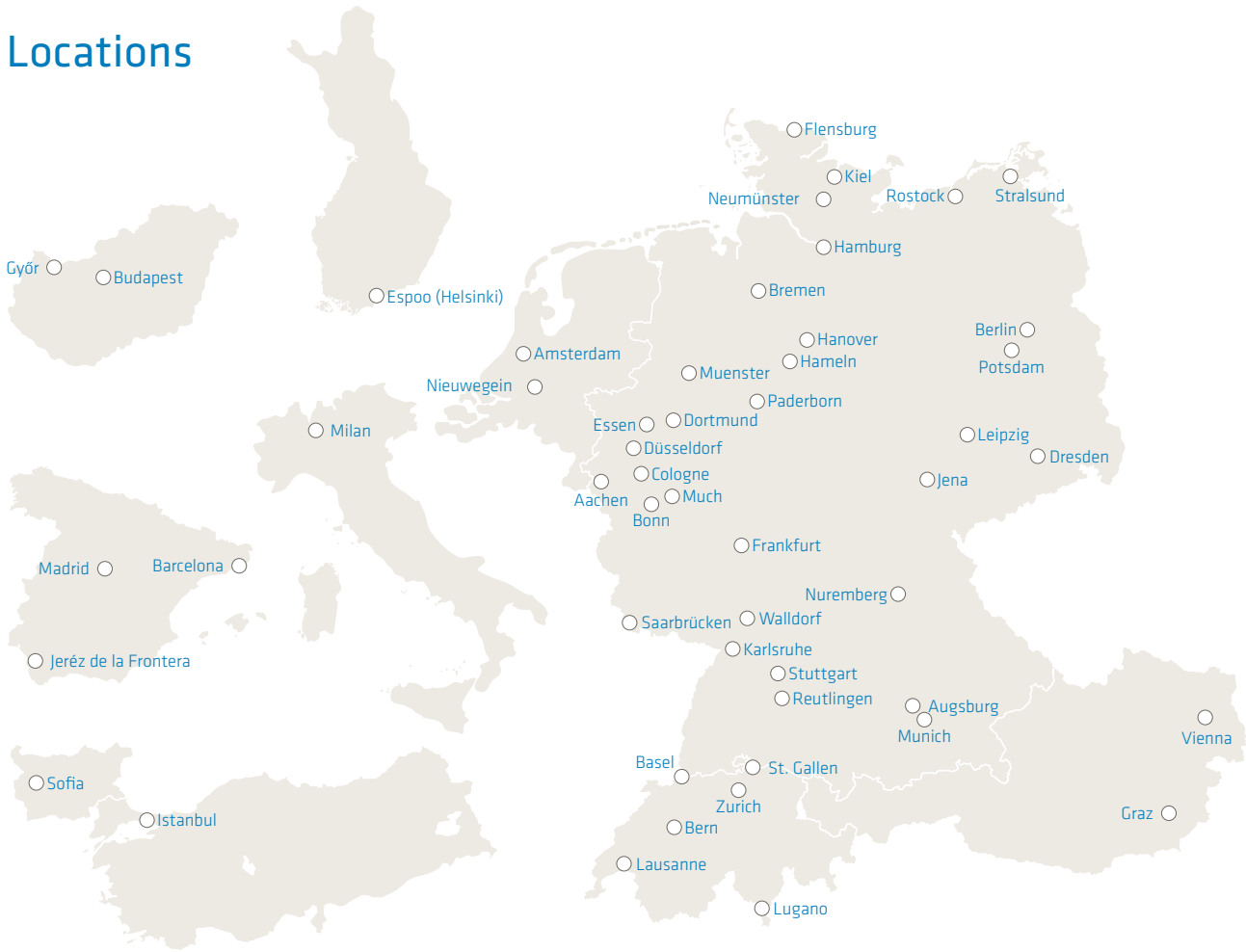




SHAPING THE FUTURE
shaping adesso

ANNUAL REPORT 2021

Locations



Companies in adesso group

adesso SE
Dortmund

IT-SERVICES

adesso Austria GmbH Vienna, Österreich 100%	adesso Bulgaria EOOD Sofia, Bulgaria 100%	adesso Hungary Kft. Budapest, Hungary 100%	adesso Netherlands B.V. Amsterdam, Netherlands 100%	adesso Nordics Oy Helsinki, Finland 70%	adesso Schweiz AG Zurich, Switzerland 100%	adesso Spain Consultoria y Soluciones Technologicas S.L. Barcelona, Spain 100%	adesso Turkey Bilgi Teknolojileri Ltd. Şti. Istanbul, Turkey 100%
adesso as a service GmbH Dortmund 100%	adesso experience GmbH Cologne 100%	adesso orange AG Hameln 71%	adesso Transformer Deutschland GmbH Dortmund 100%	alleato assekuranzmakler GmbH Dortmund 100%	inQventures GmbH Berlin 100%	KIWI Consulting EDV-Beratung GmbH Walldorf 70%	percision services GmbH Dortmund 100%

IT-SOLUTIONS

adesso banking solutions GmbH Frankfurt am Main 50%	adesso health solutions GmbH Neumuenster 90%	adesso insurance solutions GmbH Dortmund 100%	adesso manufacturing industry solutions GmbH Dortmund 100%	adesso mobile solutions GmbH Dortmund 100%	com2m GmbH Dortmund 59%	material.one AG Augsburg 53%	Reachbird Solutions GmbH Munich 100%
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Mission Statement

adesso optimises companies' core business processes with the targeted use of information technology. We offer customers expert consulting based on our in-depth industry knowledge and use our technical knowhow to develop customised software solutions. For a defined set of operational tasks adesso provides innovative solutions and products.

As an independent partner, we aim to help our customers make the most of their business potential while retaining flexibility in the future.

Shaping the future – shaping adesso

Digitalisation is gathering steam, and the market for IT services and software is growing rapidly. Thanks to steady growth, adesso can now once again look back at the most successful financial year in the company's history as it marks its 25th anniversary. By managing "soft" factors intelligently as well, adesso steers the evolution of its unique corporate culture in the right directions. This is crucial in terms of accommodating the company's increasing size while at the same time maintaining and cultivating its basic attitude, which puts entrepreneurial spirit front and centre.

With currently over 5,800 employees, this also means processes of change are needed. Like all the other exciting challenges it faces, adesso tackles these processes with its usual unruffled pragmatism. We don't want to beat around the bush. We want to take action and get things moving. Our goal is to harness our fresh ideas to actively shape the future. And to get the chance to do so, we are willing to work on ourselves. To that end, we once again charted our course for important objectives in the 2021 reporting year as we forge ahead on our sustainable growth path. Factors in this include brand communications and strategic corporate development alongside social and ecological responsibility, all backed by a corporate culture initiative. Our aim in the 2021 annual report is to highlight the challenges adesso will be tackling over the next few years and why we think we are well equipped to rise to the occasion. Read more from page 16 onwards.

Content

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Remuneration Report

In accordance with Section 162 of the German Stock Corporation Act, we published the Remuneration Report for fiscal year 2021 as a separate report for the first time. It will be also included in the invitation to the virtual Annual General Meeting, scheduled for 31 May 2022. The publications are available at www.adesso-group.de/corporate-governance/ or from the date of the convocation as well at www.adesso-group.de/hv/

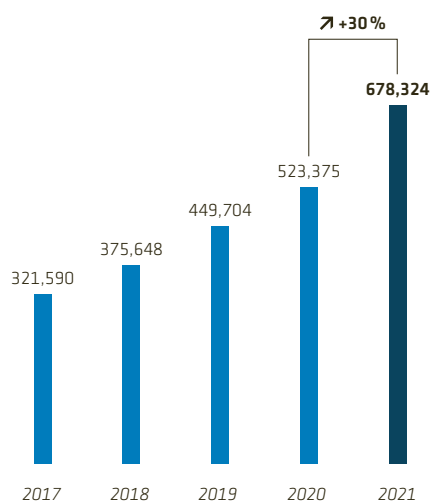
KEY FIGURES

<i>in EUR k</i>	<i>2021</i>	<i>2020</i>	<i>Change</i>	<i>in %</i>
PROFIT SITUATION				
Sales revenues	678,324	523,375	154,949	30
domestic	550,232	413,053	137,179	33
foreign	128,092	110,322	17,770	16
EBITDA	102,418	60,406	42,012	70
EBITDA margin (in %)	15.1	11.5	3.6	31
Consolidated earnings	47,931	20,947	26,984	129
BALANCE SHEET				
Balance sheet total	555,705	372,146	183,559	49
Equity	191,827	102,874	88,953	86
Equity ratio (in %)	34.5	27.6	6.9	25
Liquid assets	109,922	55,053	54,869	100
Net cash position	31,009	-5,636	36,645	650
EMPLOYEES				
Employees (FTE)	5,814	4,975	839	17
domestic	4,811	4,003	808	20
foreign	1,002	971.6	31	3
Gross profit/Employees	108	105	3	3
SHARE				
Number	6,503,272	6,185,343	317,929	5
Price at the end of the period (in EUR)	209.00	97.00	112.00	115
Market capitalisation at the end of the period (in EUR m)	1,359.2	600.0	759.2	127
Earnings per share (in EUR)	7.65	3.39	4.26	126
Dividend per share (in EUR)*	0.60	0.52	0.08	15
P/E ratio	27.3	28.6	-1.3	-5

* Subject to the approval of the Annual General Meeting in the year under review.

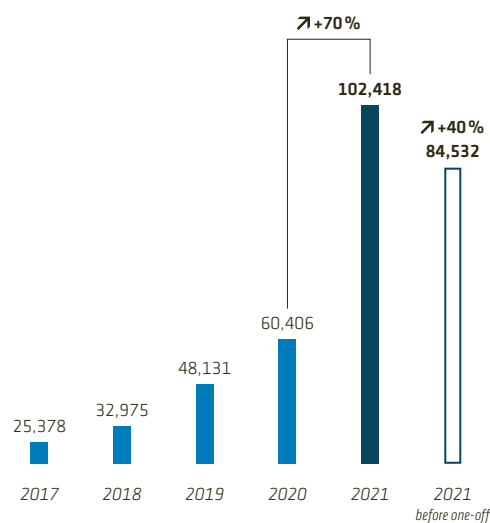
GROWTH IN SALES

in EUR k



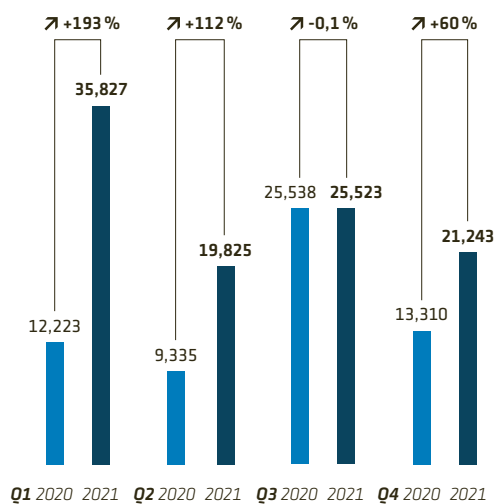
EBITDA DEVELOPMENT

in EUR k



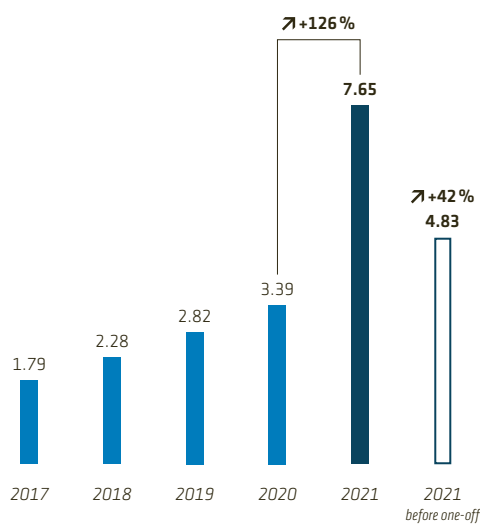
EBITDA DEVELOPMENT (PER QUARTER)

in EUR k



EARNINGS PER SHARE

in EUR



Foreword by the Executive Board

*Dear Shareholders, Employees
and Friends of the Company,*

2021 was the most successful financial year in adesso's history. Like adesso, customers have adapted their lives to the extraordinary circumstances brought about by the coronavirus pandemic. Digitalisation projects are booming in times when long-distance collaboration with spread-out teams, digital infrastructure and media have come to the fore.

As a result, adesso was able to acquire new projects across all industries, leading to 30 % growth overall. Almost all industries saw double-digit growth, and the outlook is also positive.

In the first quarter, adesso started generating licence sales with the in|sure Ecosphere. Capacity utilisation was also at a good level. In addition, the sale of the e-Spirit Group to an American company had a remarkable impact on the first quarter. adesso sold the company, which had been dragging down earnings in recent years, for around USD 30 million. The net one-off effect on EBITDA amounts to approximately EUR 17.9 million.

In terms of earnings, the second quarter was the weakest quarter of the year due to it having the lowest number of working days. Despite this, EBITDA increased by over 100 % compared to the same quarter of the previous year, which was also due to good capacity utilisation and further in|sure licence sales. The third quarter maintained the previous year's level despite the same quarter of 2020 achieving the highest number of licence sales. In the fourth quarter, good capacity utilisation in the service business and further licence sales once again led to earnings contribution growth.

adesso closed financial year 2021 with record sales of EUR 678.3 million (previous year: EUR 523.4 million). EBITDA increased to EUR 102.4 million. As a result, adesso exceeded the guidance, which was adjusted and increased during the year. This figure includes the net proceeds from the e-Spirit sale. Adjusted for this effect, the operating earnings came to EUR 84.5 million (previous year: 60.4 million).

Earnings per share grew to EUR 7.65 (adjusted for the e-Spirit sale: EUR 4.83; previous year: EUR 3.39). As in previous years, we intend to allow shareholders to participate in the company's success and will propose another dividend increase to the Annual Shareholders' Meeting, bringing the payment up to EUR 0.60 per share. This is the ninth dividend increase in a row.

adesso's growth story continues to be a success. Sales increased by 30 %. Of that total, 20 percentage points stemmed from organic growth, and 10 percentage points from M&A activities. In particular, relatively new



Torsten Wegener, Dirk Pothen, Andreas Prenneis, Michael Kenfenheuer, Jörg Schroeder, Stefan Riedel (from left to right)

industries (Manufacturing Industry and Automotive) and the public sector made a special contribution to adesso's extraordinary performance in 2021. In Germany, business expanded by some 33 %. Outside of Germany, double-digit growth was achieved in almost all adesso countries. In financial year 2021, adesso began tapping into two new sales markets – Finland and Italy.

The main inorganic growth drivers came from the acquisitions of Quanto AG (December 2020), now the main business of adesso orange AG, and KIWI Consulting GmbH. These acquisitions enabled adesso to significantly advance its own SAP business and penetrate the public sector.

A 5 % capital increase carried out in October 2021 raised EUR 49.5 million in gross cash as additional liquidity for further M&A activities. We would like to take this opportunity to thank all existing and new shareholders who participated in the capital increase, thereby contributing to the future success of adesso.

The funds raised from the capital increase are earmarked for corporate development and M&A, enabling further growth for the adesso Group. As always, we rely on our proven strategy of making smaller, promising M&A acquisitions instead of putting all our eggs in one basket.

The number of employees increased to over 5,800 (converted into full-time equivalents). This puts adesso in prime position to meet the growing demand for IT services in 2022. For 2022, adesso forecasts sales of between EUR 750 and 800 million, EBITDA of EUR 90 to 95 million and an EBITDA margin of 11 % to 12 %. The excellent prospects for growth will be mainly reflected in sales growth in 2022. EBITDA is expected to rise less sharply, primarily due to the decrease in the number of working days compared to the previous year and the investments in employee, culture and loyalty programmes. Through these programmes, we aim to ensure sustainable growth in the coming years and keep employee turnover low (2021: 9 %).

We would like to express our sincere thanks to all stakeholders, our customers, our employee and our partners. Without you, adesso's success story would not be possible. In 2022, we will be celebrating our 25th anniversary. We look forward to making the next 25 years at least as successful thanks to the continued trust shown by our customers and the commitment given by our employees.

We would like to thank you, our shareholders, in particular for your engagement and dedication. On 21 March 2022, the Deutsche Börse Group admitted us to the SDAX. This is another significant milestone towards becoming the leading IT service provider in Europe. Thank you for your loyalty.

Dortmund, March 2022



Michael Kenfenheuer



Andreas Prenneis



Dirk Pothen



Stefan Riedel



Jörg Schroeder



Torsten Wegener

Report by the Supervisory Board



Prof. Dr. Volker Gruhn

Advising and Monitoring of Management

The Supervisory Board completed the tasks entrusted to it in the 2021 financial year with the greatest of care and in accordance with the law and the Articles of Association. It continuously monitored the Executive Board's activities and provided assistance and advice on all important decisions related to the management of the company. In compliance with its duty to provide information in a timely and comprehensive manner, the Executive Board informed the Supervisory Board regularly, in written and oral form, about the situation and the course of business development at the company and its key subsidiaries, and about incidents and measures that were relevant for the company. The Supervisory Board received documents about the asset, financial and earnings situation for this purpose on a quarterly basis. Additionally, it received detailed information from the Executive Board about relevant business transactions.

The Supervisory Board is thoroughly convinced that the operating and financial risks are hedged through organisational and internal approval processes. A sound reporting system and an internal control system exist for the company and the Group, both of which are subject to continued further development. The Supervisory Board was informed at regular intervals about the development of particularly relevant projects and the development of the Group companies.

The members of the Supervisory Board had sufficient opportunity at all times to critically examine the reports and proposals presented by the Executive Board and contribute their own suggestions. In particular, the Supervisory Board discussed in depth all business transactions that were of significance for the company on the basis of written and oral reports by the Executive Board. The Supervisory Board issued its consent to individual business transactions to the extent required by the law, the Articles of Association or the rules of procedure.

The Chairman of the Supervisory Board also met with the members of the Executive Board on a regular basis between meetings. There was a close and regular exchange of information and ideas, and issues regarding the company's strategy, business development, risk situation, risk management and compliance were discussed, ensuring that the Chairman of the Supervisory Board was informed about key developments.

Subjects of the Supervisory Board Meetings

Four regular Supervisory Board meetings took place in financial year 2021. All six members of the Supervisory Board attended all four meetings. In addition, extraordinary meetings in the form of video conferences were held on 5 March 2021 and 21 May 2021 to discuss M&A transactions, which were also attended by all members of the Supervisory Board.

One essential component of the regular meetings were the Executive Board's reports on the current asset, financial and earnings situation within the context of the business development of the company and the subsidiaries; on strategy; on risk management and controlling; and on personnel development and policies. The members of the Supervisory Board also discussed important individual business transactions and projects. In addition, individual current topics were discussed in regular meetings between the members of the Executive Board and the Chairman of the Supervisory Board. The Supervisory Board was informed of events of extraordinary significance for the situation and development of the adesso Group without delay. Transactions that required the approval of the Supervisory Board were always discussed before they took place and in good time. The Supervisory Board has not formed any committees other than the Audit Committee formed at the end of May 2021.

From the Meetings

In an extraordinary meeting held via video conference on 5 March 2021 to discuss the possible sale of the e-Spirit Group, the Supervisory Board was informed of the status of the process and questions were answered by the Executive Board. The Supervisory Board subsequently authorised the Executive Board, via circular resolution, to execute the transaction in accordance with the conditions presented in the interests of adesso SE. Further contract negotiations were followed by the conclusion of the contract on 19 March 2021.

As in previous years, the March meeting focused on the financial statements of the individual companies, as well as of the Group and their development.

The CFO presented adesso SE's individual financial statements and the consolidated financial statements and discussed various aspects of development over time, certain items on the balance sheet, the income statement, liquidity and the cash flow statement. Sales development for key customers and industries, tax effects and the contributions of individual group companies to the development of results were discussed at the Group level. The current risk report, the most important areas of risk and significant changes regarding the probability of occurrence and amount of potential damage were discussed as well. Then the Executive Board presented the 2021 forecast report.

The members of the Executive Board also reported on the individual companies, their business models and planned investments in this meeting. The projected 2021 figures for the individual companies were then discussed and adopted.

As part of its non-financial reporting, the Executive Board reported on environmental, employee and social aspects, the protection of human rights and fighting corruption and bribery. The presented report is structured according to the German Sustainability Code (DNK).

The Supervisory Board determined that a non-financial report had been submitted and that the legally required aspects had been covered; it approved the report for publication.

The Supervisory Board acknowledged the audit reports by the auditor on the annual and consolidated financial statements of adesso SE as at 31 December 2020, together with the combined management report of adesso SE and the Group, and approved the annual financial statements and consolidated financial statements for financial year 2020. The annual financial statements were thereby approved.

The Executive Board proposed a dividend of EUR 0.52 per share for 2020, corresponding to a dividend payment of EUR 3,216,378.36. The Supervisory Board agreed with the proposal.

In addition, the Report by the Supervisory Board for financial year 2020 was approved.

The agenda for the 2021 Annual General Meeting was also adopted.

In compliance with the law implementing the second Shareholders' Rights Directive (ARUG II) and the new German Corporate Governance Code, the Supervisory Board adopted a new remuneration system for the members of the Executive Board, the additional features of which were explained in a comparison with the existing system earlier during the meeting. The former system did not provide for any caps on the amount of individual variable remuneration components or on total remuneration. In addition, non-financial sustainability targets have been integrated into the new system, along with long-term incentives with a material relation to future performance or that are based on multi-year assessment.

At an extraordinary meeting held by video conference on 21 May 2021, the Executive Board's planned purchase of shares in KIWI Consulting EDV-Beratung GmbH was discussed using the proposals for resolution prepared by the Executive Board. The Executive Board was authorised to complete the transaction in accordance with the conditions presented in the interests of adesso by way of a subsequent vote by telephone. Further contract negotiations were followed by the conclusion of the contract on 28 May 2021.

At the meeting of the Supervisory Board that followed the Annual General Meeting on 27 May 2021, the main topic was the formation of an Audit Committee. Following an in-depth discussion, the Supervisory Board unanimously adopted a resolution to form an Audit Committee. As financial experts with the relevant accounting qualifications as well as expertise and experience in internal monitoring procedures and the auditing of financial statements, Hermann Kögler was elected to the Committee as its Chairman and Rainer Rudolf as his Deputy.

The Committee will focus on the following main topics: Monitoring accounting processes, monitoring the effectiveness of the internal control system (ICS), monitoring the effectiveness of the risk management system (RMS), and monitoring the audit of the financial statements (in particular the independence of the auditor and the definition of key audit areas). The Committee acts solely in an advisory capacity and does not adopt any resolutions of its own.

The CFO did not present the interim financial statements of adesso SE and the Group at this meeting, since these had already been addressed at the Annual General Meeting.

The CFO presented the current business situation as at April 2021 and reported that the adesso Group's overall performance was slightly above plan.

The Supervisory Board was informed in detail about the reasons for poorer results of the foreign subsidiary in Spain at that time, despite strong growth in sales, and welcomed the measures taken by the Executive Board. In addition, situations regarding individual fixed-price projects were discussed.

At the end of the meeting, the Executive Board members reported on the ongoing M&A projects and activities.

The Supervisory Board's meeting in the third quarter was held on 30 September 2021. The meeting focused on the capital increase that the Executive Board had announced for the beginning of October. The Supervisory Board fundamentally supported the plans to strengthen the company's financial capacity by increasing the share capital and resolved to appoint a Transaction Committee and to authorise it to adopt any resolutions requiring its approval. Prof. Dr Volker Gruhn, Dr Friedrich Wöbking and Hermann Kögle were nominated as the members of the Committee.

The Audit Committee then reported on its inaugural meetings.

The other items on the agenda of this meeting primarily consisted of in-depth examination of the adesso Group's semi-annual financial statements as well as the presentation and explanation of the current business situation of adesso SE and the individual subsidiaries.

To conclude the meeting, the Chief Financial Officer reported on M&A developments and the status of the various acquisitions.

This December meeting focused on the interim financial statements for adesso SE and the Group as at 30 September 2021. The key figures and items in the consolidated income statement were presented and discussed and key figures in the balance sheet and liquidity development were analysed and discussed. Moreover, the CFO explained the current business situation of the individual companies in the Group. The members of the Executive Board reported on the development of the individual companies from both a sales and an earnings perspective. The planning assumptions for financial year 2022 were presented and analysed accordingly. The Supervisory Board discussed the individual companies' potential and risks. In particular, the inflation and currency risks associated with Turkey were discussed, together with the potential in Italy.

As in previous years, current developments pertaining to corporate governance were also discussed. The update to the statement of compliance with the German Corporate Governance Code was also adopted during this meeting. The rules of procedure of the Supervisory Board were amended to include the Audit Committee and adopted in their revised form. Information was also provided regarding an update to the Executive Board's schedule of responsibilities and a corresponding update to the Executive Board's rules of procedure as pertains to the responsibilities for subsidiaries was resolved.

The meeting closed with reports on ongoing M&A acquisitions and the presentation of completed transactions.

Committees

The Audit Committee of adesso SE assumed its duties on 27 May 2021 following the election of its members, its Chairman and his Deputy. In 2021, the Committee met three times. Both members attended all three meetings, with Mr Kögler attending the second meeting in August via video conference due to last-minute scheduling constraints.

Executive Board

Stability and continuity are essential factors for the success of a company and the main focus for the Supervisory Board. We are therefore pleased to report that we signed a contract with the Chairman of the Executive Board, Michael Kenfenheuer, for a further two years and a contract with Dirk Pothén for a further five years. Torsten Wegener was appointed as a new member of the Executive Board with effect from 1 April 2021.

2021 Annual Report

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Dortmund, the auditor elected by the Annual Shareholders' Meeting, has audited the annual financial statements and the consolidated management report of adesso SE and the Group for financial year 2021 and has issued an unqualified audit opinion.

As the responsible auditor from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Andreas Muzzu explained the key findings of the audit and was available to answer questions from the Supervisory Board. He informed the Supervisory Board about the services performed by the auditing company in addition to the audit. The Supervisory Board examined in detail the annual and consolidated financial statements along with the combined management report of adesso SE and the Group as well as the separate consolidated non-financial report as at 31 December 2021 along with the proposal by the Executive Board concerning the appropriation of profits. In addition, the auditor has formally audited the remuneration report, found the content to be complete and also prepared a report on it.

The Supervisory Board has acknowledged the reports on the audit of the financial statements and has taken into account the Audit Committee's assessment of the quality of the audit. The Supervisory Board has agreed with the findings of the audit of the annual financial statements and the consolidated management report of adesso SE and the Group by the auditor and has approved the annual financial statements and consolidated financial statements for financial year 2021.

The annual financial statements have, therefore, been approved (Section 172 of the German Stock Corporation Act (AktG)).

The Supervisory Board concurs with the Executive Board's proposed appropriation of profit.

As part of its examination, the Supervisory Board also reviewed the content of the separate consolidated non-financial report submitted by the Executive Board for adesso SE as required by Section 171 AktG and the Group as required by Sections 289b and 315b HGB. This report was prepared in accordance with the German Sustainability Code (DNK). The Supervisory Board decided that reporting of the non-financial information was legitimate, correct and appropriate.

Acknowledgements

We would like to thank the Executive Board and all employees of adesso SE and its affiliated companies for their strong commitment and constructive teamwork over the past financial year, which, once again, has been a successful one.

Dortmund, Germany, 22 March 2022

On behalf of the Supervisory Board



Prof. Dr. Volker Gruhn, Chairperson

Highlights 2021

February

in|sure success: Hoechst Group employee pension plan awards contract

Pensionskasse der Mitarbeiter der Hoechst-Gruppe VVaG, one of the largest pension funds in Germany, has decided to overhaul its entire application environment on the basis of products from adesso insurance solutions. Contracts to this effect were signed in late February. The aim of the project is to keep the system environment and the processes viable for the future in the long term and to leverage the additional strategic potential offered by the product portfolio and digitalisation. To this end, the existing stock management system is being replaced by the in|sure standard software modules.

March

adesso supports Bausparkasse Schwäbisch Hall in the further development of the core banking system (CBS) in the lending sector

adesso is supporting Bausparkasse Schwäbisch Hall in the further development of an SAP-based application for the core banking business in the lending sector. The placement of the order and the collaboration with Quanto AG (now adesso orange), which was acquired in late 2020, in this project – viewed as a flagship in the German finance industry – underscore the merger’s potential with regard to the further expansion of SAP activities within the adesso Group.

adesso sells e-Spirit to focus on its core business as an industry-specific provider of IT services and products

adesso and U.S.-based company CrownPeak Technology Inc. agreed on the sale of e-Spirit AG, which had been a part of the adesso Group for years and is responsible for the FirstSpirit content management system (CMS). The deal was the biggest sale in adesso’s company history, with a purchase price of nearly USD 30 million. The transaction also unlocks new business opportunities and prospects for growth for the long-standing subsidiary.

April

Staffing continuity and new members added to the board for successful development of the adesso Group’s business

The Supervisory Board extended the Executive Board agreements with long-serving Executive Board chairman Michael Kenfenheuer and with member Dirk Pothen and appointed Torsten Wegener to serve as an additional member, ensuring continuity while also bolstering adesso’s successful Executive Board team. Wegener (54) took over the cross-disciplinary “Data & Analytics”, “Microsoft” and “Digital Experience” technology divisions.

May

adesso SE acquires majority stake in KIWI Consulting EDV-Beratung GmbH

adesso acquired 70 % of shares in KIWI Consulting, supplementing its own portfolio for banks, public-sector clients and mortgage lenders. Potential synergies arise from the pooling of finance expertise, including in the area of public-sector clients, in establishing the personnel for framework agreements that have already been brought in and in the two parties’ work to explore their customer bases, which have little overlap.

June

adesso establishes subsidiary in Finland and expands in Northern Europe

The newly established subsidiary in Helsinki has given adesso its first mainstay in Northern Europe. The company, already a leading IT service provider in the German-speaking countries, is now planning to expand to the north. The new subsidiary will initially focus on the existing core industries of banking and insurance, along with the manufacturing and automotive industries and the lottery sector. The German parent company will also be offering its SAP know-how in the Northern European countries.

adesso acquires influencer marketing agency Reachbird

adesso has strengthened and diversified its own digital agency segment with the acquisition of leading influencer marketing agency Reachbird. The team of around 20 experts expands and strengthens adesso's full-service online marketing portfolio with the addition of influencer marketing services. Reachbird operates an innovative cloud- and AI-based platform that is considered one of the leading influencer marketing software solutions in the German-speaking region.

August

adesso assists BMW Group on its journey to becoming an agile organisation

The BMW Group has chosen adesso as its partner for the company's agile transformation. The IT service provider will be supporting the carmaker in its agile enablement strategy, training entire departments and specific teams on their agile journey with a variety of training and coaching measures. The BMW Group has already established flagship agile projects to safeguard its global competitiveness across many areas and processes, from development, logistics and finance to HR and purchasing. More and more software is being built into vehicles, and electronics are playing an increasingly important role in the automotive industry.

October

adesso successfully increases cash capital

adesso strengthened its own financial capacity in the autumn by increasing its share capital. In all, 309,679 new shares were issued in exchange for cash contributions. The new shares were placed with institutional investors in Germany and abroad by way of an accelerated bookbuilding process. The capital increase generated gross proceeds for adesso of roughly EUR 49.5 million.

adesso revises full-year guidance for sales and EBITDA upward on the basis of strong preliminary figures for Q3 2021

Buoyed by good preliminary quarterly figures, adesso revised its full-year guidance upward in October. With ongoing high capacity utilisation and robust booking intensity in the IT service business and the largest number of quarterly working days in 2021, adesso's results came in well above expectations.

Further internationalisation: adesso opens location in Italy as tenth in Europe

adesso is now also represented in Italy. After successfully opening a location in the Italian-speaking part of Switzerland two years earlier, adesso has now expanded its market activities to the neighbouring country in the south. adesso is now also serving customers in northern Italy from Milan. The new location offers ideal conditions for tapping into the potential of the Italian market. Milan, Italy's second largest city, is among the most important hubs of economic activity in Europe and is home to important industrial sectors and major corporate groups.

November

Provinzial opts for adesso as migration partner to replace mainframe-based application environment

Insurer Provinzial signed a three-year framework agreement with adesso with the aim of fully replacing its mainframe-based systems. The adesso transformer solution will play a crucial role in the upcoming modernisation of the application landscape.

December

adesso integrates Hauertmann IT-Consulting team via asset deal

adesso added 45 experts from Dortmund-based Hauertmann IT-Consulting to its workforce. The new colleagues are experts in Microsoft software development as well as agility and scrum. The asset deal underscores adesso's position as one of the most powerful Microsoft Partners in Germany. adesso possesses all 18 available Microsoft Competencies – 16 at gold level – giving the company a unique selling point in Germany in terms of the breadth and depth of the Microsoft technologies it covers.

SHAPING THE FUTURE

shaping adesso

Our path to actively shape the future

Digitalisation is gathering steam, and the market for IT services and software is growing rapidly in the process. adesso's rise to become one of Europe's leading IT service providers for industry-specific business processes is taking place on the back of steady growth. Now, as it gears up to mark its 25th anniversary on 13 May 2022, adesso can once again look back at the most successful financial year in the company's history.

Although market conditions have created a favourable climate for this development, they are not the only explanation for adesso's growth rates, with annual sales growth having averaged more than 20 % over the past ten years, well above the average. By managing "soft" factors intelligently as well, adesso steers the evolution of its unique corporate culture in the right directions. This is crucial in terms of accommodating the company's increasing size while at the same time maintaining and cultivating its overall attitude, which puts entrepreneurial spirit front and centre.

With currently over 5,800 employees, adesso is increasingly catching up to Germany's biggest companies. Only some 300 of the more than three million businesses* in Germany are responsible for this kind of headcount. This also necessitates processes of change at the company, and as with all the other exciting challenges, adesso tackles these processes with its usual unruffled pragmatism. We don't want to beat around the bush. We want to take action and get things moving. That attitude is part of what our customers have valued about adesso since 1997. And we, in turn, value our clients' long-standing trust, which is embodied in lasting and constructive customer relationships.

* Statistisches Bundesamt (Federal Office of Statistics), quoted from [de.statista.com](https://www.destatis.de), 2020

„Our goal is to make the world a better place through efficient processes with low resource impact. And to get the chance to do so, we are willing to work on ourselves.“

Going forward, digitalisation will increasingly be interwoven into the fabric of our lives. This trend forms the basis for practically every process across society and the business sector. The coronavirus crisis has shown once again just how far behind many organisations are in this regard. At adesso, our goal is to work together to make the world a better place through efficient processes with low resource impact and harness fresh ideas to actively shape the future. And to get the chance to do so, we are willing to work on ourselves. To that end, we once again charted our course for important objectives in the 2021 reporting year as we forge ahead on our sustainable growth path. The strength of our brand and communication skills within the adesso Group will become increasingly important in setting ourselves apart from the competition in future. We are currently working toward that goal by expanding our corporate communications activities into an effective marketing organisation. To ensure this, we have created a new C-level position below the Executive Board at adesso in early July 2021 (see interview with the new CMO starting on page 20). adesso also established the Corporate Development and M&A department in mid-2021 to take an even more strategic approach to the company's inorganic growth going forward. The company managed to bring a former Executive Board member back on board for this task as an absolute expert on the subject (see interview with Christoph Junge starting on page 22). adesso does not plan to make any changes in its largely organic growth of the past few years, but rather to supplement and develop the business on a targeted basis within the adesso Group framework. To raise its own profile, sharpen its strategic focus and channel the topics specifically addressed by adesso, the company decided to sell its long-standing product subsidiary e-Spirit Group at the start of last year. adesso's aim in this move is to focus on its industry-specific alignment. After all, that is where

our strengths and core business lie. In terms of social and ecological responsibility, adesso has raised its profile through cooperation with the European Forum employee representation. Although adesso has always pursued many sensible courses of action in these areas, the company now hopes combining them into a single overall concept will lead to even greater impact and help the Group live up to its growing responsibilities (on this point, see the article starting on page 24).

All of these measures are embedded in an internal initiative. Dubbed ONEadesso, the programme aims to maintain the cultural basis that gives the adesso Group its identity while bringing the synergies that arise from the various parts of the business home to both adesso and its clients even as adesso grows. Step by step and across every area of the company, this will create a single attitude shared by everyone (see article starting on page 18). We firmly believe this is an important investment in our long-term readiness for the future. As a consulting and IT service provider, our people are our most important asset, and we invest a lot in them. Our below-average staff turnover and high application figures show that we offer an attractive environment for creative and tech-savvy professionals as a whole.

Even as we strive to meet our objectives, adesso believes it is crucial to maintain enough space for its people to engage their entrepreneurial spirit. That very freedom and business autonomy is what makes adesso successful and unlocks consistent, meaningful solutions – both in the results of work and within our internal organisation. This allows us to operate with agility and pragmatism and make swift decisions even with well over 5,800 employees, safeguarding a crucial adesso success factor. This means adesso is well positioned for the years and decades to come

SPEEDBOATS TAKE ADESSO TO THE FINISH LINE

Executive Board member Dirk Pothén on the ONEadesso initiative

Our “speedboats” have always been crucial success factors for us. That’s the name we use at adesso for the small to medium-sized organisational units that act as companies within the company, led by entrepreneurs with full responsibility for the business, from sales through to delivery. They let us keep our organisation and decision-making channels leanly flexible and agile even as the company itself grows rapidly.

The number of speedboats has exploded, giving rise to a new challenge. How do we maintain a fundamental corporate cultural approach that gives the adesso Group its identity? And how do we reliably bring home the synergies arising from the various parts of the business to our clients, employees, and partners? Or, to stick with the boating metaphor, how do we steer our fleet? adesso realised early on that even with great diversity, and despite the benefits that individual approaches bring with them, commonalities can help us further accelerate.

That was the impetus for ONEadesso, an internal initiative through which we have developed a single attitude shared by everyone, step by step and across every area of the company. You might think of it as a definitive cultural pattern. This is not due to the introduction of rules, processes, or tools, but rather the product of our shared drive for success. It is the embodiment of our deep conviction that the adesso Group can achieve even more through conscious, extensive collaboration. That is as true of sales and project successes as it is of our positioning as an especially attractive employer.

„It is the embodiment of our deep conviction that the adesso Group can achieve even more through conscious, extensive collaboration.“

We took targeted actions along the way to provide support as we moved toward this final approach. The very first focus was on the necessary transparency. We have about one thousand new employees joining us every year, plus we have to integrate new subsidiaries at the same time as we expand into new international sales markets, so there is a constant need for orientation and in-depth information about our own portfolio, points of contact, references, partnerships and much more. With this in mind, we created a suitable information platform that brings topics together and actively connects the different parts of the company that are involved. But our goal was also to give people the right role models. By spotlighting the stories of specific “heroes,” we shared best practices and aligned people’s mindsets in the right direction. With high credibility at the peer level, these exemplary actions proved to have an especially big impact. In the end, the initiative almost inevitably resulted in new tools and rituals that apply across the Group, from consistent corporate design (despite the diversity of brands) to Group-wide account planning and cross-departmental staffing of projects.

And ONEadesso also unlocked new potential in the area of personnel management as well. Our Group-wide recruiting platform is being introduced with the goal of giving applicants a fast big-picture view of just how diverse and, at the same time, unified the adesso Group is. To be able

to also develop career paths simply and on a targeted basis across sectors and companies, we have created appropriate advising bodies within HR. Working closely with the European Forum [Editor’s Note: the body representing adesso employees], we ensure that options are made available Group-wide and across an increasing number of areas, from the eCampus learning platform to programmes such as family@adesso. The family@adesso programme creates options for better balancing work and family life.

The original ONEadesso initiative has taken on a life of its own by now. Employees at all levels and across a wide range of roles are carrying it forward in their thinking and actions. All of it is being done reasonably and thoughtfully – and all without introducing new and complex organisational models. In this way, we are creating an even stronger sense of cohesion founded on the individual entrepreneurial talents of adesso and its people.

Our goal remains for current and future clients, employees and partners to be able to trust that anything and everything that bears the adesso name also packs the full power of the entire organisation. This guarantees that whatever their touchpoints with the adesso Group, we always offer the utmost in performance, with all the agility and drive to get things done that people have come to expect from adesso.



ADESSO TAKES TIME TO „SHINE“

Interview with Sven Krüger, Chief Marketing Officer



Before joining adesso, Sven Krüger (51) held various management positions in marketing at T-Systems International up until early 2019.

His most recent role there was

as Chief Marketing Officer. He was responsible for global marketing and communications activities for the key account and IT services division of Deutsche Telekom. After that, he worked as a coach and consultant, supporting companies and executives in the area of digital transformation. Krüger joined adesso in the role of Chief Marketing Officer (CMO) on 1 July 2021. Now, in this newly created C-level position below the Executive Board, he is responsible for marketing for the fast-growing adesso Group. Krüger holds a degree in art history and enjoys running and writing in his spare time. His book *Die KI-Entscheidung* (“The AI Decision”) was published by Springer in November 2021.

Can you tell us a bit about how you came to adesso and how you had perceived the company from the outside before that?

I met with Rüdiger Striemer [Editor’s Note: former co-chairman of the Executive Board, now still working as an executive for adesso] in Berlin in December 2020 through a recommendation. At the time, I didn’t have a clear image of adesso, and I wasn’t planning to go back to working at a larger organisation. But after the meeting, I was already excited about the company’s spirit and potential. I met Volker Gruhn [Editor’s Note: Chairperson of the Supervisory Board, founder and primary shareholder] a short time later. His unpretentious, direct and clear communication style and rapid decision making

impressed me and persuaded me that adesso has a solid business foundation as a strong brand. I signed on at the end of January 2021.

The role of CMO is new at adesso. Could you say a few words about what you do and what your work at adesso has been like so far?

After an intense period of getting to know many “adessi” [Editor’s Note: adesso employees call themselves “adessi”] from various areas and adopting an inside-out perspective, I see three areas of activity. First is the day-to-day marketing business, by which I mean supporting the sales team in the lines of business, and – just as important at adesso – supporting efforts to recruit new talent. The second field is building the adesso brand in the relevant set of our target groups, IT decision makers and decision influencers. And last but not least, transforming the Corporate Communications unit from an internal service centre into a powerful and effective central marketing organisation.

Why is that important to adesso, and why now, specifically?

There’s no better time. adesso is very successful and can afford to engage in solid branding. Our current growth doesn’t depend on the strength of our brand and communications to a significant degree – yet, that is. That will change over time, and being able to set ourselves apart from the competition will become more important. Building that position and the necessary marketing infrastructure now is efficient, and it’s a smart move.

It’s been nine months since you started. That’s not very long in terms of true change management, but have you already seen an impact?

My job is marketing, not change. Still, a lot of the things I ask, say or start do feel like change. But no one likes change, and it’s hard to spark any true enthusiasm for it in an environment where people have grown used to success. I see a lot of points where we are acting differently, but like with an iceberg, most of that is below the surface. Looking at adesso from the outside, I still don’t see much of any of these activities.

Is the IT sector a special challenge for your work? With your extensive experience, how do you rate adesso's approach to this subject?

IT services and software development are complex and intangible B2B services that require a lot of explanation. It's difficult to market these kinds of solutions in a way that attracts attention, appeals to the audience and yet still seems solid and trustworthy. adesso needs to take some time to "shine" and be a little louder and more detailed in talking about our exciting clients and how we wow them so much that they trust us with their core business processes.

How important are brands to adesso's current and future business? Is it even possible to measure how they contribute to revenue growth?

To me, there's one brand above all: adesso. It's the only relevant mark from the customer's standpoint. And the brand gets even more important the better known it is, and the more positively charged it is with values and stories. At that point, it makes a difference in our customers' perceptions, and that's when we'll start to think about ways that might make sense to measure our brand's success.

What do you think are adesso's strengths or individual characteristics?

There are a lot of them! First and foremost, there's technological and industry expertise, good and decisive management, a functional values compass in a resilient and positive culture of collaboration, professional handling of mistakes, pragmatism without superficiality, high appreciation for our employees, enthusiasm for getting things done, and the confidence of being able to drive change and spur further growth ...

If you could push a button and change one thing about how adesso is viewed from outside, what would it be?

Like most adessi, I'd be happy to see our name recognition move to a higher level, so significantly more people know who we are.

What new developments should adesso stakeholders look forward to? Can you already see where there will be noticeable changes?

adesso will increasingly come to the fore as a brand by strengthening our visual identity, and we will experience more stories and emotion in our communications. It would be a mistake to think that we are in a technical business. Instead, what counts is the adessi. We help people at companies. We unlock success, make things easier and keep things safe and sound. In many cases, we also wow our clients, and that generally has less to do with what we do as it does with how we work with the client

„The brand gets even more important the better known it is, and the more positively charged it is with values and stories.“



AN INORGANIC GROWTH DRIVER

Interview with Christoph Junge, Head of Corporate Development und M&A

Christoph Junge (51) spent over 13 years as the CFO of adesso. He was also responsible for HR, legal and administration. He left the Executive Board of adesso at his own request in autumn 2019 to take on the role of Group CFO and work on the private equity-backed “buy & build” strategy of a full-service IT provider. The topic of M&A has been with Christoph Junge throughout his career, so adesso is even more fortunate to have brought him back on board effective 1 July 2021 for the role of Head of Corporate Development and M&A. In this role, Junge is an important driver in handling strategic shareholdings, corporate acquisitions and founding of new companies, post-merger integrations and associated topics for adesso. Originally hailing from Hamburg, Junge has a degree in business and engineering. He likes to spend free time with family and friends and enjoys travelling, classic cars and sports cars.



„M&A open up possibilities for new things that are very difficult or time-consuming for us to accomplish on our own.“

First off, welcome back to adesso! How did you end up coming back after just a short time?

I didn't plan it or expect things to turn out this way. After spending years on the Executive Board of adesso, I thought it was time to step back and do something outside the company. Once I was contacted about the new position as Head of Corporate Development and M&A, especially some main factors counted for me: the combination of strategic considerations and project-related work in M&A projects. Furthermore the fact that adesso is family. In terms of content, it's also really exciting to be able to have a hand in shaping the next stage of adesso's development.

Can you briefly sketch out your new tasks and main areas of focus for us?

Essentially, it all revolves around expanding the service portfolio and our customer segments, entering new regional markets, and expanding the range of in-house software products we offer through corporate transactions, by which I mean founding and acquiring companies. To achieve all that, we need to define the M&A search profile and adjust it on an ongoing basis, set priorities with the entire management team and then generate as many avenues of discussion with suitable and exciting companies as we can. So we narrow it down from many specific approaches to a few M&A projects, and I work on all aspects of those, from evaluation and the transaction model to due diligence, contract negotiations and more besides. Another important aspect is integrating our acquisitions.

At many times in its history, adesso has supported its own strong organic growth through mergers and acquisitions. How does your newly created department change that? Is there a change of strategy?

We definitely want to keep up the focus on organic growth as a top priority, so we aren't changing our strategy. Mergers and acquisitions open up possibilities for new things that are very difficult or time-consuming for us to accomplish on our own. This is an integral part of the company's development, but it does come in addition to everything else. Still, with ongoing growth across the adesso Group, the existing and future plans for internationalisation and the growing portfolio, which has also come with higher free cash flow, the number of M&A approaches and other corporate transactions – such as stake increases, mergers and founding of new companies – rose so sharply that this can no longer be viewed as an auxiliary issue, nor should it.

Can you say a bit about the value this adds for adesso or our shareholders?

Acquiring companies always brings new elements for adesso, since we don't set out to just buy our way to higher revenues. If we are also able to successfully embed these companies

within the adesso Group, including the customers they bring with them, and are then able to accelerate revenue growth that way, or we engage in “smartshoring” or tapping into other synergies, we can unlock important and growing added value from these acquisitions. At the same time, it's crucial for purchase prices not to get too far ahead of themselves when it comes to potential. adesso takes on a more defensive stance in those terms.

adesso successfully increased its cash capital based on the authorised capital last autumn, earning some EUR 50 million gross. How are the funds being used?

We plan to invest them – with a certain amount of additional leverage from lending approved by banks, by the way – in our defined priorities in the M&A space. Right now, we are pursuing multiple exciting avenues simultaneously, several of them in other countries in Europe.

Can you describe the targets that are most exciting to adesso within the scope of the M&A strategy? What is adesso currently looking for?


Our ten M&A priorities are diverse, ranging from internationalisation to expertise in cloud consulting, various SAP, Microsoft and Salesforce competency areas, cloud data management, AI and data and analytics to industry-related approaches such as those in the newly established areas of retail and utilities. We are open to exploring options with anywhere from ten to several hundred employees. It has to be a good match in thematic terms, and there has to be a possibility of linking the candidate with the adesso Group. The corporate culture and the character of the key players also have to fit.

What's your view of the current market for M&A transactions? Can you tell us a little about the challenges you're facing right now?

You hear M&A consultants talking about record numbers and a very active market. There are a number of factors in play. There's increasing consolidation across the industry, which still has a highly fragmented structure compared to other sectors, with a lot of smaller IT companies. Then there's a rising number of corporate successions in the offing, along with ongoing high demand for consulting and development in the digitalisation sector, massive inflows from private equity in the IT sector, and very favourable financing terms. All of that is driving sharp increases in valuations in some cases, with stiff competition for companies. We are tackling the challenge by doing a lot of our own research and maintaining an active network. For example, we've successfully concluded one transaction a month for the past three months where adesso was the only other party involved in the negotiations.

GUIDELINES WITH FORESIGHT

An overview on where the initiatives stand from
Stephan Kohnen, Deputy Spokesman of the European Forum

A man in a white sweater and light-colored trousers is sitting on the edge of a large, tall haystack. He is looking off to the side. The background is a clear blue sky and a flat, open field with some trees in the distance. A yellow rectangular frame is overlaid on the image, partially enclosing the man and the text area.

The European Forum, the body representing employees at adesso, plays an important role in developing the company's profile with regard to its activities in giving back to society and protecting the environment. The forum members are working with the Executive Board to fine-tune an overall concept that reflects the Group's growing responsibility while ensuring maximum impact. This is a Group-wide task, with the European Forum providing crucial support along the way due to the company's increasingly international alignment. The elected representatives of adesso SE and the individual national subsidiaries meet regularly to talk about topics that are relevant to employees of the adesso Group, both with each other and with the management.

„adesso’s farther-reaching goal is to embrace sustainability not just internally, but also in its work with customers, partners and suppliers.“

The European Forum further develops topics for employees, identifies priorities and gets the ball rolling on future tasks and sets out Group-wide guidelines, which are then implemented in concrete action at the level of the individual national subsidiaries. The ONEadesso philosophy is at the heart of all these activities – a corporate culture that encompasses all of the international subsidiaries and lets everyone take part in the activities, offerings, and subject areas involved in working at adesso. The European Forum has identified its first five subject areas: sustainability, social responsibility and volunteer projects; diversity and equity; training and further education; preventing harassment and bullying; and workplace design, new forms of work and occupational safety and health.

When concrete actions are taken, consideration is given to the overall legal, economic, cultural and social conditions that apply in the member states. These actions are primarily the responsibility of the individual adesso companies. Even after the guidelines are published, the European Forum continues to pursue the goals outlined in those guidelines through individual working groups, by nominating persons of trust or by acting as an intermediary or enabler between departments and individual employees. For example, after the guidelines on sustainability, social responsibility and volunteer projects were published in 2020, a community of committed adessi was formed, connecting relevant contact people from various areas at the company and giving them a way to take action to support the implementation of specific measures in the area of sustainability. As part of a workshop following adesso’s proven Interaction Room format, the group worked with the Executive Board to define specific steps and draw up a roadmap for sustainability at adesso and then put it into action. These steps include participating in adjusting travel guidelines focused on the environment, adding vegetarian and vegan alternatives to the catering options at adesso offices and internal events, launching a pilot project to trial the Salesforce Net Zero Cloud, developing a sustainability checklist for new offices and crafting an internal communication strategy to get employees involved with the topic of sustainability at adesso.

Another important element of these activities is rigorous reporting on all consumption data in the published sustainability report. The community works with the European Forum, adesso’s environmental officers and fleet management, and the points of contact responsible for the topics of energy, office supplies and equipment, procurement and disposal to capture detailed information on CO2 emissions with the aim of making targeted reductions. The result is a model indicating how much CO2 is directly emitted and where there is potential to reduce those emissions. How much can we shrink our carbon footprint? How can adessi actively be involved in sustainable actions? Can these actions be taken across the entire adesso Group? Those are just some of the typical questions.

adesso’s farther-reaching goal is to embrace sustainability not just internally, but also in its work with customers, partners and suppliers and incorporate it into the core business in software development. For example, there are already individual projects under way focusing on sustainable behaviour through the use of software or apps or on the use of carbon-neutral technologies.

In addition to the central topic of sustainability, the European Forum is also dedicated to the further topics outlined above, which are firmly incorporated within the adesso culture. Guidelines on diversity and on training and further education have been drafted and coordinated with the adesso management, for example. In both cases, the European Forum will continue to support the implementation of the guidelines within the adesso Group even after publication. A contact person has been designated to handle the topic of diversity and is responsible for advancing this topic internationally at adesso through work with existing departments. There is a wide range of initiatives involved, all of which are to play out on a lasting basis within the adesso Group. Information on the status and successes achieved is provided through various channels, including in the adesso Group’s mandatory sustainability report – where the figures captured increasingly provide quantifiable documentation as well.

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Group principles

Business model

The adesso Group is a fast-growing IT company which has set its sights on becoming one of the leading consulting and technology groups for industry-specific business processes in Central Europe. To do this, the establishment of additional subsidiaries in Europe is being accelerated. With a high level of expertise in the areas it caters to, adesso operates at the interface between business processes and IT, implementing software projects at the highest technical level. Market penetration is increased by the development of software solutions created specifically for selected industries such as insurance, banking and healthcare. The company's development is supplemented by an acquisition strategy designed to increase the technology portfolio, the product family and international expansion.

adesso SE is listed among the largest companies in IT consulting and system integration in Germany and generates most of its sales revenue through consulting and software development in Germany. Sales abroad are generated mainly by adesso's foreign subsidiaries in Switzerland, Austria and Turkey.

adesso has two different segments: IT Services and IT Solutions. While the IT Services segment offers customised, project-oriented services in the areas of consulting and software development, the IT Solutions businesses market their own solutions as home-grown products or standard software products.

The IT Services and IT Solutions divisions work hand in hand on market penetration. Customers mainly include international corporate groups, major companies and important public administration bodies, for which adesso SE is one of the strategic IT partners.

Large-volume projects are also acquired in the face of competition from companies with an international focus. In each of the industries addressed by adesso, the objective is to acquire more than 50% of the top 25 companies as customers.

Group structure

In addition to adesso SE, the largest operating unit and parent company, the adesso Group also includes 37 subsidiaries, nine associated companies and two joint ventures as at the reporting date. The parent company adesso SE is listed on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange as well as on almost all German stock exchanges (ISIN: DE000A0Z23Q5, WKN [national security identification number]: A0Z23Q).

adesso SE's largest location is Dortmund, which is also the city in which the company was founded and where its corporate headquarters are located. To stay close to its customers and keep travel times and costs as low as possible, adesso maintains 27 other offices in all of Germany's major economic regions. This broad local presence is also extremely important in terms of recruitment. The biggest international locations are Amsterdam, Barcelona, Basel, Bern, Budapest, Istanbul, Jerez de la Frontera, Lausanne, Lugano, Madrid, Sofia, Vienna and Zurich.

A European Employee Forum (EF) was established at adesso when it converted to become an EF (European Forum) in November 2019. The EF consists of employees from the adesso Group and is elected by the employees themselves. The EF meets regularly with the Executive Board and exchanges information on employee-related issues in the adesso Group.

At the end of 2021, the adesso Group employed 5,814 full-time equivalents (FTE) in Germany and other European countries (previous year: 4,975). Of these, 1,002 (previous year: 972) full-time employees are employed abroad and 4,811 (previous year: 4,003) full-time employees are employed in Germany.

Targets and strategies

adesso's aim is the rapid expansion of the company into one of the leading consulting firms for industry-specific business processes in Europe. A further aim is the development of industry-specific products and solutions based on its employees' high level of expertise in the core industries addressed by adesso and good market penetration.

In conjunction with the focused business model and the high margins aimed for, the growth achieved so far and planned for the future are expected to result in a sustainable increase in the value of the company.

adesso puts significant resources into strategic business development, the expansion of sales capacities, recruiting and marketing, including series of sales-related events. These investments, coupled with extensive industry and consulting expertise, generate growth figures which are well above the industry average.

adesso is a leading corporate group in the field of software development and invests more than average in the training and development of our workforce and in the ongoing development of the adesso model for the software development process.

The Executive Board is committed to a strategy of striving for the right balance of growth, solid finances and profitability. It must always be possible to operate from a position of financial strength and at the same time, through the payment of a dividend, achieve an ongoing return on the capital invested by the shareholders. It is a stated aim of the company that the dividend should be increased on a regular basis.

Management system

As the holding company of the adesso Group, adesso SE defines the strategy and operational targets of all Group companies. It controls the legally independent Group companies by implementing a target system, carrying out an ongoing reporting process and occupying positions in the supervisory bodies and management teams.

Operational control is ensured by a reporting system which has been implemented uniformly across the Group. In the process, each Group company prepares full monthly financial statements based on national legal regulations. Key performance figures for reporting are sales, EBITDA, earnings before tax (EBT), the EBT margin, number and proportion of employees not fully utilised, number of employees and net liquidity. The most important performance indicators are subject to regular comparisons with forecast and actual data. The development of the key figures is analysed and compared with internal and

external benchmarks. An updated rolling forecast is prepared per Group company for the entire year so that possible planning deviations can be identified in a timely manner. Fixed reporting channels and cycles have been defined, and there is also a fixed appointment schedule for management meetings. There are no fundamental differences between key performance indicators in the reporting systems for each segment.

Research and development

The bulk of the adesso Group's sales is attributable to IT services. Research costs in the IT Solutions segment are negligible in relation to Group expenses. A small research department at adesso SE coordinates ongoing research projects.

Economic report

Macroeconomic conditions

Following the severe recession triggered by the pandemic in the previous year, the German economy recovered noticeably in 2021 and is back on track for growth. According to initial calculations by the Federal Statistics Office, gross domestic product rose significantly by 2.8%, following a slight decrease of -4.6% in the previous year. At 0.2 percentage points, this figure is slightly below the expectation published in the federal government's 2021 annual projection at the end of January last year. The more positive spring projection that was published in the interim was revised in the autumn report as a result of supply bottlenecks and high energy prices. That report expected growth of only 2.6%.

The recovery of the German economy during the course of the year was mainly impeded by the fourth wave of the pandemic and the renewed tightening of protective measures at the end of the year. Having grown strongly again in the two first quarters, despite increasing supply and material bottlenecks, economic output fell by -0.7% in the fourth quarter as necessary restrictions in contact-intensive services were renewed and production difficulties persisted in industry due to supply bottlenecks. The first quarter of 2021 was also marked by a significant decline in GDP of -1.7% due to a resurgence in

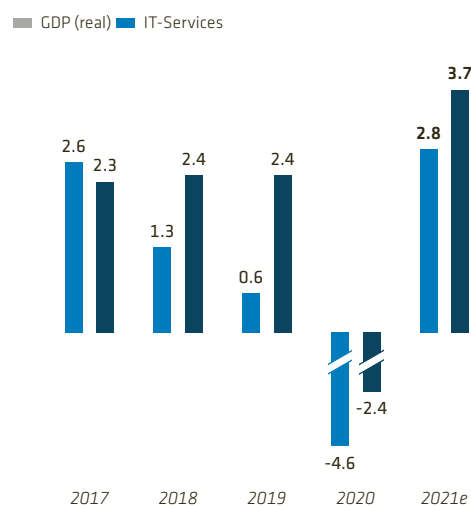
the number of infections and the associated measures and restrictions. All in all, overall economic development during the year was uneven and still strongly influenced by the pandemic.

Be that as it may, the German government continues to see the economy as robust and expects a sustained economic recovery in 2022 despite the major challenges. GDP is accordingly expected to grow by 3.6% year on year, and thus to surpass the pre-crisis level for the first time. Growth is also expected to accelerate during the course of the year, with indicators suggesting that the situation in the industry has stabilised in recent months despite the weak final quarter of 2021. Nevertheless, industrial production is likely to remain affected by supply bottlenecks for quite some time. In December, the mood among companies in the manufacturing sector improved for the first time in six months thanks to more optimistic expectations. According to an estimate by the Federal Statistics Office, the German retail sector achieved record sales in 2021, though with wide-ranging development among individual sectors.

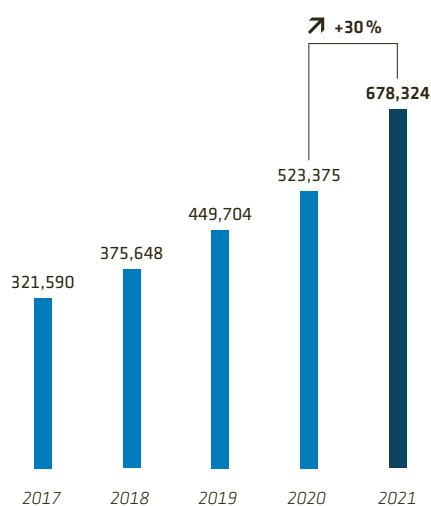
The labour market also continued to recover in 2021 despite the current weakness in industry and renewed constraints in the service sectors.

In Switzerland, the domestic economy continued to recover as expected until mid-2021 thanks to extensive easing of coronavirus measures. GDP already exceeded pre-crisis levels again in the summer, following a moderate decline of -2.5% in an international comparison was recorded in 2020. The Swiss State Secretariat for Economic Affairs SECO's December 2020 forecast of 3.0% GDP growth for 2021, adjusted for sporting events, was slightly exceeded at 3.3% according to the assumptions of the federal government's expert group. By contrast, the forecasts made in spring 2021 on account of the strong recovery made to date, already had to be revised downward again in September. According to the expert group, supply shortages and reinforced pandemic measures weighed heavily on the global economy in the winter of 2021/2022. However, in the absence of highly restrictive health policy measures, the economic recovery is not expected to stall in the medium term.

GDP GROWTH RATES (REAL) AND IT SERVICES *in %*



GROWTH IN SALES *in EUR k*



In December 2021, the Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS) once again raised their economic forecasts, which had already been revised upwards during the course of the year. According to the Austrian Federal Ministry for Digital and Economic Affairs, 4.1 % economic growth (WIFO) and 4.3 % (IHS) for 2021 as a whole confirm an additional economic stimulus for 2021/2022 after the sharp slump of -6.7 % in the previous year. In order to support the Austrian economy in the aftermath of the coronavirus crisis, a subsidy programme was introduced in the form of an investment premium to create an incentive for business investment.

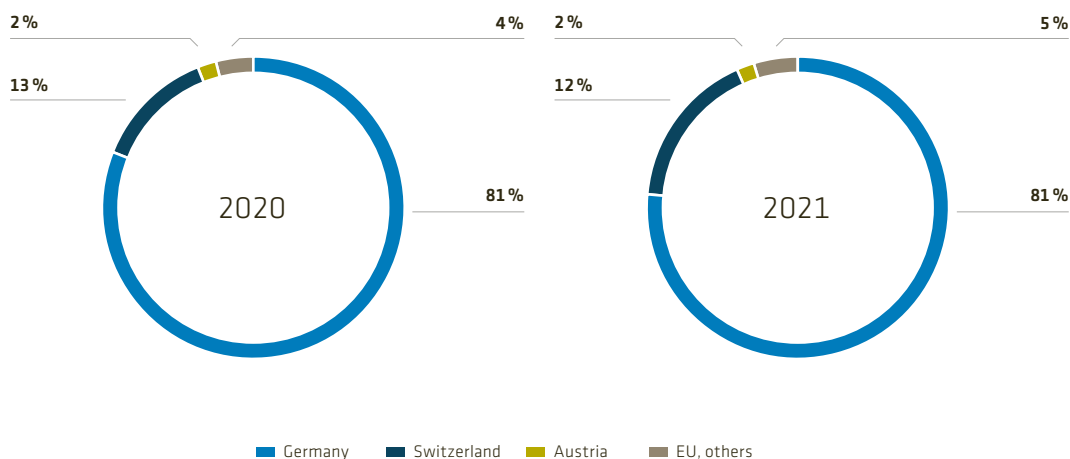
In its 2020 annual report, adesso referred to the OECD forecasts for Turkey of 2.6 % GDP growth in 2021, but the latest data published in the end of May 2021 indicates that the country will generate a significantly higher rate of growth of 9.0 % compared with 1.8 % in previous year, provided there are no major shocks throughout the rest of the year. This means that the forecasts already revised upwards in

May 2021 will also be significantly surpassed. Inflation remains high, however, with inflation expectations, the exchange rate, and real household incomes and external financing under pressure.

By the end of 2021, the inflation rate had also increased significantly in other reported economies. In Germany, the inflation rate reached 5.3 % in December, with prices up 3.1 % by mid-year.

In 2021, the overall economic conditions in the economic regions in which adesso mainly operates were largely considered to be good, despite the ongoing volatile conditions due to the pandemic. As of the beginning of the year, economies had largely recovered and returned to a growth course as had originally been expected following the coronavirus crisis year of 2020. However, growth forecasts, some of which had been raised significantly during the year, had to be revised. Throughout the course of the pandemic, the annual outlook therefore remained volatile in all economies relevant to adesso. In addition, supply and material bottlenecks had an increasing impact.

SALES BY COUNTRY



Industry-specific conditions

The industry association Bitkom reports that the German market for information technology product and service providers grew strongly by 6.3 % to EUR 102.5 billion in 2021. Momentum has accelerated considerably compared to the previous year's 1.3 %. This was mainly due to growth of 8.0 % in the software segment (previous year: 5.1 %) and 8.3 % in IT hardware (previous year: 3.1 %). After a decline of -2.4 % in IT services, this sector again recorded strong growth of 3.7 %, also in relation to overall economic development. According to Bitkom estimates, the software segment achieved a market volume of EUR 29.8 billion in 2021, and the IT services segment, the most important area for the adesso Group in terms of sales, reached EUR 41.4 billion.

After a decline in the previous year, industry-specific conditions were also considered positive for adesso's business development.

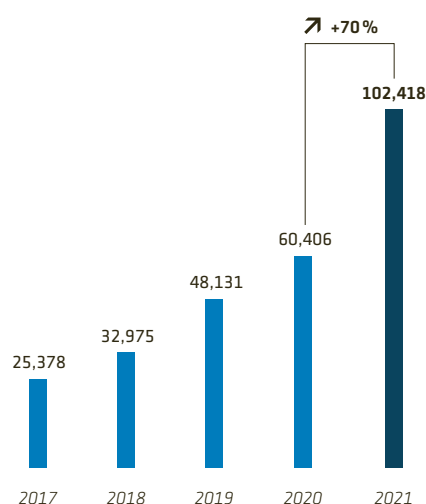
Business performance

The 2021 business year was the most successful business year in the company's nearly 25-year history. New record sales were achieved thanks to continued strong organic growth, coupled with some M&A acquisitions. The operating result also hit a record level. The company sale of the e-Spirit Group in the first quarter of 2021 also provided a one-off positive impact.

Growth was achieved across all four quarters of 2021. In the first, second and fourth quarters, significant licence revenues were generated with in|sure Eco-sphere. The first quarter also saw savings effects due to the absence of travel costs in the context of the coronavirus crisis. The first quarter of 2020 was the last quarter before the first lockdown measures. Since then, the cost structure of other operating expenses has changed and the level of travel expenses is significantly lower than before the pandemic.

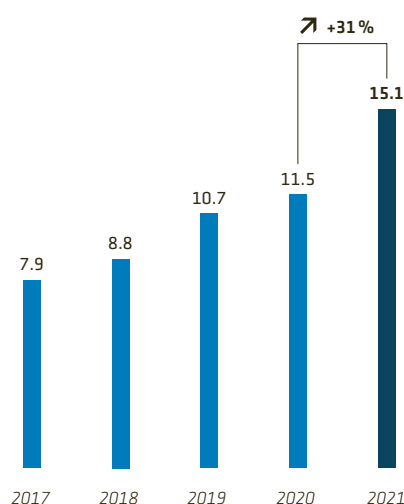
EBITDA

in EUR k



EBITDA MARGIN

in %



Capacity utilisation, a key performance indicator for the core business of IT services, was also maintained at a decent level throughout financial year 2021, so that the operating result was increased in almost all comparative periods.

The adesso Group's existing mix of sales sectors also proved resilient to the ongoing coronavirus situation in 2021. Double-digit sales growth was achieved in all sectors, and the outlook for the near future in the core industries is also unreservedly positive.

Overall statement on business performance by the management

Business performance in 2021 can be considered very positive overall. The adesso Group increased sales by 30% to EUR 678.3 million and the operating result (EBITDA before special effect) by 40% to EUR 84.5 million (EBITDA including special effect amounts to EUR 102.4 million). These figures are well above the guidance figures, which were revised upwards during the year. Group earnings and earnings per share – adjusted for the one-off revenue effect from the sale of e-Spirit – also increased by more than 40% compared to the previous year.

Position

Earnings situation

Growth in sales

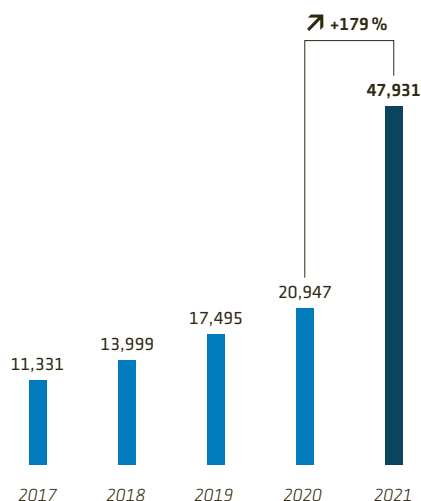
The adesso Group successfully increased its sales by 30% to EUR 678.3 million in financial year 2021. The purely organic growth (without consideration of the company's acquisitions in 2020 and 2021) amounted to 20%.

With industry-weighted market growth of 4.1%, adesso was able to achieve organic growth significantly faster than the market in 2021, as in previous years.

Sales of EUR 355.9 million were generated in the second half of 2021, significantly more than in the first half of the year (EUR 322.4 million). This development was also observed in previous years, as both the number of working days and the licence revenues achieved are usually higher in the second half of the year than in the first half.

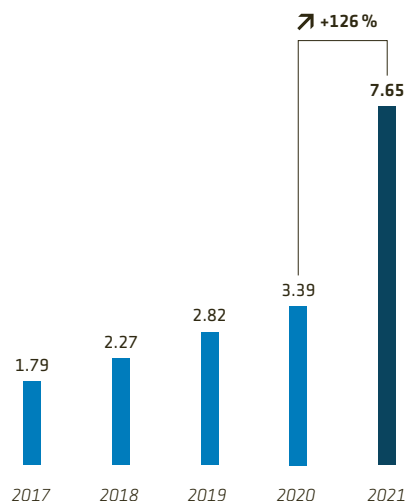
CONSOLIDATED EARNINGS

in EUR k



EARNINGS PER SHARE

in EUR



The IT Services segment was able to further expand sales (+33 %). Despite the sale of the e-Spirit companies on 31 March 2021, revenues increased overall in the IT Solutions segment compared to the previous year (+5%). Increased licensing revenues from adesso's own in|sure Ecosphere product family for the insurance industry, the expansion of sales revenues for services in connection with mobile devices and the new services provided in the adesso portfolio in the area of influencer marketing offset the loss of e-Spirit sales.

In the IT Services segment, the most significant adesso subsidiary in the Group in terms of size, adesso SE, was able to significantly expand its sales in Germany by 28 %. Positive sales growth was also recorded in the adesso overseas companies in Austria, Switzerland, Turkey and Hungary. However, the development in the exchange rate of the Turkish lira against the euro in 2021 meant that the sales as reported in euros were lower than in the previous year. Meanwhile, adesso Spain is at the previous year's level in terms of sales.

MULTI-PERIOD OVERVIEW OF EARNINGS SITUATION

<i>in EUR k</i>	2021	2020	2019	2018	2017
Sales revenues	678,324	523,375	449,704	375,648	321,590
Other operating income	29,048	6,652	5,715	5,081	3,135
Changes in inventories (IFRS 15)	0	702	637	331	0
Own work capitalised	27	173	1,405	1,913	47
OVERALL PERFORMANCE	707,399	530,902	457,461	382,973	324,772
Cost of materials	-93,611	-62,622	-50,487	-43,296	-37,390
Personnel costs	-445,953	-350,069	-293,110	-243,052	-206,266
Other operating expenses	-65,417	-57,805	-65,733	-63,985	-55,738
EBITDA	102,418	60,406	48,131	32,975	25,378
Depreciation and amortisation	-35,998	-26,179	-22,596	-10,002	-8,193
EBIT	66,420	34,227	25,535	22,973	17,185
Income from financing and investment activities	-2,749	-2,588	-2,230	-782	-554
EBT	63,671	31,639	23,305	22,191	16,631
Income taxes	-15,740	-10,692	-5,810	-8,192	-5,300
CONSOLIDATED EARNINGS	47,931	20,947	17,495	13,999	11,331
Gross profit	584,713	460,753	399,217	332,352	284,200
Gross income margin (in %)	86 %	88 %	89 %	88 %	88 %
EBITDA MARGIN	15.1 %	11.5 %	10.7 %	8.8 %	7.9 %
Growth in sales	30 %	16 %	20 %	17 %	23 %
Change in personnel costs	27 %	19 %	21 %	18 %	22 %
Change in other operating expenses	14 %	-12 %	3 %	15 %	28 %

In the IT Solutions segment, the established adesso Insurance Solutions and adesso Mobile Solutions product houses, in particular, were able to increase their sales again after a difficult year 2020.

Insurance and banks/financial services providers and insurance companies account for the largest proportion of adesso's sales. Double-digit growth rates (23 % and 14 % respectively) were achieved in both core sectors. The automotive sector saw the largest increase in sales, at 59 %. Sales in both the public sector and the manufacturing sector increased by roughly 45 %.

Earnings

In 2021, EBITDA (adjusted for the non-recurring effect) increased by 70 % to EUR 102.4 million. Adjusted for the non-recurring effect of the sale of the e-Spirit companies, the EBITDA amounts to EUR 84.5 million: an increase of 40 % year on year. In addition to positive earnings contributions from company acquisitions made in 2020 and 2021, the main drivers for this long-term earnings development are a continued high utilisation and booking intensity in the IT service business, as well as the licence revenues generated in 2021. This means that both the originally forecast value of more than EUR 89 million and the value of more than EUR 95 million, which was revised during the year, were significantly exceeded in 2021. Despite the continuing COVID-19 pandemic and the associated restrictions on social contacts in the public domain to protect health and life, the adesso Group was able to maintain its ability to deliver "remotely".

With sales growth of 30 %, the average number of employees (calculated FTEs) increased by a much smaller number of 839 to 5,814 employees in 2021, which corresponds to an increase of 17 %.

Due to the slower increase in the number of employees, the cost of materials (mainly due to external services) rose by 49 % to EUR 93.6 million, which is disproportionately higher than sales revenue. However, this effect was inorganically reinforced by the acquisition of KIWI Consulting GmbH, as KIWI's business model provides for a high use of external services. Gross profit rose slightly less sharply than sales, by 27 % to EUR 584.7 million. Due to the use of external labour, the material usage ratio of 14 % remained

slightly above the previous year's figure of 12 %. Theoretically, this results in an increased gross profit per employee of EUR 108 thousand (previous year: EUR 105 thousand). The involvement of external experts mainly became necessary so as to compensate for workload peaks and to integrate third parties with the required expertise into in-house projects. From a strategic perspective, the aim is to have a high proportion of sales revenues from in-house employees.

Personnel costs increased by 27 % to EUR 446.0 million, while the average number of employees rose by 17 %. As such, the average personnel expenses per employee increased slightly to EUR 82 thousand (previous year: EUR 80 thousand).

Other operating expenses increased year on year by 14 % to EUR 65.7 million. The ongoing COVID-19 pandemic and the associated restrictions on public life and social contact to protect health and life once again affected a year-on-year decrease in travel costs of 25 % to stand at EUR 4.9 million. In contrast, other significant expense items such as personnel acquisitions, occupancy costs and expenses for licences and concessions each increased by more than EUR 1 million, or up to 43 % year on year. Other operating expenses per employee are slightly below the previous year's level at EUR 12 thousand (previous year: EUR 13 thousand).

Total operating earnings after non-recurring effects, before interest, taxes, depreciation and amortisation (EBITDA) increased by 70 %, or EUR 42.0 million in absolute terms, to EUR 102.4 million in 2021. The EBITDA margin stood at 15.1 % (12.5 % adjusted for the one-off effect from the sale of e-Spirit), compared with 11.5 % in the previous year. The increase in EBITDA is mainly due to the increase in revenue and the profit from the sale of the e-Spirit companies in the amount of EUR 17.9 million, with a disproportionate increase in material costs and a disproportionately low increase in personnel costs in relation to revenue. Before this special effect, EBITDA increased by 40 % to 84.5 million.

Over the course of the year (without taking into account the non-recurring effect), the largest contribution to earnings at EBITDA level was achieved in the third quarter with EUR 25.5 million, which is mainly due to a continuing high occupancy rate

and booking intensity, as well as to other operating expenses, which rose by 8 %, representing a much lower rate than revenue and staff growth.

In the IT Services segment, the parent company adesso SE made the highest absolute contribution to earnings in 2021 due to its size. The subsidiaries in Switzerland, Austria, Turkey and Bulgaria also contributed positively to the result. In Germany, adesso as a service GmbH was able to achieve significantly higher contributions to earnings than was planned.

adesso mobile solutions GmbH made the largest contribution to earnings in the IT Solutions segment. The other product companies also made positive contributions to earnings, with the exception of adesso health solutions GmbH, which made a negative contribution to earnings due to investments in new products and the sale of the e-Spirit companies.

Depreciation and amortisation increased by 38 % in the reporting period to EUR 36.0 million. The main drivers of this development are the 28 % increase in amortisation of rights of use from leases, and the increase in amortisation connected with intangible assets recognised in the context of company acquisitions amounting to EUR 7.0 million, compared with EUR 2.4 million from the previous year. As in the previous year, goodwill was not subject to unscheduled amortisation.

At EUR -2.7 million, income from financing and investment activities was almost at the previous year's level (previous year: EUR -2.6 million). The main value drivers are interest expenses of EUR 1.7 million (previous year: EUR 1.6 million) connected to the representation of leasing relationships, income from investments, which almost tripled in the financial year (EUR -1.1 million; previous year: EUR -0.3 million) and financial income recorded in connection with the valuation of a convertible loan (EUR 0.9 million).

The result before tax (EBT) rose by 101 % to EUR 63.7 million and thus was stronger than the operating EBITDA result. Income tax expense came to EUR 15.7 million (previous year: EUR 10.7 million). The effective tax rate came in at 25 % (previous year: 34 %). The decline in the tax rate was primarily due to the sale of e-Spirit companies, which generated income that is largely tax-free. Without taking

the e-Spirit sale into account, the tax rate would be calculated at 34 %. In all, the consolidated earnings were positive in the amount of EUR 47.9 million compared with EUR 20.9 million in the previous year. Earnings per share amounted to EUR 7.65 (EUR 4.83 excluding the e-Spirit sale) compared with EUR 3.39 in the previous year, which corresponds to an increase of 126 %.

Orders

Order intake for 2022 is positive. The pipeline of potential projects and licence sales has already grown, and the volumes already commissioned have increased, making the outlook for 2022 one of growth for the time being. 2021 was a mixed year for the product companies in the IT Solutions segment. However, there is still a good pipeline for 2022, especially for in|sure Ecosphere. Product investments in the other sector product subsidiaries will probably only materialise in successful business performance in the coming financial years.

Key employee figures

The leading performance figures for employees developed as follows:

KEY EMPLOYEE FIGURES

	2021	2020	2019	2018	2017
Employees at year end	6,444	5,471	4,438	3,590	2,980
Full time equivalents (FTE) at year end	5,814	4,975	4,033	3,280	2,748
Full time equivalents, (FTE) average for the year	5,430	4,392	3,732	3,031	2,524
Sales annualised per average FTE (in EUR k)	125	119	120	124	127
Gross profit annualised per average FTE (in EUR k)	108	105	107	110	113
Personnel costs annualised per average FTE (in EUR k)	82	80	79	80	82

DEVELOPMENT OF CASH AND CASH EQUIVALENTS AND FINANCIAL LIABILITIES

<i>in EUR k</i>	<i>Cash and cash equivalents</i>	<i>Change in %</i>	<i>Financial liabilities</i>	<i>Change in %</i>
2017	46,497	+8	46,155	-4
2018	45,912	-1	48,108	+4
2019	46,352	+1	57,966	+20
2020	55,053	+19	60,689	+3
2021	109,922	+100	78,913	+30

DEVELOPMENT OF LIQUIDITY

<i>in EUR k</i>	2021	2020	2019	2018	<i>Change 2021</i>
Liquid assets	109,922	55,053	46,352	45,912	54,869
(-) Financial liabilities	78,913	60,689	57,966	48,108	18,224
(=) Net liquidity	31,009	-5,636	-11,614	-2,196	36,645
Net liquidity to EBITDA	0.3	-0.1	-0.2	-0.1	0.4
Liquid assets	109,922	55,053	46,352	45,912	54,869
(+) Trade accounts receivable and contract assets	162,127	121,314	108,719	93,199	40,813
(-) Current liabilities	179,320	143,679	114,312	101,698	35,641
(=) Net liquidity 2	92,729	32,688	40,759	37,317	60,041

DEVELOPMENT OF THE FINANCIAL POSITION

<i>in EUR k</i>	2021	2020	2019	2018	2017
Cash and cash equivalents	109,922	55,053	46,352	45,912	46,497
Financial liabilities	78,913	60,689	57,966	48,108	46,155
<i>Net liquidity</i>	31,009	-5,636	-11,614	-2,196	342
Cash flow from operating activities	47,912	64,956	22,343	16,593	20,265
Cash flow from investing activities	-25,872	-28,469	-15,413	-14,066	-11,017
Cash flow from financing activities	33,015	-27,531	-6,522	-2,966	-5,594
Currency differences	-186	-255	32	-146	-301
<i>Total change in liquid assets</i>	54,869	8,701	440	-585	3,353

Financial position

Financial management principles and objectives

adesso pursues a balanced financial policy. The objective of financial management is to assure liquidity as well as to secure and acquire financial assets to fund medium- and long-term investment projects. In principle, the company does not enter into investment transactions with speculative elements.

There are no variable interest rates on investments. In light of the zero-percent or even lower investment interest rates for low-risk investments, the company invests the existing liquid funds almost exclusively on a daily basis so that it can flexibly take advantage of investment opportunities when they arise.

Central cash management at the level of daily account clearing has not been set up. Bank borrowing was centralised with the parent company. The account balances and financial situation of all companies form part of the standard monthly reporting system and are known to the Group's Executive Board. All interest-bearing liabilities are denominated in euros, except for the 2015 acquisition in Switzerland which was denominated in Swiss francs. It is possible in exceptional cases to sell receivables and obtain liquidity at short notice at the adesso Schweiz national subsidiary. There is no active factoring.

adesso SE increased its subscribed capital by EUR 310 thousand and the number of shares by 309,679 within the scope of an ordinary capital increase that took place in the fourth quarter of 2021. This capital increase raised a net total of EUR 48.5 million. adesso SE intends to use the funds raised through the capital increase to finance future growth and, above all, further acquisitions. The focus here lies on further international expansion, strengthening the service business, and developing sector-specific product business.

Capital structure

The financing of accounts receivable and of not-yet-invoiced services in the amount of 162.1 million (previous year: EUR 121.3 million) represents the most significant portion of the financing require-

ments. The working capital (trade receivables plus contract assets minus trade payables and minus contractual liabilities) amounted to EUR 122.4 million (previous year: EUR 93.9 million) as at the reporting date. As a result, the need for advance financing of business operations rose by 30 % year on year, which almost corresponds to the development of sales.

As of the reporting date, the entire portfolio of interest-bearing financial liabilities was EUR 18.2 million higher than the previous year's value of EUR 78.9 million due to new intake and the recognition of a liability from a call/put option in connection with the acquisition of the KIWI companies, despite instalment payments carried out. Interest is fixed over the respective entire term. All interest-bearing liabilities are denominated in euros or Swiss francs. Credit balances are available in the short term. Net liquidity after deducting the financial liabilities is EUR 31.0 million compared with EUR -5.6 million in the previous year. The capital increase made in the fourth quarter contributed significantly to the development of net liquidity. With a value of 0.3 (previous year: -0.1), the ratio of net liquidity to EBITDA is clearly above the maximum target of -2.5 the company set itself.

Equity increased by EUR 88.9 million to EUR 191.8 million, mainly due to the healthy consolidated earnings and the capital increase. This was offset by the dividend payment and the recognition of a liability from a call/put option in connection with the acquisition of the KIWI companies.

Despite a 49 % increase in the balance sheet total to EUR 555.7 million (previous year: EUR 372.1 million), the equity ratio increased from 28 % to 35 % year on year.

Investments, acquisitions and divestments

The adesso business model requires relatively low investments in property, plant and equipment. The opening of additional locations as well as further employee growth made a significant contribution to the increase in assets and rights of use from leasing activities. There were no significant subsequent obligations from property, plant and equipment investment projects as at 31 December 2021. There is no investment backlog to report.

MULTI-PERIOD OVERVIEW OF ASSETS AND LIABILITIES

<i>in EUR k</i>	2021	2020	2019	2018	2017
Balance sheet total	555,705	372,146	320,764	221,848	202,812
Current assets	283,760	183,691	161,957	146,226	133,357
Of which liquid assets	109,922	55,053	46,352	45,912	46,497
Of which trade accounts receivable and contract assets	162,127	121,314	108,719	93,199	81,459
Non-current assets	271,945	188,455	158,807	75,622	69,455
Current borrowed capital	179,320	143,679	114,312	101,698	92,366
Of which loans and other financial liabilities (including leasing)	43,095	25,912	26,174	15,008	13,877
Of which trade accounts payable and contract obligations	39,725	27,417	23,637	20,218	23,295
Non-current borrowed capital	184,558	125,593	113,970	42,856	43,423
Of which loans and other financial liabilities (including leasing)	176,221	116,022	105,229	33,100	32,278
Equity	191,827	102,874	92,482	77,294	67,023

FINANCIAL PERFORMANCE INDICATORS

	2021 target	2021 actual	Target
Growth in sales (organic)	> EUR 600 million thus > 15 % growth (raised in Q4 to > 630 million)	30 % to EUR 678 million, 20 percentage points of which organic	At least double industry growth (industry growth 2020: +4.1 %)
EBITDA	> EUR 72 million (increased to > 95 million in Q4)	EUR 102.4 million	Increase on previous year
EBITDA margin (indirect)	11 to 13 % (raised in Q4 to > 14 %)	15.1 %	11 % to 13 % (non-current)

Table source: adesso Group figures

PERFORMANCE INDICATOR INVERSE UTILISATION RATE

	2021	2020	2019	Target
Annual average	12.0 %	12.3 %	11.8 %	9 % to 13 %
Maximum	14.4 %	15.2 %	13.0 %	15 %
Minimum	10.3 %	9.8 %	8.7 %	7 %

Table source: adesso SE

adesso acquired majority shares in two corporate groups and one further business operation in the second half of the year.

On 23 June 2021, adesso acquired 70 % of the shares in KIWI Consulting EDV-Beratung GmbH (Walldorf). KIWI Consulting EDV-Beratung GmbH offers customised IT consulting and software development with a particular focus on banks, public-sector clients and mortgage lenders.

On 28 June 2021, adesso acquired 100 % of the shares in Reachbird AG (Ruggell/Liechtenstein). Reachbird AG (Ruggell/Liechtenstein) and its subsidiary, Reachbird Solutions GmbH (Munich, Germany), is a marketing agency specialising in influencer-based marketing through social media in the German-speaking region comprising Germany, Austria and Switzerland.

The business operations of Hauertmann IT-Consulting e. K. (Paderborn), acquired on 1 December 2021, specialise in agile methods and scrum, and is also active in the field of software development based on Microsoft technologies.

Section “5. Business Mergers” of the notes to the consolidated financial statements provides a detailed overview.

Liquidity

Cash and cash equivalents totalled EUR 109.9 million on the reporting date (previous year: EUR 55.0 million). The increase is mainly due to the capital increase. Cash and cash equivalents are offset by financial liabilities of EUR 78.9 million (previous year: EUR 60.7 million), which were primarily entered into to finance business combinations. Net liquidity after deducting the financial liabilities therefore increased slightly by EUR 36.6 million to EUR 31.0 million.

Cash flow from operating activities stood at EUR 47.9 million (previous year: EUR 65.0 million). It follows the positive earnings development, but higher tax payments in 2021 (resulting from pandemic-related deferred tax payments from the previous year, among other things) and a nega-

tive development of net operating assets led to an overall lower cash flow from operating activities.

Cash flow from investment activities amounted to EUR -25.9 million, declining from EUR -28.5 million in the previous year. The main value drivers of this development are the investments in property, plant and equipment, which increased by 81 % to EUR -16.8 million, the payments for company acquisitions (EUR -17.0 million; previous year: EUR -13.2 million) and net cash inflows from the sale of the e-Spirit companies (EUR 12.3 million).

Cash flow from financing activities was EUR 33 million compared to EUR -27.5 million in the previous year. The increase in cash flow is due to the capital increase of EUR 48.5 million. Financial liabilities of EUR 30.2 million (previous year: EUR 14.4 million) were repaid, with new financial liabilities of EUR 36.4 million. Lease liabilities of EUR 15.8 million were repaid compared with EUR 13.8 million in the previous year. Furthermore, dividends of EUR 3.2 million (previous year: EUR 2.9 million) were paid out.

Variable salary components are paid out from cash and cash equivalents and are paid out in the first few months of 2022. This is typical for the business. Thus, as in the previous years, the net liquidity in the first half of the year 2022 is expected to experience negative developments for the time being. Overall, the liquidity of the adesso Group is adequate to carry on current business operations, for the planned repayment of liabilities and to compensate for ordinary fluctuations in capacity utilisation. Furthermore, adesso has sufficient funds at its disposal to drive future corporate growth and, in particular, to acquire further equity investments. As of the balance sheet date, adesso SE, as the central financing company of the adesso Group, had several available credit lines totalling EUR 28.9 million.

Net assets

As of the reporting date, the balance sheet total was EUR 555.7 million, which is 49 % or 183.6 million higher than in the previous year.

Economic report

PERFORMANCE INDICATOR BOOKING INTENSITY

	2021	2020	2019	Target
Annual average	93 %	96 %	93 %	93 % to 99 %
Maximum	97 %	99 %	95 %	103 %
Minimum	89 %	90 %	90 %	83 %

Table source: adesso SE

PERFORMANCE INDICATOR T&M DAILY RATE

	2021	2020	2019	Target corridor
Annual average	-1 %	-1 %	-1 %	min. +2 %

Table source: adesso SE

PERFORMANCE INDICATOR FIXED-PRICE PROJECTS

	2021	2020	2019	Target corridor
The proportion of employees in the overspend projects	0.9 %	0.7 %	0.5 %	< 1.5 %
Arithmetical daily rates	+16 %	-8 %	+2 %	min. +2 %

Table source: adesso SE

PERFORMANCE INDICATOR RECRUITMENT AND TURNOVER

	2021	2020	2019	Target corridor
Development of applications	-15 %	+76 %	+44 %	>= Gross profit increase, previous year
New appointments (permanent employees)	1,004	697	541	Increase on previous year
Turnover rate (permanent staff, change and maximum)	+ 1.1 %-P.; <10 %	+/- 0.0 %-P.; <10 %	-2.2 %-P.; <10 %	Improvement; <10 %

Table source: adesso SE

PERFORMANCE INDICATOR SOFTWARE PRODUCTS

	2021	2020	2019	Target value
License sales	+ 45 %	- 38 %	+ 143 %	> 5 %
Maintenance sales	+ 12 %	+ 17 %	+ 137 %	> 5 %

Table source: adesso insurance solutions GmbH

On the assets side, the carrying amount of goodwill increased by 9.4 million, mainly due to acquisitions. The increase in other intangible assets and property, plant and equipment by EUR 67.8 million to a total of EUR 187.0 million is attributable to the further growth of the adesso Group. Higher sales growth caused trade receivables to increase significantly by EUR 27.1 million. Contract assets increased by EUR 13.6 million to a total of EUR 42.1 million.

On the liabilities side, lease liabilities increased by EUR 59.2 million to a total of EUR 140.4 million in parallel with the rights of use from leasing contracts. This increase is mainly due to the leasing of new commercial buildings in Berlin and Munich. More financial liabilities were once again raised than repaid once again in 2021 due to higher repayments compared with the raising of new financial resources in the previous year. In addition, non-current financial liabilities increased further due to acquisitions, so that a total of EUR 78.9 million (previous year: EUR 60.7 million) financial liabilities are now reported.

General statement

The Executive Board had set targets for 2021 of a sales volume of over EUR 600 million (increased to over EUR 630 million at the end of October) and an EBITDA of over EUR 89 million (increased to over 95 million at the end of October) as well as an EBITDA margin of over 12 % (increased to over 14 % at the end of October).

The adesso Group's sales in the reporting period stood at EUR 678.3 million, with EBITDA of EUR 102.4 million and an EBITDA margin of 15.1 %. All three targets of the (increased) guidance were therefore achieved or exceeded.

Financial and non-financial performance indicators

The key financial performance indicators used for internal control of the Group are sales growth, EBITDA and the EBITDA margin. Furthermore, the earnings before taxes and amortisation of goodwill attributable to the business operations of adesso SE are relevant for the individual financial statements. Targets and actual values for the reporting period, as well as for the medium and long-term target corridor for the adesso Group, are provided in the following table.

The adesso Group does not use any Group-wide non-financial performance indicators for the internal control of the Group. Given the outstanding importance to the Group of adesso SE, which is responsible for over 50 % of adesso Group business, and the otherwise broad range of control-relevant performance indicators within the Group due to the business it conducts, the financial and non-financial performance indicators used for the internal control of adesso SE are reported on below.

The development of earnings generated by adesso SE depends on a number of performance indicators. In addition to the growth rate which is achieved, these are, in particular:

Employee capacity utilisation (proportion of employees working on customer projects)

The proportion of employees working on billable customer projects has a direct influence on earnings. The greatest possible constant and high utilisation is the goal, without severely limiting flexibility in staffing new projects. Since the end and beginning of projects cannot always be optimally scheduled in sequence, some basic non-utilisation of capacity is unavoidable. Utilisation is measured biweekly according to the number of employees in operations and is reported as the proportion of employees that are not assigned to a project.

2021 again achieved high capacity utilisation rates with a lower fluctuation margin compared to the previous year. The value is within the target corridor.

Booking intensity (average of billed hours per project day)

The number of billable customer hours as the basis for sales and earnings is subject to fluctuations which do not depend on the order situation, caused by the number of potential working days, holidays taken, illness, and capacity utilisation. When these effects are neutralised in the analysis of billable customer hours, it is possible to determine the average billable customer hours per project day for an employee assigned to a project, provided that structures remain unchanged. Changes to structures, such as the management team, career levels, and working models, are also included in the booking intensity. The booking intensity

determined this way measures the development of quantitative value creation per employee in the project and structural efficiency.

Since additional or fewer hours worked per project day leave costs virtually unchanged, a change in the booking intensity has a direct impact on earnings. The booking intensity is also influenced by the intensity of pursuing internal projects for company development, business development or pre-sales. It is specified as a percentage of an eight-hour workday.

In 2021, the average booking intensity decreased slightly compared to the previous year. It is thus in the lower range of the target corridor.

Average daily rates achieved

The change in the average daily rates, both in projects billed on a time and materials basis and in fixed-price projects on a calculation basis, is a key earnings driver. In particular compared to the change in labour cost per employee as the leading cost item, it has a significant impact on the operating earnings margin. Accordingly, the daily rates are a fixed internal control element. Their development is tracked on an individual customer basis and they are purposefully examined for improvement potential. The change in the average daily rate is reported. In 2021, the average daily rate in projects billed on a time and materials (T&M) basis decreased slightly by around 1 %.

Calculated daily rates and budget overruns for fixed-price projects

The number of project days in fixed-price projects that exceed the budget has a direct impact on earnings, since those days are not available for other potential working time. Even if they can only be used in combination with projects completed below budget for an overall image of the impact that fixed-price projects have on earnings, the change in budget overruns serves as a signal for progress or setbacks related to fixed-price projects. This is a qualitative assessment, as the evaluation is based on days and not on euros.

Together with the daily rates used in project calculations, the under- and over-budget ratio is used to derive the calculated daily rate on fixed-projects

during post-calculation. Budget overruns in 2021 were far below the target corridor and slightly above the previous year's figure. The target value for increasing the imputed daily rate was also achieved.

adesso SE examines employee aspects as non-financial performance indicators. As a fast-growing premium IT service provider, adesso depends on the ability to gain many of the best graduates and most experienced experts as new employees, to extensively pursue their internal further development, and to retain them for as long as possible. Here the following described performance indicators are of particular relevance.

Recruiting performance figures and turnover

Recruiting examines the number of applications received, initial interviews conducted and new hires. The turnover ratio is based on resignations of permanent staff. In 2021, the number of applications decreased by 15 % due to COVID-19. The previous record number of applications from last year could therefore not be achieved again. Nevertheless, at 50 %, there was a significant increase in applications compared to 2019 (the increase from 2019 to 2020 amounted to 76 %). The fast organic growth was continued, and thus the number of new positions filled for permanent employees increased by a further 44 %. The turnover rate increased slightly in 2021 and was at the limit of the target corridor of up to 10 %.

Management also examines the development of licence/SaaS and maintenance revenues from the FirstSpirit product from the subsidiary e-Spirit AG and from the in|sure product family from adesso insurance solutions GmbH for insurance companies as internal performance indicators, since licence revenue in a short-term quarterly and financial year view have a major direct impact on earnings and because maintenance revenues form the basis for growing the development and marketing cost base of products. Following the sale of the e-Spirit Group in the first quarter of 2021, only the in|sure product family is considered in the following table. The previous year's values have been adjusted accordingly. In 2021, both licensing and maintenance revenues with the in|sure Ecosphere grew at double-digit rates, both exceeding the targets of more than 5 %.

Forecast, opportunities and risk report

Forecast report

Future macroeconomic situation

Following the coronavirus crisis year of 2020, most economies have largely recovered and returned to a growth path as originally expected by leading economists at the beginning of 2021. Growth forecasts had to be revised during the year due to the volatile pandemic situation, in some cases significantly. Supply and materials bottlenecks also had an increasing impact, which will continue into the beginning of 2022. However, after an increase in economic output of 2.8% in 2021, the German government is confident in its annual projection from January 2022 that state price-adjusted GDP growth will continue to pick up speed, once again rising to above pre-crisis levels with a plus of 3.6%. Mitigating factors have pushed back the recovery period, however. In autumn, 4.1% growth was still expected for 2022. The forecasts for 2023 are more optimistic than last autumn's 1.6%, predicting growth of 2.3%.

The first quarter of 2022 will probably still be affected by the coronavirus pandemic and corresponding restrictions, especially in service sectors. However, economic recovery should accelerate once the infection rate curve flattens out and industrial production expands as supply bottlenecks gradually dissolve. Private consumption is a major driver of this growth. The continuing recovery of the global economy is also expected to provide a stimulus. The German government expects global GDP to grow by 4.5% in the current year (previous year: 5.9%). At the same time, the German government's sees the recurring waves of infection coupled with newly emerging virus strains continue as posing a high risk to economic development.

The German economy is dependent on innovation and higher productivity, which is why the government aims to capitalise on the potential of digitalisation and data-based value creation, and is taking steps to expand the digital infrastructure and promote the dynamic development of the data economy. To strengthen innovation, the govern-

ment plans to spend 3.5% of GDP on research and development in future, as well as to facilitate innovation transfer.

The Swiss State Secretariat for Economic Affairs (SECO) has also highlighted a delay in economic recovery due to supply bottlenecks and tightened coronavirus measures, based on the assessments of an expert group at federal level. Accordingly, after GDP growth of 3.3% in 2021, the Swiss government predicts growth of 3.0% will be achieved in the current financial year before GDP growth loses momentum again in 2023, falling to 2.0% within the scope of economic normalisation. In September 2021, growth of 3.4% was still expected for 2022. Nevertheless, with two more years of above-average growth, the Swiss economy is generally considered to be developing positively.

Based on forecasts by the Austrian Institute of Economic Research (WIFO) and the Austrian Institute for Advanced Studies (IHS), the Austrian Federal Ministry for Digital and Economic Affairs expects GDP growth rates of between 4.1% and 4.3% after the strong recovery in 2021, with a further increase in momentum to 5.2% and 4.2% respectively for 2022. They still expect 2.5% and 2.6% for 2023. The strong increase in 2022, achieved despite new lockdowns and supply bottlenecks, is also the result of investments brought forward due to the Austrian "investment premium" economic stimulus package. The Ministry of Economics emphasises that the Austrian economy will be structurally strengthened using the "Chancenreich Österreich – digital, nachhaltig wirtschaften" (Opportunity Austria – digital, sustainable business) location strategy, designed to make Austria into one of the top 10 economic locations in the world by 2040.

In Turkey, the OECD expects GDP growth to slow to 3.3% in the current year, following strong growth of 9.0% in 2021. Momentum is expected to increase again to 3.9% in 2023. The forecast is considered to be considerably risky due to the very high inflation rate and exchange rate policy measures, and harbours a high potential for deviation in both directions.

This means that the overall economic market environment for adesso in 2022 will once again be positive, with quite heterogeneous expectations for

growth dynamics across the individual economies. After a slow start to the year, growth in Germany and Austria is expected to be even more dynamic than in the previous year. Growth in Switzerland and Turkey, on the other hand, is expected to slow down. Overall, the recovery phase has slowed after the mitigating effects at the end of 2021, leading to a slightly weaker development in 2022 and a somewhat stronger development in 2023 than previously assumed. The actual dynamics of economic growth will depend on the further course of the pandemic and is therefore subject to considerable risks. Furthermore, prolonged restrictions and supply bottlenecks could have a negative impact on value creation in the manufacturing sector. If inflationary pressures increase, central banks may also feel compelled to adopt a more restrictive policy. Further potential risks may arise from the high global level of corporate indebtedness, the high indebtedness of states as well as possible overheating on financial and real estate markets.

The global economy therefore continues to recover, though this recovery is uneven as countries, companies, and people face very different economic realities. Recent improvements mask structural changes where some sectors, jobs, technologies, and behaviours will not return to pre-pandemic trends. The OECD is nevertheless cautiously optimistic about the global economic outlook. Supply-side bottlenecks and shortages should gradually ease in 2022/2023, allowing the global economic recovery to continue. GDP growth of 3.3% is expected for 2023 compared with 4.5% plus in 2022.

An additional risk factor for the recovery of the global economy stems from the outbreak of war in Ukraine on 24 February 2022 and the subsequent escalation of the conflict, which cannot yet be reliably assessed at the time of the report's preparation. However, the Institute for the World Economy (IfW) also warns of long-term effects of the Ukraine war on the globalised world economy. Global economic integration is an important driver of prosperity because it offers specialisation gains to all involved. The report predicts that setbacks in globalisation could lead to a decline in growth. According to the IfW's model, trade restrictions with Russia led to losses of 0.4% of GDP in Germany and 0.3% in Austria. In the short term, rising energy prices increase production costs. Inputs from

Ukraine or Russia cannot be delivered, which has already affected the automotive industry, among others. adesso does not maintain any supplier or customer relationships within Ukraine or Russia that could directly affect the business. Nevertheless, we cannot rule out that directly affected client companies will postpone investment projects. This could have an indirect, delayed and isolated impact on adesso.

Outlook for the industry

According to estimates by the industry association Bitkom, the German market for providers of services and products in the IT sector will continue to grow strongly in 2022. Market volume is expected to increase by 5.9% to EUR 108.6 billion in 2022. Growth in the reporting year stood at 6.3%. The hardware segment will lose momentum compared to the previous year with an increase of 5.7% to EUR 33.2 billion, thereby again exerting less influence. The software and IT services sub-segments which are particularly relevant to adesso will see their market volume grow by 9.0% to EUR 32.4 billion and by 3.9% to EUR 43.0 billion market volume respectively. Companies in Germany are expected to create 39,000 additional jobs by the end of the year. Currently, 1.25 million people are employed in the sector. Companies would be able to recruit far more staff if it were not for the shortage of skilled workers in the sector. The business climate is at a similarly high level as before the outbreak of the coronavirus pandemic. Bitkom believes that digitalisation is a crucial part of the solution to the crises and challenges of our time. Business, government and large sections of society want to accelerate digitalisation and are investing in digital infrastructures, devices, software and services. The pandemic has lent momentum to digitalisation and is stimulating the market.

According to the Gartner research institute, global IT investment is expected to rise by 5.1% to USD 4.5 trillion in 2022. Despite the potential impact of the omicron variant, the economic upswing, together with high expectations for the dynamics of the digital market, continue to boost technology investments. For IT services, Gartner predicts a growth rate of 7.9% for 2022 (2021: 10.7%) to USD 1.3 trillion. The software segment is expected to grow by 11.0% (2021: 14.4%) to USD 0.7 trillion.

Future development of the Group

The Executive Board expects the adesso Group to continue to grow at an above-average rate in financial year 2022. This expectation is based on the continuing demand for elements from adesso's service portfolio across all industries. A high level of orders can be expected in the short to medium term given that all the industries adesso serves are investing in digitalisation initiatives. This is expected to be reflected in good top-line growth. Industry-related IT services are in particularly high demand, but the product business from the IT Solutions segment also continues to have a lot of potential. In addition to adesso insurance solutions, adesso now also has product subsidiaries for the banking and health sectors and, most recently, for manufacturing and the automotive industry. A retail product subsidiary is also planned for 2022.

Earnings growth, on the other hand, is expected to be more moderate than sales growth. One of the reasons for this is that the 2022 financial year has two fewer working days than the previous year. This effect alone has a seven-digit impact on the result. adesso is also planning a cultural refit programme in 2022 following two difficult pandemic years. The initiatives in this area are to be understood as investments for securing the sustainable profitable growth of the adesso Group, as the shortage of skilled workers in the industry continues to pose the greatest risk. Here, adesso wants to maintain its position as the most attractive employer in Germany.

We continue to receive a good number of applications. However, it remains a challenge to recruit high quality staff under current market conditions. A major challenge here consists in the rising average salaries of well-trained computer scientists and consultants. The current inflation is an additional factor, which has spurred adesso to respond with two main countermeasures. On the one hand, the average daily rates for adesso Group services are to be increased. On the other hand, we are planning to increase the capacity of the available nearshore resources in order to reduce the personnel costs per employee.

adesso will celebrate its 25th anniversary in financial year 2022. In addition to the planned expansion of business in German-speaking countries, there will also be a focus on internationalisation, with further sales markets being sought in Europe, as well as in further shoring locations.

In order to meet the growing administrative requirements of the adesso Group, adesso is introducing SAP S/4HANA internally with a planned launch at the beginning of 2023. The project, which aims to establish an integrated system landscape for the adesso Group, is being carried out primarily using in-house consultants with support from SAP.

adesso is also working on optimising cash flow in order to convert its own service provision into cash more quickly. The Treasury Team has set up several initiatives for this purpose.

Economic development looks fundamentally positive for adesso's range of services. However, risks also arise, for example, from inflation and interest rate developments or from the Ukraine crisis. These must be monitored in order to be able to take countermeasures in good time if necessary. adesso considers itself to be fundamentally well positioned to meet these challenges.

Anticipated sales and earnings situation

adesso expects further growth in the IT Services segment in the 2022 financial year. In particular, further licence sales of the in|sure Ecosphere product family are expected in IT Solutions.

Management is therefore planning as follows for the 2022 financial year:

- > Sales revenues: EUR 750 to 800 million
- > EBITDA: EUR 90 to 95 million
- > EBITDA margin: 11 % to 12 %

The segment breakdown is based on previous years, i.e. the IT Solutions segment is expected to generate around 10 % to 20 % of sales and the IT Services segment 80 % to 90 %. Depending on how business develops, the IT Solutions segment could again make a significant contribution on the earnings side if product sales go as planned.

Financial outlook

adesso generally expects a liquidity-typical course for 2022, with a high liquidity level at the beginning of the year, which decreases over the first two quarters due to bonus payments for the previous year and the dividend, and increases again in the second half of the year. An additional liquidity requirement could arise in the course of carrying out M&A transactions. The treasury team established last year will continue to carefully monitor and manage liquidity developments.

adesso will also focus intensively on receivables management as well as further improving internal processes. Furthermore, strategic financing options are being pursued with the company's banks to improve working capital. adesso remains loyal to its own policy of aiming for net debt of between zero and 2.5 times EBITDA.

Although the majority of the capital allocation for a growth company such as adesso flows into growth initiatives (organic and inorganic), the dividend policy will continue to be pursued by the Executive Board. A balanced weighting between investments in growth, financial stability, and shareholder participation in the company's success is envisaged. A steady, slight increase in the dividend is part of the capital market strategy. The proposal for 2022 provides for an increase in the dividend to EUR 0.60 per share for financial year 2021 (previous year: EUR 0.52 per share).

Risk report

Risk management system

Risk management is a pivotal component of all decisions and business processes. adesso takes a broad view of risk, defined as the risk of not achieving financial and operating targets as planned and, in the strictest sense, factors endangering the existence of the company. In order to safeguard the success of the company over the long term, it is therefore essential that adesso identifies and analyses risks efficiently and combats or mitigates them by implementing sufficient control measures. adesso's active risk management therefore also opens up opportunities for the company.

The adesso Group possesses a system of processes and data analysis structures to monitor risks posed to the Group. An exclusive risk management software system is not used. Instead, adesso uses a central management information system for results controlling and tracking additional key figures. All planned and actual data from all business areas are stored in a central file for the purposes of reporting. Current figures are recorded directly from the company's financial accounting. Key performance indicators such as sales per employee, available liquidity, resources not fully utilised and incoming orders and the order backlog are registered. All companies included in the scope of consolidation are part of the reporting system.

Fixed reporting channels have been established for other risks, such as those arising from the absence of contracts, high levels of receivables from customers or projects that are threatening to go over budget. Certain reporting thresholds apply, which, if breached, result in the issue being included on the agenda of Executive Board meetings. Similar risks posed to companies in the adesso Group are identified through close cooperation with the respective responsible Executive Board member of adesso SE. adesso does not have a central risk manager. Risk reporting and assessment is documented in a risk manual. The risk manual is submitted to the Supervisory Board and to the auditor so that the risk management system can be acknowledged and reviewed.

Within the scope of a risk inventory, the following risks were assessed as relevant to the business and subsequently assessed in view of their probability

of occurrence and amount of loss. In principle, only risks that would have negative implications for the asset, financial or profit situation are listed here.

Moreover, the adesso Group is potentially exposed to further risks which may not be known or be considered as major risks at the current time. The risk factor is calculated from the probability of occurrence and the amount of loss, which determines how relevant the risk is. The following risks were identified as at the reporting date and as at the preparation of the consolidated management report as having a risk factor worthy of inclusion in this report (greater than 40):

Primary risk carriers

Project risks

In the event of the budgeted time frame and costs being exceeded, fixed-price projects can lead to project-related losses.

Budget deviations are identified and analysed constantly during every fixed-price project. There is also an escalation mechanism that extends to the Executive Board. adesso uses an Excel-based project controlling and reporting system, which is based on data from the ERP system. Depending on the project structure, sub-projects are defined and mapped on adesso's project and schedule management system. Expenses are distributed across the sub-projects and milestones are defined. Over the course of the project, actual time and expenses are compared with planning figures, the expenses are calculated and compliance with the defined schedule is documented. Additional monthly or weekly assessments of work still to be completed are used to calculate the level of completion of the project underway. By comparing the level of completion and the remaining expenses, any potential budget deviations can be identified at an early stage. Projects that are likely to significantly exceed the budget are given "overspend" status and are then added to the agenda of subsequent Executive Board meetings. Aside from acknowledging the risk, the Executive Board meeting also discusses potential strategies to improve the situation by analysing the reasons for the overspending. However, the share of hours worked on projects with fixed budgets in the form of service contracts in terms of overall adesso sales is low at under 20%. adesso SE has established a Project Management Office (PMO) where experts supervise particularly large-scale or challenging

projects using standardised tools and mechanisms alongside the regular project management team. These tools and processes are routinely used. The estimations of remaining costs are determined and cost development displayed as a graph in order to counteract the tendency that project inconsistencies are identified too late. Similar or identical procedures are used in various adesso Group companies.

Risks from a shortfall in planned sales

In the event of a high gross margin and a large proportion of fixed costs, low sales can be directly reflected in adesso's results. However, a decline in order intake or the termination of important ongoing customer orders could result in idle periods with corresponding implications for the profit and financial situation within a short period of time. Given that the IT Services business area in particular generates business over specific periods of time, such idle periods are difficult to compensate for.

Given the high general relevance of this risk factor, adesso monitors the following values in the IT Services segment on a monthly and sometimes biweekly basis in order to identify trends at an early stage and take corresponding action: order intake, number of hours invoiced and capacity utilisation rates and number of employees not working at full capacity.

The IT Solutions segment pursues a product strategy. In this segment, even standard solutions developed by adesso are sold and implemented through licensing with maintenance contracts or provided with software as a service (SaaS). While the established base of maintenance contracts represents a relatively stable basis for sales, the achievement of targets and the results of product companies are reliant on order intake and much more volatile than the service business, given the low number of new licences sold. Sales revenues from maintenance activities do not cover total ongoing costs at any of the adesso Group companies. As a result, the product companies' licence sales or new SaaS contracts and related sales pipelines are monitored in detail in terms of structure and development over time.

As part of monthly reporting, the actual figures are compared with both the planning and the previous year, and a revised forecast is prepared on a cyclical basis. This enables emerging shortfalls in planned sales to be highlighted at an early stage; they then

form the basis for the monthly discussions on business development and prospects. This applies to all significant companies of adesso Group.

Financial risks

General liquidity risks: The adesso Group's liquidity situation undergoes annual fluctuations that are typical for the business. For example, higher payments are made in the first half of the year due to the payment of variable salary components for the previous year, the adjustment of advance tax payments due to increasing company results, and the dividend payment. The first half of the year also regularly contains fewer working days compared to the second half, which is directly reflected in the sales in the IT Services segment. These effects depress the net cash position of the adesso Group within the first half of the year, which is gradually then built up over the course of the second half of the year. Another seasonal effect is that fixed-price projects tend to be accepted and invoiced more in the second half of the year.

All account balances, loans, and unavailable cash are reported monthly for the purpose of tracking liquidity. This makes the change in financial resources over time visible. The net cash position of each significant Group company is calculated and reported monthly. The incoming payments of adesso SE are monitored on a daily basis.

Firmly committed bank credit lines are freely available in sufficient amounts to compensate for liquidity bottlenecks and unfavourable or unexpected developments.

Liquidity risks from major projects: Liquidity risks can arise from the payment terms of service agreements for completed projects with significant volumes. In addition to prepayments and instalments, payments are often linked to the completion of the project. In the case of delayed completion, significant liquidity shortfalls can arise. The CFO includes major receivables on the part of adesso SE in the agenda of Executive Board meetings, where individual strategies for collection are determined. Due to the growth of past years, however, the dependence on individual projects has decreased.

Default risks: The open items from trade receivables are a significant asset item in the balance sheet and represent the majority of tied-up capital. A payment

default leads directly to corresponding negative effects on results and liquidity. Receivables management at adesso is handled individually at the level of the individual companies. adesso SE continuously monitors the development of receivables and incoming payments. There are also escalation mechanisms that extend to the Executive Board.

Currency risks: The adesso companies are exposed to risks in connection with changes in exchange rates when they enter into transactions that will result in future cash flows in foreign currencies. The foreign currency risk is partly offset by the fact that incoming and outgoing payments are made in the same foreign currency. Currency risks remain low. Only a small proportion of sales are conducted in a currency other than the euro. This mainly affects the business of adesso's national companies in Switzerland and Turkey, which settle their accounts in Swiss francs and Turkish lira respectively. These companies process the majority of their business in the respective national currency. No currency hedging transactions were carried out.

There were no notable risks from financial instruments.

Personnel risks

adesso is an IT company without any notable fixed assets. The company's most important assets are its employees. The search for suitable, experienced employees remains characterised by a demand surplus from companies. As in the past, the resulting entry-level salary expectations expressed by new recruits, as well as existing employees' expectations regarding pay rises, cannot always be compensated through a corresponding adjustment of market prices, meaning that the operating margin can be negatively impacted as a result. A small number of employees are responsible for adesso's outstanding position in its core industries. The simultaneous departure of more than one of these employees would expose the company to medium-term risks in terms of its further development.

As a result, adesso constantly monitors and assesses a number of key performance indicators such as headcount, number of unproductive employees, number of employees on sick leave, employee, costs/sales per employee and capacity utilisation. The top-level management is always informed about every dis-

missal and new recruit. The Executive Board analyses trends and discussed measures in its meetings every three months. This allows any potential loss of knowledge and expertise to be identified promptly. In the product segments, essential knowledge is concentrated around a small group of key developers. These developers are a particular focus of human resources activities.

adesso is able to maintain its position as a premium IT service provider thanks to its extraordinarily talented employees, who have a vast amount of experience in their respective fields. Competitors in this area continue to increase their headcounts intensively – not simply IT service providers, but also between user companies and the IT industry. Such risks are combated through active recruiting, strategies to intensify employee loyalty and excellent career prospects in a prospering company.

Risks from the development of new products and solutions

Since 2012, the adesso Group has significantly increased its investment in the development of new products and solutions and, therefore, gradually shifted the risk profile of its heavily service-oriented business model towards its product business. Extensive development projects are underway for this purpose and the systems already available are being marketed more widely. All these products involve increasing risk from service and maintenance obligations. In the development phase, there is also increased risk from the higher-than-planned development costs, for which adesso is partially responsible. However, these risks are offset by increasing income from licences and maintenance.

Risks from technical infrastructure

As an IT company, adesso SE has extensive technical expertise and resources in the area of internal IT infrastructure. Since a large part of customer-relevant added value is created on the basis of IT infrastructure, the availability of the latter is of considerable significance. System failure therefore entails a significant financial risk. The internal IT operations department is equipped with full-time administrators who are supported by several trainees, students and other employees from operational areas. Disciplinary and organisational responsibility are addressed in a separate management position. In 2016, the new position of CISO (chief information security officer)

was established and staffed at adesso SE. Data on the productive servers is backed up incrementally on a daily basis onto suitable media outside the data centres at a third location.

The production systems available on the Internet are protected against unauthorised access via a multi-level firewall system, and adesso operates a VPN to protect communication between the branches and subsidiaries. All systems have virus scanners from various product manufacturers whose virus signatures are automatically updated to comply with the latest standards.

At its main office in Dortmund, adesso has a data centre with safety procedures such as electronic access control, temperature-controlled server racks, fire extinguishing systems, uninterrupted power supply and flood protection. All external data connections are secured in compliance with the relevant technical standards and are redundantly structured. Some of the holding companies have their own IT systems and departments. Their risk statuses are not reported to adesso SE in any regular form. adesso is working towards an increasingly interconnected collaboration between the IT departments at adesso and the holdings. adesso has been certified to ISO 9001 and ISO 14001. The processes that have been documented and more strictly defined have maintained a constant risk position in terms of technical infrastructure in spite of increasing complexity. In the previous period, customers' increasing awareness regarding data protection and data integrity was assessed as an increasing risk. This was especially true for banks and insurance companies as a result of extended regulation requirements and a rise in cyber risks.

Other risks

A number of other risks with a risk factor of below 40 points are named in the risk manual as at the reporting date. These risks are:

- > Risks from business activities in other legal systems
- > Declining or insufficiently increasing daily rates
- > Risks resulting from the COVID-19 pandemic
- > Risks from falling order backlog
- > Risks from insufficient sales pipeline
- > Risks from change to market and competition structure
- > Risks resulting from using the wrong products or a lack of know-how
- > Risks from falling market volume

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- > Risks from the organisational structure
- > Risks from a shortfall in planned sales
- > Risks from the customer structure
- > Compliance risks
- > Risks from bank lines
- > Risks from lack of insurance cover

No significant risks pursuant to Section 289c (3) clauses 3 and 4 HGB were identified.

Overall statement concerning the Group's risk situation

Every risk is evaluated by estimating the probability of occurrence and the possible extent of damage. The risk factor of every risk can be calculated by multiplying the probability of occurrence (1-10) by the extent of damage (1-10). The overall profile of adesso, the sum of all risk factors, is assessed as falling by 14 points or 2 % compared to the previous year to 574 points. The main drivers of this development are the reduced assessment of the extent of the risk resulting from the COVID-19 pandemic, and the reduced assessment of its probability of occurrence and extent of the risk from the use of losses.

None of the identified risks can be considered at the current point in time as risks that endanger the existence of the company as a going concern. However, the risks detailed above could have a negative impact on the asset, financial and earnings situation.

The Executive Board of adesso SE assumes that the risks identified are limited and manageable. No individual or aggregated risks have been identified that could jeopardise the continued existence of the company.

Opportunities report

In addition to identifying and managing risks, identifying and developing opportunities for the development of the adesso Group is also an important area of management attention. Various formats and working groups exist for the systematic development of new business opportunities, consisting of the Executive Board, Business Development, management of Group companies and line-of-business managers. These formats are used to develop new ideas and business models for existing or new industries, solutions and regions.

The integration of inorganically acquired companies or parts of companies is increasingly important in this context. The new "Corporate Development and M&A" division, which is primarily concerned with the further development of the corporate Group, was established in 2021 to expand these activities and manage integration activities.

The expansion of Corporate Account Management established in 2019 has also secured further success. For example, it is a major success factor for the adesso brand to present customers with a "ONEadesso" portfolio, to not only be able to offer a small section of the portfolio but also place the now expansive software engineering and technology competence with customers in their entirety.

From the management's point of view, the need for new digitalisation initiatives will continue to increase in the coming business period, as well as in the years to come. The coronavirus pandemic is proving itself to be a kind of catalyst for new topics to be addressed by many customers after the uncertainties of the crisis have been overcome. In this, adesso benefits from its own manufacturer independence and operate as a genuine digitalisation partner to help companies digitalise their core processes. For example, artificial intelligence is being used for more and more business applications. There will also be many conversion projects to SAP S/4HANA in the SAP area over the next five to ten years, an area that adesso massively strengthened at the end of 2020. But there are also a great many opportunities in the traditional areas of individual development and consulting and support for digitalisation initiatives.

The industries in which adesso is active are all facing these challenges. Insurance and banking are heavily involved in replacing old legacy systems. The health sector and the public sector are launching initiatives to digitalise care and administration. Traditional industry is also investing in digitalisation and IoT projects. Currently, only the automotive industry is likely to see the current economic situation lead to below-average opportunities.

Internal control system and risk Management system in terms of the consolidated accounting process

In the accounting process, there is a risk that the financial reports based on the accounts could contain misrepresentations of facts that could have a significant influence on decisions made by the intended recipients of the reports.

These can include the misallocation of resources and non-performance of certain measures by the Executive Board in terms of the internal operational management of the Group, as well as misinterpretation on the part of report recipients, particularly existing and potential shareholders. The processes and systems established at adesso are geared towards identifying potential sources of errors in the accounting process and thus limiting the resulting risks. They are intended to ensure that the annual report and consolidated financial statements are prepared in accordance with legal requirements. The report follows a standardised form for the consolidated management report of both adesso SE and the adesso Group.

An IT audit is conducted annually within the scope of the audit of the annual financial statements, focusing on the effectiveness of IT controls related to the accounting-relevant ERP system.

The structure of the internal control mechanisms and risk management system is primarily the result of how the accounting and reporting processes are organised. Accounting is typically handled locally by each of the Group's subsidiaries. As the parent company, adesso SE performs accounting services for some adesso Group companies together with centralised administrative processes such as payroll accounting. These companies' accounts are primarily kept on a common accounting system as clients. The fact that the same people are responsible for this process throughout the Group and that the adesso SE CFO has ongoing, direct access provides a good basis for the standardised, correct representation of facts.

A uniform Group accounts chart has been implemented, to which the local charts of accounts are reconciled in the context of Group reporting, so that deviations from the intended presentation can be transparently traced and minimised. The detailed coverage of Group accounts means that it is simple to coordinate internal Group performance processes. The respective management teams are responsible for individual annual financial statements. Each annual financial statement that forms part of the consolidated financial statement is reviewed by the Group auditor in terms of its plausibility and compliance with Group standards, irrespective of any audits performed by the local auditor or tax consultant. For this purpose, the auditor of the consolidated financial statements visits the respective local auditor and inspects the documentation of key Group companies.

All individual financial statements are submitted to a centralised consolidation system in adesso SE's Finance department and consolidated into the consolidated financial statement in accordance with the IFRS reconciliation statement. The software solution specially procured for this purpose was audited and certified in accordance with the "Erteilung und Verwendung von Softwarebescheinigungen" auditing standards ("Issuance and Use of Software Certificates") published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW PS 880). All IFRS reconciliation and consolidation processes are fully documented and traceable.

The core elements of the control and risk management system when it comes to accounting is the monthly reporting of full monthly financial statements, the comparison of actual data with plan data and the repeated updating to the full-year forecast. A member of the adesso SE Executive Board is directly responsible for every company in the adesso Group. These Executive Board members discuss monthly financial statements with the respective company management and are thereby able to identify abnormal developments and discrepancies in a timely manner. The monthly financial statements of all companies are analysed on a monthly basis by the adesso SE Executive Board. For the quarterly financial statements, each company must prepare an extensive IFRS package containing information for consolidation and details of the notes. This allows

Internal control system and
risk Management system
Takeover-relevant information

the Finance department of adesso SE to carry out a further audit of all information intended for external reporting during the financial year. The auditor of the consolidated financial statement is referred to for selected issues.

Takeover-relevant information

adesso SE reports in accordance with Section 315a (1) HGB and Section 289a (1) HGB with the aim of providing potential takeover bidders with a complete overview of adesso as well as any potential takeover hurdles before they submit an offer.

There is only one type of share. Each common share grants one vote. adesso shares do not have restricted transferability. The Executive Board is authorised to increase the share capital until 4 June 2023 with the consent of the Supervisory Board in the amount of up to EUR 2,160,002 by issuing 2,160,002 new bearer shares on one or more occasions in exchange for cash contributions and/or contributions in kind. Shareholders' subscription rights can be excluded for contributions in kind in the form of companies, parts of companies and investments in companies, licence rights or receivables as well as capital increases for cash which are smaller than 10 % of the share capital.

The Executive Board is authorised to acquire own shares of up to 10 % of the share capital with the consent of the Supervisory Board until 2 June 2025. This authorisation for the acquisition and utilisation of own shares can be exercised one or more times, at once or in several partial amounts, or for one or more purposes. When own shares are acquired through the stock exchange, the consideration paid per share is not permitted to exceed the opening price on the acquisition date by more than 10 %, nor fall more than 20 % below it.

In case of acquisition through a public offer to buy, the offered purchase price or the limits of the purchase price range offered per share – subject to adjustment during the offer period – may not be

more than 20 % higher or lower than the average values of the closing auction prices in Xetra trading (or a comparable successor system) during the last three trading days in Frankfurt am Main prior to the day the offer is publicly announced. The Executive Board may use the treasury shares in the context of stock option plans, which are sold to third parties for cash with the consent of the Supervisory Board, offered for non-cash consideration, in particular in the event of a merger with or acquisition of companies, and used with the consent of the Supervisory Board to service convertible bonds or bonds with warrants, profit participation rights or profit participating bonds (or a combination of these instruments), in each case with conversion or option rights or conversion obligations, and which are either offered to employees and executives for purchase, handed over free of charge, or retired as a remuneration component. As of the reporting date, adesso SE itself held none of its own shares. In addition, the company is not aware of any other restrictions with regard to voting rights. In principle, there are no restrictions in respect of the transfer of adesso shares. We are not aware of any further restrictions that could arise from agreements between shareholders.

Further information on equity and the company's capital measures can be found in the equity section of the notes.

As at 31 December 2021, founding shareholder and Supervisory Board Chairman Prof. Dr Volker Gruhn held 26.5 % of share capital through a company he controls. Founding shareholder and Supervisory Board member Mr Rainer Rudolf held 16.8 % of shares as at the reporting date. Please refer to the notes to the consolidated financial statements for more information on the company's ownership structure.

We are not aware of any other direct or indirect share capital participations which exceed 10 % of voting rights. As the shares in the company are bearer shares, the company is in principle only notified of changes to share ownership insofar as the changes of ownership are subject to notification obligations and the respective parties fulfil these obligations. The company is only made aware of transactions that are completed within minimum and maximum notification thresholds in exceptional cases. Voting

rights announcements and the shareholder structure derived as a result are always kept up to date and can be accessed via the Investor Relations section of the website at www.adesso-group.de.

The Articles of Association do not permit any adesso shareholder to appoint members of the Supervisory Board. No shareholder possesses any other special rights that confer them powers of control. There are no restrictions to the voting rights of the adesso shares held by our employees.

Members of the Executive Board are appointed or dismissed in accordance with Sections 84 and 85 AktG. The Executive Board consists of at least one person in accordance with Article 7 of the Articles of Association. The Supervisory Board determines the number of Executive Board members, as well as the appointment and dismissal of members and the appointment of a member of the Executive Board as CEO. Changes to the Articles of Association are carried out in accordance with Sections 133 and 179 AktG by means of a resolution by the General Meeting passed with a majority of at least three-quarters of the share capital represented at said meeting. The Articles of Association do not contain any derogative provision. The Supervisory Board is entitled to resolve changes to the wording of the Articles of Association (Article 11 (7) of the Articles of Association). The resolutions of the General Meeting are decided on the basis of a simple majority of submitted votes, unless a different voting system is stipulated by law (Article 16 of the Articles of Association).

The company is not part of any material agreement containing special provisions in the event of a change of control or acquisition of control, such as in the event of a takeover bid. Our Articles of Association do not contain any provisions which grant the Executive Board special powers in the event of a takeover bid. Agreements concerning the phantom share plan stipulate a shorter waiting period of phantom shareholders in the event of a change of control. Moreover, there are no agreements with members of the Executive Board or the Supervisory Board or any employees concerning compensation in the event of a change of control.

Declaration of Conformity (Sections 289f, 315d HGB) and statement of compliance with the German Corporate Governance Code (Section 161 AktG) and non-financial Group declaration (Section 315b HGB)

In accordance with principle 22 of the German Corporate Governance Code, the Supervisory Board and Executive Board of adesso SE report on an annual basis regarding the corporate governance of the company in the Declaration of Conformity in accordance with Section 289f or Section 315d HGB. In addition, as the parent company of the adesso Group, adesso SE issues a special, non-financial Group report as per Section 315b Paragraph 3 HGB with exempting effect for Group companies subject to reporting. The reports and the declaration, including the Declaration of Conformity, have been made permanently available on the Internet at www.adesso-group.de/corporate-governance/.

Supplementary management report to the financial statements of adesso SE

Business activity

As the largest operating company, adesso SE occupies the central position in the adesso Group and is allocated to the IT Services segment.

The IT Services segment focuses on industry-specific, individual IT consulting as well as software development. Consulting develops concepts for the optimum and efficient support of business processes through IT

systems. Software development mainly develops IT systems in the context of individual projects, either on its own account or in cooperation with customer teams.

In addition, as the lead company of the adesso Group, adesso SE directly or indirectly holds the shares in the companies belonging to the adesso Group.

Employees

As at 31 December 2021, adesso SE employed a total workforce of 4,246 (including trainees) compared to 3,482 at the same time in the previous year. Employee growth was therefore 764 or 22 % (previous year: growth of 1,003 or 40 %).

The average number of employees converted to full-time equivalents (FTE) was 3,441 (previous year: 2,838). This corresponds to an increase of 21 %. Of this total, 10 % are allocated to administration (excluding sales) (previous year: 10 %).

The number of employees was increased at all locations in Germany in line with the strategy of strengthening the locations outside the Dortmund headquarters. adesso SE is a premium IT services company that pursues an ambitious recruitment and personnel development policy. adesso has been named several times as one of the top 100 employers in Germany in the nationwide company competition of the renowned Great Place to Work® Institute Germany. Recruitment, employee development and retention are of great importance to adesso.

Business situation

Profitability

In 2021, sales came in at EUR 489.9 million, 31 % above the previous year's level. Sales with customers outside the Group rose by EUR 105.3 million (+29 %), while sales with affiliated companies rose by EUR 9.8 million (+56 %). The increase in sales was again very significantly above market growth in the market segments relevant to adesso. The significant increase in the number of employees in previous years, which was pursued further in 2021, laid the foundation for strong growth. Recruiting efforts continued in 2021 and a new record level

of new hires was achieved. The average number of employees, converted to FTE, increased by 603 or 21 % to 3,441 in the reporting year (previous year: increase of 741 or 35 %). Sales growth was achieved organically by expanding customer relationships and extending the product portfolio. In addition, pursuing the strategy of accelerated, decentralised growth led to additional growth impulses and a deepening of regional customer relationships.

The total output relevant for assessing the economic business activities of the reporting period, including the change in the portfolio of projects in progress, increased by 29 % to 492.5 million.

Other operating income was EUR 23.3 million compared to EUR 4.4 million in the previous year. This includes a special effect from the sale of the e-Spirit Group of 20.1 million. Please see the information in the notes for a further breakdown of other operating income.

Material costs totalling EUR 105.5 million (previous year: EUR 73.2 million) were mainly attributable to services purchased externally or from affiliated companies as part of customer projects. Only EUR 1.0 million (previous year: EUR 1.5 million) was for merchandise, mainly software licenses. The merchandise was largely procured for adesso customer projects. At 21 %, the share of material costs in total output was two percentage points higher than in the previous year.

In contrast, the share of personnel expenses fell one percentage point to 58 %. Personnel expenses rose by a total of 27 % to EUR 284.9 million, mainly due to the further organic growth in the number of employees. Gross profit per FTE increased from EUR 109 thousand to EUR 113 thousand. Personnel costs per FTE increased by EUR 4 thousand to EUR 83 thousand. Gross profit totalled EUR 387.0 million, an increase of 25 % compared to the same period last year. The share of gross profit in total output fell by two percentage points to 79 %.

Other operating expenses increased disproportionately by 27 % to EUR 66.8 million. However, the share of this expense item in total output remained constant at 14 %. This development is mainly due to higher marketing and consulting costs, occupancy

costs, and capital increase costs. It was offset by a COVID 19-related decrease in travel expenses.

The operating result (EBITDA = earnings before interest, taxes, depreciation and amortisation) increased by EUR 21.6 million to EUR 58.7 million. Excluding the special effect from the sale of the e-Spirit Group, the increase amounts to EUR 1.5 million or 4 % and is due to the operational growth.

Depreciation and amortisation increased by 7 % in the reporting period to EUR 10.6 million. Regular depreciation and amortisation of tangible and intangible assets, such as IT equipment and software licences used as well as depreciation and amortisation of low-value assets, increased to a total of 6.0 million (previous year: EUR 5.0 million) and amounted to one percentage point of total operating revenue, as in the previous year. Amortisation of goodwill remained constant at 4.2 million.

Income from investments includes the items income from investments, write-ups and write-downs of financial assets, and income from profit transfers, in particular income from the profit transfer agreement with adesso mobile solutions GmbH. It stood at EUR 7.6 million (previous year: EUR 2.2 million). Income from financing activities amounted to EUR -0.2 million following on EUR -0.2 million in the previous year.

Overall, this results in a significantly higher pre-tax profit of EUR 55.4 million (EUR 35.3 million without the non-recurring effect from the sale of the e-Spirit Group) compared to EUR 29.1 million in the previous year, as well as net income of EUR 43.4 million (EUR 23.3 million without the non-recurring effect from the sale of the e-Spirit Group) compared to EUR 18.8 million in the previous year.

Assets and liabilities

As of the reporting date, the balance sheet total increased by 46 % to EUR 372.4 million due to further growth. On the assets side, current assets in particular increased by EUR 82.3 million or 60 %, while fixed assets also saw a significant increase of EUR 33.1 million or 29 %.

The financing of accounts receivable from customers outside the Group and work in progress totalling EUR 122.2 million (previous year: EUR 94.1 mil-

lion) represents the most significant portion of the financing requirements. As at the balance sheet date, the amount of advance payments received showed a year-on-year increase as an operational source of finance from EUR 19.6 million to EUR 26.3 million. As the difference between trade receivables as well as inventories and advance payments received and made, working capital increased by 39 % to EUR 122.9 million due to the significantly higher business volume.

At EUR 55.8 million (previous year: EUR 38.0 million), shares in affiliated companies represent the largest financing requirement of fixed assets. This increase is mainly due to the acquisitions of KIWI Consulting EDV-Beratung GmbH and Reachbird AG. The share of this item in the balance sheet total remained constant at 15 % due to the higher increase in current assets.

Investment analysis

The adesso business model requires relatively low investments in property, plant and equipment for ongoing operations. Investment largely consists of hardware such as laptops and servers, development systems including software, the ERP system as well as the furniture in the branch offices. The additions to operating and office equipment, including advance payments made, amounted to EUR 15.5 million compared to EUR 7.3 million in the previous year. This increase is in line with the expansion of the employee base, the additional investments in the interior fittings of new locations, and the expansion of capacity in existing locations.

The company acquisitions in 2021, coupled with the founding of new subsidiaries, led to the addition of shares in affiliated companies and participations of EUR 20.3 million. The corresponding additions relate to the acquisitions of KIWI and Reachbird during the course of the financial year. There were also increases in loans to affiliated companies and participations totalling EUR 15.4 million. These mainly relate to loans granted to the domestic companies adesso health solutions GmbH and Rogon Technologies GmbH.

Financial position

Equity capital totals EUR 191.2 million, and increased by EUR 90.1 million or 89 % year on year. This increase is due in particular to the net profit of EUR 43.4 million and the capital increase carried out in October 2021, which contributed a total of 49.5 million to the increase in equity. In June 2021, a dividend of EUR 0.52 per share (previous year: EUR 0.47) was distributed, resulting in a corresponding reduction in equity of EUR 3.2 million (previous year: EUR 2.9 million). The equity ratio improved significantly from 40 % to 51 %. The subscribed capital increased to EUR 6,503,272 (previous year: EUR 6,185,343), in particular due to the capital increase from authorised capital carried out in October 2021.

Liquidity and financing analysis

Cash and cash equivalents totalled EUR 42.9 million on the reporting date (previous year: EUR 28.8 million). A portion of the liquid funds received in the course of the capital increase, amounting to EUR 25.0 million, was also invested in a short-term bond fund for the purpose of liquidity management, which is reported under other securities. Cash and cash equivalents and the short-term bond fund investment are offset by interest-bearing liabilities, mainly from several acquisition loans, totalling EUR 55.9 million (previous year: EUR 49.1 million). This includes EUR 0.0 million (previous year: EUR 2.0 million) from a loan from an affiliated company. As of the balance sheet date, there are several available credit lines totalling EUR 28.9 million. The interest rates of the loans are fixed for the entire term. The credit balances are available at short notice.

Cash and cash equivalents typically include larger items that will be disbursed in the first months of 2022. The largest items are the variable salary components to be paid out in the first quarter of 2022 as well as profit-sharing for employees and the Executive Board for 2021. Overall, the liquidity is adequate to carry on current business operations, for the planned redemption of liabilities and to compensate for ordinary fluctuations in capacity utilisation. The performance-related fluctuation range of the variable salary components forms an additional buffer to cushion against possible declines in earnings and the corresponding liquidity outflows.

Overall statement on business performance by the management

Business performance in 2021 can be considered very positive overall. adesso's business model proved to be sufficiently resilient to the crisis triggered by the coronavirus pandemic. The key factors for this were the ability to also operate the business through distributed working using modern infrastructure and collaboration tools. In addition, there was the fortunate coincidence that we serve a clientele that was itself less severely affected by the crisis.

Outlook

The report on risks and opportunities is a pivotal part of management's considerations of the further development of adesso SE and of the forecast report.

We will continue to pursue the employment policy aimed at above-average growth. A further increase in sales to more than EUR 580 million is forecast for 2022. The forecast for profit attributable to the business operations of adesso SE before taxes and amortisation of goodwill in 2022 is EUR 32.0 million (previous year's forecast: EUR 34.4 million). With regard to the non-financial performance indicators, a fluctuation of <10% is planned for 2022 as well as an increase in daily rates of at least 2%. Booking intensity of between 83% and 103%, and an inverse occupancy rate between 7% and 15% are expected

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Consolidated Balance Sheet

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

ASSETS			
<i>in EUR k</i>	<i>Appendix</i>	<i>31.12.2021</i>	<i>31.12.2020</i>
NON-CURRENT ASSETS			
Goodwill	8.	68,446	59,016
Intangible assets	8.	22,676	21,625
Property, plant and equipment	9.	28,395	18,131
Right-of-use from leasing	35.	135,977	79,413
Shareholdings recognized under the equity method	11.	4,076	3,864
Financial assets	10.	10,368	4,796
Deferred tax assets	12.	2,007	1,610
		271,945	188,455
CURRENT ASSETS			
Cash and cash equivalents	13.	109,922	55,053
Trade accounts receivable	14.	120,000	92,829
Contract assets	15.	42,127	28,485
Receivables from income taxes	12.	1,981	892
Financial assets	16.	1,603	1,095
Other assets	17.	8,127	5,337
		283,760	183,691
TOTAL ASSETS		555,705	372,146

Consolidated Balance Sheet

EQUITY AND LIABILITIES

<i>in EUR k</i>	<i>Appendix</i>	31.12.2021	31.12.2020
EQUITY			
Subscribed capital	18.	6,503	6,185
Capital reserve		52,728	8,650
Other retained earnings		132,372	87,732
Accumulated other comprehensive income		-236	-223
Non-controlling interests		460	530
		191,827	102,874
NON-CURRENT LIABILITIES			
Financial liabilities	20.	55,136	49,278
Pensions and similar liabilities	24.	147	162
Provisions	22.	3,546	7,179
Leasing liabilities	20./35.	121,085	66,744
Deferred tax liabilities	12.	4,644	2,230
		184,558	125,593
CURRENT LIABILITIES			
Financial liabilities	20.	23,777	11,411
Trade accounts payable	21.	28,209	18,834
Contract liabilities	25.	11,516	8,583
Leasing liabilities	20./35.	19,318	14,501
Liabilities from income taxes	12.	3,911	14,393
Provisions*	22.	12,136	7,338
Other liabilities*	23.	80,453	68,619
		179,320	143,679
TOTAL EQUITY AND LIABILITIES		555,705	372,146

* See notes section "22. Provisions".

Consolidated Income Statement

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in T€</i>	<i>Appendix</i>	<i>2021</i>	<i>2020</i>
Sales revenues	25.	678,324	523,375
Other operating income	26.	11,162	6,652
Income from the disposal of subsidiaries	26.	17,886	0
Change in inventory	27.	0	702
Own work capitalised	27.	27	173
TOTAL INCOME		707,399	530,902
Costs of material	28.	-93,611	-62,622
Personnel costs	29.	-445,953	-350,069
Result from the derecognition of financial assets	37.	-118	-1,934
Result from the change in impairment on financial assets measured at amortised cost	37.	-1,875	-1,770
Other operating expenses	30.	-63,424	-54,101
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)		102,418	60,406
Depreciation on property, plant and equipment	31.	-35,998	-26,179
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		66,420	34,227
Earnings from shares recognized under the equity method	32.	-1,057	-259
Interest income and similar income	32.	1,002	76
Interest expenses and similar expenses	32.	-2,694	-2,405
INCOME FROM ORDINARY ACTIVITIES (EBT)		63,671	31,639
Income taxes	33.	-15,740	-10,692
CONSOLIDATED EARNINGS		47,931	20,947
of which attributable to shareholders of adesso SE		47,855	20,954
of which attributable to non-controlling interests		76	-7
of which attributable to non-controlling interests		6,503,272	6,185,343
UNDILUTED EARNINGS PER SHARE (IN EUR)	34.	7.65	3.39
DILUTED EARNINGS PER SHARE (IN EUR)	34.	7.63	3.39

Consolidated Statement of Comprehensive Income

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>		<i>2021</i>	<i>2020</i>
Consolidated earnings		47,931	20,947
OTHER COMPREHENSIVE INCOME, NOT SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT			
- Actuarial gains (+) and losses (-)	24.	1	-9
- Deferred taxes on actuarial gains and losses		0	3
Gains (+) and losses (-) from financial assets at fair value through other comprehensive income		1,048	168
Deferred tax on gains and losses from financial assets at fair value through other comprehensive income		-16	-3
OTHER COMPREHENSIVE INCOME, SUBSEQUENTLY TRANSFERRED TO THE INCOME STATEMENT			
Currency translation differences		-1,056	-701
OTHER COMPREHENSIVE INCOME		-23	-542
TOTAL INCOME		47,908	20,405
of which attributable to shareholders of adesso SE		47,843	20,412
of which attributable to non-controlling interests		65	-7

Consolidated Income Statement
 Cons. Statement of Comprehensive Income
 Consolidated Cash Flow Statement

Consolidated Cash Flow Statement

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	2021	2020
EARNINGS BEFORE TAX	63,671	31,639
Income from financing activities	1,692	2,329
Scheduled depreciation and amortization on property, plant and equipment and intangible assets	35,998	26,179
Result from shares recognized under the equity method	1,057	259
Non-cash income (-) / expenses (+)	951	117
Loss (+) / income (-) from the disposal of consolidated subsidiaries	-17,886	-
Change in pension provisions	-14	-15
Change in other provisions	1,246	4,164
Tax payments	-28,754	-3,829
Losses (+) / Gains (-) from the disposal of property, plant and equipment	9	38
Change to net operating assets	-10,058	4,075
CASH FLOW FROM OPERATING ACTIVITIES	47,912	64,956
Divestments of property, plant and equipment	49	4
Divestments of financial assets	1,839	0
Divestments of shares recognised at equity	100	0
Disposal of subsidiaries (less cash and cash equivalents disposed)	12,257	0
Investments in shares recognised at equity	-542	-1,544
Investments in property, plant and equipment	-16,829	-9,292
Investments in intangible assets	-1,531	-1,502
Investments in financial assets	-4,187	-2,953
Acquisition of subsidiaries (less cash and cash equivalents acquired)	-17,028	-13,182
CASH FLOW FROM INVESTMENT ACTIVITIES	-25,872	-28,469
Dividend payments	-3,966	-2,903
Dividends from shares recognised under the equity method	249	525
Capital increase	48,864	224
Purchase of non-controlling interests	36,380	5,195
New liabilities to banks	-30,155	-14,413
Repayment of financial liabilities	-15,783	-13,767
Repayment of leasing liabilities	0	-83
Payments for the acquisition of additional shares in subsidiaries	-2,694	-2,385
Interest paid	120	76
CASH FLOW FROM FINANCING ACTIVITIES	33,015	-27,531
Currency differences	-186	-255
CHANGE IN CASH AND CASH EQUIVALENTS	54,869	8,701
Cash and cash equivalents at the beginning of the period	55,053	46,352
Cash and cash equivalents at the end of the period	109,922	55,053

* See notes section "Information on the Consolidated Cash Flow Statement".

Consolidated Shareholders Equity Statement*

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

<i>in EUR k</i>	<i>Share capital</i>	<i>Capital reserves</i>
01.01.2020	6,176	16,306
Share-based compensation	0	91
Effects from the purchase of additional shares in subsidiaries	0	-7,962
Effects from the purchase of subsidiaries	0	0
Increase in share capital by exercises of stock options	9	215
Other results at the end of the financial year	0	0
Consolidated result	0	0
Total	0	0
Dividends	0	0
31.12.2020	6,185	8,650
01.01.2021	6,185	8,650
Share-based compensation	0	195
Effects from the purchase of additional shares in subsidiaries	0	-4,663
Effects from the purchase of subsidiaries	0	0
Increase in share capital by exercises of stock options	8	381
Increase in share capital	310	48,165
Other results at the end of the financial year	0	0
Consolidated result	0	0
Total	0	0
Dividends**	0	0
31.12.2021	6,503	52,728

* See notes section "18. Equity".

**Dividend payment of EUR 3.216 thousand corresponds to EUR 0.52 per share.

Consolidated Shareholders
Equity Statement

	<i>Other reserves</i>	<i>Accumulated other comprehensive income</i>	<i>Equity of adesso SE shareholders</i>	<i>Non-controlling shares</i>	<i>Total Equity</i>
	69,687	313	92,482	0	92,482
	0	0	91	0	91
	0	0	-7,962	-1,477	-9,439
	0	0	0	2,014	2,014
	0	0	224	0	224
	-6	-536	-542	0	-542
	20,954	0	20,954	-7	20,947
	20,948	-536	20,412	-7	20,405
	-2,903	0	-2,903	0	-2,903
	87,732	-223	102,344	530	102,874
	87,732	-223	102,344	530	102,874
	0	0	195	0	195
	0	0	-4,663	-2,819	-7,482
	0	0	0	3,434	3,434
	0	0	389	0	389
	0	0	48,475	0	48,475
	1	-13	-12	-11	-23
	47,855	0	47,855	76	47,931
	47,856	-13	47,843	65	47,908
	-3,216	0	-3,216	-750	-3,966
	132,372	-236	191,367	460	191,827

Consolidated notes

TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2021

I. General information

The adesso Group (hereinafter referred to as adesso) is an IT service provider independent of manufacturers. It focuses on consulting and software development. adesso uses information technology to provide optimised core business process design and support to its customers.

adesso SE is a public company (Societas Europaea) under European law. Its registered office is in Dortmund, Germany. The address is: adesso SE, Adessoplatz 1, 44269 Dortmund. The commercial register court is likewise located in Dortmund (HRB 20663).

The declaration on the German Corporate Governance Code required pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued and was made permanently available to the shareholders at www.adesso-group.de/corporate-governance/.

The consolidated financial statements and the consolidated management report for adesso SE were approved by the Supervisory Board on 17 March 2022 and released for publication by the Executive Board.

II. Summary of significant accounting principles

The consolidated financial statements prepared by adesso SE have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), as adopted by the EU and applicable as at 31 December 2021, as well as the supplementary provisions of section 315e (1) of the German Commercial Code (HGB). adesso meets all requirements of the standards and interpretations applied.

The consolidated financial statements for the year ended 31 December 2021 have been prepared in euros. The financial statements have been prepared on the historical cost basis except for where IFRS requires the use of different valuation principles. Uniform accounting methods based on IFRS were applied to the assets and liabilities of the companies included in the consolidated financial statements. The individual financial statements of the companies included in the consolidated financial statements are issued for the reporting date of the consolidated financial statements.

Assets and liabilities are classified in the consolidated balance sheet as current or non-current items according to their maturities. In principle, assets and liabilities are classified as current insofar as they are realised or mature within the normal business cycle or within twelve months after the end of the reporting period. The consolidated income statement has been prepared using the nature of expense method. Unless otherwise stated, the accounting policies have been consistently applied to all periods presented.

Unless otherwise stated, all amounts are given in thousands of euros (EUR thousand). As a result of rounding, some amounts may not add up to the disclosed sums.

1. Accounting standards applied for the first time

> The IASB adopted the “Reference Rate Reform – Phase 2” project in August 2020. This contains exemptions and clarifications regarding the issues arising from the reference interest rate reform. Amendments concern IFRS 9, IAS 39, IFRS 7 (all related to Financial Instruments) IFRS 4 (Insurance Contracts) and

IFRS 16 (Leases). The amendments are applicable to financial years beginning on or after 1 January 2021 and were adopted into European law on 14 January 2021. The amendments do not affect adesso's financial statements.

- > In June 2020, the IASB published amendments to IFRS 4 (Insurance Contracts). It stipulated that certain insurance companies must apply IFRS 9 (Financial Instruments) for financial years beginning on or after 1 January 2023 (previously 1 January 2021). The amendment was adopted by European law on 16 December 2020. The amendments do not affect adesso's financial statements.
- > In May 2020, the IASB published the amendments to IFRS 16 (Leases). The amendments are related to the rent concessions, such as deferment of rent payment or rent reductions, granted due to the COVID-19 pandemic. The amendment gives the lessee the option to account for rent concessions in accordance with the previous IFRS rules or not to recognise them as lease modifications without an audit. The amendments are applicable to financial years beginning on or after 1 June 2020 and were adopted into European law on 12 October 2020. The amendments do not affect adesso's financial statements.

2. Regulations that have been issued, but not yet adopted

The IASB has issued standards, amendments to standards and interpretations that are to be adopted to financial years beginning on or after 1 January 2021. Adoption of the following regulations is not yet mandatory, and adesso has not yet adopted them. adesso does not intend early application.

2.1 Endorsed by the EU:

- > In March 2021, the IASB published the amendments to IFRS 16 (Leases). The IASB resolved to extend the previously adopted option in relation to pandemic-related rent concessions for another year due to the ongoing pandemic. The amendments are applicable to financial years beginning on or after 1 April 2021 and were adopted into European law on 31 August 2021. The amendments do not affect adesso's financial statements.
- > In May 2020, the IASB adopted amendments to IFRS 3 (Business Combinations). In particular, references to the Conceptual Framework were adjusted. In addition, the IASB made an explicit statement that contingent assets acquired in a business combination are not recognised. The amendments are applicable to financial years beginning on or after 1 January 2022 and were adopted into European law on 2 July 2021. The amendments will not have any effect on adesso's financial statements.
- > In May 2020, the IASB adopted amendments to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). The IASB clarified which costs are to be recognised as contract fulfilment costs. In this context, it specifies that in addition to attributable direct costs, indirect costs directly attributable to the fulfilment of a contract are also to be recognised when measuring the provision. The amendments are prospectively applicable to financial years beginning on or after 1 January 2022 and were adopted into European law on 2 July 2021. The amendments will not have any significant effect on adesso's financial statements, as directly attributable indirect costs are already recognised when measuring the provision.
- > In May 2020, the IASB adopted amendments to IAS 16 (Property, Plant and Equipment). The IASB has resolved that proceeds from selling items produced while bringing property, plant and equipment into the location and condition necessary for it to be capable of operating in the manner intended by management should not be deducted from the acquisition or manufacturing cost of the item of property, plant and equipment, but instead should be recognised in profit or loss in accordance with the relevant standards. The amendments are applicable to financial years beginning on or after 1 January 2022 and were adopted into European law on 2 July 2021. The amendments will not have any significant effects on adesso's financial statements.

> In May 2020 the IASB adopted amendments within the scope of the annual improvements to the 2018–2020 cycle. These contain clarifications and minor amendments to IFRS 1 (First-time adoption of the International Financial Reporting Standards), IFRS 9 (Financial Instruments), IFRS 16 (Leases) and IAS 41 (Agriculture). The amendments are applicable to financial years beginning on or after 1 January 2022 and were adopted into European law on 2 July 2021. The amendments will not have any significant effects on adesso's financial statements.

> In May 2017, the IASB adopted Standard IFRS 17 (Insurance Contracts), and, in June 2020, the amendments to this standard, which will replace IFRS 4 (Insurance Contracts). IFRS 17 applies to insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The amendments to IFRS 17 were published in response to implementation challenges posed by IFRS 17, including the deferral of initial application by two years. Therefore, IFRS 17 is now applicable to financial years beginning on or after 1 January 2023 and was adopted into European law on 23 November 2021. IFRS 17 including the amendments are not expected to have any impact on adesso's financial statements.

2.2 Provisions not yet endorsed by the EU:

> In December 2021, the IASB adopted amendments to IFRS 17 (Insurance Contracts). The amendments relate to cases in which IFRS 17 and IFRS 9 (Financial Instruments) are applied simultaneously for the first time. In order to prevent inconsistencies in reporting (especially with regard to previous-year figures) between the standards, the IFRS 17 transitional requirements were adjusted such that financial assets related to (insurance) contracts qualifying under IFRS 17 are to be stated in the previous-year figures as if the classification and measurement requirements under IFRS 9 had been applied. The IFRS 9 transitional requirements were not amended. The amendments are applicable to annual reporting periods beginning on or after 1 January 2023. The amendments have yet to be endorsed by the EU. The amendments are not expected to have any impact on adesso's financial statements.

> In May 2021, the IASB adopted amendments to IAS 12 (Income Taxes). The amendments require that deferred taxes be recognised for individual transactions that result in taxable and deductible temporary differences in the same amount when they are recognised for the first time. The amendments are applicable to annual reporting periods beginning on or after 1 January 2023. The amendments have yet to be endorsed by the EU. The amendments are not expected to have any impact on adesso's financial statements.

> In February 2021, the IASB adopted amendments to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors). These amendments contain clarifications aimed at improving the distinction between changes in accounting policies and changes in accounting estimates. A change in an accounting estimate resulting from new information or developments does not constitute the correction of an error and can therefore only affect the result of current or future periods, whereas the correction of an error is to be accounted for retrospectively. The amendments are applicable to annual reporting periods beginning on or after 1 January 2023. The amendments have yet to be endorsed by the EU. The amendments are not expected to have any impact on adesso's financial statements.

> In February 2021, the IASB adopted amendments to IAS 1 (Presentation of Financial Statements). These clarify that the application of a materiality criterion is decisive for determining which accounting policies are to be disclosed. Previously, "significant" accounting policies had to be disclosed without having to provide a definition of what was significant. It is explained how an entity can identify material information in relation to accounting policies. The amendments are applicable to annual reporting periods beginning on or after 1 January 2023. The amendments have yet to be endorsed by the EU. The effects of the amendments on adesso's financial statements have yet to be assessed.

> In January 2020, the IASB adopted amendments to IAS 1 (Presentation of Financial Statements). These contain clarifications regarding the classification of liabilities as current and non-current. This applies in particular to liabilities subject to credit conditions. The amendments were originally to be applied to financial years beginning on or after 1 January 2022. Following an amendment adopted in July 2020, the new regulations are to be applied for financial years beginning on or after 1 January 2023. The amendments have yet to be endorsed by the EU. The amendments will not have any effect on adesso's financial statements.

3. COVID-19 pandemic

When preparing the financial statements, the adesso management continued to analyse the effects of the COVID-19 pandemic on its financial reporting. In particular, as in the previous year, the effects of the pandemic on the estimates and assumptions regarding the going concern premise, default risks from receivables, recoverability of assets (including goodwill) along with customer contracts were analysed. In connection with the latter, the necessity of utilising contingency reserves was also analysed.

In contrast to 2020, adesso did not apply for short-time allowance for employees in financial year 2021 within the scope of the COVID-19 pandemic. Pandemic-related tax deferrals from the previous year were settled at the beginning of 2021. No liquidity shortfalls are currently expected in connection with the COVID-19 pandemic, so no further hedging countermeasures have been taken.

The management has come to the conclusion that the COVID-19 pandemic continues to have no direct negative impact on the asset, financial and earnings situation of adesso.

Regarding the impact on the asset, financial and earnings situation for financial year 2021 and a general assessment of the COVID-19 pandemic, we refer to the Economic Report as well as the Forecast, Opportunities and Risk Report in the consolidated management report.

4. Acquisitions

KIWI Consulting

On 23 June 2021, adesso acquired 70 % of the shares in KIWI Consulting EDV-Beratung GmbH (KIWI Consulting), Walldorf, Germany. KIWI Consulting offers customised IT consulting and software development with a particular focus on banks, public-sector clients and mortgage lenders. In particular, KIWI Consulting holds framework agreements with the Deutsche Bundesbank in the realm of individual payment transactions and securities processing of the Eurosystem.

The amount of EUR 16,258 thousand was paid, of which EUR 11,258 thousand was a fixed purchase price. The sellers must repay adesso EUR 5 million if KIWI Consulting does not achieve a specific earnings target in financial year 2021. adesso considered it highly likely that the earnings target would be achieved. This assessment has been confirmed as at 31 December 2021. The fair value of the receivable from the claim for repayment therefore amounts to EUR 0.

A combined call/put option was agreed for the purchase of the remaining 30 % of the shares in KIWI Consulting. The exercise price, which is restricted to a minimum of EUR 6.3 million and a maximum of EUR 10.0 million, depends on the average EBIT of the financial years 2021 to 2023. The options can be exercised in the period from 23 June 2024 to 31 December 2024. Since the structure of the combined call/put option does not mean adesso is to be regarded as the economic owner of the 30 % stake, the combined call/put option was not taken into account in the reporting of the company acquisition. As of 31 December 2021, however, the financial statements are presented as if adesso had acquired the shares at this time. As a result, other financial liabilities of EUR 7,296 thousand are recognised, while the non-controlling interests are reduced by EUR 2,658 thousand and the capital reserve by EUR 4,638 thousand.

The business operations acquired are assigned to the IT Services segment.

The fair value of the acquired trade receivables amounted to EUR 8,127 thousand. This corresponds to the contractual cash flows from receivables. Ancillary acquisition costs totalled EUR 100 thousand. These are recognised under “Other operating expenses” in the consolidated income statement.

Goodwill resulting from the merger mainly represents the workforce of the company and other synergy effects, which cannot be capitalised. The goodwill is not tax-deductible.

The consolidated income statement contains sales revenue from the acquired company amounting to EUR 16,673 thousand as well as earnings of EUR -90 thousand.

The presentation of the merger is provisional, as the information needed for the identification and valuation of the assets and liabilities acquired has not yet been conclusively determined.

Reachbird

On 28 June 2021, adesso acquired all shares in Reachbird AG, Ruggell, Liechtenstein, which holds 100 % of the shares in the subsidiary Reachbird Solutions GmbH, Munich, Germany. The subsidiary Reachbird Solutions GmbH is a marketing agency specialising in influencer-based marketing through social media in the German-speaking region comprising Germany, Austria and Switzerland. The company offers the cloud- and AI-based platform RTECH, which is one of the leading software solutions in this field.

The purchase price amounts to EUR 1,112 thousand. It was paid in cash. Variable purchase price components were not agreed.

The business operations acquired are assigned to the “IT Solutions” segment.

The fair value of the acquired trade receivables amounted to EUR 908 thousand. This corresponds to the contractual cash flows from receivables. Ancillary acquisition costs totalled EUR 136 thousand. These are recognised under “Other operating expenses” in the consolidated income statement.

The consolidated income statement contains sales revenue from the acquired company amounting to EUR 3,463 thousand as well as earnings of EUR 713 thousand.

The presentation of the merger is provisional, as the information needed for the identification and valuation of the assets and liabilities acquired has not yet been conclusively determined.

Hauertmann IT

On 1 December 2021, adesso acquired the assets and liabilities of Hauertmann IT-Consulting e. K., Paderborn, Germany. The company, which is specialised in the application of agile methods and Scrum, operates in the field of software development based on Microsoft technologies.

The consideration paid in cash for the acquired assets and liabilities amounts to EUR 804 thousand. In addition, two further payments of EUR 75 thousand each have been agreed, and depend on the seller's performance and the fulfilment of certain sales targets. They will be accumulated on a pro rata basis over the vesting period until 31 December 2023 and recognised in profit or loss. The payments will become due in spring 2023 and 2024, respectively.

Trade receivables were not acquired.

Goodwill resulting from the merger mainly represents the workforce of the company and other synergy effects, which cannot be capitalised. The goodwill is tax deductible.

Ancillary acquisition costs totalled EUR 28 thousand. These are recognised under “Other operating expenses” in the consolidated income statement.

The sales revenue recognised in adesso’s consolidated financial statements and the contribution to earnings from the acquired assets and liabilities cannot be determined due to the contribution to adesso SE.

The presentation of the merger is provisional, as the information needed for the identification and valuation of the assets and liabilities acquired has not yet been conclusively determined.

<i>in EUR k</i>	<i>KIWI Consulting</i>	<i>Reachbird</i>	<i>Hauertmann IT</i>	<i>Total</i>
Goodwill	8,281	-	682	8,963
Customer contracts	6,340	1,120	184	7,644
Software	-	766	-	766
Order backlog	2,026	66	10	2,102
Other non-current assets	800	8	27	835
Right-of-use from leasing	43	-	207	250
Trade receivables	8,127	908	-	9,035
Other current assets	4	14	-	18
Cash and cash equivalents	873	273	-	1,146
Total Assets	26,494	3,155	1,110	30,759
Provisions	-	9	-	9
Lease liabilities	43	-	207	250
Trade payables	3,854	26	-	3,880
Tax liabilities	506	8	-	514
Financial liabilities	-	908	-	908
Contract liabilities	3	375	-	378
Other liabilities	156	77	99	332
Deferred tax liabilities	2,257	640	-	2,897
Total liabilities	6,819	2,043	306	9,168
Net assets	19,675	1,112	804	21,591
Net assets attributable to adesso	16,258	1,112	804	18,174
Non-controlling interests	3,417	-	-	3,417
Consideration	16,258	1,112	804	18,174
of which made in cash	16,258	1,112	804	18,174
Cash and cash equivalents received	873	273	-	1,146
CASH OUTFLOWS FROM ACQUISITIONS	15,385	839	804	17,028

If the companies had already been included in the consolidated financial statements as at 1 January 2021, consolidated sales revenue would have amounted to EUR 695 million and consolidated earnings to EUR 49,146 thousand. The corresponding values for Hauertmann IT from January to November 2021 were not included, as it is not possible to determine the values for this business operation.

Acquisitions in the previous year

.dotkomm

On 1 August 2020, adesso acquired the business operations of .dotkomm GmbH, Cologne, Germany, via a newly formed subsidiary, adesso experience GmbH. .dotkomm is a well-established company dedicated to the successful design of digital touchpoints, as well as response and conversion optimisation based on neuromarketing concepts. As of the acquisition date, a contingent liability of EUR 250 thousand was recognised, which was dependent on earnings generated in financial year 2020. This liability was reversed and recognised in profit or loss in 2021, as the earnings target was not fulfilled.

Bluegroup IT

On 29 October 2020, adesso acquired 94.11 % of the shares in Bluegroup IT. Bluegroup IT consists of the companies Blue4IT Professionals B.V., CodeSquad B.V. and BlueFront B.V. The acquisition was carried out via a newly established holding company, adesso Software Consulting B.V., Amsterdam, the Netherlands, which holds the shares in the companies. Bluegroup IT specialises in developing front-end and back-end software applications for banks, international companies and government institutions and, therefore, perfectly matches adesso's strategy and market access. A contingent purchase price obligation in the amount of EUR 42 thousand was recognised at the time the company was acquired. As at the end of 2021, the fair value of this obligation amounts to EUR 104 thousand.

Quanto (now: adesso orange)

On 16 December 2020, adesso acquired a 71.4 % share in Quanto AG, Hameln, Germany. Quanto is an IT company specialising in SAP technology. The expertise of Quanto's team of around 200 experts reinforces adesso's SAP competency profile for its established core industries of banking/financial services and insurance, as well as for energy and utility companies, the manufacturing industry, automotive, public administration and healthcare in particular. Quanto's team of experts will be managed under one roof together with adesso's SAP experts. Quanto AG holds 90 % and 70 % of the shares in the subsidiaries Quanto Austria and Quanto Hungary, respectively. The Quanto companies were renamed adesso orange in 2021.

Solbicon

On 16 December 2020, adesso acquired 100 % of the shares in Solbicon AG, Dortmund. Solbicon is an innovative consulting company operating in the field of digitalisation and big data in the SAP environment. Solbicon AG was merged with adesso orange AG (formerly: Quanto AG) on 27 April 2021 following its conversion into a limited liability company (GmbH).

Lean Networking

On 6 November 2020, adesso acquired a 51 % share of LeanNetworking Kft., Budapest, (hereinafter referred to as LeanNet). LeanNet is an up-and-coming start-up specialising in cloud-native technologies. This acquisition amplifies adesso's own technology expertise as an IT service provider. Cloud-native technologies are the key to leveraging the benefits of modern cloud computing architectures more efficiently.

Consolidated notes

	<i>.dotkomm</i>	<i>Bluegroup IT</i>	<i>Quanto</i>	<i>Other</i>	<i>Total</i>
Goodwill	1,158	665	7,957	636	10,415
Customer contracts	1,037	2,808	3,442	108	7,395
Order backlog	73	635	389	28	1,124
Other non-current assets	85	109	637	46	877
Rights of use	166	1,100	1,300	181	2,747
Trade receivables	-	492	4,054	232	4,779
Contract assets	125	-	-	-	125
Income tax receivables	-	-	39	-	39
Deferred tax assets	-	195	-	-	195
Other current assets	90	453	1,037	42	1,622
Cash and cash equivalents	-	537	4,761	218	5,516
Total assets	2,734	6,994	23,616	1,491	34,834
Provisions	-	-	525	12	537
Lease liabilities	166	1,138	1,300	181	2,785
Trade payables	-	104	1,790	112	2,006
Tax liabilities	-	19	508	-	527
Financial liabilities	-	-	1,655	91	1,746
Contract liabilities	123	-	195	-	318
Other liabilities	45	551	2,779	270	3,645
Deferred tax liabilities	-	516	1,183	55	1,754
Total liabilities	334	2,328	9,935	721	13,318
Net assets	2,400	4,666	13,681	770	21,517
Net assets attributable to adesso	2,400	4,666	11,666	770	19,502
Non-controlling interests	-	-	2,015	-	2,015
Consideration	2,400	4,666	11,666	770	19,502
of which made in cash	2,150	4,339	11,666	543	18,698
Cash and cash equivalents received	-	537	4,761	218	5,516
CASH OUTFLOWS FROM ACQUISITIONS	2,150	3,802	6,905	325	13,182

If the companies had been included in the consolidated financial statements as at 1 January 2020, consolidated sales revenue would have amounted to EUR 553 million and consolidated earnings to EUR 21,471 thousand. The corresponding values for .dotkomm from January to July 2020 were not included, as it is not possible to determine reliable values for this business operation.

5. Company disposals

On 19 March 2021, adesso SE sold the subgroup of e-spirit AG (included in adesso's consolidated financial statements), which develops and distributes the content management system (CMS) FirstSpirit, to the US company CrownPeak Technology Inc. with effect from 31 March 2021. The transaction also gave CrownPeak Technology Inc. the rights to the source code of the FirstSpirit product, which has enjoyed worldwide renown for many years. The transaction allows adesso SE to continue to focus on its core business with industry-specific IT services and products.

The sales price amounts to maximum EUR 24,565 thousand, of which EUR 22,039 thousand has already been paid. The cash and cash equivalents disposed of during the sale amount to EUR 9,782 thousand, meaning cash and cash equivalents increased by a net amount of EUR 12,257 thousand. A security retention of EUR 2,526 thousand has been agreed. This is due by 30 September 2022 at the latest. The security retention is measured at fair value as at the balance sheet date. The security retention was accounted for in the amount of 50 % when calculating the disposal result.

In relation to the sale of the subgroup, currency translation differences of EUR -247 thousand previously recognised in “Other comprehensive income” have been reclassified from “Accumulated other comprehensive income” to the income statement. In total, there is a preliminary pre-tax profit from the sale of EUR 17,886 thousand, which is reported separately in the consolidated income statement under the item “Income from the disposal of subsidiaries”. Impairments did not have to be recognised from the classification as a disposal group. The companies that were sold were allocated to the IT Solutions segment until the sale.

The following table shows the assets and liabilities of the e-spirit subgroup that were sold:

<i>in EUR k</i>	<i>e-Spirit</i>
Non-current intangible assets	365
Other non-current assets	426
Right-of-use from leasing	1,698
Deferred tax assets	118
Trade receivables	3,726
Other current assets	1,168
Cash and cash equivalents	9,782
Total assets	17,283
Non-current leasing liabilities	943
Current leasing liabilities	744
Trade payables	545
Contract liabilities	8,046
Other liabilities	1,751
Deferred tax liabilities	85
Total liabilities	12,114
Net assets	5,169

6. Consolidation

6.1 Subsidiaries

Subsidiaries are companies that are directly or indirectly controlled by adesso. A company is deemed to be controlled by adesso insofar as adesso has decision-making powers over this associated company, adesso is exposed and/or entitled to variable returns (usually dividends) and it can use its decision-making power to influence the variable returns. adesso has decision-making powers over a company if existing rights mean

that adesso has the ability to direct the relevant activities of the company. Relevant activities are activities that significantly affect the respective company's variable returns. Potential voting rights from options or convertible bonds need to be taken into account in addition to current voting rights, irrespective of whether these are held by adesso SE itself or one of its subsidiaries.

Subsidiaries are fully consolidated from the date on which adesso obtains control. This means that assets, liabilities, income and expenses are recognised in the consolidated financial statements from that date.

Pursuant to IFRS 3, mergers are reported using the acquisition method. The consideration for the shares acquired comprises the assets accrued, the liabilities incurred or assumed, equity instruments issued and any agreed contingent consideration, each measured at fair value. Pursuant to IFRS 9, assets and liabilities from contingent considerations are measured at fair value, while income and expenses are recognised in the consolidated income statement. Where contingent consideration is to be classified as equity, current changes in value are not recognised, and differences are recognised in equity when the contingent consideration is paid. Shares previously held in a subsidiary (step acquisition) must be measured at fair value immediately before the business combination. The cost of business combinations is recognised directly in the consolidated income statement. Pre-existing relationships at the time of acquisition of control have to be eliminated prior to consolidation. The resulting profit contributions are recognised directly in the consolidated income statement.

The acquired assets and liabilities are recognised to the extent that they meet the definition of an asset or liability. In general, the acquired assets and liabilities are recognised at fair value. Non-controlling interests can be valued according to the pro-rata net assets measured pursuant to IFRS 3 or at fair value. The last option in principle includes the recognition of goodwill for the shares of non-controlling shareholders as well. adesso measures the shares of non-controlling shareholders with the proportionate net assets determined according to IFRS 3.

In a number of cases, put/call options were agreed regarding non-controlling shares. This means that, in future, adesso will have the opportunity to acquire non-controlling shares while the holder of the non-controlling shares simultaneously has the option of offering these shares to adesso. A liability resulting from the put options must be recognised in the financial statements as adesso has no means of avoiding this obligation. The recognition of the liability depends on a number of assumptions and estimates. With regard to non-controlling interests, an analysis must be performed to determine whether adesso is the beneficial owner of the shares. This is, for example, the case provided that adesso possesses a right to variable returns realised by the non-controlling shares until the exercise of the options, as a rule, if dividends are not paid out to the holder of the non-controlling shares. Provided that adesso is the beneficial owner of the non-controlling shares, the business combination will be presented in the financial statements as though adesso had already acquired the shares underlying the options and the liability will be recognised at the time of the business combination. Changes in the value of this liability will be recognised in the consolidated income statement in future.

Provided that adesso cannot be regarded as the beneficial owner of the non-controlling interests, the presentation initially depends on whether the liability should be presented in accordance with IAS 32 or IFRS 10. adesso is of the opinion that presentation in accordance with IFRS 10 takes precedence. The financial statements are presented as if adesso had acquired the non-controlling shares at the end of the respective financial year. As a result, annual profit is allocated to the non-controlling interests, and the liability from the put option is reported in the consolidated balance sheet rather than the non-controlling interests. Any difference between the liability and the non-controlling interests is recognised in equity in the capital reserve. From the beginning of the respective following financial year, non-controlling interests are considered outstanding until the end of the relevant accounting period or until the options are exercised. Where a combination of put and call options exists, these are generally analysed as described.

The goodwill attributable to the shareholders of the parent company is generally equal to the difference between the value of the consideration paid plus the fair value of the shares held in the subsidiary prior to the business combination and the proportionate share of net assets of the acquired company measured in accordance with IFRS 3.

If the identification and/or measurement of the acquired assets and liabilities and/or the determination of the consideration given is not completed on the balance sheet date following the business combination, the business combination must be provisionally recognised in the consolidated financial statements. Reporting for the business combination has to be completed within twelve months of the business combination date (measurement period).

Intra-group relationships between the consolidated companies are eliminated. As part of the consolidation of capital, participations in subsidiaries are offset against the acquired pro-rata equity of the respective subsidiary allocated to adesso. Obligations between the companies included in the consolidated financial statements are eliminated in the course of debt consolidation. Intercompany profit and loss from intragroup transactions included in the assets and liabilities is eliminated as part of the elimination of interim results; income and expenses from intercompany transactions are eliminated in the course of income and expense consolidation.

Changes in the participating interest in a subsidiary that does not result in a loss of control are recognised as equity transactions. Differences between the fair value of the consideration given and/or received and the carrying amount of the pro-rata equity (of the non-controlling interests) are recorded in capital reserves.

A company is deconsolidated as of the date on which adesso no longer controls it. From this date onwards, the assets and liabilities, as well as income and expenses, are no longer attributed to adesso. Any share in the former subsidiary remaining with adesso is measured at fair value. The difference between the net assets attributable to the remaining shares at the date of deconsolidation and the fair value of the shares is reported in the consolidated income statement. A reserve from currency translation differences recognised in equity in connection with the deconsolidated subsidiary must be recognised in the consolidated income statement with an effect on income.

adesso holds the majority of the voting rights in all subsidiaries directly or indirectly. This enables adesso to direct the relevant activities of the subsidiaries.

There are no significant non-controlling interests in the adesso consolidated financial statements.

In respect of the list of companies included in the consolidated financial statements we refer to the list of shareholdings in accordance with Section 313 (2) HGB under “46 Subsidiaries” or “47 Associated companies and joint ventures”.

6.2 Joint arrangements and associates

Pursuant to IFRS 11, joint arrangements are classified as joint operations or joint ventures. Joint operations are joint arrangements where the joint operators have rights to the assets and liabilities relating to the joint arrangements. In the case of joint ventures, the partner companies have rights to the net assets included in the arrangement. In the case of joint operations, the joint operator accounts for the assets and liabilities, including its share of those held jointly, its income and its share of the joint income of the arrangement, as well as its expenses, including its share of any expenses incurred jointly. Pursuant to IFRS 11, interests in joint ventures are consolidated using the equity method described in IAS 28.

A company is considered to be an associate of adesso if adesso has significant influence over the company, but does not control the company and does not control the company together with another. Where adesso holds 20 % to 50 % of the shares in a company, it is assumed under IAS 28 that adesso can exert a significant influence on the company. Like joint ventures, associates are consolidated using the equity method.

According to the equity method, the interests are recognised at cost when they are recognised for the first time. If, at the time that the company is consolidated using the equity method for the first time, the cost exceeds the pro-rata fair value of the net assets of the company, the share must include goodwill. An amount equal to the difference is to be recognised if the reverse is true. As a result, the results of joint ventures and associated companies are recognised pro rata in adesso's financial statements, while any hidden reserves and encumbrances discovered upon acquisition are carried forward.

The profits and losses of the joint venture and associated companies are recognised pro rata in the consolidated income statement, while other comprehensive income of the joint venture and associated companies is to be recognised pro rata in other comprehensive income; in both cases, an adjustment is to be made to the carrying amount of the shares. Dividend distributions from joint ventures and associates reduce with no overall effect on outcomes the carrying amount of the interests in equity. If losses recognised on a pro rata basis are greater than the net investment in the joint venture or associate (shares plus, e.g. loans for which repayment is neither planned nor expected within the foreseeable future), the losses in excess of the net investment are not recognised. The negative equity value is amortised by means of a separate calculation, and included in the consolidated balance sheet once it is positive again.

If an associate becomes a joint venture as a result of a change in the amount of the investment, or a change in contractual arrangements, or if a joint venture becomes an associate as a result of a change in contractual arrangements, the equity amount will only be adjusted for any shares acquired or disposed of. Shares are not revalued. If shares in associates or joint ventures are sold and they continue to be consolidated using the equity method, the amounts recognised in other comprehensive income are reported pro rata in the consolidated income statement, provided that this would also be the case with the disposal of the corresponding assets and/or liabilities.

adesso conducts a check on each balance sheet date to determine whether there is any objective evidence that the carrying amount of the net investments is impaired. The impairment test is then conducted in accordance with IAS 36. An impairment loss is to be recognised in the amount of the difference between the recoverable amount of the net investment in the joint venture or associated company and the carrying amount of the net investment. As the impairment relates to the entire carrying amount and not the carrying amount of the individual assets included in the carrying amount, a reversal of impairment losses pursuant to IAS 36 may have to be recognised in the future.

Intercompany profits and losses from upstream and downstream transactions with associates and joint ventures are eliminated on a pro rata basis.

adesso does not hold any significant interests in associates and joint ventures. Information about these companies is published under "47 Associates and joint ventures".

6.3 Currency translation

Each of the companies included in the consolidated financial statements prepares its own separate financial statements in its respective functional currency. The functional currency of a company corresponds to the currency of the primary economic environment in which the company operates. This functional currency for the companies included in the adesso consolidated financial statements corresponds to the respective currency of the country where the company has its registered office. Transactions conducted in a currency other than the functional currency are translated into the functional currency using the spot and/or respective exchange rate. The expenses and income resulting from this and from the settlement of such transactions are recognised in the consolidated income statement, provided that the amounts are not recognised as respective profit amounts in other comprehensive income.

Financial statements prepared in functional currencies other than the euro are translated using the modified closing rate method. The equity of the companies with functional currencies other than the euro included in the consolidated financial statements is translated using historical exchange rates. All assets and liabilities are translated using the spot rate. The income and expenses, as well as the annual profit, recognised in the consolidated income statement are generally translated at the transaction rate; for reasons of simplification, where permissible, at the average rate. The translation differences arising in the current year are recognised correspondingly in other comprehensive income. The amounts below are stated at standard indirect quotations. This means, for example, that the valid exchange rate on 31 December 2021 is: 1 EUR to 1.03 CHF.

FOREIGN CURRENCY AT EUR 1

	Closing rate		Average rate	
	2021	2020	2021	2020
Swiss franc (CHF)	1.03	1.08	1.08	1.07
British pound (GBP)	-	0.90	-	0.89
US dollar (USD)	1.13	1.23	1.18	1.14
Turkish lira (TRY)	15.23	9.11	10.47	8.04
Bulgarian lev (BGN)	1.96	1.96	1.96	1.96
Hungarian forint (HUF)	369.19	368.89	358.46	351.21

7. Financial reporting

7.1 Sales revenue

Sales revenue is recognised pursuant to the provisions of IFRS 15. Prerequisites for revenue recognition are as follows: a valid contract, identifiable contract performance obligations, clear terms of payment, the contract must have economic substance and it must be likely that the agreed consideration will be received. Where different contracts with customers that have been agreed at the same time or in a timely manner are not independent of each other, they shall be analysed as one contract. Subsequently, revenue is recognised as soon as a performance obligation has been fulfilled. Under IFRS 15, revenue is recognised at one point in time. Deviating from this, revenue is recorded over a period of time where the customer directly consumes the benefits, or adesso creates or improves an asset that is controlled by the customer, or adesso creates an asset without an alternative use for a customer and adesso acquires a claim to remuneration for the

respective services rendered, as is common with a contract for work and services. On this basis, revenue from performance obligations is recognised as follows.

> Licence sale, no further obligation on the part of adesso: At the time the licence key has been delivered and the customer can access the licence. This applies irrespective of whether the right of use transferred to the customer is limited in time. As far as adesso acts as an intermediary or agent in the sale of a licence, adesso only recognises a commission from the sale of the licence. Invoices are always issued after delivery of the licence. The payment terms are typically not longer than 30 days.

> The right of the customer to access software that is regularly updated by adesso: For the term of the contract. Payments are generally made on a monthly basis.

> Consulting projects:

- Where consulting projects are agreed as time & material projects (actual number of hours worked and the resources deployed are billed), revenue is recognised based on billable hours and expenses incurred. Invoices are issued monthly and the payment terms are typically no longer than 30 days.

- Where consulting projects are agreed as fixed-price projects, revenue is generally recognised over a time period on the basis of the progress made in terms of the percentage of completion or the expected duration of the project. The percentage of completion generally corresponds to the costs incurred as at the reporting date as a proportion of the expected total costs for the project. Revenue cannot be recognised using the percentage-of-completion method if the expected total costs and/or the expected total income cannot be reliably estimated. In this case, revenue is recognised in an amount not exceeding the amount of expenses incurred. If the expected total expenses of a fixed-price project exceed the expected total revenue, meaning that there is a risk that the project will incur losses, the loss has to be recognised directly and in full in other operating expenses irrespective of the percentage of completion by recognising a provision for contingent losses from pending transactions. The resulting expense is recorded under other operating expenses. If a licence is sold together with the consulting project, the revenue for the licence is recognised at the time of delivery of the licence. Deviating from this, the revenue for the licence is recognised as part of consulting project revenue (a performance obligation), provided that the source code of the software is not materially adjusted as part of the consulting project. For some fixed-price contracts, progress payments are contractually agreed. The final invoice will be issued after acceptance with typical payment terms of no longer than 30 days.

> Maintenance and hosting services are generally time-based: Revenue is recognised over the corresponding period. Payments are usually made quarterly in advance.

In determining the amount to be recognised as revenue for performance obligations, variable components of the agreed consideration are taken into account. These include, for example, discounts, performance incentives, bonuses or penalties. Revenue from variable components may only be recognised to the extent that it is highly probable that they will not be withdrawn in the future. If several performance obligations are agreed in one contract, the agreed consideration is to be allocated to the individual performance obligations for the purpose of revenue recognition on the basis of the relative individual selling prices. adesso typically negotiates the individual performance-based components separately. The negotiations usually cover prices, which are in the same league as the retail price.

Under IFRS 15, the transaction price attributable to unfulfilled performance obligations, which will be recognised as revenue in the future, must be disclosed. Here, adesso uses the simplified approach to indicate this for contracts which have an original term of more than one year. Under the simplified approach, the transaction price of time & material projects is also not taken into account in this specification.

7.2 Borrowing costs

Borrowing costs are generally included as an expense in the consolidated income statement. Under IAS 23, the borrowing costs of qualifying assets make up part of the cost of acquisition or production. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. adesso did not identify any qualifying assets in the reporting period for which significant borrowing costs had to be capitalised.

7.3 Goodwill

In case of a business combination, goodwill is the positive difference between the consideration rendered in the business combination plus the fair value of the shares previously held as well as the non-controlling interests measured as pro-rata net assets and the pro-rata equity of the acquired company at the time of the business combination measured according to IFRS 3. For impairment testing purposes, goodwill is not amortised, but instead assigned to the (groups of) cash-generating units that benefit from the business combination. According to IAS 36.80, the highest allocation level in the company is the level on which goodwill is observed by management, and no higher than the level of operating segments pursuant to IFRS 8 before they are combined into reportable segments. For details on the impairment test, please see “7.5 Impairment of non-financial assets”.

7.4 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognised at cost. Where applicable, they are stated at amortised cost if they have a limited useful life. Assets are depreciated or amortised on a straight-line basis over their expected useful life. Where applicable, residual values are taken into account when calculating depreciation on property, plant and equipment. For intangible assets, residual values are only taken into account insofar as a third party is obligated to assume the intangible asset at the end of its useful life. Furthermore, residual values are taken into account when there is an active market for the intangible asset, the residual value can be established in reference to said market and the active market is expected to exist at the end of the useful life of the intangible asset.

Whenever possible, the recognition of non-current intangible assets is broken down into a research and a development phase. Expenditure in the research phase must always be recognised as expenses. Expenditure in the development phase is to be capitalised from the date on which the following can be satisfied:

- > The technical feasibility of completing the intangible asset so that it is available for use or sale;
- > The intention to complete the intangible asset and use or sell it;
- > The ability to use or sell the intangible asset;
- > How the intangible asset will generate future economic benefits;
- > adesso has sufficient resources to complete the intangible asset; and
- > The cost of the intangible asset can be measured reliably.

Intangible assets are typically amortised on a straight-line basis over three to six years. Exceptions are additions through business combinations such as customer relations, software and order backlogs. The carrying amount of the order backlog is written off as soon as the revenue on the respective order is realised. Customer relations have a useful life of five to six years. The PSLife software acquired in 2015 is being amortised over ten years.

The total development expense recognised in the financial year is the amortisation of internally generated intangible assets. This amounts to EUR 1,582 thousand (previous year: EUR 1,587 thousand).

Property, plant and equipment is classified as technical equipment and machinery, which is generally depreciated over three years, as well as office and other equipment, which is depreciated on a straight-line basis over five to 20 years.

See the comments below on impairment of non-current intangible assets and property, plant and equipment.

7.5 Impairment of non-financial assets

Under IAS 36, goodwill, non-current intangible assets and property, plant and equipment all have to be tested for impairment. A review must be performed to determine at the balance sheet date if there are indications of an impairment. An impairment test is to be performed where such indications exist. In derogation of this, impairment tests are performed at least once a year for goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use. The date on which the mandatory impairment tests are performed can be selected at will and must be applied consistently. For all assets within the scope of IAS 36, an impairment test should also be performed if there are indications of impairment.

Impairment tests are performed for individual assets. If this is not possible, the impairment test must be performed at the level of a cash-generating unit. Such a unit is the smallest group of assets that comprise the asset to be tested and for which cash flows that are largely independent from other assets can be identified. Goodwill is always to be tested for impairment on the basis of a single cash-generating unit or a group of cash-generating units.

When testing for impairment, the carrying amount of an asset and/or a cash-generating unit including, where appropriate, the carrying amount of goodwill is compared to the recoverable amount of the cash-generating unit. The recoverable amount is the higher of the value in use and the fair value less disposal costs.

An impairment loss is to be recognised should the carrying amount be higher than the recoverable value. The carrying amount of an asset is to be reduced if an individual asset is tested for impairment. If an impairment loss is recognised in a cash-generating unit, the carrying amount of the goodwill may have to be reduced to EUR 0. If an additional impairment loss has to be recorded, the carrying amounts of the assets of the cash-generating units covered by IAS 36 have to be reduced on a pro rata basis according to the total carrying amounts. This may not be lower than the recoverable amount of the respective asset. If the fair value rises again after an impairment loss has been recognised, the assets will be written up. A write-up of goodwill is not permitted.

7.6 Costs of obtaining a contract

Costs of obtaining a contract (commissions) are capitalised in accordance with IFRS 15 to the extent that they are directly attributable to the conclusion of a contract with a customer. adesso uses the simplified approach to capitalise and amortise the costs of obtaining a contract only for those contracts for which the amortisation period is longer than one year. They are reported under intangible assets. adesso amortises these costs of obtaining a contract on a straight-line basis over the life of the underlying contract. If, as a result, the expected term of the contract deviates significantly from the originally estimated term of the contract, the residual carrying amount of the costs of obtaining a contract is amortised over the newly estimated residual term. When calculating impending losses from a contract, the carrying amount of the costs of obtaining a contract will be recognised as contract costs. The carrying amount of the costs of obtaining a contract are EUR 540 (previous year: EUR 635 thousand). The amortisation for the financial year amounted to EUR 504 thousand (previous year: EUR 579 thousand).

7.7 Leasing

IFRS 16 is generally applicable to all leasing contracts. However, the lessee's rights of use under a licence agreement must be accounted for in accordance with IAS 38.

In the case of lease transactions, a distinction must be made between the lessee's and the lessor's recognition of lease agreements.

The lessee capitalises an asset – right-of-use (RoU) asset – and a lease liability for the right to use the leased asset in the future. Exceptions to the recognition principle apply to so-called low-value and short-term leases. A lease is deemed low value if the new value of the leased asset is no more than EUR 5 thousand. A short-term lease transaction is deemed to exist insofar as the lease term does not exceed twelve months. In the case of low-value and short-term leases, the lease payments are generally recognised as an expense on a straight-line basis over the lease term.

A RoU asset is initially recognised at cost. Among other things, the cost of acquisition includes the initial carrying amount of the corresponding lease liability, lease payments made prior to provisioning less lease incentives received, the initial costs incurred by the lessee, and any future restoration or reclamation costs associated with the leased asset recognised as a provision. The initial carrying amount of the lease liability is the present value of the future lease payments calculated at the lease's internal rate of return or, if this cannot be readily determined, at the marginal lending rate. Lease payments include fixed and variable lease payments, expected payments from residual value guarantees and sufficiently secure payments from agreed purchase options. In measuring the lease liability, the effects of extension and termination options must be taken into account, insofar as there is sufficient certainty that they will be exercised. The management of adesso SE is of the opinion that a rent extension option that can be exercised in more than ten years is generally not exercised with a sufficient level of certainty. Therefore, adesso typically does not take such extension options into consideration.

After initial recognition, the RoU asset must be depreciated over the expected lease term and, if necessary, written down. After initial recognition, the lease liability must be increased by the interest expense to be recognised and reduced by redemption repayments. If the lease liability has to be revalued due to a reassessment of the lease liability or a modification of the lease, the carrying amount of the RoU asset must in essence be adjusted. If the scope is reduced due to a modification of the lease, the pro-rata RoU asset and the pro-rata leasing liability must be derecognised. The difference between the two items must be recognised as profit or loss.

In the case of sale and leaseback transactions, an analysis must be made as to whether a sale has taken place in accordance with the provisions of IFRS 15. If this is the case, the lessee must measure the RoU asset pro rata based on the carrying amount for the retained right of use. A loss or gain is recognised from the transaction for the right of use transferred to the lessor. If a sale and leaseback transaction does not qualify as a sale under IFRS 15, the lessee must measure the right of use at the carrying amount of the underlying asset and recognise a financial liability measured in accordance with IFRS 9 in the amount of benefit received.

For the lessor, leasing transactions are classified as finance leases or operating leases based on the economic nature of the transaction. The transaction is classified as a finance lease insofar as all material risks and opportunities are transferred to the lessee, and otherwise as an operating lease.

If a lease is classified as a finance lease, the leased asset is derecognised and a receivable is recognised.

When a lease transaction is classified as an operating lease, the lease payments are recorded over the lease term on a straight-line basis. The benefits of agreed rent-free periods are allocated over the term of the rent period.

There are no hidden lease transactions.

7.8 Financial assets

Financial assets include debt instruments (e.g. loans and receivables), equity instruments and cash and cash equivalents. They are recognised as soon as adesso becomes a contractual partner for a corresponding financial instrument. Depending on the classification of the cash flows arising from a financial asset and the business model within which the financial asset is held, the financial asset is classified after initial recognition as follows:

- > Measured at amortised cost (AC)
- > Measured at fair value through other comprehensive income (FVOCI)
- > Measured at fair value through profit or loss (FVPL).

Debt instruments, classification

Debt instruments are classified in the AC and FVOCI measurement categories if the cash flows arising from the debt instrument qualify as principal and interest payments. Where future cash flows contain speculative components in addition to principal and interest payments, the IASB is of the opinion that this is not consistent with a “basic lending arrangement” and the debt instrument should, therefore, be classified in the FVPL category. This category is assigned to a convertible loan issued to an associated company or to a shareholding (EUR 2,003 thousand; previous year: EUR 915 thousand). An embedded derivative is not recognised separately. In addition, an amount of EUR 24,996 thousand is assigned to the cash equivalents category (see “7.11 Cash and cash equivalents”) (previous year: EUR 0 thousand).

Where the cash flows arising from the debt instrument are classified as payments of principal and interest, further classification will depend on the specific business model. IFRS 9 identifies the following types of business model:

- > “Hold to collect”: The objective is to collect contractual cash flows (interest and repayment). Typically classified under the AC category
- > “Hold and sell”: The objective is to collect contractual cash flows (interest and repayment) and to sell debt instruments. Typically classified under the FVOCI category. The mere option of selling receivables in the event of financial bottlenecks does not adequately justify allocation to this business model.
- > “Other”: Collecting interest and principal is not an objective pursued by this business model. The aim is rather to sell debt instruments. Classified under the FVPL category

An entity may use different business models to pursue different objectives for different debt instruments.

If debt instruments are typically classified under the AC or FVOCI categories, under the so-called fair value option, entities are permitted to elect to measure debt instruments at FVPL if doing so would eliminate or significantly reduce a measurement or recognition inconsistency. adesso does not apply this option.

Initial and subsequent valuation

Debt instruments are initially recognised at fair value (typically the transaction price) plus transaction costs. Only with respect to debt instruments classified under the FVPL category are transaction costs recognised directly as expenses.

Where debt instruments have been classified under the AC or FVOCI category, interest, impairments and foreign currency translation differences recognised on the basis of the effective interest method must be recognised in the consolidated income statement. Therefore, the earnings and expenses recognised in the consolidated income statement are identical for these categories. In the case of debt instruments classified under FVOCI, changes in value that go beyond the above changes are recognised in other comprehensive income (OCI). The debt instrument amounts recognised in OCI classified as FVOCI must be recognised in the consolidated income statement upon derecognition of the debt instrument. According to the effective interest method, interest is recorded on the basis of the so-called effective interest rate. This reflects the interest rate at which the present value of the future expected contractual cash flows corresponds to the initial carrying amount of the debt instrument upon recognition.

If debt instruments belonging to the FVPL category were assigned, these must be recognised as profit or loss at the fair value on each reporting date.

Impairment losses and interest

Impairment losses are recognised based on a three-stage impairment model. They correspond to the probability-weighted cash value of future payment defaults or delays in payment. On initial recognition, debt instruments are assigned to Stage 1 of the impairment model. In Stage 1, interest is calculated on the gross carrying amount (before impairment). The impairment is recognised on the basis of the probability-weighted future payment defaults or delays in payment, which result from loss events that may occur within 12 months.

If the default risk of a debt instrument has increased significantly compared to the default risk on initial recognition, the debt instrument is allocated to Stage 2 of the impairment model. Interest revenue is calculated on the gross carrying amount as in Stage 1, but impairment is determined by reference to any loss event that may occur throughout the life of the debt instrument and its related probability.

If there is also objective evidence of impairment (the debt instruments have an impaired credit rating), the debt instrument is allocated to Stage 3 of the impairment model. Objective indications are or can be, for example, the opening of insolvency proceedings, a significant deterioration in creditworthiness or rating, trading in the debtor's securities far below the nominal amount or other identified financial difficulties of the debtor. The amount of the impairment is determined as in Stage 2, but interest is recognised on the basis of the net carrying amount, i.e. after taking the impairment into account. The change in the classification of debt instruments between stages is symmetrical. This means that a change to a higher stage is just as possible as a change to a lower stage if the conditions are met.

adesso uses a simplified approach for certain trade receivables as well as contract assets. Accordingly, trade receivables and contract assets are allocated to Stage 2 of the impairment model upon initial recognition. The term of these financial assets is usually a maximum of one year, so that the determination of the impairment in Stages 1 and 2 would be largely identical. As a result, there is no need to monitor for significant increases in default risk.

If there is objective evidence of impairment for debt instruments at the time they are acquired or issued, the impairment is immediately classified as Stage 3 of the impairment model. These debt instruments may not be subsequently reclassified to Stage 1 or 2. adesso does not hold any debt instruments, which were already impaired upon issuance or acquisition.

A loss event occurs when a company is no longer able to meet its payment obligations or has filed for insolvency. In addition, there is a presumption that a loss event has occurred if a financial asset is more than 90 days past due. The carrying amounts and impairments from debt instruments, which are assigned to Stage 1 of the impairment model, are not considered to be material. As a result, adesso does not have a differentiated system for assessing whether the credit risk has increased significantly. adesso takes into account publicly available information about debtors, industry-related and macroeconomic information, and, where available, internal information about debtors. adesso does not have any information that would indicate that the credit risk of one of these debt instruments has increased significantly. This type of financial asset has not defaulted in the past. For the calculation of the impairment, adesso applies the impairment rate determined for trade receivables and contract assets.

The impairment of trade receivables and contract assets is measured primarily on the basis of past defaults on such claims. Forward-looking, industry-related and macroeconomic information is also taken into account.

The credit quality is considered to be impaired, when an event with a negative impact on future cash flows has occurred, e.g. significant financial difficulties, breaches of contract or the acquisition of debt instruments of the company far below the nominal amount.

Equity instruments

Under IFRS, equity instruments are measured at fair value: If the equity instruments are not held for trading purposes, there is an option to present value changes in the consolidated income statement or other comprehensive income. adesso presents changes in the value of equity instruments in other comprehensive income. A future reclassification of amounts recognised in other comprehensive income to the consolidated income statement is not permitted under any circumstances.

Derecognition/write-offs

Financial assets are to be derecognised either when rights to future cash flows no longer exist or the asset is transferred to a third party. A financial asset is classed as having been transferred when adesso no longer has any rights to future cash flows or if adesso still has such rights but is at the same time obligated to pass these payments on to a third party.

A debt instrument is written off and derecognised on a pro rata basis if adesso has no reasonable expectations of recovering the debt instrument in its entirety or a portion thereof. In this case, the gross carrying amount is reduced rather than recognising an impairment in the amount of the virtually certain default. Where legal steps are taken to recover cash flows on a debt instrument, the instrument will not be derecognised.

Factoring

If trade receivables are sold, these must be derecognised, provided that adesso has also sold the rights to the cash flows. If adesso retains the right to retain the cash flows, adesso must evaluate whether the risks and opportunities associated with the ownership were transferred. If essentially all of these risks and opportunities were transferred, adesso must derecognise the receivable. If adesso has essentially retained all of these risks and opportunities, the receivable must be recognised in adesso's financial statements despite the legal sale. This is the case, for example, if current trade receivables are sold and adesso essentially bears the default risk associated with the claim at the time of sale.

If the risks and opportunities associated with the ownership were neither transferred nor retained, adesso must evaluate whether the power of disposal over the receivable was retained. If the power of disposal was not retained, the receivable must be derecognised. If adesso has retained the power of disposal over the receivable, it must be recognised in accordance with the continuing involvement.

The adesso Switzerland subsidiary has concluded an agreement offering the possibility to sell the receivables from two specific customers to a factor within the framework of silent factoring. The decision as to whether to sell a receivable is made by adesso Switzerland. adesso Switzerland aims to hold the receivables from this customer until payment is made, but the contract opens up another opportunity to improve liquidity in the short term. On the reporting date, no receivables from these customers attributable to the “hold to collect and sell” business model existed.

7.9 Other assets and other liabilities

The accruals and other receivables and liabilities reported under this item are generally measured at nominal value.

7.10 Contract assets/contract liabilities

Under IFRS 15, claims against customers that are not recognised as receivables are reported as contract assets. Receivables are recognised insofar as the right to payment is merely dependent on the passage of time. adesso mainly recognises contract assets for fixed-price projects in which revenue is recognised based on the progress made. Payments from customers (or due payments) are deducted when determining the amount of contract assets. If these payments from customers exceed the underlying claim, they will be recognised as a contract liability.

The contract assets also include all finished time & material services that have not yet been invoiced to the customer as of the balance sheet date. In addition to prepayments for fixed-price projects, contract liabilities also include payments that will lead to revenue from maintenance or hosting only in subsequent periods.

7.11 Cash and cash equivalents

This item includes cash in hand and bank balances as well as current, highly liquid assets with a residual term of no more than three months from the acquisition date. A further prerequisite for allocation to cash equivalents is that these assets can be converted into a specific amount of cash at any time and are subject to immaterial valuation risk only. Money market, bond and other fund units categorised as cash equivalents are measured at fair value through profit or loss (FVPL). See also “7.8 Financial assets”.

7.12 Financial liabilities

Financial liabilities are recognised as soon as the adesso Group becomes a contractual partner for a corresponding financial instrument. Current liabilities are measured at amortised cost, which largely corresponds to the repayment amount. Non-current liabilities are recognised at the fair value of the consideration received on the transaction date. Transaction costs are included in the carrying amount of liabilities when they are recognised. Non-current liabilities are always valued at amortised cost using the effective interest method.

Some financial liabilities are measured at fair value. This primarily includes liabilities from put/call options relating to non-controlling shares. As a rule, the value depends on specific future earnings figures. The value of the liability is determined on the basis of the expected future values of these parameters. If economic ownership of the non-controlling shares can be assigned to adesso, changes in value are recognised in the consolidated income statement. If economic ownership of the non-controlling interests cannot be assigned to adesso, the liability is recognised at fair value at the end of each year and the difference between the fair value of the liability and the non-controlling shares is recognised in the capital reserve. See also “6.1 Subsidiaries” and “7.20 Estimates and Assumptions”.

A financial liability is to be derecognised when the contractual obligation ends, is met or is lifted.

The company did not make use of the option under IFRS 9 to classify financial liabilities as measured at fair value through profit or loss.

7.13 Provisions

Provisions are recognised for actual, legal or factual obligations arising from past events which are likely to result in an outflow of economic resources and the amount of which can be estimated reliably. For similar obligations, such as product guarantees, the probability of utilisation is considered on the basis of the overall group of obligations. Provisions for pending losses from pending transactions are valued on the basis of the excess obligation. In this context, direct costs and appropriate indirect costs attributable to the contract are taken into account. If the compensation or fines resulting from non-fulfilment are less than the excess obligation, the provision is to be valued on the basis of the compensation or fine.

Provisions may be discounted when the discount amount is material. The interest rate to be applied is an interest rate before taxes, which reflects current market expectations with regard to the interest effect and the risks pertaining to the debt. Provisions are generally valued at the cash value of future expected cash flows required to settle the obligation. The determination of future cash flows must take into account cost increases.

When the amount of a provision is expected to be reimbursed, for example based on insurance coverage, a reimbursement is only recognised as a separate asset if it is as good as certain. The income of reimbursement is not offset against expenses.

7.14 Provisions for pensions

Provisions for pensions are measured at the present value of the defined benefit obligation. Plan assets were not endowed by adesso. Actuarial gains and losses are recorded in other comprehensive income in the course of the remeasurement of the net liability. The present value of provisions for pensions is determined using the projected unit credit method. The calculations are based on the biometric parameters of the Heubeck 2018 G mortality tables. adesso commissioned external experts to value the pension obligation as at 31 December 2021. The applied discount rate corresponds to the interest rate on corporate bonds with the best credit rating and a term corresponding to the provisions for pensions.

7.15 Share-based payment transactions

In the past, adesso has issued employee options to buy shares in adesso SE (“equity-settled share-based payment transactions”). The vesting period of the options issued in accordance with IFRS 2 is four years. Total personnel costs to be recognised are determined by multiplying the fair value of the option on the grant date by the number of options expected to be exercisable after the end of the vesting period. In general, the total personnel costs are recognised on a straight-line basis against the capital reserve over the vesting period. The number of options expected to be exercised after the end of the vesting period has to be adjusted to current estimates on each reporting date.

Debt from share-based payment issued in payment instruments is measured at the present value on each reporting date. Changes in the value of this liability are recognised in the consolidated income statement. In this context, adesso has in the past issued virtual stock options and so-called phantom shares to employees and members of the Executive Board.

7.16 Income tax

Income tax includes both actual income taxes and deferred taxes. The actual tax liabilities and tax receivables encompass all obligations and claims for domestic and foreign income tax. They are calculated based on the applicable tax laws.

Deferred taxes are recognised on deductible or taxable temporary differences. These are positive or negative differences between the carrying amount according to the IFRS and the tax value of an asset or liability with a future impact on taxable income. Deferred taxes are measured at the future tax rate expected to be applicable on the date when the difference reverses. Furthermore, deferred tax assets have to be recognised for the benefit associated with a tax loss carryforward. Deferred tax assets on deductible temporary differences are recognised at least in the amount applicable to taxable temporary differences with the same tax authority and that reverse in the same period as the deductible temporary differences. Furthermore, deferred tax assets are recognised in the amount of the corresponding future economic benefit that is expected to be realised. The benefit of tax loss carryforwards eligible for capitalisation is determined by adesso over a maximum period of five years.

7.17 Government grants

According to IAS 20, government grants have to be classified as investment grants or grants for expenses. Grants are only recognised according to IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) when there is sufficient certainty that the related conditions will be met and the grants issued. They are allocated through profit or loss in the periods in which the expenses compensated by the grants are incurred. Investment grants are deducted from the acquired assets. Grants for expenses are recorded through profit or loss in the period in which the corresponding expenses are recognised.

7.18 Dividends

Dividends are recognised as receivables or liabilities as soon as a binding dividend proposal has been resolved.

7.19 Fair values

Numerous IASB regulations demand that financial and non-financial assets and liabilities be recognised at fair value or be included in the notes. According to IFRS 13, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Determining fair values of financial assets and liabilities is based on observable parameters wherever possible. If none are available, non-observable parameters are to be applied. IFRS 13 defines a measurement hierarchy for determining fair value, which comprises three levels. Allocation to level depends on the measurement parameters.

The parameters are allocated to the following levels:

- > Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities which the company can access at the measurement date.
- > Level 2: Input parameters other than the quoted prices on Level 1 which are either directly or indirectly observable for the asset or liability.
- > Level 3: Non-observable input parameters for the asset or liability.

If parameters of different levels are used for measurement, the fair value is to be assigned to the same level as the input parameter of the lowest level used for measurement.

Fair values are either determined by adesso or external specialists.

The significant liabilities to be measured at fair value as at the reporting date are the liability from the put/call options in connection with the acquisition of the shares in adesso orange AG (formerly: Quanto AG) and KIWI Consulting EDV-Beratung GmbH. See the disclosures on estimates and assumptions below, in addition to the information on financial liabilities. adesso holds a number of shares in companies that are to be measured at fair value. Overall, these do not qualify as material. See “10 Non-current other financial assets”.

7.20 Estimates and assumptions

Numerous estimates and assumptions have to be made by the management of adesso SE in preparing the consolidated financial statements. These relate to the following in particular:

- > Business combinations: In general, the identifiable assets and liabilities acquired in a business combination are measured at fair value. Since there is no active market for many assets and liabilities, the fair values have to be determined on the basis of recognised measurement methods. For example, these include the relief from royalty method and the multi-period excess earnings method. Significant valuation parameters that have to be estimated for these methods are the future cash flows resulting from the assets and liabilities as well as the applicable discount rates. For the measurement of contingent payment obligations related to business combinations, assumptions have to be made regarding the values of parameters underlying the measurement.
- > Non-current assets with limited useful lives: The useful life of non-current assets subject to depreciation and amortisation has to be estimated. An estimate of the residual value, which has to be taken into account in calculating depreciation and amortisation, is also required.
- > Costs of obtaining a contract: adesso capitalises the cost of obtaining contracts with customers with an original term of more than one year. The sales commissions are not always directly attributable to individual customer contracts. adesso allocates the sales commissions which are not individually attributable based on commissioned revenue from a customer contract divided by the total commissioned revenue of an employee multiplied by the employee's total commission. The management of adesso SE is of the opinion that the costs of obtaining a contract are appropriately assessed on this basis.
- > In 2019, adesso received 20 % of the shares in pangenia systems GmbH in the context of a capital increase. Acquisition costs totalled EUR 250 thousand. Based on a call option, the other shareholders of pangenia systems GmbH have the right to acquire the shares held by adesso for EUR 250 thousand plus interest from 1 June 2020. adesso is of the opinion that adesso does not have economic ownership of the shares. adesso therefore reports a receivable measured at amortised cost in accordance with IFRS 9.B3.2.15.
- > Leasing: In order to preset future payments from rental and lease agreements in accordance with IFRS 16 and to disclose other financial obligations, it is necessary to estimate whether and to what extent future rental extension options and termination options will be used. A consideration is only permissible, where the extension of the contract by exercising the option is sufficiently certain. The same applies to open-ended leases. The management of adesso SE is of the opinion that a rent extension option that can be exercised in more than ten years is generally not exercised with a sufficient level of certainty. Therefore, adesso typically does not take such extension options into consideration.

- > Impairment test: According to IAS 36, numerous parameters have to be estimated for the impairment test to verify the recoverability of the assets held by adesso. These primarily include estimates of future cash flows, growth rates as well as the interest rate applicable for the future cash flows. Here, risks are primarily associated with goodwill. Financing payments should not be taken into account when calculating the cash flows on which the value in use is based. At the same time, expenses necessary for generating future cash inflows must be taken into account. Payments for right-of-use assets must be allocated to financing (interest payments and repayment of the lease liability). They are, however, also necessary to maintain the substance of the cash-generating unit and to generate future cash flows. Until clarification by the IASB, the estimated payments from future leases for which no right-of-use asset has yet been recognised are taken into account when determining the value in use. Information on the impairment tests includes “7 Goodwill and intangible assets”.
- > Receivables: Assessment of the recoverability of trade receivables and contract assets. This requires an estimate of the extent to which adesso customers meet their payment obligations. Moreover, adesso must determine which business model defined in accordance with IFRS 9 the receivables are allocated to.
- > Factoring: The presentation of the sale of receivables depends on the extent to which the company has transferred the risks and opportunities associated with the ownership and, if applicable, whether it has retained control of a sold asset. Both require estimates by the management.
- > Cash equivalents: A prerequisite for allocating a financial asset to cash equivalents is that the financial asset is subject to immaterial valuation risk only. The valuation risk of corresponding financial assets has to be estimated and assessed.
- > Provisions and contingent liabilities: Recognising provisions often requires an assessment of whether the grounds for recognising a provision are met. For example, this applies to possible provisions for contingent losses on orders, warranty provisions, provisions for removal, shut-down or similar obligations, as well as provisions for legal risks and other provisions. The measurement of provisions requires an estimate and assumptions regarding the future amount required to redeem or settle the debt. This also applies to employee benefits after the end of the employment relationship. If a reliable estimate for the amount of an obligation cannot be made, it needs to be disclosed in the notes as a contingent liability. Discount rates must also be estimated in connection with provisions.
- > The liability based on a put/call option from the acquisition of adesso orange AG (formerly: Quanto AG) in 2020 amounting to EUR 9,543 thousand (previous year: EUR 9,356 thousand) is recognised on the basis of an expected future EBIT of EUR 6,000 thousand. If the valuation of the liability were based on a 10 % higher EBIT, the fair value of the liability would amount to EUR 10,497 thousand. If the valuation of the liability were based on a 10 % lower EBIT, the fair value of the liability would amount to EUR 8,588 thousand. The maximum amount payable from this put/call option is EUR 11,583 thousand. Changes in the value of this liability are ultimately recognised against the capital reserve and the non-controlling interests (see “6.1 Subsidiaries” and “7.12 Financial liabilities”).
- > The liability based on a put/call option from the acquisition of KIWI Consulting EDV-Beratung GmbH amounting to EUR 7,296 thousand is valued on the basis of the average EBIT for financial years 2021 to 2023. In this context, assumptions must be made about the company’s future EBIT. If the valuation of the liability were based on a 10 % higher average EBIT, the fair value of the liability would amount to EUR 8,025 thousand. If the valuation of the liability were based on a 10 % lower average EBIT, the fair value of the liability would amount to EUR 6,566 thousand. The minimum and maximum amount payable from this put/call option is EUR 6,300 thousand and EUR 10,000 thousand, respectively. Changes in the value of this liability are ultimately recognised against the capital reserve and the non-controlling interests (see “6.1 Subsidiaries” and “7.12 Financial liabilities”).

- > Provisions for pensions and the related income/expenses are determined on the basis of actuarial calculations. The calculation of provisions for pensions (EUR 147 thousand; previous year: EUR 162 thousand) is based on actuarial assumptions (probability of death and disability, interest rate and other biometric assumptions).
- > Deferred taxes: The measurement and realisation of deferred tax assets on loss carryforwards requires a management estimate of the extent to which the benefit associated with the tax loss carryforward can be realised. The benefit of the tax loss carryforwards can only be realised to the extent these are approved by the fiscal authorities. To benefit from tax loss carryforwards in the future, a deferred tax asset is recognised in the consolidated financial statements for the tax loss carryforwards to be set off against tax loss carryforwards within a maximum of five years. Further benefits are not capitalised.
- > Current taxes: In financial year 2016, a market entry compensation and sales promotion agreement was concluded between e-Spirit Inc. and e-Spirit AG. This results in a reduction in the total tax burden of adesso AG (as the controlling entity of the group taxation relationship for income tax purposes with, among others, e-Spirit AG) as well as the adesso Group, as the income recognised in the USA was set off against tax loss carryforwards. A tax audit did not result in any findings regarding the EUR 4,153 thousand paid until 2018 and recognised as having a tax-reducing effect. The management of adesso estimates the tax risk from this situation as very low. The same applies to the amount of EUR 2.060 thousand paid from 2019 until the sale of e-Spirit.
- > Revenue: adesso provides services to its customers. The resulting revenue is recognised based on the progress made. This means that revenue is realised according to the percentage of completion. Estimating the percentage of completion is of particular importance with this method. Furthermore, the total contract costs incurred until completion, the total contract revenue as well as the risks associated with the contract and other significant variables must be estimated. adesso must disclose when revenue from performance obligations from active contracts must be recognised in future. Estimates are required with regard to some contracts.
- > Share-based payment expenses: To recognise personnel costs from share-based payments, the management has to estimate how many rights are expected to be vested and thus exercisable after the end of the vesting period.
- > adesso aggregates the operating segments into reportable segments for segment reporting purposes. Such aggregation requires an assessment as to whether the individually identified operating segments have similar economic characteristics and whether they also qualify as similar in terms of products or services and types of customer.

III. Notes to items in the consolidated balance sheet

8. Goodwill and intangible assets

Goodwill and intangible assets developed as follows:

2021 in EUR k	Goodwill	Customer relations	Order backlog	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	61,411	18,100	2,672	8,640	23,596	114,419
Accumulated amortisation 1 January	2,395	7,710	1,175	3,825	18,672	33,777
Carrying amount 1 January	59,016	10,389	1,497	4,815	4,924	80,641
Currency differences	466	-6	1	0	1	463
Company acquisitions	8,963	7,643	2,103	0	766	19,476
Additions	0	0	0	27	1,504	1,531
Amortisation	0	3,597	3,256	1,582	2,229	10,664
Disposals	0	-5	0	-41	-279	-325
Gross value 31 December	70,841	25,733	4,776	8,626	25,588	135,563
Accumulated amortisation 31 December	2,395	11,307	4,431	5,407	20,901	44,441
Carrying amount 31 December	68,446	14,425	345	3,219	4,687	91,122
<hr/>						
2020 in EUR k	Goodwill	Customer relations	Order backlog	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	50.952	10.693	1.547	8.467	21.889	93.548
Accumulated amortisation 1 January	2.395	5.829	809	2.238	16.328	27.599
CARRYING AMOUNT 1 JANUARY	48.557	4.864	738	6.229	5.561	65.949
Currency differences	44	11	-	-	-7	48
Company acquisitions	10.415	7.395	1.124	-	393	19.327
Additions	-	-	-	173	1.330	1.503
Amortisation	-	1.881	365	1.587	2.345	6.178
Disposals	-	-	-	-	8	8
Gross value 31 December	61.411	18.100	2.672	8.640	23.596	114.419
Accumulated amortisation 31 December	2.395	7.710	1.175	3.825	18.672	33.777
CARRYING AMOUNT 31 DECEMBER	59.016	10.389	1.497	4.815	4.924	80.641

Intangible assets mainly comprise the PSLife software acquired in 2015 (EUR 1,739 thousand; previous year: EUR 2,254 thousand), internally developed software for processing benefits in private health insurance (EUR 2,804 thousand; previous year: 4,165 thousand) and customer relations acquired through busi-

ness combinations (EUR 14,425 thousand, previous year: EUR 10,389 thousand). The average remaining useful life of customer relations is 4.2 years (previous year: 4.2 years).

For impairment testing purposes pursuant to IAS 36, goodwill has to be assigned to the (groups of) cash-generating units that benefit from the business combination. Under IAS 36.80, the highest allocation level in the company is the level on which goodwill is observed by management, and no higher than the level of operating segments before they are combined into reportable segments. For the purpose of impairment testing, adesso allocates goodwill to the operating segments according to IFRS 8. The following table provides an overview of goodwill for the operating segments at the end of the reporting period:

in EUR k	2021			2020		
	Carrying amount	Interest before taxes in %	Gross margin in %	Carrying amount	Interest before taxes in %	Gross margin in %
IT SERVICES SEGMENT						
adesso SE (incl. Arithnea GmbH)	29,901	9.40	9.9	29,219	8.86 (8.45)	8.5 (7.8)
adesso Schweiz AG	10,834	8.92	8.5	10,361	7.34	4.4
KIWI Consulting EDV-Beratung GmbH *)	8,281	9.58	13.0 to 15.5	-	-	-
adesso orange AG (formerly: Quanto AG **)	8,169	11.30	17.2	7,957	10.61	5.9 to 31.9
adesso Austria GmbH	3,552	9.74	14.1	3,552	8.75	11.2
adesso experience GmbH	1,158	11.66	16.8	1,158	10.52	16
Bluegroup IT	665	9.76	15.6	665	10.54	15.8
Lean Networking Kft.	412	11.25	25.0	417	10.47	25
Solbicon GmbH (formerly: Solbicon AG)	-	-	-	213	10.56	4 to 6
Total IT Services segment	62,972			53,542	-	-
IT SOLUTIONS SEGMENT						
adesso insurance solutions GmbH	3,034	8.97	5.1	3,034	9.74	-0.8 to 3.6
adesso insurance solutions GmbH	1,976	8.88	-131.1 to 31.5	1,976	9.43	11.1 to 13.3
medgineering GmbH	464	9.00	14.2 to 57.2	464	9.24	44.6 to 60.6
Total IT Solutions segment	5,474			5,474		
TOTAL AMOUNT	68,446			59,016		

*) The value in use is determined on the basis of the EBT margin.

**) Due to the merger of Solbicon GmbH (formerly: Solbicon AG) into adesso orange AG (formerly: Quanto AG) in the first half of 2021, the goodwill allocated to the operating segment Solbicon AG in the previous year is allocated to the operating segment adesso orange AG.

The increase in goodwill in the IT Services segment is primarily the result of the companies acquired in 2021. The change in the carrying amount of goodwill in the adesso Schweiz AG and LeanNetworking Kft. segments is due to the effect of exchange rate movements.

Due to the decision to merge Solbicon GmbH into adesso orange AG, the corresponding goodwill is to be allocated to adesso orange AG from 2021.

An impairment test for goodwill has to be performed on this basis at least once a year and whenever there are indications of impairment. The annual goodwill impairment test is performed by adesso as at 30 June of the financial year. The impairment test for goodwill was performed on 31 December for the companies acquired during the financial year. As the level of detail of the planning for these companies is not yet enough to indicate the planned gross margin, the EBT margin (EBT/sales revenue) on which the planning is based is shown in the above table.

The realisable value of the operating segments is the value in use determined using the discounted cash flow method. This is determined based on cash flows after taxes and interest. The management of adesso believes that the value in use of the cash-generating units mainly responds to changes in the estimated revenue growth, the estimated gross margin and the discount rate.

Estimating the value in use and therefore also estimating cash flow is based on management's most recent operational planning. Detailed planning covers one to three years. Revenue growth is calculated individually for each operating segment. If it is apparent with one year of planning and an expected increase of incoming cash flows that an impairment will not have to be recognised, further detailed planning is omitted. The average revenue growth per segment is between 0 % and 25 % (previous year: 0 % and 40 %). Future sales revenue growth estimates are based on past sales revenue development, expected sales revenue growth in the operating segments and the future development of the market and the overall economy. As in the previous year, adesso expects cash flows to grow by 1 % p.a. in the long term. This growth rate does not exceed the long-term expected growth rate for adesso's markets. The company bases its estimates for future cash flows, where possible, on estimates by external analysts. The gross margin (EBT/sales revenue less cost of materials – above all procured services) results from the planning for the individual segments. In addition to sales revenue, they also result from the expected expenses incurred by the segments. These are determined individually on the basis of historical performance and expected future developments.

adesso conducts its impairment test based on an after tax assessment. The interest rate before taxes is then calculated as required by IFRS. This is the interest where the cash value of cash flows before taxes corresponds to the amount calculated according to an after tax assessment. This interest rate after taxes corresponds to the weighted average cost of capital determined using the capital asset pricing model. Key parameters for this calculation are the risk-free interest rate (0.3 %, previous year: 0.0 %), a beta factor derived separately for the IT Services and IT Solutions segments from a representative peer group (constituting systematic risk), a market risk premium (7.0 %, previous year: 7.0 %; as the difference between the expected yield of a reference market and the risk-free interest rate), the tax rate and the borrowing cost rate. The parameters underlying the calculation of the weighted average cost of capital are based on sources external to the company.

adesso carried out a sensitivity analysis of all parts of goodwill allocated to the operating segments to determine whether impairment would have to be recognised if any changes were deemed possible in key parameters of the goodwill impairment test. An increase in the weighted average cost of capital by 1 percentage point before taxes, 10 % lower cash flows and a 1 percentage point lower gross margin (EBT/ (revenue less cost of materials)) were assumed as possible changes. No change in these variables would result in an impairment having to be recognised.

As at 31 December 2021, there were no indicators for an impairment of goodwill.

9. Property, plant and equipment

Property, plant and equipment developed as follows:

<i>in EUR k</i>	2021	2020
Gross value 1 January	44,165	34,733
Accumulated amortisation 1 January	26,034	20,479
Carrying amount 1 January	18,131	14,254
Currency differences	-59	-133
Additions	16,830	9,292
Company acquisitions	831	362
Disposals	-515	-89
Amortisation	6,823	5,555
Gross value 31 December	61,249	44,165
Accumulated amortisation 31 December	32,857	26,034
CARRYING AMOUNT 31 DECEMBER	28,395	18,131

Property, plant and equipment mainly comprises operating and office equipment as well as IT hardware and leasehold improvements.

10. Non-current other financial assets

Non-current other financial assets consist of the following items:

<i>in EUR k</i>	2021	2020
Company shares	2,806	2,080
Deposits	999	1,091
Convertible loans	2,003	915
Loans	4,560	710
CARRYING AMOUNT	10,368	4,796

The increase in all company shares allocated to the “Measured at fair value with change in value in other comprehensive income (FVOCI)” category primarily results from the change in value of EUR 1,048 thousand recognised in other comprehensive income (previous year: EUR 168 thousand).

The convertible loans are assigned to the “Measured at fair value with change in value in the consolidated income statement (FVPL)” category. Financial income included changes in value relating to the measurement of convertible loans of EUR 888 thousand (previous year: EUR 0 thousand).

11. Shareholdings recognised at equity

adesso does not hold any shares in significant joint ventures or associates. The carrying amount as well as the comprehensive income for the period were comprised as follows:

in EUR k	2021		2020	
	Joint ventures	Associates	Joint ventures	Associates
Carrying amount 31 December	1,305	2,771	1,304	2,560
Share in the comprehensive income for the period	1	-1,058	173	-432
Share in the other comprehensive income for the period	-	-	-	-
SHARE IN THE TOTAL	1	-1,058	173	-432

The change in the carrying amount of the associated companies results primarily from the acquisition of shares in material.one AG (formerly: logsolut AG) and ROGON Technologies GmbH, the takeover of the pro rata result from associates (EUR -1,058 thousand) and a dividend payment of EUR 249 thousand.

12. Receivables and liabilities from income taxes as well as deferred taxes

Deferred tax assets and liabilities were comprised as follows as at the balance sheet date:

in EUR k	2021	2020
DEFERRED TAX ASSETS		
Intangible assets and property, plant and equipment	1,004	1,673
Receivables and other assets	187	60
Provisions	892	953
Lease liabilities	44,351	24,900
Other debts	829	467
Loss carryforwards	2,366	1,734
Subtotal of which current: EUR k 9,125, previous year: EUR k 6,139	49,629	29,787
Offsetting	-47,622	-28,177
CARRYING AMOUNT	2,007	1,610
DEFERRED TAX LIABILITIES		
Intangible assets and property, plant and equipment	6,387	3,721
Goodwill	366	233
Rights of use	42,972	24,379
Contract assets	2,302	1,654
Provisions	211	408
Other	27	12
Subtotal of which current: EUR k 13,408, previous year: EUR k 8,179	52,266	30,407
Offsetting	-47,622	-28,177
CARRYING AMOUNT	4,644	2,230

Deferred taxes are measured based on the applicable future tax rates for the respective companies. The applicable overall tax rate is 32.07 % (previous year: 32.11 %). It is comprised of the corporate tax rate of 15.0 % (previous year: 15.0 %), the solidarity surcharge of 5.5 % (previous year: 5.5 %) and the average trade income tax rate of 16.24 % (previous year: 16.28 %). Deferred tax assets and liabilities are offset in accordance with IAS 12.74.

Deferred tax assets on tax loss carryforwards are capitalised based on planning over a period of one year of operation. The planning results are considered sustainable unless there are substantial reasons to the contrary. Deferred tax assets on tax loss carryforwards are recognised for the benefit that can most likely be realised within the next five years. The future benefits are not sufficiently certain for further capitalisation. The recognition of deferred tax assets on tax loss carryforwards at adesso insurance solutions GmbH (EUR 1,273 thousand, previous year: EUR 1,153 thousand), adesso health solutions (EUR 640 thousand), adesso Netherlands B.V. (EUR 306 thousand; previous year: EUR 332 thousand), adesso experience GmbH (EUR 83 thousand; previous year: EUR 0 thousand) and medgineering GmbH (EUR 63 thousand, previous year: EUR 71 thousand) is based on the companies' respective tax planning.

For the most part, the tax loss carryforwards can be carried forward perpetually. No deferred taxes were recognised on the tax loss carryforwards of companies based in Germany in the amount of EUR 114 thousand (previous year: EUR 550 thousand) and the tax loss carryforwards of companies based outside of Germany of EUR 2,752 thousand (previous year: EUR 2,768 thousand).

The deferred tax assets on loss carryforwards changed as follows:

<i>in EUR k</i>	2021	2020
1 JANUARY	1,734	878
Additions arising from business combinations	-	195
Use	-200	-389
Addition for previous years	-	31
Addition for current tax losses	844	1,290
Impairment	-12	-235
Currency differences	-	-36
31 DECEMBER	2,366	1,734

In accordance with IAS 12.39, a deferred tax liability of EUR 425 thousand (previous year: EUR 456 thousand) for temporary differences of EUR 19,339 thousand (previous year: EUR 22,872 thousand) in connection with shares in subsidiaries was not recognised on 31 December 2021 (outside basis differences), as adesso SE's management can control their reversal, which is not planned in the foreseeable future.

The receivables from income taxes (EUR 1,981 thousand; previous year: EUR 892 thousand) and liabilities from income taxes (EUR 3,911 thousand; previous year: EUR 14,393 thousand) are due in full within twelve months. The decrease in income tax liabilities is largely due to the deferment of advance income tax payments granted in connection with the COVID-19 pandemic in 2020 and a corresponding higher payment in 2021.

13. Cash and cash equivalents

Cash and cash equivalents consist of the following:

<i>in EUR k</i>	2021	2020
Cash in hand and bank deposits	84,926	55,053
Pension funds	24,996	-
CARRYING AMOUNT	109,922	55,053

14. Trade receivables

Trade receivables in the amount of EUR 120,000 thousand (previous year: EUR 92,829 thousand) are all due within one year. Information on impairment losses on trade receivables and other financial assets is contained in “37 Financial instrument disclosures”. Trade receivables do not include any receivables (previous year: EUR 108 thousand) that are to be sold as part of a factoring agreement.

15. Contract assets

Contract assets amounted to EUR 42,127 thousand (previous year: EUR 28,485 thousand). This increase is chiefly due to the increase in sales revenue. Information on impairment losses on trade receivables and other financial assets is contained in “37 Financial instrument disclosures”.

16. Current financial assets

Current financial assets include:

<i>in EUR k</i>	2021	2020
Deposits	51	87
Other	1,552	1,008
CARRYING AMOUNT	1,603	1,095

Other financial assets predominantly include the security retention from the sale of the e-Spirit subgroup of EUR 1,325 thousand, which is due by 30 September 2022 at the latest.

17. Other current assets

Other current assets comprise:

<i>in EUR k</i>	2021	2020
Accruals	5,948	3,988
Payments made on account	996	338
Receivables from input tax surpluses	186	443
Receivables from employees	34	93
Other	963	475
CARRYING AMOUNT	8,127	5,337

Accruals include payments for software licences that can only be used for a limited period of time and are not eligible for capitalisation as intangible assets, which are to only be recognised as expenses following the reporting date.

18. Equity

18.1 Subscribed capital

The subscribed capital of adesso SE, Dortmund, Germany, amounted to EUR 6,503,272 (previous year: EUR 6,185,343). It is divided into 6,503,272 (previous year: 6,185,343) bearer shares (no-par shares). The nominal value per share is EUR 1.

Of the increase in subscribed capital of EUR 317,929, EUR 309,679 was due to a capital increase and EUR 8,250 from the conversion of options under the employee participation plan.

The capital increase was resolved by the Executive Board of adesso SE with the approval of the Supervisory Board on 7 October 2021 and effected on 8 October 2021. As a result, the share capital of the company was increased by EUR 309,679 from EUR 6,193,593 to EUR 6,503,272 against cash contribution under the exclusion of existing shareholder subscription rights by issuing 309,679 new no-par-value bearer shares and partially utilising the existing authorised capital. The capital increase was entered into the commercial register on 11 October 2021.

The shares issued from the option conversion are fully paid-in.

18.2 Authorised capital

The authorised capital 2018 resolved at the Shareholders' Meeting on 5 June 2018 (EUR 2,469,681) amounted to EUR 2,160,002 as at 31 December 2021. The decline in authorised capital is due to the capital increase by 309,679 new shares with a nominal value of EUR 1 per share.

The Executive Board is authorised to increase the share capital until 4 June 2023 with the consent of the Supervisory Board in the amount of up to EUR 2,469,681 by issuing a total of 2,469,681 new no-par bearer shares, on one or more occasions, in exchange for cash contributions and/or contributions in kind (authorised capital 2018). Shareholders are generally entitled to subscription rights. The new shares may be assumed by one or more banks with the obligation to offer subscription rights to the shareholders. In certain individual cases, the Executive Board, with the consent of the Supervisory Board, has the right to exclude shareholder subscription rights on one or more occasions.

The Executive Board also has the right to establish additional details of the capital increase and its realisation with the consent of the Supervisory Board. The Supervisory Board is authorised to amend Article 3 of the Articles of Association after the increase in share capital is realised in full or in part according to the respective utilisation of the authorised capital and, if the authorised capital is not utilised in whole or in part by 4 June 2023, after the end of the authorisation period.

18.3 Conditional capital

As at 31 December 2021, conditional capital amounted to EUR 532,500 (conditional capital 2015 and 2020). The conditional capital 2015 was partially cancelled at the Annual General Meeting on 3 June 2020, decreasing from EUR 500,000 to EUR 50,000 in accordance with the existing options. At the same time, new conditional capital 2020 in the amount of EUR 500,000 was resolved. The conditional capital increase is intended for exercising options granted to adesso SE employees, management personnel and members of the Executive Board, as well as employees and managers of affiliated companies under a 2020 stock option plan.

In the financial year, 8,250 share options (previous year: 9,250) were exercised from conditional capital 2015.

A detailed overview of the composition and development of equity in the consolidated financial statements is provided in the consolidated statement of changes in equity.

18.4 Other reserves

The capital reserves primarily include all premiums received from the issue of shares. The differences between the price for shares and the proportional net assets when acquiring non-controlling amounts or disposing of shares in subsidiaries, if adesso SE does not lose the controlling position with this subsidiary as a result of such a transaction, are also recognised.

The retained annual results as well as actuarial gains and losses from performance-based retirement plans are recorded in other reserves. The other reserves reported in the consolidated financial statements in accordance with IFRS only provide a limited indication of the possibility of future distributions. With regard to the possibility of a future distribution as well as any existing restrictions on distribution, reference is made to the financial statements of adesso SE.

The cumulative other result of the financial period includes differences from currency translation arising from the translation into euros of financial statements prepared by subsidiaries whose functional currency is not the same as the functional currency of adesso SE. In addition, the cumulative other result of the financial period also includes the changes in value of equity instruments. Non-controlling interests contain the shares of the adesso Group's net assets attributable to the non-controlling shareholders.

The new shares from the capital increase were placed with institutional investors in Germany and abroad at a placement price of EUR 160.00 per share by way of an accelerated bookbuilding process. adesso SE received net proceeds of EUR 48,546 thousand from the capital increase, EUR 48,165 thousand of which are recognised in capital reserves. adesso SE intends to use the funds raised through the capital increase to finance future growth and, in particular, further acquisitions. The focus here lies on further international expansion and the development of sector-specific product business.

As a result, the new shares convey the same rights as existing shares and were admitted to trading on the regulated market (General Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) without a prospectus on 12 October 2021. Trading commenced on 13 October 2021. Following the private placement, adesso SE is subject to a lock-up period of 180 days, in which no other shares or financial instruments convertible into shares can be issued and no further capital increases can be effected. Standard exceptions apply to the lock-up period.

19. Share-based payment

19.1 Equity-settled share-based payment – Share option plans

The first set of 64,304 options were issued from conditional capital 2020 in the financial year. The average fair value of the issued options at the point of commitment amounted to EUR 40.01. A further 435,696 options can still be issued from conditional capital 2020 in the future.

A total of 8,250 options (previous year: 9,250 options) were converted from “conditional capital 2015” in the financial year. The average fair value of the exercised options at the point of commitment amounted to EUR 9.31. No further options can be issued from “conditional capital 2015” in the future.

The vesting period of the options issued as at the reporting date is 48 months. The maximum total term is 84 months. The options can be exercised if the beneficiary has worked for adesso for 48 months and adesso SE's share price at the time the option is exercised is 10 % over the exercise price. The exercise price corresponds to the average price of the adesso share in the ten trading days prior to the commitment of the option.

	Conditional capital 2015	Conditional capital 2020	Total
Outstanding options	EUR 26,948 (previous year: 39,198)	63,041	89,989 (previous year: 39,198)
Issue prices in EUR	49.91 to 58.64 (prev. year: 22.67 to 58.64)	112.05 to 182.16	49.91 to 182.16 (prev. year: 22.67 to 58.64)
Average remaining contractual term of the options in years	3.8 (previous year: 4.36)	6.67	5.8

The number of outstanding options developed as follows:

per option in EUR	2021		2020	
	Number	Average exercise price	Number	Average exercise price
As at 1 January	39,198	51.86	50,448	46.93
Committed	64,304	158.91	-	-
Exercised	8,250	47.06	9,250	24.24
Expired	5,263	78.15	2,000	55.20
As at 31 December	89,989	127.26	39,198	51.86
Vested and exercisable on 31 December	5,000	53.01	1,250	22.67

Options have expired as employees have left the company.

The options issued in 2021 were valued using the trinomial model. The valuation was based on the following factors:

	2021
Average share price (in EUR)	162.53
Average base price (in EUR)	158.91
Average expected volatility (in %)	42.11
Maximum term of the options (in years)	7
Expected dividend yields (in %)	1
Average risk-free interest rate over the contractual option term (in %)	-0.59

No options were issued in 2020.

The expected volatility corresponds to the “long run forecast” based on the GARCH model (generalised autoregressive conditional heteroscedasticity). The valuation assumes that the options are exercised as soon as the market price of the shares is 10 % above the base price, or the options are “in the money” at the end of the term.

An expense of EUR 195 thousand (previous year: EUR 91 thousand) for the share option programme was recognised in the financial year. The weighted average market price of the adesso share was EUR 130.00 when the options were exercised.

19.2 Cash-settled share-based payment – phantom shares programme

The measurement of liabilities from the phantom shares programme resolved in 2009 is based on the market value of adesso SE shares as at 31 December 2021. The remaining phantom shares are valued taking into account price increases above EUR 50 at 25 % and a price decrease below EUR 40 also only at 25 %

The return or redemption of the phantom shares in exchange for payment from the company is normally possible between five and eight years (vesting period) after the start of the commitment, whereby the holder of the phantom shares may also return or redeem them at a later point in time. adesso SE has the right to pay the due amount in three annual tranches. The amount payable is accumulated during this period in profit or loss over the vesting period. The phantom shares are used to make payments to the holders of the

phantom shares to secure their value, which are consistent with the approved dividends per share. These payments are expensed (EUR 57 thousand; previous year: EUR 49 thousand). In the financial year, 4,497 (previous year: 10,000) phantom shares were redeemed in return for payment of EUR 467 thousand (previous year: EUR 503 thousand) and 3,327 (previous year: 5,880) new phantom shares were issued. Expenses from the phantom share programme in the amount of EUR 2,258 thousand (previous year: EUR 1,580 thousand) were recognised as personnel costs in the financial year. Total provisions of EUR 7,558 thousand (previous year: EUR 5,994 thousand) resulting from 107,931 (previous year: 114,601) phantom shares were recognised.

Payments under the phantom share programme are due as follows:

in EUR k	2021				2020			
	Carrying amount	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years	Carrying amount	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years
Provision for phantom shares	7,558	5,912	1,381	265	5,994	937	4,811	246

Whether a payment is due depends on whether the holder of the phantom shares returns them to the company or redeems them.

19.3 Summary notes on share-based payment

In the financial year under review, the total expenses arising from share-based payments amounted to EUR 2,453 thousand (previous year: EUR 1,671 thousand). Vested claims from the phantom share programme amounting to EUR 6,517 thousand (previous year: EUR 1,524 thousand) were reported as at the reporting date.

20. Financial liabilities

Financial liabilities include the following items with the indicated maturities

in EUR k	2021				2020			
	Carrying amount	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years	Carrying amount	Residual term up to 1 year	Residual term 1 to 5 years	Residual term > 5 years
Loans	57,170	20,634	36,266	270	48,575	10,116	37,672	786
Lease liabilities	140,403	19,318	61,206	59,872	81,245	14,501	35,359	31,385
Other financial liabilities	21,743	3,146	18,597	-	12,114	1,295	10,819	-
TOTAL	219,316	43,098	116,069	60,142	141,934	25,912	83,850	32,171

The effective interest rate of loans depends on the type of agreement as well as the term, and ranges between 0.7 % and 2.31 % (previous year: 0.44 % and 2.31 %). Principal on loans totalling EUR 28,338 thousand (previous year: EUR 14,066 thousand) was repaid as scheduled in the financial year. Please refer to Note “37 Financial instrument disclosures” for further details on financial liabilities.

Liabilities from financing activities can be reconciled as follows

<i>in EUR k</i>	<i>Loans</i>	<i>Leasing</i>	<i>Other</i>	<i>Total</i>
1 JANUARY 2020	56,685	73,437	1,282	131,404
Repayment	-14,066	-13,767	-347	-28,180
Use of loans	4,969	-	-	4,969
Additions from leases	-	20,570	-	20,570
From company mergers	940	2,542	1,609	5,091
Other additions	-	-	9,705	9,705
Disposals	-	-1,306	-	-1,306
Reversal through profit or loss	-	-	-136	-136
Currency differences	47	-230	-	-183
31 DECEMBER 2020	48,575	81,246	12,113	141,934
Repayment	-28,338	-15,783	-1,817	-45,938
Use of loans	35,636	-	-	35,636
Additions from leases	-	80,068	-	80,068
From company mergers	908	246	-	1,154
Other additions	-	-	10,880	10,880
Disposal from company sale	-	-1,687	-	-1,687
Other disposals	-	-3,541	-	-3,541
Changes recognised in profit or loss	-	-	570	570
Currency differences	389	-146	-3	240
31 DECEMBER 2021	57,170	140,403	21,743	219,316

Other additions in the current year predominantly include the addition of the liability from the put/call option on the acquisition of non-controlling shares in KIWI Consulting EDV-Beratung GmbH in the amount of EUR 7,295 thousand.

21. Trade payables

Trade payables are all due within twelve months.

22. Provisions

Provisions developed as follows:

<i>in EUR k</i>	<i>1 January 2021</i>	<i>Addition</i>	<i>Company acquisition/disposal</i>	<i>Utilisation</i>	<i>Reclassification</i>	<i>Currency difference</i>	<i>Reversal</i>	<i>31 December 2021</i>
CURRENT PROVISIONS								
Warranty	2,107	269	-40	581	613	13	238	2,143
Other provisions	5,231	4,494	-35	3,566	3,971	4	106	9,993
CARRYING AMOUNT OF CURRENT PROVISIONS	7,338	4,762	-75	4,146	4,585	17	345	12,136
NON-CURRENT PROVISIONS								
Warranty	1,950	363	-	-	-613	9	-	1,708
Other provisions	5,229	580	-	-	-3,971	-	-	1,838
CARRYING AMOUNT OF NON-CURRENT PROVISIONS	7,179	944	0	0	-4,585	9	0	3,547

Other current provisions mainly consist of provisions from the phantom share programme (EUR 5,912 thousand; previous year: EUR 937 thousand) and provisions for contingent losses of EUR 806 thousand (previous year: EUR 1,683 thousand). The remaining provisions are primarily comprised of outstanding obligations (Chamber of Industry and Commerce, Employer's Liability Insurance Association contributions, insurance premiums).

Other non-current provisions include provisions for the phantom share programme (EUR 1,646 thousand; previous year: EUR 5,057 thousand). The amount ultimately paid and therefore the change in provisions for the phantom share programme is closely related to the change in the price of adesso SE shares. For future payment dates, see Note "19 Share-based payment". The warranty provisions have a maximum term of two years. No significant effect was recorded from the amendment of the applicable discount rates.

At the end of 2020, liabilities from bonus agreements in the amount of EUR 5,269 thousand were recognised under current other provisions. The management of adesso SE believes that it is more appropriate to report these liabilities under current other liabilities. As a result, these liabilities are reported under current other liabilities for 2020 and 2021.

23. Other liabilities

Other current liabilities are due within twelve months. They mainly consist of amounts payable to personnel (under variable salary agreements, premiums and obligations for accumulated holiday time) in the amount of EUR 48,310 thousand (previous year: EUR 39,918 thousand), sales taxes payable of EUR 11,830 thousand (previous year: EUR 10,626 thousand), payroll taxes payable of EUR 10,638 thousand (previous year: EUR 9,227 thousand) and accrued liabilities for bonuses in the amount of EUR 5,623 thousand (previous year: EUR 5,269 thousand).

24. Pensions and similar liabilities

As at 31 December 2021, adesso has provisions for pensions for two former employees. They cover claims for (advanced) old age pension, disability pension and orphan's pension. Interest expense from compounding the obligation is included in the interest result. The pension obligations are recognised on the basis of an actuarial analysis prepared by an external expert. Plan assets are not endowed by adesso. The carrying amount of the pension provision therefore corresponds to the defined benefit obligation.

Provisions for pensions developed as follows:

<i>in EUR k</i>	
<i>Carrying amount as at 1 January 2020</i>	166
Interest expenses	1
Payments	-14
Actuarial loss	9
of which due to changes in financial parameters	4
of which due to changes in demographic assumptions	0
of which due to experience adjustments	5
<i>Carrying amount as at 31 December 2020</i>	162
Interest expenses	1
Payments	-15
Actuarial loss	-1
of which due to changes in financial parameters	-6
of which due to changes in demographic assumptions	5
of which due to experience adjustments	0
CARRYING AMOUNT AS AT 31 DECEMBER 2021	147

The calculation of provisions for pensions is based on the following parameters:

<i>in %</i>	2021	2020
Interest rate	0.80	0.50
Rate of pension progression	1.75	2.00

Future medical care is not part of the commitment.

The amount of provisions for pensions depends on the calculation of the underlying parameters. The following table shows the sensitivity of pension provisions to changes in parameters.

2021 <i>in EUR k</i>	Change	Increase in parameter	Decline in parameter
Interest rate	+/- 0.5 % points	-5	5
Rate of pension progression	+/- 0.25 % points	2	-2
Residual life expectancy	+/- 1 year	22	-22

2020 <i>in EUR k</i>	Change	Increase in parameter	Decline in parameter
Interest rate	+/- 0.5 % points	-6	6
Rate of pension progression	+/- 0.25 % points	3	-3
Residual life expectancy	+/- 1 year	10	-8

A sensitivity analysis shows the change in the provision according to a change in a specific parameter. The same method is used for calculating the carrying amount of provisions for pensions. It should be noted that a doubling in the change of a parameter for example, does not automatically result in a doubling of the effect of the carrying amount of the provisions for pensions. If several parameters change, this actual change in provisions for pensions does not necessarily correspond to the total of the changes stated.

The following table shows the expected cash flows from the pension liability:

<i>in EUR k</i>	Carrying amount	Payments up to 1 year	Payments 1 to 5 years	Payments > 5 years
2021	147	15	62	78
2020	162	15	55	98

The weighted average residual term of the defined benefit obligations is 7 years (previous year: 7.4 years).

For amounts recognised from statutory pension schemes under defined contribution plans, see Note "29 Personnel costs".

IV. Notes to the consolidated income statement

The consolidated income statement has been prepared using the nature of expense method. An overview of the earnings structures by segment is provided in segment reporting.

25. Sales revenue

Sales revenue comprises service revenues and licence sales.

<i>in EUR k</i>	2021	2020
Services	616,148	459,118
Licence revenues	20,091	19,073
Maintenance	28,003	29,918
Hosting	4,447	5,016
SAAS/subscription	9,635	10,250
TOTAL	678,324	523,375

Revenue recognised in 2021 includes amounts of EUR 8,583 thousand (previous year: EUR 9,203 thousand) that were included in contract liabilities at the end of the previous year.

The following table shows the transaction price (order backlog) attributable to unfulfilled performance obligations as at 31 December when this is expected to be recognised as revenue. Contracts with an original term of up to one year and time & material projects billable monthly in accordance with the simplified approach set out in IFRS 15 are not taken into account:

<i>in EUR k</i>	2021	2020
Order backlog as at 31 December from contracts with an original term of more than one year	58,028	60,815
expected to be recognised in the following year	42,601	26,469
expected to be recognised in the second subsequent year	11,491	12,820
expected to be recognised after the second subsequent year	3,936	21,526

26. Other operating income

Other operating income is comprised as follows:

<i>in T €</i>	2021	2020
Income from the sale of subsidiaries	17,886	-
Income from currency differences	2,578	1,221
Expense subsidies	1,342	477
Income from the charging of costs	799	578
Income attributable to other periods	465	83
Income from the reversal of provisions	345	281
Other	5,633	4,012
TOTAL	29,048	6,652

The reversal of provisions results largely from a number of individual items in the course of ordinary business activities.

27. Changes in inventories and own work capitalised

Changes in inventories in financial year 2020 included the production costs of work in progress. Under IFRS 15, revenue was not recorded over a period of time, but, as the performance has an alternative use to adesso in this case, at a point in time in the future at which the relevant performance obligation is fulfilled.

Own work capitalised includes the cost of self-produced software

28. Cost of materials

<i>in EUR k</i>	2021	2020
Expenses for purchased merchandise	2,091	1,485
Cost of purchased services	91,520	61,137
TOTAL	93,611	62,622

29. Personnel costs

Personnel costs are comprised as follows:

<i>in EUR k</i>	2021	2020
Wages and salaries	378,129	297,426
Social security contributions of which pension insurance or pension scheme (defined contribution)	67,824 31,254	52,643 23,647
TOTAL	445,953	350,069

On average, the adesso Group had 5,557 FTE (full-time equivalent) employees in 2021 (previous year: 4,618), of which 5,063 were salaried employees (previous year: 4,179).

30. Other operating expenses

An overview of the other operating expenses is provided in the following table:

<i>in EUR k</i>	2021	2020
Travel expenses	4,917	6,532
Business premises expenses	5,550	4,528
Expenses for vehicles	5,226	4,363
Personnel recruitment	8,989	7,688
Marketing	5,337	4,474
Expenses for licences and concessions	5,334	3,727
Further training	3,459	2,616
Telephone/Internet costs	3,220	2,523
IT accessories and maintenance	3,238	3,107
Legal, consulting and audit costs	2,440	1,882
Duties, fees and contributions	2,083	1,356
Insurance policies	859	573
Other	12,772	10,732
TOTAL	63,424	54,101

The expenses listed in the table under “Other” include a range of different expenses. Expenses from currency differences amounting to EUR 918 thousand (previous year: EUR 1,161 thousand) are also included in these expenses.

Other operating expenses reported include expenses of EUR 443 thousand (previous year: EUR 1,321 thousand) for short-term leasing contracts and expenses of EUR 7 thousand (previous year: EUR 6 thousand) for leasing contracts based on a low-value asset.

31. Depreciation and amortisation

In the financial year under review, depreciation and amortisation of non-current assets amounted to EUR 35,998 thousand (previous year: EUR 26,179 thousand). Of this amount, EUR 7,004 thousand (previous year: 2,445 thousand) was accounted for by the amortisation of intangible assets capitalised in the course of business combinations.

32. Result from investments measured using the equity method and financial result

Income from participations includes pro rata profits from shares recognised using the equity method (see Note “11 Equity method investments”). Of the interest income of EUR 120 thousand (previous year: EUR 76 thousand), EUR 120 thousand (previous year: EUR 76 thousand) was cash-effective in the reporting year. Of the total interest expenses of EUR 2,694 thousand (previous year: EUR 2,405 thousand), EUR 2,694 thousand (previous year: EUR 2,385 thousand) was cash-effective. This amount includes interest expenses for lease liabilities of EUR 1,780 thousand (previous year: EUR 1,555 thousand). The remaining interest expenses are almost exclusively attributable to financial liabilities recognised according to the effective interest method. Financial income included changes in value relating to the measurement of convertible loans of EUR 888 thousand (previous year: EUR 0 thousand).

33. Income taxes

Income taxes are comprised as follows:

<i>in EUR k</i>	2021	2020
Current tax expense	16,922	13,476
Deferred tax income	-1,182	-2,784
TOTAL	15,740	10,692

Current taxes include a tax expense from adjustments in previous years of EUR 294 thousand (previous year: EUR 35 thousand). The benefit from utilising the tax loss carryforwards, for which deferred taxes were not recognised at the end of the previous financial year, is EUR 121 thousand (previous year: EUR 0 thousand). The deferred tax revenue from the change in the temporary difference amounts to EUR 550 thousand (previous year: EUR 2,087 thousand).

The table below shows the reconciliation of the theoretically expected tax expense to actual reported income tax expense pursuant to IAS 12.81 (c):

<i>in EUR k</i>	2021	2020
Consolidated earnings before income taxes	63,671	31,639
EXPECTED TAX EXPENSE BASED ON ADESSO SE'S TAX RATE OF 32.07 % (PREVIOUS YEAR: 32.8 %)	20,416	10,189
Effect of different tax rates	-860	-554
Effect of changes in tax rates	-103	0
Non-deductible tax expenses	2,124	830
Tax-free income and expenses only recognised for tax purposes	-6,183	-529
Capitalisation of deferred taxes not recognised in previous years	-39	-47
Utilisation of loss carryforwards for which deferred taxes were not recognised in the previous year	-121	0
Non-capitalised deferred taxes on tax losses in the current financial year	661	350
Valuation allowance on deferred tax assets on loss carryforwards	231	237
Taxes from the previous year	-294	126
Other	-92	90
TAX EXPENSE REPORTED	15,740	10,692

Deferred tax expense of EUR 16 thousand (previous year: EUR 0 thousand) were reported as part of other comprehensive income in the financial year.

34. Earnings per share

	2021	2020
Proportion of consolidated earnings allocated to adesso SE shareholders (in EUR k)	47,855	20,954
Average number of shares outstanding in the financial year	6,258,561	6,179,974
Effect of dilutive options	17,181	4,955
Average number of shares outstanding, including the effect of dilutive options	6,275,743	6,184,929
Undiluted earnings per share (in EUR)	7.65	3.39
Diluted earnings per share (in EUR)	7.63	3.39

V. Information on the consolidated cash flow statement

In accordance with IAS 7, the cash flow statement shows the change in cash and cash equivalents of the Group during the reporting year as a result of inflows and outflows. Cash and cash equivalents are comprised of cash in hand, cash at bank and shares in a pension fund. According to IAS 7 (Statement of Cash Flows), the cash flows are classified into operating, investment and financing activities.

The change in cash flows from operating activities in financial year 2021 was primarily due to higher tax payments (EUR 28,754 thousand, previous year: EUR 3,829 thousand) and the change in net operating assets (increase by EUR 10,058 thousand; previous year: decrease by EUR 4,075 thousand).

The increase in tax payments is largely due to the deferment of advance income tax payments in 2020 caused by the COVID-19 pandemic. Cash flow from investing activities primarily resulted from the

payment received from the sale of e-Spirit companies (EUR 12,257 thousand), the increase in payments made for the acquisition of property, plant and equipment (EUR 16,829 thousand; previous year: EUR 9,292 thousand) and the increase in payments made for the acquisition of subsidiaries (EUR 17,028 thousand; previous year: EUR 13,182 thousand). Payments for investments in financial assets primarily include payments for loans (EUR 3,855 thousand).

Significant changes to cash flows from financing activities compared to the previous year were the result of a EUR 48,640 thousand increase in payments from the capital increase, an increase in borrowing of EUR 31,185 thousand and a EUR 15,742 thousand rise in the repayment of financial liabilities.

Significant non-cash transactions in 2021 included the conclusion of new lease agreements (see Note “35 Information on leasing contracts”). The presentation of the acquisition of the remaining shares in subsidiaries is another notable non-cash transaction (see Note “4 Acquisitions”).

VI. Information on segment reporting

adesso’s consolidated balance sheet and consolidated income statement present data in aggregate form. In order to better identify the risks and opportunities of the adesso business activities, information on the basis of reportable segments are disclosed in segment reporting. The first step is to determine the operating segments. According to IFRS 8, a business area is an operating segment if it is engaged in business activities that generate income and expenses; the earnings are monitored regularly by a person in charge and decisions are made on investment on the basis of this monitoring; and separate financial information is available.

These criteria are met by adesso SE and its subsidiaries. For the purposes of segment reporting and in accordance with IFRS 8, operating segments of a similar nature are then combined into two reporting segments, IT Services and IT Solutions. Segments are considered similar insofar as adesso assumes that the segments have similar economic characteristics (e.g. similar gross margins over the long term) and the performed services, the customers and the type of service provision are also similar. InQventures GmbH, which supports start-ups operating in adesso’s core industries, is a separate, non-reportable operating segment.

The IT Services segment focuses on industry-specific, individual IT consulting as well as software development. Consulting develops concepts for the optimum and efficient support of business processes through IT systems.

The IT Solutions segment distributes standard software products and industry-specific or industry-neutral solutions.

IFRS 8 requires that companies implement a “management approach” to segment reporting, which means that the same information reported for internal purposes is disclosed externally. As figures are reported in accordance with local accounting regulations, segment reporting also includes figures in accordance with these local accounting regulations. Exceptions include information on revenue from external customers based on the customer’s registered office and information on non-current assets based on the location of the assets. These disclosures must be based on the IFRS figures.

The published segment reporting shows the data presented to the leading decision makers in the course of internal reporting. The reported figures are determined in accordance with respective local laws. Goodwill impairment reported in individual financial statements resulting from mergers is eliminated for internal reporting purposes. The same applies to segment reporting.

Non-consolidated figures are reported for each operating segment. This means, for example, that revenue between the individual companies is not eliminated in segment reporting. Accounting under local law differs in significant respects from accounting under IFRS. Material differences for the purpose of segment reporting are discussed below:

- > Under local law, revenue from services are generally recognised using the completed contract method. This means that revenue is only recognised when the contract is 100 % completed. Under IFRS, revenue for services and the corresponding expenses are recognised based on the percentage of completion on the reporting date. This results in a deviation in the allocation of earnings from service agreements. It should be made clear that this does not mean that the reported sales revenue under IFRS are generally higher than the sales revenue reported under local law.
- > Goodwill reported in individual financial statements is impaired according to local law. Under IFRS, goodwill is tested for impairment at least once per year instead of being impaired over time. If an impairment is determined, an impairment loss is recognised.
- > Production costs according to IFRS encompass the full production-related costs. Other expenses such as general and administrative costs may be included in cost of sales under local law but not under IFRS.
- > Impairment losses on receivables are to be recognised under local law insofar that they have occurred. Under IFRS, impairment of receivables is to be recognised in the amount of the weighted, expected discounted amount.
- > According to IFRS, liabilities are not measured at the redemption amount but at the fair value of the consideration received less incidental costs. They are subsequently valued using the effective interest method.
- > Under IFRS 2, expenses from share-based payments are recognised in the income statement against additional paid-in capital over the vesting period for equity-settled plans. No expenses are recognised under HGB.
- > Costs of leases recognised under HGB are generally eliminated under IFRS. Given that, under IFRS, rights of use and lease liabilities are to be recognised from leases, amortisation of rights of use and interest expenses are to also be recognised under IFRS.

The total figures reported for the segments differ from the figures reported in the group. Differences result primarily from accounting differences between local laws and IFRS, from consolidation measures and from amounts not allocated to the reportable segments. The column “Reconciliation local laws/IFRS” included in the segment reporting contains the accounting differences between IFRS and the respective local law. The “Consolidation/other” column lists almost all effects of consolidation.

Transactions between the operating segments are settled at market prices.

In the reconciliation of the segment figures to the Group figures, adjustments relating to mergers were previously shown in the column “Consolidation/other”. From this financial year onwards, these adjustments are reported in the column “Reconciliation local laws/IFRS”. Figures for the previous year have been adjusted.

2021 in EUR k	IT Services	IT Solutions	Reconciliation local laws/ IFRS	Consolidation/ other	Group
Revenues with external customers					
Services	600,971	56,311	1,539	-587	658,234
Licences	6,324	15,263	-1,497	0	20,090
Revenues with other operating segments	102,182	19,309	0	-121,491	0
Total revenues	709,477	90,883	42	-122,078	678,324
Changes in inventories	-1,875	2,320	-445	0	0
Own work capitalised	0	0	0	27	27
Other operating income	38,186	2,118	-5,276	-5,735	29,293
Cost of materials	-184,586	-27,087	-15	118,076	-93,611
Personnel costs	-397,880	-53,729	4,650	1,006	-445,953
Other operating expenses	-82,471	-10,153	19,950	7,012	-65,662
EBITDA	80,851	4,353	18,906	-1,692	102,418
Depreciation and amortisation	-10,039	-1,488	-23,696	-775	-35,998
Goodwill impairment	-4,657	-389	5,046	0	0
EBIT	66,155	2,476	256	-2,467	66,420
Income from participations	6,173	0	-760	-6,470	-1,057
Interest income	925	11	821	-756	1,001
Interest expense	-1,639	-95	-1,788	828	-2,694
Interest result	-714	-84	-967	72	-1,693
Earnings before tax (EBT)	71,614	2,392	-1,471	-8,865	63,671
Goodwill impairment	4,657	389	-5,046	0	0
EBT before goodwill impairment	76,271	2,781	-6,517	-8,865	63,671

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2020 in EUR k	IT Services	IT Solutions	Reconciliation local laws/IFRS	Consolidation/ other	Group
Revenues with external customers					
Services	438,657	59,092	6,537	16	504,302
Licences	7,333	11,740	-	-	19,073
Revenues with other operating segments	71,337	13,371	-	-84,708	0
TOTAL REVENUES	517,327	84,203	6,537	-84,692	523,375
Changes in inventories	10,244	-285	-9,257	-	702
Own work capitalised	-	-	-	173	173
Other operating income	15,987	3,102	-7,938	-4,499	6,652
Cost of materials	-124,817	-20,944	-107	83,246	-62,622
Personnel costs	-306,289	-51,277	6,947	550	-350,069
Other operating expenses	-61,044	-16,313	13,754	5,798	-57,805
EBITDA	51,408	-1,514	9,936	576	60,406
Depreciation and amortisation	-7,786	-1,764	-15,494	-1,135	-26,179
Goodwill impairment	-5,329	-588	5,917	-	-
EBIT	38,293	-3,866	359	-559	34,227
Income from participations	779	-	-2	-1,036	-259
Interest income	656	42	13	-635	76
Interest expense	-1,372	-74	-1,604	645	-2,405
Interest result	-716	-32	-1,591	10	-2,329
EARNINGS BEFORE TAX (EBT)	38,356	-3,898	-1,234	-1,585	31,639
Goodwill impairment	5,329	588	-5,917	-	0
EBT before goodwill impairment	43,685	-3,310	-7,151	-1,585	31,639

The following table shows the breakdown of external sales by domicile of the customer and non-current assets by domicile of the assets by geographical segments as required by IFRS 8.

<i>in T€</i>	<i>External sales by customer domicile</i>		<i>Non-current assets</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Germany	550,232	413,053	228,735	148,143
of which goodwill			52,983	44,019
Austria	15,950	10,533	4,596	4,694
of which goodwill			3,552	3,552
Switzerland	79,432	72,636	16,407	16,138
of which goodwill			10,834	10,362
Other	32,710	27,153	5,755	9,211
of which goodwill			1,077	1,083

In the financial years 2020 and 2021, no customer accounted for more than 10 % of adesso's revenue.

VII. Supplementary information

35. Information on leasing contracts

Significant rental and leasing agreements exist at adesso for business premises and motor vehicles. The residual terms of the contracts for business premises are up to 12 years, and up to 4.25 years for company vehicles. Leasing agreements for business premises can have extension and termination options, the use of which is assessed on a case-by-case basis.

The following table gives an overview of the recognised rights of use:

<i>in EUR k</i>	<i>Land and buildings</i>	<i>Company vehicles</i>	<i>Other operating and office equipment</i>	<i>Total</i>
Carrying amount 31 December 2021	127,811	6,756	1,410	135,977
Additions 2021	74,478	4,677	1,160	80,315
Depreciation 2021	13,514	4,409	587	18,510

<i>in EUR k</i>	<i>Land and buildings</i>	<i>Company vehicles</i>	<i>Other operating and office equipment</i>	<i>Total</i>
Carrying amount 31 December 2020	71,143	7,313	957	79,413
Additions 2020	16,942	5,372	761	23,075
Depreciation 2020	10,489	3,545	411	14,445

Disposals of RoU assets amounting to EUR 5,247 thousand (previous year: EUR 1,238 thousand) were recognised in 2021. Expenses for variable lease payments not included in the measurement of the lease liability amounted to EUR 0 thousand (previous year: EUR 0 thousand). Income of EUR 500 thousand (previous year: EUR 405 thousand) was generated from subleases of rights of use to third parties. The total cash outflow for leases stood at EUR 18,015 thousand (previous year: EUR 15,908 thousand). Potential

payments from extension options not taken into account came to EUR 64,958 thousand (EUR 32,824 thousand), of which EUR 55,975 thousand (previous year: EUR 20,735 thousand) would be due from 2030.

Further information on leasing is provided in Note “31 Other operating expenses”, Note “31 Depreciation and amortisation”, Note “32 Results from investments measured using the equity method and financial result” and Note “35 Information on financial instruments”. The expected payments from leasing agreements already concluded are shown in the following Note “36 Other financial obligations”.

36. Other financial obligations

Other financial obligations are comprised as follows:

2021 in EUR k	Total amount	of which due in year 1	in year 2 to 5	after 5 years
Business premises and equipment rental	30,452	171	8,404	21,876
Other leasing contracts	3,691	689	3,003	0
Other long-term contracts	44,434	7,015	20,941	16,478
Insurance policies	860	860	0	0
Total	79,437	8,735	32,348	38,354

2020 in EUR k	Total amount	of which due in year 1	in year 2 to 5	after 5 years
Business premises and equipment rental	86,167	3,884	27,713	54,570
Other leasing contracts	1,916	470	1,446	-
Other long-term contracts	38,731	5,565	15,204	17,962
Insurance policies	580	580	-	-
TOTAL	127,394	10,499	44,363	72,532

The liabilities from rents for premises and equipment and other lease transactions include liabilities from leasing contracts that begin after 31 December 2021 and will then lead to an addition to assets and liabilities in the balance sheet. There are no significant further financial liabilities as at the balance sheet date.

37. Information on financial instruments

As in the previous year, financial assets held by adesso are generally valued at amortised cost as at the balance sheet date (“Amortised cost” category). Exceptions to this rule are shares in companies (EUR 2,804 thousand; previous year: EUR 2,080 thousand) and financial assets measured at fair value through profit or loss of EUR 3,328 thousand (previous year: EUR 1,023 thousand). These items include convertible bonds (EUR 2,003 thousand) and the receivable from the holdback relating to the sale of the e-Spirit subgroup (EUR 1,325 thousand). Financial liabilities are also generally measured at amortised cost. Exceptions to this rule are liabilities from combined call/put options regarding the sale or purchase of non-controlling shares of EUR 17,822 thousand (previous year: EUR 10,318 thousand), conditional purchase price obligations of EUR 104 thousand (previous year: EUR 292 thousand) and liabilities from mergers to be amalgamated on a pro rata basis of EUR 461 thousand (previous year: EUR 459 thousand), where future payments are linked to the performance of the seller.

The table below shows the carrying amounts measured at (amortised) cost as well as the fair value of the financial assets and liabilities. Determining fair values of financial assets and liabilities is based on the market rates of similar financial instruments.

in EUR k	Evaluation	2021			2020		
		Carrying amount	Fair value	Fair value level*	Carrying amount	Fair value	Fair value level*
ASSETS							
Cash and cash equivalents		109,922	109,922		55,053	55,053	
of which cash in hand and cash at bank	AC	84,926	84,926				
of which shares in funds	FVPL	24,996	24,996	1			
Trade receivables		120,000	120,000		92,829	92,829	
of which measured at amortised cost	AC	120,000	120,000		92,721	92,721	
of which measured at fair value through profit or loss	FVPL	0	0		108	108	3
Financial assets		11,971	11,971		5,891	5,891	
of which measured at amortised cost	AC	5,839	5,839		2,896	2,896	
of which measured at fair value through OCI	FVOCI	2,804	2,804	3	2,080	2,080	3
of which measured at fair value through profit or loss	FVPL	3,328	3,328	3	915	915	3
TOTAL		241,893	241,893		153,773	153,773	
EQUITY AND LIABILITIES							
Trade payables	AC	28,209	28,209		18,834	18,834	
Loans	AC	57,170	57,763	3	48,575	49,065	3
Other financial liabilities		21,743	21,743		12,114	12,114	
of which measured at fair value	FV	18,374	18,374	3	11,069	11,069	3
of which others	AC	3,369	3,369		1,045	1,045	
TOTAL		107,122	107,715		79,523	80,013	

* See information in Note "7.17 Fair values".

AC: Measured at amortised cost

FVPL: Measured at fair value through profit and loss

FVOCI: Measured at fair value through other comprehensive income

Convertible loans (EUR 2,003 thousand; previous year: EUR 915 thousand) and the holdback in relation to the sale of the e-Spirit subgroup (EUR 1,325 thousand) are measured at fair value through profit or loss. The value of the convertible loan is the higher of the value of the payment claim (future cash flows discounted at a risk-adjusted rate) and the value of the shares adesso would receive in the event of conversion. The value of the shares is calculated on the basis of a company valuation prepared by an external appraiser. The recognised profit contribution is included in the consolidated income statement as part of the financial result.

Shares in companies are measured at fair value through other comprehensive income. The profit contribution is reported separately in other comprehensive income and results from the measurement of shares in companies. The measurement is performed by adesso and is based on the discounted future profit or loss of the company attributable to adesso. adesso does not hold any borrowing instruments that would be measured at fair value through other comprehensive income.

Financial assets measured at fair value developed as follows:

in EUR k	2021		2020	
	FVOCI	FVPL	FVOCI	FVPL
01.01.	2,080	1,023	351	0
Addition	340	1,466	1,561	1,023
Change recognised in profit or loss	-	888	-	-
Change recognised in other comprehensive income	1,048	-	168	-
Disposals	664	108	-	-
31.12	2,804	3,269	2,080	1,023

The fair value of the loans is calculated by discounting future cash flows from the loans by adesso's current borrowing rate.

Other financial liabilities measured at fair value developed as follows:

in EUR k	2021		2020	
1 January		11,069		1,084
Repayments		-		-149
Changes recognised in profit or loss		-178		-26
Addition arising from company merger		-		804
Other additions		7,483		9,356
31 DECEMBER		18,374		11,069

Other additions include the addition of a liability from the put/call option relating to the acquisition of KIWI Consulting in the amount of EUR 7,295 thousand. In the previous year, the corresponding liability from the acquisition of Quanto (now: adesso orange) was reported under other additions. The carrying amount of liabilities from put/call options on non-controlling shares, whereby adesso is not the beneficial owner of the non-controlling shares and the change in value of the shares is therefore reported in the capital reserve, is EUR 17,288 thousand. The carrying amount of liabilities from put/call options on non-controlling shares, whereby adesso is the beneficial owner of the non-controlling shares and the change in value of the shares is therefore reported in the consolidated income statement, is EUR 534 thousand. The remaining liabilities measured at fair value of EUR 552 thousand are the result of agreements relating to company mergers.

The net results are as follows:

2021 in EUR k	From interest	Value- adjustment/ reversal of value adjustment	Derecognition	Total
Financial assets measured at amortised cost	51	-1,875	-118	-1,942
Financial liabilities measured at amortised cost	-2,694	-	-	-2,694

2020 in EUR k	From interest	Value- adjustment/ reversal of value adjustment	Derecognition	Total
Financial assets measured at amortised cost	76	-1,770	-1,934	-3,628
Financial liabilities measured at amortised cost	-2,405	-	-	-2,405

The net result of the category “Financial assets measured at amortised cost” is based on compounding of non-current financial assets, from the interest-bearing investment of financial assets, from the impairment and the derecognition of defaulted financial assets. The net result of the category “Financial liabilities measured at amortised cost” is based on interest expenses.

The net result before taxes from equity instruments measured at fair value reported in other comprehensive income was EUR 1,048 thousand (previous year: EUR 168 thousand).

The net result from convertible loans measured at fair value amounted to EUR 888 thousand (previous year: EUR 0 thousand).

The Group is exposed to a variety of risks due to its business activities. These include default risk, liquidity risk and market risk.

37.1 Default risks/impairments

The Group is exposed to default risks mainly due to trade receivables, contract assets and other financial assets (deposits, loans and employee loans). Existing and major customers continued to dominate the customer portfolio in the financial year under review.

The following table shows the change in impairment of debt instruments. Deposits, loans and other current financial assets reported in other financial assets are allocated to stage 1. Stage 2 contains only trade receivables and contract assets, which were directly assigned to this stage using the simplified approach in accordance with IFRS 9. Stage 3 includes trade receivables where there is an objective evidence of an impairment.

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2021 in EUR k	Impairment based on 12 months (stage 1)	Impairment based on total duration (stage 2)	Credit impairment (stage 3)	Total
As at 1 January 2021	13	970	1,621	2,604
Changes from recognised or derecognised receivables	33	2,036	-287	1,782
Reclassification	-	-1,448	1,448	0
As at 31 December 2021	46	1,558	2,782	4,386

2020 in EUR k	Impairment based on 12 months (stage 1)	Impairment based on total duration (stage 2)	Credit impairment (stage 3)	Total
AS AT 1 JANUARY 2020	9	669	375	1,053
Changes from recognised or derecognised receivables	4	1,775	-228	1,551
Reclassification	-	-1,474	1,474	0
AS AT 31 DECEMBER 2020	13	970	1,621	2,604

The following table shows the development of the gross carrying amounts (without value adjustment) of the financial assets:

<i>Figures in EUR k</i>	<i>Gross amount (stage 1)</i>	<i>Gross amount (stage 2)</i>	<i>Gross amount (stage 3)</i>	<i>Total</i>
As at 1 January 2021	2,909	121,904	2,001	126,814
Changes from recognised or derecognised receivables/contractual assets	2,975	34,368	-309	37,034
Reclassification	-	-5,118	5,118	0
Changes due to derecognition of financial assets through profit or loss	-	-118	-	-118
Other amendments	-	8,620	-	8,620
from company mergers	-	9,035	-	9,035
Currency differences	-	-415	-	-415
As at 31 December 2021	5,884	159,656	6,810	172,350

<i>Figures in EUR k</i>	<i>Gross amount (stage 1)</i>	<i>Gross amount (stage 2)</i>	<i>Gross amount (stage 3)</i>	<i>Total</i>
AS AT 1 JANUARY 2020	1,835	109,348	407	111,590
Changes from recognised or derecognised receivables/contractual assets	1,074	12,078	-232	12,920
Reclassification	-	-1,826	1,826	0
Changes due to derecognition of financial assets through profit or loss	-	-1,934	-	-1,934
Other amendments	-	4,238	-	4,238
from company mergers	-	4,901	-	4,901
Currency differences	-	-663	-	-663
AS AT 31 DECEMBER 2020	2,909	121,904	2,001	126,814

adesso has not identified any noteworthy concentrations of risk associated with its financial assets. The following table shows the maturity structure of the gross carrying amounts of financial assets. Other financial assets do not include equity instruments, as the equity instruments have no due dates

2021 in EUR k	Total amount	Not overdue	Not more than 3 months	More than 3 months and not more than 6 months	More than 6 months and not more than 1 year	More than 1 year
Trade receivables	120,000	98,558	15,863	2,271	1,669	1,639
Contract assets	42,127	42,127	-	-	-	-
Other financial assets	11,971	11,971	-	-	-	-
Total	174,098	152,656	15,863	2,271	1,669	1,639

2020 in EUR k	Total amount	Not overdue	Not more than 3 months	More than 3 months and not more than 6 months	More than 6 months and not more than 1 year	More than 1 year
Trade receivables	92,829	67,960	21,710	1,806	813	540
Contract assets	28,485	28,485	-	-	-	-
Other financial assets	3,811	3,811	-	-	-	-
TOTAL	125,125	100,256	21,710	1,806	813	540

37.2 Liquidity risks

adesso is exposed to liquidity risk due to the possibility that future financial obligations may not be met. Medium and long-term liquidity management is centralised in Dortmund, Germany, under the responsibility of the CFO. All Group companies independently plan and monitor their liquidity. Central cash management has not been implemented. Liquidity is mainly assured by cash flow from operating activities as well as a high level of cash and cash equivalents. The Group companies periodically report their short, medium and long-term liquidity to adesso SE based on various time horizons.

The tables below show the carrying amounts and cash flows (interest and repayments) of the financial liabilities. The difference between the carrying amount and the total of future cash flows corresponds to the future interest due:

2021 in EUR k	Carrying amount	Maturity up to 1 year	> 1 and < 5 years	> 5 years
Trade payables	28,209	28,209	-	-
Loans	57,170	21,176	37,117	273
interest thereon		543	851	3
Lease liabilities	140,403	22,043	67,480	62,491
interest thereon		2,725	6,179	2,619
Other financial liabilities	21,743	3,146	18,597	-
Total	247,525	74,574	123,194	62,764

2020 in EUR k	Carrying amount	Maturity up to 1 year	> 1 and < 5 years	> 5 years
Trade payables	18,834	18,834	-	-
Loans	48,575	10,729	38,639	797
interest thereon		541	1,039	10
Lease liabilities	81,245	15,897	38,827	33,125
interest thereon		1,396	3,468	1,740
Other financial liabilities	12,114	1,295	11,423	-
TOTAL	160,768	46,755	88,889	33,922

37.3 Market risk

Revenues are largely realised in the national currencies of the respective companies. The exchange rate risk can therefore continue to be considered low. The interest rate risk can also be classified as low. The loans taken out are subject to fixed interest rates. In addition, interest expense is low in relation to cash and cash equivalents.

37.4 Information about capital management

Active capital management is not performed. The Executive Board manages the company using earnings, yield and liquidity indicators. No capital measures other than the authorised and conditional capital disclosed in Section 11 have currently been approved.

38. Executive Board

38.1 Composition of the Executive Board

The following persons were members of the Executive Board of adesso SE in the reporting year:

- > Michael Kenfenheuer, Frechen, Chairman of the Board of Directors
(Banking, Sales Support, Inside Sales and Corporate Account Management)
- > Dirk Pothen, Dipl.-Betriebsw., Düsseldorf, Member of the Executive Board
(Automotive & Transportation, Manufacturing Industry, Human Resources, Corporate Communications and Marketing)
- > Andreas Prenneis, Dipl.-Stat., Dortmund, Germany, member of the Executive Board
(Public, Cross Industries, IT Management Consulting, Information Security & Data Protection, Internal IT, Project Management Office, Proposal Management and Legal and Compliance)
- > Stefan Riedel, Dipl.-Wirtschaftsinf., Wesseling, Germany, member of the Executive Board
(Insurance)

> Jörg Schroeder, LL.M, Executive MBA, Münster, Germany, member of the Executive Board (Health, Finance and Controlling, Investor Relations, Administration and Mergers & Acquisitions)

> Torsten Wegener, informationscientist, Hamburg, Germany, member of the Executive Board (since 1 April 2021) (Data & Analytics, Digital Experience and Microsoft)

All Executive Board members are authorised to represent the company alone. They are exempt from the restrictions of Article 181 of the German Civil Code (BGB).

38.2 Remuneration of members of the Executive Board

The remuneration of members of the Executive Board comprises a fixed basic salary and short-term (STI) and long-term (LTI) variable remuneration aligned with recognised market standards and, above all, the success of the company. Remuneration is based on the remuneration system for the Executive Board approved by the annual shareholders' meeting and the terms agreed contractually with the Supervisory Board. Adesso grants further benefits to all members of the Executive Board under their respective contracts, some of which are regarded as non-cash benefits and taxed accordingly. These primarily include the provision of a company car and payments to social insurance.

Executive Board remuneration is presented in detail in the Remuneration Report pursuant to Section 162 AktG.

Total remuneration pursuant to Section 314 (1) No. 6a HGB amounted to EUR 3,555 thousand (previous year: EUR 2,613 thousand). Besides short-term and other long-term remuneration, total remuneration also included share-based payments with a fair value of EUR 56 thousand (previous year: EUR 0 thousand) at the point of granting.

The total remuneration of members of the Executive Board reported pursuant to IAS 24 amounted to EUR 3,499 thousand (previous year: EUR 2,582 thousand) in the reporting year, as detailed below:

<i>in EUR k</i>	2021	2020
Current remuneration	3,454	2,613
Other long-term remuneration	45	-
TOTAL	3,499	2,613

Liabilities for Executive Board remuneration amounted to EUR 1,939 thousand as at the reporting date (previous year: EUR 1,303 thousand); this amount will be paid in the subsequent financial year.

The members of the Executive Board of adesso SE held the following adesso SE shares as at 31 December 2021:

<i>Executive Board member</i>	<i>Number of no-par bearer shares</i>	
	2021	2020
Michael Kenfenheuer, Frechen, Germany	26,238	26,238
Dirk Pothen, Dusseldorf, Germany	500	500
Andreas Prenneis, Dortmund, Germany	850	850
Stefan Riedel, Wesseling, Germany	300	300
Jörg Schroeder, Münster, Germany	1,125	950
Torsten Wegener, Hamburg, Germany (indirectly through Loucon Beteiligungsgesellschaft mbH, Dortmund, Germany)	730	-
TOTAL	29,743	28,838

The Executive Board members received EUR 15 thousand (previous year: EUR 13 thousand) in dividends from the shares held in adesso SE.

Former members of the Executive Board do not receive any remuneration and were not granted any pension commitments. Two former members of the Executive Board continue to work in the company holding a different position and receive market pay rates. No loans or advances were granted to members of the Executive Board.

The members of the adesso SE Executive Board also hold the following positions on supervisory boards and other governing bodies within the meaning of Article 125 (1) clause 5 AktG:

- > Michael Kenfenheuer, Frechen, Germany
Chairperson of the Supervisory Board of e-Spirit AG, Dortmund, Germany (until 31 March 2021)
Member of the Supervisory Board of adesso orange AG, Hameln, Germany
- > Dirk Pothen, Dusseldorf, Germany
Member of the Administrative Board of adesso Schweiz AG, Zurich, Switzerland
Member of the Supervisory Board of material.one AG (formerly: logsolut AG), Augsburg, Germany (since 24 March 2021)
- > Andreas Prenneis, Dortmund, Germany
Member of the Supervisory Board of e-Spirit AG, Dortmund, Germany (until 31 March 2021)
Chairperson of the Supervisory Board of adesso orange AG, Hameln, Germany
- > Jörg Schroeder, Münster, Germany
Member of the Supervisory Board of adesso banking solutions GmbH, Frankfurt am Main, Germany
- > Torsten Wegener, Hamburg, Germany
Chairperson of the Supervisory Board of TULEVA AG (until 30 July 2021)

39. Supervisory Board

39.1 Composition of the Supervisory Board

As in the previous year, the members of the Supervisory Board in 2021 were as follows:

- > Prof. Volker Gruhn, Dortmund, Germany, Chairman of the Supervisory Board
Head of the Software Engineering Department at University of Duisburg-Essen, Germany
- > Dr Friedrich Wöbking, Pullach, Germany, Deputy Chairman of the Supervisory Board
Management consultant
- > Prof. Gottfried Koch, Stein, Switzerland
Professor of Insurance Information Technology at Leipzig University
- > Hermann Kögler, Dipl.-Kfm., Bonn, Germany
Management consultant
- > Heinz-Werner Richter, Dipl.-Math., Dortmund, Germany
Actuarial trustee, independent appraiser
- > Rainer Rudolf, Dipl.-Inform., Dortmund, Germany
Member of the Executive Board of SMF GmbH, Dortmund, Germany

The members of the adesso SE Supervisory Board also hold the following positions on supervisory boards and other governing bodies within the meaning of Article 125 (1) clause 5 AktG:

- > Prof. Dr. Volker Gruhn, Dortmund, Germany
Chairperson of the Supervisory Board of AISportsWatch GmbH, Essen, Germany
Member of the Business Council of Borussia Dortmund
Member of the Supervisory Board of e-Spirit AG, Dortmund, Germany (until 31 March 2021)

- > Hermann Kögler, Dipl.-Kfm., Bonn, Germany
Head of the supervisory board of Cognos AG, Cologne
- > Prof. Gottfried Koch, Stein, Switzerland
Chairman of the Board of Directors of automoblie AG, Bühler, Switzerland (until 1 May 2021)
Chairman of the Board of Directors of Pfefferbeere AG, Bühler, Switzerland (until 1 May 2021)

39.2 Remuneration of members of the Supervisory Board

Total remuneration in financial year 2021 for all members of the adesso SE Supervisory Board appointed in this period was EUR 86 thousand (previous year: EUR 68 thousand). The remuneration is exclusively short-term in nature.

Supervisory Board remuneration is presented in detail in the Remuneration Report pursuant to Section 162 AktG.

All transactions with related parties are concluded at market terms and conditions. Liabilities to members of the Supervisory Board on the reporting date were EUR 22 thousand (previous year: EUR 283 thousand). Liabilities for Supervisory Board remuneration of EUR 33 thousand were created in the current financial year (previous year: EUR 33 thousand). Expenses of EUR 585 thousand (previous year: EUR 463 thousand) for commissions, fees and allowances were recognised.

adesso has neither granted loans to members of the Supervisory Board nor issued bonds or guarantees on their behalf. There are no service agreements between the Supervisory Board members and adesso or its subsidiaries that call for remuneration upon termination.

Former members of the Supervisory Board do not receive any remuneration, nor were any pension commitments made.

The members of the Supervisory Board of adesso SE held the following adesso SE shares as at 31 December 2021:

	<i>Number of no-par bearer shares</i>	
	<i>2021</i>	<i>2020</i>
Prof. Volker Gruhn, Dortmund, Germany (indirectly via Setanta GmbH, Dortmund, Germany)	1,724,017	1,723,767
Rainer Rudolf, Dortmund, Germany	1,090,365	1,088,195
Prof. Gottfried Koch, Stein, Switzerland	15,921	15,921
Dr. Friedrich Wöbking, Pullach, Germany	6,230	6,230
Hermann Kögler, Bonn, Germany	-	-
Heinz-Werner Richter, Dortmund, Germany	-	-
TOTAL	2,836,533	2,834,113

The Supervisory Board members (excluding Setanta GmbH) received dividends of EUR 579 thousand (previous year: EUR 522 thousand).

40. Information on related parties

Related parties are legal or natural persons that can exert influence on the adesso Group or who are under the control or joint management of the adesso Group or subject to a significant level of influence by the adesso Group. Related parties are predominantly joint ventures and associates, but also include members of the Executive Board and of the Supervisory Board.

In addition to the members of the Executive Board and Supervisory Board, the following companies are considered to be related parties:

Joint ventures/associates:

- > adesso banking solutions GmbH
- > AISportsWatch GmbH, Essen
- > Barmenia IT+ GmbH, Wuppertal
- > com2m GmbH, Dortmund
- > Funds On Chain GmbH, Saarbrücken
- > HEALAY – digital health solutions GmbH, Frankfurt
- > material.one AG (formerly: logsolut AG), Augsburg
- > Quanto Masernet GmbH, Paderborn
- > Quanto TS GmbH, Hannover
- > ROGON Technologies GmbH, Frankenthal
- > urban Energy GmbH

Others:

- > Gesundheitsforen Leipzig GmbH, Leipzig
- > Interaction Room GmbH, Essen
- > it factum GmbH, München
- > Ottanta GbR, Dortmund
- > Setanta GmbH, Dortmund (wholly owned by Prof. Volker Gruhn)
- > Softwareforen Leipzig GmbH, Leipzig
- > Tamed AI GmbH, Essen

Receivables from and liabilities to related parties were as follows as at 31 December:

in EUR k	2021		2020	
	Receivables	Liabilities	Receivables	Liabilities
Joint ventures	324	-	666	-
Associates	9,359	-	921	19
Other	0	10	2	39
TOTAL	9,683	10	1,589	58

The following income (primarily from service agreements) and expenses with related parties were recognised in the financial year under review:

in EUR k	2021		2020	
	Income	Expenses	Income	Expenses
Joint ventures	882	587	766	195
Associates	6,908	470	138	18
Other	13	380	3	339
TOTAL	7,802	1,437	907	552

For transactions with members of the Executive Board and Supervisory Board, see Note “38 Executive Board” and Note “39 Supervisory Board”. adesso received dividend payments of EUR 249 thousand from a company measured using the equity method (previous year: EUR 525 thousand). Setanta GmbH received dividends from adesso SE of EUR 896 thousand (previous year: EUR 809 thousand), which were paid in full. No other transactions took place with Setanta GmbH in the financial year, as was the case the previous year.

41. Auditor's fee

Under German law, the auditors are appointed by the Annual General Meeting on the proposal of the Supervisory Board. Once the auditor has been appointed, the Supervisory Board issues the mandate, approves the conditions and scope of the audit, as well as all audit fees, under its own responsibility, and monitors the independence of the auditor.

The Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, as auditors for 2021 on the proposal of the Supervisory Board.

The activities of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany, are subject to reporting and are disclosed in the table below.

<i>in EUR k</i>	2021	2020
Audit of the financial statements	237	223
Other assurance services	1	2
TOTAL	238	225

Of the expenses for audit services in 2021, EUR 11 thousand (previous year: EUR 45 thousand) relate to services from the previous year.

42. Events occurring after the balance sheet date

Ukraine conflict

An additional risk factor for the recovery of the global economy stems from the outbreak of war in Ukraine on 24 February 2022 and the subsequent escalation of the conflict, which cannot yet be reliably assessed at the time of the report's preparation. However, the Institute for the World Economy (IfW) also warns of long-term effects of the Ukraine war on the globalised world economy. Global economic integration is an important driver of prosperity because it offers specialisation gains to all involved. The report predicts that setbacks in globalisation could lead to a decline in growth. According to the IfW's model, trade restrictions with Russia led to losses of 0.4 % of GDP in Germany and 0.3 % in Austria. In the short term, rising energy prices increase production costs. Inputs from Ukraine or Russia cannot be delivered, which has already affected the automotive industry, among others. adesso does not maintain any supplier or customer relationships within Ukraine or Russia that could directly affect the business. Nevertheless, we cannot rule out that directly affected client companies will postpone investment projects. This could have an indirect, delayed and isolated impact on adesso.

Acquisitions

adesso acquired the following companies after the balance sheet date. The presentation of the business combinations is provisional, as the information needed for the identification and valuation of the assets and liabilities acquired has not yet been conclusively determined.

Gorbit GmbH

On 10 January 2022, adesso acquired 100 % of the shares in Gorbit GmbH, Overath, Germany. Gorbit is an IT consulting and development partner specialising in SAP technology. The purchase price for the shares to be paid in cash amounts to EUR 550 thousand.

The business operations acquired are assigned to the IT Services segment.

The fair value of the acquired trade receivables is EUR 684 thousand. This corresponds to the contractual cash flows from receivables.

material.one AG

On 6 January 2022, adesso increased its stake in material.one AG (formerly: logsolut AG), Augsburg, Germany, to 53.44 % by way of a disproportionate capital increase. material.one supports digitalisation in the manufacturing industry through end-to-end global supply chain management systems.

The business operations acquired are assigned to the IT Solutions segment.

adesso will pay EUR 2,480 thousand in cash for the additional shares. material.one AG was included in the consolidated financial statements as an associate as at 31 December 2021. adesso held 35.09 % of shares in material.one AG as at 31 December 2021. The carrying amount of the shares measured using the equity method as at 31 December 2021 was EUR 946 thousand. In addition, a receivable from material.one in the amount of EUR 1,608 thousand was recognised. It was agreed that adesso would waive this receivable and that the receivable would be attributed to the shareholding prior to the acquisition of additional shares. Pursuant to IFRS 3, the shares held up to the point of the business combination are to be measured at fair value. This process involves simulating the sale of previously held shares at fair value and then acquiring them again at the same price. The fair value of the shares in material.one AG held prior to the business combination was EUR 4,996 thousand; the gain from the measurement at fair value amounted to EUR 2,442 thousand.

The fair value of the acquired trade receivables is EUR 430 thousand. This corresponds to the contractual cash flows from receivables.

Goodwill resulting from the merger mainly represents the workforce of the company and other synergy effects, which cannot be capitalised. The goodwill is not tax-deductible.

<i>in EUR k</i>	<i>Corbit</i>	<i>material.one</i>	<i>Total</i>
Goodwill	0	6,360	6,360
Intangible assets	298	2,800	3,098
Other fixed assets	65	14	79
Trade receivables	684	430	1,114
Other current assets	16	49	65
Liquid assets	321	108	429
TOTAL ASSETS	1,385	9,761	11,145
Liabilities to banks	0	288	288
Other non-current financial liabilities	200	0	200
Provisions	87	298	385
Trade payables	162	409	571
Tax liabilities	5	0	5
Other liabilities	245	187	432
Contract liabilities	25	0	25
Deferred tax liabilities	110	130	240
TOTAL LIABILITIES	835	1,312	2,147
Net assets	550	8,449	8,998
of which attributable to adesso	550	7,476	8,026
of which attributable to non-controlling shares	0	973	973
CONSIDERATION	550	2,480	3,030
of which made in cash	550	0	550
Value of previously held shares		4,996	4,996
TOTAL TO BE OFFSET	550	7,476	8,026

Ries Corporate Solutions GmbH

On 24 February 2022, adesso acquired 80 % of the shares in Ries Corporate Solutions GmbH, Hamburg, Germany, in return for a consideration of EUR 500 thousand. Ries has provided neutral and independent consulting to businesses and HR managers on a wide range of issues relating to company pensions, working time accounts and demography management since 1999. The company was renamed adesso benefit solutions GmbH and its registered office was relocated to Dortmund, Germany. No further information is available.

43. Appropriation of net income

On 27 May 2021, the Annual General Meeting of adesso SE resolved to pay a dividend of EUR 0.52 per share for financial year 2020. The dividend payment made by adesso SE in the reporting period totalled EUR 3,216 thousand.

For financial year 2021, the Executive Board and Supervisory Board will propose to the Annual General Meeting of adesso SE a dividend payment of EUR 3,901,963.20, or EUR 0.60 per share. The distribution of dividends has no income tax consequences for adesso.

44. Statement of compliance with the German Corporate Governance Code in accordance with Section 161 AktG

Pursuant to Section 161 AktG, the Executive Board and Supervisory Board of adesso SE hereby declare that it is compliant with the recommendations of the “Government Commission on the German Corporate Governance Code” in the current version published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger). Possible deviations from the recommendations are listed and commented on in the compliance statement.

The Executive Board and Supervisory Board of adesso SE report on corporate governance for the company annually, and publish this information as part of the management report. The report and statement, including the declaration of conformity, have been made available online at www.adesso-group.de/corporate-governance/ for an unlimited period.

45. Shareholder structure

As in the previous year, the following shareholder structure applied as at the balance sheet date:

Shareholder	Threshold value above or below	Share in %
Prof. Dr. Volker Gruhn (Setanta GmbH)	13 August 2007	26.5
Rainer Rudolf	2 October 2007	16.8
Ludwig Fresenius	18 April 2017	9.4

According to the definition of free float as determined in the Guide to the DAX Equity Indices from Qontigo, a Deutsche Börse Group subsidiary, the free float is 47.3 %.

The disclosures are based on the information received by adesso SE as part of statutory reporting obligations or voluntary notifications submitted to the company. All shareholdings greater than 3 % of total voting rights are listed. The precise share of voting rights may deviate from these figures as a result of interim trading, trading that is not subject to mandatory reporting and non-reported trading.

In financial year 2021, adesso SE did not receive any notifications in accordance with Section 33 or Sections 38, 39 of the German Securities Trading Act (WpHG), as in the previous year.

46. Subsidiaries

The following table contains information pursuant to Section 313 (2) German Commercial Code (HGB):

Company name	Registered office	Equity ²⁾	Annual profit ²⁾	Sharehold- ing
adesso as a service GmbH	Dortmund, Germany	EUR 2,798 k	EUR 1,573 k	100%
adesso Austria GmbH	Vienna, Austria	EUR -1,035 k	EUR 999 k	100%
adesso Bulgaria EOOD	Sofia, Bulgaria	TBGN 2,386	TBGN 788	100%
adesso experience GmbH	Cologne, Germany	EUR -156 k	EUR 71 k	100%
adesso health solutions GmbH	Neumünster, Germany	EUR -665 k	EUR -2,122 k	90%
adesso Hungary Software Kft.	Budapest, Hungary	MHUF -53	MHUF -65	100%
adesso insurance solutions GmbH	Dortmund, Germany	EUR 3,300 k	EUR 107 k	100%
adesso Lakes GmbH	Dortmund, Germany	EUR 25 k	EUR 0 k	51%
adesso mobile solutions GmbH ¹⁾	Dortmund, Germany	EUR 343 k	EUR 0 k	100%
adesso Netherlands B.V.	Amsterdam, Netherlands	EUR -1,032 k	EUR -543 k	100%
adesso Nordics Oy	Helsinki, Finland	EUR -276 k	EUR -286 k	70%
adesso orange AG ³⁾	Hamel, Germany	EUR 5,373 k	EUR 3,674 k	71%
adesso orange Austria GmbH ³⁾	Vienna, Austria	EUR 195 k	EUR 76 k	90%
adesso orange Kft. ³⁾	Győr, Hungary	MHUF 50	MHUF 476	70%
adesso Schweiz AG	Zurich, Switzerland	TCHF 7,487	TCHF 3,461	100%
adesso Spain Consultoria y Soluciones Tecnológicas S. L.	Barcelona, Spain	EUR -1,678 k	EUR -1,719 k	100%
adesso Transformer Deutschland GmbH ⁴⁾	Dortmund, Germany	EUR 432 k	EUR 35 k	100%
adesso Software Consulting B.V.	Amsterdam, Netherlands	EUR 29 k	EUR 367 k	94%
adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Istanbul, Turkey	TTRY 69,260	TTRY 24,322	100%
Afida GmbH	Dortmund, Germany	EUR 211 k	EUR -2 k	100%
alleato assekuranzmakler GmbH	Dortmund, Germany	EUR 425 k	EUR 242 k	100%
adesso manufacturing industry solutions GmbH	Cologne, Germany	EUR 104 k	EUR -5 k	100%
Blue4IT Professionals B.V.	Hendrik Ido Ambracht, Netherlands	EUR 947 k	EUR 323 k	100%
Bluefront B.V.	Schiedam, Netherlands	EUR 133 k	EUR 85 k	100%
Codesquad B.V.	Nieuwegein, Netherlands	EUR 766 k	EUR 395 k	100%
com2m GmbH	Dortmund, Germany	EUR 585 k	EUR 279 k	58,7%
inQventures GmbH ³⁾	Berlin, Germany	EUR 492 k	EUR -2 k	100%
KIWI Consulting EDV-Beratung GmbH	Hamburg, Germany	EUR 4,431 k	EUR 1,888 k	70%
KIWI People GmbH	Weinsberg, Germany	EUR 27 k	EUR -1 k	100%
Key Asset GmbH	Walldorf, Germany	EUR 754 k	EUR 6 k	100%
IoT Deutschland GmbH	Waldorf, Germany	EUR 1 k	EUR -2 k	100%
LeanNetworking Kft.	Budapest, Hungary	MHUF 44	MHUF 37	51%
medgineering GmbH	Dortmund, Germany	EUR -146 k	EUR 142 k	100%
percision services GmbH	Dortmund, Germany	EUR 2,435 k	EUR 1,528 k	100%
Reachbird AG	Ruggell, Liechtenstein	EUR 555 k	EUR 950 k	100%
Reachbird solutions GmbH	Munich, Germany	EUR 163 k	EUR 43 k	100%

1) Annual profit is EUR 0 thousand due to a profit and loss transfer agreement with adesso SE.

2) Equity and the annual profit are stated in accordance with the respective national laws.

3) Quanto companies renamed adesso orange.

4) adesso Transformer GmbH was merged with adesso Transformer Deutschland GmbH in the financial year.

47. Associates and joint ventures

The following table contains information pursuant to Section 313 (2) German Commercial Code (HGB):

<i>Company name</i>	<i>Registered office</i>	<i>Associated company (AC)/joint venture (JV)</i>	<i>Pro-rata equity</i>	<i>Pro-rata annual profit 2)</i>	<i>Shareholding</i>
adesso banking solutions GmbH	Frankfurt am Main, Germany	JV	EUR -34 k	EUR -162 k	50.0 %
AlSportsWatch GmbH	Essen, Germany	AC	EUR -334 k	EUR -719 k	35.4 %
Barmenia IT+ GmbH	Wuppertal, Germany	AC	EUR 631 k	EUR 181 k	24.0 %
Funds On Chain GmbH	Saarbrücken, Germany	AC	EUR -157 k	EUR -166 k	27.3 %
HEALAY – digital health solutions GmbH	Frankfurt, Germany	AC	EUR -49 k	EUR -57 k	35.0 %
material.one AG (formerly: logsolut AG)	Augsburg, Germany	AC	EUR 448 k	EUR 36 k	35.1 %
QUANTO Masernet GmbH	Paderborn, Germany	AC	EUR 9 k	EUR 4 k	30.0 %
QUANTO TS GmbH	Hanover, Germany	AC	EUR 51 k	EUR 0 k	35.0 %
ROGON Technologies GmbH	Frankenthal, Germany	AC	-1,219	EUR 1,162 k	25.0 %
urban Energy GmbH	Berlin, Germany	AC	EUR -60 k	EUR -92 k	15.0 %

48. Use of exemption provisions

adesso mobile solutions GmbH in the legal form of a joint-stock company satisfied the necessary conditions to make use of the exemption provisions pursuant to Article 264 (3) HGB and will therefore not be preparing a management report and notes to the financial statements, nor will the annual financial statements be audited by an auditor or be disclosed for financial year 2021.

Statement of the legal representatives

We confirm that the consolidated financial statements, in accordance with the applicable accounting principles and to the best of our knowledge, present a true and fair view of the group's net assets, financial position and results of operations, and that the combined management report presents a true and fair view of the group's results of operations and position in addition to describing the material opportunities and risks for the expected development of the group.

Dortmund, Germany, 17 March 2022

adesso SE



Michael Kenfenheuer



Andreas Prenneis



Dirk Pothen



Stefan Riedel



Jörg Schroeder



Torsten Wegener

Reproduction of the auditor's report

We have issued the following auditor's report on the consolidated financial statements and the consolidated management report, which was combined with the company's management report:

“Independent auditor's report

To adesso SE

Note on the audit of the consolidated financial statements and the consolidated management report

Audit opinions

We have audited the consolidated financial statements of adesso SE, Dortmund, and its subsidiaries (the Group) – consisting of the consolidated balance sheet as of 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January 2021 to 31 December 2021, as well as the consolidated notes including a summary of significant accounting methods. In addition, we have audited the consolidated management report of adesso SE, which was combined with the company's management report, for the financial year from 1 January 2021 to 31 December 2021. In accordance with German legal requirements, the audit did not include the Group Declaration of Conformity according to Section 315d of the German Commercial Code (HGB), which forms part of the consolidated management report and is published on the website indicated in the consolidated management report.

In our opinion, based on the findings of our audit,

- > the consolidated financial statements attached comply in all material respects with the IFRS applicable in the EU and the supplementary applicable German regulations according to Section 315a (1) HGB and give a true and fair view of the asset and financial situation of the Group as of 31 December 2021, as well as its results for the financial year from 1 January 2021 to 31 December 2021, in accordance with these regulations, and
- > imparts an overall accurate impression of the Group's position. In all material respects, this consolidated management report agrees with the consolidated financial statements, complies with the German legal requirements, and gives a true and fair view of the opportunities and risks associated with future developments. Our audit opinion on the consolidated management report does not extend to the content of the aforementioned Group Declaration of Conformity.

In accordance with Section 322 (3) (1) HGB, we declare that our audit has not led to any objections to the regularity of the consolidated financial statements and the consolidated management report.

Basis of the audit opinions

We have carried out our audit of the consolidated financial statements and consolidated management report in accordance with Section 317 HGB and the EU Audit Regulation (no. 537/2014) in accordance with the generally accepted German standards for the audit of financial statements determined by Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these regulations and principles are further described in the section of our auditor's report entitled 'Responsibility of the auditor for the audit of the consolidated financial statements and the consolidated management report'. We are independent of the Group companies in accordance with the European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not performed any prohibited non-audit services under Article 5 (1) of the EU Audit Regulation. In our opinion, the audit evidence we have

obtained is sufficient and appropriate to serve as a basis for our audit opinions on the consolidated financial statements and the consolidated management report.

Particularly important audit matters in the audit of the consolidated financial statements

Particularly important audit matters are those matters that, in our best judgement, were most significant in our audit of the consolidated financial statements for the financial year from 1 January 2021 to 31 December 2021. These matters have been taken into account in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not deliver a separate opinion on these matters.

Below we describe what we consider to be particularly important audit matters:

1. Impairment of goodwill

Reasons for determination as a particularly important audit matter

adesso SE performs the impairment test to be carried out in accordance with IAS 36, Impairment of Assets, as of 30 June of the financial year and additionally on an ad hoc basis. There, the recoverable amount must be compared with the book value of a goodwill-bearing cash-generating unit. The Group determines this using a discounted cash flow method. Against the background of the associated complexity and discretionary scope, the impairment test for goodwill was a particularly important issue during our audit.

The impairment test is based on assumptions that are derived from corporate planning and that are influenced by expected future market and economic conditions. The impairment test is also significantly based on the appropriate accrual of the cash-generating units carrying the goodwill. Each recoverable amount depends in particular on the future cash flows in the medium-term planning of the cash-generating units as well as on the assumed discount and growth rates. The definition of these parameters is the responsibility of the legal representatives and is discretionary. There is a risk that changes to these discretionary decisions could result in material changes to the impairment tests of the respective cash-generating units.

Auditing procedure

As part of our auditing procedures, we have reconstructed the process established by the Group for conducting impairment tests with regard to its ability to determine potential depreciation needs. In doing so, we have dealt with the planning process and the applicable integration of individual planning into the Group planning. As part of this, we have discussed and documented the key planning assumptions with the legal representatives of the parent company, in consultation with our valuation experts. The focus here was on the assessment of the expected future cash flows in the medium-term planning of the major cash-generating units as well as on the discount rates and growth rates used. For this purpose, we have reconstructed the premises underlying the impairment test by comparing them with general and industry-specific market expectations. In this context, we have also reviewed the planning loyalty by comparing the medium-term plans of the previous years with the actual figures for the financial year. In addition, we have compared the medium-term plans used in the impairment tests with the medium-term plans approved by the Executive Board and the Supervisory Board and assessed the mathematical correctness of the valuation models in random samples.

The focus of our audit activities was additionally the assessment of the information provided by adesso SE in the consolidated notes. In this regard, we have reviewed the information provided by the legal representatives regarding their completeness and compared them with our expectations. In particular, the legal representatives' statement regarding which changes in the main planning assumptions could lead to a possible need for impairment was a major focus of the audit within the consolidated notes. In this context, we conducted our own sensitivity analyses (book value in comparison to the recoverable amount) of significant cash-generating units in order to understand the impact of changes in certain parameters on the valuation models.

Our audit procedures found no objections with regard to the recoverability of goodwill.

Reference to related information

The information provided by adesso SE on goodwill is contained in Sections II. 'Summary of Material Accounting Principles' under 'Consolidation' and 'Accounting – Estimates and Assumptions', III.9. 'Goodwill and Intangible Assets' and VI. 'Information on Segment Reporting' of the consolidated notes.

2. Accrual accounting and recognition of revenue

Reasons for determination as a particularly important audit matter

The significant revenue streams in the consolidated financial statements of adesso SE stem from licence sales, consulting projects and maintenance, SmartCloud and hosting contracts. Due to their complexity, the proper accrual and recognition of these different revenue streams are subject to an increased risk of incorrect accounting. In light of this, the accrual and recognition of the significant revenue streams was one of the most important issues for our annual audit.

Auditing procedure

As part of our audit, we have first of all concerned ourselves with the accrual accounting and recognition of significant income streams as well as the associated control environment with regard to the criteria of the IFRS 15 – Revenues from Contracts with Customers. In this context, we have tested the process-related controls for complete and accrued recognition of all billable services and underlying times – also using data analysis. In order to understand the regularity of revenue accrual as of the balance sheet date, we have reviewed key contracts, selected and obtained external customer confirmations and performed sample-based document checks of proofs of performance, customer invoices and incoming payments as of the balance sheet date. Furthermore, we have inspected the relevant project documents, such as contracts, customer communication, project manager confirmations and acceptance reports, in spot checks. With the help of analytical analyses of the entire revenue-relevant data stock of the financial years, we have performed a correlation analysis and reviewed daily revenue bookings based on these findings using spot checks. In doing so, we compiled our expectations on the basis of industry and market-related data as well as the previous year's figures and compared these with the results of our data analyses. The percentage of completion determined by the Group for the application of the period-related recognition of sales revenues in the area of fixed-price projects has been examined using spot checks of the respective hourly calculations and project documents, such as contracts, customer communication and project manager confirmations. Moreover, we have performed spot checks to make historical plan/actual comparisons of project calculations with the values actually achieved. Based on this, we have used the expenses estimated by the company and that still have to be paid before completion by confirming the expected overall project expenditure of project managers to determine whether there is a need for impairment of the capitalised receivables.

The risk that projects could be released inaccurately and the ensuing revenue posted was countered by relying on extensive surveys of legal representatives and the use of data analysis for our audit opinion. In this context, we randomly examined the database regarding project releases and performed spot checks to assess whether unauthorised project releases were made in financial year 2021.

Our audit procedures found no objections with regard to accrual accounting and revenue recognition.

Reference to related information

The information of the company for the recognition of revenues is contained in Sections II. 'Summary of Material Accounting Principles' under 'Consolidation' and 'Accounting – Estimates and Assumptions' and IV. 'Explanations for Items on the Consolidated Income Statement' are contained within point 26 'Sales revenues' of the consolidated notes.

Other information

The Supervisory Board is responsible for the report by the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration on the German Corporate Governance Code according to Section 161 of the German Stock Corporation Act (AktG), which is part of the Group Declaration of Conformity. Otherwise, the legal representatives are responsible for the other information. The other information includes the aforementioned Group Declaration of Conformity. Furthermore, the other information includes the non-financial Group report that will probably be provided to us after issuing the auditor's report. Furthermore, the other information includes further components intended for the Annual Report that will probably be provided to us after issuing the auditor's report. In particular, these are:

- > the report by the Supervisory Board, and

- > statement of the legal representatives,

but not the consolidated financial statements, not the consolidated management report details included in the audit, and not our related auditor's report.

Our audit opinions on the consolidated financial statements and consolidated management report do not extend to the other information. Accordingly, we do not issue an audit opinion or any other form of conclusion regarding audit findings on the matter.

In connection with our audit, we are responsible for reading the other information and for acknowledging whether the other information

- > contains material inconsistencies with the consolidated financial statements, consolidated management report or our findings gathered during the audit, or

- > otherwise appears materially misstated.

We are obliged to report whether we discover any material misstatements of this other information on the basis of the work performed by us. We have nothing to report in this context.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the consolidated management report

The legal representatives are responsible for the preparation of the consolidated financial statements in compliance, in all material respects, with the IFRS applicable in the EU and the supplementary applicable German regulations according to Section 315a (1) HGB and for ensuring that the consolidated financial statements give a true and fair view of the asset, financial and earnings situation of the Group in accordance with these regulations. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether intentional or unintentional.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have responsibility to disclose matters relating to continuation as a going concern, if relevant. In addition, they are responsible for accounting for continuation as a going concern on the basis of the accounting principle, unless there is an intention to liquidate the Group or discontinue business operations, or if there is no realistic alternative.

In addition, the legal representatives are responsible for the preparation of the consolidated management report, which imparts an overall accurate impression of the Group's position, is in all material respects consistent with the consolidated financial statements, complies with German legal requirements and

accurately reflects the opportunities and risks associated with future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a consolidated management report in accordance with the applicable German legal requirements and for being able to provide sufficient suitable evidence for the statements in the consolidated management report.

The Supervisory Board is responsible for overseeing the Group's accounting process for preparing the consolidated financial statements and the consolidated management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the consolidated management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether intentional or unintentional, and whether the consolidated management report imparts an overall accurate impression of the Group's position and corresponds to the consolidated financial statements and the findings of the audit in all material respects, that it complies with German legal requirements and accurately reflects the opportunities and risks associated with future development, and to issue an audit report that includes our audit opinions on the consolidated financial statements and the consolidated management report.

Sufficient security refers to a high degree of security, but no guarantee that a test conducted in accordance with Section 317 HGB and the EU Audit Regulation in accordance with the generally accepted German standards for the audit of financial statements determined by Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements can result from breaches or inaccuracies and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of addressees made on the basis of these consolidated financial statements and this consolidated management report.

During the audit, we exercise due discretion and maintain a critical attitude. Moreover,

- > we identify and assess the risks of material misstatement, whether intentional or unintentional, in the consolidated financial statements and the consolidated management report, plan and execute audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion. The risk that material misstatements may not be detected is higher for violations than for inaccuracies, as violations may include fraud, falsification, intentional incompleteness, misrepresentations or the discontinuation of internal controls;
- > we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the precautions and measures relevant to the audit of the consolidated management report in order to design audit procedures that are appropriate in the given circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems;
- > we assess the appropriateness of the accounting methods used by the legal representatives and the reasonableness of the estimates and related information provided by the legal representatives;
- > we draw conclusions about the appropriateness of the accounting principle used by the legal representatives in continuation as a going concern and, on the basis of the audit evidence obtained, whether there is material uncertainty surrounding events or circumstances that could pose significant doubts about the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related information in the consolidated financial statements and the consolidated management report or, if this information is inadequate, to modify our audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to

the date of our auditor's report. However, future events or circumstances may lead to the Group being unable to continue as a going concern;

- > we assess the overall presentation, structure and content of the consolidated financial statements including the information provided and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements are prepared in compliance with the IFRS applicable in the EU and the supplementary applicable German regulations according to Section 315e (1) HGB and give a true and fair view of the asset, financial and earnings situation of the Group;
- > we obtain sufficient audit evidence for the accounting information of the companies or business activities within the Group in order to provide audit opinions on the consolidated financial statements and the consolidated management report. We are responsible for the guidance, supervision and execution of the audit of the consolidated financial statements. We are solely responsible for our audit opinions;
- > we assess the consistency of the consolidated management report with the consolidated financial statements, its legal conformity and the impression it imparts of the Group's position;
- > we conduct audits of the forward-looking statements presented by the legal representatives in the consolidated management report. On the basis of sufficient suitable audit evidence, we, in particular, reproduce the significant assumptions on which the forward-looking statements are based, and assess the proper derivation of the forward-looking statements from these assumptions. We do not issue an independent opinion on the forward-looking statements and the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with the supervisors the planned scope and timing of the audit, as well as significant audit findings that we identify during our audit, including any deficiencies in the internal control system.

We provide a statement to the supervisors that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence and the protective measures taken for that purpose.

Of the matters we discussed with the supervisors, we determine those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and are therefore the most important audit matters. We describe these matters in the audit report, unless laws or other legal provisions exclude public disclosure of the matter.

Other statutory and other legal requirements

Note on the audit of the electronic reproduction of the consolidated financial statements and the consolidated management report, which were prepared for disclosure purposes, in accordance with Section 317 (3a) HGB

Audit opinions

In accordance with Section 317 (3a) HGB, we have performed an audit with adequate certainty as to whether the reproductions of the consolidated financial statements and the consolidated management report that was combined with the company's management report (hereinafter also referred to as the 'ESEF documents'), which are contained in the attached file 'adesso-2021-12-31-de.zip' and were created for disclosure purposes, meet the requirements of Section 328 (1) HGB for the electronic reporting format ('ESEF format') in all material respects. In accordance with the German legal requirements, this audit extends only to the transfer of information from the consolidated financial statements and the consolidated management report in the ESEF format and, therefore, does not extend to the information contained in these reproductions or in the aforementioned file.

We believe the reproductions of the consolidated financial statements and the consolidated management report, which are contained in the aforementioned file and were created for disclosure purposes, meet the requirements of Section 328 (1) HGB for the electronic reporting format in all material respects. We issue no auditor's opinion on the information contained in these reproductions, or on the other information contained in the aforementioned file, beyond this auditor's opinion and the auditor's opinion on the attached consolidated financial statements and the attached consolidated management report for the financial year from 1 January to 31 December 2021, which is contained in the preceding 'Note on auditing the consolidated financial statements and the consolidated management report'.

Basis of the audit opinions

We have performed our audit of the reproductions of the consolidated financial statements and the consolidated management report contained in the aforementioned file in accordance with Section 317 (3a) HGB and in compliance with the IDW auditing standard: Auditing electronic reproductions of financial statements and management reports in accordance with Section 317 (3a) HGB (IDW PS 410 (10.2021)). Our responsibility according to this is described further in the section 'Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents'. Our auditing practice applied the requirements of the quality assurance system of the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1).

Responsibility of the legal representatives and Supervisory Board for the ESEF documents

The company's legal representatives are responsible for creating the ESEF documents with the electronic reproductions of the consolidated financial statements and the consolidated management report in accordance with Section 328 (1) (4) (1) HGB and for marking up the consolidated financial statements in accordance with Section 328 (1) (4) (2) HGB.

Furthermore, the company's legal representatives are responsible for the internal controls they deem necessary for creating ESEF documents that are free from material infringements (whether intentional or unintentional) against the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of creating the ESEF documents as a part of the accounting process.

Responsibility of the auditor of the consolidated financial statements for auditing the ESEF documents

We aim to obtain adequate certainty about whether the ESEF documents are free from material infringements (whether intentional or unintentional) against the requirements of Section 328 (1) HGB. During the audit, we exercise due discretion and maintain a critical attitude. Moreover,

- > we identify and assess the risks of material infringements (whether intentional or unintentional) against the requirements of Section 328 (1) HGB, plan and execute audit procedures in response to those risks and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion;
- > we gain an understanding of the internal control systems relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the given circumstances, but not with the aim of expressing an opinion on the effectiveness of these systems;
- > we evaluate the technical validity of the ESEF documents, meaning whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version applicable on the balance sheet date, on technical specifications for this file;

> we evaluate whether the ESEF documents enable an XHTML reproduction, with the same content, of the audited consolidated financial statements and the consolidated management report;

> we evaluate whether the marking up of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as applicable on the reporting date, enables an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditors by the Annual Shareholders' Meeting on 27 May 2021. We were commissioned by the Supervisory Board on 09 December 2021. We are acting as the auditors of adesso SE continuously since the 2017 financial year.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (audit report).

In addition to the audit of the financial statements, we provided the following services that are disclosed in the consolidated financial statements as other consulting services for the audited entity and/or for companies controlled by said entity:

> Non-statutory audit of systems and functions of corporate management and monitoring,

> statutory special audit pursuant to AktG.

Other matters – use of the auditor's report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements, the audited consolidated management report, and the audited ESEF documents. The consolidated financial statements and the consolidated management report converted into the ESEF format – including the versions to be published in the Federal Gazette (Bundesanzeiger) – are merely electronic reproductions of the audited consolidated financial statements and the audited consolidated management report, and do not replace them. In particular, the ESEF note and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Responsible auditor

The auditor responsible for the audit is Andreas Muzzu.”

Dortmund, Germany, 21 March 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Muzzu

Michael

Wirtschaftsprüfer
[German public auditor]

Wirtschaftsprüfer
[German public auditor]

Investor Relations

The Share

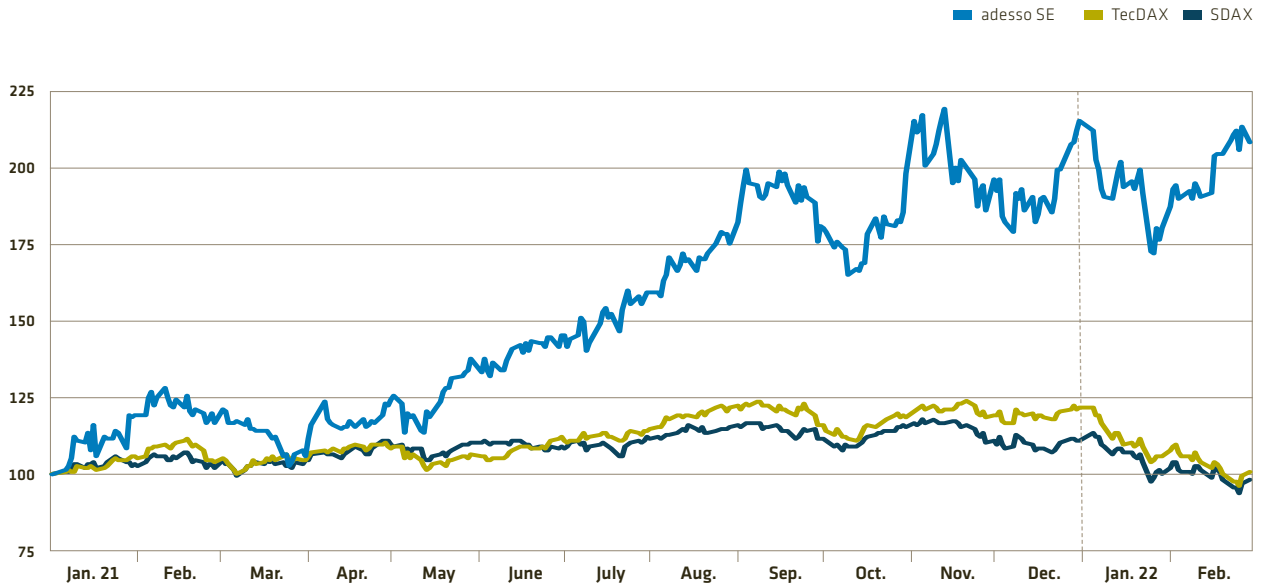
The Trading Year 2021 – General Conditions

Following strong growth of 4% in the previous year, the DAX, Germany's leading stock market index, closed the year 2021 up 16% at 15,885 points – a remarkable performance despite several reversals over the course of the year. The DAX had previously reached a new all-time closing price high of 16,251 points on 17 November 2021. The TecDAX had outperformed the DAX by 22% by the end of the year and also exceeded its own 7% gains from the previous year. Despite significant gains, the performance of the MDAX and SDAX was somewhat weaker, at 14% and 11% respectively. In 2021, the coronavirus pandemic and economic recovery were once again the dominant topics. The positive mood on the stock markets at the end of 2020 continued in the first half of 2021. At the start of 2021, the strong development was due to the better-than-expected economic data and progress in the fight against the coronavirus through the start of immunisation activities, as well as gradually declining infection figures and the resulting easing of restrictions. The change in government in the United States, along with the expected more moderate attitude, had a further stabilising effect. The DAX broke through the 14,000-point mark as early as the first week of trading. Investors' courage subsequently failed them at this high level. Profit-taking as a result of fears of inflation and rising bond interest, as well as concerns regarding a third wave of the pandemic, caused a temporary downturn in share trading and the DAX. The leading stock market index progressed in an upward trend as of the end of January, climbing to almost 15,800 points by mid-July. Mounting concerns about inflation and an increase in infections with the Delta variant, which were seen as a danger to the global economic recovery, weighed on the indices as of the second half of July. As the upwards trend flattened out, developments became more volatile. Although a new all-time high of 16,290 points was again reached in continuous trading on 18 November 2021, the DAX closed the year at 15,885 points,

which corresponds to a small gain of just over 2% compared to mid-year. By contrast, growth of over 13% was achieved in the first half of the year. The MDAX and TecDAX had already experienced a great deal more volatility in the first six months of the year and, despite a good start, had lost all of their interim gains by 5 March 2021. The subsequent strong performance that lasted until mid-April, resulting in gains of 10% for the TecDAX and 8% for the MDAX, was nearly wiped out again by 12 May 2021. As a result, the TecDAX and MDAX rose by a mere 2% and 3% respectively. However, by September, both selection indices had shown strong performance and succeeded in closing the gap between them and the German leading stock market index. While the DAX trended largely sideways, tech stocks rallied. The TecDAX had advanced to 3,979 points by 7 September 2021, up 24% on the start of the year. However, mounting concerns about inflation and an increase in infections caused by the Delta variant (subsequently also the emerging Omicron variant), which were seen as a danger for global economic recovery, weighed on the indices from the second half of the year onwards. Inflation concerns, meanwhile, fuelled expectations that central banks would tighten their loose monetary policy earlier and faster. This was exacerbated by pandemic-related disruptions in global supply chains and shortages of key items such as semiconductors, which hampered economic activity. As a result, the TecDAX had dropped back to the same level as the DAX with gains of 11% by 11 October 2021. The MDAX traded 2 percentage points lower. Barely six weeks later, on 19 November 2021, the TecDAX had recovered from this interim slump and, despite a volatile trajectory, maintained its lead over the DAX and MDAX until the end of the year. On the final trading day of the year, the TecDAX closed at 3,920 points, up 22% on the previous year, thus outperforming the DAX by 6 percentage points and the MDAX by 8 percentage points.

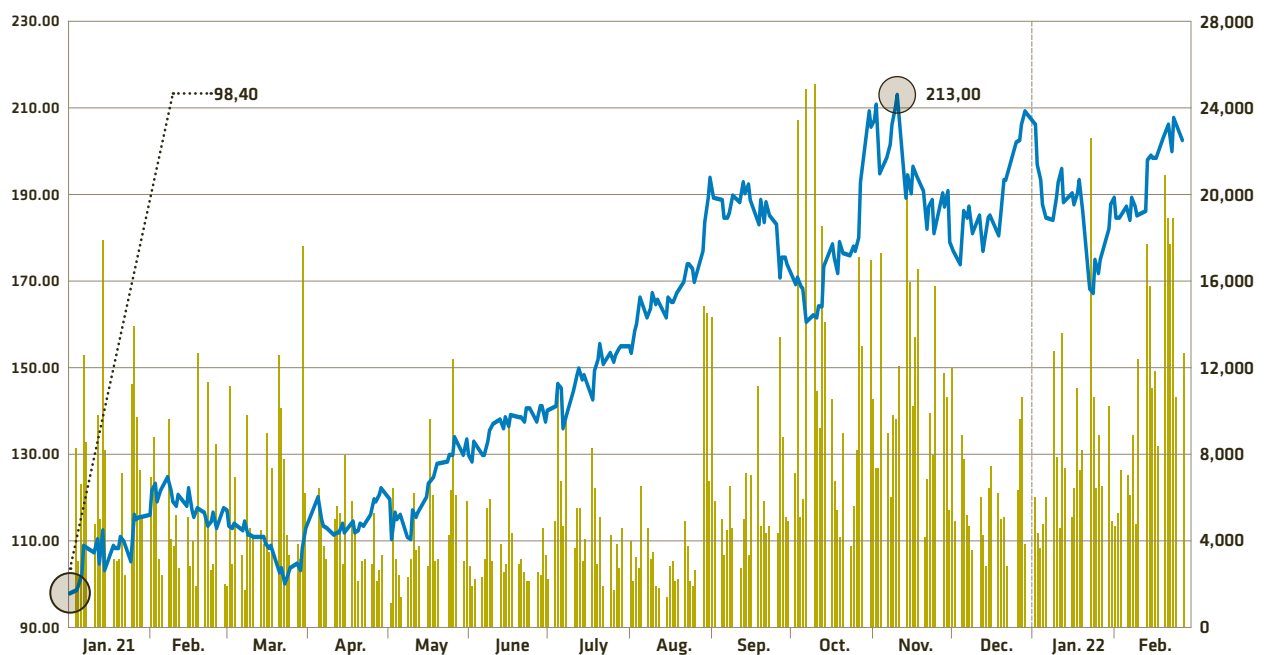
DEVELOPMENT OF THE ADESSO SHARE COMPARED TO THE INDICES

indexed



DEVELOPMENT OF THE ADESSO SHARE AND TRADING VOLUMES (XETRA)

in EUR/trading volumes in shares



Development of the adesso Share

After an 81% increase in the share price in the previous year, adesso investors enjoyed a further 115% increase in value in 2021 when compared to the previous year's closing price. The adesso share far outperformed the TecDAX by 93 percentage points, almost twice as much as its reference index. At the end of 2021, the adesso share closed at EUR 209.00 having previously traded at a new all-time high of EUR 214.50 on 15 November 2021. Based on the previous year's closing price of EUR 97.00, the share posted a book profit of 121% on this date.

In a fundamentally positive market environment, shares in adesso significantly outperformed the selection indices in the first half of 2021. In response to the presentation of adesso at three capital market conferences and recommendations in the financial media, adesso's share initially rose to its all-time closing price high of EUR 124.50 at the close of trading on 8 February 2021, boosted by the ongoing high trading volumes. At the time, the new high marked an increase of 28% compared to the previous year's closing price. The share was unable to maintain this level following an initial slight decline in trading volumes and a subsequent drop in the TecDAX from mid-February. By 24 March 2021, the share had lost all but 3 percentage points of its previous gains, falling back to EUR 100.00. Even the ad hoc announcement of the sale of a subsidiary on 19 March 2021 was initially unable to change the situation, despite proceeds of roughly USD 30 million. The share finally regained sustained upward momentum following the publication of the annual and consolidated financial statements for 2020 and the growth forecast for 2021 on 31 March 2021. Accompanied by above-average trading volumes, the share gained EUR 5.50 in value compared to its closing price on the previous day to stand at EUR 108.50 at the close of trading. Between then and the beginning of September, the share subsequently saw rapid development on a comparatively volatile path. Trading volumes picked up again significantly thanks to additional support from the publication of strong quarterly figures on 12 May 2021, along with an increase in the EBITDA guidance to include the positive effect from the sale of a company. This was also due to positive assessments by analysts following the quarterly and semi-annual figures, including additional coverage by Berenberg from mid-July, as well as the presentation of adesso at other capital market conferences. On 2 September

2021, the share was quoted at EUR 194.00 at the close of trading. This level could not be maintained initially as the general mood on the stock market deteriorated at the beginning of autumn and dropped back to EUR 168.40 by the close of trading on 7 October 2021. Despite a tense market situation, it was possible to place the share capital increase against cash contributions of around 5%, previously communicated in an ad hoc announcement, with institutional investors in Germany and abroad within a matter of hours. adesso SE intends to use the funds raised through the capital increase to finance future growth and, in particular, further acquisitions. The announcement of the successful completion of the capital increase gave the share an added boost in the days after, with trading volumes climbing noticeably again. From a closing price of EUR 160.60 on 8 October 2021, the share exceeded the EUR 200 mark for the first time on 1 November 2021, spurred on by the publication of strong preliminary nine-month figures including a forecast upgrade on 28 October 2021, and closed well above this mark at EUR 209.00 on the same day. In the days that followed, the share reached its all-time high of EUR 213.00 based on the closing price on 12 November 2021. The share price reached EUR 214.50 in continuous trading on 15 November 2021, following the publication of the publication of the Q3 2021 interim results. In the absence of additional impulses, the share temporarily fell back to EUR 173.80 on 6 December 2021 after profit-taking in line with the general market situation and closed the year at EUR 209.00 following a renewed upswing. Compared to the previous year's closing price, the value of the share more than doubled with an increase of 115%. This means that adesso's market capitalisation also rose considerably from EUR 600.00 million at the end of 2020 to EUR 1.4 billion.

Trading Volumes

There was a general decrease in share trading compared to the previous year. Overall trading volumes of all shares on the spot market, including Tradegate, fell by 7.4% to EUR 1.6 trillion in the year under review. Investors continued to primarily invest in the top-ranking securities. The 160 largest shares in terms of free-float market capitalisation listed on the DAX, MDAX and SDAX selection indices accounted for around 78% of the total trading volumes. The remaining second-tier stocks made up EUR 357.4 billion or 22% of the total trading volumes. This rep-

The following table show key share data for 2021 per quarter:

SHARE DATA

	Q1	Q2	Q3	Q4	2021
Price at the end of the period	108,50	141,00	175,20	209,00	209,00
Development (in %)	12	45	81	115	115
Development of TecDAX (in %)	6	11	16	22	22
Highest price in EUR	124,50	141,00	194,00	213,00	213,00
Lowest price in EUR	98,40	110,20	136,00	160,60	98,40
Volatility (90 days at the end of the quarter in %)	46,7	46,8	36,7	50,9	50,9
Trading volumes in shares per trading day	8.107	5.113	6.405	11.367	7.757
Trading volumes in EUR per trading day	899.684	636.179	1.080.496	2.065.953	1.183.227
Number of shares	6.185.343	6.193.593	6.193.593	6.503.272	6.503.272
Market capitalisation in EUR million	671,1	873,3	1.085,1	1.359,2	1.359,2

BASIC SHARE DATA

		2021	2020
ISIN Code	DE000A0Z23Q5		
WKN (national security identification number)	A0Z23Q	Number of shares at the end of the year	6.185.343
Symbol/Code	ADN1	Xetra closing price at the end of the year (EUR)	97,00
Reuters Instrument Code	ADNGk.DE	Market capitalisation at the end of the year (EUR million)	600,0
Bloomberg Symbol	ADN1:GR	Earnings per share (EUR)	3,39
First day of trading	21 June 2000	Cash flow per share (EUR)	10,50
Trading platforms	Xetra	P/E Ratio	28,6
Market segment	Prime Standard	Price-To-Cash-Flow Ratio	9,2
Number of shares	6503272	Dividend per share (in EUR)*	0,52
Currency	EUR	Return on dividend	0,5%
Nominal value	No share with nominal value: EUR 1.00 (mathematically)	* Subject to the approval of the Annual General Meeting for the year under review.	
Share capital	EUR 6,503,272		
Voting rights per share	1		
Paying agent	DZ BANK AG, Frankfurt am Main		
Index	SDAX, CDAX, DAX International Mid 100, DAXsector All Software, DAXsector Software, DAXsubsector All IT-Services, DAXsubsector IT Services, Prime All Share, Technology All Share		
Reporting standard	IFRS		
End of financial year	31/12		

resents a 6-percentage point increase in the share of the total trading volumes compared to the previous year.

Once again, the trading volumes of the adesso share more than doubled in 2021 with an increase of 122%, having almost tripled in 2020. Trading of EUR 301.7 million was recorded, compared to EUR 136.2 million in the previous year. Once again, at EUR 59.7 million, November was the month with the highest trading volumes. By contrast, trading in April was a mere EUR 11.6 million. An average of 7,757 shares changed ownership per trading day in 2021. On average, 164,829 adesso shares were traded monthly. As in the previous year, around 81% of trading took place on the Xetra trading platform. This was an increase of 8 percentage points year on year.

Year to Date Development 2022

The upbeat mood on the stock markets at the end of 2021 was quickly erased at the start of 2022, although the situation was, at least on the surface, very similar to the previous year. At the outset, the pandemic and hopes for a faster return to normality and a sustained recovery of the global economy continued to be foremost on investors' minds. These were, however, increasingly flanked by concerns over rising inflation and interest rates. What is more, the Russia-Ukraine conflict escalated dramatically until war broke out on 24 February 2022, causing the stock markets to plummet. After the DAX fell below the 15,000 mark again for the first time in continuous trading on 24 January 2022, it plunged even further to 13,807 points on 24 February 2022, following a volatile sideways movement. Amid uncertainty surrounding the ongoing impact on supply chains, energy prices and the recovery of the global economy, the DAX closed at 14,461 points at the end of February. Therefore, some 9% had already been wiped off the index in the first two months of the year. The TecDAX had already lost far more ground at the start of the year, due, in particular, to pressure on recently highly priced and investment-intensive technology and growth stocks in light of key interest rate hike announcements. The index closed at 3,236 points, an even greater drop of 17% compared to the end of the previous year.

Also caught up in the general stock market trend, the adesso share initially came under pressure up until the end of January and was down by a substantial 20%

on the previous year's closing price. It was from this level that a strong recovery set in with high trading volumes. The preliminary full-year figures published by an ad hoc announcement on 11 February 2022 exceeded expectations and, bucking the general market trend, lifted the share further, with the result that the share managed to almost make up for the interim losses by the end of February. The adesso share closed at EUR 202.50 on the last trading day in February, down a mere 3% on the end of the previous year. To date, it has outperformed the DAX by 6 performance points. The adesso share has also outperformed the TecDAX, its reference index, by an even greater margin of 14 percentage points.

Capital Measures

In the reporting period, share capital increased from EUR 6,185,343 to EUR 6,193,593 initially in June after stock options from the company's stock options programme were exercised. In October, share capital was increased again by EUR 309,679 to EUR 6,503,272 by way of a capital increase against cash contributions. adesso SE received gross issuing proceeds of around EUR 49.5 million from the cash capital increase. In total, share capital increased by 5.1% in 2021.

Dividends

The (virtual) Annual General Meeting on 27 May 2021 approved the proposal of the Executive Board and Supervisory Board regarding the appropriation of net income and resolved to increase the dividend by 4% to EUR 0.52 per share. The dividend was paid to the eligible shareholders from 1 June 2021 on.

Shareholder Structure

The largest shareholder of adesso SE, with 26.5% of the voting rights, is Prof. Dr Volker Gruhn, who holds his shares indirectly via the Group company Setanta GmbH. Prof. Dr Volker Gruhn is the Chairperson of the Supervisory Board of adesso SE and its co-founder. At 16.0%, Rainer Rudolf – co-founder, former Executive Board member and a member of the Supervisory Board since 2013 – holds the second-largest share of voting rights. adesso SE's Supervisory Board holds 42.9% of the company's share capital, while its Executive Board holds 0.5% of the share capital. The majority of the assigned voting rights, 64.1%, are still held by private investors. The share of institutional investors stood at 25.0% at the end of the year. The remaining 10.9% of the

company's shares cannot be clearly assigned to a specific class of investor. According to the definition promulgated by Qontigo, a subsidiary of Deutsche Börse Group, the free float is 48.1%. It has increased by 3.5 percentage points compared to the value in the 2020 annual report. This is mainly the result of the cash capital increase in October 2021 and, to a lesser extent, the exercising of options from the company's stock option programme and the sale of a smaller fixed ownership position.

Investor Relations Activities

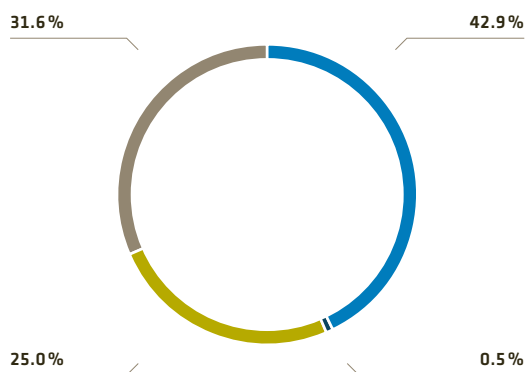
Our investor relations activities are dedicated to active communication and ensure that our business activities are transparent. We not only strive to offer ultimate transparency and ready access to information, but also actively seek dialogue with institutional and private investors, analysts and financial media. To this end, we regularly present the development of the company in the course of conferences, one-on-one meetings or roadshows. We also take advantage of numerous investor conferences to present adesso SE and enhance our contact with the capital market.

In 2021, adesso SE and its equity story were presented at the German Equity Forum and also at the Equity Forum's spring and autumn conferences. Furthermore, presentations were given at a further

seven conferences and investor events in Germany and abroad, each of which was held online. Two roadshows were also organised in a virtual format. Owing to the coronavirus, most events in 2021 were again carried out by video conference rather than on site. The financial calendar for 2022 once again plans for an increase in the number of investor conferences.

At the end of November 2021, adesso applied for admission to the Prime Standard, the sub-segment of Frankfurt Stock Exchange's regulated market featuring increased post-admission requirements. The Prime Standard is the segment with the strictest transparency requirements on the Frankfurt Stock Exchange and throughout Europe. The subsequent requirements that apply go beyond those for the General Standard, the segment in which adesso was previously listed. The decision by the Management Board of Frankfurt Stock Exchange to admit adesso was taken on 8 December 2021. The admission became effective with a corresponding uplisting on the following day. Previously, adesso had drawn up its Q3 2021 quarterly statement in accordance with Section 53 of the Exchange Rules for the Frankfurter Wertpapierbörse and published it on 15 November 2021. As part of its regular review of the composition of the DAX indices on 3 March 2022, Deutsche Börse also announced that adesso SE would be promoted

SHAREHOLDINGS *in %*



■ Supervisory Board ■ Executive Board
 ■ Institutional Investors ■ Other

SHAREHOLDER STRUCTURE *in %*



■ Prof. Dr. Volker Gruhn (Setanta GmbH)* ■ Rainer Rudolf*
 ■ Ludwig Fresenius ■ Freefloat * Supervisory Board

to the SDAX. The index change will take effect on 21 March 2022. This positions adesso among the 70 largest companies in terms of free-float market capitalisation of shares outside the DAX and MDAX.

In addition, we published information relevant to the capital market and presentations on our company regularly during the financial year. Interested capital market participants have access to comprehensive information in the “Investor Relations” section of the company website, which goes far beyond the mandatory disclosures. As a service, the menu item “Questions for the CFO” permits direct dialogue with the responsible Executive Board member. Distribution lists for mailing or electronically distributing company press releases and reports allow us to actively supply interested parties with the latest information on adesso SE. More than 650 individuals and companies have already taken advantage of this service. Especially for analysts, but also for all other interested investors, adesso provides an investor folder for download which, in addition to the regular publications for the past twelve months, includes a multi-period overview of the income statement and key performance figures on a quarterly and annual basis, as well as the consolidated and interim financial statements in Excel format. adesso was analysed regularly by various analysts in 2021. Updates to analyst studies are provided on the adesso website.

adesso SE is a member of the German Investor Relations Association e.V. (DIRK).

Analyses/Research

The adesso SE share has been evaluated regularly by Warburg Research with updates and comments since the publication of the baseline study in October 2016. Furthermore, valuations are published by the independent analysts of SMC Research, who have been tracking adesso’s development since May 2013. In order to strengthen transparency and further expand capital market relations, adesso has also been collaborating with the independent European financial services company Kepler Cheuvreux since the second quarter of 2019. The baseline study was published in September 2019. Berenberg initiated its coverage of adesso SE with the first publication of a base report in July 2021 after the analyst had been inducted.

The latest updates by analysts were published in February of 2022 and November of 2021. Berenberg sees a fair valuation of the share at EUR 244.00 and issued a “buy” recommendation. Warburg Research also issued a “buy” recommendation with a price target of EUR 245.00 (16 November 2021). The Kepler Cheuvreux analyst issued a “buy” recommendation for the adesso share, with a target price of EUR 236.00 (15 February 2022). SMC Research also issued a “buy” recommendation with an estimated fair value of EUR 230.00 (16 November 2021).

Since the beginning of 2011, trading of the adesso share has been managed by the market leader in designated sponsoring, ODDO BHF Corporates & Markets AG (formerly: Close Brothers Seydler Bank AG).

Contact:

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RECOMMENDATIONS FROM THE FINANCIAL MEDIA AND ANALYSTS' OPINIONS

2022-03-04	adesso joins the DAX family	[...] IT service provider is admitted to the SDAX. It has certainly earned it [...] Initial figures indicate that adesso has likely exceeded targets for 2021 financial year. Sales have increased to EUR 677 million (+29%; target: over EUR 630 million). EBIT has achieved EUR 84 million (+39%; target: EUR 77 million) following deduction of a special item, with a margin of 12.4%. This is expected to remain steady in the years ahead. The share is also stable amid an environment currently driven by war. This is convincing despite a rather high 2023 P/E ratio of 27. adesso therefore remains a buy. Next stop: EUR 140.00.	<i>Der Platow Brief</i>
2022-02-15	Buy	Target price: EUR 236.00	<i>Kepler Cheuvreux</i>
2022-02-14	Buy	Target price: EUR 244.00	<i>Berenberg</i>
2022-02-07	Platow funds in January – choppy start to the year	[...] A look through the portfolio shows that we are not reliant on any particular Value or Growth exposure. Already in the hugely successful 2021 (No. 1 in many return rankings), Value [...] and Growth (e.g. adesso [...]) were side by side. [...] in the list of portfolio stocks delivering the highest returns [...].	<i>Platow Börse</i>
2022-01-20	Value stocks 2022: List of attractive stocks including ETFs (Germany + global)	[...] Currently (as at January 2022), there are 21 stocks in the portfolio. The top 5 performers in the index (Value Stars Deutschland Index) are: adesso (IT service provider), [...]	<i>Computer Bild</i>
2022-01-05	These are the secret winners of digitalisation	Interesting IT service providers: The market for IT services is therefore already huge today and getting bigger [...] Most of these companies are not listed. However, we can still buy into some IT service providers as private investors. The range of listed companies extends from huge corporations [...] to comparatively smaller providers such as adesso [...].	<i>The Motley Fool</i>
2021-12-18	adesso has had a dynamic year of growth	[...] IT services provider adesso has since digested the capital increase in October well, with a forecast hike helping the stock to a new all-time high. Following new operational growth steps and acquisitions, the stock is consolidating its respectable price gains. However, short-term corrections should not surprise anyone precisely because of this...	<i>Zürcher Trends / NTG24.de</i>
2021-12-08	adesso: On course for a record	Sensational quarterly figures for adesso: The IT service provider increased its sales by 26% from the beginning of July to the end of September to a record-breaking EUR 173.8 million. [...] From a chart perspective, the upward trend is intact. Price target/stop price: EUR 244.00/162.80, risk: 3/5, upside potential: 32 %	<i>Focus Money</i>
2021-11-16	Buy	Target price: EUR 245.00	<i>Warburg Research</i>
2021-11-16	Buy	Target price: EUR 230.00	<i>SMC Research</i>
2021-11-04	Sell Positions/adesso raises outlook; (B+)	[...] Although adesso (cf., inter alia, 09/20: short 59.60, current 206.00; +246 %) continues to convince across the board, much is already priced in. Accordingly, the high prices should be utilised for partial profit-taking. Price potential: excellent.	<i>Effecten Spiegel</i>
2021-10-21	Buy/High expansion rate	[...] In their outlook for 2022, the experts from industry association bitkom hold out the prospect of continued strong growth in the software and IT services segments, which are particularly relevant for adesso. This should give the share further impetus after it had put on the brakes briefly following the capital increase. On a positive note, adesso insiders have provided proof of confidence in recent days by buying heavily. Target price: EUR 222.00, stop price: EUR 148.50.	<i>Börse Online</i>
2021-10-18	Expert opinion: Markus Hermann, Loys AG: "The new German stock wave - profit from Germany's weakness!"	[...] how do you achieve this transformation? These include stocks like Adesso [...], for example. Companies like these benefit from a weakness in Germany, namely digitalisation, where the country still lags far behind.	<i>Börsen Radio Network</i>
2021-10-01	adesso: everyone wants to go digital	[...] Those who find the current valuation too high should be reminded that this has actually always been the case and that foregoing commitments has never been justified. Purchases, on the other hand, would always have been worthwhile. With the limited number of shares available, there are always downturns with opportunities to start investing; selling on purely fundamental grounds has, to date, always turned out to be premature for long-term shareholders.	<i>Nebenwerte Journal</i>
2021-09-03	adesso: trend remains unbroken	[...] Therefore, it appears likely that the Executive Board will increase targets for sales and earnings, since the business has also developed positively at the start of the second half of the year. This should give the share enough momentum to keep the chart trend intact. If you are looking to jump on the bandwagon, go for the "Faktor-Zertifikat Long", which effectively doubles the movements of the underlying.	<i>Euro am Sonntag</i>
2021-08-07	It doesn't always have to be GAFAM: Tech made in Germany	[...] With an estimated 2022 P/E ratio of 29.3 and a 2023 P/E ratio of just under 25, the stock also remains attractively valued by comparison. [...] [...]	<i>AnlegerPlus</i>
2021-07-02	Further growth	The adesso share is an asset to any portfolio and its upwards trend is set to continue. Adjust target price and stop. The aim is: EUR 160.00, stop: EUR 100.00.	<i>Der Aktionär</i>
2021-04-25	German Champions: megatrends drive share prices	[...] Even here in Germany, there are shares that are gaining value by leaps and bounds on the stock market. Eleven top equities known for high returns and security. [adesso ranked eighth, with a 2,101% increase in value in 10 years].	<i>Welt am Sonntag</i>
2021-04-02	All aboard for growth	[...] Investors also like the targets to date: the share [...] has gained over 10% and moved on from its correction phase [...]. New readers should get on board with adesso for a trip north to EUR 114.00. Next stop: EUR 87.50.	<i>Der Platow Brief</i>

Management and Directors

Executive Board



MICHAEL KENFENHEUER | CEO

Michael Kenfenheuer (born in 1958) is a member of the Executive Board and responsible for the department Banking. He is also responsible for the areas of Sales Support, Inside Sales, Corporate Account Management and for the adesso subsidiaries adesso insurance solutions GmbH, alleato assekuranzmakler GmbH, adesso banking solutions GmbH and Afida GmbH. He was appointed as a member of the adesso SE Executive Board for these responsibilities in 2000. With his many years of business management and project management experience, Michael Kenfenheuer is having a major impact on the development and expansion of the company's network of technical and industry experts. From 2011 to mid-2015 Michael Kenfenheuer was the Co-Chairman of adesso SE. Since 1 July 2015 he assumes the Chairmanship.



DIRK POTHEN | MEMBER OF THE EXECUTIVE BOARD

Dirk Pothén (born 1967) is a member of the Executive Board and responsible for the business divisions Automotive and Transportation, Manufacturing Industry as well as for the foreign subsidiaries adesso Austria GmbH, adesso Bulgaria EOOD, adesso Schweiz AG, adesso Turkey Bilgi Teknolojileri Ltd. ti, adesso Spain Consultoría y Soluciones Tecnológicas, S.L., adesso Netherlands B.V. and adesso Italia. He is also responsible for the adesso investments com2m GmbH, material.one AG and adesso manufacturing solutions GmbH. Furthermore, he is responsible on the Executive Board for the Human Resources, Proposal Management and Corporate Communications departments. Before his appointment to the Executive Board of adesso SE in 2018, Dirk Pothén most recently served as Managing Director DACH at SQS Software Quality Systems AG in Cologne. Prior to this, the adesso Executive Board member held various management positions at Atos and T-Systems for fifteen years, e.g. as Senior Vice President Application Development.



ANDREAS PRENNEIS | MEMBER OF THE EXECUTIVE BOARD

Andreas Prenneis (born 1965) is a member of the Executive Board and responsible for the business divisions Public Administration, IT Management Consulting, Utilities and Cross Industries. He is also responsible for the adesso holdings adesso as a service GmbH, adesso mobile solutions GmbH, adesso orange AG, adesso Transformer Deutschland GmbH, KIWI Consulting EDV-Beratung GmbH, medgineering GmbH and percision services GmbH. He is also responsible for the areas of legal affairs, compliance, IT and project management office. Before he was appointed to the Executive Board of adesso SE in 2015, he was employed at CompuGroup Medical Deutschland, where he most recently headed various business divisions as Area Vice President Telematics & AddOn.

**STEFAN RIEDEL | MEMBER OF THE EXECUTIVE BOARD**

Stefan Riedel (born in 1967) heads the Insurance division as a board member and is also responsible for the adesso subsidiary adesso experience GmbH. Before he was appointed to the board of adesso SE in 2020, Stefan Riedel was the general representative of IBM Deutschland GmbH for the insurance sector – first as vice president in German-speaking countries (DACH) and then as vice president for Europe.

**JÖRG SCHROEDER | MEMBER OF THE EXECUTIVE BOARD**

Jörg Schroeder (born 1977) is a member of the Executive Board and responsible for the areas of Finance and Controlling, Investor Relations as well as Administration and Mergers & Acquisitions. He heads the Health division as a board member and is also responsible for the subsidiaries adesso health solutions GmbH and inQventures GmbH. Before he was appointed to the Executive Board of adesso SE, the graduate in business informatics, LL.M. and executive MBA was responsible for the strategy development for the implementation of the BITMARCK group of companies as Chief Strategy Officer and member of the Executive Board since 2015. Most recently, as Chief Financial Officer of BITMARCK Holding GmbH, he was responsible for the areas of finance, controlling and purchasing of the group and all subsidiaries.

**TORSTEN WEGENER | MEMBER OF THE EXECUTIVE BOARD**

Torsten Wegener (born 1966) is a member of the Executive Board and responsible for the business divisions Data & Analytics, Microsoft, Retail, Digital Experience, Salesforce, Customer Experience and Customer Relationship Solutioning at adesso. He is furthermore responsible for the subsidiary Reachbird AG. Before he was appointed to the Executive Board of adesso SE Torsten Wegener spent the past years working in Germany for U.S.-based global corporate group Cognizant Technology Solutions (CTSH). He was responsible for the data-driven business in the position of Vice President Artificial Intelligence & Analytics. Later, as Vice President Digital Business, he was also responsible for digital strategy, interactive, IoT and digital engineering. He has years of experience as a tech founder and managing director of his own successful IT companies in Germany and other countries (C:1 Solutions GmbH and DD SYNERGY AG).

Management and Directors

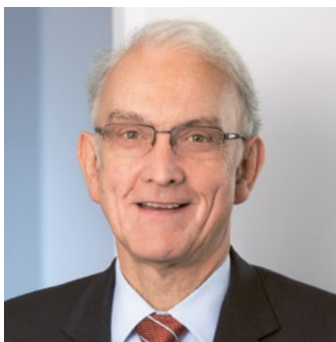
Supervisory Board



PROF. DR. VOLKER GRUHN | CHAIRPERSON OF THE SUPERVISORY BOARD

Prof. Dr. Volker Gruhn (born in 1963) was a co-founder of adesso SE in 1997 and is now the Chairperson of the Supervisory Board. He is Head of the Software Engineering Department at University of Duisburg-Essen. His research focuses on software processes for the development of data-driven and mobile applications as well as cyber-physical systems. Prof. Dr. Gruhn is the author and co-author of more than 450 national and international publications and conference contributions. He is member of the University Council of Leipzig University and member of the board of trustees of the Fraunhofer-Institute for Software and System Technology. Furthermore he is member of the advisory council of the BIPRO initiative. The BIPRO initiative is an association of finance companies that aim to optimize cross-company processes by developing functional and technical standards.

Further mandates in Supervisory Boards: Besides being the chairperson of the Supervisory Board of adesso SE, Prof. Dr. Gruhn is the Chairman of the Supervisory Board of AISportsWatch GmbH, Essen, as well as Member of the Business Council of Borussia Dortmund, Dortmund.



DR. FRIEDRICH WÖBKING | MEMBER OF THE SUPERVISORY BOARD (DEPUTY CHAIRPERSON)

Dr. Friedrich Wöbking (born in 1950) is a declared expert on information technology and the banks and insurance industries. He was member of the Executive Board at Dresdner Bank AG between 2003 and 2009 and took responsibility for the IT Services and Operations department. Previously, during the 1990s, he was member of the Executive Board at Allianz Versicherungs-AG/Allianz Lebensversicherungs-AG and Deutsche Versicherungs-AG where he was head of the Private Customer Business department as well as head of the departments IT and e-Business. From 1995 to 2009, he was also Global CIO of Allianz SE and Chairman of the Global IT Committee of Allianz SE. Wöbking owns a doctor's degree in Information Technology and Mathematics and currently runs FW ADVISORY Management Beratung.



PROF. DR. GOTTFRIED KOCH | MEMBER OF THE SUPERVISORY BOARD

Prof. Dr. Gottfried Koch (born in 1951) is a professor of insurance IT and member of the management board of the IT institute at Leipzig University. Before he took up the professorship in 1998, he worked at Helvetia insurance group in St. Gallen and Frankfurt, and was also active as a freelance consultant. In addition, he was managing director of FJA AG in Austria and Switzerland until 2000. He studied at the German Insurance Academy in Cologne, at Goethe University in Frankfurt, and at the University of St. Gallen, where he also received his doctorate. Having initially trained as an insurance clerk, he started his career at Frankfurter-Allianz Versicherungs AG.



**HERMANN KÖGLER | MEMBER OF THE SUPERVISORY BOARD
CHAIRMAN OF THE AUDIT COMMITTEE**

Hermann Kögler (Born 1955) was for over 12 years Director of Finance/Controlling and Spokesman of the Board at COGNOS AG, one of the biggest privately-owned, independent education groups in Germany. After his departure from the Board of Executive Directors at his own request, he was elected Member of the Supervisory Board at COGNOS AG in 2016. After studying Business Administration at the University of Cologne, he began his career as a self-employed wholesaler. He later held a number of senior management positions, including those at the Otto Wolff Group and Rhenus AG. In early 1996 he moved to the international steel distributor Klöckner & Co., where he was an executive until 2001, most recently as Director of Finance/Controlling. Before he joined COGNOS AG in 2004 the graduate business administrator worked as a consultant and interim manager.

Further mandates in Supervisory Boards: Besides being a member of the Supervisory Board of adesso SE, Hermann Kögler is Chairman of the Supervisory Board of COGNOS AG, Hamburg.



HEINZ-WERNER RICHTER | MEMBER OF THE SUPERVISORY BOARD

Heinz-Werner Richter (born in 1951) has been a member of the management board of Barmenia Versicherungen from 1996 to 2013 and was responsible for the IT and mathematics divisions in the health and life insurance sectors. Additionally, he was a member of the management board of the German actuarial association for many years as well as a member of numerous bodies within the German Insurance Association, and the association of private health insurers. Today, Mr. Richter works as an actuarial trustee for private health insurers and works as an expert. Before starting his career at Barmenia in 1977, Heinz-Werner Richter studied mathematics and informatics at the University of Bonn where he graduated with a degree in mathematics.



**RAINER RUDOLF | MEMBER OF THE SUPERVISORY BOARD
MEMBER OF THE AUDIT COMMITTEE**

Rainer Rudolf (born in 1962) holds a degree in computer science from the University of Dortmund, co-founded adesso SE in 1997 and determined the company's early, solid economic development in the role of CEO until 2011. His area of responsibility included the areas of finance, accounting and controlling as well as the areas of human resources, administration and legal affairs. After leaving the board in September 2011, Rainer Rudolf headed Stock Informatik GmbH & Co. KG, a leading software company in the field of occupational medicine and occupational safety, which was acquired by CompuGroup Medical Deutschland AG in 2015. From December 2016 onwards, Rainer Rudolf was responsible for the Dortmund-based software company W3L AG as a member of the Executive Board and moved to the Management of SMF GmbH in May 2021 following the sale of the company and its merger with the parent company SMF GmbH.

Glossary

Commercial terminology

Account clearing

The accumulation of the balances of various bank accounts in a target account, taking account of defined minimum levels. This produces a balance of available liquidity in the target account, which is used for various forms of investment.

Benchmark

Benchmarking describes comparative analysis on the basis of set reference values (benchmarks).

Cash flow

Cash flow is an economic measure that represents the net flow of liquidity resulting from sales and other continuing activities in a certain period.

Cash management

Cash management and liquidity management are terms used in commercial finance management. Cash management includes all measures relating to the current financial planning of a company.

Cost of materials ratio

The cost of materials ratio represents the relationship between expenditure on materials and services and turnover. It is expressed as a percentage.

The DACH region

DACH is an acronym comprised of abbreviations of the German names of the countries in the region: Germany (D), Austria (A), and Switzerland (CH). The term is usually used to refer to the German speaking economic area.

Discounted cash flow method

The DCF method is used to determine the value of companies. Future cash flow is discounted by taking into account the cost of capital on a reporting date.

EBITDA

Earnings before interest, taxes, depreciation and amortisation.

EBITDA margin

The ratio of EBITDA to sales. The EBITDA margin is a measure of a company's productivity and is independent of its income from financial assets, extraordinary items, and taxes.

Factoring

Factoring is a financial service used to finance current sales. The factor purchases the accounts receivable of its factoring client vis-à-vis a debtor. In exchange for the accounts receivable the factor pays the factoring client the value of the receivable immediately.

Forecast

A forecast is a projection used in budget planning. During the progress of a period, forecasts are used to update expectations for the period compared the original budget.

Free float definition (according to "Guide to the DAX Equity Indices")

Definition according to "Guide to the DAX Equity Indices" by Qontigo, a subsidiary of Deutsche Börse Group, to divide a company's shares into free float and fixed ownership.

FTE

Abbreviation of Full Time Equivalent. The FTE value is used to compare the relative staffing levels of a company and as a basis for calculations; the FTE value is used to convert figures regarding absolute staffing levels to their equivalent in terms of full-time positions. For example, two 50% contracts would be counted as one employee, even if two different individuals are employed.

German Corporate Governance Code

The German Corporate Governance Code (often shortened to DCGK) is a system of regulations established by a commission of the German Federal Government. It is primarily composed of guidelines regarding good corporate governance, including ethical employee behaviour and the leadership of companies and organisations.

Goodwill

Goodwill is the amount a purchaser is prepared to pay for a business or company with regard to its expected future earnings (= earnings value) above the value of individual assets after the deduction of debts (= net asset value).

Gross domestic product (GDP)

The value of all goods and services produced by an economy, as defined by its territorial border, within a given year. GDP includes the services of foreigners working in a country, whereas the services of natives working abroad are not included.

Gross profit

Gross profit is the difference between a company's revenue and its expenditure on goods and services.

IAS International Accounting Standards

See IFRS

IASB

The International Accounting Standards Board (IASB) is an independent international committee of legal experts which is responsible for the development, and where required, the revision of the International Financial Reporting Standards (IFRS).

IFRS

The International Financial Reporting Standards (IFRS) is a set of international standards used by organisations when reporting their financial results. They include the standards of the International Accounting Standards Board (IASB), International Accounting Standards (IAS), the International Accounting Standards Committee (IASC) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Impairment Test

An impairment test is a mandatory test used to evaluate fixed assets. The accounting regulations US-GAAP and IFRS call for the periodic evaluation of possible indicators of sustained loss of value.

Working capital

Working capital refers to the difference between current realisable assets (those that can be liquidated within a year) held by a company and its current liabilities. It is the portion of current assets which are not tied up in covering current liabilities, and can therefore be "put to work" in purchasing, production, and working processes.

Xetra trading

Xetra is an electronic trading system operated by Deutsche Börse AG for the spot market. Its central servers are located in Frankfurt.

IT terminology

Bitkom

The Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e. V. (the German Federal Association for Information Technology, Telecommunications and New Media) is Germany's digital association. Founded in 1999, it represents more than 2,000 member companies of the digital economy.

Content solutions

In the context of its expansion strategy, adesso is developing a portfolio of solutions. The focus is on functions that are of interest to a large number of clients in the same or similar form, and can therefore be marketed as a solution. adesso's Content Solutions include solutions for the generation and management of content.

FirstSpirit

The name of content management system produced by e-Spirit AG.

Internet of Things

The term Internet of Things or in brief IoT describes that conventional personal computers (PC) are increasingly disappearing as a device and replaced with "smart objects". The "Internet of things" is meant to support people unnoticeably in their everyday activities. For this purpose, computers/sensors become smaller and smaller to be embedded in objects. Hence, they neither distract the users nor being noticed at all. They serve to collect and to process data, can be networked to communicate or initiate useful processes.

Mobile solutions

In the context of its expansion strategy, adesso is developing a portfolio of solutions. The focus is on functions that are of interest to a large number of clients in the same or similar form, and can therefore be marketed as a solution. adesso classes all solutions that help make information, content and applications remotely accessible as mobile solutions.

Financial Calendar

<i>Date</i>	<i>Event</i>
2022-01-10/11	25 ODDO BHF Forum, Lyon (virtual)
2022-01-17	21. German Corporate Conference (GCC) of UniCredit/Kepler Cheuvreux (virtual)
2022-02-22	Warburg German Ideas Day, Warsaw (virtual)
2022-03-16	Berenberg EU Opportunities Conference 2022, London (virtual)
2022-03-29	Publication of the 2021 annual report, financial press / analyst conference, Dortmund
2022-05-16	Publication of the Quarterly Statement Q1 2022
2022-05-23	Spring Conference 2022, Frankfurt/Main
2022-05-31	Regular ASM, Dortmund
2022-08-15	Publication of the 2022 half-year report
2022-09-05/06	German Fall Conference 2022, Frankfurt/Main
2022-11-14	Publication of the Quarterly Statement Q3 2022
2022-11-28 to 30	German Equity Forum 2022, Frankfurt/Main

Imprint

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