

REAL GROWTH
IS MORE THAN
#NUMB3RS



COMPANIES OF ADESSO GROUP

adesso SE – Dortmund

IT-Services

Bulgaria Sofia – 100%
Denmark Kopenhagen - mittelbar 100%
Finland Espoo/Helsinki – 100%

Italy Milan – 100%
Netherlands Amsterdam – 100%
Austria Vienna – 100%

Romania Bucharest – 100%
Sweden Malmö – 100%
Switzerland Zurich – 100%

Spain Barcelona – 100%
Türkiye Istanbul – 100%
Hungary Budapest – 100%

**adesso as a
service GmbH**
Dortmund | 100 %

adesso orange AG
Harneln | 71 %

**adesso Transformer
Deutschland GmbH**
Dortmund | 100 %

**adesso
ventures GmbH**
Berlin | 100 %

**alleato assekuranz-
makler GmbH**
Dortmund | 100 %

**KIWI Consulting
EDV-Beratung GmbH**
Walldorf | 70 %

**percision
service GmbH**
Dortmund | 100 %

IT-Solutions

**adesso banking
solutions GmbH**
Frankfurt a.M. | 50 %

**adesso health
solutions GmbH**
Neumünster | 90 %

**adesso insurance
solutions GmbH**
Dortmund | 100 %

**adesso manufacturing
industry solutions GmbH**
Dortmund | 100 %

**adesso mobile
solutions GmbH**
Dortmund | 100 %

materialOne AG
Augsburg | 53 %

**Reachbird
Solutions GmbH**
Munich | 100 %

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.

REAL GROWTH IS MORE THAN #NUMB3RS

In financial year 2022, adesso's dynamic growth was once again significantly faster than the average of the past decade. The company has been gaining market share for years and widening its business base on many levels. Just concentrating on the numbers doesn't give the whole picture when it comes to evaluating long-term success. The people, the way they work together and the stories behind these numbers are equally as interesting. Why do customers trust adesso? What makes working with the people of the adesso Group so appealing? adesso's employees adopt an entrepreneurial mindset in the interests of customers and are agile, pragmatic and decisive. They are authentic and likeable team players – not know-it-all consultants, but approachable and “real”.

Loyalty, enthusiasm, innovation, trust and a focus on growth are qualities that are deeply rooted in the corporate culture. Customers count on these attributes. Some customers have been with adesso for several decades.

The 2022 Annual Report will introduce you to projects from our company history, spanning more than 25 years, that show how the things that set us apart shape the way we work together on the road to project success. This, combined with the entrepreneurial spirit typical of all adesso employees, contributes to real, sustainable success, which consists of **more than** just numbers. Read more from page **XX** onwards.



CONTENT

8	Foreword by the Executive Board	76	Consolidated Notes
12	Report by the Supervisory Board	164	Investor Relations
18	Highlights 2022	172	Management and Directors
20	Real growth is more than #numb3rs	176	Glossary
34	Consolidated management report	180	Finance Calendar
68	Consolidated Financial Statement	181	Imprint

Remuneration Report

In accordance with Section 162 of the German Stock Corporation Act, we published the Remuneration Report for fiscal year 2022 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

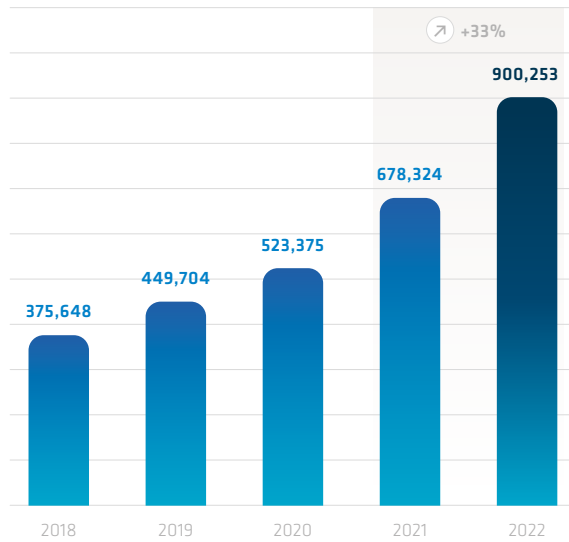
in EUR k	2022	2021*	Change	in %
Profit situation				
Sales revenues	900,253	678,324	221,929	33
domestic	729,731	550,232	179,499	33
foreign	170,522	128,092	42,430	33
EBITDA	92,908	101,985	-9,077	-9
EBITDA margin (in %)	10.3	15.0	-4.7	-31
Consolidated earnings	28,793	47,577	-18,784	-39
Balance sheet				
Balance sheet total	655,565	557,203	98,362	18
Equity	215,181	185,618	29,563	16
Equity ratio (in %)	32.8	33.3	-0.5	-2
Liquid assets	90,897	109,922	-19,025	-17
Net cash position	-15,598	31,009	-46,607	150
Employees				
Employees (FTE)	8,056	5,814	2,243	39
domestic	6,651	4,811	1,840	38
foreign	1,405	1,002	403	40
Gross profit/Employees	110	108	2	2
Share				
Number	6,512,272	6,503,272	9,000	0
Price at the end of the period (in EUR)	131.80	209.00	-77.20	-37
Market capitalisation at the end of the period (in EUR m)	858.3	1,359.2	-500.9	-37
Earnings per share (in EUR)	4.40	7.59	-3.19	-42
Dividend per share (in EUR)**	0.65	0.60	0.05	8
P/E ratio	30.0	27.3	2.6	10

* See notes section "3.2 Correction according to IAS 8.42"

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

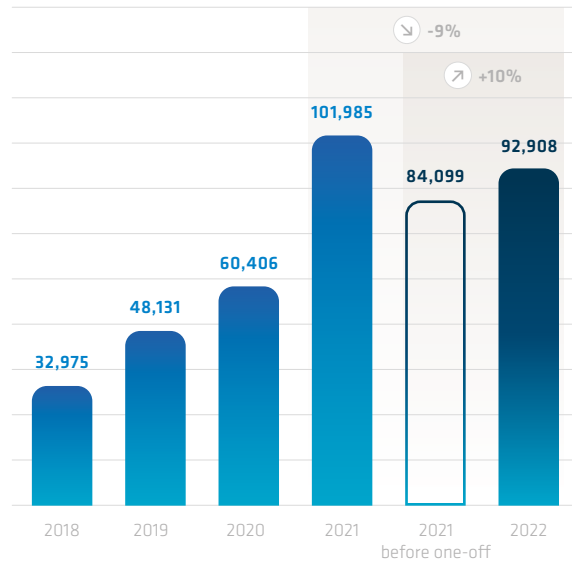
Growth in sales

in EUR k



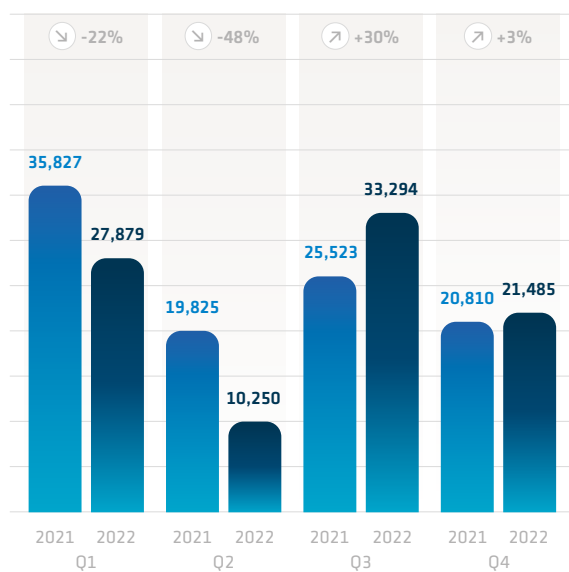
EBITDA Development

in EUR k



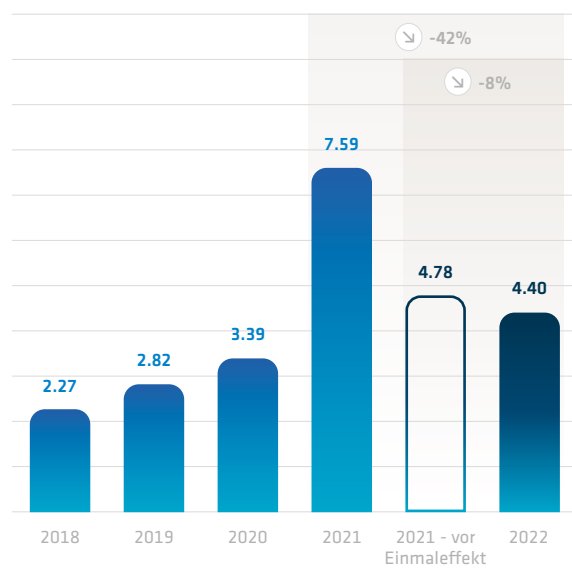
EBITDA Development (per quarter)

in EUR



Earnings per share

in EUR



FOREWORD BY THE EXECUTIVE BOARD

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

2022 was another chapter in the adesso success story, a story that is built around profitable growth achieved with a modern and market-oriented range of IT services and software products. In financial year 2022, adesso succeeded in increasing its sales volume by 33 % to a new record of EUR 900 million.

Of this growth, 29 percentage points was achieved organically, i.e. by recruiting new employees (adessi), acquiring new customers and projects and successfully delivering and implementing them. A further four percentage points of growth stemmed from M&A transactions.

All of the sectors in which adesso provides its services and products recorded a double-digit percentage growth rate. The outlook for financial year 2023 is also mostly positive in this regard.

EBITDA declined from EUR 102.0 million to EUR 92.9 million in 2022. That being said, earnings in financial year 2021 were boosted by a one-off special effect from the sale of the e-Spirit companies, which had a net effect on EBITDA of EUR 17.9 million. Adjusted for this one-off effect, pure operating EBITDA therefore increased by 10 % from EUR 84.1 million (2021) to EUR 92.9 million. Nevertheless, the more modest increase in operating earnings compared to a strong growth in sales meant that margins declined. The EBITDA margin stood at 10.3 %. Earnings per share were down slightly by -8 % on the adjusted figure for the previous year. Rapid growth has squeezed our margins, especially as a result of weaker capacity utilisation in the IT services business. The higher-than-average incidence of sick leave in 2022 compared to previous years was an added factor. Other aspects include temporary one-off charges to other operating expenses resulting from company events and the launch of a new ERP system.



Andreas Prenneis, Michael Kenfenheuer, Torsten Wegener, Jörg Schroeder, Dirk Pothen

Record licence sales with our in|sure Ecosphere product family are a positive development. Similarly, scheduled price increases in our core IT services business were implemented successfully, thereby broadly offsetting negative effects. We anticipate that the effects of these price increases will not have fully run their course in 2022 and that they will continue to have a positive impact in financial year 2023.

The number of employees has risen to over 8,000 (full-time equivalents), more than 1,400 of whom work outside Germany. This means we believe we are well placed to achieve growth both in our home market of Germany and internationally. We have also been consistently successful in recruiting exceptional talent in a market beset by a shortage of skilled workers. At around 8%, our employee turnover rate is well below the industry average and helps to keep the transaction costs of growth as low as possible.

The outlook for financial year 2023 is positive for our company. We plan to generate sales volumes of over EUR 1 billion for the adesso Group and EBITDA of EUR 100 to 110 million, which corresponds to double-digit rates of growth in both sales and earnings.

With a view to securing a broader basis for financing further growth, we concluded a syndicated loan agreement in the amount of EUR 130 million with a consortium of our principal banks in November 2022. This also provides us with a balanced mix of borrowed capital to finance future growth.

The 2022 stock market year was a turbulent one. The adesso share was promoted to the SDAX in March 2022. Interest rate developments in particular led to shifts in company valuations over the course of the year. On a fundamental level, we continue to view adesso's underlying business development and the outlook for the company as positive.

We would like to express our heartfelt thanks to all of our stakeholders, customers, employees and partners, without whom our success story would not be possible. Our company celebrated its 25th anniversary in 2022. We remain committed to our goal of delivering profitable growth as we look forward to the next 25 years together. Thank you, dear shareholders, for your continued trust and loyalty.



Michael Kenfenheuer



Andreas Prenneis



Dirk Pothen



Jörg Schroeder



Torsten Wegener

REPORT BY THE SUPERVISORY BOARD OF ADESSO SE



Prof. Dr. Volker Gruhn

ADVISING AND MONITORING OF MANAGEMENT

The Supervisory Board completed the tasks entrusted to it in financial year 2022 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 in 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.

SUPERVISORY BOARD MEETINGS

Four regular and two extraordinary meetings of the Supervisory Board were held in financial year 2022. All of the meetings were held as face-to-face meetings. As described in detail below, some members took part in individual meetings via video conference. All acting members of the Supervisory Board attended all of the meetings. The Supervisory Board was composed of six members until 30 September 2022 and five members thereafter.

An 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 its subsidiaries; strategy; risk management and controlling; and 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 Chairperson 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.

FROM THE MEETINGS

As in previous years, the March meeting focused on the financial statements of the individual companies, 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 2022 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 2022 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 report presented was prepared in accordance with the German Sustainability Code (DNK) and reviewed by the Supervisory Board. The Supervisory Board determined that a non-financial report had been submitted and that the legally required aspects had been adequately 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 2021, 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 2021. The annual financial statements were thereby approved. Upon the joint recommendation of the Audit Committee and management, the Supervisory Board resolved to propose to the Annual General Meeting that BDO AG Wirtschaftsprüfungsgesellschaft be appointed as auditor of the financial statements of adesso SE and as auditor of the consolidated financial statements for financial year 2022.

The Executive Board proposed a dividend of EUR 0.60 per share for 2021, corresponding to a dividend payment of EUR 3,901,963.20. The Supervisory Board agreed with the proposal. In addition, the report by the Supervisory Board for financial year 2021 was approved.

The agenda for the 2022 Annual General Meeting was also adopted. Furthermore, the participants discussed and determined that the Annual General Meeting would be held as a virtual event again in financial year 2022. The Executive Board presented the updated Corporate Governance Declaration including the corporate governance report, which were subsequently adopted by the Executive Board and the Supervisory Board. In addition, planning for 2022 was approved. The CFO reported that adesso would be listed in the SDAX. The inclusion in the SDAX would take effect on 21 March 2022.

In an extraordinary meeting following the Annual General Meeting on 31 May 2022, the Executive Board discussed and deliberated in detail on the topic of the “syndicated loan” on the basis of explanations and presentations by the CFO. The Supervisory Board subsequently assigned the negotiating mandate to the CFO. The negotiations were brought to a successful conclusion in November, when a syndicated loan agreement for EUR 130 million with an option to increase was concluded and signed.

At the Supervisory Board meeting held in June, which Rainer Rudolf attended via video conference, the proportion of women on the Supervisory Board and the Executive Board was discussed in detail and it was resolved, in accordance with Section 111 (5) of the German Stock Corporation Act (AktG), to set a target of 33% for the proportion of women on the Supervisory Board, and a target of 16% for the proportion of women on the Executive Board. A deadline of five years has been set to achieve these targets.

The Audit Committee then reported on its previous meeting. The ongoing development of the risk management system and the current inventory activities were presented.

The CFO reported on the consolidated financial statements for the first quarter of 2022, and provided information on the current capital market outlook as well as an update on investor relations. The CFO then reported on the current business situation and gave a presentation on how business had been developing up to that point in the second quarter. In particular, the weaker capacity utilisation was addressed and measures to remedy the situation were discussed and adopted.

At the meeting in September, which Hermann Kögler attended via video conference, the impact of inflation on the adesso Group's business was discussed. A discussion was also held on the report on the half-year financial statements. With regard to the key financial figures, it was demonstrated that the third quarter also displayed a positive trend in terms of earnings. The Supervisory Board then acknowledged the Audit Committee's presentation of its most recent report.

At the December meeting, which was attended by Dr Friedrich Wöbking via video conference, Stefanie Kemp, who was also attending online, introduced herself as the court-appointed successor to Dr Gottfried Koch, following his resignation. This was followed by a discussion on the expected capacity utilisation at the beginning of 2023 and, once again, the issue of persistent inflation. The members of the Supervisory Board discussed the matters and welcomed the measures undertaken by the Executive Board.

The participants also addressed the current corporate governance situation, which was a further item on the agenda. In this context, the changes to the remuneration system for the Supervisory Board in particular were discussed and resolved. The necessary adjustments were to be prepared for submission to the Annual General Meeting. The update to the statement of compliance with the German Corporate Governance Code was also adopted.

During the meeting, the CFO presented the figures for the third quarter of 2022 and reported that the adesso Group's sales had risen by 32 % over the first nine months of the year. The financial situation could still be described as stable. The cash position had improved year on year, while financial liabilities were roughly at the previous year's level.

Following a report by the Audit Committee on current topics, the CFO reported on the current business situation. Furthermore, the key planning assumptions of adesso SE and the adesso Group for financial year 2023 were also presented.

COMMITTEES

The Audit Committee of adesso SE convened four times during the reporting year. The two members of the Audit Committee attended all of the meetings. All of the meetings were held as face-to-face meetings.

At its December meeting, the Supervisory Board resolved to form a Nomination Committee. Prof. Dr Volker Gruhn is to be the Chairman of the Nomination Committee. Rainer Rudolf was elected as an additional member of the Nomination Committee.

EXECUTIVE BOARD

The Supervisory Board of adesso SE extended the contracts of Andreas Prenneis and Jörg Schroeder. By reappointing them, the Supervisory Board acknowledged their successful work on the Executive Board and ensured continuity for the ongoing development of the rapidly growing company. The early extension of the initial contract of CFO Jörg Schroeder, which was due to expire on 31 August 2022, by five years and of the contract of Andreas Prenneis, which was originally due to run until 31 March 2023, by four additional years is also a means of providing planning security.

With the expiry of Stefan Riedel's Executive Board agreement at the end of 2022, the graduate in business informatics has – much to our regret – left the company to pursue new interests. His responsibilities on the Executive Board for the Insurance division were assumed by Michael Kenfenheuer, Chairman of the Executive Board, on 1 November 2022; Mr Kenfenheuer had been responsible for this sector for many years prior to Stefan Riedel. Stefan Riedel joined adesso at the beginning of 2020 and, in addition to the insurance division, was instrumental in the continued development of customer experience management for a holistic customer experience. On behalf of the entire adesso team, the Supervisory Board would like to thank Stefan Riedel for his contribution to the company's successful development and wish him all the best in his future career.

SUPERVISORY BOARD

Regrettably, Prof. Dr Gottfried Koch stepped down from his position as a member of the company's Supervisory Board with effect from 30 September 2022. Prof. Dr Koch joined the Supervisory Board on 4 June 2013. During his term of office, he advised on, reviewed and supported key decisions regarding the development of the business, such as the conversion to a Societas Europaea (SE), capital increases to fund growth and numerous strategic acquisitions. He therefore played a major part in the Group's successful expansion into one of the leading IT service providers in Europe. The Supervisory Board and the Executive Board of adesso SE would like to thank Prof. Dr Koch for his valuable and trusted contribution to the company over many years, and wish him all the best for the future.

As mentioned, Stefanie Kemp was proposed as his successor. To ensure that the Supervisory Board has the number of members required by the Articles of Association, the Supervisory Board and Executive Board initiated the procedure to have Stefanie Kemp appointed as Prof. Dr Koch's successor by a court on 16 January 2023 in accordance with the German Stock Corporation Act (AktG). The election of Stefanie Kemp by the shareholders is scheduled to take place at the company's Annual General Meeting, which is due to be held in early June 2023.

2022 ANNUAL REPORT

BDO AG 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 2022 and has issued an unqualified audit opinion.

As the responsible auditor from BDO AG Wirtschaftsprüfungsgesellschaft, Andreas Dirks 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. 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 examined in detail the annual and consolidated financial statements along with the combined management report of adesso SE and the Group as at 31 December 2022 along with the proposal by the Executive Board concerning the appropriation of profits. 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.

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 2022.

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 profits.

ACKNOWLEDGEMENTS

On behalf of the Supervisory Board, I would like to thank the Executive Board and all employees of adesso SE and its affiliated companies for their strong commitment and constructive teamwork, as well as for all that they have achieved over the past financial year.

Dortmund, 20 March 2023

On behalf of the Supervisory Board



Prof. Dr. Volker Gruhn, Chairperson

HIGHLIGHTS 2022

JANUARY

SAP Gold Partner adesso orange acquires GORBIT

With the acquisition of the Essen-based GORBIT GmbH, adesso gains the support of an additional 20 SAP experts at its location in Essen. With this acquisition, adesso orange AG will not only expand its expertise in user administration and batch management, but also its expert industry knowledge of the chemicals and pharmaceuticals industry.

FEBRUARY

material.one accelerates digitalisation in manufacturing; its first major client: Mercedes-Benz

As a development partner, adesso increased its stake in material.one AG to 53% and thus became the majority shareholder in this promising platform provider. material.one supports digitalisation in the manufacturing industry along a global supply chain management. The solution has already attracted its first high-profile client: Mercedes-Benz will transfer all sampling activities at its construction plants to material.one by 2023.

MARCH

adesso SE moves up into the SDAX

adesso is admitted to the SDAX in March. This positions adesso among the 70 largest companies in terms of free-float market capitalisation of shares outside the DAX and MDAX. The listing reflects increased investor interest and strong company growth. Following a share price increase of 81% in 2020, the stock rose again by 115% in 2021, thereby significantly outperforming the selection indices.

APRIL

adesso sets up subsidiaries in Sweden and Denmark

adesso is continuing to expand its presence in northern Europe: two new adesso Group subsidiaries in Sweden and Denmark join the existing adesso subsidiary in Finland. This will build on the 100% acquisition of Purple Scout, an IT company with a solid foundation in both countries. The profitable IT company, which employs around 60 people and, like adesso, is growing strongly, generates sales of around EUR 6 million. With its five locations, it constitutes the ideal economic basis for adesso to continue expanding its international operations with a focus on Northern Europe.

MAY

Dividend increase to EUR 0.60.

For the ninth year running, the Annual General Meeting in May resolves to increase the dividend by 15% to EUR 0.60 per share in accordance with the proposal by the Executive Board and Supervisory Board. adesso's policy aims to achieve a sustained absolute increase in the dividend.

JUNE

adesso SE acquires remaining stake in IoT specialist com2m GmbH

adesso SE increased its stake in com2m GmbH from roughly 59% to 100%. Going forward, the company will continue to develop this successful portfolio within adesso SE as part of its Manufacturing Industry business unit. To achieve this, the affiliated company, which employs around 50 people will be merged with adesso SE. The company's managing directors and sales staff will be responsible for advancing the new division's business at adesso SE.

JULY

adesso ramps up SmartShore offerings with new subsidiary adesso Romania

adesso continues its expansion in Europe by opening an office in Bucharest. This new subsidiary in the south-east of Europe means adesso is now represented in a total of 13 European countries. adesso Romania is strengthening the adesso Group Global Delivery Network. adesso's nearshoring concept, which involves international, multilingual teams, makes it possible to staff challenging IT projects and execute them cost-effectively at a time when pressure is mounting to curb costs and skilled IT workers are in short supply.

adesso acquires quadox AG and rises to rank among top five SAP analytics market leaders

adesso SE is acquiring quadox AG, a company based in Walldorf, Germany, specialising in SAP analytics. The acquisition will double the size of adesso's existing team of experts in the burgeoning SAP analytics field, taking the number to about 70. The move to expand this financially important cross-cutting segment puts adesso among the five biggest SAP analytics experts in Germany. Big-name companies that are customers of quadox will be served by the adesso Group going forward.

AUGUST

German Federal Chamber of Notaries develops online notarial procedure with help from adesso

The German Federal Chamber of Notaries hailed the first online formation of a GmbH (a limited liability company under German law), which took place on 1 August 2022, as a “milestone in the digitalisation of the notarial profession”. As well as forming a GmbH, it is now possible to make applications to the commercial and cooperative registers digitally. The solution developed by adesso is a supplementary option to a personal appointment with the notary on site. Procedures under company law, such as appointing a managing director or changing the business address, can from now on also be carried out easily and conveniently online. The German Federal Chamber of Notaries commissioned adesso to develop the application as part of a three-year software development project.

SEPTEMBER

Private health insurer Landeskrankenhilfe modernises application infrastructure based on in|sure Ecosphere

adesso's subsidiary adesso insurance solutions GmbH will modernise the application infrastructure of the health insurance company Landeskrankenhilfe (LKH) in cooperation with IBM Consulting. Existing applications will be completely replaced over the course of the project, which is scheduled to take four years to complete. IBM Consulting and adesso insurance solutions are pooling their knowledge and expertise for this purpose. In future, LKH will use the comprehensive solutions from the in|sure Ecosphere product family for everything from the quotation process and portfolio and benefits processing to partner and commissions management.

OCTOBER

adesso again takes top spot at BigData-Insider Award 2022

adesso can once again celebrate winning a major industry prize: for the second year in a row, the IT service provider triumphed in the Big Data Consulting category at the IT-AWARDS 2022 organised by the trade magazine BigData-Insider, defending the platinum trophy it took home a year ago. This prestigious, reader-voted accolade is recognition of adesso's vision of a systematically data-driven, competitive economy.

NOVEMBER

adesso SE concludes syndicated loan agreement with bank consortium led by LBBW

adesso SE concluded an ESG-linked syndicated loan agreement with a consortium of banks led by LBBW Landesbank Baden-Württemberg. The other partners in the consortium are Commerzbank, Deutsche Bank and DZ Bank. The agreement comprises a total committed volume of EUR 130 million with an option to increase by up to EUR 40 million. The term is five years, which can be extended twice by one year each. The funds that can be drawn down will be used for general corporate financing and to support the company's further M&A strategy. By integrating an ESG component that influences conditions, adesso underscores its commitment to the corporate goals defined in its sustainability strategy.

DECEMBER

Continentale Versicherungsverbund opts for adesso standard products

In December, adesso announced that it had been commissioned by insurer Continentale Versicherungsverbund to comprehensively modernise its application infrastructure using software developed by the adesso Group. Host-based legacy systems will be replaced by in|sure Ecosphere products in the property insurance and private health insurance divisions. With the acquisition of additional software from in|sure Ecosphere, Continentale is continuing along its path to modernizing its IT. By 2026, it will have completely replaced host-based legacy systems with insurance industry standard software for core processes. The commission also includes a long-term maintenance agreement.

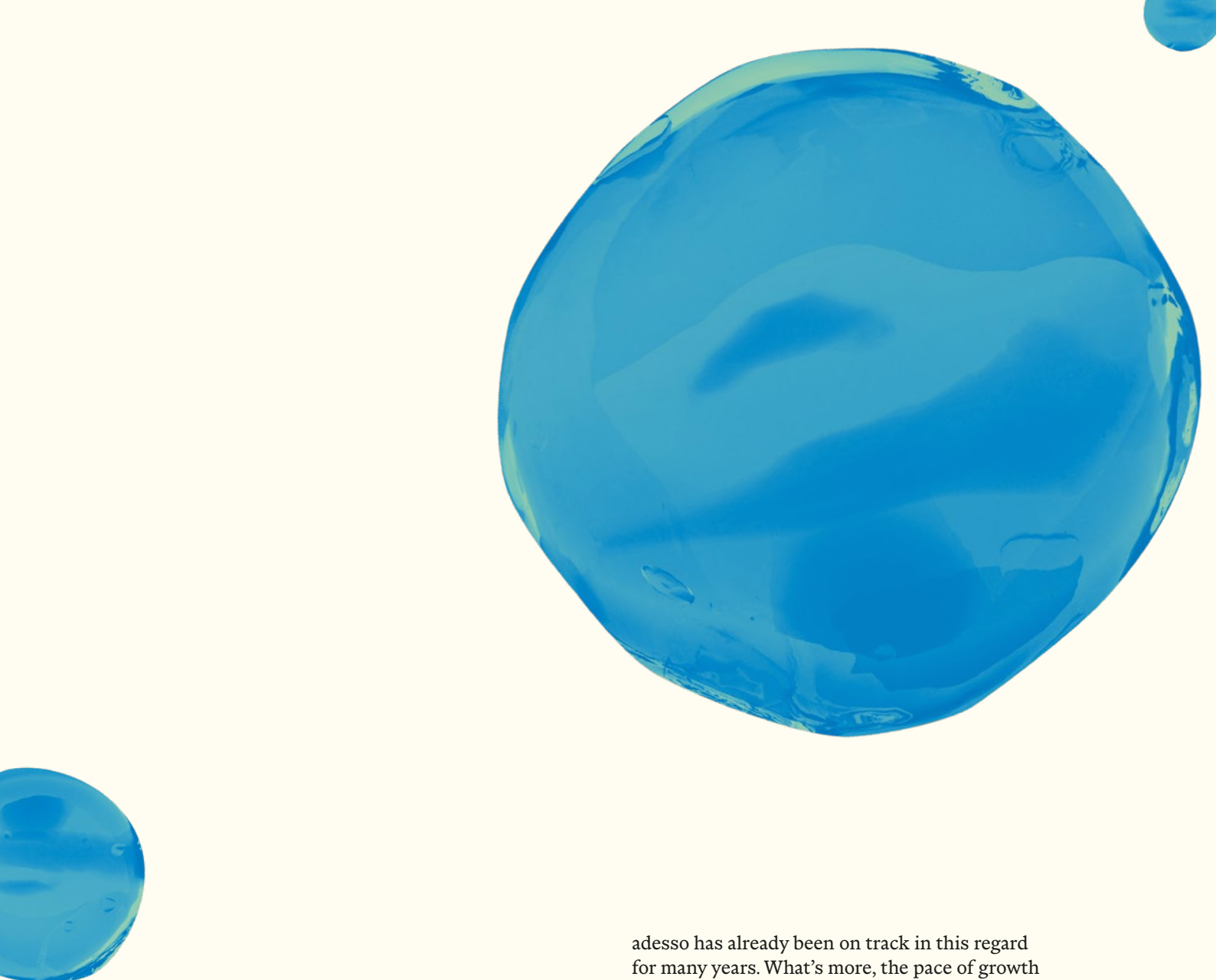
An abstract graphic featuring flowing, wavy lines in various shades of blue, creating a sense of movement and depth. The waves originate from the bottom left and sweep upwards and to the right, filling the lower half of the page.

REAL *GRO*
IS MORE
THAN #NU



GROWTH

NUMBERS



Success is often rated by numbers. The people, the way they work together and the stories behind these numbers are equally as interesting. Only when they grow, combine their skills in new ways and work together does a fruitful basis for long-term success emerge.

adesso has already been on track in this regard for many years. What's more, the pace of growth has picked up again strongly in recent years. The company has been gaining market share year on year and widening its business base on many levels. The market for information technology shows above-average growth rates and provides a solid basis for business development, but this alone can't explain adesso's rapid progress. There must be more behind it than simply being one of many IT services providers. In a labour market notorious for a lack of skilled IT specialists, it's crucial to be perceived as an attractive employer and be able to retain staff at the company in the long term. This also means employees should be highly motivated and enjoy working for adesso and its customers. And why do customers trust adesso? What makes working with adesso Group employees so appealing?

"Grow together" on many levels

At adesso, almost everything is about growth. When we say "grow together", we mean it on many levels. Of course we want to grow as a company and continue our story of success.



At the same time, we want to grow with our customers and partner companies – because shared success has more potential and is more fun. By “grow together”, we also mean progress together as a team through thick and thin, both internally and with partners and client companies. Collaboration is particularly worthwhile when the going gets tough. It’s all about growing individually, as a company, as a society, and becoming better together. Together we can go further, have bigger ideas and become stronger. Together we can change more. After all, change is the key to improvement. These ideals are deeply rooted in adesso’s corporate mission statement and shape our entire corporate culture. This special culture is fostered and developed within the adesso Group with a variety of creative ideas and measures, because we believe it offers significant added value for everyone involved.

Underrated aspects of successful collaboration

adesso’s employees adopt an entrepreneurial mindset in the interests of partners and client companies and are agile, pragmatic and decisive. They offer exceptional expertise both in terms of specialist knowledge and the technologies involved. Nevertheless, it’s particularly important for us to remain authentic and not to act as a know-it-all consultant, but rather as a likeable team player. We want to be approachable and “real”. Sometimes this means owning up when

things don’t go to plan – or, even more importantly, rolling up our sleeves in difficult times so we can get back on the path to success. This makes a good impression and fosters loyalty. Our many long-term customer relationships show we are on the right track with our philosophy and that client companies are happy to place their trust in us. Some customers have been with adesso for several decades. Committed to the common goal, customers embrace our enthusiasm for technological opportunities and remain loyal to adesso. Success for adesso means, above all, ensuring that our clients achieve their goals. The digital transformation is creating numerous opportunities for innovation that need to be recognised and tackled boldly. When clients achieve a competitive advantage in their markets through software, this ensures mutual growth for the customer as well as for adesso. For all the empathy and great team spirit, trust in the partnership’s competence and reliability is a basic prerequisite for most of the consultancy and software projects managed by adesso. Complex and commercially crucial applications demand maximum professionalism. With top-level references, adesso is the ideal partner for turning projects into reality and lives up to its promise of quality.

On the following pages we’ll show you some of the projects we’ve completed with our customers over our more than 25 years in business. Each project is unique and requires technological and professional skills in equal measure. However, you’ll soon see that what sets us apart shapes the way we work together on the road to project success. This, combined with the entrepreneurial spirit typical of all adesso employees, contributes to real, sustainable success, which consists of more than just numbers.



RE LOV




Company name:
Zurich Group Germany

Customer since: 1998

Most important projects:
Modernising the agency system of Zurich Group Germany through to cloud migration, New tariff calculator platform for corporate products, Planet Hero App

REAL LOYALTY



Back in 2014, adesso ran into difficulties in a project as part of a multi-year contract with its long-standing customer Zurich, but was able to turn this into a long-term success together with Zurich. The joint investment, sincerity and mutual appreciation form the foundation for a customer relationship characterised by stability and loyalty, in which both partners can rely on each other. The collaboration continues to bear fruit today in the form of successful project progress and continuous joint development.



**Company name:**

Borussia Dortmund GmbH & Co. KGaA (BVB)

Customer since: 2019

Most important projects:

adesso ist führender IT-Partner für das Auf- und Umsetzen der Digitalisierungsstrategie (u. a. Applikationsbetrieb, Einsatz der Salesforce-Multicloud-Plattform, die Gesamtprojektleitung beim Einführen einer neuen ERP-Lösung oder das Stellen eines Interims-IT-Verantwortlichen sowie Aufbau eines Ticketverlosungsportals unter Corona-Bedingungen)

Technologies used:

Salesforce, Microsoft

adesso and BVB, Dortmund's leading football club, share a passion for the sport and the profession that has blossomed into a vibrant and active sponsoring partnership. As the main youth sponsor and the sponsor of the women's football team, adesso facilitates internships for young footballers. What's more, adesso employees get to take a look behind the scenes of BVB at regular events. The collaboration is also an important driver for adesso's activities in the sports line of business.

REAL TRU

The collaboration between RWE Generation SE and adesso is based on a high level of trust, as the common aim is to optimise the commercial availability of critical infrastructure (flexible power plants). For this purpose, adesso has developed a platform to process and link the extensive data material generated by power plant operations. The use of AI and machine learning helps to reduce complexity while improving the quality and efficiency of maintenance. adesso helped RWE to gradually build up its own expertise in the areas of cloud technology, data analytics, data governance and AI applications. The solution makes it possible to predict wear and tear, as well as the optimal time for component maintenance, saving time and money.

UST



Company name:
RWE Generation SE

Customer since: 2020

Most important projects:
AI-assisted forecasting of potential maintenance requirements and in assessing the “state of health” of power plants

Technologies used:
AI deployment and machine learning, Azure Cloud, data analytics and data governance

Through close collaboration and a shared vision, Barmenia and adesso have developed a new standard software system for the insurance industry that is proving to be a great success. Although the needs of the life insurer Barmenia Lebensversicherung were the initial focus, the system was designed from the outset to be suitable for use as standard software by other insurance customers as well. The idea of working closely with one or more initial customers to develop the first versions of an IT system forms the basis of in|sure Ecosphere. This has allowed adesso insurance solutions GmbH to expand its product portfolio in the past few years to include all essential core systems for every insurance sector. For example, Barmenia now relies on in|sure Ecosphere components for private health insurance as well as life insurance

REAL INNOVATION



Company name: Barmenia Versicherungen

Customer since: 2007

Most important projects:

Modernisation of the application environment, replacement of host application, development of new core systems for life insurance and private health insurance

Technologies used:

PSLife in-house development based on open source frameworks, Java

TION

REAL GROWTH





The development partnership with the former ISKV, now BITMARCK, has already endured more than two decades. Project volumes were expanded for mutual benefit as part of the collaboration. As BITMARCK's strategic IT partner, adesso is also involved in the success of the statutory health insurance's IT partner. BITMARCK has been one of adesso's biggest customers for many years.



Company name: BITMARCK Group

Customer since: 2002

Most important projects:

Modernisation of a core system for statutory health insurers and migration of affiliated health insurers

Technologies used:

Initially model-driven architecture, now full service (software engineering, consulting and software services, cloud-compatible IT architecture, container capability and secure handling of social data, process automation, workflow development).

+

CONSOLIDATED MANAGEMENT REPORT

36 GROUP PRINCIPLES

- 36 Business model
- 36 Group structure
- 37 Targets and strategies
- 37 Management system
- 37 Research and development

38 ECONOMIC REPORT

- 38 Macroeconomic conditions
- 39 Industry-specific conditions
- 40 Business performance
- 41 Position



51 FORECAST, OPPORTUNITIES AND RISK REPORT

- 51 Forecast report
- 55 Risk report
- 60 Opportunities report
- 61 Internal control system and risk management system in terms of the consolidated accounting process
- 62 Takeover-relevant information
- 64 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)

64 SUPPLEMENTARY MANAGEMENT REPORT TO THE FINANCIAL STATEMENTS OF ADESSO SE

- 64 Business activity
- 64 Employees
- 65 Business situation
- 67 Overall statement on business performance by the management

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 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. In addition, the company's development is bolstered by an acquisition strategy designed to expand 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 included 48 subsidiaries, seven associated companies and one joint venture 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 in Dortmund, which is also the city where 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 31 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 a European Company (SE) in November 2019. The EF consists of employees from the adesso Group and is elected by the employees. The EF meets regularly with the Executive Board and exchanges information on employee-related issues at the adesso Group.

At the end of 2022, the adesso Group employed 8,056 full-time equivalents (FTE) in Germany and other European countries (previous year: 5,814). Of these, 1,405 (previous year: 1,002) are FTEs employed abroad, and 6,651 (previous year: 4,811) are FTEs 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 its 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 should always be possible to operate from a position of financial strength while achieving an ongoing return on the capital invested by the shareholders through the payment of a dividend. Being able to increase the dividend on a regular basis is the stated aim.

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

Despite difficult general conditions, the German economy performed well overall in 2022. Gross domestic product (GDP) reached a slightly higher level in 2022 than prior to the pandemic in 2019. With an increase of 1.8%, though, the pace of growth was significantly weaker than in the previous year (2.6%). The overall economic situation was dominated by the effects of the Ukraine conflict, such as sharp rises in energy prices, exacerbated material and supply bottlenecks, and significant price increases. The shortage of skilled workers and the ongoing coronavirus pandemic, which subsided as the year went on, continued to have a negative impact. In its annual projection in January 2022, the German government had still expected economic growth to accelerate further to 3.6% in 2022. However, it was forced to make repeated and significant revisions to this estimate during the year due to the effects of the conflict between Russia and Ukraine. Whereas growth of 2.2% was still anticipated at the end of April, this figure had fallen to no more than 1.4% by the autumn after gas supplies were cut off. Although the German

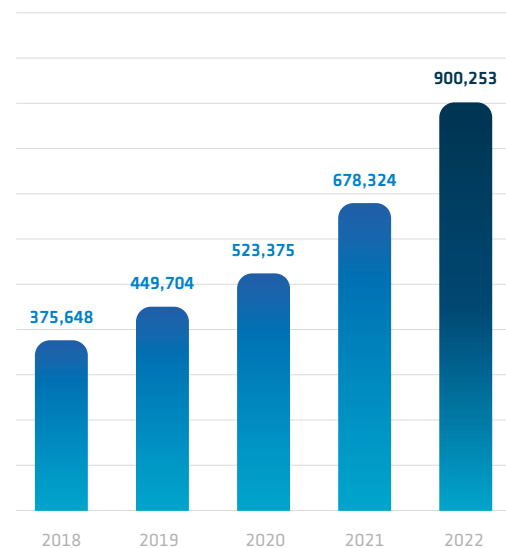
economy also slowed increasingly on a quarterly basis, the German government predicted low growth of 0.2% in its annual projection. In autumn, it was still anticipating a recession in 2023. The downturn in the wake of the energy price shock and the reversal of interest rates is therefore expected to be slightly more moderate. After a weak winter period, economic momentum is expected to improve somewhat over the course of 2023 as a result of a stable energy supply situation, the effects of large-scale government support measures and an anticipated recovery in the global economy. The labour market remained stable in 2022, despite pressures, and the number of people in employment rose to a new peak of 45.7 million. This trend in employment growth is likely to continue in 2023. Many companies regard the shortage of skilled workers as one of their most urgent concerns.

The Swiss State Secretariat for Economic Affairs, SECO, also repeatedly revised its own forecasts downwards over the course of the year. While still forecasting growth of 2.6% for the year as a whole back in June 2022 (adjusted for sporting events), SECO currently anticipates growth of just 2.0% for 2022. Switzerland's economy has been lagging behind recently and will continue to perform sluggishly in 2023, although it is

GDP (real) and IT services growth rates
in %



Growth
in sales



not expected to enter a severe recession. GDP growth is projected to decline to 1.0% in 2023. How Switzerland's economy performs will depend largely on developments in the global economy and on energy supplies. The expert group does not currently expect power shortages resulting in widespread production outages to occur either this winter or next winter.

In December 2022, the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) forecast full-year economic growth for 2022 of 4.7% (WIFO) and 4.8% (IHS), respectively. Compared to the forecasts presented in adesso's half-year report in July 2022 (WIFO: 4.3% / IHS: 3.8%), expectations for the full year have improved noticeably. A mere 0.3% to 0.4% is expected for 2023.

The OECD had only expected full-year growth of 3.7% for the Turkish economy in June 2022, but changed its projection to 5.3% as of November. Turkey's economic growth is expected to slow to 3.0% in 2023. The OECD anticipates inflation to be lower in 2023, but still high at over 40%.

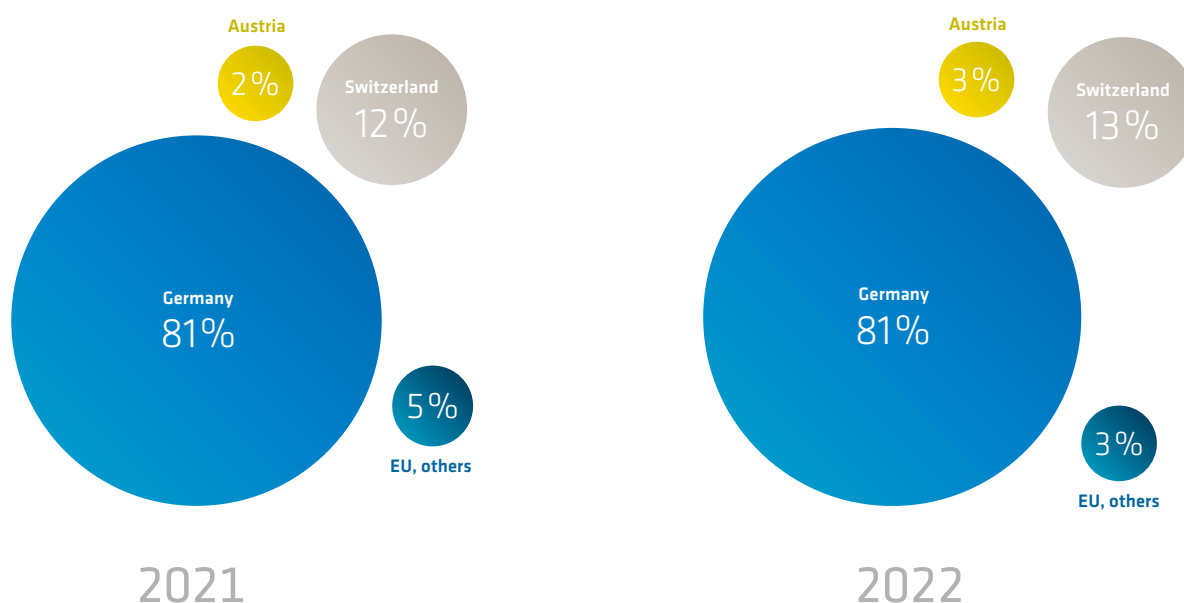
The overall economic conditions in 2022 in the economic regions in which adesso mainly operates deteriorated to large extent over the course of the year. Without exception, though, they were characterised by growth throughout the financial year. Given the geopolitical tensions and the impact they have had on the

individual economies, the pace of economic recovery has slowed considerably. Although at times anticipated, a recession has failed to materialise thus far. In this respect, while the overall conditions in financial year 2022 were challenging, they were not fundamentally poor.

Industry-specific conditions

In its most recent market development forecast for the information technology sector, published in January 2023, the German industry association Bitkom reports that the German market for information technology product and service providers most likely grew strongly by 6.6% to EUR 118.9 billion in 2022. Momentum has declined somewhat compared to the previous year's 9.1%, primarily due to a sharp decline in the pace of growth in IT hardware from 11.8% in the previous year to 5.4% in 2022. The software segment underwent a less pronounced decline in growth from 11.3% to 9.4%. Meanwhile, IT services, which are the most relevant segment for adesso, achieved accelerated growth of 5.5% (previous year: 5.3%). According to Bitkom estimates, the software segment achieved a market volume of EUR 35.5 billion in 2022, and the IT Services segment, the most important area for the adesso Group in terms of sales, reached EUR 45.7 billion.

Sales by country in %



This means that industry-specific conditions were considered to be just as good for adesso's business development as in the previous year.

Business performance

Very strong growth in sales was recorded once again in financial year 2022, with new record sales volumes of EUR 900.3 million being achieved. Most of this was again accomplished through organic growth, although adesso also continued to be active in mergers and acquisitions (M&A).

Adjusted for a one-off effect in 2021, the operating result (EBITDA) increased by 10% to EUR 92.9 million. The EBITDA margin is 10.3%.

The first quarter was successful, with a solid capacity utilisation rate. In the second quarter, adesso launched a "cultural refit" programme to boost employee loyalty after two years of the COVID-19 pandemic that involved hosting more in-person events. Coupled with very strong recruitment, these effects drove down capacity utilisation in the second quarter. Capacity utilisation rose again slightly in the third quarter. In addition,

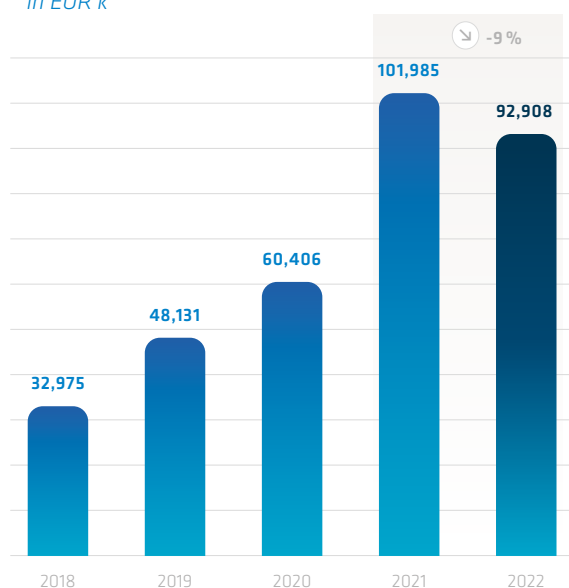
multiple licence sales involving the in|sure Ecosphere product family made the third quarter the most successful quarter thus far in purely operating terms. In the fourth quarter, an elevated sick leave rate resulted in below-average profitability.

The main reasons why the strong growth in sales is not reflected to the same extent in the operating result include a lower capacity utilisation rate (especially in the second quarter) and higher sick leave as a result of more employees being on site again, as well as other additional operating expenses.

Trends such as initial signs of increasing average daily rates and record in|sure Ecosphere sales had a positive effect.

Once again, adesso's business model proved to be resilient in the face of macroeconomic risks stemming from the pandemic, the geopolitical conflict in Ukraine, inflation, interest rate hikes, the energy crisis and supply chain issues. Demand for adesso's IT services relating to the development of new software and consultancy on digitalisation projects and transformation processes remains high. In this regard, adesso's customer structure is also proving to be robust.

EBITDA
in EUR k



EBITDA margin
in %



Overall statement on business performance by the management

Business performance in 2022 can be considered positive overall. adesso aims to achieve sustainable profitable growth – something it once again succeeded in doing in 2022, as demonstrated by the roughly 33 % growth in sales to EUR 900.3 million that was primarily organically generated. This strong growth had a slight impact on profitability in the short term. Nevertheless, the adesso Group recorded EBITDA of EUR 92.9 million, an increase of 10 % (adjusted for the special effect in the previous year).

Position

The previous year's figures have been adjusted. For details, see "3.2 Correction in accordance with IAS 8.42" in the consolidated notes.

Earnings situation

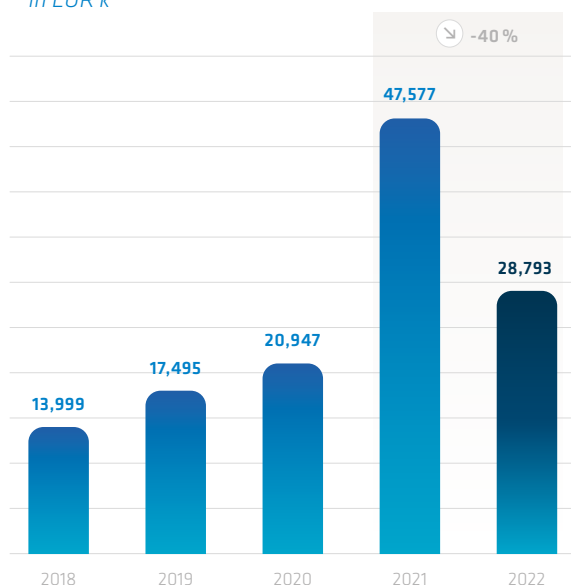
Growth in sales

The adesso Group successfully increased its sales by 33 % to EUR 900.3 million in financial year 2022. Organic growth (without consideration of the company's acquisitions in 2021 and 2022) amounted to 29 %.

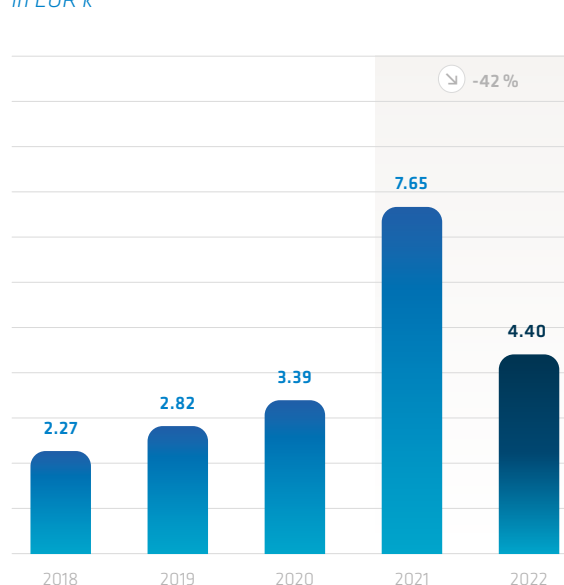
With industry-weighted market growth of 5.9 %, adesso was able to achieve organic growth significantly faster than the market in 2022, as in previous years.

Sales of EUR 488.1 million were generated in the second half of 2022, significantly more than in the first half of the year (EUR 412.1 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 k



The IT Services segment was able to further expand sales (+35%). Overall, sales in the IT Solutions segment increased 14 % year on year. Higher 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 successfully offset the loss of e-Spirit sales.

In the IT Services segment, the most significant adesso Group subsidiary in terms of size, adesso SE in Germany, was able to significantly expand its sales by 35%. Positive sales growth was also recorded at the adesso subsidiaries in Austria, Switzerland and Turkey. adesso Netherlands matched the previous year's level in terms of sales, and adesso Sweden / Denmark contributed around EUR 5.0 million to international sales for the first time.

In addition to the two established core sectors that are significant for adesso in terms of sales, insurance and banks / financial services providers, public administration has emerged as the sector currently generating the most sales. The latter recorded growth of 63 % compared to the previous year. Low double-digit growth rates (12 % and 18 % respectively) were still achieved in the other two core sectors. At 78 %, manufacturing industries recorded the biggest increase in sales. As a result, revenues almost hit the EUR 100-million mark, which the other sectors mentioned had surpassed previously.

Earnings

In 2022, EBITDA decreased by 9 % to EUR 92.9 million, which was in line with the expected development stated in the outlook for 2022 (2022 guidance: EUR 92 million to EUR 95 million). In the previous year, the non-recurring effect of the sale of the e-Spirit companies had a positive influence on EBITDA of EUR 17.9 million. Adjusted for the non-recurring effect of the sale of the e-Spirit companies, EBITDA grew by 10 % year on year.

Multi-period overview of earnings situation

(EUR k)	2022	2021	2020	2019	2018
Sales revenues	900,253	678,324	523,375	449,704	375,648
Other operating income	21,742	29,048	6,652	5,715	5,081
Changes in inventories (IFRS 15)	0	0	702	637	331
Own work capitalised	1,167	27	173	1,405	1,913
OVERALL PERFORMANCE	923,162	707,399	530,902	457,461	382,973
Cost of materials	-134,425	-93,611	-62,622	-50,487	-43,296
Personnel costs	-587,089	-446,386	-350,069	-293,110	-243,052
Other operating expenses	-108,740	-65,417	-57,805	-65,733	-63,985
EBITDA	92,908	101,985	60,406	48,131	32,975
Depreciation and amortisation	-44,759	-35,998	-26,179	-22,596	-10,002
EBIT	48,149	66,987	34,227	25,535	22,973
Income from financing and investment activities	-6,067	-2,757	-2,588	-2,230	-782
EBT	42,082	63,230	31,639	23,305	22,191
Income taxes	-13,289	-15,653	-10,692	-5,810	-8,192
KONZERNERGEBNIS	28,793	47,577	20,947	17,495	13,999
Gross profit	765,828	584,713	460,753	399,217	332,352
Gross income margin	85 %	86 %	88 %	89 %	88 %
EBITDA-MARGE	10.3 %	15.0 %	11.5 %	10.7 %	8.8 %
Growth in sales	33 %	30 %	16 %	20 %	17 %
Change in personnel costs	32 %	27 %	19 %	21 %	18 %
Change in other operating expenses	66 %	17 %	-12 %	3 %	15 %

Beside positive contributions to earnings from company acquisitions made this year, and in part in the previous year, the main drivers of sustained positive earnings development are continued high capacity utilisation and booking intensity in the IT service business. The “cultural refit” and strong recruitment rate, together with higher cost items, resulted in a temporarily lower capacity utilisation than in the previous year. At 10.3 %, the EBITDA margin fell somewhat short of the target corridor of 11 % to 12 % for 2022, despite higher licence revenue.

With sales growth at 33 %, the average number of employees (full-time equivalents / FTEs) rose at a slightly lower rate of 29 %, by 1,554 to 6,984 employees in 2022.

Due to the slower increase in the number of employees, the cost of materials (mainly due to external services) rose by 44 % to EUR 134.4 million. Consequently, gross profit rose slightly less sharply than sales, by 31 % to EUR 765.8 million. Due to the use of external labour, the material usage ratio of 15 % was almost on par with the previous year's level of 14 %. Theoretically, this results in an increased gross profit per employee of EUR 110 thousand (previous year: EUR 108 thousand). The involvement of external experts was necessary primarily to compensate for workload peaks and to integrate third parties with specific 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 32 % to EUR 587.1 million, while the average number of employees rose by 29 %. As such, the average personnel expenses per employee increased slightly to EUR 84 thousand (previous year: EUR 82 thousand).

Other operating expenses increased year on year by 66 % to EUR 108.7 million. The easing of COVID-19 restrictions and the return to a post-pandemic working model, as well as more face-to-face events, resulted in a year-on-year increase in travel costs of 149 % to EUR 12.3 million. At EUR 23.5 million in total, expenses in connection with expanding staff numbers, such as recruitment and marketing expenses, contributed significantly to the absolute figure and the increase in other operating expenses. IT infrastructure conversion projects were also launched at adesso SE. These projects are associated with a corresponding increase in expenses compared to the same period in the previous year.

Over the course of the year, the largest contribution to earnings at EBITDA level (EUR 33.3 million) was achieved in the third quarter, mainly due to a return to higher capacity utilisation and booking intensity following a weaker second quarter.

In the IT Services segment, the parent company adesso SE made the highest contribution to earnings in absolute terms in 2022 due to its size. The subsidiaries in Switzerland, Austria, Turkey and Bulgaria also generated positive earnings contributions. Other companies in Germany such as adesso as a service GmbH, adesso orange AG and KIWI Consulting GmbH make a sustainable contribution to the overall result alongside adesso SE.

adesso mobile solutions GmbH made the largest contribution to earnings in the IT Solutions segment. With the exception of adesso health solutions GmbH, which made a negative contribution to earnings due to investments in new products, all established companies in this segment made positive contributions to earnings.

Depreciation and amortisation increased by 24 % in the reporting period to EUR 44.8 million. The main drivers of this development are the 24 % increase in amortisation of rights of use from leases and the almost unchanged amortisation in connection with intangible assets recognised in the context of company acquisitions amounting to EUR 7.3 million, compared with EUR 7.0 million in the previous year. As in the previous year, goodwill was not subject to unscheduled amortisation.

At EUR -6.1 million, income from financing and investment activities was therefore significantly lower than the previous year's level (previous year: EUR -2.7 million). The main drivers of this development are interest expenses of EUR 2.3 million (previous year: EUR 1.7 million) connected to the representation of leasing relationships, income from investments amounting to EUR -2.0 million (previous year: EUR -1.1 million) and financial income recorded in the financial year in connection with the valuation of a convertible loan.

The result before tax (EBT) fell by 33 % to EUR 42.1 million and therefore more strongly than the EBITDA operating result. Income tax expense came to EUR 13.3 million (previous year: EUR 15.7 million). The effective tax rate came in at 32 % (previous year: 25 %). The increase in the tax rate was primarily due to the sale of the e-Spirit companies in 2021, which

generated income that was largely tax-free. Without taking the e-Spirit sale into account, the tax rate for 2021 would have been calculated at 34%. In all, the consolidated earnings were positive in the amount of EUR 28.8 million, compared with EUR 47.6 million in the previous year. Earnings per share amounted to EUR 4.40 compared to EUR 7.59 in the previous year. However, the previous year's result was influenced by the e-Spirit sale.

Orders

Order intake provides a favourable basis for generating additional growth in financial year 2023. In the IT Services segment especially, the outlook is positive across all sectors. The pipeline for in|sure Ecosphere also remains strong in the IT Solutions segment, although it will be difficult to improve on the record year that was 2022.

Key employee figures

The leading performance figures for employees developed as follows:

Key employee figures

	2022	2021	2020	2019	2018
Employees at year end	8,867	6,444	5,471	4,438	3,590
Full time equivalents (FTE) at year end	8,056	5,814	4,975	4,033	3,280
Full time equivalents (FTE), average for the year	6,854	5,430	4,392	3,732	3,031
Sales annualised per average FTE (in EUR k)	129	125	119	120	124
Gross profit annualised per average FTE (in EUR k)	110	108	105	107	110
Personnel costs annualised per average FTE (in EUR k)	84	82	80	79	80

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.

Variable interest rates on investments were agreed only in connection with the syndicated loan recently concluded in 2022 and the factoring programme. The company invests existing liquid funds almost exclusively on a daily basis so that it can flexibly take advantage of investment opportunities as they arise.

Central cash management at the level of daily account clearing has not been set up. Bank borrowing has been centralised through 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.

The option of selling receivables and obtaining liquidity at short notice (factoring) was established at adesso SE in 2022. The maximum amount that can be sold at any one time is EUR 35 million. In addition, a syndicated loan in the amount of EUR 130 million was concluded in the financial year. The loan has a term of five years and features the option to increase the amount by up to EUR 40 million. Within the term, adesso can draw down individual amounts with a term of up to six months at the EURIBOR plus a basic premium. The basic premium is staggered and varies depending on the level of indebtedness of the adesso Group.

Capital structure

The financing of accounts receivable and of not-yet-invoiced services in the amount of EUR 226.8 million (previous year: EUR 162.1 million) represents the most significant portion of the financing requirements. The working capital (trade receivables plus contract assets minus trade payables and minus contractual liabilities) amounted to EUR 166.1 million as at the reporting date (previous year: EUR 122.4 million). As a result, the need for advance financing of business operations rose by 36% year on year, which almost corresponds to the development of sales.

Development of cash and cash equivalents and financial liabilities

in EUR k	Cash and cash equivalents	Change in %	Financial liabilities	Change in %
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
2022	90,897	-17	106,495	+34

Development of liquidity

in EUR k	2022	2021	2020	2019	Change 2022
Liquid assets	90,897	109,922	55,053	46,352	-19,025
(-) Financial liabilities	106,495	78,913	60,689	57,966	27,582
(=) Net liquidity	-15,598	31,009	-5,636	-11,614	-46,607
Net liquidity to EBITDA	-0.2	0.3	-0.1	-0.2	-0.5
Liquid assets	90,897	109,922	55,053	46,352	-19,025
(+) Trade accounts receivable and contract assets	226,787	162,127	121,314	108,719	64,660
(-) Current liabilities	259,296	179,320	143,679	114,312	79,976
(=) Net liquidity 2	58,388	92,729	32,688	40,759	-34,341

Development of the financial position

in EUR k	2022	2021	2020	2019	2018
Cash and cash equivalents	90,897	109,922	55,053	46,352	45,912
Financial liabilities	106,495	78,913	60,689	57,966	48,108
Net liquidity	-15,598	31,009	-5,636	-11,614	-2,196
Cash flow from operating activities	36,072	47,912	64,956	22,343	16,593
Cash flow from investing activities	-43,498	-25,503	-28,469	-15,413	-14,066
Cash flow from financing activities	-10,979	32,646	-27,531	-6,522	-2,966
Changes in value of the cash fund	-620	-186	-255	32	-146
Total change in liquid assets	-19,025	54,869	8,701	440	-585

At EUR 106.5 million, the entire portfolio of interest-bearing financial liabilities was EUR 27.6 million higher year on year as a result of new intake despite instalment payments carried out. In each case, the interest rates are fixed for the agreed 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 -15.6 million, compared with EUR 31.0 million in the previous year. The capital increase made in the fourth quarter of 2021 and the higher level of financial liabilities incurred compared to the previous year contributed significantly to the development of net liquidity. With a value of -0.2 (previous year: 0.3), the ratio of net liquidity to EBITDA is clearly above the maximum target of -2.5 that the company set itself.

Equity rose by EUR 29.6 million to EUR 215.2 million, mainly due to the positive consolidated earnings and the increase in minority interests in connection with the acquisition of material.one AG. This was offset by the dividend payment and the recognition of a liability from a call/put option in connection with Afida GmbH.

The equity ratio saw a slight decrease of 16% in total to EUR 655.6 million (previous year: EUR 557.2 million), bringing it from 35% in the previous year to 33%.

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 2022. There is no investment backlog to report.

adesso acquired a wide variety of shares in companies during the financial year. In terms of the consideration paid, the (successive) acquisitions of material.one AG (Augsburg), com2m GmbH (Dortmund) and Purple Scout AB (Malmö, Sweden) in the first half of the year, as well as quadox AG (Walldorf) in the second half, are among the most important transactions. Please see "3.6 Acquisitions and disposals" in the consolidated notes for further details on all of the acquisitions.

Liquidity

Cash and cash equivalents totalled EUR 90.9 million on the reporting date (previous year: EUR 109.9 million). Cash and cash equivalents are offset by financial liabilities of EUR 106.5 million (previous year: EUR 78.9 million), which were primarily entered into to finance business combinations. Net liquidity after deducting the financial liabilities decreased slightly by EUR 46.6 million to EUR -15.6 million.

Cash flow from operating activities stood at EUR 36.0 million (previous year: EUR 47.9 million). The change is chiefly due to lower tax payments compared to the previous year and a negative development of net operating assets. The increased tax payments in the previous year were due to the deferment of advance income tax payments from 2020 in connection with the COVID-19 pandemic.

Cash flow from investment activities amounted to EUR -43.5 million, following EUR -25.5 million in the previous year. The main drivers of this development are the investments in property, plant and equipment, which increased by 12% to EUR -18.9 million, payments for company acquisitions (EUR -13.8 million; previous year: EUR -17.0 million) and net cash inflows from the sale of the e-Spirit companies received in the previous year (EUR 12.3 million).

Cash flow from financing activities was EUR -11.0 million, compared to EUR 32.6 million in the previous year. The reduction in cash flow of EUR 48.5 million is due to the positive effect of the capital increase in the previous year. Financial liabilities of EUR 60.6 million (previous year: EUR 30.2 million) were repaid, with new financial liabilities of EUR 79.5 million. Lease liabilities of EUR 21.9 million were repaid, compared with EUR 15.8 million in the previous year. Furthermore, dividends of EUR 5.0 million (previous year: EUR 4.0 million) were paid out.

Variable salary components will be paid out in the first few months of 2023, as in previous years. As a result, net liquidity is initially expected to develop negatively in the first half of the year 2023, as in previous years. Overall, the liquidity of the adesso Group is adequate to carry on current business operations, for the planned repayment

Multi-period overview of assets and liabilities

in EUR k	2022	2021	2020	2019	2018
Balance sheet total	655,565	555,703	374,093	320,764	221,848
Current assets	339,666	283,760	183,691	161,957	146,226
Of which liquid assets	90,897	109,922	55,053	46,352	45,912
Of which trade accounts receivable and contract assets	226,787	162,127	121,314	108,719	93,199
Non-current assets	315,899	273,443	190,402	158,807	75,622
Current borrowed capital	259,296	179,320	143,679	114,312	101,698
Of which loans and other financial liabilities (including leasing)	82,040	43,095	25,912	26,174	15,008
Of which trade accounts payable and contract obligations	60,682	39,725	27,417	23,637	20,218
Non-current borrowed capital	181,088	192,265	135,497	113,970	42,856
Of which loans and other financial liabilities (including leasing)	161,910	176,221	116,022	105,229	33,100
Equity	215,181	185,618	94,917	92,482	77,294

Financial performance indicators

	2022 target	2022 actual	Target
Growth in sales (organic)	EUR 750 to 800 million thus > 15 % growth (raised in July to EUR 800 to 850 million)	33 % to EUR 900.3 million, 29 percentage points of which organic	At least double industry growth (industry growth 2022: 5.9 %)
EBITDA	EUR 92 to 95 million	EUR 92.9 million	Increase on previous year
EBITDA margin (indirect)	11 to 12 %	10,3 %	11 to 13 % (non-current)

Table source: adesso Group figures

Performance indicator Inverse utilisation rate

	2022	2021	2020	Target
Annual average	11.8 %	12.0 %	12.3 %	9 % to 13 %
Maximum	13.0 %	14.4 %	15.2 %	15 %
Minimum	10.6 %	10.3 %	9.8 %	7 %

Table source: adesso SE

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 131.5 million.

Net assets

As of the reporting date, the balance sheet total was EUR 655.6 million, which is 18 %, or 98.4 million, higher than in the previous year.

On the assets side, the carrying amount of goodwill increased by EUR 17.4 million, mainly due to acquisitions. The increase in other intangible assets and property, plant and equipment by EUR 21.1 million to a total of EUR 208.2 million is attributable to the further growth of the adesso Group. Higher sales growth caused trade receivables to increase significantly by EUR 52.3 million. Contract assets increased by EUR 12.4 million to a total of EUR 54.5 million.

On the liabilities side, lease liabilities decreased by EUR 3.0 million to a total of EUR 137.4 million in parallel with the rights of use from leasing contracts. As in the previous year, more financial liabilities were incurred than repaid in 2022. In addition, non-current financial liabilities increased due to acquisitions, so that a total of EUR 106.5 million (previous year: EUR 78.9 million) in financial liabilities are now reported.

General statement

The Executive Board had set targets for 2022 of a sales volume of between EUR 750 million and 800 million (revised upwards to between EUR 800 million and 850 million at the end of July 2022) and EBITDA of between EUR 92 million and 95 million, as well as an EBITDA margin of between 11 % and 12 %.

The adesso Group's sales in the reporting period stood at EUR 900.3 million, with EBITDA of EUR 92.9 million and an EBITDA margin of 10.3 %. While the sales volume target (adjusted during the year) was again exceeded, and EBITDA is within the projected corridor, the EBITDA margin is slightly below target. The latter is chiefly due to individual increased cost items, such as growth in the number of employees, the return to a post-pandemic working model and the "cultural refit". However, it is also due to a temporarily below-average booking intensity and capacity utilisation rate in 2022, especially in the second quarter.

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 next page.

Performance indicator Booking intensity

	2022	2021	2020	Target
Annual average	91.5 %	93 %	96 %	93 % to 99 %
Maximum	94.7 %	97 %	99 %	103 %
Minimum	89.1 %	89 %	90 %	83 %

Table source: adesso SE

Performance indicator T&M daily rate

	2022	2021	2020	Target corridor
Annual average	+4.5 %	-1 %	-1 %	min. +2 %

Table source: adesso SE

Performance indicator Fixed-price projects

	2022	2021	2020	Target corridor
Proportion of employees in overspend projects	0.7 %	0.9 %	0.7 %	< 1.5 %
Arithmetical daily rates	+3 %	+16 %	-8 %	min. +2 %

Table source: adesso SE

Performance indicator Recruitment and turnover

	2022	2021	2020	Target corridor
Development of applications	+25 %	-15 %	+76 %	>= Gross profit increase, previous
New hires (permanent staff)	1,580	1,004	697	Increase on previous year
Turnover rate (permanent staff, change and maximum)	+ / - 0.0 pp; < 10 %	+ 1.1 pp; < 10 %	+ / - 0.0 pp; < 10 %	Improvement; < 10 %

Table source: adesso SE

Performance indicator Software product

	2022	2021	2020	Target value
License sales	+ 15 %	+ 45 %	- 38 %	> 5 %
Maintenance sales	+ 25 %	+ 12 %	+ 17 %	> 5 %

Table source: adesso insurance solutions GmbH

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.

High capacity utilisation rates were achieved again in 2022, 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, sick leave, and capacity utilisation. When these effects are neutralised in the analysis of billable customer hours, it is possible to deduce the average billable customer hours per project day for an employee assigned to a project, provided 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 is therefore an indicator of the development of both the quantitative value added per employee assigned to a project and the 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 working day.

In 2022, the average booking intensity decreased somewhat compared to the previous year. It is therefore slightly below 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 2022, the average daily rate in projects billed on a time and materials (T&M) basis rose by 4.5% and was therefore slightly higher than the target corridor of 2%.

Calculated daily rates and budget over-runs 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 view of the impact that fixed-price projects have on earnings, the proportion of employees in overspend projects provides an indicator of progress or setbacks in relation to fixed-price projects. This is a qualitative assessment, as the evaluation is based on days and not on euros. The proportion of employees in overspend projects remained below the target corridor in 2022 and slightly below the previous year's level.

As part of project calculation, an imputed daily rate can be determined using the fixed-price budget and the number of person-days planned or actually expended to carry out the project. The average imputed daily rate determined across all fixed-price projects serves as another indicator of how the fixed-price projects are developing. The target value for increasing the imputed daily rate was slightly exceeded in financial year 2022.

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

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. Following the COVID-19-related decline in applications in 2021, the number of applications picked up again in 2022 and reached a new peak. The fast organic growth was continued, and thus the number of new positions filled for permanent employees increased by a further 57%. The turnover rate remained constant and was at the upper limit of the target corridor of 10%.

Management also examines the development of licence / SaaS and maintenance revenues involving the in|sure Ecosphere product family for insurance companies from the subsidiary adesso insurance solutions GmbH as internal performance indicators because licence revenues have a major direct impact on earnings, when viewed quarterly in the short term and over the financial year, and because maintenance revenues form the basis for increasing the cost base for developing and marketing products. In 2022, both licensing and maintenance revenues with the in|sure Ecosphere grew at double-digit rates, each exceeding the targets of more than 5%.

Forecast, opportunities and risk report

Forecast report

Future macroeconomic situation

While Germany's economic output succeeded in returning to above pre-pandemic levels in 2022, the pace of recovery slowed to just 1.8% in the reporting year, down from a GDP increase of 2.6% in 2021, primarily due to the impact of the ongoing Russia-Ukraine conflict. In the final quarter of 2022, the pace of growth declined to 0.5%. Nevertheless, leading economists are more positive about the outlook at the beginning of 2023 than they were in autumn 2022, thanks to the solid development thus far. Although the German government expects the economy to slow even further in the current year as a result of the energy price shock and the reversal in interest rates, it no longer anticipates a severe recession on the whole. Instead, GDP is projected to grow only marginally by 0.2%. The German government also expects inflation

to decline yet remain elevated in 2023. From 7.9% in the previous year, inflation is expected to ease to 6.0% in 2023. Economic growth is projected to pick up again in 2024 and reach 1.8%.

However, a weak start to 2023 is anticipated. High price increases, which are having an ever greater impact on consumers, weigh heavily on economic development in Germany. In addition, uncertainty with regard to the economic outlook and rising interest rates are holding back investment. Even though the industrial sector has, on average, coped with higher energy prices relatively well, the effects of the impact of the energy price crisis is particularly apparent in energy-intensive sectors. The brake on gas and electricity prices is intended to help improve sentiment among businesses and consumers alike. Material shortages are expected to ease further. The global economy has slowed recently, which is being felt by German industry in the form of a sharp drop in orders from abroad. A slight increase in corporate insolvencies is expected across the economy as a whole. The consequences of the war in Ukraine and the drastic rise in energy prices have placed a burden on many companies, the effects of which are difficult to assess in terms of the number of insolvencies in the months ahead. Meanwhile, sentiment has noticeably improved across the German economy, according to ifo surveys published in December 2022. Nearly all economic sectors expressed a higher level of confidence than previously.

The Swiss State Secretariat for Economic Affairs, SECO, also forecasts a significant slowdown in economic activity in 2023 to a below-average rate of 1.0% (previous year: 2.0%). How the economy performs going forward will depend largely on developments in the global economy and on energy supplies. In its outlook, the expert group does not expect power shortages resulting in widespread production outages to occur either this winter or next winter. On this basis, the pace of growth is expected to pick up again to 1.6% in 2024.

Based on forecasts by the Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS), the Austrian Federal Ministry of Labour and Economy expects a sharp decline in the rate of GDP growth to only 0.3% (WIFO) or 0.4% (IHS) in 2023 after growth of around 5% in 2022, which was also bolstered by the Austrian government's economic stimulus programme. In 2024, it is expected to pick up again to a level of 1.8% or 1.2% respectively.

In Turkey, the OECD expects the pace of GDP growth to slow from 5.3% in the previous year to 3.0% in 2023. The persistently very high inflation rate is eroding private household purchasing power and hampering investment due to high levels of uncertainty. According to the OECD, large external financing needs and low reserve buffers leave the economy highly vulnerable to shocks. The outlook envisages only a moderate acceleration to 3.4% in 2024.

Positive stimulus from the global economy is not expected. At a global level, growth has lost its momentum, high inflation is persistent, confidence is down, and uncertainty is high. Global financial conditions have worsened significantly in the face of unusually vigorous and widespread moves by central banks to raise benchmark interest rates, putting a strain on rate-sensitive spending and adding to the pressure on many emerging markets. GDP growth around the world will weaken further to 2.2% in the current year, down from the 3.1% projected by the OECD in 2022. Global growth of 2.7% is projected for 2024, bolstered by initial moves to ease benchmark interest rates in several countries. In this context, the global outlook is becoming increasingly imbalanced.

As a result, the overall economic market environment for adesso in 2023 will be characterised by only marginal growth and an increased sensitivity to risk. Even if the pace of growth in all economies that are relevant for adesso were to slow down considerably compared to 2022, the outlook has improved since last autumn's assessment. Another severe recession is no longer widely anticipated. However, the actual pace of economic growth will also depend to a large extent on the further development of the Russia-Ukraine conflict, the security of energy supplies and inflation trends. adesso continues to have no supplier or customer relationships within Ukraine or Russia that could directly affect its business. Nevertheless, we cannot rule out that directly affected client companies will postpone investment projects. Sharp price increases and significantly higher interest rates, combined with a rise in the number of insolvencies, have intensified this risk even further. This could have an indirect, delayed and isolated impact on adesso's expectations as well.

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 2023. Market volume is expected to increase by 6.3% to EUR 126.4 billion in 2023. Growth was even slightly stronger in the reporting year, amounting to 6.6%. The pace of growth is declining slightly overall. Market volume in the software and IT services sub-segments, which are particularly relevant to adesso, will grow by 4.7% to EUR 47.8 billion and 9.3% to EUR 38.8 billion respectively. This means that sales generated from IT services will more or less match the growth rates of previous years. The project business is, for the most part, long-term in nature and less strongly

affected by economic volatility. In the software segment, business activities involving platforms for artificial intelligence, collaborative applications and security software are the main drivers. The hardware segment is expected to grow by 5.3% to EUR 39.7 billion. The number of people employed in the sector is expected to reach 1.35 million by the end of the year. According to Bitkom, digitalisation is the answer to the many challenges that we face today. It makes economies more resilient, helps address global challenges such as climate protection and simplifies people's lives, in healthcare as well as in education and mobility.

According to the research institute Gartner, global IT investment is expected to rise by 2.4% to USD 4.5 trillion in 2023. While inflation is denting consumer purchasing power and negatively impacting hardware and B2C companies in particular, corporate IT investment in digital business initiatives is on the rise in spite of the global economic downturn. For IT services, Gartner predicts a growth rate of 5.5% for 2023 (2022: 3.0%) to USD 1.3 trillion. The software segment is expected to grow by 9.3% (2022: 7.1%) to USD 0.9 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 2023. This expectation is based on the continuing demand for elements from adesso's service portfolio across all industries. Given that all of the industries that adesso SERves are investing in digitalisation initiatives, a good level of orders can be expected in the short to medium term, which should be reflected in good sales 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 GmbH, adesso now also has product subsidiaries for the banking and health sectors, as well as manufacturing and the automotive industry.

The Executive Board also expects low double-digit growth in earnings. Although the number of working days in Germany will be reduced by two in financial year 2023 and the impact of inflation is likely to have an adverse effect on the cost structure, price increases are also expected to have an impact, and the rate of sick leave is projected to return to normal.

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 lies in rising average salaries for 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. In

addition, initial initiatives involving offshore resources are also being tested. This model offers other possibilities to scale up and achieve positive price effects.

In addition to the planned expansion of business in German-speaking countries, there will also be a focus on internationalisation (see also "39. Events occurring after the balance sheet date" in the consolidated notes). Beside establishing already developed foreign locations in recent years, for example, additional sales markets in Europe and further shoring locations are being sought.

In order to meet the growing administrative requirements of the adesso Group, adesso is introducing SAP S/4HANA internally, with a major go-live event planned for the first half of 2023. The project is being carried out mainly with the help of our own consultants plus support from SAP. The goal is to establish an integrated system environment for the adesso Group.

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 financial year 2023. In particular, further licence sales of the in|sure Ecosphere product family are expected in IT Solutions.

Management is therefore planning as follows for financial year 2023:

- > Sales revenues: over EUR 1 billion
- > EBITDA: EUR 100 to 110 million

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 2023, 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. Said requirement is covered in the short to medium term by the syndicated loan concluded in 2022.

adesso will also focus intensively on receivables management as well as further improving internal processes. The factoring forms of financing set up in 2022 constitute an initial reliable basis from which to counteract the increase in 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 2023 provides for an increase in the dividend to EUR 0.65 per share for financial year 2022 (previous year: EUR 0.60 per share).

Risk report

Risk management system

Significant changes occurred with regard to the risk management system in financial year 2022. The adjustments were made on a proactive basis, particularly against the backdrop of the adesso Group's dynamic growth. They are as follows:

Changes to risk management system

Owing to the changes to the assessment system and the method applied in the risk inventory, it is only possible to make an indirect comparison with the previous year's figures. Where comparability of the data over time is required and cannot be derived from the table above, it is also explained in brackets.

Targets and strategies

Risk management is a pivotal component of all decisions and business processes. Within the adesso Group, we understand risks as potential future events or developments that may have negative consequences for adesso. As a result, we see them as the risk of not achieving financial and operating targets as planned. In the worst case, they could endanger the existence of the company by placing too great a burden on the ability to manage the asset, financial and earnings situation. 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.

Changes to risk management system

Sub-area	2022 / future	2021
Setting up a risk management system	Establishing a central risk manager	Risk management as a sub-area of financial management
Risk management policy / risk report	Separating the risk management policy from the risk report	Consistent documentation of risk management policy and risk report
Risk report cycle	Risk report prepared every six months	Risk report prepared every year
Identifying risks	Bottom-up identification of risk complemented by top-down identification. Additionally including Group companies based on a standardised scoping process	Top-down identification of risk. Including Group companies by assigning them directly to a member of the Executive Board of adesso SE
Risk assessment	Assessment using a scoring system / risk matrix (1 to 5). Gross and net assessment of risks	Assessment using a scoring system (1 to 10). Net assessment of risks.
Risk matrix parameters	Quantitative and qualitative	Quantitative

VERY HIGH > 80 %	B-RISK	B-RISK	A-RISK	A-RISK	A-RISK
HIGH > 50 - 80 %	C-RISK	B-RISK	B-RISK	A-RISK	A-RISK
MEDIUM > 20 - 50 %	C-RISK	B-RISK	B-RISK	B-RISK	A-RISK
LOW > 5 - 20 %	D-RISK	C-RISK	B-RISK	B-RISK	B-RISK
VERY LOW < 5 %	D-RISK	D-RISK	C-RISK	C-RISK	B-RISK
INEUR	< 0.1 MILLION (INSIGNIFICANT)	0.1 - 0.5 MILLION (LOW)	> 0.5 - 3.0 MILLION (MODERATE)	> 3.0 - 10.0 MILLION (SEVERE)	> 10 MILLION (SIGNIFICANT)

Risk management system

The Executive Board of adesso SE sets the business strategy and company targets in addition to the risk framework defined for this purpose. In order to manage the risks to the company, management has put a risk management system in place that includes, in particular, the functions and processes outlined below. The risk manager is responsible for implementing the strategic risk policy decisions and specifies the guidelines for the operational processes. They are responsible for implementing and coordinating the risk inventory, aggregation and assessment on a regular basis. In so doing, they draw on the assistance of the risk officers in particular. These mainly consist of the managers of the operating divisions and the support divisions, as well as the managing directors of the Group companies. The assessment of the risks identified is conducted by estimating their probability of occurrence and potential severity.

A risk matrix is used to determine the probability of occurrence and the impact on the business or operation. Both of these parameters are assigned a score. The total score of each risk can be calculated by multiplying the probability of occurrence (1 to 5 points) by the extent of damage (1 to 5 points). The potential severity relates to the impact on earnings before tax. Qualitative risks are assessed using the risk matrix according to the degree of expression and degree of significance parameters.

Based on the risk assessment, risks are classified according to their significance, and measures to mitigate risks are defined for each risk. The risk owners defined for each risk are responsible for implementing the measures. The defined measures are reviewed at regular intervals as part of the risk inventory and the preparation of the risk report. The risk report is prepared every six months and basically contains a presentation of the company's risk situation including the key changes that have occurred since the previous period. The risk manual is submitted to the Supervisory Board so that the risk management system can be acknowledged and reviewed. The auditor of the consolidated financial statements also takes note of this in accordance with Section 314 (4) HGB. Moreover, the adesso Group possesses a system of processes and data analysis structures to monitor risks posed to the Group. adesso uses a centralised management reporting system to monitor earnings and track key performance indicators. 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 and resources not fully utilised, as well as incoming orders and the order backlog, are registered. All companies included in the scope of consolidation are part of the reporting system.

Risks

The A risks are presented in the following. These are the risks that had a scoring value of over 40 last year and were therefore included in the management report. 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.

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 modelled in 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 under way. 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 is 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 earnings and planned sales

In the event of a high gross margin and a large proportion of fixed costs, low sales or rising costs can be directly reflected in adesso's earnings. 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 the 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 are 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 major Group companies.

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 monitoring 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 the majority of their transaction in Swiss francs and Turkish lira respectively. 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 continuously monitors and analyses a number of key performance indicators such as headcount, number of unproductive employees, number of employees on sick leave, annual leave, costs / sales per employee and capacity utilisation. The top-level management is always informed about every dismissal 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 maintains its position as a leading IT service provider thanks to its exceptionally talented employees, who have a vast amount of experience in their respective fields. In this area in particular, competition for staff is

extremely fierce – not only among 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 at a prospering company.

Risks from the development of new products and solutions

In 2012, the adesso Group began to significantly increase its investment in the development of new products and solutions and therefore gradually shift the risk profile of its heavily service-oriented business model towards its product business. Extensive development projects are under way 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. Disruption can be caused by technical malfunctions, natural hazards or cyberattacks, among other things. 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. adesso operates a virtual private network (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/IEC 27001, 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.

Other risks

The risk inventory has identified further risks that are classified as B risks.

- > Risks from internationalisation (previous year: 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
- > Risks from the organisational structure
- > Risks from a shortfall in planned sales
- > Risks from the customer structure and counterparty default risks (previous year: Risks from the customer structure)
- > Compliance risks
- > Risks from bank lines
- > Risks from lack of insurance cover
- > Inflation risks

Overall statement concerning the Group's risk situation

Owing to the changes to the assessment system and the method applied in the risk inventory, it is only possible to make an indirect comparison with the

previous year's figures. This is primarily due to the fact that the qualitative risks are now explicitly included in the calculation and the calculation system has been changed. Irrespective of the underlying methodology, the material risk situation has not changed significantly.

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 measures.

The expansion of Corporate Account Management, established in 2019, has also secured further success. Facing the customer with a "ONEadesso" portfolio, for example, is a major success factor for the adesso brand that enables it not only to offer a small section of the

portfolio but also to place its now expansive software engineering and technology expertise with customers in its 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 has proven itself to be a kind of catalyst for new topics to be addressed by many customers once the uncertainties of the crisis have been overcome. In this, adesso benefits from its own manufacturer independence and is able to operate as a 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 has strengthened significantly since 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.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM IN TERMS OF THE CONSOLIDATED ACCOUNTING PROCESS

General

The consolidated accounting process comprises all activities that involve accounting and the preparation of financial statements in accordance with IFRS. The objective of the consolidated accounting process is to comply with the statutory requirements for the disclosure of the consolidated financial statements in accordance with statutory requirements and IFRS requirements.

Risk appraisal

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.

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. In addition, the subsidiaries' financial statements are prepared by the individual companies and in accordance with local accounting standards. All individual financial statements are submitted on a quarterly basis 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 reconciliation of values in accordance with local accounting standards to IFRS values and the preparation of a uniform reporting package is carried out by the parent company in accordance with a uniform Group accounts chart. Standard consolidation software is used to prepare the consolidated financial statements. The software is used to import the individual reporting packages, execute the required consolidation steps and compile the consolidated financial statements. 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 entries are documented transparently and comprehensibly.

Control measures

Control environment

The structure of the internal control mechanisms and risk management system is primarily the result of how the accounting and reporting processes are organised. In terms of organisational structure, 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

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 statements is, depending on the materiality, 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 also exchanges information with the respective local auditor and inspects the documentation of key Group companies.

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 the Finance department of adesso SE to carry out a further audit of all information intended for external reporting

during the financial year. For selected individual topics, the auditor of the consolidated financial statements is involved in accordance with Section 317 (4) HGB.

Information and communication

Information and communication ensure an adequate flow of information among the stakeholders in the internal control system. This requires the necessary information to be obtained in a suitable and timely manner and forwarded to the relevant departments within the company. Process specifications and organisational manuals have been prepared in the form of checklists to ensure that stakeholders are kept informed. These outline and document the individual steps, measures and responsibilities.

For further information on the internal control system and risk management system, please refer to the Declaration of Conformity.

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 permitted neither to exceed the opening price on the acquisition date by more than 10 % nor to fall below it by more than 20 %.

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 2022, founding shareholder and Supervisory Board Chairman Prof. Dr Volker Gruhn held 26.5 % of share capital through a company he controls. Together with his RDF Familienstiftung, founding shareholder and Supervisory Board member Rainer Rudolf held 16.1 % 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 (3) 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 23 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-fi-

nancial Group report pursuant to Section 315b (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 within 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 2022, adesso SE employed a total workforce of 5,784 (including trainees), compared to 4,246 at the same time in the previous year. Employee growth was therefore 1,538, or 36 % (previous year: increase of 764, or 22 %).

The average number of employees converted to full-time equivalents (FTEs) was 4,460 (previous year: 3,441). This corresponds to an increase of 30 %. 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 leading 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 2022, sales came in at EUR 665.5 million, 36% above the previous year's level. Sales with customers outside the Group rose by EUR 164.7 million (36%), while sales with affiliated companies rose by EUR 10.9 million (40%). 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 2022, laid the foundation for strong growth. Recruiting efforts continued in 2022, and a new record level of new hires was achieved. The average number of employees, converted to FTEs, increased by 1,019, or 30%, to 4,460 in the reporting year (previous year: increase of 603, or 21%). 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 36% to EUR 667.3 million.

Other operating income stood at EUR 6.7 million, compared to EUR 23.3 million in the previous year. The previous year's figure includes a special effect from the sale of the e-Spirit Group of EUR 20.1 million. Please see the information in the notes for a further breakdown of other operating income.

Material costs, totalling EUR 154.6 million (previous year: EUR 105.5 million), were mainly attributable to services purchased externally or from affiliated companies as part of customer projects. Only EUR 0.7 million (previous year: EUR 1.0 million) was for merchandise, mainly software licenses. The merchandise was largely procured for adesso customer projects. At 23%, the share of material costs in total output was two percentage points higher than in the previous year.

By contrast, the share of personnel expenses fell by two percentage points to 56% of total output. Personnel expenses rose by a total of 32% to EUR 375.3 million, mainly due to the further organic growth in the number of employees. Gross profit per FTE increased from

EUR 113 thousand to EUR 115 thousand. Personnel costs per FTE increased by EUR 1 thousand to EUR 84 thousand. Gross profit totalled EUR 512.7 million, an increase of 33% compared to the same period last year. The share of gross profit in total output fell by two percentage points to 77%.

Other operating expenses increased by 65% to EUR 110.5 million in 2022. The share of this cost item in total output also increased by three percentage points to 17%. This development is mainly due to higher consulting and office space costs, investments in enhancing corporate culture by hosting additional in-house events, as well as a renewed increase in travel costs. Because of the COVID-19 pandemic, travel costs in 2020 and 2021 were significantly below the usual level seen in previous years.

The operating result (EBITDA = earnings before interest, taxes, depreciation and amortisation) decreased by EUR 25.1 million to EUR 33.6 million. Excluding the special effect from the sale of the e-Spirit Group in the previous year, the decline amounts to EUR 5.0 million, or 13%. This development is mainly attributable to the increase in other operating expenses.

Depreciation and amortisation increased by 41% in the reporting period to EUR 15.0 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 9.3 million (previous year: EUR 6.0 million) and amounted to one percentage point of total operating revenue, as in the previous year. Amortisation of goodwill decreased by EUR 0.5 million. By contrast, depreciation and amortisation in connection with purchase price allocations resulting from mergers and acquisitions increased by EUR 1.7 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 12.2 million (previous year: EUR 7.6 million). Income from financing activities amounted to EUR -0.5 million after EUR -0.2 million in the previous year.

Overall, this results in a lower pre-tax profit of EUR 30.3 million, compared to EUR 35.3 million in the previous year (without the non-recurring effect from the sale of the e-Spirit Group), and net income

of EUR 21.2 million, compared to EUR 23.3 million in the previous year (without the non-recurring effect from the sale of the e-Spirit Group).

Assets and liabilities

As of the reporting date, the balance sheet total increased by 22 % to EUR 454.3 million due to further growth. On the assets side, fixed assets in particular increased by EUR 58.5 million, or 40 %, while current assets also saw an increase of EUR 21.1 million, or 10 %.

The financing of accounts receivable from customers outside the Group and work in progress totalling EUR 158.8 million (previous year: EUR 122.2 million) represents the most significant portion of the financing requirements. Against this backdrop, a factoring agreement was concluded in 2022, under which trade receivables of up to a volume of EUR 35.0 million can be sold. As at the balance sheet date, trade receivables in the amount of EUR 30.3 million had been sold, which led to a corresponding reduction in this balance sheet item. 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 26.3 million to EUR 29.6 million. As the difference between trade receivables, as well as inventories and advance payments received and made, working capital increased by 35 % to EUR 166.1 million due to the significantly higher business volume.

At EUR 69.3 million (previous year: EUR 55.8 million), shares in affiliated companies represent the largest financing requirement of fixed assets. The rise is largely due to the increase in the stake in matarial.one AG and the acquisition of Purple Scout AB. The share of this item in the balance sheet total increased by three percentage points to 18 %, taking into account advance payments made for the acquisition of WebScience S.R.L.

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 and the furniture in the branch offices. The additions to operating and office equipment, including advance payments made, amounted to EUR 17.3 million, compared to

EUR 15.5 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 at existing locations.

The company acquisitions in 2022, coupled with the founding of new subsidiaries, led to the addition of shares in affiliated companies, participations and corresponding advance payments totalling EUR 37.3 million. The corresponding additions relate in particular to the increase in the stake in matarial.one AG, the acquisition of Purple Scout AB and advance payments made for the acquisition of WebScience S.R.L. during financial year 2022. There were also increases in loans to affiliated companies and participations totalling EUR 15.1 million. These mainly relate to loans granted to the domestic companies adesso orange AG and adesso health solutions GmbH.

Financial position

Equity capital totals EUR 209.0 million and increased by EUR 17.8 million, or 9 %, year on year. This development is due in particular to the net profit of EUR 21.2 million. In June 2022, a dividend of EUR 0.60 per share (previous year: EUR 0.52) was distributed, resulting in a corresponding reduction in equity of EUR 3.9 million (previous year: EUR 3.2 million). The equity capital ratio fell slightly by five percentage points to 46 %. The subscribed capital amounts to EUR 6,512,272 (previous year: EUR 6,503,272) and therefore remained almost constant.

Liquidity and financing analysis

Cash and cash equivalents totalled EUR 38.8 million on the reporting date (previous year: EUR 42.9 million). Cash and cash equivalents are offset by interest-bearing liabilities, mainly from several acquisition loans, totalling EUR 81.3 million (previous year: EUR 55.9 million). In November 2022, an ESG-linked syndicated loan agreement was concluded with a consortium of banks led by LBBW Landesbank Baden-Württemberg. The agreement comprises a total committed volume of EUR 130 million with an option to increase by up to EUR 40 million. The term is five years, which can be extended twice by one year each. With this move, adesso has optimised its financing flexibility and enhanced its planning security. Especially in an environment characterised by rising interest rates, adesso has secured an attractive interest

rate for debt financing in the long term. The funds that can be drawn down will be used for general corporate financing and to support the company's further M&A strategy. By integrating an ESG component that influences conditions, adesso underscores its commitment to the corporate goals defined in its sustainability strategy.

Cash and cash equivalents typically include larger items that will be disbursed in the first months of 2023. The largest items are the variable salary components to be paid out in the first quarter of 2023, as well as profit-sharing for employees and the Executive Board for 2022. 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 2022 can be considered satisfactory overall. The projected sales target of between EUR 800 million and EUR 850 million was clearly exceeded, with sales amounting to EUR 900.3 million. The projected earnings target of between EUR 90 and 95 million EBITDA was also achieved, with earnings totaling EUR 92.9 million. However, it was not possible to match the strong increase in sales with an equal increase in earnings. Rapid growth has taken a toll on profitability.

In addition to the capacity utilisation delays caused by the high pace of growth, as well as investments in corporate culture and infrastructure, earnings were affected above all by significantly higher rates of sick leave in 2022 following the wide-scale lifting of the coronavirus protection measures. On the whole, adesso's business model proved to be resilient enough to withstand the current crises (coronavirus, Ukraine conflict, inflation, interest rate developments, supply chain issues). Demand for IT services remains high.

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 1 billion is forecast for 2023. The forecast for earnings before taxes attributable to the business operations of adesso SE, amortisation of goodwill and purchase price allocation effects from mergers in 2023 is between EUR 100 million and EUR 110 million. With regard to the non-financial performance indicators, a fluctuation of <10% is planned for 2023, 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 FINANCIAL STATEMENT

68 Consolidated Financial Statement

70 Consolidated Balance Sheet

72 Consolidated Income Statement

72 Consolidated Statement of Comprehensive Income

73 Consolidated Cash Flow Statement

74 Consolidated Shareholders Equity Statement

76 Consolidated notes

76 General information

76 Summary of significant accounting principles

109 Notes to items in the consolidated balance sheet

127 Notes to the consolidated income statement

132 Information on the consolidated cash flow statement

133 Information on segment reporting

137 Supplementary information

Consolidated Balance Sheet

of adesso Group as of 31 december according to IFRS

Assets

in EUR k	Appendix	31.12.2022	31.12.2021*	01.01.2021*
Non-current assets				
Goodwill	4.	85,814	68,446	59,016
Intangible assets	4.	38,877	22,676	21,625
Property, plant and equipment	5.	37,308	28,395	18,131
Right-of-use from leasing	31.	132,007	135,977	79,413
Shareholdings recognized under the equity method	7.	2,578	4,076	3,864
Financial assets	6.	13,525	10,368	4,796
Other non-current assets	13.	718	0	0
Deferred tax assets	8.	5,072	3,505	3,557
		315,899	273,443	190,402
Current assets				
Cash and cash equivalents	9.	90,897	109,922	55,053
Trade accounts receivable	10.	172,250	120,000	92,829
Contract assets	11.	54,537	42,127	28,485
Receivables from income taxes	8.	3,330	1,981	892
Financial assets	12.	2,957	1,603	1,095
Other assets	13.	15,695	8,127	5,337
		339,666	283,760	183,691
TOTAL ASSETS		655,565	557,203	374,093

* See notes section "3.2 Correction according to IAS 8.42"

Equity and liabilities

in EUR k	Appendix	31.12.2022	31.12.2021*	01.01.2021*
Equity				
Subscribed capital	14.	6,512	6,503	6,185
Capital reserve		49,867	52,728	8,650
Other retained earnings		155,614	126,286	79,775
Accumulated other comprehensive income		-1,959	-359	-223
Non-controlling interests		5,147	460	530
		215,181	185,618	94,917
Non-current liabilities				
Financial liabilities	16.	47,502	55,136	49,278
Pensions and similar liabilities	20.	2,816	7,881	10,074
Provisions	18.	4,318	3,546	7,179
Leasing liabilities	16. / 31.	114,408	121,085	66,744
Deferred tax liabilities	8.	12,044	4,617	2,222
		181,088	192,265	135,497
Current liabilities				
Financial liabilities	16.	58,993	23,777	11,411
Trade accounts payable	17.	42,333	28,209	18,834
Contract liabilities	21.	18,349	11,516	8,583
Leasing liabilities	16. / 31.	23,047	19,318	14,501
Liabilities from income taxes	8.	4,937	3,911	14,393
Provisions*	18.	7,260	12,136	12,607
Other liabilities*	19.	104,377	80,453	63,350
		259,296	179,320	143,679
TOTAL EQUITY AND LIABILITIES				
		655,565	557,203	374,093

* See notes section "3.2 Correction according to IAS 8.42"

Consolidated Income Statement

of adesso Group as of 31 december according to IFRS

in EUR k	Appendix	2022	2021*
Sales revenues	21.	900,253	678,324
Other operating income	22.	21,742	29,048
Own work capitalised	23.	1,167	27
TOTAL INCOME		923,162	707,399
Costs of material	24.	-134,425	-93,611
Personnel costs	25.	-587,089	-446,386
Result from the derecognition of financial assets	33.	-51	-118
Result from the change in impairment on financial assets measured at amortised cost	33.	-182	-1,875
Other operating expenses	26.	-108,507	-63,424
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)		92,908	101,985
Depreciation on property, plant and equipment	27.	-44,759	-35,998
EARNINGS BEFORE INTEREST AND TAXES (EBIT)		48,149	65,987
Earnings from shares recognized under the equity method	28.	-1,964	-1,057
Interest income and similar income	28.	410	1,002
Interest expenses and similar expenses	28.	-4,513	-2,702
EARNINGS BEFORE TAXES (EBT)		42,082	63,230
Income taxes	29.	-13,289	-15,653
CONSOLIDATED EARNINGS		28,793	47,577
of which attributable to shareholders of adesso SE	30.	28,603	47,501
of which attributable to non-controlling interests	30.	190	76
Number of shares at the end of the period	30.	6,512,272	6,503,272
UNDILUTED EARNINGS PER SHARE (IN EUR)	30.	4.40	7.59
DILUTED EARNINGS PER SHARE (IN EUR)	30.	4.38	7.57

Consolidated Statement of Comprehensive Income

of adesso Group as of 31 december according to IFRS

in EUR k	Appendix	2022	2021*
CONSOLIDATED EARNINGS		28,793	47,577
Other comprehensive income, not subsequently transferred to the income statement			
Actuarial gains (+) and losses (-)	20.	5,757	2,772
Deferred taxes on actuarial gains and losses		-1,130	-546
Gains (+) and losses (-) from financial assets at fair value through other comprehensive income	6.	-285	1,048
Deferred tax on gains and losses from financial assets at fair value through other comprehensive income		4	-16
Other comprehensive income, subsequently transferred to the income statement			
Currency translation differences		-1,393	-1,179
OTHER COMPREHENSIVE INCOME		2,953	2,079
TOTAL INCOME		31,746	49,656
of which attributable to shareholders of adesso SE		31,630	49,591
of which attributable to non-controlling interests		116	65

* See notes section "3.2 Correction according to IAS 8.42"

Consolidated Cash Flow Statement**

of adesso Group as of 31 december according to IFRS

in EUR k	2022	2021*
EARNINGS BEFORE TAX	42,082	63,230
Income from financing activities	4,103	1,700
Scheduled depreciation and amortization on property, plant and equipment and intangible assets	44,759	35,998
Result from shares recognized under the equity method	1,964	1,057
Non-cash income (-) / expenses (+)	-5,668	951
Income (-)/expenses (+) from the disposal of consolidated subsidiaries	0	-17,886
Change in pension provisions	104	419
Change in other provisions	-4,445	1,246
Tax payments	-15,706	-28,754
Losses (+) / Gains (-) from the disposal of property, plant and equipment	90	9
Change to net operating assets	-31,211	-10,058
CASH FLOW FROM OPERATING ACTIVITIES	36,072	47,912
Divestments of property, plant and equipment	321	49
Divestments of intangible assets	19	0
Divestments of financial assets	1,179	1,839
Divestments of shares recognised at equity	128	100
Disposal of subsidiaries (less cash and cash equivalents disposed)	0	12,257
Investments in shares recognised at equity	-990	-542
Investments in property, plant and equipment	-18,851	-16,829
Investments in intangible assets	-5,102	-1,531
Investments in financial assets	-6,634	-4,187
Acquisition/disposal of subsidiaries (less cash and cash equivalents acquired)	-13,780	-17,028
Dividends received	171	249
Interest received	41	120
CASH FLOW FROM INVESTMENT ACTIVITIES	-43,498	-25,503
Dividend payments	-4,952	-3,966
Capital increase	499	48,864
Payments from non-controlling interests	51	0
New liabilities to banks	79,505	36,380
Repayment of financial liabilities	-60,581	-30,155
Repayment of leasing liabilities	-21,819	-15,783
Payments for the acquisition of additional shares in subsidiaries	-250	0
Interest paid	-3,432	-2,694
CASH FLOW FROM FINANCING ACTIVITIES	-10,979	32,646
Changes in value or currency difference-related changes in cash and cash equivalents"	-620	-186
CHANGE IN CASH AND CASH EQUIVALENTS	-19,025	54,869
Cash and cash equivalents at the beginning of the period	109,922	55,053
Cash and cash equivalents at the end of the period	90,897	109,922

* See notes section "3.2 Correction according to IAS 8.42".

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

Consolidated Shareholders Equity Statement*

of adesso Group as of 31 december according to IFRS

in EUR k	Share capital	Capital reserves
01.01.2021 (as reported before)	6,185	8,650
Effect from change in reporting**	0	0
01.01.2021**	6,185	8,650
Share-based compensation	0	195
Effects from change in options on 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
01.01.2022	6,503	52,728
Share-based compensation	0	827
Effects from change in options on the purchase of additional shares in subsidiaries	0	-3,801
Effects from the purchase of subsidiaries	0	0
Effects from the purchase of additional shares in subsidiaries	0	-438
Payments from non-controlling interests	0	61
Increase in share capital by exercises of stock options	9	490
Other results at the end of the financial year	0	0
Consolidated result	0	0
Total	0	0
Dividends***	0	0
31.12.2022	6,512	49,867

* See notes section "Equity"

** See notes section "3.2 Correction according to IAS 8.42"

*** Dividend payment of EUR 3.902 thousand corresponds to EUR 0.60 per share

	Other reserves	Accumulated other comprehensive income	Equity of adesso SE shareholders	Non-controlling shares	Total Equity
	87,732	-223	102,344	530	102,874
	-7,957	0	-7,957	0	-7,957
	79,775	-223	94,387	530	94,917
	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
	2,226	-136	2,090	-11	2,079
	47,501	0	47,501	76	47,577
	49,727	-136	49,591	65	49,656
	-3,216	0	-3,216	-750	-3,966
	126,286	-359	185,158	460	185,618
	126,286	-359	185,158	460	185,618
	0	0	827	0	827
	0	0	-3,801	137	-3,664
	0	0	0	5,305	5,305
	0	0	-438	189	-249
	0	0	61	-10	51
	0	0	499	0	499
	4,627	-1,600	3,027	-74	2,953
	28,603	0	28,603	190	28,793
	33,230	-1,600	31,630	116	31,746
	-3,902	0	-3,902	-1,050	-4,952
	155,614	-1,959	210,034	5,147	215,181

CONSOLIDATED NOTES

OF ADESSO GROUP AS OF 31 DECEMBER ACCORDING TO IFRS

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 20 March 2023 and released for publication by the Executive Board.

II. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared by adesso SE in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), applicable as of 31 December 2022 and adopted by the EU, as well as the supplementary regulations according to Section 315e (1) of the German Commercial Code (HGB).

The consolidated financial statements for the year ended 31 December 2022 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

- > 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 respective applicable 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.

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 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 require-

ments under IFRS 9 had been applied. The IFRS 9 transitional requirements were not amended. The amendments are applicable to financial years beginning on or after 1 January 2023. The amendments were adopted into European law on 8 September 2022. The amendments will not have any effect 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 financial years beginning on or after 1 January 2023 and were adopted into European law on 11 August 2022. 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 financial years beginning on or after 1 January 2023 and were adopted into European law on 2 March 2022. The effects of the amendments on adesso's financial statements have yet to be assessed.
- > 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 financial years beginning on or after 1 January 2023 and were adopted into European law on 2 March 2022. The amendments are not expected to have any impact on adesso's financial statements.

2.2. Provisions not yet endorsed by the EU:

- > In September 2022, the IASB adopted amendments to IFRS 16 (Leasing Agreements). These prescribe how a seller-lessee should perform the subsequent valuation of sale and leaseback transactions recognised as a sale according to IFRS 15. The amendments are applicable to annual reporting periods beginning on or after 1 January 2024. The amendments have yet to be endorsed by the EU. The amendments will not have any effect on adesso's financial statements.
- > 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 October 2022, the new regulations are to be applied for financial years beginning on or after 1 January 2024. The amendments have yet to be endorsed by the EU. The amendments will not have any effect on adesso's financial statements.

3. Financial reporting

3.1. COVID-19 pandemic, Ukraine conflict and macroeconomic environment

Presenting facts and circumstances in accounting often requires estimates and assumptions about future events and developments. This is naturally linked to uncertainty. This uncertainty has to be taken into account in order to understand the figures reported in the financial statements.

The latest crises have reinforced this uncertainty. Now that the COVID-19 pandemic with its curfews and lockdowns seems to have peaked, the war in Ukraine has created unease. The introduction of sanctions, and the resulting inflation, has had a major impact on the economy.

adesso's management is monitoring the effect of uncertainty on the economy and analysing what effects this has, or could have, on adesso. It is also analysing what operational measures need to be taken to combat this uncertainty.

The effects of the crises could impact on adesso's financial statements in a variety of ways. In addition to the amortisation of receivables and contract assets, the recognition of provisions for anticipated losses and the amortisation of goodwill and intangible assets need to be examined. Moreover, adesso must ensure that adesso is able to meet its payment obligations now and at any time in the future.

The management's analysis has shown that the above crises have no material effect on adesso's consolidated financial statements as at 31 December 2022. Similarly, there are no indications that adesso's liquidity is at risk. adesso will continue to analyse the impact of changes in uncertainty on an ongoing basis.

For details on the impact on the asset, financial and earnings situation for financial year 2022 and a general assessment of the current external social, political and economic influences, please see the Economic Report as well as the Forecast, Opportunities and Risk Report in the consolidated management report.

3.2. Correction in accordance with IAS 8.42

adesso constantly analyses the accounting process in order to ensure that facts and circumstances are correctly presented in accordance with IFRS regulations. In one such analysis, adesso analysed a pension plan in Switzerland and determined that the plan, which had previously been presented as a defined contribution plan, qualifies as a defined benefit plan based on the requirements of Swiss pension law. In contrast to pension plans in Germany, employers in Switzerland have to provide certain guarantees regarding future pension payments. Alongside the obligation to pay contributions, however, there remains a residual risk for the employer in terms of being liable for benefits if these cannot be granted by the pension fund. Therefore, the pension plan of adesso Schweiz AG has been classified as a defined benefit plan in accordance with IAS 19.8 in conjunction with IAS 19.29 in the context of a correction according to IAS 8.42. The adjustment is retrospective in accordance with IAS 8.41.

The following table shows the figures reported for 2021 for the items concerned, the amount of the adjustment and the reassessed amounts, and the cumulative effect from the retrospective adjustment of EUR 7,957 thousand. The adjustment has no effect on the cash flows presented in the cash flow statement.

in EUR k	1 January 2021			31 December 2021		
	Reported	Change	New	Reported	Change	New
CONSOLIDATED BALANCE SHEET						
Deferred tax assets	1,610	1,947	3,557	2,007	1,498	3,505
Equity	102,874	-7,957	94,917	191,827	-6,209	185,618
Balance sheet total	372,146	1,947	374,093	555,705	1,498	557,203
Provisions for pensions	162	9,912	10,074	147	7,734	7,881
Deferred tax liabilities	2,230	-8	2,222	4,644	-27	4,617
Equity ratio	27.6 %		25.4 %	34.5 %		33.3 %
CONSOLIDATED INCOME STATEMENT						
Personnel costs				445,953	433	446,386
Interest expenses				2,694	8	2,702
Tax expenses				15,740	-87	15,653
Consolidated earnings				47,931	-354	47,577
Undiluted earnings per share				7.65	-0.06	7.59
Diluted earnings per share				7.63	-0.06	7.57
Other comprehensive income for the period				-23	2,102	2,079
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
Actuarial gains and losses				1	2,771	2,772
Deferred taxes on actuarial gains and losses				0	-546	-546
Currency translation differences				-1,056	-123	-1,179
CONSOLIDATED CASH FLOW STATEMENT						
Earnings before tax				63,671	-441	63,230
Income from financing activities				1,692	8	1,700
Change in pension provisions				-14	433	419

At the end of 2022, a pension provision of EUR 2,592 thousand and deferred tax assets of EUR 511 thousand are to be reported for this item.

3.3. 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.

In general, all acquired assets and liabilities must be recognised in a business combination. This applies irrespective of the likelihood of future cash inflows or outflows. However, contingent assets are not recognised. 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 the case, for example, if 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.

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 “43 Subsidiaries” or “44 Associated companies and joint ventures”.

3.4. 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 the carrying amount of the interests through profit or loss. 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 “43 Associates and joint ventures”.

3.5. 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. On 31 December 2022, for example, the following applied: EUR 1 equated to CHF 0.98.

Foreign currency at EUR 1	Closing rate		Average rate	
	2022	2021	2022	2021
Swiss franc (CHF)	0.98	1.03	1.00	1.08
British pound (GBP)	0.89	0.84	0.85	0.86
US dollar (USD)	1.07	1.13	1.05	1.18
Turkish lira (TRY)	19.96	15.23	17.41	10.51
Bulgarian lev (BGN)	1.96	1.96	1.96	1.96
Danish krone (DKK)	7.44	7.44	7.53	7.53
Romanian leu (RON)	4.95	4.95	4.93	4.92
Swedish krone (SEK)	11.12	10.25	10.63	10.15
Hungarian forint (HUF)	400.87	369.19	391.29	358.52

3.6. Acquisitions and disposals

material.one AG

On 7 February 2022, adesso increased its stake in material.one AG (formerly: logsolut AG), Augsburg, Germany, by 18.4 percentage points from 35.0 % to 53.4 % 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.

The consideration for the shares acquired amounts to EUR 3,057 thousand. This includes a payment of EUR 2,575 thousand, a trade receivable from material.one amounting to EUR 128 thousand (which adesso waived in the course of the merger) and an obligation to provide services amounting to EUR 368 thousand.

At the time of the merger, the carrying amount of the shares in material.one recognised under the equity method amounted to EUR 939 thousand. Pursuant to IFRS 3, the shares held to date ("old shares") are to be measured at fair value at the time of the merger in the case of a successive share acquisition. 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 merger was EUR 4,869 thousand, which means that income of EUR 3,929 thousand is to be recognised from the measurement at fair value and recorded under "Other operating income" in the consolidated income statement. The fair value of the old shares is not part of the "consideration given", according to the IFRS.

Non-controlling interests recognised at the date of acquisition are measured at the proportionate share of net assets, amounting to EUR 5,135 thousand. The fair value of the acquired trade receivables is EUR 329 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 2,575 thousand is offset by acquired cash and cash equivalents of EUR 2,888 thousand, so that cash and cash equivalents increased by EUR 313 thousand as a result of the merger.

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

The consolidated income statement contains sales revenues from the acquired company amounting to EUR 2,153 thousand as well as earnings of EUR -1,123 thousand.

The table on the right contains the assets and liabilities of material.one AG recognised at the acquisition date and measured at their respective fair value.

com2m GmbH

On 19 May 2022, adesso acquired the remaining 41.29 % of shares in com2m GmbH, Dortmund, Germany. As adesso previously held 58.71 % of the shares in the company classified as a joint venture until the merger, adesso now owns 100 % of the shares in com2m GmbH. com2m GmbH develops and runs software solutions in the field of client/server technology, machine-to-machine communication, automation and remote control technology, and connected industrial and production technology. com2m was merged with adesso SE in the financial year under review. The business operations acquired are therefore assigned to the IT Services segment.

The consideration paid in cash for the acquired shares amounted to EUR 2,643 thousand. The sellers will receive a further sum of EUR 661 thousand, provided they remain employed by the company for at least two more years. As payment of this amount is linked to the future work performance of the sellers, it is not part of the consideration according to IFRS. It is to be recognised in the future in profit or loss.

At the time of the merger, the shares in com2m GmbH recognised at equity were valued at EUR 1,428 thousand. Because the fair value of the shares in com2m GmbH amounted to EUR 4,697 thousand at that time, income of EUR 3,269 thousand was to be recognised from the measurement at fair value and recorded under "Other operating income" in the consolidated income statement.

material.one AG	in EUR k
ASSETS	17,217
Non-current assets	13,977
Goodwill	2,052
Non-current intangible assets	11,538
of which customer contracts	264
of which order backlog	93
of which software	11,168
of which other	13
Property, plant and equipment	14
Other non-current assets	373
Current assets	3,240
Trade receivables	329
Other current assets	23
Cash and cash equivalents	2,888
LIABILITIES	4,138
Non-current liabilities	2,897
Deferred tax liabilities	2,897
Current liabilities	1,241
Current financial liabilities	442
Trade payables	400
Current provisions	11
Other current liabilities	388

com2m GmbH held 5% of Urban Energy GmbH at the time of acquisition by adesso. This increased adesso's shareholding in Urban Energy from 20% to 25%. Urban Energy GmbH continues to be classified as an associated company.

The fair value of the acquired trade receivables amounted to EUR 1,063 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 2,643 thousand is offset by acquired cash and cash equivalents of EUR 779 thousand, so that cash and cash equivalents decreased by EUR 1,864 thousand as a result of the merger.

Ancillary acquisition costs totalled EUR 18 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 expected synergy effects, which cannot be capitalised. The goodwill is not tax-deductible.

Due to the merger, it is not possible to determine the sales revenues or results of the acquired company recorded in the consolidated income statement.

The following table contains the assets and liabilities of com2m GmbH recognised at the acquisition date and measured at their respective fair value:

com2m GmbH	in EUR k
ASSETS	9,713
Non-current assets	7,859
Goodwill	4,123
Non-current intangible assets	3,561
of which customer contracts	838
of which order backlog	421
of which software	2,302
Right-of-use assets from leases	45
Property, plant and equipment	6
Non-current financial assets	124
Current assets	1,854
Trade receivables	1,063
Receivables from income tax	12
Cash and cash equivalents	779
LIABILITIES	2,374
Non-current liabilities	1,189
Non-current leasing liabilities	21
Deferred tax liabilities	1,168
Current liabilities	1,185
Current leasing liabilities	24
Trade payables	326
Current contract liabilities	198
Current income tax liability	179
Current provisions	64
Other current liabilities	394

Purple Scout

On 5 April 2022, adesso acquired all of the shares in Purple Scout AB (Malmö, Sweden). Purple Scout AB offers complete cloud solutions, including services such as cloud migration. It is also active in the field of computing as well as e-commerce, DevOps, UI/UX and full stack development.

The acquisition included not only Purple Scout AB but also its subsidiaries Purple Friends AB and Transfer Window AB (both Malmö, Sweden), as well as Purple Scout ApS (Copenhagen, Denmark). Purple Scout AB and Purple Scout ApS were renamed adesso Sweden and adesso Denmark, respectively.

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

The consideration paid in cash amounted to EUR 4,737 thousand. The sellers will receive a further sum of EUR 631 thousand, provided they remain employed by the company for at least two more years. As payment of this amount is linked to the future work performance of the sellers, it is not part of the consideration according to IFRS. It is to be recognised in the future in profit or loss.

The fair value of the acquired trade receivables amounted to EUR 1,479 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 4,737 thousand is offset by acquired cash and cash equivalents of EUR 440 thousand, so that cash and cash equivalents decreased by EUR 4,297 thousand as a result of the merger.

Ancillary acquisition costs totalled EUR 47 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, expected synergy effects and future economic benefits, all of which cannot be capitalised according to IFRS. The goodwill is not tax-deductible.

The consolidated income statement contains sales revenues from the acquired companies amounting to EUR 4,994 thousand as well as earnings of EUR -950 thousand.

The following table contains the assets and liabilities of Purple Scout recognised at the acquisition date and measured at their respective fair value:

Purple Scout	in EUR k
ASSETS	7,351
Non-current assets	5,266
Goodwill	3,116
Non-current intangible assets	1,690
of which customer contracts	832
of which order backlog	479
of which software	379
Right-of-use assets from leases	371
Property, plant and equipment	59
Other non-current assets	30
Current assets	2,085
Contract assets	578
Trade receivables	901
Other current assets	166
Cash and cash equivalents	440
LIABILITIES	2,614
Non-current liabilities	421
Non-current leasing liabilities	151
Deferred tax liabilities	270
Current liabilities	2,193
Current financial liabilities	488
Current leasing liabilities	220
Trade payables	480
Current income tax liability	56
Other current liabilities	949

Quadox AG

On 25 July 2022, adesso acquired 100% of the shares in Quadox AG, Walldorf, Germany. Quadox AG is a specialist in innovative data management as well as SAP analytics and business intelligence solutions. The move to expand this financially important cross-cutting segment puts adesso among the five biggest SAP analytics experts in Germany. Quadox AG was merged with adesso SE in the financial year under review. The business operations acquired are therefore assigned to the IT Services segment.

adesso paid EUR 6,580 thousand in cash for the shares. The remaining amount of EUR 820 thousand is due in 24 months with interest. adesso may be required to pay a further amount of EUR 800 thousand in nine months. As this payment is linked to the future work performance of the sellers and other employees of Quadox AG, this amount is accumulated on a pro rata basis through profit or loss.

The fair value of the acquired trade receivables amounted to EUR 901 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 6,580 thousand is offset by acquired cash and cash equivalents of EUR 3,052 thousand, so that cash and cash equivalents decreased by EUR 3,528 thousand as a result of the merger.

Goodwill resulting from the merger mainly represents the workforce of the company, expected synergy effects and future economic benefits, all of which cannot be capitalised according to IFRS. The goodwill is not tax-deductible.

Due to the merger, it is not possible to determine the sales revenues or results of the acquired company recorded in the consolidated income statement.

The following table contains the assets and liabilities of Quadox AG recognised at the acquisition date and measured at their respective fair value:

Quadox AG	in EUR k
ASSETS	12,321
Non-current assets	7,904
Goodwill	4,849
Non-current intangible assets	2,644
of which customer contracts	2,349
of which order backlog	295
Right-of-use assets from leases	255
Property, plant and equipment	155
Non-current financial assets	1
Current assets	4,417
Contract assets	229
Trade receivables	1,133
Other current assets	3
Cash and cash equivalents	3,052
LIABILITIES	4,921
Non-current liabilities	1,032
Non-current leasing liabilities	165
Deferred tax liabilities	867
Current liabilities	3,889
Current financial liabilities	1,900
Current leasing liabilities	90
Trade payables	168
Current contract liabilities	633
Current income tax liability	299
Current provisions	30
Other current liabilities	769

Gravity & Vitec

On 20 October 2022, adesso acquired 100 % of the shares in Gravity consulting GmbH (Gravity) and VITEC Vienna Information Technology Consulting GmbH (Vitec), both in Vienna, from the same sellers in a single transaction. Services offered by Gravity and Vitec mainly comprise SAP consulting, project management and business process optimisation. Gravity and Vitec will be merged with adesso orange in 2023.

The purchase price was paid in cash and amounted to EUR 4,883 thousand. In addition, there is an earn-out agreement for a maximum of EUR 1,640 thousand. The payment is dependent on the future work performance of the beneficiaries as well as the achievement of certain sales targets. The amount is therefore not part of the consideration given for the shares acquired pursuant to IFRS 3. The liability resulting from the earn-out is to be accumulated pro rata in profit or loss, with due regard to the probability of achieving the sales targets.

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

The fair value of the acquired trade receivables amounted to EUR 692 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 4,883 thousand is offset by acquired cash and cash equivalents of EUR 1,242 thousand, so that cash and cash equivalents decreased by EUR 3,641 thousand as a result of the merger.

Ancillary acquisition costs totalled EUR 158 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 expected synergy effects, which cannot be capitalised. The goodwill is not tax-deductible.

The consolidated income statement contains sales revenues from the acquired companies amounting to EUR 1,173 thousand as well as earnings of EUR -33 thousand.

The table on the next side contains the assets and liabilities of Gravity and Vitec recognised at the acquisition date and measured at their respective fair value

Other company acquisitions

Gorbit GmbH

On 10 January 2022, adesso acquired 100 % of the shares in Gorbit GmbH, Overath, Germany. Gorbit GmbH is an IT consulting and development partner specialising in SAP technology. The purchase price for the shares was paid in cash and amounted to EUR 550 thousand. Gorbit GmbH was merged with adesso orange AG in the financial year under review.

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. The payment of EUR 550 thousand is offset by acquired cash and cash equivalents of EUR 321 thousand, so that cash and cash equivalents decreased by EUR 229 thousand as a result of the merger.

Ancillary acquisition costs totalled EUR 3 thousand. These are recognised under “Other operating expenses” in the consolidated income statement.

No goodwill was recognised in the course of the merger.

Due to the merger, it is not possible to determine the sales revenues or results of the acquired company recorded in the consolidated income statement.

Gravity & Vitec	in EUR k
ASSETS	6,548
Non-current assets	4,568
Goodwill	2,780
Non-current intangible assets	1,197
of which customer contracts	690
of which order backlog	507
Right-of-use assets from leases	295
Property, plant and equipment	95
Non-current financial assets	201
Current assets	1,980
Trade receivables	692
Other current assets	5
Income tax receivables	41
Cash and cash equivalents	1,242
LIABILITIES	1,665
Non-current liabilities	537
Non-current leasing liabilities	238
Deferred tax liabilities	299
Current liabilities	1,128
Current leasing liabilities	57
Trade payables	160
Current contract liabilities	9
Current income tax liability	118
Current provisions	98
Other current liabilities	686

Ries Corporate Solutions GmbH

On 24 February 2022, adesso acquired 80 % of the shares in Ries Corporate Solutions GmbH, Hamburg, Germany, and all the shares in Pension Partner Trust GmbH (PPT). Ries specialises in company pensions, working time accounts and partial retirement programmes, enhancing the range of products and services related to the existing software solution in|sure CollPhir. PPT is a Contractual Trust Arrangement (CTA), a trust structure that allows clients to underpin their pension obligations with assets which are invested with insolvency protection. The companies were renamed adesso benefit solutions GmbH (Ries) and adesso partner trust GmbH (PPT) in the reporting period.

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

The consideration paid in cash for the acquired shares amounted to EUR 25 thousand. The sellers will receive a further sum of EUR 500 thousand, provided they remain employed by the company for at least three more years. As payment of this amount is linked to the future work performance of the sellers, it is not part of the consideration according to IFRS. It is to be recognised in the future in profit or loss. Non-controlling interests recognised at the date of acquisition are measured at the proportionate share of net assets, amounting to EUR 170 thousand.

The fair value of the acquired trade receivables is EUR 164 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 25 thousand is offset by acquired cash and cash equivalents of EUR 241 thousand, so that cash and cash equivalents increased by EUR 216 thousand as a result of the merger.

Ancillary acquisition costs totalled EUR 56 thousand. These are recognised under “Other operating expenses” in the consolidated income statement.

The acquisition of the companies resulted in a negative difference of EUR 656 thousand, which was recognised under “Other operating income” in the consolidated income statement. This is mainly because the EUR 500 thousand associated with the future work performance of the sellers is not included in the consideration paid for the shares, according to IFRS.

The consolidated income statement contains sales revenues from the acquired company amounting to EUR 1,022 thousand as well as earnings of EUR -302 thousand.

OrgaTech

On 17 November 2022, adesso acquired 100 % of the shares in OrgaTech Solution Engineering Consulting GmbH, Lünen, Germany. OrgaTech advises companies on optimising organisational, process and financial structures. In particular, the company provides services in the field of software maintenance as well as in consulting and the development of processes relating to the CALATENA and ISP software solutions based on the SAAS (software as a service) business model. The company is to be merged with adesso SE in 2023. The acquired business operation is therefore assigned to the IT Services segment.

The consideration amounts to EUR 850 thousand, of which EUR 750 has been paid. The remaining EUR 100 thousand has been retained as security and is due on 30 June 2023.

The fair value of the acquired trade receivables amounted to EUR 256 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 750 thousand is offset by acquired cash and cash equivalents of EUR 0 thousand, so that cash and cash equivalents decreased by EUR 750 thousand as a result of the merger.

Goodwill in the amount of EUR 167 thousand 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 following table contains the assets and liabilities of Gorbit, Ries and OrgaTech recognised at the acquisition date and measured at their respective fair value:

Other company acquisitions	in EUR k
ASSETS	4,774
Non-current assets	2,965
Goodwill	167
Non-current intangible assets	2,486
of which customer contracts	1,284
of which order backlog	485
of which software	676
of which other	41
Right-of-use assets from leases	74
Property, plant and equipment	41
Non-current financial assets	5
Other non-current assets	142
Deferred tax assets	50
Current assets	1,809
Contract assets	35
Trade receivables	1,112
Current financial assets	1
Other current assets	99
Cash and cash equivalents	562
LIABILITIES	2,523
Non-current liabilities	1,369
Long-term financial liabilities	483
Non-current leasing liabilities	38
Pensions and similar liabilities to employees	142
Non-current provisions	20
Other non-current liabilities	50
Deferred tax liabilities	636
Current liabilities	1,154
Current financial liabilities	231
Current leasing liabilities	36
Trade payables	273
Current contract liabilities	28
Current income tax liability	88
Current provisions	118
Other current liabilities	380

If the companies had already been included in the consolidated financial statements as of 1 January 2022, consolidated sales revenues would have amounted to EUR 914,517 thousand and consolidated earnings to EUR 27,031 thousand.

Acquisitions in the previous year

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. 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 were presented as if adesso had acquired the shares at this time. As a result, other financial liabilities of EUR 7,296 thousand were recognised, while the non-controlling interests were reduced by EUR 2,658 thousand and the capital reserve by EUR 4,638 thousand. As at 31 December 2022, this liability is valued at EUR 7,218 thousand.

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.

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.

in EUR k	KIWI Consulting	Reachbird	Hauertmann IT	Total
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
	27	835	207	250
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	
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 revenues 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.

Company disposals in the previous year

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 a maximum of 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. As at 31 December 2022, this liability is valued at EUR 2,526 thousand.

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:

in EUR k	e-Spirit
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

3.7. 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

3.8. 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.

3.9. 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 of the impairment test, see “3.11 Impairment of non-financial assets”.

3.10. Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognised at cost of acquisition or production. 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. Residual values – where available – are taken into account in determining 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. The carrying amount of the order backlog is written off as soon as the revenue on the respective order is realised. Customer relationships 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 2,898 thousand (previous year: EUR 1,582 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

3.11. 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.

3.12. 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. Costs of obtaining a contract are recognised under intangible assets. adesso generally amortises costs of obtaining a contract on a straight-line basis over the term 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 668 thousand (previous year: EUR 540 thousand). The amortisation for the financial year amounted to EUR 717 thousand (previous year: EUR 540 thousand).

3.13. 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.

An 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. In this context, 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.

3.14. 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).

3.15. 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 500 thousand; previous year: EUR 2,003 thousand). An embedded derivative is not recognised separately. Cash equivalents (see “3.17 Cash and cash equivalents”) are not held by adesso (previous year: EUR 24,996 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 measurement

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 (so-called recycling). 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 recognition of 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.

A provision to aid simplification exists 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.

Impairment for trade receivables and contract assets is measured on the basis of past defaults of such claims as well as forward-looking industry-related, macroeconomic and country-specific information.

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 if the right to future cash flows no longer exists. Furthermore, financial assets are to be derecognised if a) the rights to receive cash flows from the asset have been transferred to a third party or an obligation has been entered into to pass on the cash flows in a timely manner, in which case adesso is simultaneously prohibited from selling or pledging the asset, and b) essentially all risks and opportunities associated with the financial asset have been transferred.

If adesso has essentially retained all the risks and rewards associated with the financial asset, the financial asset shall continue to be recognised.

If adesso has neither essentially retained nor transferred all the risks and rewards associated with the financial asset, the financial asset is to be derecognised insofar as adesso no longer has any power of disposal over the financial asset. adesso has no power of disposal over the financial asset insofar as the other party is entitled and in a position to sell the financial asset to a third party. If adesso has retained control of the financial asset, it is to be recognised on the basis of continuing involvement. In this context, an asset and a liability is recognised in the amount of adesso's maximum utilisation with no effect on profit or loss. In addition, an expense and a liability is recognised in the amount of the expected future default.

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

adesso has concluded a contract under which trade receivables with a volume of up to EUR 35,000 thousand can be sold. On the reporting date, trade receivables in the amount of EUR 30,255 thousand had been sold. These were derecognised. The receivables recognised on 31 December that are potentially sold under the factoring agreement are assigned to the FVOCI measurement category. This does not present a deviation from the balance sheet in the current financial year, according to the AC measurement category.

3.16. Other assets and other liabilities

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

3.17. 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.

3.18. 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).

3.19. 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 generally 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 “3.3 Subsidiaries” and “3.26 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.

3.20. 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.

3.21. Benefits after termination of employment

Post-employment benefits are divided into defined contribution plans and defined benefit plans. In the case of defined contribution plans, adesso pays certain specified amounts to state or private pension insurance providers and subsequently has no further obligation to pay further amounts. All pension plans not classified as defined contribution plans are to be classified as defined benefit plans. The liability for defined benefit plans is measured according to the so-called actuarial projected unit credit method. Future salary and pension increases are to be taken into account when measuring the liability. The interest rate to be applied when calculating the present value corresponds to the interest rate in the respective currency area for corporate bonds with the best credit rating and a term corresponding to the obligation for pensions. The plans are partly financed through reinsurance pledges or contractual trust arrangements (CTAs). Such plan assets are measured at fair value. In Germany, the calculations are based on the biometric parameters of the Heubeck 2018 G mortality tables, and in Switzerland on the BVG 2020 generation tables. Income from plan assets and interest expenses from the accrual of interest on the obligation are reported in the financial result; the service cost is recognised as an operating expense as part of personnel expenses. The expense to be recognised from defined benefit obligations and the income from plan assets are generally determined at the beginning of the year.

Any changes in plan assets or liabilities that deviate from this, such as changes in actuarial assumptions, are recognised directly in other comprehensive income. Where a defined benefit commitment for past periods is changed, the resulting past service cost is to be recognised directly through the consolidated income statement. The expense to be recognised corresponds to the change in the benefit obligation at the time of the change in the commitment.

3.22. 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 to be 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.

3.23. 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.

3.24. Dividends

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

3.25. 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 tax laws applicable in each case.

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.

Where items are recognised directly in equity, the related income taxes are also recognised directly in equity. This applies to changes in temporary differences recognised in other comprehensive income as well as, for example, to expenses recognised in equity relating to capital transactions.

3.26. 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 predominantly determined by adesso. The fair values for plan assets and reimbursement claims required in connection with post-employment benefits were determined by actuaries.

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 “6 Non-current other financial assets”.

3.27. Estimates and assumptions

The application of accounting regulations requires numerous assumptions and estimates, which have an impact on the presentation of the net assets, financial position and results of operations. Actual amounts, results etc. may naturally deviate from the assumed or estimated amounts, results and so on. Understanding the effects of these assumptions and estimates is important for interpreting the information reported in these consolidated financial statements. Significant estimates and assumptions are outlined below:

- > 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. These include, for example, 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 assumptions and estimates have to be made or carried out regarding certain parameters for the impairment test as part of the review of the recoverability of adesso's assets. These primarily include assumptions and estimates concerning future cash flows and 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 “4 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 11,137 thousand (previous year: EUR 9,543 thousand) is recognised on the basis of an expected future EBIT of EUR 7,000 thousand (previous year: EUR 6,000 thousand). This is the maximum EBIT to be taken as a basis. If the valuation of the liability were based on a 10 % higher EBIT, the fair value of the liability would amount to EUR 10,024 thousand (previous year: EUR 8,588 thousand). The maximum amount payable from this put/call option is EUR 11,583 thousand. The options can be exercised on 1 January 2024 at the earliest and 30 June 2025 at the latest. Changes in the value of this liability are ultimately recognised against the capital reserve and the non-controlling interests (see “3.3 Subsidiaries” and “3.18 Financial liabilities”).
- > **The liability based on a put/call option from the acquisition of KIWI Consulting EDV-Beratung GmbH** amounting to EUR 7,218 thousand (previous year: 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 7,886 thousand (previous year: 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 6,550 thousand (previous year: 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 “3.3 Subsidiaries” and “3.18 Financial liabilities”). adesso can exercise the call option between 23 June 2024 and 31 October 2024; the sellers can exercise the put option between 1 November 2024 and 31 December 2024.
- > **The liability based on a put/call option agreed in 2022 for shares in Afida GmbH** amounting to EUR 2,146 thousand is measured on the basis of the company’s future EBITDA and revenue. In this context, assumptions must be made about the company’s future EBITDA and sales revenue. If the basis for the valuation of the liability were 10 %

higher, the fair value of the liability would amount to EUR 2,361 thousand. If the basis for the valuation were 10 % lower, the fair value of the liability would amount to EUR 1,931 thousand. The changes in the value of this liability are ultimately recognised against the capital reserve and the non-controlling interests (see “3.3 Subsidiaries” and “3.18 Financial liabilities”). The options can be exercised in 2032 at the earliest.

- > Provisions for pensions and the related income/expenses are determined on the basis of actuarial calculations. The calculation of provisions for pensions (EUR 2,816 thousand; previous year: EUR 7,881 thousand) is based on actuarial assumptions (probability of death and disability, interest rate and other biometric assumptions).
- > Income tax: The calculation of current taxes requires estimates and assumptions about how the respective tax authorities assess certain circumstances. Any changes in current taxes for previous periods resulting from these assumptions and estimates are recognised as soon as sufficient evidence of such a change is available.
- > 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 offset within a maximum of five years. Further benefits are not capitalised.
- > 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. adesso is also required to make assumptions, particularly relating to the sale of licences, as to whether adesso is acting as principal and recognises gross revenue and expenses for the purchase of licences, or whether adesso is acting as agent and only recognises a net agency commission in revenue.
- > 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. In determining the fair value of options at the vesting date, adesso has to make assumptions about future fluctuation rates and future exercise behaviour.
- > 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

4. Goodwill and intangible assets

Goodwill and intangible assets developed as follows:

2022 in EUR k	Goodwill	Customer contracts	Order backlog	Internally generated intangible assets	Other intangible assets	Total
Gross value 1 January	70,841	25,733	4,776	8,626	25,588	135,563
Accumulated amortisation 1 January	2,395	11,307	4,431	5,407	20,901	44,441
CARRYING AMOUNT 1 JANUARY	68,446	14,425	345	3,219	4,687	91,122
Currency differences	280	-86	-15	0	-13	166
Company acquisitions	17,088	6,255	2,280	11,168	3,414	40,205
Additions	0	0	0	2,157	2,945	5,103
Amortisation	0	4,375	1,666	2,898	2,946	11,886
Disposals	0	0	0	0	-19	-19
Gross value 31 December	88,209	31,902	7,040	21,951	31,916	181,019
Accumulated amortisation 31 December	2,395	15,683	6,097	8,306	23,847	56,327
CARRYING AMOUNT 31 DECEMBER	85,814	16,220	943	13,645	8,069	124,691

2021 in EUR k	Goodwill	Customer contracts	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

Intangible assets mainly comprise the PSLife software acquired in 2015 (EUR 1,225 thousand; previous year: EUR 1,739 thousand), internally developed software for processing benefits in private health insurance (EUR 1,441 thousand; previous year: EUR 2,804 thousand) and customer relations acquired through business combinations (EUR 16,220 thousand, previous year: EUR 14,425 thousand). The average remaining useful life of customer relationships is 3.57 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 merger. 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	2022			2021		
ADESSO SE	39,041	14.11	6.8	29,901	9.40	9.9
adesso Schweiz AG	11,367	11.70	11.7	10,834	8.92	8.5
KIWI Consulting EDV-Beratung GmbH	8,281	12.28	13.0	8,281	9.58	13.0 to 15.5
adesso orange AG	10,949	14.12	12.6	8,169	11.30	17.2
adesso Austria GmbH	3,552	12.73	14.5	3,552	9.74	14.1
adesso Sweden	2,896	11.35	10.0	-	-	-
adesso experience GmbH	1,158	13.25	10.7	1,158	11.66	16.8
Bluegroup IT	665	10.94	6.0	665	9.76	15.6
Lean Networking Kft.	379	10.94	16.7	412	11.25	25.0
Total IT Services segment	78,288	-	-	62,972	-	-
IT Solutions segment	Carrying amount	Interest before taxes in %	Gross margin in %	Carrying amount	Interest before taxes in %	Gross margin in %
ADESSO INSURANCE SOLUTIONS GMBH	3,034	13.16	3.2	3,034	8.97	5.1
material.one AG	2,052	12.61	-38.9 to 25.3	-	-	-
adesso health solu- tions GmbH	1,976	11.90	-13.0 to 21.1	1,976	8.88	-131.1 to 31.5
medgineering GmbH	464	12.71	35.2	464	9.00	14.2 to 57.2
Total IT Solutions segment	7,526	-	-	5,474	-	-
Summe Segment IT-Solutions	7,526	-	-	5,474	-	-
TOTAL AMOUNT	85,814	-	-	68,446	-	-

The change in the carrying amount of goodwill allocated to the adesso SE segment is due to the acquisitions of com2m GmbH (EUR 4,123 thousand), Quadox AG (EUR 4,849 thousand) and OrgaTech GmbH (EUR 167 thousand). The change in the carrying amount of goodwill allocated to the adesso orange AG segment is due to the acquisitions of Gravity and VITEC (EUR 2,780 thousand). Changes in the carrying amount of goodwill in the adesso Schweiz AG and LeanNetworking Kft. segments are due to the effect of exchange rate movements.

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 planning detail for KIWI Consulting EDV-Beratung GmbH and material.one AG is not 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 sales revenues 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 four 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 20 % (previous year: 0 % and 25 %). Future sales revenues growth estimates are based on past sales revenues development, expected sales revenues 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 revenues, 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 (1.35 %, previous year: 0.3 %), 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 (7.3 %, 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. Due to the existing uncertainty, adesso has doubled the negative change in parameters deemed possible for the sensitivity analysis compared to the previous year. An increase in the weighted average cost of capital by 2 percentage points before taxes, 20 % lower cash flows and a 2 percentage points 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 2022, there were no indicators for an impairment of goodwill.

5. Property, plant and equipment

Property, plant and equipment developed as follows:

in EUR k	2022	2021
Gross value 1 January	61,252	44,165
Accumulated amortisation 1 January	32,857	26,034
Carrying amount 1 January	28,395	18,131
Currency differences	-96	-59
Additions	18,849	16,830
Company acquisitions	368	831
Disposals	-296	-515
Amortisation	9,912	6,823
Gross value 31 December	80,075	61,252
Accumulated amortisation 31 December	42,769	32,857
Carrying amount 31 December	37,308	28,395

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

6. Non-current other financial assets

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

in EUR k	2022	2021
Company shares	4,909	2,806
Deposits	1,250	999
Convertible loans	500	2,003
Loans	6,588	4,558
Other	278	2
Carrying amount	13,525	10,368

The increase in all company shares allocated to the “Measured at fair value with change in value in other comprehensive income (FVOCI)” category is primarily due to additions amounting to EUR 2,542 thousand.

The convertible loans are assigned to the “Measured at fair value with change in value in the consolidated income statement (FVPL)” category. Additions of EUR 1,483 thousand (previous year: EUR 200 thousand) are offset by a decrease of EUR 2,108 (previous year: EUR 0 thousand) from the conversion of such a loan and a decrease in value of EUR 678,000 (previous year: increase in value of EUR 888,000) recognised in the financial result.

7. 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	2022		2021	
	Joint ventures	Associates	Joint ventures	Associates
Carrying amount 31 December	0	2,585	1,305	2,771
Share in the comprehensive income for the period	123	-2,087	1	-1,058
Share in the other comprehensive income for the period	-	-	-	-
Share in the total	123	-2,087	1	-1,058

In addition to the recognised shares in earnings (EUR -1,964 thousand) and further investment in Staige GmbH, the change in the carrying amount of the investments accounted for using the equity method is mainly due to com2m GmbH and material.one AG (formerly: logsolut AG), both of which were acquired in successive share purchases.

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

Deferred tax assets and liabilities were comprised as follows (next page) as at the balance sheet date.

Deferred taxes are measured based on the applicable future tax rates for the respective companies. The applicable overall tax rate is 32.19% (previous year: 32.07%). It is comprised of the corporate tax rate of 15% (previous year: 15.0%), the solidarity surcharge of 5.5% (previous year: 5.5%) and the average trade income tax rate of 16.37% (previous year: 16.24%). 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 health solutions GmbH (EUR 1,809 thousand, previous year: EUR 640 thousand, material.one (EUR 1,545 thousand), adesso insurance solutions GmbH (EUR 629 thousand; previous year: EUR 1,273 thousand, adesso Netherlands B.V. (EUR 168 thousand; previous year: EUR 306 thousand) and OrgaTech SEC GmbH (EUR 71 thousand, previous year: EUR 63 thousand) is based on the companies' respective tax planning.

Deferred tax assets of EUR 240 thousand were recognised on tax loss carryforwards of companies based in Germany (previous year: 114 thousand) and on tax loss carryforwards of companies based outside Germany amounting to EUR 7,224 thousand (previous year: EUR 5,045 thousand). The tax loss carryforwards can be carried forward perpetually. Tax loss carryforwards of adesso Spain (EUR 2.7 million) can be carried forward over 15 years, and tax loss carryforwards in Finland (EUR 1.1 million) generally over ten years.

in EUR k	2022	2021*
DEFERRED TAX ASSETS		
Intangible assets and property, plant and equipment	3,044	1,004
Financial assets	67	0
Receivables and other assets	73	187
Provisions for pensions	519	1,541
Other provisions	1,197	876
Lease liabilities	43,444	44,351
Other debts	393	829
Loss carryforwards	4,222	2,366
Subtotal (of which non-current: EUR 43,002 thousand; previous year: EUR 42,029 thousand)	52,959	51,154
Offsetting	-47,887	-47,649
Carrying amount	5,072	3,505
DEFERRED TAX LIABILITIES		
Intangible assets and property, plant and equipment	13,425	6,387
Goodwill	487	366
Rights of use	41,707	42,972
Financial assets	241	0
Contract assets	3,825	2,302
Provisions	202	211
Other	44	27
Subtotal (of which non-current: EUR 45,703 thousand; previous year: EUR 38,858 thousand)	59,931	52,266
Offsetting	-47,887	-47,649
Carrying amount	12,044	4,617

*Figures have been adjusted. See Note "3.2 Correction in accordance with IAS 8.42".

The deferred tax assets on loss carryforwards changed as follows:

in EUR k	2022	2021
01.01.	2,366	1,734
Additions arising from business combinations	879	-
Use	-707	-200
Addition for current tax losses	1,905	844
Impairment	-221	-12
31.12.	4,222	2,366

On 31 December 2022, a deferred tax liability of EUR 555 thousand was recognised in accordance with IAS 12.39 (previous year: EUR 425 thousand) for temporary differences of EUR 25,837 thousand (previous year: EUR 19,339 thousand) in connection with shares in subsidiaries (outside basis differences), because the management of adesso SE can control their dissolution and they will not be dissolved in the foreseeable future.

The receivables from income taxes (EUR 3,330 thousand; previous year: EUR 1,981 thousand) and liabilities from income taxes (EUR 4,938 thousand; previous year: EUR 3,911 thousand) are due in full within twelve months.

9. Cash and cash equivalents

Cash and cash equivalents consist of the following:

in EUR k	2022	2021
Cash in hand and demand deposits	90,897	84,926
Cash equivalents:	--	24,996
Carrying amount	90,897	109,922

10. Trade receivables

Trade receivables in the amount of EUR 172,250 thousand (previous year: EUR 120,000 thousand) are all due within one year. Information on impairment losses on trade receivables and other financial assets is contained in "33 Financial instrument disclosures".

11. Contract assets

Contract assets amounted to EUR 54,537 thousand (previous year: EUR 42,127 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 "33 Financial instrument disclosures".

12. Current financial assets

Current financial assets include:

in EUR k	2022	2021
Deposits	61	51
Other	2,896	1,552
Carrying amount	2,957	1,603

Other financial assets mainly include the security retention from the sale of the e-Spirit subgroup of EUR 2,813 thousand (previous year: EUR 1,325 thousand) which is due by 31 March 2023 at the latest.

13. Other current and non-current assets

Other current assets and non-current assets comprise:

in EUR k	2022	2021
Accruals	10,233	5,948
Receivables from input tax surpluses	1,134	186
Payments made on account	629	996
Receivables from personnel	108	34
Other	4,309	963
Carrying amount	16,413	8,127

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.

14. Equity

14.1. Subscribed capital

The subscribed capital of adesso SE, Dortmund, Germany, amounted to EUR 6,512,272 (previous year: EUR 6,503,272). It is divided into 6,512,272 (previous year: 6,503,272) ordinary bearer shares (no-par shares). The nominal value per share is EUR 1.

The increase in subscribed capital by EUR 9,000 is due to the conversion of 9,000 stock options from the employee option programme.

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

14.2. 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. 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.

14.3. Conditional capital

As at 31 December 2022, conditional capital amounted to EUR 523,500 (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 reporting year, 9,000 (previous year: 8,250) options were exercised from the 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..

14.4. 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 interests 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. Lastly, proceeds from the issue of options, including expenses from the option programme, are also recognised against the capital reserves.

The retained annual results as well as post-tax effects from the remeasurement of defined benefit 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. For information on the possibility of a future distribution as well as any existing restrictions on distribution, please refer to the financial statements of adesso SE.

Accumulated other comprehensive income for 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, accumulated other comprehensive income for the financial period also includes the changes in value of equity instruments. Non-controlling interests include the shares of the adesso Group's net assets attributable to the non-controlling shareholders.

15. Share-based payment

Equity-settled share-based payment – Share option plans

The first set of 79,809 options were issued from conditional capital 2020 in the reporting year (previous year: 64,304 options). The average fair value of the issued options at the point of commitment amounted to EUR 37.25 (previous year: EUR 40.01). A further 355,887 options can still be issued from conditional capital 2020 in the future (previous year: 435,696 options).

The first set of 9,000 options were issued from conditional capital 2015 in the reporting year (previous year: 8,250 options). The average fair value of the issued options at the point of commitment amounted to EUR 10.68 (previous year: 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 if adesso SE's share price is 10 % above the exercise price at the time the option is exercised. 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	17,948 (previous year: 26,948)	139,938 (previous year: 63,041)	157,886 (previous year: 89,989)
Issue prices in EUR	49.91 to 53.01 (previous year: 49.91 to 58.64)	101.47 to 191.88 (prev. year: 112.05 to 182.16)	49.91 to 191.88 (prev. year: 49.91 to 182.16)
Average remaining contractual term of the options in years	3.2 (previous year: 3.8)	6.2 (previous year: 6.7)	5.9 (previous year: 5.8)

The number of outstanding options developed as follows:

	2022		2021	
	Number	Average exercise price per option in EUR	Number	Average exercise price per option in EUR
As at 1 January	89,989	127.26	39,198	51.86
Committed	79,809	132.35	64,304	158.91
Exercised	9,000	55.48	8,250	47.06
Expired	2,912	159.00	5,263	78.15
As at 31 December	157,886	133.34	89,989	127.26
Vested and exercisable on 31 December	3,000	53.01	5,000	53.01

The above options have expired as employees have left the company.

The options issued in 2022 were valued using the trinomial model. The valuation was based on the following factors:

	2022	2021
Average share price (in EUR)	130.75	162.53
Average base price (in EUR)	132.35	158.91
Average expected volatility (in %)	45.35	42.11
Maximum term of the options (in years)	7	7
Expected dividend yields (in %)	0.5	1
Durchschnittlicher risikofreier Zins über die vertragliche Optionslaufzeit (in %)	1.19	-0.59

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 279 thousand for the share option programme was recognised in the reporting year (previous year: EUR 195 thousand). The weighted average market price of the adesso share was EUR 177.20 when the options were exercised (previous year: EUR 130.00).

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 2022. The remaining phantom shares are valued taking into account price increases above EUR 50 at 25% and a price decrease below EUR 40 also 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, but the holder of the phantom shares may also return or redeem them at a later date. adesso SE has the right to pay the due amount in three annual tranches. The amount expected to be paid is accumulated during this period in profit or loss over the vesting period. The phantom shares are used to make payments, which are consistent with the approved dividends per share, to the holders of the phantom shares to secure their value. These payments are expensed (EUR 23 thousand; previous year: EUR 57 thousand). In the reporting year, 65,145 (previous year: 4,497) phantom shares were returned against payment of EUR 5,171 thousand (previous year: EUR 467 thousand). 5,542 (previous year: 3,327) new phantom shares were issued. In the reporting year, expenses from the phantom share programme in the amount of EUR 170 thousand (previous year: EUR 2,258 thousand) were recognised in the item “Personnel costs”. Provisions totalling EUR 2,535 thousand (previous year: EUR 7,558 thousand) were recognised for 48,328 (previous year: 107,931) phantom shares. Vested rights amounting to EUR 1,707 thousand are reported (previous year: EUR 6,516 thousand).

Payments under the phantom share programme are due as follows:

in EUR k	2022				2021			
	Carrying amount	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years	Carrying amount	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Provision for phantom shares	2,535	996	1,324	215	7,558	5,912	1,381	265

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

Summary notes on share-based payment

In the reporting year, the total expenses arising from share-based payments amounted to EUR 997 thousand (previous year: EUR 2,453 thousand). Vested rights from the phantom share programme amounting to EUR 1,707 thousand (previous year: EUR 6,517 thousand) were reported as at the reporting date.

16. Financial liabilities

Financial liabilities include the following items with the indicated maturities:

in T€	2022				2021			
	Carrying amount	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years	Carrying amount	Remaining term up to 1 year	Remaining term 1 to 5 years	Remaining term > 5 years
Loans	82,162	55,530	26,578	54	57,170	20,634	36,266	270
Lease liabilities	137,455	23,047	65,748	48,660	140,403	19,318	61,206	59,872
Other financial liabilities	24,333	3,463	20,870		21,743	3,146	18,597	
TOTAL	243,950	82,040	113,196	48,714	219,316	43,098	116,069	60,142

The effective interest rate depends on the type of agreement as well as the term, and ranges between 0.7% and 3.55% (previous year: 0.7% and 2.31%). In the reporting year, EUR 56,733 thousand (previous year: EUR 28,338 thousand) in loans were repaid as scheduled. For further details on financial liabilities please see Note “33 Financial instrument disclosures”.

Liabilities from financing activities can be reconciled as follows:

	Loans	Leasing	Other	Total
1 January 2021	48,575	81,246	12,113	141,934
Repayment	-28,338	-15,783	-1,817	-45,938
Borrowings	35,636	-	-	35,636
Additions from leases	-	80,068	-	80,068
From company merger	908	246	-	1,154
Other additions	-	-	10,880	10,880
Disposal from company sale	-	-1,687	-	-1,687
Other disposals	-	-3,541	-	-3,541
Change recognised in profit or loss	-	-	570	570
Currency differences	389	-146	-3	240
31 December 2021	57,170	140,403	21,743	219,316
Repayment	-56,733	-21,819	-3,848	-82,400
Borrowings	79,469		36	79,505
Additions from leases		19,705		19,705
From company merger	1,500	1,040	2,964	5,504
Other additions			3,823	3,823
Other disposals		-1,996	-2,320	-4,316
Change recognised in profit or loss			1,938	1,938
Currency differences	756	122	-2	876
31 December 2022	82,162	137,455	24,333	243,950

The repayments and borrowings are both cash-effective. Other additions in the reporting year primarily include the first-time recognition of the liability from the put/call option on the acquisition of the non-controlling interests in AFIDA (EUR 2,146 thousand) and the increase in liability from the put/call option on the acquisition of the non-controlling interest in adesso Orange (EUR 1,594 thousand). Both changes are recognised directly against the capital reserve. The other disposals of leasing liabilities are the result of leasing contracts terminated before the end

of the originally estimated leasing term. Other disposals primarily include the disposal of a liability to material one, which was acquired in the reporting year (EUR 1,648 thousand). The liability was derecognised as part of business combination accounting. The changes recognised in profit or loss are primarily the result of the addition to liabilities to be accrued in instalments and dependent on the work performance of the beneficiaries (EUR 1,729 thousand; previous year: EUR 748 thousand).

Other additions in the previous year mainly included the first-time recognition of the liability from the put/call option on the acquisition of non-controlling interests in KIWI Consulting EDV-Beratung GmbH in the amount of EUR 7,295 thousand.

17. Trade payables

Trade payables are all due within twelve months.

18. Provisions

Provisions developed as follows:

in EUR k	1 January 2022	Addition	Company acquisitions	Utilisation	Re-classification	Currency difference	Reversal	31 December 2022
Warranty	2,143	898	160	499	-334	14	392	1,990
Other provisions	9,993	3,084	162	7,987	229	6	217	5,270
Carrying amount of current provisions	12,136	3,982	322	8,486	-105	20	609	7,260
Warranty	1,708	523	0	-	334	1	-	2,566
Other provisions	1,838	123	20	-	-229	-	-	1,752
Carrying amount of non-current provisions	3,546	646	20	0	105	1	0	4,318

Other current provisions primarily include provisions from the phantom share programme (EUR 997 thousand; previous year: EUR 5,912 thousand) and provisions for contingent losses (EUR 532 thousand; previous year: EUR 806 thousand). The remaining provisions primarily comprise outstanding obligations such as the compensatory levy for the non-employment of severely disabled persons of EUR 701 thousand (previous year EUR 560 thousand) and Employer's Liability Insurance Association contributions of EUR 305 thousand (previous year: EUR 955 thousand).

Other non-current provisions include provisions for the phantom share programme (EUR 1,538 thousand; previous year: EUR 1,646 thousand). The amount ultimately payable and hence 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 "15 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.

19. Other liabilities

Other current liabilities are due within twelve months. They mainly comprise liabilities to personnel (from agreements on variable salary components, bonuses and obligations arising from vacation not taken) amounting to EUR 60,565 thousand (previous year: EUR 48,310 thousand), liabilities from value added taxes amounting to EUR 15,969 thousand (previous year: EUR 11,830 thousand), liabilities from payroll taxes amounting to EUR 14,681 thousand (previous year: EUR 10,628 thousand) and accrued liabilities for bonuses amounting to EUR 6,396 thousand (previous year: EUR 5,623 thousand).

20. Pensions and similar liabilities

In the past, adesso has qualified a Swiss pension plan as a defined contribution plan. In the reporting period, adesso has come to the conclusion that the plan qualifies as a defined benefit plan. The figures are presented as if adesso had always qualified this plan as a defined benefit plan.

As at 31 December 2022, adesso has provisions for pensions for 454 active employees (previous year: 350) and 5 (previous year: 5) employees who are no longer active. 454 (previous year: 347) of the active employees work at adesso Switzerland. The Swiss pension plan is the only significant pension plan. The benefits covered include pensions and disability pensions, old-age pensions and disability benefits for children of disabled persons, life partner's pensions, orphans' pensions and lump-sum death benefits. Future medical care is not covered. adesso bears 50 % to 60 % of the contributions, while the remaining amounts are paid by the employees.

The defined benefit obligation (DBO) is measured using the projected unit credit method. Plan assets are measured at fair value. In the balance sheet, the DBO are offset against the plan assets. If the fair value of the plan assets is lower than the DBO, there is a shortfall, while in the opposite case, there is a surplus. In the event of a surplus, an asset is to be valued at the present value of future premium reimbursements or premium reductions (asset value limitation). Provisions for pensions as at 31 December are shown as follows:

in EUR k	2022	2021
Present value of the obligation that is fully or partially financed via a plan asset of which in Switzerland	69,379 69,111	60,913 60,913
Plan assets of which in Switzerland	-66,815 -66,520	-53,178 -53,178
Surplus or shortage	2,564	7,734
Present value of the obligation that is not fully or partially financed via a plan asset	225	147
Adjustment due to asset ceiling (IAS 19.64)	27	-
Provisions for pensions (carrying amount) of which in Switzerland	2,816 2,592	7,881 7,734

in EUR k	2022	2021
Provisions for pensions at start of period of which in Switzerland	7,881 7,734	10,074 9,912
Current service cost	3,197	2,845
Net interest income	19	8
Effects of revaluation (recognised in other comprehensive income)	-5,794	-2,772
Employer contributions to plan assets	-3,071	-2,411
Benefits paid by employer	-21	-15
Effect of changes in exchange rates	463	152
Change in scope of consolidation	142	-
Provisions for pensions at end of period of which in Switzerland	2,816 2,592	7,881 7,734

There is a surplus for a pension commitment in Germany acquired in a business combination in 2022. Under IAS 19, a benefit from the surplus may not be recognised in the balance sheet when the benefit cannot be realised in the future through premium reimbursements or premium repayments. The effect of the asset ceiling has developed as follows:

in EUR k	2022
Effect of asset ceiling at the start	0
Change in scope of consolidation	15
Interest expenses	0
Change in effect of asset ceiling excluding interest expenses (recognised in other comprehensive income)	12
Effect of asset ceiling at the end	27

The measurement of the defined benefit obligation is based on certain assumptions. These include, for example, the actuarial interest rate, salary progression rate and pension progression rate. In Germany the calculation of the pension provision is based on the Heubeck 2018 G mortality tables, and in Switzerland on the BVG 2020 generation tables. The following table contains the main actuarial assumptions underlying the calculation:

in %		2022	2021
Actuarial interest rate	Germany	3.8	0.8
	Switzerland	2.3	0.3
Rate of pension progression	Germany	2	1.75
	Switzerland	--	--
Rate of salary progression	Germany	--	--
	Switzerland	1.5	1.0
Adjustment of the AHV pension	Switzerland	1.5	1.0
Long-term interest on retirement assets	Switzerland	1.0	1.0

The defined benefit obligation developed as follows:

in EUR k	2022	2021
Carrying amount at start of period of which in Switzerland	61,060 60,913	55,252 55,090
Company acquisition	481	-
Current service cost	3,197	2,845
Interest expense	197	56
Revaluations of the net defined benefit liability (recognised in other comprehensive income)	-10,953	-307
A Actuarial gains and losses, demographic assumptions	0	0
B Actuarial gains and losses, financial assumptions	-15,075	-1,424
C Actuarial gains and losses, experience adjustments	4,122	1,117
Employee contributions to pension plan	3,320	2,520
Payments made	-532	-1,047
Changes due to staff turnover	8,194	513
Effect of changes in exchange rates	4,639	1,229
Carrying amount at end of period of which in Switzerland	69,604 69,111	61,060 60,913

The following table shows the duration of pension obligations in years:

Shown in years	2022		2021	
	Switzerland	Germany	Switzerland	Germany
Duration of pension obligations	9.4	8.2	11.7	7

The present value of pension obligations depends on the parameters underlying the calculation. The following sensitivity analysis shows how the DBO is affected by single parameter changes. The calculation method is the same as the one used for calculating the carrying amount of provisions for pensions. It should be noted that if the stated change factor of a parameter doubles in size, for example, the stated effect on the carrying amount of the provisions for pensions does not necessarily double as well. If several parameters change, the actual change in provisions for pensions does not necessarily correspond to the total of the changes stated.

in T€		2022		2021	
		Germany	Switzerland	Germany	Switzerland
Actuarial interest rate	+ 0.5 % points	-18	-3,044	-5	-3,334
	- 0.5 % points	19	3,338	5	3,802
Increase in wages	+ 0.5 % points	0	563	0	604
	- 0.5 % points	0	-599	0	-614
Rate of pension progression	+ 0.5 % points	2	845	2	1,026
	- 0.5 % points	-2	-805	-2	-973
Life expectancy	+ 1 year	34	404	22	621
	- 1 year	-35	-411	-22	-625

The plan assets developed as follows:

in EUR k	2022	2021
Carrying amount at start of period of which in Switzerland	53,178 53,178	45,178 45,178
Company acquisition	354	--
Interest income	178	47
Employer contributions to pension plan	3,071	2,412
Employee contributions to pension plan	3,320	2,520
Effect of revaluation (recognised in other comprehensive income)	-5,147	2,464
Payments made from the plan	-510	-1,032
Changes due to staff turnover	8,194	513
Effect of changes in exchange rates	4,176	1,076
Carrying amount at end of period of which in Switzerland	66,815 66,519	53,178 53,178

Plan assets are as follows:

in EUR k	2022		2021
	Germany	Switzerland	Switzerland
Shares	--	23,215	18,559
Bonds	--	18,958	15,156
Property	--	15,965*)	12,763*)
Mortgages	--	5,388	4,307
Investment funds	75	--	--
Reinsurance policy	220*)	--	--
Other	--	1,264	--
Liquid assets	--	1,730*)	1,383*)
TOTAL	295	66,520	53,178

*) Not traded on an active market.

If a reinsurance policy is pledged to the beneficiary, it is to be qualified as a plan asset and offset against the pension provision. A reinsurance policy not pledged to the beneficiary was taken out for the payments for a pension provision in Germany. Under IAS 19, this is to be qualified as a so-called claim for reimbursement, which is carried forward and valued like plan assets; however, it is not offset against the provision, but reported as an asset. The claim for reimbursement has developed as follows:

in EUR k	2022
Carrying amount at start of period	0
Company acquisition	142
Interest income	1
Effect of revaluation (recognised in other comprehensive income)	-36
Payments made from insurance	-6
Carrying amount at end of period	101

The following amounts were recognised in the consolidated income statement. The effects of the claim for reimbursement are shown separately.

in EUR thousand (expense = -)	2022		2021	
	Germany	Switzerland	Germany	Switzerland
Current service cost	-8	-3,190	0	-2,845
Interest expense on the defined benefit obligation	-5	-192	-1	-55
Interest income (-) from plan assets calculated using the accounting interest rate	3	175	--	47
Interest expense on effect of asset ceiling	0	--	--	--
TOTAL	-10	-3,206	-1	-2,852
Interest income (-) from the claim for reimbursement calculated using the accounting interest rate	1	--	--	--

The following amounts were recognised in other comprehensive income. The effects of the claim for reimbursement are shown separately.

in EUR thousand (expense = -)	2022		2021	
	Germany	Switzerland	Germany	Switzerland
Revaluation of defined benefit obligation	107	10,845	1	307
Revaluation of plan assets	-57	-5,090		2,464
Effect from revaluation of asset ceiling	-12	-	-	-
TOTAL	38	5,756	1	2,771
Revaluation of claim for reimbursement	-36	--	--	--

The following table shows expected future payments from the defined benefit obligation for each of the next five years::

	2022		2021	
	Germany	Switzerland	Germany	Switzerland
2022	-	-	15	447
2023	42	549	16	449
2024	78	556	16	452
2025	43	563	16	456
2026	44	570	16	460
2027	44	577	-	-

In 2023, contributions of EUR 3,495 thousand (previous year: EUR 2,580 thousand) are expected to be paid into the plan assets, of which EUR 3,477 thousand (previous year: EUR 2,580 thousand) in Switzerland.

For amounts recognised from statutory pension schemes under defined contribution plans, see Note “25 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.

21. Sales revenue

Sales revenue comprises service revenues and licence sales.

in EUR k	2022	2021
Services	834,000	616,148
Licence sales	16,011	20,091
Maintenance	33,944	28,003
Hosting	4,880	4,447
SAAS/subscription	11,418	9,635
TOTAL	900,253	678,324

Sales revenues recognised in 2022 include amounts totalling EUR 11,516 thousand (previous year: EUR 8,583 thousand), which were included in contract liabilities at the end of the previous year. Please see Section VI for further information.

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

in EUR k	2022	2021
Order backlog as at 31 December from contracts with an original term of more than one year	88,137	58,028
Expected to be recognised in the following year	53,381	42,601
Expected to be recognised in the second subsequent year	9,070	11,491
Expected to be recognised after the second subsequent year	25,686	3,936

22. Other operating income

Other operating income is as follows:

in EUR k	2022	2021
Income from gradual business combination	7,198	0
Income from currency differences	3,190	2,578
Expense subsidies	1,281	1,342
Income attributable to other periods	926	465
Income from the charging of costs	706	799
Income from the reversal of provisions	609	345
Income from the sale of subsidiaries	-	17,886
Other	7,832	5,633
TOTAL	21,742	29,048

The reversal of provisions results largely from a number of individual items in the course of ordinary business activities. The income from the gradual business combinations results from the fair value measurement of the shares valued at equity prior to the business combination, as required by IFRS in this instance.

23. Changes in inventories and own work capitalised

Own work capitalised includes the cost of self-produced software. As in the previous year, changes in inventories amount to zero.

24. Cost of materials

in EUR k	2022	2021
Cost of purchased merchandise	225	2,091
Cost of purchased services	134,200	91,520
TOTAL	134,425	93,611

25. Personnel costs

Personnel costs are as follows:

in EUR k	2022	2021*
Wages and salaries	497,481	380,974
Social security contributions	89,608	65,412
of which pension insurance or pension scheme (defined contribution)	37,533	28,842
TOTAL	587,089	446,386

*Figures have been adjusted. See Note "3.2 Correction in accordance with IAS 8.42".

On average, the adesso Group had 7,827 employees in 2022 (previous year: 6,127), of which 6,690 were salaried employees (previous year: 5,271 salaried employees).

26. Other operating expenses

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

in EUR k	2022	2021
Personnel recruitment	15,590	8,989
Travel expenses	12,251	4,917
Legal, consulting and audit costs	11,301	2,440
Expenses for licences and concessions	9,166	5,334
Further training	9,099	3,459
Expenses for vehicles	8,305	5,226
Marketing	7,942	5,337
Business premises expenses	7,745	5,550
Telephone/Internet costs	4,499	3,220
IT equipment and maintenance	3,982	3,238
Duties, fees and contributions	2,547	2,083
Insurance policies	948	859
Other	15,132	12,772
TOTAL	108,507	63,424

The expenses listed in the table under “Other” include various expenses. Expenses from currency differences amounting to EUR 1,821 thousand (previous year: EUR 918 thousand) are also included in these expenses.

Other operating expenses reported include expenses for short-term leases amounting to EUR 321 thousand (previous year: EUR 443 thousand) as well as expenses amounting to EUR 7 thousand (previous year: EUR 7 thousand) for leasing contracts for low-value assets.

27. Depreciation and amortisation

In the reporting year, depreciation and amortisation of non-current assets amounted to EUR 44,759 thousand (previous year: EUR 35,998 thousand). Of the scheduled depreciation and amortisation, EUR 7,340 thousand (previous year: EUR 7,004 thousand) are attributable to the amortisation of intangible assets capitalised in the course of business combinations.

28. 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 “7 Shareholdings recognised at equity”). Of the interest income of EUR 410 thousand (previous year: EUR 120 thousand), EUR 41 thousand (previous year: EUR 120 thousand) were cash-effective in the reporting year. Of the total interest expenses of EUR 4,513 thousand (previous year: EUR 2,702 thousand), EUR 3,432 thousand (previous year: EUR 2,694 thousand) were cash-effective. These amounts include interest expenses for lease liabilities of EUR 2,258 thousand (previous year: EUR 1,780 thousand). The remaining interest expenses are almost exclusively attributable to financial liabilities recognised according to the effective interest method. Financial income includes changes in value relating to the measurement of convertible loans of EUR -678 thousand (previous year: EUR 888 thousand).

29. Income taxes

Income taxes are as follows:

in EUR k	2022	2021*
Current tax expense	14,767	16,922
Deferred tax income	-1,478	-1,269
TOTAL	13,289	15,653

*Figures have been adjusted. See Note “3.2 Correction in accordance with IAS 8.42”.

Current taxes include tax income from adjustments in previous years of EUR 676 thousand (previous year: EUR 294 thousand). The benefit from utilising the tax loss carryforwards, for which no deferred taxes were recognised at the end of the previous financial year, is EUR 0 thousand (previous year: EUR 121 thousand). The deferred tax income from the change in the temporary difference amounts to EUR 500 thousand (previous year: EUR 637 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):

in EUR k	2022	2021
Consolidated earnings before income taxes	42,082	63,230
Expected tax expense based on adesso SE's tax rate of 32.19 % (previous year: 32.07 %)	13,547	20,275
Effect of different tax rates	-848	-806
Effect of changes in tax rates	5	-103
Non-deductible tax expenses	2,569	2,124
Expenses only recognised for tax purposes and tax-free income	-3,351	-6,183
Capitalisation of deferred taxes not recognised in previous years	0	-39
Utilisation of loss carryforwards for which no deferred taxes were recognised in the previous year	0	-121
Non-capitalised deferred taxes on tax losses in the reporting year	1,611	661
Valuation allowance on deferred tax assets on loss carryforwards	361	231
Taxes for previous years	-676	-294
Other	70	-92
Tax expense reported	13,289	15,653

Deferred tax income of EUR 1,126 thousand was included in other comprehensive income in the reporting year (previous year: EUR 562 thousand).

30. Earnings per share

	2022	2021
Proportion of consolidated earnings allocated to adesso SE shareholders (in EUR k)	28,603	47,501
Average number of shares outstanding in the reporting year	6,507,846	6,258,561
Effect of dilutive options	16,873	17,181
Average number of shares outstanding, including the effect of dilutive options	6,524,719	6,275,743
Undiluted earnings per share (in EUR)	4.40	7.59
Diluted earnings per share (in EUR)	4.38	7.57

111,005 options were not taken into account when calculating diluted earnings per share as their inclusion would be anti-dilutive.

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 in the reporting year comprise cash in hand and cash at bank. adesso does not hold cash equivalents. Cash and cash equivalents are consistent with those reported in the balance sheet. In the previous year, adesso held shares classified as cash equivalents in a pension fund amounting to EUR 24,996 thousand.

According to IAS 7 (Statement of Cash Flows), the cash flows are classified into operating, investment and financing activities.

Income tax payments are generally allocated to operating activities. To the extent that they can be clearly attributed to an item that is to be allocated to investment or financing activities, they are allocated to the cash flow from the corresponding business activity. Payments for equity made available to adesso and borrowed capital (dividends and interest paid) are always allocated to cash flow from financing activities. Both interest and dividends received are generally allocated to cash flow from investment activities. If the underlying circumstances are of an operational rather than an investment nature, these cash flows are allocated to cash flow from operating activities.

The change in cash flow from operating activities (EUR -11,840 thousand) in the financial year 2022 is primarily due to lower tax payments (EUR 15,706 thousand; previous year: EUR 28,754 thousand) and the change in net operating assets (increase of EUR 31,211 thousand; previous year: increase of EUR 10,058 thousand). The increased tax payments in the previous year were due to the deferment of advance income tax payments from 2020 caused by the COVID 19 pandemic.

Cash flow from investment activities changed by EUR 8,040 thousand to EUR -43,498 thousand. This was primarily due to the proceeds from the sale of the e-Spirit companies (EUR 12,257 thousand) in the previous year, as well as an increase in payments for the acquisition of fixed assets (property, plant and equipment, intangible and financial assets) compared to the previous year.

Significant changes to cash flows from financing activities compared to the previous year were the result of a EUR 48,365 thousand decrease in payments from the capital increase, a rise in borrowings of EUR 43,125 thousand and a EUR 30,426 thousand rise in the repayment of financial liabilities.

Significant non-cash transactions in 2022 included the conclusion of new lease agreements (see Note "31 Information on leasing contracts"). Further significant non-cash transactions include the acquisition of the remaining shares in subsidiaries and the addition to profit or loss for liabilities to be accrued in instalments and conditional on the future work performance of the beneficiaries in connection with business combinations (EUR 1,729 thousand; previous year: EUR 748 thousand) (See "3.6 Acquisitions and disposals" and for the corresponding liabilities see "33.1 Carrying amounts, fair values and effect on profit or loss").

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, if the earnings are monitored regularly by a person in charge and decisions are made on investment on the basis of this monitoring and if 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. adesso Ventures GmbH, which supports start-ups operating in adesso's core industries, and adesso partner trust, a contractual trust arrangement (CTA), are non-separate, non-reportable operating segments.

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 intercompany revenues are 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, revenues 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, revenues 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 revenues under IFRS are generally higher than the sales revenues reported under local law.
- > Goodwill reported in individual financial statements is amortised according to local law. Under IFRS, goodwill is not subject to scheduled amortisation. Instead, goodwill is tested for impairment at least once per year. 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 the 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 local law.
- > Costs of leases recognised under local law 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 classification of pension commitments can lead to different results under local law and IFRS.

The total figures reported for the segments differ from the figures reported for 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 law/IFRS”.

2022 (in EUR k)	IT Services	IT Solutions	Reconciliation local laws/IFRS	Consolidation/ other	Group
Revenues with external customers					
Services	809,048	66,260	8,753	180	884,241
Licences	7,974	17,433	-9,395	0	16,012
Revenues with other operating segments	146,233	30,301	6	-176,540	0
TOTAL REVENUES	963,255	113,994	-636	-176,360	900,253
Change in inventory	2,900	958	-3,858	0	0
Own work capitalised	0	577	0	590	1,167
Other operating income	29,989	2,881	-572	-10,556	21,742
Cost of materials	-277,537	-31,062	7,602	166,572	-134,425
Personnel costs	-524,664	-67,036	4,316	296	-587,089
Other operating expenses	-133,967	-14,251	25,347	14,131	-108,740
EBITDA	59,976	6,061	32,199	-5,327	92,908
Depreciation and amortisation	-14,212	-1,882	-16,889	-980	-44,759
Amortisation of goodwill	-5,075	-323	-5,398	0	0
EBIT	40,689	3,856	9,911	-6,307	48,149
Income from investments	11,899	-4,419	-1,934	-7,507	-1,961
Interest income	1,455	16	343	-1,407	407
Interest expense	-2,779	-318	-2,824	1,407	-4,514
Interest result	-1,324	-302	-2,481	0	-4,107
EARNINGS BEFORE TAX (EBT)	51,264	-865	5,496	-13,814	42,082
Impairment of goodwill	5,075	323	-5,398	0	0
EBT before recognition of goodwill impairment	56,339	-541	98	-13,814	42,082

2021* (in EUR k)	IT Services	IT Solutions	Reconciliation local laws/IFRS	Consolidation/ other	Group
Revenues with external customers					
Services	600,971	56,312	1,539	-587	658,234
Licences	6,324	15,263	-1,497	0	20,090
Revenues with other operating segments	102,183	19,309	0	-121,492	0
TOTAL REVENUES	709,477	90,884	42	-122,079	678,324
Change in inventory	-1,875	2,320	-445	0	0
Own work capitalised	0	0	0	27	27
Other operating income	38,186	2,118	-5,521	-5,735	29,048
Cost of materials	-184,586	-27,087	-15	118,076	-93,611
Personnel costs	-397,880	-53,729	4,217	1,006	-446,386
Other operating expenses	-82,471	-10,153	20,195	7,012	-65,417
EBITDA	80,851	4,353	18,473	-1,692	101,985
Depreciation and amortisation	-10,039	-1,488	-23,697	-775	-35,998
Amortisation of goodwill	-4,657	-389	5,046	0	0
EBIT	66,155	2,476	-178	-2,467	65,987
Income from investments	6,173	0	-760	-6,470	-1,057
Interest income	925	11	821	-756	1,001
Interest expense	-1,637	-95	-1,796	828	-2,702
Interest result	-712	-84	-975	72	-1,701
EARNINGS BEFORE TAX (EBT)	71,616	2,392	-1,913	-8,865	63,230
Impairment of goodwill	4,657	389	-5,046	0	0
EBT before recognition of goodwill impairment	76,273	2,781	-6,959	-8,865	63,230

*Figures have been adjusted. See Note "3.2 Correction in accordance with IAS 8.42".

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

	External sales by customer domicile		Non-current assets	
	2022	2021	2022	2021
Germany	729,731	550,232	239,036	228,735
of which goodwill			64,173	52,983
Austria	23,980	15,950	8,493	4,596
of which goodwill			6,332	3,552
Switzerland	112,342	79,432	16,351	16,407
of which goodwill			11,367	10,834
Other	34,200	32,710	9,982	5,755
of which goodwill			3,941	1,077

More than 10 % of revenues generated by adesso were not applicable to any one customer in the financial years 2022 and 2021.

VII. SUPPLEMENTARY INFORMATION

31. Information on leasing contracts

Significant rental and leasing agreements exist at adesso for business premises and motor vehicles. The Remaining terms of the contracts for business premises are up to 15 years, and up to 5 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:

in EUR k	Land and buildings	Company vehicles	Other operating and office equipment	Total
Carrying amount 31 December 2022	122,653	7,441	1,914	132,008
Additions 2022	13,648	5,876	1,384	20,908
Depreciation 2022	17,174	4,947	839	22,960
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

Disposals of RoU assets amounting to EUR 1,992 thousand were recognised in 2022 (previous year: EUR 5,247 thousand). Expenses for variable lease payments not included in the measurement of the lease liability amounted to EUR 10 thousand (previous year: EUR 0 thousand). Income of EUR 120 thousand was generated from subleases of rights of use to third parties (previous year: EUR 500 thousand). The total cash outflow for leases stood at EUR 24,413 thousand (previous year: EUR 18,015 thousand). Potential payments from extension options not taken into account came to EUR 74,708 thousand (previous year: EUR 64,958 thousand) of which EUR 60,397 thousand (previous year: EUR 55,975 thousand) would be due from 2030.

Further information on leasing is provided in Note “26 Other operating expenses”, “28 Results from investments measured using the equity method and financial result“ and “33 Financial instrument disclosures”. The expected payments from leasing agreements already concluded are shown in the following note “32 Other financial obligations”.

32. Other financial obligations

Other financial obligations are as follows:

2022 in EUR k	Total amount	of which due in year 1	in year 2 to 5	after 5 years
Business premises and equipment rental	40,353	2,181	12,623	25,549
Other leasing contracts	6,480	1,385	5,095	0
Other long-term contracts	43,952	7,105	21,181	15,666
Insurance policies	948	948	0	0
TOTAL	91,733	11,619	38,899	41,215

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

The liabilities from rents for premises and equipment and other lease transactions include liabilities from leasing contracts that begin after 31 December 2022 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.

33. Financial instrument disclosures

Carrying amounts, fair values and effect on profit or loss

In accordance with IFRS 7.25, the following table below shows the carrying amounts and fair values of the financial assets and liabilities. As the carrying amounts of cash and cash equivalents, trade receivables and trade payables essentially correspond to the fair values, the fair values are not disclosed separately under IFRS 7.29. The fair value of the loan, which differs from the carrying amount, is calculated by discounting future cash flows from the loans by adesso's current borrowing rate.

		2022			2021		
in EUR k	Evaluation	Carrying amount	Fair value	Fair value level*	Carrying amount	Fair value	Fair value level*
ASSETS							
Cash and cash equivalents		90,897			109,922		
of which cash in hand and demand deposits	AC	90,897			84,926		
of which cash equivalents	FVPL	--			24,996		
Trade receivables		172,250			120,000		
of which measured at amortised cost	AC	136,088			120,000		
of which measured at fair value through profit or loss	FVOCI	36,162					
Financial assets		16,482	16,482		11,971	11,971	
of which measured at amortised cost	AC	7,987	7,987		5,839	5,839	
of which measured at fair value through OCI	FVOCI	5,010	5,010	3	2,804	2,804	3
of which measured at fair value through profit or loss	FVPL	3,486	3,486	3	3,328	3,328	3
EQUITY AND LIABILITIES							
Trade payables	AC	42,333			28,209		
Loans	AC	82,162	80,611	3	57,170	57,763	3
Other financial liabilities		24,333			21,743	21,743	
of which measured at fair value	FV	22,906	22,906	3	18,374	18,374	3
of which other	AC	1,427			3,369	3,369	

* Siehe Erläuterung in „3.25. Beizulegende Zeitwerte“.

AC: Bewertet zu (fortgeführten) Anschaffungskosten (Amortised Cost)

FV: Zum beizulegenden Zeitwert bewertete Verbindlichkeiten

FVPL: Erfolgswirksam zum beizulegenden Zeitwert bewertet (FVPL).

FVOCI: Erfolgsneutral zum beizulegenden Zeitwert bewertet (FVOCI).

Depending on the categorisation under IFRS 9, financial assets are to be measured either at amortised cost or at fair value. Changes in the value of shares in companies are recognised in other comprehensive income for the period (fair value through other comprehensive income; FVOCI) and reported there separately. Valuation of shares in companies is carried out by adesso and is based on the discounted future earnings of the company that are attributable to adesso.

The change in value of convertible loans measured at fair value and the security retention related to the sale of the e-Spirit sub-group in 2021 are recognised in the consolidated income statement (fair value through profit or loss; FVPL). The value of the convertible bonds 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 security retention is valued at the present value of the expected future payment.

Shares in companies are measured at fair value through other comprehensive income (EUR 4,909 thousand; previous year: EUR 2,804 thousand). A reinsurance policy relating to a pension commitment is also allocated to this category (EUR 101 thousand); changes in the value of this policy are also to be recognised in the other result for the period. Financial assets measured at fair value through profit or loss (EUR 3,486 thousand; previous year: EUR 3,328 thousand) primarily comprise the receivable from the security retention relating to the sale of the e-Spirit sub-group in 2021 (EUR 2,813 thousand; previous year: EUR 1,325 thousand) and convertible bonds (EUR 500 thousand; previous year: EUR 1,803 thousand).

Financial assets measured at fair value developed as follows:

in EUR k	2022		2021	
	FVOCI	FVPL	FVOCI	FVPL
01.01.	2,804	3,328	2,080	1,023
Addition	2,406	1,424	340	1,525
Addition arising from company acquisition	142	201	-	-
Change from valuation recognised in profit or loss		782	-	888
Change recognised in other comprehensive income	-321	--	1,048	-
Conversion of a convertible loan		-2,108		
Disposals	-22	-141	-664	-108
31.12	5,010	3,486	2,804	3,328

Financial liabilities are generally measured at amortised cost. This excludes liabilities from combined call/put options concerning the sale or purchase of non-controlling interests amounting to EUR 21,469 thousand (previous year: EUR 17,822 thousand), conditional purchase price obligations amounting to EUR 448 thousand (previous year: EUR 104 thousand) and liabilities to be accrued pro rata from business combinations amounting to EUR 989 thousand (previous year: EUR 461 thousand), which are measured at fair value.

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 20,951 thousand (previous year: 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 518 thousand (previous year: EUR 534 thousand).

Other financial liabilities measured at fair value developed as follows:

in EUR k	2022	2021
01.01.	18,374	11,069
Repayment	-856	-
Changes recognised in profit or loss	1,726	570
Changes recognised in the capital reserve	3,663	6,735
Currency translation	-1	--
31.12.	22,906	18,374

Changes recognised in the capital reserve in the current year mainly include the first-time recognition of the liability from the put/call option on the acquisition of the non-controlling interests in AFIDA (EUR 2,146 thousand) and changes in the other liabilities from existing put/call options on the acquisition of non-controlling interests amounting to EUR 1,517 thousand. The above changes are recognised directly against the capital reserve. These changes in the previous year primarily include the addition of the liability from the put/call option relating to the acquisition of KIWI Consulting in the amount of EUR 7,295 thousand, which was also recognised against the capital reserve. The changes recognised in profit or loss are primarily the result of the addition recognised in profit or loss for liabilities to be accrued pro rata and dependent on the future work performance of the beneficiaries relating to company mergers (EUR 1,729 thousand; previous year: EUR 748 thousand).

The net results are as follows:

2022 in EUR k	From interest	Value adjustment/ reversal of value adjustment	Derecognition	Total
Financial assets measured at amortised cost	408	-182	-52	-351
Financial liabilities measured at amortised cost	-3,654	-	-	-3,654

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

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 change in value adjustments recognised in profit or loss and the derecognition of defaulted financial assets. The last two contributions to earnings are almost exclusively the result of contract assets and receivables from contracts with customers. 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 -285 thousand (previous year: EUR 1,048 thousand).

The net result from convertible loans measured at fair value amounted to EUR -678 thousand (previous year: EUR 888 thousand).

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

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 reporting year.

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.

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 2022	46	1,558	2,782	4,386
Changes from recognised or derecognised receivables	8	1,028	-944	93
Reclassification		-525	525	0
Currency differences		1	-56	-55
As at 31 December 2022	54	2,062	2,308	4,424

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

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

Figures in EUR k	Gross amount (stage 1)	Gross amount (stage 2)	Gross amount (stage 3)	Total
As at 1 January 2022	5,884	159,656	6,810	172,350
Changes from recognised or derecognised receivables/contractual assets	2,329	60,538	-1,465	61,402
Reclassification		-639	639	0
Changes due to derecognition of financial assets through profit or loss		-52		-52
Other amendments		5,803	-134	5,669
from business combination		6,072		6,072
Currency differences		-269	-134	-403
As at 31 December 2022	8,213	225,306	5,850	239,369

Figures in EUR k	Gross amount (stage 1)	Gross amount (stage 2)	Gross amount (stage 3)	Total
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 business combination	-	9,035	-	9,035
Currency differences	-	-415	-	-415
As at 31 December 2021	5,884	159,656	6,810	172,350

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.

2022 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	172,250	139,994	26,206	4,047	1,157	846
Contract assets	54,537	54,537	-	-	-	-
Other financial assets	16,482	16,482	-	-	-	-
TOTAL	243,269	211,013	26,206	4,047	1,157	846

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

33.1. 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:

2022 in EUR k	Carrying amount	Maturity up to 1 year	> 1 and < 5 years	> 5 years
Trade payables	42,333	42,333	-	-
Loans	82,162	56,605	27,186	54
interest thereon		1,075	608	0
Lease liabilities	137,455	25,345	70,973	50,547
interest thereon		2,298	5,225	1,887
Other financial liabilities	24,333	3,464	20,870	-
TOTAL	286,284	127,104	119,029	50,601

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

33.2. 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 predominantly subject to fixed interest rates. adesso has the option of taking out loans with a maximum term of 6 months each from a syndicated loan with a maximum volume of EUR 130 million. The respective loans are subject to interest at the EURIBOR rate corresponding to the term, plus a current margin of 0.85 percentage points. In future, the margin will depend primarily on the net debt of adesso SE and up to 2.5 basis points p.a. on future ESG ratings. As at 31 December 2022, the liability from this loan amounted to EUR 44,845 thousand. Besides this syndicated loan, adesso SE has another open credit line of EUR 1.5 million

33.3. 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 14 have currently been approved.

34. Executive Board

34.1. 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 Executive Board
(Banking, Sales Support, Inside Sales and Corporate Account Management)
- > Dirk Pothén, Dipl.-Betriebsw., Düsseldorf, Member of the Executive Board
(Automotive & Transportation, Manufacturing Industry, Human Resources, Corporate Communications, Marketing and Proposal Management)
- > Andreas Prenneis, Dipl.-Stat., Dortmund, Germany, member of the Executive Board
(Public, Cross Industries, IT Management Consulting, Utilities, Sports, Internal IT, Project Management Office and Legal and Compliance)
- > Stefan Riedel, Dipl.-Wirtschaftsinf., Wesseling, Germany, Member of the Executive Board
(resigned 31 December 2022)
(Insurance)

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

>Torsten Wegener, information scientist, Hamburg, Germany, member of the Executive Board
(Data & Analytics, Digital Experience, Microsoft, Retail, Salesforce, Customer Experience and Customer Relationship Management)

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).

34.2. 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 3,973 thousand (previous year: EUR 3,555 thousand). Besides short-term and other long-term remuneration, total remuneration also included share-based payments with a fair value of EUR 224 thousand (previous year: EUR 56 thousand) at the point of granting.

The total remuneration of members of the Executive Board reported pursuant to IAS 24 amounted to EUR 3,973 thousand (previous year: EUR 3,555 thousand) in the reporting year, as detailed below:

in EUR k	2022	2021
Current remuneration	3,314	3,454
Other long-term remuneration	659	101
TOTAL	3,973	3,555

Liabilities to members of the Supervisory Board on the reporting date were EUR 2,005 thousand (previous year: EUR 1,939 thousand) which were paid out in the following year.

The Executive Board members received EUR 18 thousand (previous year: EUR 15 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
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
Member of the Supervisory Board of adesso Nordics Oy, Helsinki, Finland
- > Andreas Prenneis, Dortmund, Germany
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
Member of the Supervisory Board of Exasol AG (since 04 October 2022)

35. Supervisory Board

35.1. Composition of the Supervisory Board

As in the previous year, the members of the Supervisory Board in 2022 were as follows:

- > Prof. Dr. 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 (until 30 September 2022)
Professor of Insurance Information Technology at Leipzig University
- > Hermann Kögler, Dipl.-Kfm., Bonn, Germany
Management consultant
- > Dipl.-Math. 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 Staige GmbH, Essen, Germany
Member of the Business Council of Borussia Dortmund
Member of the University Council of the University of Leipzig, Leipzig, Germany
- > Dipl.-Kfm. Hermann Kögler, Bonn, Germany
Chairman of the Supervisory Board of Carl Remigius Fresenius Education AG (formerly: Cognos AG),
Hamburg, Germany

35.2. Remuneration of members of the Supervisory Board

Total remuneration in financial year 2022 for all members of the adesso SE Supervisory Board appointed in this period was EUR 140 thousand (previous year: EUR 86 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. As at the reporting date, there were no liabilities (previous year: EUR 22 thousand) towards members of the Supervisory Board. Liabilities for Supervisory Board remuneration of EUR 32 thousand were created in the reporting year (previous year: EUR 33 thousand). Expenses of EUR 419 thousand (previous year: EUR 585 thousand) were recognised for commissions, fees and expense allowances.

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 Supervisory Board members (excluding Setanta GmbH) received dividends of EUR 638 thousand (previous year: EUR 579 thousand).

36. 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, Frankfurt, Germany
- > Funds On Chain GmbH, Saarbrücken, Germany
- > HEALAY – digital health solutions GmbH, Frankfurt, Germany
- > Staige GmbH, Essen, Germany
- > Sympacon TS GmbH, Hanover, Germany
- > ROGON Technologies GmbH, Frankenthal, Germany
- > Urban Energy GmbH, Berlin, Germany

Other:

- > Interaction Room GmbH, Essen, Germany
- > it factum GmbH, Munich, Germany
- > Ottanta GbR, Dortmund, Germany
- > Setanta GmbH, Dortmund, Germany (wholly owned by Prof. Volker Gruhn)
- > Softwareforen Leipzig GmbH, Leipzig, Germany
- > Tamed AI GmbH, Essen, Germany
- > LOUCON Beteiligungsgesellschaft mbH, Hamburg, Germany

Receivables from and liabilities to related parties were as follows as at 31 December: As in the previous year, no significant value adjustments were recorded on receivables from related parties. We held no security for receivables or liabilities in the previous year.

in EUR k	2022		2021	
	Receivables	Liabilities	Receivables	Liabilities
Joint ventures	150	-	324	-
Associates	4,987	-	9,359	-
Other	-	28	0	10
TOTAL	5,137	30	9,683	10

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

in EUR k	2022		2021	
	Income	Expenses	Income	Expenses
Joint ventures	10	-	882	587
Associates	2,530	100	6,908	470
Other	-	318	13	380
TOTAL	2,540	418	7,803	1,437

For transactions with members of the Executive Board and Supervisory Board, see Note “34 Executive Board” and “35 Supervisory Board”. adesso received dividend payments of EUR 141 thousand from a company measured using the equity method (previous year: EUR 249 thousand). Setanta GmbH received dividends from adesso SE of EUR 1,034 thousand (previous year: EUR 896 thousand), which were paid in full. No other transactions took place with Setanta GmbH in the reporting year, as was the case the previous year.

37. Contingent liabilities

adesso has issued a directly enforceable guarantee for the associated company Staige GmbH for an amount of up to EUR 2.5 million. adesso does not currently expect any payments from this guarantee.

38. Auditor's fee

Under German law, the auditors are elected by the Annual General Meeting on the proposal of the Supervisory Board. Once the auditor has been chosen, 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 chose the company BDO AG Wirtschaftsprüfungsgesellschaft, Dortmund, nominated by the Supervisory Board, as the auditor for 2022.

The activities of BDO AG Wirtschaftsprüfungsgesellschaft, Dortmund, are subject to reporting and are disclosed in the table below.

in EUR k	2022	2021
Audit of the financial statements	205	237
Other assurance services	0	1
TOTAL	205	238

EUR 0 thousand of the expenses for audit services in 2022 relate to services from the previous year (previous year: EUR 11 thousand).

39. Events occurring after the balance sheet date

39.1. Acquisitions

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

39.2. WebScience S.r.l.

adesso acquired all shares in WebScience S.r.l., Milan, Italy as at 1 January 2023. WebScience specialises in creating bespoke digital solutions, application modernisation and cloud migration. With the acquisition of the shares, 100 % of the shares in WebScience Bulgaria (Sofia, Bulgaria) were also acquired.

The consideration for the shares acquired amounts to EUR 16,494 thousand. Of this amount, EUR 11,793 thousand was paid in cash as a fixed purchase price. In addition, an earn-out amounting to a maximum of EUR 4,701 thousand was agreed, which is dependent on the level of sales revenues and EBITDA for the financial years 2023 and 2024. adesso estimates that there is a high probability of having to pay the maximum earn-out amount.

The fair value of the acquired trade receivables amounted to EUR 2,970 thousand. This corresponds to the contractual cash flows from receivables. The payment of EUR 11,793 thousand is offset by acquired cash and cash equivalents of EUR 1,628 thousand, so that cash and cash equivalents decreased by EUR 10,165 thousand as a result of the business combination.

Goodwill resulting from the business combination mainly represents the workforce of the company, expected synergy effects and future economic benefits, all of which cannot be capitalised according to IFRS. The goodwill is not tax-deductible.

in EUR k	WebScience S.r.l.
Goodwill	9,100
Intangible assets	6,463
Other fixed assets	789
Trade receivables	2,970
Contract assets	965
Other current assets	893
Liquid assets	1,628
Total assets	22,808
Provisions	293
Trade payables	1,202
Financial liabilities	636
Tax liabilities	209
Other liabilities	2,380
Contract liabilities	314
Deferred tax liabilities	1,280
Total liabilities	6,314

WEPEX GmbH

adesso has acquired a 51% stake in WEPEX GmbH (Frankfurt), a management consultancy specialising in the capital markets and securities business. As a result, adesso and WEPEX are intensifying their long-term collaboration in the areas of digital transformation, distributed ledger technology and blockchain, crypto, artificial intelligence and big data analytics in the capital markets and combining their mutually beneficial areas of focus and expertise.

The contract was signed on 8 February 2023. Completion is expected by the start of the second quarter of 2023 at the latest. The consideration to be paid in cash for the acquired shares amounts to EUR 1,785 thousand. A further variable positive or negative purchase price was agreed, which depends on the EBITDAs of the following five financial years.

A call/put option was agreed for the acquisition of the outstanding shares. The put option of the sellers is exercisable no earlier than five years after closing, and the call option of adesso is exercisable no earlier than seven years after closing. The exercise price is 5.5 times the pro rata average EBITDA of a two-year period prior to the exercise of the option.

Supervisory Board

On 2 January 2023, Stefanie Kemp succeeded Prof. Dr. Gottfried Koch, who retired from the Supervisory Board on 30 September 2022. In accordance with the German Stock Corporation Act (AktG), adesso SE's Supervisory Board and Executive Board have initiated a procedure to have Stefanie Kemp appointed as Prof. Dr Koch's successor by a court. The election of Stefanie Kemp by the shareholders is scheduled to take place at the company's next Annual General Meeting, which is due to be held in early June 2023. Ms Kemp started out in the healthcare and pharmaceutical industries, where she specialised in information technology at an early stage of her career. Her main areas of expertise are the transformation, innovation and digitalisation of companies.

40. Appropriation of net income

On 31 May 2022, the Annual General Meeting of adesso SE resolved to pay a dividend for the financial year 2021 of EUR 0.60 per share, totalling EUR 3,902 thousand, from the unappropriated surplus for the financial year 2021 of EUR 89,472 thousand and to carry forward the remaining amount to new account.

For financial year 2022, the Executive Board and Supervisory Board will propose to the Annual General Meeting of adesso SE a dividend payment of EUR 0.65 per share, totalling EUR 4,233 thousand. The distribution of dividends has no income tax consequences for adesso.

41. Statement of compliance with the German Corporate Governance Code in accordance with Article 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.

42. 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. Volker Gruhn (Setanta GmbH)	13 August 2007	26.5
Rainer Rudolf	10 May 2022	16.1
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 48.0%.

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 2022, adesso SE received a notification from Rainer Rudolf in accordance with Section 33 (1) of the German Securities Trading Act (WpHG), which adesso published on 12 May 2022 in accordance with Section 40 (1) of the German Securities Trading Act (WpHG). Rainer Rudolf issued a voluntary group notification on the change in voting rights from 18.85% to 16.00% since the last notification due to a subsidiary touching the threshold. At the time of notification, he held 2.93% of the voting rights directly and 13.07% were attributable to him via RDF Familienstiftung & Co. KG. The date the threshold was touched was 10 May 2022. The full notification was made through the designated reporting channel and is also available on the company's website.

43. Subsidiaries

The following table contains information pursuant to Section 313 (2) German Commercial Code (HGB):

Company name	Registered office	Equity 2)	Annual profit 2)	Share-holding
adesso as a service GmbH	Dortmund, Germany	EUR 4,288 k	EUR 1,490 k	100 %
adesso Austria GmbH	Vienna, Austria	EUR 104 k	EUR 1,138 k	100 %
adesso benefit solutions GmbH	Dortmund, Germany	EUR 226 k	EUR 22 k	80 %
adesso Blue Consulting B.V. (previously: Software Consulting B.V.)	Amsterdam, Netherlands	EUR 48 k	EUR -450 k	94 %
adesso Bulgaria EOOD	Sofia, Bulgaria	TBGN 3,383	BGN 997 k	100 %
adesso Data & Analytics B.V.	Amsterdam, Netherlands	EUR -214 k	EUR -224 k	63 %
adesso Denmark	Copenhagen, Denmark	MDKK -3	MDKK -3	100 %
adesso experience GmbH	Cologne, Germany	EUR -632 k	EUR -703 k	100 %
adesso health solutions GmbH	Neumünster, Germany	EUR -4,251 k	EUR -3,587 k	90 %
adesso Hungary Software Kft.	Budapest, Hungary	MHUF -6	MHUF -28	100 %
adesso insurance solutions GmbH	Dortmund, Germany	EUR 6,087 k	EUR 2,787 k	100 %
adesso insurance solutions Schweiz	Basle, Switzerland	CHF 167 k	TCHF -103	100 %
adesso Lakes GmbH	Dortmund, Germany	EUR -26 k	EUR -51 k	75 %
adesso manufacturing industry solutions GmbH	Dortmund, Germany	EUR 218 k	EUR 113 k	100 %
adesso mobile solutions GmbH 1)	Dortmund, Germany	EUR 343 k	EUR 0 k	100 %
adesso Netherlands B.V.	Amsterdam, Netherlands	EUR -1,648 k	EUR -615 k	100 %
adesso Nordics Oy	Helsinki, Finland	EUR -1,047 k	EUR -771 k	100 %
adesso orange AG	Hameln, Germany	EUR 7,846 k	EUR 3,252 k	71 %
adesso orange Austria GmbH	Vienna, Austria	EUR 260 k	EUR 64 k	100 %
adesso orange Kft.	Győr, Hungary	MHUF 571	MHUF 94	70 %
adesso partner trust GmbH	Dortmund, Germany	EUR -73 k	EUR -51 k	100 %
adesso retail solutions GmbH	Dortmund, Germany	EUR 48 k	EUR -2 k	100 %
adesso Romania IT Services & Consulting	Bucharest, Romania	TRON -157	TRON -204	100 %
adesso Schweiz AG	Zurich, Switzerland	TCHF 9,623	TCHF 4,135	100 %
adesso Spain Consultoria y Soluciones Tecnológicas S. L.	Barcelona, Spain	EUR -1,389 k	EUR -1,485 k	100 %
adesso Sweden (formerly: Purple Scout AB).	Malmö, Sweden	TSEK 4,947	TSEK -833	100 %
adesso Transformer Deutschland GmbH	Dortmund, Germany	EUR -149 k	EUR -580 k	100 %
adesso Turkey Bilgi Teknolojileri Ltd. Şti.	Istanbul, Turkey	TTRY 107,015	TTRY 56,730	100 %
adesso U.K. Limited	Birmingham, United Kingdom	TGBP 5	TGBP 0	100 %
adesso Ventures GmbH (formerly: inQventures GmbH)	Berlin, Germany	EUR 445 k	EUR -47 k	100 %
Afida GmbH	Dortmund, Germany	EUR -308 k	EUR -565 k	100 %
alleato assekuranzmakler GmbH	Dortmund, Germany	EUR 708 k	EUR 282 k	100 %
Blue4IT Professionals B.V.	Hendrik Ido Ambracht, Netherlands	EUR 1,110 k	EUR 164 k	100 %
Bluefront B.V.	Schiedam, Netherlands	EUR 259 k	EUR 126 k	100 %
Codesquad B.V.	Nieuwegein, Netherlands	EUR 945 k	EUR 179 k	100 %
gravity consulting GmbH	Vienna, Austria	EUR 705 k	EUR -36 k	100 %
IoT Deutschland GmbH	Kiel, Germany	EUR -2 k	EUR -2 k	100 %
Key Asset GmbH	Weinsberg, Germany	EUR 757 k	EUR 3 k	100 %

KIWI Consulting EDV-Beratung GmbH	Walldorf, Germany	EUR 4,645 k	EUR 3,715 k	70 %
LeanNetworking Kft.	Budapest, Hungary	MHUF 89	MHUF 58	51 %
material.one AG (previously logsolut AG - associated company)	Augsburg, Germany	EUR 6,260 k	EUR -114 k	53 %
medgineering GmbH	Dortmund, Germany	EUR 109 k	EUR 255 k	100 %
OrgaTech Solution Engineering Consulting GmbH	Lünen, Germany	EUR 23 k	EUR -63 k	100 %
percision services GmbH	Dortmund, Germany	EUR 4,567 k	EUR 2,132 k	100 %
Purple Friends	Malmö, Sweden	EUR 799 k	TSEK 67	100 %
Reachbird solutions GmbH 3)	Munich, Germany	EUR 807 k	EUR 170 k	100 %
Transfer Window	Malmö, Sweden	TSEK 28	SEK -714	100 %
VITEC Vienna Information Technology Consulting GmbH	Vienna, Austria	EUR 451 k	EUR -13 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) Reachbird AG was merged with Reachbird solutions GmbH in the reporting year.

44. Associates and joint ventures

The following table contains information pursuant to Section 313 (2) German Commercial Code (HGB):

Company name	Registered office	AC/JV	Pro-rata equity	Pro-rata annual profit	Shareholding
adesso banking solutions GmbH	Frankfurt am Main, Germany	Joint venture	EUR -11 k	EUR -45 k	50.0 %
Funds On Chain GmbH	Saarbrücken, Germany	Associated company	EUR -206 k	EUR -40 k	27.3 %
HEALAY – digital health solutions GmbH	Frankfurt, Germany	Associated company	EUR -273 k	EUR -252 k	35.0 %
ROGON Technologies GmbH	Frankenthal, Germany	Associated company	EUR 1,836 k	EUR -950 k	18.5 %
Staige GmbH (formerly: AI Sports Watch GmbH)	Essen, Germany	Associated company	EUR 1,034 k	EUR -1,718 k	33.7 %
Sympacon TS GmbH (formerly: Quanto TS GmbH)	Hanover, Germany	Associated company	EUR 68 k	EUR 17 k	35.0 %
Urban Energy GmbH	Berlin, Germany	Associated company	EUR 112 k	EUR -52 k	25.0 %

45. 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 the financial year 2022.

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, 20 March 2022

adesso SE



Michael Kenfenheuer



Andreas Prenneis



Dirk Pothen



Jörg Schroeder



Torsten Wegener

INDEPENDENT AUDITOR'S REPORT

To adesso SE, Dortmund

Note on the audit of the consolidated financial statements and the consolidated management report

1. Audit opinions

We have audited the consolidated financial statements of adesso SE, Dortmund adesso SE, Dortmund, and its subsidiaries (the Group) – consisting of the consolidated balance sheet as of 31 December 2022, 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 2022 to 31 December 2022, as well as the consolidated notes including a summary of significant accounting methods.

In addition, we have audited the consolidated management report (report on the position of the company and the Group) of adesso SE, for the financial year from 1 January 2022 to

31 December 2022. In accordance with German legal requirements, we have not audited the content of the parts of the consolidated management report set out under “Other information”.

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 315e (1) HGB and give a true and fair view of the asset and financial situation of the Group as of 31 December 2022, as well as its results for the financial year from 1 January 2022 to 31 December 2022, in accordance with these regulations, and

> the consolidated management report attached 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 parts of the consolidated management report set out under “Other information”.

In accordance with Section 322 (3) clause 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.

2. 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 Regulation (EU) No. 537/2014 (hereinafter referred to as “EU Audit Regulation”) 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 consoli-

dated 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 pursuant to 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.

3. 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 2022 to 31 December 2022. 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.

We have identified the following as the key audit matters to be reported in our audit opinion:

1. Impairment of goodwill and customer relations
2. Recognition of sales revenue

3.1. Impairment of goodwill and customer relations

Matter

In the consolidated financial statements, adesso reports goodwill of EUR 85.8 million (13% of total assets or 40% of equity). In addition, customer relations acquired through business combinations are reported at EUR 16.2 million (i.e. 2% of the balance sheet total or 7% of equity).

Goodwill is subjected to an impairment test by the company at least once a year or more frequently if there are indications of impairment (impairment test in accordance with IAS 36). At adesso, the annual impairment test is generally performed on 30 June of each financial year at the level of the cash-generating units to which the respective goodwill was allocated. No further impairment test was performed in the financial year based on the assessment of the relevant impairment parameters as of 31 December. The recoverable amount is the higher of the value in use and the fair value less disposal costs. The basis of the assessment is the present value of future cash flows of the respective cash-generating unit after taxes and interest. The starting point of the detailed planning period is the expected cash surpluses for the following year. The values in use are determined using the discounted cash flow method. If the carrying amount of a cash-generating unit exceeds the recoverable amount, the difference is recognised as an impairment loss.

The customer relations reported under non-current intangible assets are acquired through business combinations and are amortised over their individual useful lives. The average remaining useful life of customer relations is 3.57 years (previous year: 4.2 years). As of each balance sheet date, the legal representatives use selected internal and external qualitative factors to determine if there are any indications of impairment. An impairment test is carried out if there are indications of an impairment based on this assessment. The initial recognition, the estimation of individual useful lives of customer relations and the analysis of internal and external impairment indicators are subject to several discretionary decisions by the legal representatives.

In light of the complexity and scope for discretion, the goodwill impairment test and the valuation of customer relations were of particular importance within the context of our audit.

The information provided by the company on the impairment test as well as on goodwill and customer relations is contained in Section II, 3.9 and 3.10 and in Section III, 4 of the consolidated notes, and the information on the discretionary decisions by the Executive Board and predictive uncertainties in the impairment test are included in Section II, 3.26 of the consolidated notes.

Audit response and findings

During our audit, we have gained an understanding of the process used to perform the impairment test, assessed its appropriateness in determining the need for impairment and understood the methodology applied in performing the test. In this context, we have assessed the systematic approach to the planning and the preparation process. In so doing, we have also dealt with the individual planning and how it is derived from the Group planning. In addition, we have discussed Group planning and assumed long-term growth rates with the legal representatives, reviewed them with the assistance of a valuation expert and compared them to general and industry-related market expectations. We have reviewed planning loyalty by analysing past differences between planned and actual figures.

Furthermore, we critically reviewed the discount rates used against the average cost of capital of a peer group. We have also conducted our own sensitivity analyses of the effects of potential changes in the cost of capital and the assumed growth rates in order to test the sensitivity analyses conducted by adesso.

During the further course of the audit, we reviewed the individual assessment of client relations made by the legal representatives. To this end, we compared the customer-specific sales and earnings projections at the date of initial consolidation with actual amounts in order to test the legal representatives' qualitative estimates with regard to the occurrence of impairment indicators. In addition, we assessed the estimated individual useful lives by comparing the budgets at the date of initial consolidation with the actual values.

All in all, we were able to ascertain that the assumptions made by the legal representatives when performing the impairment test and the assessment of the customer relations and the valuation parameters applied are comprehensible and fall within an appropriate range.

3.2. Recognition of sales revenue

Matter

adesso recognises sales revenue from customer contracts in accordance with IFRS 15 – Revenues from Contracts with Customers. In adesso's consolidated financial statements, sales revenues are mainly generated from services (EUR 834 million, 93 % of sales revenue). The Group's services mainly comprise consulting services in conjunction with the installation of software within the scope of projects, some of which run for longer periods of time. Sales revenue from service contracts, maintenance and hosting are recognised on a period-related basis, while sales revenue from the sale of licences are recognised on a period-related basis if the licence constitutes a separate performance obligation. Otherwise, the licence is recognised as part of the sales revenue generated from the consulting project.

As well as contracts with fixed price clauses ("fixed price contracts"), service contracts with other payment terms ("time and materials contracts") and different terms are also agreed. The recognition of these contracts in the financial statements requires an assessment by the company as to which individual or combination of performance obligations exist and can be settled on the balance sheet date.

Recognition of sales revenue for fixed-price contracts is based on the progress made or level of completion of the project over its estimated duration. The level of completion is determined on the basis of the costs incurred up to the balance sheet date as a proportion of the expected total costs for the project. In the case of time and materials contracts, sales revenue is recognised on the basis of accumulated hours and materials consumed. Determining

performance obligations and performance progress for longer-term consulting projects under the fixed-price model requires a great deal of discretion. The discretionary decisions may have a material impact on the consolidated financial statements because of the scope of individual contracts.

Given the major significance of sales revenue in the assessment of the Group's earnings situation and the complexity involved in recognising sales revenue as well as the degree of discretion involved, this is a particularly important audit matter.

The information on the company's sales revenue is contained in Section II, 3.7 and 3.12 and in Section IV, 21 of the consolidated notes.

Audit response and findings

We have read adesso's uniform Group accounting policy on the recognition of sales revenue and acknowledged the compliance of the requirements with IFRS 15, Revenue from Contracts with Customers.

During the further course of the audit, we gained an understanding of the processes and controls for recognising and accruing sales revenue and estimating total project hours and acknowledged their adequacy. With the assistance of our IT experts, we also evaluated the relevant systems used to recognise sales revenue. In particular, we tested the functioning of the related process-based controls in connection with the proper identification of individual performance obligations, the timing of the recognition of sales revenue and the recognition of costs according to their origin in connection with estimating the progress made in projects. We ascertained the effectiveness of the controls within the scope of the functional tests.

In order to assess whether the criteria set out in IFRS 15 for the recognition of sales revenue had been met, we performed spot checks on the underlying contractual agreements in random customer contracts and examined whether the recognition and accounting of sales revenue with corresponding contract assets and contract liabilities had been performed correctly. To this end, we inspected, among other things, the contract documents as well as the communications with the customer, project calculations and timesheets, and held discussions with the project management organisation. In addition, we performed spot checks to verify that the sales revenue recognised corresponded to the invoice, the basis for the billing and the proof of performance. We have

calculated our expected sales revenue for the current year on the basis of industry and market-related data. We have used data analysis methods to analyse the data stock of transactions recorded in material revenue accounts in the financial year for abnormal developments and discrepancies over time in comparison with our expectations.

We reviewed the progress made in the fixed-price projects based on the project budgets, the costs incurred and the project documents, assessed the assumptions applied when estimating the costs as yet to be incurred and verified that they were included in the client's calculations. Moreover, we have performed spot checks to compare historical estimates of project expenditure with the values actually incurred. We subsequently performed spot checks on the actual costs included in the calculation of the progress made and reviewed the mathematical accuracy of the calculations.

Our audit procedures enabled us to understand the assumptions and discretionary decisions made by the legal representatives on which the recognition of revenue is based.

4. Other information

The legal representatives and Supervisory Board are responsible for the other information, which includes:

- > the separately published non-financial Group declaration;
- > the separately published Group Declaration of Conformity, referred to in the “Group Declaration of Conformity” section of the consolidated management report;
- > the remaining parts of the annual report with the exception of the audited consolidated financial statements and consolidated management report as well as our audit opinion.

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 of the consolidated financial statements, 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.

5. 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 due to fraudulent acts (i.e. manipulation of the accounting system or misstatement of assets) or error.

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 joint 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.

6. 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 due to fraudulent acts or errors, 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.

Reasonable assurance refers to a high degree of security, but no guarantee that an audit 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 fraudulent acts or errors 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 based on fraudulent acts or errors 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 audit opinion. The risk that material misstatements may not be detected is higher for fraudulent acts than for errors, as fraudulent acts may include collusion, 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, monitoring 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 compliance with the law 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, where relevant, the actions taken or safeguards implemented to eliminate risks to independence. 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.

7. 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 (hereinafter also referred to as the "ESEF documents"), which are contained in the attached file "adesso-2022-12-31-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 statement 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 2022 to 31 December 2022, which is contained in the preceding "Note on auditing the consolidated financial statements and the consolidated management report".

Basis of the audit opinion

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 (06.2022)). Our responsibility in this respect is described further in the section "Responsibility of the auditor of the consolidated financial statements for auditing the ESEF documents". Our auditing practice has applied the requirements of the IDW quality assurance standards, which transpose the IAASB's International Standards on Quality Management.

Responsibility of the legal representatives and Supervisory Board for the ESEF documents

The company's legal representatives are responsible for preparing the ESEF documents with the electronic reproductions of the consolidated financial statements and the consolidated management report in accordance with Section 328 (1) clause 4 no. 1 HGB and for marking up the consolidated financial statements in accordance with Section 328 (1) clause 4 no. 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) of the requirements set out in Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of preparing the ESEF documents as a part of the accounting process.

Responsibility of the auditor of the consolidated financial statements for auditing the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material infringements (whether intentional or unintentional) of the requirements set out in 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) of the requirements set out in Section 328 (1) HGB, design 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 audited 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 machinereadable XBRL copy of the XHTML reproduction.

8. Other information pursuant to article 10 of the EU audit regulation

We were elected as auditors of the annual financial statements by the Annual Shareholders' Meeting on 31 May 2022. We were commissioned by the Supervisory Board on 29 September 2022. We have acted as the auditors of adesso SE since financial year 2022.

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).

9. 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 joint management report, and do not replace them. In particular, the ESEF note and our audit opinion contained therein may only be used in conjunction with the audited ESEF documents provided in electronic form.

10. Responsible auditor

The auditor responsible for the audit is Andreas Dirks.

Dortmund, 20 March 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr. Falk

Wirtschaftsprüfer
[German public auditor]

Dirks

Wirtschaftsprüfer
[German public auditor]

THE SHARE

Investor Relations

THE TRADING YEAR 2022 – GENERAL CONDITIONS

The DAX, Germany's leading stock market index, closed 2022 at 13,924 points, marking a considerable drop of 12 % compared to growth of 16 % in the previous year. During the year, Russia's war on Ukraine and the ensuing inflation and interest rate developments weighed heavily on the stock markets, triggering repeated severe collapses in share prices. Having hit a low for the year based on a closing price of 11,976 points and a minus of 25 %, the leading stock market index staged a strong recovery from late September onwards. The TecDAX performed significantly weaker than the DAX: by the end of the year it had fallen by 25 %, thus wiping out more than 22 % of its previous year's gains. The MDAX and SDAX also performed significantly weaker than the DAX, falling by 28 % and 27 %, respectively. This meant that the conciliatory mood at the end of the previous year was quickly forgotten on the stock markets, although the situation at the start of 2022 was, at least on the surface, quite 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. This caused stock markets to plummet, particularly as there were fears of knock-on effects on supply chains, energy prices and the global economic recovery. 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. The benchmark index extended its losses into the second week of trading in March, reaching a preliminary low of 12,832 points at the close of trading on 8 March 2022. A quick resolution to the conflict became increasingly unlikely as the year wore on. With inflation remaining high, driven in particular by higher energy prices, there also loomed the prospect of an interest rate turnaround by central banks. Trends indicating a recovery coupled with counter-movements in March, May and July were short-lived. With the economic situation already difficult, investors felt the economic recovery was at increasing risk. Indices

continued to fall amid fears of recession, inflation and further interest rate hikes. It was not until the end of September, with the DAX having suffered interim losses of 25 %, that the lowest point was reached, after which a sustained rally began to take hold, which lasted until the end of the year.

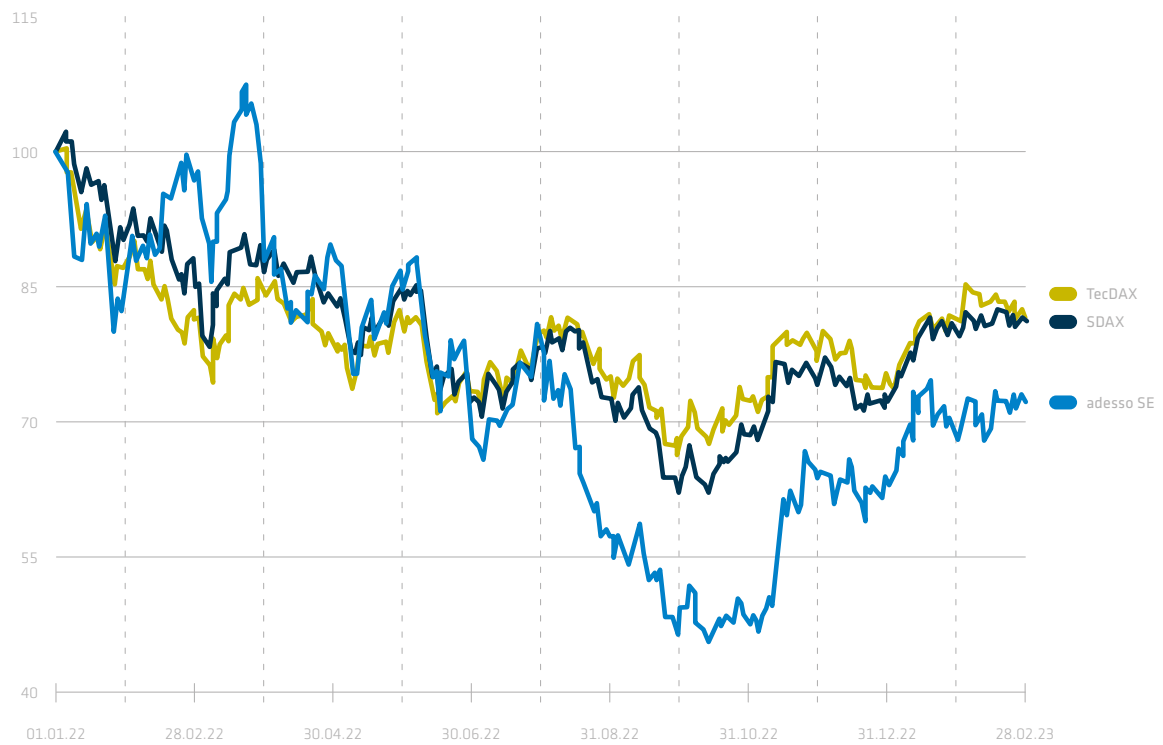
The TecDAX had already lost far more ground than the DAX at the start of the year, due, in particular, to pressure on recently highly priced and investment-intensive technology and growth stocks in light of key interest rate hike announcements. A loss of 25 % since the start of the year had already been recorded in March. Although the TecDAX had begun to recover in the intervening period, it continued to suffer losses until the end of September, shedding a third of its value since the start of the year to reach a mere 2,607 points. Its subsequent recovery until year-end was not as strong as that of the DAX and it was weaker by 13 percentage points. Although the performance of the MDAX and SDAX was even weaker than that of the TecDAX starting in the second half of the year, they managed to catch up with it by year-end.

DEVELOPMENT OF THE ADESSO SHARE

With a decline of 37 % on the previous year's closing price, the adesso share suffered in spite of the comparatively weak performance of the TecDAX in 2022. Having significantly outperformed its reference index in the previous two years, it underperformed the TecDAX by 12 percentage points at the end of the reporting year. The adesso share closed the year at EUR 131.80. Caught up in the general stock market trend, the adesso share also initially came under pressure at the very beginning of the year 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. After an interim setback, a combination of good news on orders, the announcement of inclusion in the SDAX, recommendations in the financial media and positive analyst opinions on high trading volumes ensured a significant outperformance compared to

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



the market and the benchmark index TecDAX. On 23 March 2022 the adesso share recorded a new all-time high of EUR 224.00, outperforming the TecDAX by 23 percentage points and fetching up to EUR 228.50 in the course of trading. Amid deteriorating conditions in the market generally and selling pressure on growth and technology stocks, the share price initially fell sharply until mid-April, closing at EUR 169.60 on 19 April 2022. Investors used this setback to enter the market and ensured a short-term recovery with high trading volumes. However, despite the ad hoc announcement of stronger-than-expected preliminary quarterly figures published on 5 May 2022, the increasingly gloomy mood on the stock markets meant the countermovement was short-lived. By mid-May, the share had lost its previous lead over the TecDAX and from then on developed along a volatile path in line with general market conditions. As part of the recovery that continued until the end of July, when lower commodity prices eased concerns about inflation, the adesso share also succeeded in keeping its interim book losses of up to 34 % in check at 19 %. The share price rose by 22 % to reach EUR 169.00 in the space of just 18 trading days, boosted in part by the ad hoc announcement on 29 July 2022 that adesso was raising its sales guidance. With the general mood on the stock market deteriorating again in August, investors took advantage of the strong price increase to sell. With above-average trading volumes, the share price fell sharply to EUR 96.30, its lowest point for the year, on 12 October 2022. The last time a price level below EUR 100 was quoted was at the beginning of 2021. Buoyed by generally brighter market sentiment, investors saw good opportunities for adesso in view of its low stock market valuation and generally positive prospects for a stronger second half in 2022. Increased trading volumes initially lifted the share price to EUR 136.00 in current trading and EUR 126.20 on a closing price basis, particularly after the publication of the company's strong third-quarter figures on 14 November 2022. By year-end, the adesso share had gained further ground on the indices on the back of the strong upward trend and closed at EUR 131.80, more than a third lower than the valuation at the end of the previous year, despite the sustained bullish trend.

adesso's market capitalisation therefore decreased in 2022 by 37 % to EUR 858.3 million from EUR 1,359.2 million at the end of 2021.

TRADING VOLUME

There was a general decrease in share trading compared to the previous year. Overall trading volumes of all shares on the spot market Xetra and the Frankfurt stock exchange) fell by 4.6 % to EUR 1.3 trillion in the year under review. Investors continued to primarily invest in the top-ranking securities. Around 74 % of the total volume was traded in DAX 40 stocks. MDAX- and SDAX-traded shares accounted for 18 %. Trading volumes of stocks listed on the SDAX fell by 16 % to EUR 50.4 billion from EUR 59.7 billion in the previous year, with the share of the total volume decreasing only slightly by 0.5 percentage points.

The adesso share's trading volume increased by a further 33 % in 2022 on the back of very strong growth in the previous two years. Trading of EUR 401.6 million was recorded, compared to EUR 301.7 million in 2021. At EUR 78.0 million, March was the best trading month. Trading in October, on the other hand, was a mere EUR 14.9 million. An average of 9,751 shares changed ownership per trading day in 2022. On average, 209,642 adesso shares were traded monthly. As in the previous year, around 87 % of trading took place on the Xetra trading platform. This was an increase of 6 percentage points on 2021.

YEAR TO DATE DEVELOPMENT 2023

The prospects of easing inflation and the avoidance of a harder recession have helped the stock markets maintain a steady upward trend since the fourth quarter of 2022. This renewed positive sentiment has continued into the first two months of 2023. The DAX surged ahead by 12 % to close at 15,534 points on 16 February 2023. Only a modest consolidation at this level was recorded up to the end of February. The leading stock market index closed the month at 15,365 points, holding its own with a gain of 10 %. Although the TecDAX performed even better at times since the beginning of the year, it closed the month of February at the same level, with a gain of 10 %, at 3,207 points.

On the back of the generally positive stock market mood, the adesso share also made a very good start to the year. Amid higher trading volumes, the share price recovered to a level of over EUR 150 and closed at EUR 155.80 on 18 January 2023. The share had therefore gained 18 % on the previous year's closing price. It initially consolidated at this level before dropping back to EUR 142.80 by the end of January. The subsequent rebound could not be sustained, with the result that the recovered level of EUR 150 had to be surren-

The following table shows the most important share data for 2022 per quarter:

Aktiendaten

	Q1	Q2	Q3	Q4	2022
Kurs am Periodenende	185.60	146.40	103.40	131.80	131.80
Kursentwicklung (in %)	-11	-30	-51	-37	-37
Entwicklung TecDAX (in %)	-16	-26	-32	-25	-25
Höchstkurs in €	224.00	188.80	169.00	139.60	224.00
Tiefstkurs in €	167.40	146.40	98.40	96.30	96.30
Volatilität (90-Tage z. Quartalsende / in %)	45.1	35.2	83.9	66.5	66.5
Umsatz Stück / Handelstag	13,157	8,273	10,604	6,963	9,751
Umsatz € / Handelstag	2,596,194	1,435,758	1,380,551	828,139	1,556,413
Anzahl Aktien	6,503,272	6,512,272	6,512,272	6,512,272	6,512,272
Marktkapitalisierung in Mio. €	1.207.0	953.4	673.4	858.3	858.3

Basic share data

			2022	2021
ISIN Code	DE000A0Z23Q5			
WKN (national security identification number)	A0Z23Q	Aktienanzahl zum Jahresende	6,512,272	6,503,272
Symbol / Code	ADN1	Xetra-Schlusskurs zum Jahresende (€)	131.80	209.00
		Marktkapitalisierung zum Jahresende (Mio. €)	858.3	1,359.2
Reuters Instrument Code	ADNGk.DE	Ergebnis je Aktie (€)	4.40	7.59
Bloomberg Symbol	ADN1:GR	Cashflow je Aktie (€)	5.54	7.37
First day of trading	21 June 2000	KGV	30.0	27.5
Trading platforms	Xetra	KCV	23.8	28.4
Exchange segment	Prime Standard	Dividende je Aktie*	0.65	0.60
Number of shares	6512272	Dividendenrendite*	0.5%	0.3%
Currency	EUR			
Nominal value	No-par value shares: EUR 1.00 (mathematically)			
Share capital	EUR 6,512,272			
Voting rights per share	1			
Paying agent	DZ BANK AG, Frankfurt am Main			
	SDAX, CDAX, DAX International Mid 100, DAXplus Family, DAXsector All Software, DAXsector Software, DAXsubsector All IT-Services, DAXsubsector IT Services, Prime All Share, Technology All Share			
Index				
Reporting standard	IFRS			
End of financial year	31 / 12			

* Für Berichtsjahr vorbehaltlich Beschluss der Hauptversammlung.

dered repeatedly. It was not until the preliminary full-year figures published in ad hoc announcement on 14 February 2023 that new impetus was provided thanks to sales exceeding expectations and a growth-oriented outlook. This lifted the share price further and it dropped below the EUR 150 mark only once more on 22 February 2023. At the end of February, the adesso share maintained a book profit of 15% on the previous year's closing price and ended trading at EUR 151.60. To date, it has outperformed the DAX and TecDAX by 5 percentage points.

CAPITAL MEASURES

In the reporting period, share capital increased by EUR 9,000 from EUR 6,503,272 to EUR 6,512,272 after stock options from the company's stock options programme were exercised in June. This means that share capital increased slightly by 0.14% in 2022.

DIVIDENDS

The (virtual) Annual General Meeting on 31 May 2022 approved the proposal of the Executive Board and Supervisory Board regarding the appropriation of net income and resolved to increase the dividend by 15% to EUR 0.60 per share. The dividend was paid to the eligible shareholders from 3 June 2022 onwards.

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 Chairman of the Supervisory Board of adesso SE and its co-founder. At 16.1%, Rainer Rudolf – co-founder, former Executive Board member and a member of the Supervisory Board since 2013 – commands the second-largest share of voting rights, which are predominantly held by the RDF Familienstiftung. adesso SE's Supervisory Board holds 42.7% of the company's share capital, while its Executive Board holds 0.5% of the share capital. The majority of the assigned voting rights, 63.7%, continue to be held by private investors. The share of institutional investors stood at 22.7% at the end of the year. The remaining 13.6% 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 48.0%. It has increased only slightly by 0.1 percentage points compared to the value stated in the 2021 annual report. This is despite the exercising of options from the company's stock option programme via acquisitions within the 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 the financial media. We organise corresponding earnings calls as webcasts to coincide with our quarterly financial reporting. 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 2022, 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, of which four were held online. We also organised a virtual roadshow. In contrast to the previous year, most of the events were again held face to face. The financial calendar for 2023 features plans for a similarly high number of investor conferences.

In financial year 2022, adesso continued to publish regular announcements and presentations on the company of relevance for the capital market. Interested capital market participants have access to comprehensive information in the "Investor Relations" section of the company website, which extends far beyond mandatory disclosures. As a service, the menu item "Questions for the CFO" enables 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 600 registered individuals and companies have used this service. For analysts, in particular, but also for all other interested investors, adesso provides an investor folder for download which, in addition to the regular publications over 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 evaluated regularly by various analysts in 2022. Updates to analyst studies are provided on the adesso website.

As part of its regular review of the composition of the DAX indices on 3 March 2022, Deutsche Börse announced that adesso SE would be promoted to the

SDAX. The index change took effect on 21 March 2022. Since then, adesso has been one of the 70 largest companies in terms of free-float market capitalisation of shares outside the DAX and MDAX.

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. After a period of familiarisation by its analysts, Berenberg began covering adesso SE in 2021, with the first publication of a baseline study in July 2021. April 2022 saw the publica-

tion of a baseline study by Jefferies, which the American investment bank used to begin coverage, and analysts used to continue to evaluate adesso's performance.

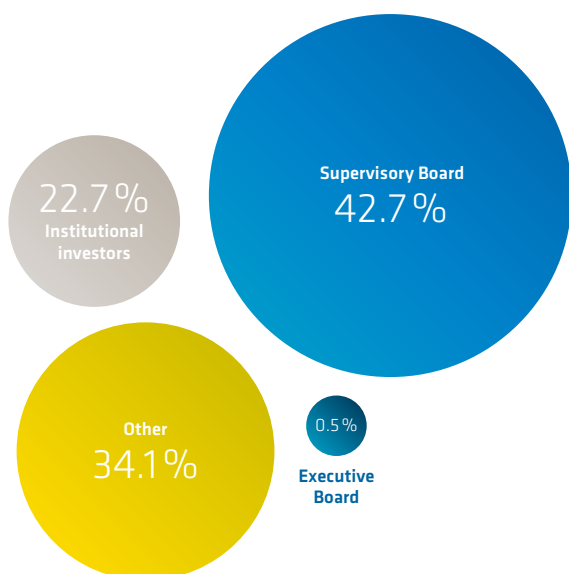
The latest updates from analysts were published in November 2022 and February 2023. All analysts issue a buy recommendation, with SMC Research issuing a "strong buy". Kepler Cheuvreux sees a fair value for the share at EUR 171.00 (15 February 2023), SMC Research at EUR 210.00, Warburg Research at EUR 195.00 and Jefferies at EUR 190.00 (all 14 February 2023) and Berenberg at EUR 205.00 (15 November 2022). 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. Since 1 July 2022, ICF BANK AG Wertpapierhandelsbank has supported the liquidity of the share as a further designated sponsor.

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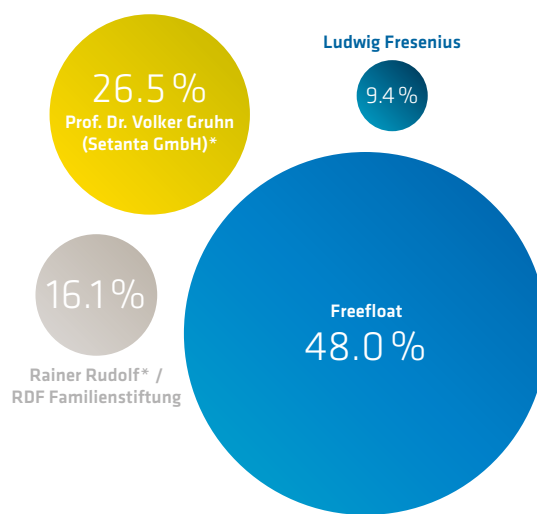
Shareholder Structure

in %



Shareholder Structure

in %



* Supervisory Board

Recommendations from the financial media and analysts' opinions

Date	Subject / recommendation	Evaluation	Source
2023-02-28	adesso added to portfolio	We have been monitoring the success of the IT consultancy, which has increased sales revenues and earnings per share by 20 % and 27 %, respectively, since 2011, with interest for some time now. [...] The fact that it is now [...] set to continue to grow strongly in 2023 is what has prompted us to buy in. Newcomers will accumulate adesso at prices of up to EUR 135.00 until 31 March. Stop high at EUR 106.50 (103.60).	Platow Börse
2023-02-15	Buy	Target price: EUR 171.00	Kepler Cheuvreux
2023-02-14	Strong buy	Target price: EUR 210.00	SMC Research
2023-02-14	Buy	Target price: EUR 195.00	Warburg Research
2023-02-14	Buy	Target price: EUR 190.00	Jefferies
2022-02-16	Dual expansion strategy	The IT service provider has been on a growth trajectory for years and analysts expect this to continue for the time being. New stop EUR 117.05, target price EUR 166.25.	Focus Money
2202-11-01	Neatly delivered	[...] Customers can make key processes more effective by using adesso products. Investors can make their portfolio more profitable by investing in the adesso share. If this business trend continues, the share price can be expected to pick up again after its value was halved. Share price EUR 128.80, target: EUR 180.00, stop loss: EUR 90.00	Der Aktionär
2202-11-16	adesso – Dynamic growth	Thanks to solid demand in the field of digitalisation, IT service provider adesso has delivered a record quarter. [...] After the first nine months of the year, the Dortmund-based company is on track to meet its confirmed annual targets in terms of both sales revenues (EUR 653.6 million) and EBITDA (EUR 71.4 million; margin: 10.9%) [...] We like its broadly diversified end-markets. [...] Demand for IT advisory services is likely to grow in this area over the next few years. The SDAX-listed stock (EUR 129.40; DE000A0Z23Q5) is attractive at a 2023 P / E ratio of 20 (long-term average: 23). We are getting back on board with adesso. Stop at EUR 94.90.	Der Platow Brief
2202-11-15	Buy	Target price: EUR 205.00	Berenberg
2202-11-14	adesso: going down well; assessment: buy	[...] All in all, boersengefuehler.de welcomes this development and it proves once again that investors in high-quality companies – and adesso undoubtedly belongs in that category – can wait out a weak share price from time to time. [...] With a P / E ratio in the region of 23, admittedly, our valuation is not particularly low, however, investors do get a lot for their money with adesso.	boersen gefuehler.de
2202-08-18	Hold positions	We continue to hold on to our residual adesso holdings (cf. 09 / 20: prices 59.60, current 142.20; +139%), because the IT service provider [...] remained firmly on a growth path in H1.	Effekten Spiegel
2202-08-03	adesso: briefly noted	[...] The reduced multiples for the industry and concerns about weak deals have coincided. However, as strong sales growth of 28 % was reported for H1 and the full-year guidance was revised upwards to EUR 800-850 million from EUR 750-800 million, stronger demand resurfaced, especially as the EBITDA margin is expected to be between 11 % and 12 %. Jefferies confirms the target of EUR 225, which we also share.	Nebenwerte Journal Extra
2202-06-03	Just a superficial decline in profits	[...] The continued high growth in revenues and earnings, combined with a solid financial and asset position, have therefore always justified a high valuation. At present, the visible but also explicable decline in earnings in financial year 2022 is likely to have triggered sell-offs, which will probably prove to be a favourable buy-in opportunity (as has always been the case in the past).	Nebenwerte Journal
2202-03-28	Tip of the week: adesso	Shares in the software company adesso have bucked the downward trend affecting tech stocks. Thanks to its strong growth, this profitable company has now even been admitted for trading on the SDAX. [...] The stock, which is now no longer competitively priced, is a good addition for a portfolio. Stop: EUR 175.00	Capital Online
2202-02-17	Tops and Flops	[...] We expect this momentum to continue. Still promising.	Der Aktionärsbrief
2202-02-3	Correction as an opportunity	The Dortmund-based IT service provider adesso remains on track to achieve growth and will also have delivered record results in 2021. The correction in the share price creates a new leverage opportunity for investors. [...] Conclusion: The medium-term upward trend has ended, but support at EUR 160 has held. There are signs that the market is bottoming out.	Börse Online
2202-01-20	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), [...]	Computer Bild
2202-01-05	These are the secret winners of digitalisation	IT service providers of interest: 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 [...].	The Motley Fool

☐ Company

☐ Management Report

☐ Consolidated financial statement

☒ Service

MANAGEMENT AND DIRECTORS



Michael Kenfenheuer | CEO

Michael Kenfenheuer (born in 1958) is a member of the Executive Board and responsible for the departments Banking and Insurance. He is also responsible for the areas of Sales Support, Inside Sales, Corporate Account Management, Event Management and for the adesso subsidiaries adesso banking solutions GmbH, adesso insurance solutions GmbH, Afida GmbH and alleato assekuranzmakler 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 Pothen (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 in Austria, Bulgaria, Denmark, Finland, Hungary, Italy, the Netherlands, Romania, Spain, Sweden, Switzerland and Turkey. He is also responsible for the adesso investments 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 Pothen 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 and Sports. 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.

Executive Board



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 and Life Sciences divisions as a board member and is also responsible for the subsidiaries adesso health solutions GmbH and adesso Ventures 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



Prof. Dr. Volker Gruhn | Chairperson of the Supervisory Board and Chairperson of the Nomination Committee

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 Staige GmbH, Essen, as well as Member of the Business Council of Borussia Dortmund, Dortmund, and member of the University Council of the University of Leipzig, Leipzig.



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.



Stefanie Kemp | Member of the Supervisory Board

Stefanie Kemp (born 1963) started out in the healthcare and pharmaceutical industries, where she specialised in information technology at an early stage of her career. Her main areas of expertise are the transformation, innovation and digitalisation of companies. Ms Kemp, who lives in Düsseldorf, has been Chief Transformation Officer and a member of the management board of Sana Kliniken AG since September 2022. Previously, Ms Kemp was head of the German operations at the US software company Oracle and Chief IT Officer at several financial service providers and international family-run companies, as well as Chief Digital Officer (CDO) at the energy company RWE / innogy SE.

Further mandates in Supervisory Boards: Besides being a member of the Supervisory Board of adesso SE, Stefanie Kemp also sits on the supervisory board of FinBot AG, Meerbusch, and on the family advisory council of BJB GmbH & Co. KG, Arnsberg.

Supervisory Board



Hermann Kögler | Member of the Supervisory Board, Chairman of the Audit Committee

Hermann Kögler (Born 1955) was for over twelve years Director of Finance / Controlling and Spokesman of the Board at COGNOS AG (now: Carl Remigius Fresenius Education 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 Carl Remigius Fresenius Education AG (previously: 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 and Nomination 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.

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.

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.

☐ Company

☐ Management Report

☐ Consolidated financial statement

☒ Service

FINANCIAL CALENDAR

Termin	Event
2023-01-09	25th ODDO BHF Forum, Lyon (virtual)
2023-01-30	Roadshow Jefferies (virtual)
2023-02-27 / 28	Roadshow (ICF BANK), Luxembourg
2023-03-31	Publication of the Annual / Consolidated Financial Statements 2022, Annual Press / Analyst Conference, Dortmund
2023-04-25	Roadshow (Berenberg), London
2023-05-15	Publication of the Quarterly Statement Q1 2023
2023-05-16	Spring Conference 2023, Frankfurt / Main
2023-06-01	Annual General Meeting, Dortmund
2023-08-14	Publication of the Half-Year Report 2023
2023-09-18	Berenberg and Goldman Sachs Twelfth German Corporate Conference, Munich
2023-11-14	Publication of Quarterly Statement Q3 2023
2023 / 11	German Equity Forum 2023, Frankfurt / Main

REAL GROWTH IS MORE THAN #NUMB3RS

Imprint

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