

Interim announcement for the third quarter of 2020

adesso SE continues solid growth track in third quarter of 2020 with record-breaking sales and significant rise in operating earnings / Full-year sales and EBITDA guidance raised

- Sales up by 21 % to EUR 137.8 million in third quarter
- EBITDA reaches new quarterly high of EUR 25.5 million (previous year: EUR 10.9 million)
- Sales up 17 % to EUR 383.9 million after first nine months of the year; EBITDA increases to EUR 47.1 million (previous year: EUR 28.9 million)
- Further disruptions due to COVID-19 possible in fourth quarter
- Full-year sales and EBITDA guidance raised

Dortmund, 13 November 2020 – adesso SE increased its sales revenues quarter on quarter and year on year to a new record level of EUR 137.8 million in the third quarter of 2020. Growth was mainly driven by the expansion of business activities in Germany and abroad, as well as by the successful conclusion of licensing agreements in product business. The EBITDA margin improved to 18.5 % (Q3/2019: 9.6 %) on account of a further noticeable increase in capacity utilisation, Q3 having the most working days of any quarter this year, the generation of first significant licensing revenues and significant cost cutting due to COVID-19. After the first nine months of the year, sales increased by 17 % to EUR 383.9 million, while operating earnings (EBITDA) came to EUR 47.1 million (previous year: EUR 28.9 million). Driven primarily by the high demand for digitalisation solutions in IT service business, adesso achieved record-breaking sales and EBITDA in spite of the COVID-19-related restrictions, which had a particular impact in the second quarter. On this basis, the Executive Board has raised the full-year guidance for 2020 to more than EUR 500 million for sales and EUR 55 million to 65 million for EBITDA, based on the preliminary figures.

Business development

Sales revenues rose to a new record high of EUR 137.8 million in the third quarter, corresponding to a 21 % rise year on year. Growth was almost as

strong in Germany (21 %) as it was outside of Germany (22 %). The number of employees (expressed as full-time equivalents, or FTE) increased by 520, or 13 %, year on year to stand at 4,471 as at the reporting date. The number of employees abroad increased disproportionately by 24 % due to the growing internationalisation of adesso. Outside Germany, adesso now employs a total of 814 people. The average number of employees (FTE) rose by 17 % year on year in the first nine months of the year.

Sales growth accelerated again in the third quarter after the downturn in the second quarter. Over the nine-month period, revenues increased by 17 % to EUR 383.9 million, more than 16 percentage points of which were attributable to organic growth. The adesso business model continues to be comparatively resilient in the current pandemic. Only the recently established Automotive & Transportation core industry reported a slight decline in sales after strong previous-year growth. Insurance and Banking, the two industries generating the highest sales at adesso, matched the levels recorded in the previous year. In adesso's Insurance division, the first significant licence revenues with the in|sure Ecosphere product family generated a recovery effect in the third quarter. The Health and Public Administration industries generated disproportionately strong growth, as did the newest addition to adesso's core industries, Manufacturing, which all succeeded in acquiring major new projects. All in all, these industries contributed over EUR 42 million in additional sales volume. Revenues increased most sharply in Germany in absolute terms, but also showed disproportionately high growth in other established target markets of Switzerland, Austria and Turkey. Revenues generated outside of Germany increased by EUR 15.2 million, or 23 %, year on year.

Earnings situation

A new quarterly record of EUR 25.5 million (previous year: EUR 10.9 million) was set in relation to EBITDA in the third quarter. As a result, adesso was able to increase its cumulative EBITDA by 63 % year on year to EUR 47.1 million in total. Besides a significant improvement in capacity utilisation and booking intensity in IT services business – predominantly in the first and third quarters – cost savings on account of the COVID-19 pandemic led in particular to a considerable improvement in the result year on year.

Other operating expenses declined by 13 %, or EUR 6.2 million, in spite of further significant increases in the number of employees. The main factor in this item was the reduction in travel expenses, more than half of which came in the second quarter. Costs savings due to customer and employee events being

organised online instead of in person also had an effect here, as did the omission of the exceptional items from the previous year such as major location expansion and the conversion of the company into a Societas Europaea (SE). The fall in travel expenses helped compensate for the decline in capacity utilisation due to the COVID-19 pandemic in the second quarter, whereas the third quarter saw significant improvements in capacity utilisation on account of Q3 having the most working days of any quarter this year and the first wave of significant licensing revenues in relation to the in|sure Ecosphere in 2020 being generated.

The result of adesso SE, the largest operating unit in the adesso Group, improved significantly compared to the first nine months of the previous year. This comes after the previous-year period was impacted by lower capacity utilisation, particularly in the first six months. The established companies in Switzerland and Austria also succeeded in significantly increasing their earnings contribution year on year. All foreign adesso subsidiaries reported positive earnings contributions, with the exception of the recently founded locations in the Netherlands and Hungary and the national subsidiary in Spain, which was impacted by stricter lockdown conditions.

Gross profit rose proportionately to sales by 17 % to EUR 339.3 million. Personnel costs increased by only a slightly disproportionate margin compared to sales, rising by 18 % to EUR 256.4 million.

Depreciation and amortisation in the first nine months of 2020 increased by 16 % to EUR 19.0 million (previous year: EUR 16.3 million). After deducting income from financing activities, again of EUR -2.0 million, and accounting for the significant decline in the tax rate to 32 % (previous year: 41 %, due to the payment of tax arrears), consolidated earnings came to EUR 17.6 million (previous year: EUR 6.2 million). Earnings per share amounted to EUR 2.86 (previous year: EUR 1.01).

Additional figures and information

adesso's working capital increased to EUR 108.1 million in the first nine months of 2020 (previous year: EUR 90.9 million). This was due to the increase in contract assets.

adesso held liquid assets of EUR 32.0 million as at 30 September 2020 (previous year: EUR 34.2 million; 31 December 2019: EUR 46.4 million). Interest-bearing financial liabilities declined significantly year on year by EUR 14.7 million to EUR 46.2 million. Equity rose to EUR 106.8 million

(previous year: EUR 81.8 million), resulting in the equity ratio climbing by 5.6 percentage points to 31.2 % (previous year: 25.6 %). Additional indicators can be downloaded in table form under Investor Relations on the adesso website at www.adesso-group.de/en/.

Outlook

Business performance in the first nine months of the year exceeded expectations following the strong third quarter of 2020. As a result, the Executive Board raised its full-year guidance for sales and EBITDA following the publication of preliminary figures. adesso now anticipates sales of more than EUR 500 million (previously more than EUR 490 million) and EBITDA of between EUR 55 million and 65 million (previously more than EUR 50 million). It should be noted that the renewed contact restrictions, which have applied since November as part of the partial lockdown in Germany, and further rises in rates of COVID-19 infection may have an adverse impact on the order situation and capacity utilisation. However, there are also promising opportunities to secure additional product business and a higher number of working days in the final quarter compared to the previous year.

The Executive Board

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