

Interim announcement for the first quarter of 2020

adesso SE: strong sales and operating result growth in the first quarter of 2020

- Sales up by 21 % to EUR 125.6 million
- EBITDA increases 42 % to EUR 12.2 million
- Earnings per share: EUR 0.60 (previous year: EUR 0.35)
- Full-year guidance confirmed

Dortmund, 14 May 2020 – adesso SE increased its sales revenues to a new record level in the first quarter of 2020 compared to the prior quarter and the previous year. Unlike in the previous year, the considerable increase in personnel together with a corresponding capacity utilisation resulted in a more significant rise in the operating result (EBITDA) and the EBITDA margin. The full-year guidance is confirmed on the basis of the positive development of the first quarter and further full-year planning. adesso expects the COVID-19 pandemic to begin having an impact on its business figures from the second quarter of the year. Thanks to the current trend towards restrictions being eased, adesso's strong presence in sectors less affected by the measures and compensating effects from additional digitalisation orders, adesso believes that it will continue on its growth course in 2020 and achieve the forecast that has so far only been issued on a pro forma basis.

Business development

Sales revenues rose to a new record high of EUR 125.6 million in the first quarter. Save for one percentage point, all of the 21 % increase was generated organically. This growth was driven by the broad expansion of business activities in the IT Services segment, above all at the parent company adesso SE in Germany, and significant personnel growth in Germany and abroad. Sales in Germany increased by 19 %, while the share of sales generated abroad rose by a disproportionately high number of 29 % due to the increasing internationalisation of the adesso Group. Compared to the first quarter of 2019, the number of employees rose by a total of 20 %, or 710, to 4,192 as at the reporting date (previous year: +23 % or 650); 18 % of employees are employed abroad (previous year: 16 %). Development was positive across all business

areas with the exception of the Banking business area, in which sales remained stable, and the Automotive & Transportation business area, which was impacted by COVID-19 restrictions after having seen strong growth in 2019. In the Insurance business area with the largest contribution of sales another 10 % growth was achieved compared to the previous-year quarter. The Health and Public Administration business areas generated disproportionately high sales growth. The most recent addition to the core business areas, Manufacturing Industry, generated considerable growth through further major orders. Sales of over EUR 6 million were generated in the first three months. In the Banking business area, the second-largest in terms of sales, further recovery is expected as the year progresses.

Sales generated abroad increased further by 29 % to EUR 27.2 million. With their disproportionately high growth, the subsidiaries in Austria, Turkey and Spain, alongside the Swiss subsidiary, contributed particularly to this trend.

Earnings situation

The largest drivers of the disproportionately high increase in the operating result to EUR 12.2 million (Q1/2019: EUR 8.6 million) were significantly improved capacity utilisation and high booking intensity at adesso SE in Germany. With the exception of the new subsidiaries established last year in the Netherlands and Hungary, all other international subsidiaries made a positive earnings contribution in the first quarter. The EBITDA margin came to 9.7 %, just slightly under the forecast figure of over 10 %.

Personnel costs rose disproportionately compared to sales and gross profit (+21 % respectively) by 23 % to EUR 85.7 million due to the increase in the average number of employees (+22 %). Average costs per employee remained constant due to the increased number of employees abroad. Other operating expenses increased by just 2 %, positively impacting the margin as a result. The fall in travel costs due to remote working brought on by the COVID-19 pandemic has had a particular impact here.

Further investments are to be made in the in|sure product family and the FirstSpirit content management system in 2020, as forecast. Earnings developed according to plan in the first quarter at adesso insurance solutions GmbH even without any significant licence revenue, whereas e-Spirit outperformed its forecast at the close of the quarter and therefore had a slightly positive effect on earnings. In the further course of the year there are good chances for additional contract closings in the business with the insurance software product in|sure.

Depreciation and amortisation increased by a total of EUR 1.5 million to EUR 6.2 million, of which EUR 0.6 million was still attributable to depreciation and amortisation relating to company acquisitions. Income from investment activities came to EUR -0.2 million, while income from financing activities stood at EUR -0.7 million. Consolidated earnings improved by 72 % to EUR 3.7 million (previous year: EUR 2.1 million) due mainly to the higher EBITDA and a lower tax rate of 29 % compared to the previous-year quarter. Earnings per share were EUR 0.60 (previous year: EUR 0.35).

Additional figures and information

adesso held liquid assets of EUR 32.3 million as at 31 March 2020 (previous year: EUR 40.5 million; 31 December 2019: EUR 46.4 million). Interest-bearing financial liabilities amounted to EUR 56.5 million, compared with EUR 47.5 million in the previous year. Working capital increased by 34 % to EUR 93.6 million compared to the first quarter of the previous year. This was due to the increase in contract assets for fixed-price projects. Equity rose by EUR 3.7 million to EUR 96.1 million in the first quarter compared to the figure at the end of 2019. The equity ratio improved by 3.1 percentage points year on year to 29.1 %. Additional indicators can be downloaded in table form under Investor Relations on the adesso website at www.adesso-group.de/en/.

Outlook

Compared to the data available at the end of March 2020, there has been a significant deterioration in the outlook for macroeconomic development in Germany and abroad due to the COVID-19 pandemic. At the same time, we are starting to see restrictions being eased in Germany and economic activity gradually returning to normality. There remains a risk of another lockdown, but no reliable predictions can be made in this regard. adesso expects to see the effects resulting from the COVID-19 pandemic have an impact on its business figures from the second quarter of the year but still believes it is well-positioned to even out the consequences of the current situation. Positive development in the first quarter, coupled with adesso's strong presence in business areas less affected by the measures and compensatory effects through additional digitalisation orders, give adesso reason to be cautiously optimistic for the rest of the year. According to the expectations, it should be possible to continue the growth course in 2020. This underscores the guidance that has so far only been issued on a pro forma basis, with full-year sales of over EUR 490 million and EBITDA of more than EUR 50 million anticipated. As in previous years, second-quarter earnings are expected to be down on the first quarter, since it has the lowest number of working days and many opportunities for long weekends by

combining bank holidays and annual leave. In addition, the effects of the COVID-19 pandemic are likely to be more visible from the second quarter. The sales and earnings contribution in the second half of the year is expected to be larger, with rising opportunities through additional digitalisation orders in the medium term, in light of the higher number of potential working days, the closing of licensing agreements in product business and a further return to normal business activities.

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