tax from the continuing operations in the sum of 73,812 thousand euros (prior year: 63,851 thousand euros) a sum of 72,815 thousand euros (prior year: 61,918 thousand euros) is to be allocated to the shareholders of the parent company.

The diluted and undiluted earnings per share for the discontinued operation are disclosed in the section “Discontinued operation”.

5 Disclosures on the Statement of Financial Position

5.1 Intangible assets

in thousand euros	Development costs from internal development projects	Acquired patents, trademarks, software, customer relationships	Internally generated patents, software	Goodwill	Other intangible assets	Total
Acquisition/production costs	**26,512**	**247,064**	**2,364**	**581,130**	**3,714**	**860,785**
Balance as of 1/1	**(22,522)**	**(239,825)**	**(2,194)**	**(577,989)**	**(10,529)**	**(853,059)**
Foreign currency exchange effects	3	3,667	0	7,660	2	11,332
	(– 5)	(3,863)	(0)	(5,324)	(– 8)	(9,175)
Additions resulting from business combinations[1]	0	0	0	0	0	0
	(0)	(4,737)	(0)	(– 2,183)	(0)	(2,554)
Additions	5,496	2,584	619	0	519	9,218
	(4,207)	(5,001)	(291)	(0)	(971)	(10,469)
Disposals	6,964	2,086	153	9,160	1,163	19,526
	(211)	(14,325)	(121)	(0)	(0)	(14,658)
Transfers (+/-)	0	2,615	0	0	– 2,615	0
	(0)	(7,963)	(0)	(0)	(– 7,777)	(187)
Acquisition/production costs	**25,048**	**253,844**	**2,830**	**579,630**	**457**	**861,809**
Balance as of 31/12	**(26,512)**	**(247,064)**	**(2,364)**	**(581,130)**	**(3,714)**	**(860,785)**
Amortization	**13,260**	**101,574**	**1,182**	**14,126**	**0**	**130,143**
Balance as of 1/1	**(12,569)**	**(81,272)**	**(1,005)**	**(4,966)**	**(0)**	**(99,812)**
Foreign currency exchange effects	3	646	0	0	0	649
	(– 5)	(457)	(0)	(0)	(0)	(451)
Additions	1,058	25,202	228	0	0	26,489
	(696)	(30,028)	(184)	(0)	(0)	(30,909)
Impairments	0	0	0	8,290	0	8,290
	(0)	(4,125)	(0)	(9,160)	(0)	(13,285)
Disposals	5,032	2,064	18	9,160	0	16,274
	(0)	(14,307)	(6)	(0)	(0)	(14,313)
Amortization	**9,290**	**125,358**	**1,393**	**13,256**	**0**	**149,297**
Balance as of 31/12	**(13,260)**	**(101,574)**	**(1,182)**	**(14,126)**	**(0)**	**(130,143)**
Net carrying amount as of 31/12	**15,758**	**128,486**	**1,437**	**566,374**	**457**	**712,512**
	(13,252)	**(145,490)**	**(1,182)**	**(567,004)**	**(3,714)**	**(730,642)**

[1] Finalization of first-time consolidation of BG Medical and SwissOptic Group in the prior year

The figures in brackets relate to the prior year

Development costs from internal development projects in the sum of 11,493 thousand euros (prior year: 10,242 thousand euros) related to development projects not yet completed.

The acquired patents, trademarks, software, and customer relationships include in particular customer relationships from the acquisition of the BG Medical and SwissOptic Group with a carrying amount of 84,144 thousand euros (prior year: 88,982 thousand euros) and a remaining amortization period of up to 13 years.

Assets acquired for consideration and still in development are shown as other intangible assets.

The order commitments for intangible assets totaled 68 thousand euros (prior year: 299 thousand euros).

Goodwill and intangible assets with indefinite useful lives

Other than goodwill, there were no intangible assets with an indefinite useful life.

Goodwill was allocated to the group of cash-generating units Advanced Photonic Solutions, Smart Mobility Solutions and originally the Non-Photonic Portfolio Companies.

Due to the intention for disposal of the Automation & Integration area in North America in the medium term which operates under the Prodomax trademark – following an impairment test on the level of the Non-Photonic Portfolio Companies – a reallocation of the goodwill of the Non-Photonic Portfolio Companies to the areas of Metrology (HOMMEL ETAMIC) and Automation & Integration (Prodomax) was carried out in the fiscal year. Goodwill was allocated on the basis of the relative values in use. As a result of HOMMEL ETAMIC’s high share of the carrying amounts in the Non-Photonic Portfolio Companies, as a consequence of the allocation, impairments in the sum of 8,290 thousand euros were incurred on the HOMMEL ETAMIC level, which is now the relevant group of cash-generating units to which the goodwill was allocated on a proportional basis.

Goodwill is apportioned as follows:

in thousand euros	31/12/2023	31/12/2022
Advanced Photonic Solutions	469,944	462,795
Smart Mobility Solutions	41,445	40,742
Non-Photonic Portfolio Companies		63,467
Prodomax	44,784	
HOMMEL ETAMIC	10,201	
Total	**566,374**	**567,004**

If the carrying amounts exceed the recoverable amount resulting from the higher of the two amounts - fair value amounts less costs to sell and value in use - the allocated goodwill has been impaired accordingly.

Jenoptik calculated the recoverable amount in the form of the value in use, based on a discounted cash flow method. The basis for this is the five-year corporate plan approved by the management. This took into consideration past experience as well as current operational results and was based on the management’s best estimate of future development. The cash flows in the detailed planning phase were planned on the basis of differentiated growth rates. These took account of the development and dynamics of the relevant sectors and target markets.

This was based on the following planning assumptions for the divisions:

Advanced Photonic Solutions

In the fiscal year 2023, the division benefited from increasing demand and increased revenue significantly compared to the prior year. The increasing demand from the semiconductor equipment industry in the semiconductor & advanced manufacturing field, together with the revenue generated by the biophotonics field, had a positive impact on the development of revenue. An improvement in the EBITDA was achieved through the increased revenue plus a positive effect resulting from the reversal of a provision for an onerous contract for a customer order. In order to achieve further revenue growth, the division is focusing primarily on the areas of semiconductor & advanced manufacturing, biophotonics as well as optical testing and measurement. Despite the continuing challenges in the procurement market for both our own and our customers' production, as well as the existing geopolitical uncertainties, Jenoptik anticipates further growth across all areas of the Advanced Photonic Solutions division. In the optical test & measurement business we anticipate a delayed demand from the AR/VR market. The BG Medical and SwissOptic Group, acquired at the end of 2021, are making a significant contribution to the division's growth. We also anticipate an improvement in free cash flow which will be weighed down by the high level of investment in the period up to the start of the factory in Dresden in 2025.

Smart Mobility Solutions

The division posted an increase in revenue of 3.9 percent in the fiscal year 2023. The year under review was characterized by stable sales markets and selective challenges in the supply chain. The focus of development over the coming years will be on the increasing demand for public safety, especially in the regions of the Americas, the Middle East/North Africa, and other European countries. As a result of growing competition, structural and process optimizations already introduced will be continued and with the increase in the generation of local and international value added should bring about a sustained rise in revenue and profitability over the medium term. We anticipate growth in recurring revenues and an improvement in earnings from the traffic service provision business particularly in the Americas region. The current trend towards further traffic monitoring applications, e.g., the use of mobile phones and compliance with the mandatory wearing of seat belts, should open up additional growth opportunities for the division.

Non-Photonic Portfolio Companies

In the Non-Photonic Portfolio Companies division, HOMMEL ETAMIC recorded a significant increase in revenue in 2023. Profitability is at the same level as the prior year, particularly due to a high proportion of lower-margin project business and the development of capacities in the technology sector (especially software). In the medium term, we expect revenue growth for HOMMEL ETAMIC to be approximately at market level. The completed restructuring measures, economies of scale and continuous structural and process optimization are expected to increase profitability in the medium term.

Prodomax's business volume declined slightly compared to the prior year also due to the effects of foreign currency exchange rates. This was primarily attributable to customers delaying their investment plans. Despite the decline in revenue, Prodomax achieved a significant increase in profitability thanks to higher-margin projects. In view of the shift in the market towards e-mobility and the resumption of production start-ups after the Corona crisis, combined with a relatively inelastic capacity supply in the Automation & Integration market, we expect to see a positive development of business. This has already been evident in the last two fiscal years, which is why we expect business to develop positively with a consistently high quality of earnings.

To determine the free cash flow the result of the respective planning year is adjusted for non-cash expenses and income such as depreciation and amortization.

This assumes a perpetuity, the amount of which is determined individually for each cash-generating unit by the management from the fifth year of the planning time frame. The perpetuity includes a growth component in the form of a deduction on the capitalization interest rate of 0.9 to 1.0 percentage points (prior year: 1.0 percentage point). One-off effects in the last plan year are eliminated prior to calculating the perpetuity.

The weighted cost of capital after taxes required for impairment tests represents current market estimates with regard to the specific risks attributable respectively to the cash-generating units. These are determined through the use of the Capital Asset Pricing Model for the calculation of the cost of equity. The components for calculating the cost of equity are a risk-free interest rate, the market risk premium, a beta factor customary in our industry determined on the basis of division-specific peer groups, as well as the average country risk for each division. Borrowing costs were determined by including a risk-free interest rate, the spread customary in our industry and the typical average tax rate. The weighting of the cost of equity and debt is carried out using the capital structure customary in our industry.

Impairment testing was conducted assuming weighted average cost of capital rates after taxes of 7.76 percent to 10.14 percent (prior year: 7.79 percent and 9.45 percent). This corresponded to the weighted average cost of capital rates before taxes of 10.08 to 13.07 percent (prior year: 9.87 percent and 12.06 percent).

The assumptions used to determine the values in use for each cash-generating unit are shown in the following table:

	Growth components in the perpetuity annuity	Weighted cost of capital rates after taxes	Weighted cost of capital rates before taxes
Advanced Photonic Solutions	1.00	9.64	12.59
	(1.00)	(8.36)	(10.82)
Smart Mobility Solutions	1.00	7.76	10.08
	(1.00)	(7.79)	(9.87)
Non-Photonic Portfolio Companies	0.90	10.14	13.07
(Prodomax and HOMMEL ETAMIC)	(1.00)	(9.45)	(12.06)

The figures in brackets relate to the prior year

Sensitivity analyses were conducted for all cash-generating units to which goodwill was allocated as of December 31, 2023. For the divisions Advanced Photonic Solutions as well as Smart Mobility Solutions and Prodomax, a reduction in the cash flows or an increase in the weighted cost of capital rates within the ranges considered by the management as possible, would not result in the recoverable amount being less than the carrying amount of the cash-generating units.

An increase in the cost of capital rates or a decrease in cash flows at HOMMEL ETAMIC would lead to a decrease in the recoverable amount (value in use) of 48,030 thousand euros as of December 31, 2023 and, consequently, to the following, additional need for impairment:

	Impairment of thousand euros
Increase of 1.00 percent in weighted costs of capital (after taxes)	5,153
Reduction of 10 percent in cash flow	4,650

5.2 Property, plant, and equipment

in thousand euros	Land, buildings,	Technical equipment and machinery	Other equipment, operating, and business equipment	Equipment under construction	Total
Acquisition/production costs,	**272,116**	**207,779**	**97,606**	**35,857**	**613,358**
balance as of 1/1	**(238,469)**	**(187,949)**	**(95,304)**	**(18,424)**	**(540,146)**
Currencies	1,499	1,989	– 110	– 51	3,327
	(2,499)	(5,291)	(349)	(371)	(8,509)
Additions resulting from business combinations[1]	0	0	0	0	0
	(– 753)	(– 486)	(0)	(0)	(– 1,239)
Additions	19,729	24,837	13,782	42,799	101,147
	(27,921)	(28,160)	(10,230)	(29,204)	(95,514)
Disposals	21,521	5,026	7,513	4,848	38,908
	(2,847)	(18,004)	(8,854)	(98)	(29,802)
Transfers (+/-)	4,456	18,444	1,000	– 21,623	2,277
	(6,828)	(4,869)	(577)	(– 12,044)	(230)
Acquisition/production costs,	**276,279**	**248,023**	**104,766**	**52,134**	**681,202**
balance as of 31/12	**(272,116)**	**(207,779)**	**(97,606)**	**(35,857)**	**(613,358)**
Depreciation,	**94,839**	**123,675**	**70,238**	**0**	**288,752**
balance as of 1/1	**(82,136)**	**(122,123)**	**(69,232)**	**(0)**	**(273,491)**
Currencies	599	2,077	– 44	0	2,632
	(848)	(4,074)	(317)	(0)	(5,239)
Additions	13,668	20,889	9,692	0	44,249
	(12,500)	(15,771)	(8,954)	(0)	(37,225)
Impairments	103	0	0	321	424
	(160)	(156)	(293)	(0)	(609)
Impairment loss reversals	– 68	– 91	– 154	0	– 314
	(0)	(0)	(0)	(0)	(0)
Disposals	4,608	4,545	7,049	0	16,201
	(2,636)	(16,939)	(8,493)	(0)	(28,068)
Transfers (+/-)	0	0	5	0	5
	(– 1,832)	(1,511)	(64)	(0)	(– 257)
Depreciation,	**104,533**	**142,005**	**72,689**	**321**	**319,548**
balance as of 31/12	**(94,839)**	**(123,675)**	**(70,238)**	**(0)**	**(288,752)**
Net carrying amount as of 31/12	**171,746**	**106,019**	**32,077**	**51,813**	**361,654**
	(177,277)	**(84,104)**	**(27,368)**	**(35,857)**	**(324,606)**

[1] In the prior year finalization of first-time consolidation of BG Medical and SwissOptic Group

The figures in brackets relate to the prior year

Land and buildings of the Group with a net carrying amount of 171,746 thousand euros (prior year: 177,277 thousand euros) mainly comprise the Group’s own production and administrative buildings in Jena, Triptis, Villingen-Schwenningen, Wedel, Bayeux (France), Heerbrugg (Switzerland), Huntsville (USA), Shanghai (China) as well as the leased production and administrative buildings in Berlin, Monheim, Barrie (Kanada), Jupiter (USA), and Camberley (UK). The land and buildings in Rochester Hills (USA) and Valladolid (Spain) were sold in the fiscal year 2023.

The order commitments for property, plant, and equipment in the sum of 62,263 thousand euros (prior year: 39,354 thousand euros) primarily resulted in replacement and new investment in technical equipment, machinery, and buildings.

As of December 31, 2023 and in the prior year, no property, plant, and equipment was pledged.

5.3 Leasing

The Group has concluded leasing contracts for real estate, technical equipment and machinery and other equipment, motor vehicles as well as for operating and business equipment.

The rights of use are shown in the statement of financial position under the item property, plant, and equipment. A separate presentation of the rights of use as of January 1, 2023 and December 31, 2023, as well as additions and depreciation in the fiscal year 2023, can be found in the following table.

in thousand euros	Rights of use to land, buildings	Rights of use to technical equipment and machinery	Rights of use to other equipment, operating and business equipment	Total rights of use
Acquisition/production costs, balance as of 1/1	**46,190**	**27,037**	**6,596**	**79,822**
	(34,304)	**(20,529)**	**(7,066)**	**(61,900)**
Foreign currency exchange effects	– 252	362	– 11	99
	(– 82)	(395)	(– 8)	(304)
Additions	15,855	6,130	3,454	25,438
	(13,534)	(12,927)	(1,892)	(28,353)
Disposals	2,694	0	1,973	4,666
	(1,566)	(605)	(2,354)	(4,525)
Transfers (+/-)	0	– 2,568	– 364	– 2,932
	(0)	(– 6,210)	(0)	(– 6,210)
Acquisition/production costs, balance as of 31/12	**59,099**	**30,960**	**7,702**	**97,762**
	(46,190)	**(27,037)**	**(6,596)**	**(79,822)**
Depreciation, balance as of 1/1	**18,256**	**2,609**	**3,755**	**24,619**
	(13,724)	**(3,683)**	**(3,852)**	**(21,258)**
Foreign currency exchange effects	– 197	106	– 7	– 98
	(– 34)	(206)	(– 16)	(156)
Additions	6,734	5,481	1,992	14,207
	(6,025)	(3,012)	(1,993)	(11,031)
Impairments	0	0	0	0
	(0)	(18)	(99)	(117)
Disposals	1,917	0	1,850	3,767
	(1,459)	(605)	(2,177)	(4,241)
Transfers (+/-)	0	– 3,768	– 238	– 4,006
	(0)	(– 3,704)	(3)	(– 3,702)
Depreciation, balance as of 31/12	**22,875**	**4,429**	**3,651**	**30,955**
	(18,256)	**(2,609)**	**(3,755)**	**(24,619)**
Net carrying amount as of 31/12	**36,224**	**26,531**	**4,051**	**66,807**
	(27,934)	**(24,428)**	**(2,841)**	**(55,203)**

The figures in brackets relate to the prior year

Lease liabilities are shown in the statement of financial position under "Non-current financial debt" or "Current financial debt":

in thousand euros	31/12/2023	31/12/2022
Non-current lease liabilities	50,479	42,360
Current lease liabilities	14,280	11,916

Interest expenses for leases in fiscal year 2023 totaled 1,848 thousand euros (prior year: 976 thousand euros).

In addition to depreciation and interest expenses, the following expenses were recognized through profit or loss:

Expenses for lease contracts (in thousand euros)	1/1-31/12/2023	1/1-31/12/2022
From short-term lease contracts	1,500	1,944
From low-value assets	1,719	1,597
From variable lease payments	1,045	802
Total lease expenses	**4,265**	**4,342**

The variable lease payments mainly include payments for non-leasing components of lease contracts that have been accounted for in accordance with IFRS 16.

Payment obligations arising from fixed lease payments are listed according to their maturity in the table below:

Payment obligations from fixed lease payments (in thousand euros)	31/12/2023	31/12/2022
Up to 1 year	16,577	12,962
1 to 5 years	38,541	31,498
More than 5 years	18,563	13,013
Total	**73,681**	**57,474**

Extension and termination options included in the lease contracts are negotiated by management. The assessment as to whether there is sufficient certainty regarding the exercise of these extension and termination options has been assessed and evaluated accordingly by the management.

The non-discounted, potential future cash outflows for periods after the exercise date for extension and termination options, not included in the term of the lease, are shown in the table below:

Additional details (in thousand euros)	31/12/2023	31/12/2022
Payment obligations for current lease contracts	421	989
Potential cash outflows from extension and termination options which were not shown in the statement of financial position	6,575	7,204

Payment obligations for leases not yet commenced in the fiscal year totaled 20,530 thousand euros.

In the fiscal year 2023, the total cash outflow from leasing contracts of the continuing operations (including current and low-value lease contracts as well as variable lease payments) with interest portion totaled 20,355 thousand euros (prior year: 18,182 thousand euros).

5.4 Investments accounted for using the equity method

The following entity was included in the consolidated financial statements as a joint venture, in accordance with the equity method:

- TRIOPTICS France S.A.R.L., Villeurbanne, France

The following investments accounted for using the equity method were sold in the fiscal year 2023:

- TELSTAR-HOMMEL CORPORATION, Ltd., Pyeongtaek, Korea
  On August 6, 2023 Jenoptik sold its 33.33 percent shareholding in the automotive market-oriented TELSTAR-HOMMEL CORPORATION, Ltd. The investment had already been classified as an asset held for sale as of June 30, 2023, when it ceased to be accounted for using the equity method. Due to the valuation at the lower fair value less costs to sell, an impairment of 3,994 thousand euros was recognized in other operating expenses as at June 30, 2023.
- HILLOS GmbH, Jena, Germany
  On May 31, 2023 Jenoptik sold its 50 percent shareholding in HILLOS GmbH. The investment had already been classified as an asset held for sale as of March 31, 2023, when it ceased to be accounted using the equity method. No impairment was required.

The following table contains summarized financial information on the entities which are not deemed of material importance on an individual basis.

	Joint ventures		Associate companies	
in thousand euros	2023	2022[1]	2023	2022[1]
Total of investments accounted for using the equity method	**207**	**8,504**	**0**	**5,806**
Total of the Group share in:				
Profit/loss from continued activities	52	669	0	– 105
Other comprehensive income	0	0	0	12
Total other comprehensive income	**52**	**669**	**0**	**– 93**

[1] Financial information adjusted to the company's annual financial statements

5.5 Other non-current assets

Other non-current assets include both financial as well as non-financial assets.

in thousand euros	31/12/2023	31/12/2022
Derivatives	8,086	10,428
Other non-current financial assets	2,203	2,242
Other non-current non-financial assets	1,573	1,058
Non-current trade receivables	2	2
Total	**11,863**	**13,729**

As in the prior year, there were no restrictions on disposals of other non-current assets.

The aggregated item derivatives is explained in the section "Financial instruments".

5.6 Inventories

in thousand euros	31/12/2023	31/12/2022
Raw materials, consumables, and supplies	107,632	105,796
Unfinished products, unfinished services	118,789	112,626
Finished products and goods	40,262	35,689
Advance payments for inventories	2,578	1,838
Total	**269,261**	**255,950**

As of the end of the fiscal year 2023, accumulated impairments in the sum of 38,918 thousand euros (prior year: 38,922 thousand euros) were taken into account in the carrying amount. The net sale value of these inventories was 84,000 thousand euros (prior year: 73,147 thousand euros).

The impairments recognized as an expense in cost of sales amounted to 6,373 thousand euros (prior year: 8,334 thousand euros).

The consumption of inventories affected expenses in the sum of 314,083 thousand euros (prior year: 299,057 thousand euros), with the table below showing the distribution:

in thousand euros	31/12/2023	31/12/2022
Cost of sales	309,897	296,102
Research and development expenses	3,131	2,251
Selling expenses	661	299
Administrative expenses	394	406
Total	**314,083**	**299,057**

As in the prior year, at the reporting dates there were no restrictions on the disposal of inventories.

5.7 Current trade receivables

Trade receivables

in thousand euros	31/12/2023	31/12/2022
Trade receivables from third parties	140,895	134,844
Receivables from advance payments requested and due	3,209	3,343
Trade receivables from non-consolidated associates, and investments	135	582
Total	**144,239**	**138,769**

The fair values of trade receivables correspond to their carrying amounts as of the reporting date. They are not interest-bearing and generally have a due date of 30 to 60 days.

The table below shows the composition of the trade receivables.

in thousand euros	31/12/2023	31/12/2022
Gross value of trade receivables from third parties	147,152	142,038
Gross value of receivables from advance payments requested and due	3,209	3,343
Gross value of trade receivables from non-consolidated, associates, and investments	135	582
Total gross value of trade receivables	**150,497**	**145,963**
Accumulated impairments	– 6,257	– 7,194
Carrying amount of trade receivables	**144,239**	**138,769**

Default risks were generally determined through the assessment of customers' creditworthiness by means of a score-card, taking into account specific regional and individual company characteristics. In addition to internal company data, this includes credit assessments through external credit agencies. Based on the rating of customers' creditworthiness, lines of credit are granted to ensure the active management of business transactions. This means for example, amongst other things, that certain payment terms can be agreed with customers according to their creditworthiness. In addition, outstanding claims against customers are regularly monitored and measures taken to reduce overdue claims.

The default risk is taken into account through individual allowances and generalized individual allowances. The following table shows the changes in impairments to outstanding trade receivables:

in thousand euros	2023	2022
Impairments as of 1/1	**– 7,194**	**– 6,750**
Addition	2,913	3,503
Reversal/derecognition	2,103	3,089
Consumption	1,650	19
Foreign currency exchange effects	– 96	49
Impairments as of 31/12	**– 6,257**	**– 7,194**

The impairment requirement is analyzed on each closing date in order to determine the expected credit losses. If there are any objective indications of impairments, a specific allowance is applied. In addition, general bad debt allowances for receivables grouped into categories are recognized in days, on the basis of the overdue period. Finally, a general bad debt allowance is recognized to take into account the existing default risk for receivables not yet due and for which no impairment has been recorded.

In addition to system-side valuation routines for determining the expected default risk, additional individualized valuation adjustments are made. The valuation takes into account, in particular, geographic location, industry, support measures from public institutions as well as individual agreements with the respective customers.

As in the prior year, there were no sureties for unimpaired receivables in the form of bank guarantees as of December 31, 2023.

The table below shows the default risk position for trade receivables due from third parties which is determined using an impairment matrix:

in thousand euros	Expected credit loss rate	Expected total gross carrying amount at default	Expected credit loss
not due	0.44 %	115,185	512
	(0.58 %)	(106,995)	(616)
overdue < 30 days	0.48 %	15,120	73
	(0.97 %)	(15,912)	(154)
overdue 30-60 days	8.87 %	5,328	473
	(6.56 %)	(5,823)	(382)
overdue 61-120 days	21.49 %	5,865	1,260
	(19.69 %)	(6,147)	(1,210)
overdue 121-240 days	44.15 %	2,514	1,110
	(46.27 %)	(3,059)	(1,415)
overdue 241-360 days	73.45 %	743	546
	(65.25 %)	(1,275)	(832)
overdue > 360 days	95.19 %	2,399	2,283
	(91.42 %)	(2,826)	(2,584)
Total	**4.25 %**	**147,152**	**6,257**
	(5.06 %)	**(142,038)**	**(7,194)**

The figures in brackets relate to the prior year

In the fiscal year 2023 the specific bad debt allowance on receivables totaled 893 thousand euros (prior year: 2,028 thousand euros). These primarily related to receivables with an overdue date of more than 360 days.

Factoring

As a result of extended payment terms for customers, advance payments for customer-specific projects and changes in billing modalities, Jenoptik uses factoring. Within the framework of a genuine and confidential factoring program, existing receivables are sold to a factoring company (hereafter referred to as the "Factor") – together with the transfer of the default or del credere risk – in return for a consideration. The payments from the original customer to the Group (due to their confidential nature) are classified as "Other current financial liabilities" and then forwarded to the Factor.

In the statement of financial position, trade receivables which have been sold are derecognized on transfer of the economic ownership to the Factor in accordance with IFRS 9 and, until receipt of payment, are recognized as receivables due from the Factor under "Other current financial assets". The asset is finally derecognized on payment by the Factor.

In the cash flow statement, the Factor's payments to the Group are shown under cash flows from operating activities. The payment received from the original customer and the subsequent payment as a result of the transfer to the Factor, are recognized net under cash flows from financing activities.

As at December 31, 2023, receivables to the sum of 25,000 thousand euros (prior year: 25,000 thousand euros) were sold within the framework of the confidential factoring. After allowing for a surety retention of 5 percent by the factor, payment receipts totaled to 23,750 TEUR (prior year: 23,750 thousand euros). The surety retention is shown under other current financial assets.

5.8 Contract assets and contract liabilities

Contract assets include conditional rights of the Group against customers for the receipt of a consideration in exchange for goods or services. These are broken down as follows:

in thousand euros	31/12/2023	31/12/2022
Contract assets	**68,079**	**58,096**
Realization within one year	68,079	57,310
Realization within more than one year	0	786

As of December 31, 2023, no indicators for an individual impairment were identified. The general default risk was taken into account through an impairment in the amount of the expected loss of 102 thousand euros (prior year: 85 thousand euros).

Contract liabilities constitute the obligations of the Group, under IFRS 15, to transfer goods or services to a customer for which the Group has received a consideration in return from the customer or for which a requested advance payment is due.

The status of the contract liabilities as of the balance sheet date of December 31, 2023 is shown in the table below:

in thousand euros	31/12/2023	31/12/2022
Contract liabilities	**68,400**	**64,856**
Realization within one year	63,700	62,223
Realization within more than one year	4,700	2,633

Of the contract liabilities recognized at the beginning of the year, 56,703 thousand euros was realized as revenue in the year under review.

The transaction price for all customer orders that have not yet been completed in full is shown as order backlog, which has the following due dates:

in thousand euros	31/12/2023	31/12/2022
Transaction price of performance obligations not yet completely fulfilled	**744,992**	**733,656**
Realization within the next fiscal year	646,113	611,980
Realization within the fiscal year after next	68,612	88,145
Realization in subsequent fiscal years	30,267	33,531

5.9 Other current financial assets

in thousand euros	31/12/2023	31/12/2022
Receivables from contingent considerations	0	3,652
Receivables from disposals of companies	450	4,846
Receivable from surety retention for factoring	1,250	1,248
Other receivables due from non-consolidated associates and investments	0	1,006
Derivatives	1,598	1,385
Other current financial assets	2,049	1,287
Total	**5,347**	**13,423**

Receivables from contingent considerations shown in the prior year were derived from a revenue-related malus scheme agreed in connection with the acquisition of TRIOPTICS (see section “Financial Instruments”).

Receivables from disposals of companies were derived from the sale of VINCORION (see section “Discontinued operation”).

Default risks are taken into account through impairments. The composition of the carrying amount of other current financial assets is as follows:

in thousand euros	31/12/2023	31/12/2022
Gross value of other financial assets	6,659	14,712
Accumulated impairments	– 1,312	– 1,290
Carrying amount of other financial assets as of 31/12	**5,347**	**13,423**

5.10 Other current non-financial assets

in thousand euros	31/12/2023	31/12/2022
Accruals	6,639	8,730
Receivables due from other taxes	2,609	8,506
Receivables due from income taxes	1,745	1,393
Other current non-financial assets	1,479	636
Total	**12,472**	**19,265**

5.11 Equity

The development of the equity of Jenoptik is shown in the consolidated statement of changes in equity.

Share Capital

Share capital amounts to 148,819 thousand euros and is divided into 57,238,115 no-par value registered shares.

Voting right notifications received in accordance with § 160 (1) No. 8 AktG [Stock Corporation Act] are included in the section "Equity" of the annual financial statement of JENOPTIK AG. All voting right notifications of the last five years are also published on our website under www.jenoptik.com/investors/share in the section Voting Rights Notifications.

Authorized capital

The "Authorized Capital 2023" was created with the resolution passed by the Annual General Meeting on June 7, 2023 as follows: The Executive Board is authorized through June 6, 2026, with the consent of the Supervisory Board, to increase the nominal capital of the company by up to 29,640 thousand euros through one or multiple issues of new, no-par value registered shares against cash and/or contribution in kind ("Authorized Capital 2023"). The authorization may be exercised in whole or in part, i.e., on a one-off or repeat basis. Shareholders shall in principle be granted subscription rights. The new shares may also be underwritten by credit institutions or enterprises within the meaning of §186 (5)(1) AktG with the obligation to offer them to shareholders (indirect subscription right).

With the consent of the Supervisory Board, the Executive Board is authorized to exclude the subscription rights of shareholders:

a) for fractional amounts;
b) for capital increases in return for contributions in kind, in particular also within the framework of business combinations or the acquisition of companies, parts of companies, or investments in companies (including increasing existing shareholdings), or other assets eligible for contribution in conjunction with such an intended acquisition, as well as claims against the company or associates in which it holds a majority interest;
c) for capital increases in return for cash contributions, under the condition that the percentage of any new shares of the share capital does not in total exceed 10 percent of the share capital at the time the authorized shares are registered or in total 10 percent of the share capital at the time the new shares are issued, taking into consideration resolutions of the Annual General Meeting or the use of other authorizations to preclude subscription rights in a direct or corresponding application of § 186 (3)(4) AktG since the effective date of this authorization and the issue price of the new shares is not to be substantially lower than the stock market price;
d) for the issue of new shares to employees of the company and/or managers of associates in which the company holds a majority interest, and their employees.

All aforementioned authorizations to exclude subscription rights from the Authorized Capital 2023 are limited to a total of 10 percent of the share capital existing at the time this authorization becomes effective – or, if this value is lower – to 10 percent of the share capital at the time this authorization is exercised. This limit of 10 percent includes shares that (i) are sold for the purpose of servicing warrants and/or convertibles that were or could still be issued during the period of validity of the Authorized Capital 2023 to the exclusion of subscription rights or (ii) are sold by the company as treasury shares during the period of validity of the Authorized Capital 2023 to the exclusion of subscription rights.

Decisions on the details of the issue of new shares, in particular their conditions and the content of rights of the new shares, are taken by the Executive Board, with the consent of the Supervisory Board.

The Authorized Capital 2023 has not yet been utilized.

Conditional capital

The shareholder resolution passed by the Annual General Meeting held on June 9, 2021, to conditionally raise the share capital of the entity by up to 14,950 thousand euros through the issue of up to 5,750,000 new no-par value shares ("Conditional Capital 2021"). The conditional increase in capital will only be carried out insofar as

- the creditors or holders of option and/or conversion rights from warrants and/or convertible bonds issued by the company, or a domestic and/or foreign corporation in which the company has a direct or indirect majority stake, exercise their option or conversion rights by June 8, 2026, based on the resolution by the Annual General Meeting on June 9, 2021 and/or
- the creditors of the issued convertible bonds who are obliged to exercise their conversion rights issued by the company, or a domestic and/or foreign corporation in which the company has a direct or indirect majority stake, fulfill their obligation to convert and/or tender shares by June 8, 2026 on the basis of the resolution of the Annual General Meeting of June 9, 2021

and neither treasury shares are used nor make payment is made in cash. The new shares participate in profits from the start of the fiscal year for which, on the date of their issue, no resolution has yet been passed by the Annual General Meeting in respect of the appropriation of the accumulated profit. To the extent legally permissible, the Executive Board may, with the consent of the Supervisory Board, determine the participation in profit in deviation from this and also from § 60(2) AktG, including for a fiscal year that has already passed.

The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders to the bonds. Authorization to exclude subscription rights under certain conditions is limited in the sense that the pro rata amount of share capital corresponding to those shares that must be issued after exercising warrant and/or conversion rights - obligations may not account for more than 10 percent of the share capital existing at the time this authorization takes effect or – if the figure is lower – at the time use is made of the authorization. This 10 percent limit also applies to the sale of treasury shares that are excluded from subscription rights during the period of this authorization, and to shares excluded from subscription rights that are issued under an authorized capital during the period of this authorization.

The Executive Board is authorized to set out the further details relating to the increase in conditional capital (e.g. terms of the bonds, interest rate, form of interest, specific period, denomination, issue price, option/conversion price, option/conversion period) in the bond terms and conditions.

The conditional capital 2021 has not yet been utilized.

Reserves

Capital reserve. The capital reserve contains the adjustments recognized within the framework of the first-time adoption of IFRS as well as the differences resulting from the capital consolidation being offset against reserves up to December 31, 2002.

Other reserves. Other reserves include retained earnings realized and not paid out in the past by entities included in the consolidated financial statements, less dividends paid.

Other reserves also include the changes in value outside profit or loss to be taken into account for

- cash flow hedges,
- accumulated foreign currency exchange differences, and
- actuarial gains/losses arising from the valuation of pensions and similar obligations.

In addition to the effective portion of gains and losses arising from hedging cash flows, the reserve for cash flow hedges also includes changes in the fair value of the interest rate cap and elements of the USD interest rate and currency swap, insofar as this has been excluded from the designation as a hedging instrument (see section "Financial instruments").

As a result of the sale of an investment accounted for using the equity method, losses arising from currency conversion previously recognized in equity, in the sum of 428 thousand euros (prior year: 593 thousand euros attributable in particular to the sale of VINCORION) were reclassified to the statement of profit or loss.

Treasury shares

On the basis of a resolution passed by the Annual General Meeting on June 7, 2023, the Executive Board is authorized up to June 6, 2025 to purchase treasury no-par value shares not exceeding a proportion of ten percent of the nominal capital existing at the time the resolution is adopted or – if this amount is lower – of the nominal capital existing at the time of the resolution for purposes other than trading in treasury shares. The treasury shares acquired in accordance with this authorization together with other treasury shares already acquired and still held by the company (including the shares to be allocated in accordance with §§71d, 71e AktG) may not account for more than 10 percent of the respective share capital.

The authorization may be utilized in whole or in part, once or several times, in pursuit of one or more permitted purposes. The acquisition and use of treasury shares may be carried out by the company or, for specific, permitted purposes, also by dependent entities or entities majority-owned by the company, or for its or their account by third parties. At the decision of the Executive Board, an acquisition is by purchase, subject to compliance with the principle of equal treatment (§ 53a of the AktG), on the stock exchange or by means of a public offering to all shareholders, or a public invitation to the shareholders to submit an offer for sale.

For the purpose of protecting shareholders against a dilution of their shares, the proposed resolution expressly provides for a restriction on the use of acquired treasury shares in such a way that the sum of the acquired shares, together with shares

- (i) which are issued or sold by the company during the term of this authorization until it is utilized under another authorization which excludes shareholders' subscription rights, or
- (ii) which are to be issued on the basis of rights granted during the term of this authorization until it is utilized on the basis of another authorization excluding subscription rights and which enables a subscription to shares or makes a subscription obligatory,

do not account for more than 10 percent of the nominal capital in total on the date the authorization takes effect or – if the subsequent value is lower – on the date this authorization expires.

Further details regarding the buyback of treasury shares are described in agenda item 7 in the invitation to the 2023 Annual General Meeting which is open to the general public on our website at www.jenoptik.com/investors/annual-general-meeting.

As at December 31, 2023 the company did not own any treasury shares.

5.12 Pension provisions

Provisions for pension obligations are set aside on the basis of pension plans for retirement, disability and survivor benefit commitments and exist in Germany and Switzerland. There are additional commitments in France to make one-off payments upon retirement.

The benefits provided by the Group vary depending on the legal, tax and economic circumstances of each country and generally depend on the length of employment and the employees' level of remuneration on the date of retirement.

Within the Group, the occupational pension provision is provided both on the basis of defined contribution as well as defined benefit plans. In the case of defined contribution plans, the company pays contributions to public or private pension institutions on the basis of statutory or contractual provisions or on a voluntary basis. On payment of the contributions, the company has no further benefit obligations.

Defined benefit plans

The company is exposed to various risks with defined benefit pension plans. In addition to general actuarial risks such as the longevity risk and interest rate risk, the Company is exposed to foreign currency exchange and investment risks.

Obligations under the Swiss pension system are classified as a defined benefit plan due to a potential obligation to make additional contributions in the event of a shortfall. The plan is financed in accordance with the statutory requirements and provides for a risk sharing by the beneficiaries up to retirement. In this context, the pension plan is financed by contributions from both the employer and the employee. The corresponding assets are offset as plan assets against the assumed obligation.

Pension plans in the form of a reinsured group provident fund are categorized and accounted for accordingly as defined benefit plans as a result of the associated risk of a claim arising from the subsidiary liability. The existing pension plans in Germany are closed, with the exception of this reinsured group provident fund.

The defined benefit obligations of the Group cover 971 entitled beneficiaries, including 636 active employees, 118 former employees as well as 217 retirees and survivors and have developed as follows:

in thousand euros	2023	2022
Defined benefit obligations (DBO) as of 1/1	**100,160**	**111,567**
Foreign currency exchange effects	6,348	4,066
Service costs	3,035	3,648
Contributions to the pension plans	3,422	2,862
Thereof by employees	3,422	2,862
Interest expenses	2,458	510
Actuarial gains (-) and losses (+)	8,251	– 21,799
Experience gains and losses	1,267	– 223
Changes in demographic assumptions	9	– 41
Changes in financial assumptions	6,975	– 21,535
Pension payments	– 773	– 694
Defined benefit obligations (DBO) as of 31/12	**122,901**	**100,160**
of which Switzerland	108,225	85,827
of which Germany	14,059	13,711
of which other countries	617	622

The commitments made through the group provident fund and plans under the Swiss pension system in particular, are partially covered by plan assets. The changes in the plan assets are as follows:

in thousand euros	2023	2022
Plan assets as of 1/1	**102,629**	**102,188**
Foreign currency exchange effects	6,566	4,266
Interest income from the plan assets	2,456	426
Income from plan assets less typical interest paid (revaluations)	3,915	– 9,468
Contribution	6,942	5,737
Employer	3,521	2,875
Employee	3,422	2,862
Administrative expenses	– 123	– 115
Pension payments	– 516	– 405
Plan assets as of 31/12	**121,868**	**102,629**
of which Switzerland	111,819	92,557
of which Germany	10,050	10,071

The portfolio structure of the plan assets are primarily managed by the Leica Pension Fund (Switzerland) and AXA Lebensversicherung AG [Life Insurance Company] is as follows:

in thousand euros	31/12/2023	31/12/2022
Insurance contracts	9,710	9,697
Equities, bonds and other securities	47,103	37,720
Real estate	43,548	37,076
Cash and cash equivalents	6,041	5,930
Other assets and liabilities	15,467	12,204
Total	**121,868**	**102,628**

The insurance contracts in the sum of 9,540 thousand euros relate to pension insurance policies with AXA Lebensversicherung AG. The insurance company's investments were mainly in equities and investment assets, bearer bonds and fixed interest-bearing securities, as well as other loan receivables.

After offsetting defined benefit obligations against plan assets, the net pension obligation as of the balance sheet date was as follows:

in thousand euros	31/12/2023	31/12/2022
Present value of the plans covered by the fund	118,853	96,425
Plan assets	– 121,868	– 102,629
Net liability (+)/asset (-) of the obligation covered by the fund	– 3,015	– 6,203
Net liability of the obligation not covered by plan assets	4,048	3,735
Net liability (+)/asset (-) from defined benefit plans	**1,033**	**– 2,468**
Adjustment as a result of asset ceiling	3,594	6,730
Total	**4,627**	**4,262**
of which Switzerland	0	0
of which Germany	4,010	3,639
of which other countries	617	622

The adjustments resulting from the asset ceiling relate to the obligations under the Swiss pension system and have changed as follows:

in thousand euros	31/12/2023	31/12/2022
Asset ceiling as at 1/1 recognized in equity	**6,730**	**0**
Interest expenses	146	0
Changes in the asset ceiling (gains and losses recognized in equity)	– 3,474	6,730
Foreign currency exchange effects	192	0
Asset ceiling as at 31/12 recognized in equity	**3,594**	**6,730**

The effects of the expense recognized in the statement of profit or loss, are summarized as follows:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Service costs	3,035	3,648
Net interest expenses	148	84
Total expenses	**3,183**	**3,732**

The service costs are included in the personnel expenses of the functional areas. The interest charged on the obligation, the interest received on plan assets, as well as the interest charged on the recognized asset ceiling are shown in the financial result.

The key weighted average actuarial assumptions are shown in the following table. Where applicable, the above-mentioned assumptions take into account expected inflation.

in percent	2023	2022
Discount rate		
Germany	3.24	3.76
Switzerland	1.50	2.15
France	3.18	3.72
Future increases in salary [1]		
Switzerland	2.00	2.00
France	3.50	3.50
Future increases in pension		
Germany	2.10	2.00
Germany (Group Provident Fund)	1.00	1.00
Switzerland	0.25	0.25

[1] not relevant in Germany

In addition to the long-term pension trend, a one-off pension adjustment amount was also taken into account for pension provisions in Germany, depending on the date of the last pension adjustment and the adjustment cycle.

In Germany, the mortality rates are determined in accordance with the Klaus Heubeck guideline mortality tables 2018 G. The LPP 2020 mortality tables apply in Switzerland, whilst in France it's the current tables of the INSEE.

Actuarial gains and losses are the result of changes in pension beneficiaries and deviations from the actual trends (e.g. increases in income or pensions) vis-á-vis accounting assumptions. In accordance with the regulations stated in IAS 19, this amount is offset against other comprehensive income in equity.

A change in the key actuarial assumptions as of the balance sheet date would influence the DBO as follows:

	Change in the DBO	
in thousand euros	Increase	Reduction
Discount rate - change of 1.0 percentage points	– 12,403 (– 8,626)	13,267 (9,280)
Future increases in salary - change of 1.0 percentage points	2,176 (1,485)	– 1,960 (– 1,333)
Future increases in pension - change of 1.0 percentage points	9,802 (7,111)	– 2,428 (– 1,584)
Mortality rates - change by 1 year	3,251 (2,284)	– 3,115 (– 2,336)

The figures in brackets relate to the prior year

The sensitivity analysis shows the change in a DBO in the event of a change in an assumption. Since the changes do not have a straight-line effect on the calculation of DBO due to actuarial effects, the cumulative change in the DBO resulting from changes in a number of assumptions cannot be directly determined.

The reduction in the pension increase was limited to a maximum of 0 percent and was applied in particular to the pension obligation in Switzerland.

As of December 31, 2023, the weighted average remaining service period was 10 years and the weighted average remaining maturity of the obligation was 13 years.

The expected pension payments arising from the pension plans as of December 31, 2023 for the following fiscal year amount to 6,404 thousand euros (prior year: 5,090 thousand euros) and for the subsequent four fiscal years to 27,753 thousand euros (prior year: 22,239 thousand euros).

Defined contribution plans

Within the framework of the defined contribution plans, expenses for 2023 totaled 21,857 thousand euros (prior year: 19,351 thousand euros), this figure includes contributions to statutory pension insurance providers in the sum of 16,318 thousand euros (prior year: 14,455 thousand euros).

5.13 Other provisions

The development of other provisions is shown in the following table.

in thousand euros	Balance as of 1/1/2023	Currencies	Addition	Com-pounding	Utilization	Reversals	Balance as of 31/12/2023
Personnel	34,089	– 196	26,229	189	– 22,111	– 1,711	36,489
Guarantee and warranty obligations	8,391	– 33	3,766	– 38	– 1,700	– 2,006	8,380
Onerous contracts	8,590	0	145	0	– 298	– 7,905	531
Others	9,860	– 130	1,833	18	– 3,490	– 1,418	6,672
Total	**60,930**	**– 361**	**31,973**	**169**	**– 27,599**	**– 13,041**	**52,072**

Key items in the personnel provisions relate to performance bonuses, profit sharing, and similar obligations, as well as to the share-based payments for the Executive Board and some senior management personnel. Personnel provisions also included anniversary of service payments in the sum of 4,791 thousand euros (prior year: 4,500 thousand euros) and partial retirement obligations in the sum of 2,372 thousand euros (prior year: 2,035 thousand euros). Actuarial expert opinions were obtained for the anniversary and partial retirement obligations with the assumption of income increasing in Germany at 3.00 percent (prior year: 2.71 percent).

The provision for guarantee and warranty obligations included expenses for individual guaranty cases as well as for lump-sum-rate warranty risks. The calculation of the provision for lump-sum warranty risks is based on empirical values which were determined as a guarantee cost ratio of revenue on a company or product group-specific basis and applied to revenues which are liable to guarantees. The amounts that were reversed in the fiscal year 2023 chiefly comprise guarantee and warranty provisions for specific individual cases for which the underlying obligations no longer existed as a result of agreements with customers for remedial action.

Provisions for onerous contracts were recognized for individual customer orders. Due to a contract amendment with a customer of the Advanced Photonic Solutions division during the fiscal year, a provision for an onerous contract was reversed in full.

Other provisions include, amongst others, decommissioning obligations, specifically in the Smart Mobility Solutions division, as well as the remaining obligations under indemnity agreements arising from the sale of VINCORION. Other provisions also included numerous identifiable specific risks as well as uncertain obligations which were accounted for in the amount of the best possible estimate of the settlement sum.

The expected utilization by maturity is shown below:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	2023
Personnel	27,640	7,408	1,441	36,489
Guarantee and warranty obligations	6,570	1,810	0	8,380
Onerous contracts	531	0	0	531
Others	3,075	3,403	195	6,672
Total	**37,815**	**12,621**	**1,636**	**52,072**

5.14 Share-based payments

The effects associated with the share-based payments with settlement in cash, were as follows:

	Statement of profit or loss		Statement of financial position	
in thousand euros	2023	2022	2023	2022
Virtual shares for the current year	– 1,186	– 461	1,186	461
Virtual shares for prior years	– 636	222	2,575	1,872
Total	**– 1,822**	**– 240**	**3,761**	**2,333**

As of December 31, 2023, the Jenoptik Group had at its disposal share-based payment instruments in the form of virtual shares for Executive Board members and some senior management personnel. In this context, a distinction must be made between the performance shares in accordance with the Executive Board remuneration system and the virtual shares for some senior management personnel (LTI).

Performance shares

The virtual shares granted to the Executive Board are vested in the year of their provisional allocation and paid out at the end of their four-year, contractually defined term. However, this only applies if multi-annual targets have been achieved at the end of the performance period. The performance shares provisionally granted for the fiscal years 2020 to 2022 are linked to the development of the Return on Capital Employed (ROCE) with a weighting of 30 percent and the Total Shareholder Return (TSR) of Jenoptik compared with the TecDax with a weighting of 70 percent. Since the fiscal year 2023, ESG targets have also been taken into account with a weighting of 20 percent. On the other hand, the weighting of the TSR will fall to 50 percent and, from 2023, will no longer be measured exclusively against the TecDax but half also against an individual peer group.

In the event of an exit before the end of the term, performance shares will also only be valued, finally allocated and then paid out at the end of the respective performance period, depending on whether the targets have been achieved.

The performance shares provisionally allocated for the members of the Executive Board for fiscal years 2020 to 2023 were measured at the fair value and recognized in other provisions. The fair value of the performance shares is determined on the basis of an arbitrage-free valuation according to the Black/Scholes option pricing model.

The development of the Executive Board members' virtual shares is shown in the following table:

in units	Number for 2023	Number for 2022
Executive Board		
1/1	106,319	125,026
Granted for the period	43,351	21,530
Expired[1]	– 18,086	– 18,218
Paid out	– 3,810	– 22,018
31/12	127,774	106,319

[1] Adjustment of provisional allocation to target achievement during the performance period

LTI

Virtual shares (LTI) are also granted to some senior management personnel. The number of LTI to be allocated is determined on the basis of target achievement as well as on the volume-weighted average closing price of the Jenoptik share over the twelve months of the reference year. The vesting period is the four subsequent years. Payment is made on expiry of the vesting period, based on the volume-weighted average closing price of the Jenoptik share in the fourth subsequent year.

If a person leaves the company before the end of the term, the LTI may be forfeit, depending on the reasons for leaving.

The virtual shares granted to the top management are valued at the pro rata fair value already vested and shown under other provisions. The valuation basis used for determining the fair value of the LTI is the volume-weighted, average share closing price of Jenoptik share over the last twelve months.

The development of the LTI is shown in the following table:

in units	Number in 2023	Number in 2022
Members of the top management		
1/1	31,794	28,491
Granted for the period	7,125	8,249
Granted for adjustment of target achievement in prior year	1,160	683
Paid out	– 11,355	– 5,629
31/12	28,724	31,794

5.15 Other current financial liabilities

in thousand euros	31/12/2023	31/12/2022
Liabilities from acquisitions	0	320
Liabilities from interests	4,630	3,762
Derivatives	686	1,963
Liabilities from remuneration for the Supervisory Board	923	796
Other current financial liabilities	1,819	3,465
Total	**8,058**	**10,306**

The items and derivatives are described in more detail in the Notes under "Financial instruments".

5.16 Other current non-financial liabilities

in thousand euros	31/12/2023	31/12/2022
Liabilities to personnel	9,419	9,056
Liabilities from other taxes	6,266	7,560
Liabilities from social security	2,690	1,969
Liabilities to trade association	1,228	1,081
Other current non-financial liabilities	138	210
Total	**19,741**	**19,876**

Liabilities to employees included, amongst others, vacation entitlements and flextime credits.

Liabilities from other taxes essentially comprise liabilities arising from sales tax.

6 Disclosures on Consolidated Statement of Cash Flows

Liquid funds are defined as the sum of cash on hand and on-demand deposits at banks with an initial maturity of less than three months.

The statement of cash flows explains the flows of payments, showing separately inflows and outflows of cash from operating, investing, and financing activities. No adjustment was made to the statement of cash flows due to the discontinued operation. Changes in the statement of financial position items used for preparing the statement of cash flows cannot be directly derived from the statement of financial position because the effects arising from the foreign currency conversion and changes in the group of consolidated companies are non-cash transactions and are therefore eliminated. Cash flows from operating activities are indirectly derived from earnings before tax of the continuing as well as the discontinued operation. Earnings before tax are adjusted for non-cash expenses and income. The cash flows from operating activities are determined by taking into account the changes in working capital, provisions and other operating items in the statement of financial position.

The cash flows from investing activities fell from minus 13,415 to minus 48,481 thousand euros. They were influenced by the increased payments for investments in property, plant and equipment in the reporting year (78,636 thousand euros; prior year: 64,466 thousand euros), especially to expand the production capacities of the Advanced Photonic Solutions division. In the current fiscal year, this also includes proceeds from the sale of property, plant and equipment of 21,368 thousand euros (prior year: 1,380 thousand euros), which primarily relate to land and buildings of the Non-Photonic Portfolio Companies, as well as proceeds from the sale of HILLOS GmbH 8,480 thousand euros). In the prior year, the cash flows from investing activities were largely influenced by the proceeds from the sale of VINCORION.

Over the prior year, cash outflows for dividends paid to shareholders of the parent company within the cash flows from financing activities increased to 17,171 thousand euros (prior year: 14,310 thousand euros) and 0.30 euros per share (prior year: 0.25 euros per share). In addition, dividends were paid to minority shareholders in the sum of 4,083 thousand euros (prior year: 3,298 thousand euros). Information on receipts and payments derived from loans is provided in the section “Financial instruments”.

The changes in financial debt that will lead to cash flows from financing activities in the future, are shown in the following table:

			Non cash-effective change				
in thousand euros	Balance as of 1/1/2022	Cash-effective change	Foreign currency exchange effects	Addition/ disposal	Change in fair value	Change in maturity	Balance as of 31/12/2023
Non-current financial debt	477,729	– 12,326	– 1,698	19,599	143	– 16,960	466,487
	(448,746)	(15,000)	(3,355)	(24,828)	(119)	(– 14,319)	(477,729)
Non-current liabilities to banks	435,369	– 12,326	– 1,835	0	143	– 5,343	416,008
	(421,218)	(15,000)	(3,388)	(0)	(120)	(– 4,356)	(435,369)
Non-current liabilities from leases	42,360	0	137	19,599	0	– 11,617	50,479
	(27,528)	(0)	(– 33)	(24,828)	(0)	(– 9,963)	(42,360)
Current financial debt	59,052	– 56,768	40	4.988	0	16,960	24,273
	(148,993)	(– 107,838)	(192)	(3,318)	(67)	(14,319)	(59,052)
Current liabilities to banks	47,135	– 42,525	40	0	0	5,343	9,993
	(137,575)	(– 94,974)	(112)	(0)	(67)	(4,356)	(47,135)
Current liabilities from leases	11,916	– 14,242	0	4,988	0	11,617	14,280
	(11,418)	(– 12,864)	(81)	(3,318)	(0)	(9,963)	(11,916)
Total	**536,781**	**– 69,094**	**– 1,658**	**24,587**	**143**	**0**	**490,760**
	(597,739)	**(– 92,838)**	**(3,547)**	**(28,146)**	**(186)**	**(0)**	**(536,781)**

The figures in brackets relate to the prior year

The reconciliation shown above exclusively takes into account financial debt, consequently the payments collected from the primary customer and forwarded to the Factor within the context of factoring, are not taken into account (see section “Current trade receivables”). In the statement of cash flows these are included as a net amount under Repayments of loans in the sum of 37 thousand euros (prior year: 611 thousand euros).

For information regarding the allocation of the free cash flow to the divisions, we refer to the Segment Report.

7 Disclosure on the Segment Report

"Business Segments" in accordance with IFRS 8 form the basis for the segment reporting. IFRS follows the management approach Accordingly, the external reporting is carried out for the attention of the chief operating decision makers on the basis of the intra-group organizational and management structures as well as the internal reporting structure. The Executive Board analyzes the financial information using the key performance indicators which serve as a basis for decisions on allocating resources and assessing performance. The accounting policies and principles for the segments are the same as those described for the Group in the accounting principles.

Jenoptik has the following reportable segments: the Advanced Photonics Solutions and Smart Mobility Solutions divisions and Non-Photonic Portfolio Companies.

The Advanced Photonic Solutions division is a global supplier of solutions and systems for industrial customers, based on photonic technologies. In this respect, Jenoptik has a wide range of such technologies here, especially in the fields of optics, micro-optics, laser technology, digital imaging, optoelectronics, sensor technology, and optical test and measurement systems. The core markets in which Jenoptik supplies specific market segments are the semiconductor equipment, life science & medical technology, information and communication technology, metrology, automotive, virtual and augmented reality, industrial automation, and the security technology industries.

The Smart Mobility Solutions division is primarily active in the areas of traffic law enforcement/road safety, civil security, road user charging, emission control, and traffic management. For customers in the public sector (local and central government, police, and regulatory agencies), the division develops, produces, and distributes photonics-based components, systems, and services, which are used to monitor compliance with road traffic regulations and thus make roads and cities safer worldwide.

The Advanced Photonic Solutions and Smart Mobility Solutions divisions together form the core business of photonics.

Non-photonic activities, in particular on the automotive market, are managed within the Jenoptik Group by the Non-Photonic Portfolio Companies. In the field of industrial metrology and optical inspection (HOMMEL ETAMIC) and highly flexible, robot-based automation (Prodomax), the Non-Photonic Portfolio Companies develop manufacturing solutions for customers in the automotive and aerospace sectors as well as other manufacturing industries.

The Corporate Center (Holding, Shared Services, Real Estate) is reported under Other.

The "Consolidation" column comprises the business relationships to be consolidated between the segments and Other, as well as the necessary reconciliations.

The business relationships between the entities in the Jenoptik Group segments are generally based on prices, which are also agreed with third parties.

Revenue in excess of 10 percent of the total revenue of the Jenoptik Group was generated with one customer of the Advanced Photonic Solutions division (213,075 thousand euros; prior year: 166,126 thousand euros). There were no customer relationships with individual customers who accounted for a significant share of total revenue.

The analysis of revenue by region is made according to the country in which the customer has its registered office.

The prior year's figures for Advanced Photonics Solutions and the Non-Photonic Portfolio Companies have been adjusted due to minor changes in the composition of the segments.

7.1 Segment report

in thousand euros	Advanced Photonic Solutions	Smart Mobility Solutions	Non-Photonic Portfolio Companies	Other	Consolidation	Total
Revenue	833,192	118,784	125,193	63,899	– 75,019	1,066,048
	(745,201)	(114,307)	(128,209)	(56,199)	(– 63,234)	(980,684)
of which intra-group revenue	11,999	0	4,090	58,930	– 75,019	0
	(2,608)	(0)	(8,920)	(51,706)	(– 63,234)	(0)
of which external revenue	821,192	118,784	121,104	4,968	0	1,066,048
	(742,593)	(114,307)	(119,289)	(4,493)	(0)	(980,684)
Europe	464,477	75,299	44,592	4,968	0	589,337
	(396,839)	(68,104)	(35,287)	(4,493)	(0)	(504,722)
of which Germany	202,644	36,538	28,194	4,968	0	272,345
	(166,139)	(37,346)	(21,002)	(4,492)	(0)	(228,979)
of which the Netherlands	176,982	3,600	47	0	0	180,629
	(141,824)	(3,452)	(18)	(0)	(0)	(145,293)
Americas	150,075	16,859	70,267	0	0	237,200
	(137,272)	(27,375)	(79,431)	(0)	(0)	(244,077)
of which the USA	141,672	5,486	40,430	0	0	187,589
	(131,458)	(17,085)	(56,148)	(0)	(0)	(204,690)
Middle East and Africa	29,717	5,209	147	0	0	35,073
	(29,739)	(5,528)	(385)	(0)	(0)	(35,652)
Asia/Pacific	176,924	21,417	6,098	0	0	204,438
	(178,744)	(13,301)	(4,187)	(0)	(0)	(196,232)
EBITDA	182,563	15,321	17,636	– 5,562	– 368	209,592
	(169,076)	(19,346)	(3,639)	(– 6,976)	(– 1,017)	(184,068)
Scheduled depreciation/amortization	– 49.969	– 6.258	– 7.097	– 7.546	0	– 70.870
	(–47.146)	(–5.469)	(–9.089)	(–6.560)	(0)	(–68.265)
Impairments	– 321	0	– 12,387	0	0	– 12,708
	(0)	(0)	(– 13,894)	(0)	(0)	(– 13,894)
Free cash flow (before income taxes)	78,208	10,130	40,116	– 956	– 154	127,344
	(101,250)	(4,249)	(12,871)	(– 35,729)	(37)	(82,678)
Working capital	239,442	31,363	44,437	– 11,057	184	304,369
	(205,051)	(34,141)	(57,795)	(– 9,725)	(97)	(287,359)
Order intake (external)	826,487	113,577	147,126	4,968	0	1,092,159
	(906,775)	(125,761)	(148,410)	(4,493)	(0)	(1,185,440)
Capital expenditure in intangible assets, property, plant, and equipment and investment property	83,074	12,806	6,758	7,726	0	110,365
	(79,660)	(7,831)	(3,697)	(14,810)	(0)	(105,998)
Number of employees (head count including trainees)	3.293	526	534	305	0	4.658
	(3.054)	(485)	(598)	(298)	(0)	(4.435)

The free cash flow (before income taxes) = cash flows from operating activities before payment of income taxes, less the inflows and outflows of funds for intangible assets and property, plant, and equipment

The figures in brackets relate to the prior year

Reconciliation of segment result

EBITDA means earnings before interest, taxes, depreciation, and amortization, including impairments and reversals). The reconciliation of the EBITDA with the EBIT reported in the consolidated statement of profit or loss is as follows:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
EBITDA	209,592	184,068
Scheduled depreciation and amortization	– 70,870	– 68,265
Impairments	– 12,708	– 13,894
Reversals on impairments	314	0
EBIT	**126,328**	**101,909**

Non-current assets by regions

in thousand euros	31/12/2023	31/12/2022
Europe	944,301	919,734
Americas	116,416	120,168
Asia/Pacific	18,483	19,996
Group	**1,079,200**	**1,059,898**
of which, Germany	616,564	584,796
of which outside Germany	462,637	475,102
including Switzerland	279,663	269,275

The non-current assets recognized here include intangible assets, property, plant, and equipment, investment property, as well as non-current non-financial assets. The assets are allocated to the individual regions according to the countries in which the consolidated entities have their registered office.

8 Other Disclosures

8.1 Capital management

The aim of Jenoptik's capital management is to maintain a strong capital base in order to retain the trust of the shareholders, creditors and capital markets, as well as to ensure the sustained, successful development of the company. The Executive Board monitors in particular the equity ratio, the development of cash flows, the Return on Capital Employed (ROCE), as well as the net debt as part of the regular management reporting. In the event of a significant deterioration in the key parameters, alternatives for action are developed and the corresponding measures implemented.

As of the balance sheet date December 31, 2023, the key financing of the Jenoptik Group is a syndicated credit line in the sum of 400,000 thousand euros, utilized with 17,640 thousand euros, as well as nine debenture bonds in the total sum of 324,500 thousand euros and one debenture bond in the sum of 59,000 thousand US dollars. Further details on these are shown under "Liquidity risk".

In addition to the syndicated credit line and debenture bonds, the Jenoptik Group utilizes to a lesser extent other sources of financing, consisting of bilateral credit lines, subsidized loans, lease and rental financing as well as factoring. These instruments are used to actively control cash flow development. Detailed information on the factoring is shown in the section "Current trade receivables". The financial debt as at December 31, 2023 is shown as follows:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Liabilities to banks	9,993	331,654	84,354	426,001
	(47,135)	(203,116)	(232,253)	(482,505)
Liabilities from leases	14,280	33,905	16,574	64,759
	(11,916)	(27,783)	(14,577)	(54,276)
Total	**24,273**	**365,558**	**100,928**	**490,760**
	(59,052)	**(230,899)**	**(246,830)**	**(536,781)**

The figures in brackets relate to the prior year

8.2 Financial instruments

General

In the course of its operating activities, the Jenoptik Group is exposed to credit and default risks, liquidity risks and market risks. The market risks include, in particular interest rates and currency risks.

The risks described above impact on the financial assets and liabilities which are shown below.

Financial assets

in thousand euros	Valuation category in accordance with IFRS 9 [1]	Carrying amounts 31/12/2023	Valuation in the statement of financial position in accordance with IFRS 9		
			Amortized costs	Fair value – through other comprehensive income	Fair value – through profit or loss
Financial investments					
Current financial Investments (cash deposits)	AC	0 (1,048)	0 (1,048)		
Shares in non-consolidated associates and investments	FVTOCI	632 (807)		632 (807)	
Loans and other financial investments	AC	313 (1,947)	313 (1,947)		
Trade receivables	**AC**	**144,241** **(138,771)**	**144,241** **(138,771)**		
Other financial assets					
Receivables from contingent considerations	FVTPL	0 (3,652)			0 (3,652)
Derivatives with hedge relations					
Interest and currency swap	---	3,768 (6,242)		3,768 (6,242)	
– Foreign exchange forward transactions/foreign exchange swaps	---	3,568 (826)		3,568 (826)	
– Interest cap	---	1,947 (4,088)		1,947 (4,088)	
Derivatives without hedge relations					
Interest and currency swap	FVTPL	290 (28)			290 (28)
– Foreign currency forward transactions/ foreign exchange swaps	FVTPL	112 (630)			112 (630)
Other financial assets	AC	5,951 (10,628)	5,951 (10,628)		
Cash and cash equivalents	**AC**	**67,690** **(56,758)**	**67,690** **(56,758)**		
Total		**228,511** **(225,424)**	**218,195** **(209,152)**	**9,915** **(11,963)**	**402** **(4,309)**

The figures in brackets relate to the prior year

[1] AC = Amortized costs

FVTPL = Fair value through profit or loss

FVTOCI = Fair value through other comprehensive income

Financial liabilities

in thousand euros	Valuation category in accordance with IFRS 9 [1]	Carrying amounts 31/12/2023	Valuation in the statement of financial position in accordance with IFRS 9: Amortized costs	Fair value – through other comprehensive income	Fair value – through profit or loss	Valuation in accordance with IFRS 16
Financial debt						
Liabilities to banks	AC	426,001	426,001			
		(482,505)	(482,505)			
Liabilities from leases	---[2]	64,759				64,759
		(54,276)				(54,276)
Trade payables	**AC**	**108,810**	**108,810**			
		(100,860)	**(100,860)**			
Other financial liabilities						
Liabilities from contingent considerations	FVTPL	0			0	
		(320)			(320)	
Derivatives with hedge relations						
– Foreign currency forward transactions/ foreign exchange swaps	---	557		557		
		(1,782)		(1,782)		
Derivatives without hedge relations						
– Foreign currency forward transactions/ foreign exchange swaps	FVTPL	382			382	
		(596)			(596)	
Other financial liabilities	AC	9,055	9,055			
		(11,211)	(11,211)			
Total		**609,564**	**543,866**	**557**	**382**	**64,759**
		(651,550)	**(594,576)**	**(1,782)**	**(916)**	**(54,276)**

The figures in brackets relate to the prior year
[1] AC = Amortized costs
FVTPL = Fair value through profit or loss
FVTOCI = Fair value through other comprehensive income
[2] Valuation in accordance with IFRS 16

The classification of the fair values for the financial assets and financial liabilities can be seen in the following table:

in thousand euros	Carrying amounts 31/12/2023	Level 1	Level 2	Level 3
Shares in non-consolidated associates and investments	632	0	0	632
	(807)	(0)	(0)	(807)
Receivables from contingent considerations	0	0	0	0
	(3,652)	(0)	(0)	(3,652)
Derivatives with hedge relations (assets)	9,282	0	9,282	0
	(11,155)	(0)	(11,155)	(0)
Derivatives without hedge relations (assets)	401	0	401	0
	(657)	(0)	(657)	(0)
Liabilities from contingent considerations	0	0	0	0
	(320)	(0)	(0)	(320)
Derivatives with hedge relations (liabilities)	557	0	557	0
	(1,782)	(0)	(1,782)	(0)
Derivatives without hedge relations (liabilities)	382	0	382	0
	(596)	(0)	(596)	(0)

The figures in brackets relate to the prior year

Fair values available as quoted market prices at all times are allocated to level 1. Fair values determined on the basis of direct or indirect observable parameters are allocated to level 2. Level 3 is based on valuation parameters that are not derived from observed market data.

The fair values of all derivatives are determined using generally recognized present value methods. In this context, the future cash flows determined via the agreed forward rate or interest rate are discounted using current market data. The market data used in this context is taken from leading financial information systems, such as for example Refinitv. If interpolation of market data is applied, this is done on a linear basis.

The fair values of contingent considerations are measured taking into account the expected cash outflows, discounted a term and risk-dependent interest rate as at the reporting date. The development of the financial assets and liabilities which are measured at fair value and assigned to Level 3, can be found in the table below:

in thousand euros	Shares in non-consolidated, associates and investments	Receivables from contingent considerations	Liabilities from contingent considerations
Balance as of 1/1/2023	**807**	**3,652**	**– 320**
Additions	105	0	0
Disposals	– 280	– 3,761	0
Profits (+)/losses (-) recorded in the operating result	0	128	320
Profits (+)/losses (-) recorded in the financial result	0	– 19	0
Balance as of 12/31/2023	**632**	**0**	**0**

Contingent considerations

Receivables and liabilities from contingent consideration reported as of January 1, 2023 resulted from the acquisition of TRIOPTICS in 2020. These included a revenue-based bonus/malus scheme linked to the revenue of 2021 of the Trioptics Group under commercial law, resulting in a bonus or malus of up to 15 million euros in the event of deviations from the original business plan by up to 15 percent. Jenoptik had been involved in arbitration proceedings regarding the amount of the malus, which was successfully concluded in 2023, leading to a positive fair value adjustment of 447 thousand euros recognized through profit or loss in other operating income. The malus receivable was disbursed from an escrow account in 2023 and is shown in the statement of cash flows under “Acquisition of subsidiaries less cash acquired”.

Credit and default risk

The credit and default risk is the risk of a customer or contractual partner of the Jenoptik Group does not fulfill its contractual obligations. On the one hand, this results in the risk of creditworthiness-related impairments to financial instruments and, on the other, the risk of partial or complete default on contractually agreed payments.

Credit and default risks primarily exist for trade receivables. These risks are countered by pursuing active receivables management and, if required, by recognizing impairments. In addition, the Jenoptik Group is exposed to credit and default risks for cash and cash equivalents as well as current cash deposits. These risks are taken into account through constant monitoring of the creditworthiness of our business partners. To this end, business partner credit ratings and Credit Default Swaps (CDS) are subject to regular evaluation. For risk management purposes, liquid funds, amongst other things, are spread between a number of banks within fixed limits. In accordance with IFRS 9, impairments of cash and cash equivalents were recognized in the sum of 322 thousand euros (prior year: 203 thousand euros) as of the reporting date December 31, 2023.

The maximum default risk corresponds to the carrying amount of the financial assets and as at the reporting date totaled 228,511 thousand euros (prior year: 225,424 thousand euros).

The following impairments on financial assets were recognized through profit or loss in the fiscal year:

in thousand euros	2023	2022
Trade accounts receivable and contract assets	3,114	3,533
Financial investments and other financial assets	86	5
Cash and cash equivalents	120	97
Total	**3,320**	**3,635**

These impairments were offset against the following reversals of impairments for financial assets:

in thousand euros	2023	2022
Trade accounts receivable and contract assets	2,103	3,128
Cash and cash equivalents	0	16
Total	**2,103**	**3,144**

The impairments to or reversals of impairments on financial investments as well as cash or cash equivalents, are included in the financial result; for trade receivables and contract assets, in other operating income or expenses.

Liquidity and financial risk

The liquidity risk entails the possibility that the Group is not able to meet its financial obligations. In order to ensure solvency and financial flexibility at all times, the cash and cash equivalents, as well as the credit lines and level of utilization, are planned yearly by means of a five-year financial plan as well as via a quarterly forecast of the statement of financial position, earnings and cash flow. The liquidity risk is also limited by effective cash and working capital management.

As of the balance sheet date the liquidity reserves consisted of cash and cash equivalents in the sum of 67,690 thousand euros (prior year: 56,758 thousand euros) and current financial investments in the sum of 0 thousand euros (prior year: 1,048 thousand euros).

In addition, the Group has a guaranteed and unused credit line volume in the sum of 393,661 thousand euros (prior year: 381,594 thousand euros). This is primarily attributable to the syndicated loan of 400,000 thousand euros concluded in December 2021. As at the balance sheet date of December 31, 2023, the syndicated loan was utilized in the form of guarantees in the sum of 6,337 thousand euros as well as in the form of overdraft facilities in the sum of 11,303 thousand euros, offset by credit balances in the sum of 5,467 thousand euros. On conclusion, the term of the syndicated loan agreement was set for a period up to December 2026. As a result of the utilization of the first of two extension options in fiscal year 2022, the term of the agreement was extended by one year up to December 2027. The second extension option was requested in the fiscal year 2023. In this context, six out of seven of the syndicate banks have agreed to the extent the loan for another year. The term of the syndicated loan agreement has therefore been extended until December 2028 for a portion of the loan in the sum of 349,875 thousand euros.

In September 2023, a tranche of the variable-interest debenture bond, in the sum of 25,500 thousand euros, payable in March 2026, was repaid prematurely. As a result, as of December 31, 2023, a total of ten of the debenture bond tranches issued in March and September 2021 still remained in the total sum of 324,500 thousand euros and 59,000 thousand US dollars.

No financial covenants were agreed for either the syndicated loan or the debenture bonds. However, the terms of the financing are geared towards the Group's ESG targets of increasing diversity, reducing CO_2 emissions and increasing transparency in the supply chain. Jenoptik provided confirmation that the ESG targets set for both financing instruments in the fiscal year 2022 were achieved. This was verified by an independent auditor (PricewaterhouseCoopers). As a result, Jenoptik benefits from a slightly reduced credit margin for both the debenture bonds and syndicated loan.

The debenture bonds maturing in 2026, 2028 or 2031 provide the Jenoptik Group with a long-term financing base. With its flexible draw down options and extended term, the syndicated loan is another key financing component. This very solid financing mix, the maturity structure of which is shown in the table below, provides the financial basis for further growth.

in thousand euros	Interest rates (Bandwidth in %)	Carrying amounts 31/12/2023	Cash outflow Total	Up to 1 year	1 to 5 years	More than 5 years
Variable, interest-bearing liabilities to banks	4.14 - 5.39	225,054	271,548	22,182	209,265	40,101
	(2.80 - 3.20)	(287,675)	(304,970)	(48,297)	(97,315)	(159,358)
Fixed, interest-bearing liabilities to banks	0.60 - 1.97	200,947	206,064	9,987	170,526	25,551
	(0.60 - 2.95)	(194,830)	(201,181)	(10,127)	(133,975)	(57,079)
Lease liabilities	(0.56 - 6.91)	64,759	73,681	16,577	38,541	18,563
	(0.75 - 6.77)	(54,276)	(57,474)	(12,962)	(31,498)	(13,013)
Total		**490,760**	**551,294**	**48,746**	**418,333**	**84,215**
		(536,781)	**(563,624)**	**(71,386)**	**(262,787)**	**(229,451)**

The figures in brackets relate to the prior year

Cash outflows of up to one year mainly include the repayment of overdraft facilities utilized and interest payments on the debenture bonds. This item also includes interest and redemption payments for real estate financing in Germany, as well as for lease liabilities.

The cash outflows in the time frame of one to five years mainly comprise the repayments of the debenture bonds with original terms of four-and-a-half, five, six-and-a-half and seven years. In addition, the item includes interest payments for and repayments of real estate financing in Germany with an original ten-year term, as well as liabilities from leases.

Cash outflows over five years mainly comprise repayments for debenture bond tranches with original maturities of nine-and-a-half years, as well as interest payments for and repayments of real estate financing in Germany and leases.

Risk of changes in interest rates

The Jenoptik Group is fundamentally exposed to the risks of fluctuations in market interest rates for all interest-bearing financial assets and liabilities. In the fiscal year 2023, this mainly affected the debenture bonds raised in the sum of 324,500 thousand euros (prior year: 350,000 thousand euros) and 59,000 thousand US dollars (prior year: 59,000 thousand US dollars) as well as the utilization of the syndicated loan contract through overdraft facilities in the sum of 11,303 thousand euros (prior year: 30,628 thousand euros) at the respective balance sheet date.

	Carrying amounts	
in thousand euros	31/12/2023	31/12/2022
Interest-bearing financial assets	30,256	39,419
Variable interest	9,197	8,078
Fixed interest	21,058	31,341
Interest-bearing financial liabilities	492,443	540,229
Variable interest	231,442	294,227
Fixed interest	261,002	246,002

The calculated gains and losses arising from a change in the market interest rate as of December 31, 2023 within a bandwidth of 100 basis points, are shown in the following table:

in thousand euros	31/12/2023	31/12/2022
Increase by 100 base points		
Interest-bearing financial assets	92	81
Interest-bearing financial liabilities	– 2,314	– 2,942
Impact on earnings before tax	**– 2,222**	**– 2,861**
Reduction of 100 base points		
Interest-bearing financial assets	– 92	– 81
Interest-bearing financial liabilities	2,314	2,942
Impact on earnings before tax	**2,222**	**2,861**

As part of the management of interest rate risks, Jenoptik relies on a mix of fixed and variable interest-bearing assets and liabilities, as well as on various interest rate hedging transactions. These include, for example, interest swaps, interest caps and floors, as well as combined interest and currency swaps. As of the balance sheet date on December 31, 2023, there were two combined interest rate and currency swap and one interest cap in place, with the following structure:

Interest and currency swap CNY	
Nominal volume	17,980 thousand CNY
Term	March 12, 2015 to March 12, 2025
Fixed interest rate to be paid in CNY	5.10 percent p.a.
Variable interest rate to be received in EUR	6-Month month Euribor plus 0.2 percent p.a.
Interest and currency swap USD	
Nominal volume	59,000 thousand USD
Term	March 31, 2021 to March 31, 2026
Fixed interest rate to be received in USD	2.024 percent p.a.
Fixed interest rate to be paid in EUR	0.645 percent p.a.
Interest cap EUR	
Nominal volume	107,000 thousand EUR
Term	30/09/2022 to 31/03/2028
Interest rate cap	3.00 percent p.a.
Reference interest rate	6-Month Euribor

The interest and currency swap in CNY is used as a hedge for an intra-group loan for real estate financing in Shanghai (China). The increase of 262 thousand euros in its market value was recorded through profit or loss in the income statement.

The interest and currency swap in US dollars is used as a hedge for the risk of foreign currency exchange differences for the debenture bond tranche issued in 2021, in the sum of 59,000 thousand US dollars. The future cash flows to be expected were fixed for the entire term on completion of the contract. The market value is sub-divided into an interest rate and a currency component. As of December 31, 2023, the interest component had a market value of minus 290 thousand euros which was recognized in equity outside profit or loss. Explanations of the foreign currency component follow in the next section “Foreign currency exchange risk”.

The interest cap serves as a hedge against the risk of a change in the interest rate of a variable, interest-bearing tranche of a debenture bond issued in 2021 in the sum of 107,000 thousand euros. The hedging effect of the cap comes into force as soon as the 6-month Euribor exceeds the 3.0 percent p.a. mark. In this event, the counterparty pays JENOPTIK AG the difference between the applicable money market rate at that time and 3.0 percent. In February 2023, the 6-month Euribor exceeded the strike of 3.0 percent and remained at a level well above the strike until December 31, 2023. As a result, the hedging effect of the cap took effect as of March 31, 2023, and JENOPTIK AG received offsetting payments that were recognized through profit and loss in the financial result over the respective interest period. The original fair value of the interest rate cap on conclusion of the contract is amortized over the 7-year term. Changes in fair value are recognized outside profit or loss in other equity. As at the reporting date of December 31, 2023 the amount recognized in equity was minus 653 thousand euros.

The following deposits and payments are expected from the aforementioned hedging instruments:

in thousand euros	Up to 1 year	1 to 5 years	More than 5 years	Total
Interest and currency swap CNY				
Expected payments to bank	119	81	0	200
	(128)	(215)	(0)	(343)
Expected payments from bank	111	67	0	178
	(45)	(158)	(0)	(203)
Interest and currency swap USD				
Expected payments to bank	322	644	0	966
	(322)	(966)	(0)	(1,288)
Expected payments received from bank	1,010	2,020	0	3,030
	(1,010)	(3,030)	(0)	(4,040)
Interest cap euro				
Expected payments received from bank	828	0	0	828
	(224)	(728)	(23)	(975)

The figures in brackets relate to the prior year

Foreign currency exchange risk

Foreign currency exchange risks include two types: conversion risk and transaction risk.

The conversion risk arises from fluctuations in value caused by changes in exchange rates arising from the conversion of financial assets and liabilities in foreign currencies into the currency of the statement of financial position. Since this is normally not associated with any cash flows, in most cases hedging is not required.

The transaction risk arises from the fluctuation in value of cash flows in foreign currencies caused by changes in currency exchange rates. Derivative financial instruments are used to hedge this risk. These are mainly currency forward transactions and currency swaps and, to a lesser extent, currency options.

Hedging is provided for significant cash flows in foreign currencies arising from the operational business (revenue). Contractually agreed cash flows are hedged 1:1 via so-called micro-hedges. Planned cash flows are secured proportionally as part of the anticipatory hedging.

JENOPTIK AG also hedges the expected cash flows from intra-group loans in foreign currencies which have not been declared as a “Net investment in a foreign operation”, using derivative financial instruments. As of December 31, 2023, intra-group loans in foreign currencies were hedged as follows:

Borrowers of intra-group loans	Outstanding amount of intra-group loans (excluding “Net Investment in a foreign operation” portion)	Hedging volume
Prodomax Automation Ltd., Canada	48,000 thousand CAD	45,000 thousand CAD
SwissOptic AG, Switzerland	17,811 thousand CHF	6,000 thousand CHF
JENOPTIK UK Ltd., Great Britain	7,223 thousand GBP	7,000 thousand GBP
JENOPTIK JAPAN Co. Ltd., Japan	50,000 thousand JPY	50,000 thousand JPY

There were various foreign currency forward transactions and foreign exchange swaps in place as at the balance sheet date. A so-called cash flow hedge relationship with the respective underlying transaction was documented for the vast majority of these transactions. Where this is proven effective, its changes in value do not have to be recognized through profit or loss in the income statement but outside profit or loss in equity. In order to measure the effectiveness, a prospective, quality-related effectiveness test was conducted, on the designation date as well as on a continuous basis, normally as of the balance sheet date dates, on the basis of the IFRS 9 "Financial instruments" accounting standard.

The interest rate and currency swap in USD, already mentioned in the previous section "Risk of changes in interest rates", serves to hedge the foreign exchange currency risk for the tranche of a debenture bond in the sum of 59,000 thousand US dollars. The positive market value of its currency components totaled 3,487 thousand euros as of the qualifying date December 31, 2023. The change in the market value of the currency component is reflected in the income statement through profit or loss. This creates the targeted balancing effect with the countervailing change in the value of the underlying transaction (valuation of the foreign currency liability in euros).

The breakdown of currency forward transactions, foreign exchange swaps and foreign exchange options, as well as interest rate and currency swaps according to currency sales and purchases, is as follows:

in thousand euros	31/12/2023	31/12/2022
USD - sale for EUR	139,535	61,914
USD - purchase for EUR	57,173	53,097
GBP - sale for EUR	7,760	0
USD - sale for CHF	3,382	3,002
USD - sale for CAD	2,735	1,897
USD - purchase for CAD	0	4,121
CHY - sale for EUR	10,661	7,108
CNY - purchase for EUR	0	687
JPY - sale for EUR	395	786
CAD - sale for EUR	35,763	8,277
CAD - purchase for EUR	5,445	0
CHF - sales for EUR	6,468	0
Total foreign currency sales	**206,700**	**82,984**
Total foreign currency purchases	**62,618**	**57,905**

The foreign exchange forward transactions, foreign exchange swaps and foreign exchange options, as well as the interest and currency swaps, resulted in the following market values:

in thousand euros	31/12/2023	31/12/2022
Positive market values		
Derivatives with hedge relationship		
Non-current	7,726	10,384
Current	1,556	771
Derivatives without hedge relationship		
Non-current	360	44
Current	42	614
Total positive market values	**9,684**	**11,813**
Negative market values		
Derivatives with hedge relationship		
Non-current	252	415
Current	304	1,367
Derivatives without hedge relationship		
Non-current	0	0
Current	382	596
Total negative market values	**939**	**2,378**
Balance	**8,745**	**9,436**

The market values for hedging transactions for intra-group loans are included in the derivatives without hedge relations as the underlying transaction comprising inter-group receivables and liabilities is eliminated. The positive market values of these derivatives totaled 87 thousand euros (prior year: 582 thousand euros) as of the balance sheet date, whist the negative market values totaled 382 thousand euros (prior year: 577 thousand euros). The change led to an overall loss of 301 thousand euros (prior year: loss of 259 thousand euros) which was recognized in the financial result through profit or loss.

Cumulative profits in hedged and currency forward transactions and currency swaps in the sum of 2,110 thousand euros were recognized in equity outside profit or loss as at December 31, 2023. Of the profits in the sum of 793 thousand euros recognized in equity outside profit or loss as at December 31, 2022, in the fiscal year 2023 433 thousand euros (prior year: loss in the sum of 465 thousand euros) were reclassified in the income statement through profit or loss. This type of reclassification is normally associated with the recognition of the underlying transaction (for example, recognition of revenue and booking of the corresponding receivable on billing) through profit or loss so that the offsetting effect of intended when concluding the hedge transaction is achieved. The foreign exchange hedging transactions for operating activities (excluding interest rate and currency swaps as well as hedging transactions on intra-group loans) hedge against foreign currency risks in the amount of 80,956 thousand euros with a time frame up to the end of 2024. Foreign currency risks with a time frame up to the end of 2026 were hedged in the sum of 79,962 thousand euros.

The main foreign currency risks of the Jenoptik Group involve the US dollar. The table below shows a list of the financial assets and liabilities in US dollars and the resultant net risk item for the statement of financial position:

in thousand euros	31/12/2023	31/12/2022
Financial assets	27,031	32,915
Financial debts	71,482	59,426
Net risk item for the statement of financial position	**– 44,451**	**– 26,511**

As of the balance sheet date there was a US dollar-based net risk item in the statement of financial position in the sum of minus 44,451 thousand euros (prior year: minus 26,511 thousand euros). A change in the US dollar exchange rate would have the following consequences:

	EUR/USD rate	Change in the net risk item (in thousand euros)
Rate on the reporting date 31/12/2023	1.1050 (1.0666)	
Increase by 5 percent	1.1603 (1.1199)	– 2,117 (– 1,262)
Reduction by 5 percent	1.0498 (1.0133)	2,340 (1,395)
Increase by 10 percent	1.2155 (1.1733)	– 4,041 (– 2,410)
Reduction by 10 percent	0.9945 (0.9599)	4,939 (2,946)

The figures in brackets relate to the prior year

In addition to the risks to the statement of financial position, the US dollar entails other risks arising from expected cash flows. These are estimated and hedged on a proportional basis as part of the annual medium-term planning. As of December 31, 2023, cash flows in US dollars for operating activities hedged by derivatives (excluding interest rate and currency swaps) in US dollars amounted to the equivalent of 138,386 thousand euros (prior year: 59,502 thousand euros).

8.3 Contingent liabilities and commitments

There are guarantees vis-à-vis third parties in the sum of 10,000 thousand euros (prior year: 19,519 thousand euros).

The external contract performance guarantees to VINCORION customers remaining with JENOPTIK AG for a certain period totaled 10,000 thousand euros as at December 31, 2023. The risk of future claims is currently considered to be low.

In addition, a financing commitment was given to a non-consolidated company in liquidation with respect to an orderly winding-up of the liquidation.

8.4 Legal disputes

JENOPTIK AG and its group entities are involved in few court or arbitration proceedings. Provisions for litigation risks, respectively litigation expenses, were set aside in the appropriate amount in order to meet any potential financial burdens resulting from current court or arbitration proceedings.

8.5 Related party disclosures in accordance with IAS 24

Related parties are defined in IAS 24 “Related Party Disclosures” as being entities or persons that have control over or are controlled by the Jenoptik Group if they have not already been included in the consolidated financial statements as consolidated entities as well as entities or persons that, on the basis of the Articles of Association or by contractual agreements, are able to significantly influence the financial and corporate policies of the management of JENOPTIK AG or participate in the joint management of JENOPTIK AG. Control is deemed to exist if a shareholder holds more than half of the voting rights in JENOPTIK AG. The largest single shareholder in JENOPTIK AG is Thüringer Industrie-beteiligungs GmbH & Co. KG, Erfurt, which directly holds a total of 11 percent of the voting rights.

The following table shows the composition of the business relationships with non-consolidated associates, associated entities and investments.

		of which	
in thousand euros	Total	non-consolidated associates	associated entities and investments
Revenue	1,858	0	1,858
	(819)	(0)	(819)
Purchased services	1,173	59	1,114
	(1,570)	(48)	(1,522)
Receivables from operating activities	135	0	135
	(582)	(42)	(539)
Liabilities from operating activities	151	0	151
	(162)	(0)	(162)
Financial assets, loans granted	222	0	222
	(1,016)	(0)	(1,016)

The figures in brackets relate to the prior year

During the course of the fiscal year 2023, the shares in HILLOS GmbH and TELSTAR-HOMMEL CORPORATION, Ltd. were sold (see section “Investments accounted for using the equity method”). These disclosures on revenue and purchased services relate to the period up to the sale.

Remuneration of the Executive Board and Supervisory Board

Members of the Executive Board and of the Supervisory Board of JENOPTIK AG also considered to be related parties.

The breakdown of the total remuneration of the members of the management in key positions (Executive Board and Supervisory Board), recorded in 2023 through profit or loss, is shown in the following table.

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Executive Board remuneration		
Current payments due[1]	2,338	1,849
Payments after termination of the employment relationship	423	360
Share-based payment	1,410	– 3
Executive Board remuneration	**4,171**	**2,207**
Supervisory Board remuneration	**960**	**885**
Total	**5,131**	**3,092**

[1] Fixed remuneration, one-year variable remuneration and fringe benefits (contributions to accident insurance and the provision of company cars)

[2] Fixed remuneration and committee remuneration including attendance fees, net

Individualized details on the remuneration of the Executive Board and Supervisory Board of JENOPTIK AG are shown in the Remuneration Report.

The expenses shown in the table for the share-based payment for the Executive Board are derived from the continuous measurement of all performance shares provisionally granted as at the balance sheet date, each at the respective fair value at the balance sheet date.

The fair value of the 43,351 performance shares provisionally allocated in the fiscal year (prior year: 21,530) on the date granted is 1,244 thousand euros (prior year: 435 thousand euros). The total remuneration paid to the members of the Executive Board in accordance with Section 314 (6) of the German Commercial Code (HGB) therefore totaled 4,006 thousand euros in the fiscal year 2023 (prior year: 2,645 thousand euros).

As at the balance sheet date, there were outstanding commitments to members of management in key positions in the total sum of 4,771 thousand euros (prior year: 3,375 thousand euros) consisting of one and multi-year variable remuneration components of the Executive Board and the remuneration of the Supervisory Board.

Retirement benefits paid to former Executive Board members, or their survivors amounted to 71 thousand euros (prior year: 139 thousand euros). As of the balance sheet date, the pension provisions for former Executive Board members totaled 1,749 thousand euros (prior year: 1,552 thousand euros). In the fiscal year 2023 the interest expenses recorded for these existing provisions totaled 57 thousand euros (prior year: 31 thousand euros).

As in the prior year, in fiscal year 2023 there was no exchange of goods or services between the company and members of these two boards.

In the fiscal year 2023 – as in the preceding years – no loans or advances were granted to members of either the Executive Board or the Supervisory Board. Consequently, there were no loan redemption payments.

9 Events after the balance sheet date

The JENOPTIK AG Executive Board approved the submission of the present consolidated financial statements to the Supervisory Board on March 15, 2024. The Supervisory Board is responsible for reviewing and approving the Consolidated Financial Statements at its March 25, 2024 meeting.

Dividend. According to the Stock Corporation Act, the amount available for a dividend payment to the shareholders is based on the accumulated profit of the parent company JENOPTIK AG, which is determined in accordance with the regulations of the HGB. For the fiscal year 2023, JENOPTIK AG's accumulated profit totaled 91,748,565.65 euros, comprising the net profit for the fiscal year 2023 in the amount of 71,748,565.65 euros plus retained profits of 20,000,000.00 euros.

The Executive Board recommends to the Supervisory Board that for the fiscal year 2023 past a dividend of 0.35 euros per qualifying no-par value share be proposed at the 2024 Annual General Meeting, representing an increase over the level for the prior year (prior year: 0.30 euros). This means that an amount of 20.033.340,25 euros of JENOPTIK AG's accumulated profits in the fiscal year 2023 is to be distributed. Of JENOPTIK AG's remaining accumulated profits, a sum of 51.715.225,40 euros will be allocated to other profit reserves, and a sum of 20.000.000,00 euros will be carried forward to the new account.

No further events of significant importance occurred after December 31, 2023.

10 Other Required Disclosures and Supplementary Information under HGB

10.1 Required disclosures in accordance with § 315e HGB and § 264 (3) HGB

The consolidated financial statements of JENOPTIK AG were prepared in accordance with § 315e of the HGB, exempting an entity from preparing consolidated financial statements under HGB in accordance with the guidelines of the IASB. The consolidated financial statements and combined management report simultaneously are in conformity with the European Union Consolidated Accounts Directive (2013/34/EU). In order to achieve comparability with consolidated financial statements prepared in accordance with the commercial regulations, all of the required disclosures and explanations under the HGB as well as any required disclosures above and beyond those needed to comply with the IFRS will be published.

Through having been included in the consolidated financial statements of JENOPTIK AG, the following fully consolidated German entities have made use of the simplification measures defined in § 264 (3) of the HGB:

- JENOPTIK Automatisierungstechnik GmbH, Jena
- JENOPTIK Industrial Metrology Germany GmbH, Villingen-Schwenningen
- JENOPTIK Automatisierungstechnik GmbH, Jena
- JENOPTIK Robot GmbH, Monheim am Rhein
- TRIOPTICS GmbH, Wedel

10.2 Number of employees and personnel expenses

The breakdown of the average number of employees is as follows:

	2023	2022
Advanced Photonic Solutions	3,112	2,840
Smart Mobility Solutions	499	476
Non-Photonic Portfolio Companies	517	596
Others[1]	287	613
Total	**4,415**	**4,524**
of which continuing operations	4,415	4,196

[1] Including discontinued operation VINCORION in the prior year

The average was determined in accordance with the requirements of § 267 (5) HGB for the description of the size categories.

The breakdown of the personnel expenses is as follows:

in thousand euros	1/1 -31/12/2023	1/1 -31/12/2022
Wages and salaries	323,097	322,071
Social security contributions and costs for support	49,548	49,842
Expenses for pensions	4,476	5,294
Total	**377,121**	**377,208**
of which continuing operations	377,121	347,217

10.3 Auditor fees

The fees for the services received rendered by our auditor, as well as by its associates resp. network companies, amounted to:

in thousand euros	1/1-31/12/2023	1/1-31/12/2022
Financial statement audit services	1,582	1,770
Other services	17	0
Other audit-related services	9	108
Tax consulting services	8	4
Total	**1,616**	**1,881**

The fees for the financial statement audit services relate to expenses for the audit of the annual and consolidated financial statements of JENOPTIK AG as well as the statutory and voluntary audits of the financial statements of the subsidiaries included in the consolidated financial statements.

Other services were provided as part of an arbitration procedure and other audit-related services in accordance with the European Market Infrastructure Regulation (EMIR) as well as the audit of the remuneration report in accordance with § 162 (3) AktG. Tax consulting service relates to providing support services in connection with tax returns from two non-EU subsidiaries.

Of the total expenses, financial statement audit services in the sum of 954 thousand euros (prior year: 1,095 thousand euros), other services in the sum of 17 thousand euros (prior year: 0 thousand euros) and other audit-related services in the sum of 9 thousand euros (prior year: 108 thousand euros) were rendered by the auditors of the consolidated financial statements Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (now operating under the name: EY GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft), Stuttgart.

10.4 German Corporate Governance Code

In December 2023, the Executive Board and Supervisory Board of JENOPTIK AG submitted a declaration of conformity in accordance with § 161 AktG as required by the recommendations of the Government Commission's German Corporate Governance Code in the version dated April 28, 2022. The declaration of conformity was made permanently available to shareholders on the JENOPTIK AG website at www.jenoptik.com in the section Investors/Corporate Governance. The declaration can also be viewed in the offices of JENOPTIK AG (Carl-Zeiss-Strasse 1, 07743 Jena, Germany).

11 List of Shareholdings of the Jenoptik Group as at December 31, 2023 in accordance with § 313 (2) HGB

No.	Name and registered office of the entity	Share of Jenoptik or the direct shareholder as % of	Equity 31/12/2023 thousand euros[1]	Result 2023 thousand euros[1]
	1.1 Consolidated entities			
	– indirect investments			
1	JENOPTIK Asia-Pacific Pte. Ltd., Singapore, Singapore	100		
2	JENOPTIK Automatisierungstechnik GmbH, Jena, Germany	100		
3	JENOPTIK Industrial Metrology Germany GmbH, Villingen-Schwenningen, Germany	100		
4	JENOPTIK North America, Inc., Jupiter (FL), USA	100		
5	JENOPTIK Optical Systems GmbH, Jena, Germany	100		
6	JENOPTIK Robot GmbH, Monheim am Rhein, Germany	100		
	– direct investments			
7	Berliner Glas Wuhan Trading Co., Ltd., Wuhan, China	100		
8	BROXBURN, S.L., Madrid, Spain	100		
9	INTEROB RESEARCH & SUPPLY, S.L., Valladolid, Spain	100		
10	INTEROB, S.L., Valladolid, Spain	100		
11	JENOPTIK (Shanghai) International Trading Co., Ltd., Shanghai, China	100		
12	JENOPTIK (Shanghai) Precision Instrument and Equipment Co., Ltd., Shanghai, China	100		
13	JENOPTIK Australia Pty Ltd., Sydney, Australia	100		
14	JENOPTIK Automotive North America, LLC, Rochester Hills (MI), USA	100		
15	Jenoptik Benelux B.V., Drunen, The Netherlands	100		
16	JENOPTIK India Private Limited, Bangalore, India	100		
17	JENOPTIK INDUSTRIAL METROLOGY DE MEXICO, S. DE R.L. DE C.V., Saltillo, Mexico	98		
18	JENOPTIK Industrial Metrology France S.A., Bayeux Cedex, France	100		
19	JENOPTIK JAPAN Co. Ltd., Yokohama, Japan	100		
20	JENOPTIK Korea Corporation, Ltd., Pyeongtaek, Korea	100		
21	JENOPTIK Optical Systems, LLC, Jupiter (FL), USA	100		
22	Traffipax LLC (from January 18th, 2024: JENOPTIK SMART MOBILITY SOLUTIONS LLC), Jupiter (FL), USA	100		
23	JENOPTIK Traffic Solutions Switzerland AG, Uster, Switzerland	100		
24	JENOPTIK Traffic Solutions UK Ltd., Camberley, Great Britain	100		
25	JENOPTIK UK Ltd., Milton Keynes, Great Britain	100		
26	Prodomax Automation Ltd., Barrie, Canada	100		
27	SwissOptic (Wuhan) Co., Ltd., Wuhan, China	100		
28	SwissOptic AG, Heerbrugg, Switzerland	100		
29	TRIOPTICS GmbH, Wedel, Germany	100		
30	TRIOPTICS Hong Kong Limited, Hong Kong	100[9]		
31	TRIOPTICS Japan Co., Ltd., Shizuoka, Japan	61.25		
32	TRIOPTICS Korea Co., Ltd., Suwon, Korea	60		
33	Beijing TRIOPTICS Optical Test Instruments (China) Ltd., Beijing, China	51		
34	TRIOPTICS Scandinavia OY, Tampere, Finland	100		
35	TRIOPTICS SINGAPORE PTE. LTD. Singapore, Singapore	100		
36	TRIOPTICS TAIWAN LTD. Taoyuan, Taiwan	51		
37	TRIOPTICS LLC Rancho Cucamonga (CA), USA	100		

No.	Name and registered office of the entity	Share of Jenoptik or the direct shareholder as % of	Equity 31/12/2023 thousand euros[1]	Result 2023 thousand euros[1]
	1.2 Non-consolidated associates			
	– indirect investments			
38	KORBEN Verwaltungsgesellschaft mbH, Grünwald, Germany, i.L.[2]	100	33[4]	1[4]
	– direct investments			
39	JENOPTIK do Brasil Instrumentos de Precisão e Equipamentos Ltda., Sao Paulo, Brazil	100	102[4]	352[4]
40	JENOPTIK Saudi Arabia, LLC, Jeddah, Saudi-Arabia, i.L.[2]	100	9[5]	-37[5]
41	JENOPTIK Robot Algérie SARL, Algiers, Algeria	74.5	264[4]	65[4]
42	Hörsel GmbH, Jena, German, i.L.[2]	100	-541[8]	
	2. Investments accounted for using the equity method			
43	TRIOPTICS France S.A.R.L., Villeurbanne, France	50	310[4]	55[4]
	3. Investments			
	– indirect investments			
44	JENAER BILDUNGSZENTRUM GmbH SCHOTT CARL ZEISS JENOPTIK, Jena, Germany	33.33	1,568[4]	31[4]
	– direct investments			
45	HOMMEL CS s.r.o., Teplice, Czech Republic	40	1,401[4]	230[4]
46	JT Optical Engine GmbH + Co. KG, Jena, Germany, i.L.[2]	50[7]	505	1
47	JT Optical Engine Verwaltungs GmbH, Jena, Germany, i.L.[2]	50[7]	23	0
48	Zenteris GmbH, Jena, Germany, i.L.[4]	24,9[7]	[6]	[6]

[1] Details from annual financial statements in foreign currency converted at the closing rate or at the average rate of the respective year

[2] i.L. = in liquidation

[3] i.I. = in insolvency

[4] Details for 2022 annual financial statements

[5] Details as at 31/03/2018

[6] Details not available

[7] Deviating fiscal year as of 30/06

[8] Liquidation closing statement of financial position as at 31/01/2023

[9] Direct investment through Beijing Trioptics Optical Test Instruments (China) Ltd.

Jena, March 15, 2024
JENOPTIK AG

Dr. Stefan Traeger
President & CEO

Dr. Prisca Havranek-Kosicek
Chief Financial Officer

Dr. Ralf Kuschnereit
Member of the Executive Board

Chapter 6

Further Information

Assurance from the Legal Representatives

We give our assurance that, to the best of our knowledge and in accordance with the applicable accounting principles, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the course of business, including the business result and the position of the Group, are portrayed in such a way in the Combined Management Report that a true and accurate picture is conveyed and that the significant opportunities and risks of the Group’s future development are fairly described.

Jena, March 15, 2024

Dr. Stefan Traeger
President & CEO

Dr. Prisca Havranek-Kosicek
Chief Financial Officer

Dr. Ralf Kuschnereit
Member of the Executive Board

Independent auditor's report

To JENOPTIK AG

Report on the audit of the consolidated financial statements and of the combined management report

Opinions

We have audited the consolidated financial statements of JENOPTIK AG, Jena, and its subsidiaries (the Group), which comprise the consolidated statement of comprehensive income for the fiscal year from 1 January to 31 December 2023, the consolidated statement of financial position as at 31 December 2023, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal 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 JENOPTIK AG, which was combined with the management report of the Company, for the fiscal year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sec. 289f and Sec. 315d HGB ["Handelsgesetzbuch": German Commercial Code] as well as section "Risk prevention and assurance of compliance" within the chapter "risk and opportunity report", which is part of the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB 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 fiscal 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. We do not express an opinion on the content of the corporate governance statement referred to above as well as section "Risk prevention and assurance of compliance" within the chapter "risk and opportunity report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recoverability of goodwill

Reasons why the matter was determined to be a key audit matter

Goodwill recognized in the consolidated financial statements of JENOPTIK AG is subject to an annual impairment test pursuant to IAS 36.

The result of the valuations mainly depends on the future cash inflows estimated by the executive directors as well as the discount rate used. The impairment test is therefore associated with a large degree of judgment and uncertainty, which is why it was determined to be a key audit matter.

Auditor's response

We discussed the method used to perform the impairment test with the Company's executive directors and assessed its compliance with the requirements of IAS 36. We assessed the individual components used to determine the discount rate with the support of our internal valuation experts, in particular by analyzing the peer group, comparing market data with external evidence and re-performing the calculation. We examined the clerical accuracy of the valuation model on a sample basis.

We checked on a test basis that the planning assumptions used in the detailed forecasts of each of the cash-generating units are in line with the business plan of the Company prepared by the Executive Board and assessed them critically taking into account our knowledge and insight from the audit. In addition, we verified the growth rates for income and expenses used to roll forward the budget by comparing internal and external data. We also analyzed the forecasts with regard to adherence to the budget in the past, compared them with the prior-year forecasts, discussed them with the Company's executive directors and obtained evidence substantiating the individual assumptions used in the forecasts.

We assessed the significant assumptions used in the sensitivity calculations prepared by the executive directors of the Company in order to estimate any potential impairment risk associated with a change in any of the significant assumptions used in the valuation.

In connection with the plan to dispose of the Automation & Integration business managed under the Prodomax brand in North America in the medium term, in accordance with IAS 36.87 the goodwill of the Non-Photonic Portfolio Companies was reallocated to HOMMEL ETAMIC and Prodomax in the fiscal year according to their relative values in use. An impairment loss of EUR 8,290 k had to be recognized on the goodwill allocated to HOMMEL ETAMIC in the fiscal year, which was recorded under other operating expenses.

Considering the impairment loss recognized for HOMMEL ETAMIC, we do not have any reservations regarding the recoverability of the goodwill recognized in the consolidated financial statements.

Reference to related disclosures

Additional disclosures on the recoverability of goodwill as well as the associated judgments are contained in section 3.2 "Intangible assets" of the Company's notes to the consolidated financial statements.

2. Revenue recognition

Reasons why the matter was determined to be a key audit matter

The companies included in the consolidated financial statements of Jenoptik AG, Jena, sell different products and provide different types of services. The diversified customer and product portfolios give rise to a large number of different contractual agreements. Due to the variety of contractual provisions, revenue recognition is considered complex and carries an elevated risk of material misstatement, particularly with regard to the correct application of the accrual basis of accounting.

In light of this, revenue recognition was a key audit matter.

Auditor’s response

During our procedures, we considered, based on the criteria defined in IFRS 15, the accounting policies applied in accordance with the internal accounting instructions in the consolidated financial statements of Jenoptik AG for the recognition of revenue. Furthermore, we obtained an understanding of the revenue recognition process implemented by the executive directors at significant group companies by reference to individual transactions from the receipt of the order to recognition in the consolidated financial statements and tested selected key controls in place in this process. We also performed substantive procedures to assess the correct application of the accrual basis of accounting to revenue as of the end of fiscal year 2023.

We assessed on a test basis whether the requirements of IFRS 15 for the recognition of revenue over time were met based on the contractual arrangements. For the contract assets recognized as of the reporting date, we reconciled the order backlog with customer orders and the sales prices with the underlying customer contracts on a test basis. In addition, we inspected the underlying inventories on a test basis.

For revenue recognized at a point in time, we checked on a test basis whether it was recognized in the correct period on the basis of the underlying delivery and contract terms.

We also performed substantive procedures, such as obtaining external balance confirmations for trade receivables. Furthermore, to assess the existence of revenue, among others, we examined whether it led to trade receivables and in turn, if payments were received in settlement of these receivables.

Overall, our procedures did not lead to any reservations relating to revenue recognition.

Reference to related disclosures

For information on the accounting policies applied for the recognition of revenue and detailed disclosures on revenue, refer to the disclosures in section 3.16 and sections 4.1 (Revenue) and 7.1 (Segment report) of the notes to the consolidated financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in section “1 Management” of the Annual Report. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG [“Aktiengesetz”: German Stock Corporation Act] on the German Corporate Governance Code, which is part of the corporate governance statement, and for the remuneration report pursuant to Art. 162 AktG. In all other respects, the executive directors are responsible for the other information. The other information comprises the corporate governance statement in the combined management report as well as section “Risk prevention and assurance of compliance” within the chapter "risk and opportunity report, which is part of the group management report, the separate Combined Non-financial Report (section 4), as well as other parts of the Annual Report, in particular sections

– 1 Management,
– 3 Remuneration report,
– 6 Further information (including the Assurance from the Legal Representatives),

but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor’s report thereon. We received a copy of this other information prior to issuing this auditor’s report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
– otherwise appears to be materially misstated.

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal 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, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's 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 Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than 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 control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the file “Jenoptik_AG_KA+KLB_ESEF-2023-12-31.zip” and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January to 31 December 2023 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

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

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

– Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
– Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
– Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
– Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
– Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 7 June 2023 and were engaged by the Supervisory Board on 14 August 2023. We have been the group auditor of JENOPTIK AG without interruption since fiscal year 2016.

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

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Mr. Steffen Maurer.

Stuttgart, March 15, 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

von Michaelis	Maurer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Executive Board

As at December 2023

Dr. Stefan Traeger

President and CEO

President and CEO Dr. Stefan Traeger has been the Chairman of the Executive Board of JENOPTIK AG since May 1, 2017. He is responsible for the Smart Mobility Solutions division, the Non-Photonic Portfolio Companies and the regions as well as for the areas of Strategy, Mergers & Acquisitions (M&A), Marketing & Corporate Communication, Compliance & Risk, Legal, Real Estate, Internal Audit and, as Human Resources Director, for HR.

Dr. Prisca Havranek-Kosicek

Chief Financial Officer

Dr. Prisca Havranek-Kosicek has been Chief Financial Officer (CFO) of JENOPTIK AG since April 1, 2023. She is responsible for the areas of Finance, Controlling, Treasury, Tax as well as Investor Relations & ESG and IT.

Dr. Ralf Kuschnereit

Member of the Executive Board

Dr. Ralf Kuschnereit has been a member of the Executive Board of JENOPTIK AG since January 1, 2023 and is responsible for the Advanced Photonic Solutions division as well as the areas of Purchasing, Operational Excellence, Innovation, Digital Transformation and Intellectual Property (IP).

Executive Management Committee

As at December 2023

Dr. Stefan Traeger
President & CEO

Dr. Prisca Havranek-Kosicek
Chief Financial Officer

Dr. Ralf Kuschnereit
Member of the Executive Board

Jay Kumler
President Jenoptik North America

Kevin Chevis
Executive Vice President
Division Smart Mobility Solutions

Jonathan Qu
President Jenoptik Asia

Maria Koller
Executive Vice President
Head of Global Human Resources

Markus Weber
Executive Vice President
Corporate Controlling & Accounting

Historical Summary of Financial Data

				Group				Continuing operations
		2017	2018	2019	2020	2021	2022	2023
Oder situation								
Order intake	million euros	802.9	873.7	812.6	594.2	936.7	1,185.4	1,092.2
Order backlog	million euros	453.5	521.5	466.1	299.8	543.5	733.7	745.0
Statement of Income								
Revenue	million euros	747.9	834.6	855.2	615.5	750.7	980.7	1,066.0
Share of foreign revenue	%	70.2	71.2	72.6	76.9	81.4	76.7	74.5
Cost of sales	million euros	484.0	541.5	563.4	390.7	493.8	635.0	695.5
Gross profit	million euros	263.9	293.1	291.8	224.7	256.9	345.7	370.5
Gross margin	%	35.3	35.1	34.1	36.5	34.2	35.3	34.8
R+D expenses	million euros	43.1	47.4	44.1	39.4	38.9	54.6	60.9
Selling expenses	million euros	80.3	87.0	89.3	77.1	89.7	107.6	103.0
Administrative expenses	million euros	55.8	56.1	60.5	53.9	53.5	65.5	66.0
EBITDA	million euros	106.9	127.5	134.0	92.8	155.7	184.1	209.6
EBITDA margin	%	14.3	15.3	15.7	15.1	20.7	18.8	19.7
EBIT	million euros	78.0	94.9	88.9	47.4	108.1	101.9	126.3
EBIT margin	%	10.4	11.4	10.4	7.7	14.4	10.4	11.9
Financial result	million euros	2.0	– 3.5	– 3.7	– 5.1	– 5.6	– 6.0	– 15.0
Earnings after tax	million euros	72.7	87.4	67.6	42.7[1]	84.3[1]	57.0[1]	73.5[1]
EPS (Group)	euros	1.27	1.53	1.18	0.73[1]	1.43[1]	0.96[1]	1.27[1]
R+D output	million euros	66.6	69.1	68.4	56.9	63.6	87.1	94.9
R+D ratio	%	8.9	8.3	8.0	9.2	8.5	8.9	8.9
Cash flows and capital expenditure								
Free cash flow (before income tax)	million euros	72.2	108.3	77.2	52.5	43.2	82.7	127.3
Cash conversion rate	%	67.5	84.9	57.7	56.6	27.7	44.9	60.8
Capital expenditures	million euros	37.9	42.5	55.6	38.1	49.9	106.0	110.4
Personnel								
Employees (headcount incl. trainees and temporary staff)	headcount	3,680	4,043	4,122	3,697	4,205	4,435	4,658
Personnel expenses	million euros	265.4	289.3	310.7	238.5	281.8	355.8	388.5

		Group					Continuing operations	
		2017	2018	2019	2020	2021	2022	2023
Statement of Financial Position								
Non-current assets	**million euros**	**376.2**	**491.8**	**555.2**	**848.9**	**1,110.8**	**1,128.5**	**1,099.8**
Intangible assets	million euros	120.9	205.6	212.7	487.1	753.2	730.6	712.5
Property, plant and equipment	million euros	164.7	185.9	251.1	263.5	266.7	324.6	361.7
Investment property and investments accounted for using the equity method	million euros	4.4	6.8	8.3	16.3	17.3	17.1	1.2
Deferred tax assets	million euros	78.9	86.3	77.7	74.6	63.4	38.8	9.2
Current assets	**million euros**	**512.9**	**494.1**	**528.1**	**489.9**	**646.3**	**543.3**	**567.1**
Inventories	million euros	168.6	175.6	153.7	191.4	200.2	256.0	269.3
Current trade receivables	million euros	136.0	131.2	136.9	138.0	120.5	138.8	144.2
Contract assets	million euros	n/a	22.8	48.7	74.7	81.4	58.1	68.1
Current financial investments and cash	million euros	196,9	148.7	168.7	68.3	56.4	57.8	67.7
Equity	**million euros**	**529,9**	**598.0**	**655.4**	**689,4**	**780,7**	**843,3**	**903,3**
Non-current liabilities	**million euros**	**162,1**	**170,3**	**176,0**	**233.0**	**503.1**	**519.0**	**490.2**
Pension provisions	million euros	37.1	37.3	31.6	35.2	9.4	4.3	4.6
Other non-current provisions	million euros	15.9	16.3	17.9	17.0	17.9	17.0	14.3
Non-current financial debt	million euros	108.6	111.4	122.6	138.4	448.7	477.7	466.5
Deferred tax liabilities	million euros	0.1	2.5	1.7	12.9	24.7	16.1	2.9
Current liabilities	**million euros**	**197.1**	**217.7**	**251.9**	**416.4**	**473.3**	**309.5**	**273.4**
Income tax payables	million euros	8.9	9.0	6.4	2.6	6.9	10.9	6.3
Other current provisions	million euros	51.2	58.7	51.9	52.5	39.9	43.9	37.8
Current financial debt	million euros	19.3	10.1	37.0	130.9	149.0	59.1	24.3
Current trade payables	million euros	61.7	60.1	83.7	89.7	94.2	100.6	108.8
Contract liabilities	million euros	n/a	53.3	43.9	46.3	47.3	64.9	68.4
Total equity and liabilities	**million euros**	**889.1**	**985.9**	**1,083.3**	**1,338.8**	**1,757.0**	**1,671.8**	**1,666.9**
Balance sheet ratios								
Equity ratio	%	59.6	60.6	60.5	51.5	44.4	50.4	54.2
Net debt	million euros	– 69.0	– 27.2	– 9.1	201.0	541.4	479.0	423.1
Leverage		n/a	n/a	n/a	2.2	3.5	2.6	2.0
Working capital	million euros	214.8	216.8	217.8	268.1	260.6	287.4	304.4
Working capital ratio	%	28.7	26.0	25.5	34.9	34.7	29.3	28.6
Debt to equity ratio		0.68	0.65	0.64	0.94	1.25	0.98	0.85
ROCE	%	18.2	20.2	14.7	8.2	13.4	7.9	9.6
Dividend key figures								
Dividend per share	euros	0.30	0.35	0.13	0.25	0.25	0.30	0.35[2]
Pay-out ratio on earnings attributable to shareholders	%	23.7	22.9	11.0	34.2	17.5	31.2	27.6[2]
Dividend yield based on year-end stock exchange price	%	1.1	1.5	0.5	1.0	0.7	1.2	1.2[2]

[1] Continuing operations and discontinued operation

[2] Subject to approval by the annual general meeting

Summary by Quarter 2023

		1st quarter 1/1 – 31/3	2nd quarter 1/4 – 30/6	3rd quarter 1/7 – 30/9	4th quarter 1/10 – 31/12
Revenue	**million euros**	**234.1**	**270.8**	**263.8**	**297.3**
Advanced Photonic Solutions[1]	million euros	181.8	208.2	204.3	226.9
Smart Mobility Solutions[1]	million euros	22.9	31.7	28.0	36.1
Non-Photonic Portfolio Companies[1]	million euros	28.3	30.0	31.1	31.8
Other[1, 2]	million euros	1.0	0.9	0.4	2.6
EBITDA	**million euros**	**36.6**	**55.0**	**51.4**	**66.5**
Advanced Photonic Solutions	million euros	36.7	49.2	47.2	49.4
Smart Mobility Solutions	million euros	– 0.1	4.5	2.3	8.6
Non-Photonic Portfolio Companies	million euros	3.2	3.8	5.2	5.4
Other[2]	million euros	– 3.3	– 2.5	– 3.3	3.1
EBITDA margin	**%**	**15.6**	**20.3**	**19.5**	**22.4**
Advanced Photonic Solutions[3]	%	20.0	23.4	22.7	21.4
Smart Mobility Solutions[3]	%	– 0.4	14.2	8.2	23.8
Non-Photonic Portfolio Companies[3]	%	10.9	12.4	16.1	16.5
EBIT	**million euros**	**19.9**	**33.9**	**34.3**	**38.2**
Advanced Photonic Solutions	million euros	25.1	37.3	35.0	35.0
Smart Mobility Solutions	million euros	– 1.5	3.0	0.8	6.8
Non-Photonic Portfolio Companies	million euros	1.4	– 2.0	3.6	– 4.6
Other[2]	million euros	– 5.0	– 4.4	– 5.1	1.0
EBIT margin	**%**	**8.5**	**12.5**	**13.0**	**12.8**
Advanced Photonic Solutions[3]	%	13.6	17.7	16.8	15.2
Smart Mobility Solutions[3]	%	– 6.6	9.5	2.7	18.9
Non-Photonic Portfolio Companies[3]	%	4.9	– 6.4	11.2	– 14.1
Order intake	**million euros**	**283.0**	**263.9**	**288.4**	**256.9**
Advanced Photonic Solutions[1]	million euros	212.1	210.3	199.7	204.3
Smart Mobility Solutions[1]	million euros	38.9	23.7	25.2	25.8
Non-Photonic Portfolio Companies[1]	million euros	30.6	29.2	62.7	24.7
Other[1, 2]	million euros	1.4	0.8	0.7	2.0

[1] External figures

[2] Including consolidation

[3] Based on the sum of external and internal revenue

Imprint

Editor

JENOPTIK AG, Investor Relations & Sustainability
07739 Jena

Layout

JENOPTIK AG

Images

Anna Schroll (pages 7 and 18), Benjamin Hartig (page 18), twenty4pictures (page 19), Bert Bostelmann for manager magazin (page 19), Jenoptik (pages 18-19)

The contents of this publication address all genders equally. For better readability, the masculine forms are used normally.

This is a translation of the original German-language Annual Report of the Jenoptik Group. JENOPTIK AG shall not assume any liability for the correctness of this translation. In case of differences of opinion the German text shall prevail.

Dates

March 27, 2024

Publication of Financial Statements 2023

May 8, 2024

Publication of Quarterly Statement January – March 2024

June 18, 2024

Annual General Meeting of JENOPTIK AG 2024

August 9, 2024

Publication of Interim Report January – June 2024

November 12, 2024

Publication of Quarterly Statement January – September 2024

Investor Relations & Sustainability

Phone +49 3641 65-2291
Telefax +49 3641 65-2804
E-mail ir@jenoptik.com

www.jenoptik.com