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

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.

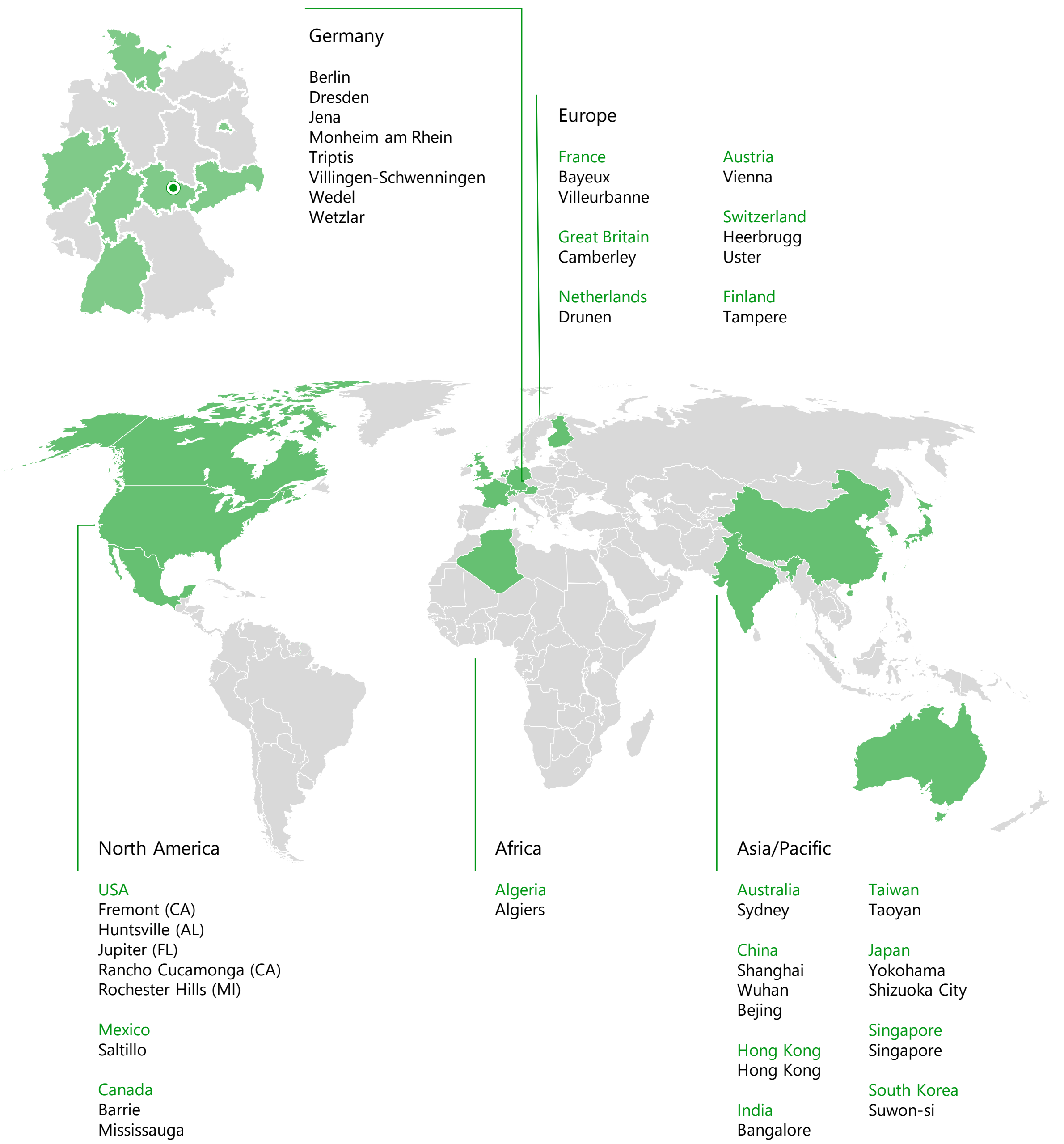
The 50-percent stake in HILLOS GmbH previously held by Jenoptik was sold to the prior co-shareholder, Hilti Aktiengesellschaft, Liechtenstein, in the first half-year 2023.

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).

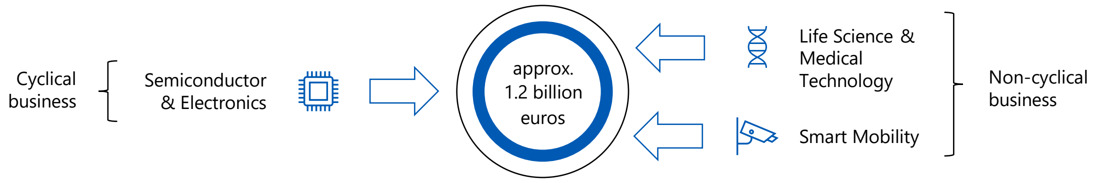
Information on the Group structure can be found in the ”Business Model and Markets” chapter

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

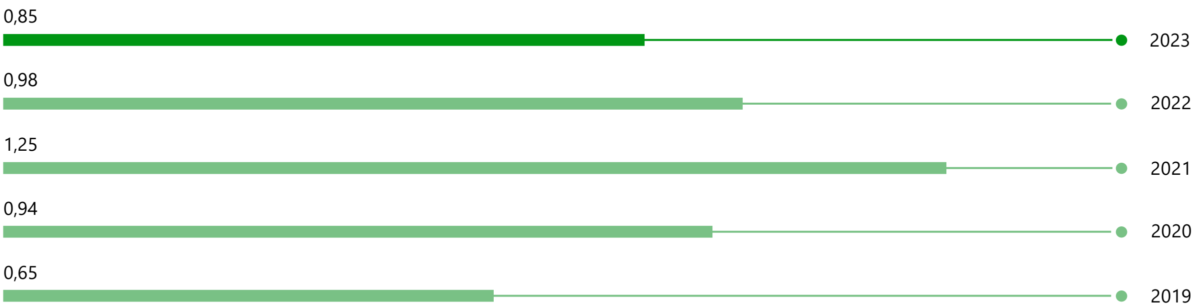
In addition to cash and cash equivalents of 67.7 million euros, the Group had unused credit lines totaling almost 400 million euros at the end of 2023. This means that, as of the end of 2023, Jenoptik had around 460 million euros available for corporate development.

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.

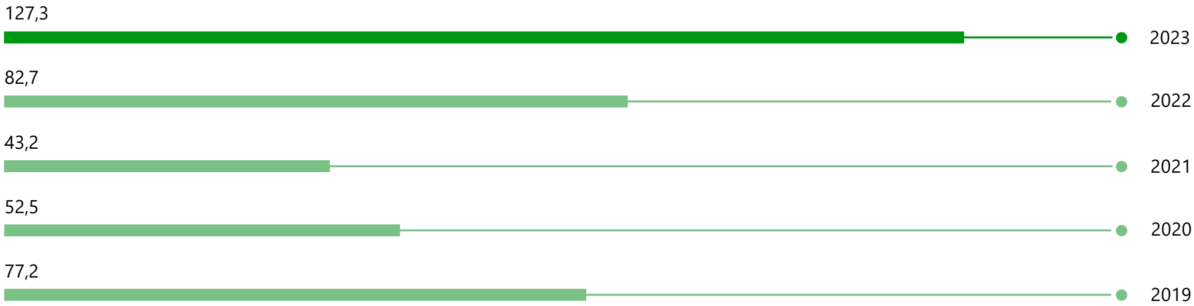
In 2023, the Group's cash flows from investing activities amounted to minus 48.5 million euros (prior year: minus 13.4 million euros). Over the reporting period, this item was influenced in particular by higher capital expenditure for property, plant, and equipment, liquidity flows associated with the 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.

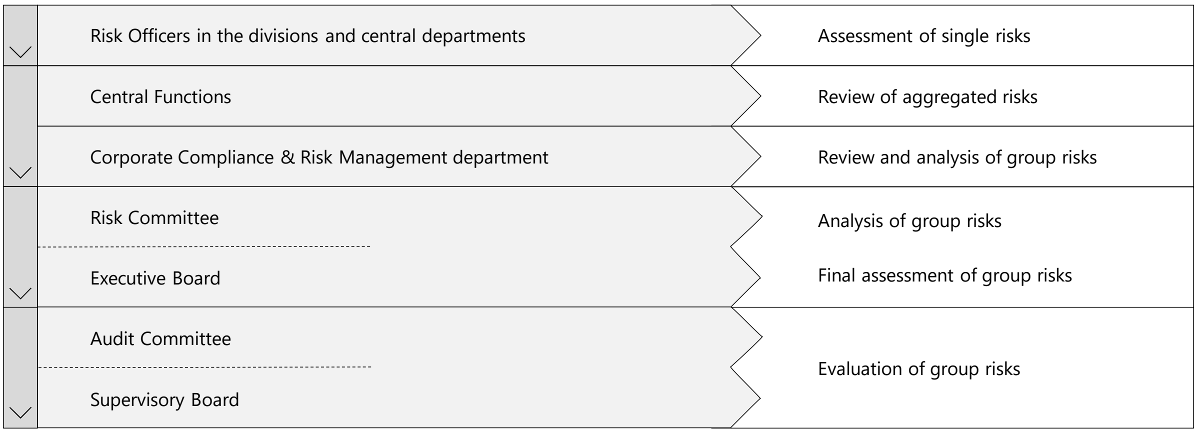
G13 Risk assessment

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



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*

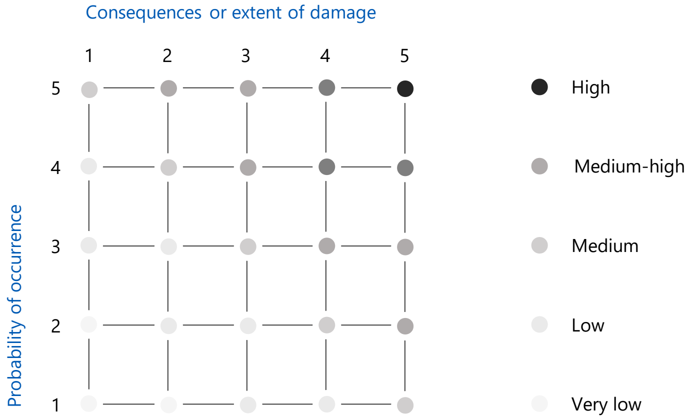
Operational Risks / Opportunities	Strategic Risks / Opportunities
Supply Chain Management / Safety and Environmental Protection / Production (incl. Quality Management) / Marketing & Sales / Patents & IP rights / Human Resources Management / IT / Compliance / Legal Affairs / Real Estate	Market Development / 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

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

Dr. Stefan Traeger

For the Supervisory Board

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.

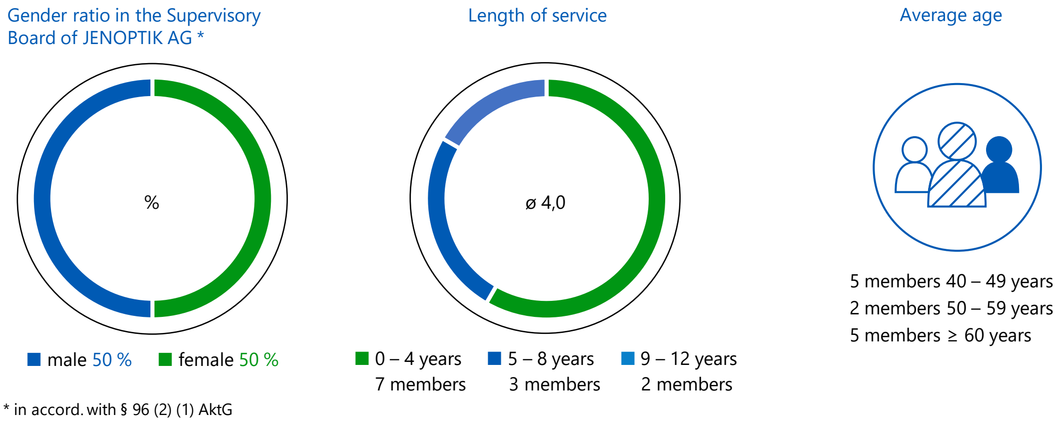
At its meeting on December 12, 2023, the Supervisory Board also decided to set a maximum limit of 12 years for length of service on the Jenoptik Supervisory Board. This limit was deliberately designed as a standard length of service in order to be able to continue to take individual factors into account 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.