

ANNUAL REPORT 2020

**ACCOMPLISHED  
WITH BRAVADO.**

Your strong IT partner.  
Today and tomorrow.

**BECHTLE**



REVENUE:

# €5.819 billion

(PLUS 8.3%)

EBT:

# €270.7 million

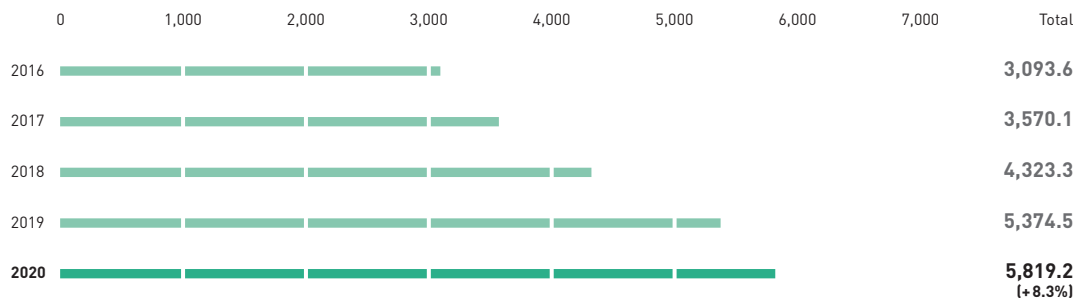
(4.7% MARGE)

## 5 YEARS IN BRIEF

### REVENUE

€m

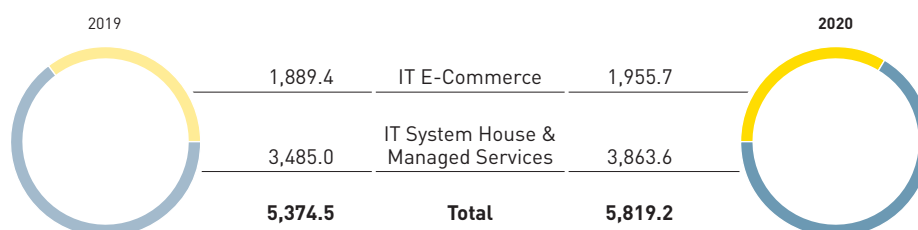
For revenue performance see page 65 ff



### REVENUE BY SEGMENTS

€m

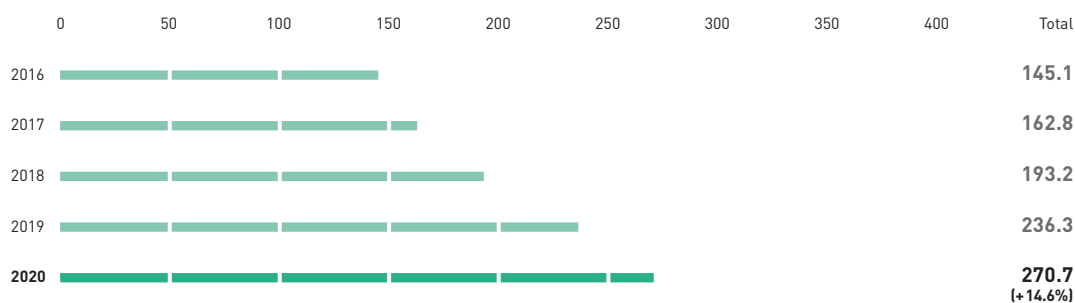
For segment reporting see page 71 ff



### EBT

€m

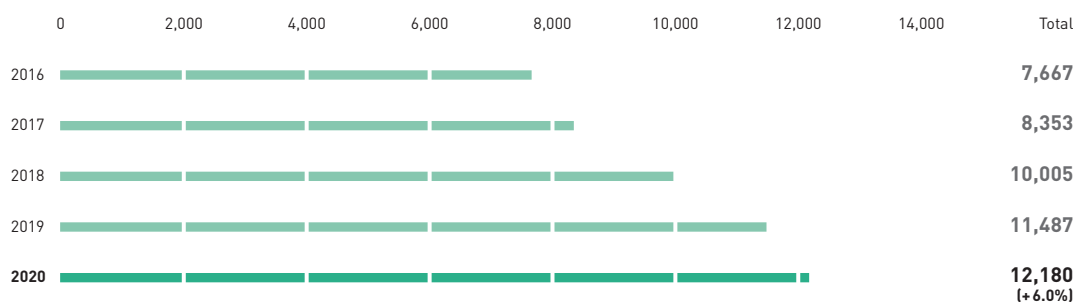
For earnings situation see page 69 f



### EMPLOYEES

as of 31 December

For development of employee numbers see page 44 ff



EPS:

€4.58

(PLUS 12.9%)

DIVIDEND:

€1.35<sup>1</sup>

(PLUS 12.5%)

## 01. 5 YEARS IN FIGURES

|                                              |    | 2016      | 2017      | 2018      | 2019      | 2020              | Change<br>in %<br>2020-2019 |
|----------------------------------------------|----|-----------|-----------|-----------|-----------|-------------------|-----------------------------|
| <b>Revenue</b>                               | €k | 3,093,579 | 3,570,124 | 4,323,318 | 5,374,453 | 5,819,243         | 8.3                         |
| IT System House & Managed Services           | €k | 2,174,893 | 2,516,872 | 2,906,290 | 3,485,037 | 3,863,574         | 10.9                        |
| IT E-Commerce                                | €k | 918,686   | 1,053,252 | 1,417,028 | 1,889,416 | 1,955,669         | 3.5                         |
| <b>EBITDA</b>                                | €k | 171,798   | 196,182   | 237,058   | 325,980   | 375,092           | 15.1                        |
| IT System House & Managed Services           | €k | 119,600   | 140,614   | 157,764   | 209,495   | 251,677           | 20.1                        |
| IT E-Commerce                                | €k | 52,198    | 55,568    | 79,294    | 116,485   | 123,415           | 5.9                         |
| <b>EBIT</b>                                  | €k | 144,083   | 164,252   | 195,081   | 241,370   | 276,955           | 14.7                        |
| IT System House & Managed Services           | €k | 96,589    | 114,501   | 126,084   | 149,832   | 179,451           | 19.8                        |
| IT E-Commerce                                | €k | 47,494    | 49,751    | 68,997    | 91,538    | 97,504            | 6.5                         |
| <b>EBIT margin</b>                           | %  | 4.7       | 4.6       | 4.5       | 4.5       | 4.8               |                             |
| IT System House & Managed Services           | %  | 4.4       | 4.5       | 4.3       | 4.3       | 4.6               |                             |
| IT E-Commerce                                | %  | 5.2       | 4.7       | 4.9       | 4.8       | 5.0               |                             |
| <b>EBT</b>                                   | €k | 145,100   | 162,804   | 193,242   | 236,320   | 270,705           | 14.6                        |
| <b>EBT margin</b>                            | %  | 4.7       | 4.6       | 4.5       | 4.4       | 4.7               |                             |
| <b>Earnings after taxes</b>                  | €k | 103,371   | 114,562   | 137,141   | 170,484   | 192,547           | 12.9                        |
| <b>Earnings per share</b>                    | €  | 4.92      | 2.73      | 3.27      | 4.06      | 4.58              | 12.9                        |
| <b>Dividend per share</b>                    | €  | 1.50      | 0.90      | 1.00      | 1.20      | 1.35 <sup>1</sup> | 12.5                        |
| <b>Equity ratio</b>                          | %  | 54.7      | 53.9      | 43.6      | 42.4      | 43.2              |                             |
| <b>Cash and cash equivalents<sup>2</sup></b> | €k | 162,781   | 174,827   | 250,922   | 272,197   | 403,173           | 48.1                        |
| <b>Working capital</b>                       | €k | 375,645   | 492,865   | 580,794   | 647,728   | 652,674           | 0.8                         |
| <b>Cash flow from operating activities</b>   | €k | 53,363    | 54,261    | 140,525   | 185,973   | 316,254           | 70.1                        |
| <b>Number of employees (as of 31.12)</b>     |    | 7,667     | 8,353     | 10,005    | 11,487    | 12,180            | 6.0                         |
| IT System House & Managed Services           |    | 6,212     | 6,853     | 7,772     | 9,097     | 9,736             | 7.0                         |
| IT E-Commerce                                |    | 1,455     | 1,500     | 2,233     | 2,390     | 2,444             | 2.3                         |

<sup>1</sup> Proposal to the Annual General Meeting<sup>2</sup> Incl. time deposits and securities

For more key  
figures  
see multi-year  
overview,  
page 226 ff

## 02. REVIEW BY QUARTER 2020

|                             |    | 1st quarter<br>01.01-31.03 | 2nd quarter<br>01.04-30.06 | 3rd quarter<br>01.07-30.09 | 4th quarter<br>01.10-31.12 |
|-----------------------------|----|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Revenue</b>              | €k | 1,355,674                  | 1,310,516                  | 1,370,856                  | 1,782,197                  |
| <b>EBITDA</b>               | €k | 76,185                     | 83,879                     | 97,547                     | 117,481                    |
| <b>EBIT</b>                 | €k | 52,627                     | 59,540                     | 73,342                     | 91,446                     |
| <b>EBT</b>                  | €k | 51,055                     | 58,059                     | 71,673                     | 89,918                     |
| <b>EBT margin</b>           | %  | 3.8                        | 4.4                        | 5.2                        | 5.0                        |
| <b>Earnings after taxes</b> | €k | 36,468                     | 40,800                     | 50,757                     | 64,522                     |



From 11 May 2021,  
you can find  
the latest figures  
for the first  
quarter of 2021  
at [bechtle.com/  
reports](https://bechtle.com/reports)

Special measures for a special year:  
This time, we took individual photographs of each of our employees.  
Here they are – together as usual.



**Thilo Huys**, Head of Marketing and Portfolio Management SH & BMS, Bechtle AG  
**Ulrike Hornung**, Assistant to the Executive Board, Bechtle E-Commerce Holding AG



**TO OUR SHAREHOLDERS**



Cross reference  
within the Annual Report



Cross reference  
to other printed works  
and other literature



Cross reference  
to information on the Internet



Reference to non-financial  
performance indicators



# TO OUR SHAREHOLDERS

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**JAN Confoederatio helvetica.** The companies Bechtle Steffen Schweiz AG, Bechtle Steffen Suisse SA, Comsoft direct AG and Bechtle Steffen IT-Services merge into Bechtle Schweiz AG/Bechtle Suisse SA to form one of Switzerland's largest holistic IT service providers with about 560 employees.

**Grüezi, Wide Technology Partners.** Bechtle acquires Wide Technology Partners, a recognised solution provider in the fields of networking, data centre, voice and security. The IT service provider currently has 20 employees in Switzerland and in a subsidiary in Vietnam.

**FEB Hello DPS Software.** Bechtle acquires DPS Software GmbH with 14 subsidiaries in Germany, three locations in Austria and two in Switzerland. The company, which is a specialist for the 3D CAD software SOLIDWORKS, has more than 200 employees and generated a revenue amounting to almost €50 million in the 2019 fiscal year.

**MAR Quick assistance.** Within a few hours, Bechtle finds a collaboration solution on the basis of Cisco Webex for the Saarland state government. All state operations are connected to this solution. With this quick implementation, the state government responds to operational changes due to the coronavirus.

Q1



HOPP SCHWIIIZ.



CONGRATULATIONS!

**APR Online only.** Internally, too, the Bechtle teams go virtual. In April alone, we hold about 60,000 online meetings via Cisco Webex and Microsoft Teams, an increase of 240 per cent over February 2020.

**MAY Charta der Vielfalt.** Bechtle signs the Charta der Vielfalt (Diversity Charter), thereby joining a federal employer initiative and Germany's largest network for diversity management. The objective of the initiative is to promote recognition, appreciation and inclusion of diversity in the labour world. By signing the Charta der Vielfalt, Bechtle confirms its commitment to the principles of non-discrimination and equal appreciation of all employees, which are firmly rooted in the company's guidelines.

Q2

**Congratulations!** Gerhard Schick, co-founder and long-standing Chairman of the Executive Board and of the Supervisory Board of Bechtle, celebrates his 80th birthday. The bearer of the Cross of the Order of the Merit of the Federal Republic of Germany maintains his close contact with Bechtle AG as Honorary Chairman of the Supervisory Board and anchor shareholder of Bechtle AG.

**Virtual Annual General Meeting.** Due to the COVID-19 pandemic, this year's Annual General Meeting is held in a virtual setting. The shareholders are keenly interested in the proceedings. Ever more shareholders ask ever more questions, and the Executive Board answers all of them. All agenda items meet with high approval.

**JUN Record number of applications.** Following a noticeable decline in the number of applications at the beginning of the pandemic, Bechtle receives a total of 2,892 applications in the month of June – a record number for a single month.



**JUL Tender awarded.** IT.Niedersachsen, the central IT service provider of Germany's federal state of Lower Saxony, awards Bechtle a new framework agreement for services. The agreement comprises the project management and strategic consulting for IT processes. **AUG Red Dot Awards for Bechtle.** Bechtle's annual report 2019 and its "ZUKUNFTSSTARK" magazine receive the coveted Red Dot Award for "Brands & Communication Design 2020". The Bechtle publications are praised for their high creativity and design quality. Additionally, originality, innovation, comprehensibility and emotionality criteria are taken into consideration in the evaluation. **Bechtle builds.** Bechtle starts building new facilities at the Gaildorf location. Apart from the central finance department, two other company units are going to use the offices here. **SEP Griaß di, data-formers.** Bechtle acquires dataformers GmbH, thereby carrying out the 100th acquisition in its history. The Austrian specialist for software development and IoT solutions is headquartered in Linz and has other locations in Vienna and Eisenstadt. In the 2019 fiscal year, the company's revenue amounted to €5.5 million. **Artificial intelligence.** At the Unity EXPO in Potsdam, Baden-Württemberg presents itself as a future-oriented, extremely innovative federal state with a focus on the Cyber Valley Initiative, Europe's largest research consortium in the

## Q3

field of artificial intelligence. As a key sponsor, Bechtle supports Colugo GmbH, a member of the Cyber Valley start-up network, with technical equipment and in the planning and roll-out of its contribution. **Education the smart way.** Based on "DigitalPakt Schule", the regional association of Saarbrücken concludes a framework agreement with Bechtle. Connected schools are to be equipped with 20,000 HP laptops as well as Aruba network infrastructure. The agreement also comprises a custom-developed service concept and a full range of services. The total volume is up to €12 million over an agreement term of four years. **Facilitating digitisation.** Dataport awards Bechtle a contract for the establishment of a web-



ARTIFICIAL INTELLIGENCE.

based collaboration platform. The platform is to enable the step-by-step transition of the software infrastructure of administrative organisations and schools to open source solutions. The objective of

the north German Dataport is to replace proprietary software in many areas and to strengthen the digital sovereignty of public institutions by 2025.



**OCT Bechtle Platz 1.** In the bestowal of the "Top 500 Awards for Sustainable Growth" by the "DIE WELT" newspaper and the business consultancy Accenture, Bechtle is honoured with first place. Apart from the long-term dynamic growth performance, the award also takes sustainability criteria of the award-winning businesses into consideration. **Bechtle online shop turns 25.** With its digital market launch in October 1995, Bechtle responded to the growing significance of the Internet, which had been made accessible to the public just two years earlier. The website, which featured product information and up-to-date prices, formed the basis for the development of a comprehensive online shop and custom-tailored electronic procurement solutions for companies and public-sector clients.

## Q4

**NOV Sustainable mobility.** Bechtle establishes the infrastructure for the further electrification of its fleet of company cars. The number of charging stations of the Bechtle Group is increased from about 80 throughout Germany to up to 300 throughout Germany, Austria and Switzerland. Additionally, the vehicle fleet in Germany is supplemented with 50 fully electrical VW ID.3 cars. **Security first.** Bechtle joins the Microsoft Intelligent Security Association as a new member. The eco-system initiated by Microsoft unifies globally leading software providers and managed security service providers of the cyber-

security industry. The membership is established at the invitation of Microsoft and reflects Bechtle's strong positioning. **Strong stock market for performance.** In November, the price of the Bechtle share reaches a new all-time high of €188.40. A few days later, the market capitalisation temporarily exceeds €8 billion for the first time. **More space.** The new

modern building at group headquarters is completed. Gradually, some 600 employees relocate to their new offices. The annexe underlines Bechtle's commitment to sustainability: Through the expanded use of geothermics and the deployment of additional PV and solar heat systems, the use of regenerative energy in the facilities on Bechtle Platz undergoes a further increase. **DEC Fighting COVID-19.** Bechtle supports the IT equipment and operation of the IT infrastructure of coronavirus vaccination centres in several federal states of Germany and in other European countries.

## LETTER FROM THE EXECUTIVE BOARD

*Dear Stockholders,*

This letter to you usually ends with words of appreciation for your trust. This time, however, in light of the past year, which turned so much of our lives upside down and has been "crazy" in the truest sense of the word, I would like to begin by thanking you for your support. We are grateful to those of you who decided to invest in our company right in the middle of the crisis, as well as to our long-standing shareholders and investors who believe in us as a reliable partner, a secure haven, a group of companies that is strong in every respect and an experienced player in a forward-looking industry. Support and reliability are of great value, and this is especially true in times of trouble. And for this reason alone, we can't thank you enough.

Around the globe, the reporting period was overshadowed by immense economic distortions and there were major impacts on our working and private lives. We can justifiably state that once again reality has surpassed human imagination. Therefore, my two fellow Executive Board members and I appreciate all the more being able to count on our outstanding team of some 12,200 employees. The team has grown in and with the pandemic; in numbers this equates to 6 per cent, but the growth is far greater than this in terms of flexibility, creativity and enormity of commitment.

When our customers were forced to get home office equipment as quickly as possible in order to keep their business running, we were there for them. Thanks to our excellent manufacturer relationships, we remained largely able to supply schools and other educational institutions with laptops and tablets, even when huge quantities were involved. With impressive speed, we also succeeded in setting up collaboration platforms, integrating them in existing infrastructures, providing training and protecting the platforms from attacks. In a manner typical of Bechtle, we rolled up our sleeves and got stuck in, and the phrase "keep the lights on" became the motto we lived by.

As a strong community, we well and truly mastered a challenging year. In fact, 2020 has taken its place in our history as another record year! We generated a revenue increase of 8.3 per cent, an EBT rise of 14.6 per cent, an improvement of the margin from 4.4 to 4.7 per cent, as well as a number of records such as the passing of the revenue mark of €2 billion in our business with public-sector clients, the highest number of outgoing parcels in our central logistics unit and some 30,000 applications that we received in the year ended. Even more evidence of our outstanding performance can be found in our annual report.

After a troublesome year and despite all remaining uncertainty with regard to the further development and duration of the restrictions, we can confidently say: Our robust business model, our broad product and solution offering, our growth in customer proximity and the impressive hands-on skills of our employees have proved their worth in the coronavirus crisis. We have had new experiences, learned a lot, reacted flexibly, served our customers as a reliable partner for tomorrow, achieved a new level of interaction, demonstrated our resilience and achieved success.

However, all of this was by no means easy. The changed situation demanded a lot from all of us, testing our endurance to the limits and often beyond, both in our private sphere and in our business. In recognition of the outstanding performance of our employees, the Supervisory Board and the Executive Board have decided to grant all employees in Germany and abroad a bonus of €500. This bonus should be viewed as a token of our great appreciation and respect for the commitment of every employee and of the team as a whole. Dear Shareholders, we hope that with this show of thanks we have also acted in your interest.

Looking ahead, we hope that the amazing momentum with which the digitisation trend has forged ahead will continue – in companies and government authorities, in the medical industry, in the field of politics and, last but not least, in the collective mindset. Hopefully, we in Europe will continue to promote this development. It is worthwhile, and it is necessary. One thesis that has been clearly substantiated over the past months is that the challenges of the future can only be solved with more technology, not with less.

What I wish you first and foremost, dear Shareholders, is good health – but also serenity, optimism, strength and élan. You can rest assured that you are invested in a company whose operations deliver a valuable contribution to the success of the European economy and the public sector. You can continue to rely on Bechtle's stability and reliability.

On behalf of the Executive Board of Bechtle AG

Yours sincerely,



Dr. Thomas Olemotz

Chairman of the Executive Board (CEO)

Neckarsulm, 1 March 2021





NEW EXECUTIVE BOARD OFFICE  
TO BE SET UP SOON.  
A BRIGHT PERSPECTIVE.

## JÜRGEN SCHÄFER

**Member of the Executive Board, responsible for the IT e-commerce segment.** Born in 1958, married, two adult children. After his studies in business economics and employment at a medium-sized wholesale company, Jürgen Schäfer joined Bechtle in 1988. He was first responsible for purchasing and organisation and was later appointed director of the Bechtle IT system house in Würzburg, Germany. Subsequently, he successfully established the trading business under the Bechtle direct brand and, as division head, supervised the European expansion and the consolidation of all trading processes in Bechtle's logistics and service division. Since his appointment as a member of the Executive Board of Bechtle AG in early 2009, he has been in charge of the e-commerce activities of the Bechtle Group.

**"2020 was a very challenging year for our e-commerce business. The effects of COVID-19 and the measures taken varied greatly at the 14 international locations. Nevertheless, thanks to the extraordinary effort our teams made, they were even able to surpass the targets for 2020."**

## KLAUS WINKLER

**Chairman of the Supervisory Board.** Born in 1958, married, two children. After his vocational training as a banker at BW Bank AG, Klaus Winkler completed a business administration degree in Stuttgart. Between 1979 and 1994, he held various positions at BW Bank, eventually serving as Head of Corporate Finance. From 1987 to 1988, Klaus Winkler worked for Credit Suisse First Boston Ltd. in London. He took over the management of the BWK GmbH Unternehmensbeteiligungsgesellschaft in Stuttgart in 1990. He has been Chairman of the Board of Heller GmbH in Nürtingen since 2003.

**"The year 2020 furnished irrefutable evidence of Bechtle's strength and robustness. A company that is able to deliver such an outstanding performance in the face of a global crisis is truly amazing! This defines our obligation for 2021."**



## DR. THOMAS OLEMOTZ

**Chairman of the Executive Board, responsible for Logistics & Service, Finance, Controlling and Risk Management, Human Resources and Staff Development, IT, Corporate Communications and Investor Relations, Mergers & Acquisitions, Legal and Compliance, and Digital Business Services.** Born in 1962, married, two adult children. Upon completion of his training as a banker and studies in business economics, Dr. Thomas Olemotz entered Giessen University as a scientific staff member. After obtaining his doctoral degree, he first served as assistant to the Executive Board of Westdeutsche Landesbank and then moved on to the Deutsche Bank group. At Deutsche Gesellschaft für Mittelstandsberatung, he became the division head responsible for medium-sized mergers and acquisitions. His next professional milestones were a position as head of business development at Delton AG and a position as a member of the Executive Board responsible for finance and human resources at Microlog Logistics AG, in which Delton AG holds the majority interest. In March 2007, he stepped over to Bechtle AG, where he first served as CFO and, after about two years, as Executive Board spokesman. He has been Chairman of the Executive Board of Bechtle AG since June 2010.

**"Last year, we learned a lot, we showed flexibility and resilience, we proved to be a reliable, future-proof partner for our customers and we reached a new level of interaction. Personally, I was impressed by the commitment and energy with which the Bechtle team made use of the opportunities that arose in the corona year of 2020. We have grown – despite, and as a result of, the unusual circumstances."**

## MICHAEL GUSCHLBAUER

**Member of the Executive Board, responsible for the IT System House & Managed Services segment.** Born in 1964, two children. After finishing his training as an office and communication electronics engineer, he first worked in various technical and project management positions and later in the field of sales. In 1994, he transferred to DeTeSystem (later: T-Systems), where he first served as a sales representative and later in various management positions. Eventually, Michael Guschlbauer was put in charge of the Large Enterprises division, Sales & Service management, as a member of the Board of Management of T-Systems Business Services. In January 2008, he embarked on his career at Bechtle as Executive Vice President of Managed Services. A year later, he was appointed as a member of the Executive Board of Bechtle AG and assumed strategic responsibility for the group's IT System House & Managed Services business segment.

**"I am extremely proud of our team's achievements in the year just ended. What struck me the most was not so much the outstanding business success, but rather the great passion with which our employees were available to their customers and the energy with which they supported projects large and small, demonstrating a matchless creativity in making things happen. The togetherness that was manifested despite the distance – that is something that will never be lost."**





Klaus Winkler

Jürgen Schäfer





Dr. Thomas Olemotz

Michael Guschlbauer

## REPORT OF THE SUPERVISORY BOARD

DEAR SIR OR MADAM,

The year 2020 was not a year that will easily be forgotten. For Bechtle AG, too, the year was quite different from all previous ones. In view of the pandemic and the weak macroeconomy, we had braced ourselves for ups and downs. Thus, we were all the more pleased to see how well our company mastered the situation and became even stronger. The downs were only noticeable from the share price, while the ups were evident from the revenue and earnings figures of each quarter and the outstandingly good development of the cash flow. Of course, one of the reasons for this positive development was that Bechtle AG is active in the IT market, which has proved to be extremely resilient to the crisis. In fact, IT was the solution to many of the problems caused by the pandemic. Nevertheless, we would not have been so successful without the decades-old business model of networked decentralisation, without our proximity to customers, without our financial strength and independence, and without the entrepreneurial spirit that is manifest in all parts of our company. Yes, 2020 was a challenging year, but Bechtle has effectively overcome this challenge. Within the scope of its duties, the Supervisory Board is responsibly and very consciously helping to shape the company's successful development.

In 2020, the Supervisory Board again meticulously performed all audit and controlling duties conveyed upon it by law and as required by the Articles of Incorporation. The Supervisory Board regularly provided the Executive Board with advice concerning the administration of the group and closely monitored and supported the company's management and development. In this context, the two boards always cooperated in an open and constructive manner.

The Executive Board regularly, promptly and comprehensively informed the Supervisory Board about all aspects relevant to the company as well as transactions subject to approval. This included the company's response to the spread of the coronavirus, operational arrangements made under consideration of the pandemic, acquisition projects, the group's business performance, future investments, location-related issues, the risk situation, the opportunity and risk management, as well as basic issues related to the corporate planning and strategy.

The Chairman of the Executive Board, in particular, maintained close contact with individual Supervisory Board members, primarily with the Chairman of the Supervisory Board, even outside the regular meetings. Additionally, the Executive Board informed the Supervisory Board as a whole about key operational indicators, the fulfilment of business plans and the employment situation of the group, segments and all major subsidiaries on a monthly basis. At quarterly meetings, we also intensively elaborated on the respective past quarter and the short and medium-term perspectives.



At its meetings, the Supervisory Board regularly looked into the business performance of the group as well as the assets and financial position and the implementation of the corporate strategy. Moreover, we continually dealt with the risk situation – especially also in connection with the pandemic – and actively participated in the further development of the control and risk management system of Bechtle AG.

Thanks to the timely and detailed information received from the Executive Board and its own audits, the Supervisory Board was able to comply fully with its monitoring and consulting duties. We confirm that the Executive Board has acted lawfully, correctly and economically in every respect. The Executive Board regularly consulted the legal and compliance department as well as group controlling and actively used the risk management system.

In the reporting period 2020, all Supervisory Board members participated in two educational measures. The first one was about the amendment of the statutory regulations (ARUG II) concerning the compensation of the Executive Board and Supervisory Board and the underlying compensation systems as well as the applicable recommendations of the German Corporate Governance Code. The second one informed the members of the Supervisory Board about the latest developments in the field of corporate governance, particularly about the recommendations and suggestions of the new German Corporate Governance Code.

## MEETINGS AND CENTRAL ISSUES

In the reporting period, the Supervisory Board held five plenary meetings: on 31 January, 17 March (balance sheet meeting for the annual and consolidated financial statements for 2019), 31 July, 30 October and 15 December 2020. Kurt Dobitsch was unable to attend the meeting on 15 December and thus only attended four meetings. Apart from this, all Supervisory Board members attended all five plenary meetings in the reporting period 2020.

Apart from the resolutions adopted at the meetings, the Supervisory Board and/or its committees also adopted resolutions via circular procedure where relevant, in particular in urgent cases. We discussed all measures and transactions that required the approval of the Supervisory Board or its committees in detail at Supervisory Board and committee meetings. At its balance sheet meeting on 17 March 2020, the Supervisory Board approved the annual financial statements and the consolidated financial statements of the prior year (thereby adopting the annual financial statements) and accepted the Executive Board's proposal for the appropriation of profits and the business planning for 2020.

In the past fiscal year, the most important subjects discussed included the following:

- The COVID-19 pandemic and its effects on the business of Bechtle AG
- The economic development of the group, especially in the face of the pandemic
- The new statutory provisions of ARUG II and the amended version of the German Corporate Governance Code
- The compensation system of the Executive Board against the background of the new statutory provisions and the recommendations of the German Corporate Governance Code
- The planned transformation of Bechtle AG into an SE
- The three acquisitions performed in the reporting period
- The group's short-term strategy against the backdrop of the pandemic, its medium to long-term strategy especially with a view to the clouds and managed services business and the business of the IT System House and Managed Services segment in Switzerland as well as the targets achieved in the course of the strategy roll-out
- The efficiency audit in the Supervisory Board
- Sustainability at Bechtle and non-financial group declaration
- The internal audit and risk management system

## STAFFING OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

In 2020, the staffing of the Executive Board and Supervisory Board of Bechtle AG did not undergo any changes.

## COMMITTEE WORK

To fulfil its duties, the Supervisory Board has formed three committees: the audit committee, the personnel committee and the conciliation committee.

The audit committee came together on 30 January, 16 March, 30 July and 29 October 2020. Additionally, it held telephone conferences on 7 May, 11 August and 10 November 2020. Sandra Stegman was unable to attend the meeting on 11 August and thus only attended six meetings. Apart from this, all committee members attended all seven meetings in the reporting period. In 2020, the audit committee dealt intensively with the corporate governance and transactions that require approval, especially the acquisitions performed, location-related issues and long-term agreements. Other subjects discussed included the interim financial reports, the revenue and earnings performance during the COVID-19 pandemic, the upward correction of the earnings forecast in November, the positive development of the cash flow and of the working capital, the preliminary audits of the annual and consolidated financial statements, of the non-financial group declaration and of the proposal for the appropriation of profits and the review of the internal control and risk management system. The meetings also focused on the monitoring of the auditor's independence, the definition of the main issues to be audited, the agreement of the audit fee and the corporate governance.



The personnel committee came together eight times on 9 January, 31 January, 29 June, 10 July, 6 November, 23 November, 12 December and 14 December 2020. All committee members attended all eight meetings. The meetings of the personnel committee focused mainly on the revision of the compensation system of the Executive Board, the new requirements of the German Corporate Governance Code, the further development of the management organisation and the employment contracts with Executive Vice Presidents.

The conciliation committee pursuant to Section 27 (3) of the German Co-determination Act (MitbestG) was not convened in 2020.

The Supervisory Board regularly and meticulously evaluates its activity according to the guideline "Efficiency Audit in the Supervisory Board" of Deutsche Schutzvereinigung für Wertpapierbesitz e.V. Based on recommendations from the Supervisory Board, action recommendations were developed, presented at the plenary meeting and, after intensive review, included in the work of the Supervisory Board. We consistently monitor the implementation of these recommendations in our Supervisory Board. The basic results of past efficiency audits revealed that the workflows and processes in the Supervisory Board are efficient and target-oriented.

## CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

In the reporting period and also in January 2021, we intensively reviewed the set of rules of the German Corporate Governance Code and especially its amendment in December 2019. To ensure compliance with the German Corporate Governance Code, we checked the implementation of the recommendations. Together with the Executive Board, we issued the declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in January 2021. Deviations from the recommendations of the Government Commission are explained in detail in the Corporate Governance Statement. All declarations of conformity of the last five years and other documents concerning the corporate governance have been, and continue to be, made permanently available to the shareholders on the company's website. In the fiscal year ended, no conflicts of interest of Executive Board or Supervisory Board members arose that, according to the code, need to be disclosed to the plenum without delay and about which the Annual General Meeting would have to be informed.



See Corporate Governance Statement, [bechtle.com/corporate-governance](https://bechtle.com/corporate-governance)



See declaration of conformity, [bechtle.com/investors/corporate-governance](https://bechtle.com/investors/corporate-governance)

## AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2020

The Annual General Meeting appointed Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Heilbronn, as auditor of the annual and Consolidated Financial Statements for the 2020 fiscal year. Following the engagement by the Supervisory Board, the auditor audited the annual financial statements of Bechtle AG as well as the consolidated financial statements and the management reports of Bechtle AG and of the Bechtle Group for the 2020 fiscal year, including the accounts and the risk management and early detection system, and awarded unqualified auditor's certificates. The audit also included the monitoring system for early identification of risks, which is to be set up by the Executive Board, and the internal audit and risk management system with respect to the accounting process. The auditor confirmed that the installed systems are suitable for identifying developments endangering the company's going concern at an early stage.

The documents related to the financial statements, the proposal of the Executive Board for the appropriation of profits and the auditor's audit reports were duly sent to the members of the Supervisory Board and discussed in detail in the audit committee and in the board as a whole. The auditor of the annual and consolidated financial statements also participated in the balance sheet meeting on 17 March 2021. The auditor reported in detail on the material results of the audit and comprehensively answered all questions of the Supervisory Board.

Following its own review of the annual financial statements, the consolidated financial statements, the management report and the group management report, the Supervisory Board approved the results of the audit conducted by the auditor. According to the final result of its audit, there were no objections. At the balance sheet meeting on 17 March 2021, the Supervisory Board thus approved the annual financial statements and the consolidated financial statements in accordance with the recommendation of the audit committee, thereby adopting the annual financial statements pursuant to Section 172 sentence 1 of the German Stock Corporation Act (AktG). The Supervisory Board agreed to the Executive Board's proposal for the appropriation of the net profit and payment of a dividend of €1.35 per share. We approve the management report and the group management report of the Executive Board and consider the proposal for the appropriation of profits appropriate.

The Supervisory Board also audited and comprehensively discussed the non-financial group declaration of Bechtle AG, which was prepared by the Executive Board and is included in the 2020 sustainability report of Bechtle AG as a separate non-financial group report, at the balance sheet meeting on 17 March 2021. The Executive Board explained the separate non-financial group report and answered the questions of the members of the Supervisory Board. The review conducted by the Supervisory Board did not give rise to any objections to the separate non-financial group report. The Supervisory Board approves the separate non-financial group report.

Obviously, the desire to take a deep breath is very strong especially after a year like 2020. However, this is only possible to a certain extent. The COVID-19 pandemic will still keep us busy in 2021, and the IT challenges of the industry and administration remain huge. Bechtle is well positioned to continue to benefit at an above-average level from the demand for future-proof IT solutions. Bechtle owes its past and future success to the unwavering dedication of its workforce. Therefore, the Supervisory Board sincerely thanks all employees of the Bechtle Group, the Executive Vice Presidents and Managing Directors of the group companies as well as the members of the Executive Board. The Supervisory Board will continue to accompany the development of Bechtle with great commitment in an advisory and controlling capacity in future.

On behalf of the Supervisory Board



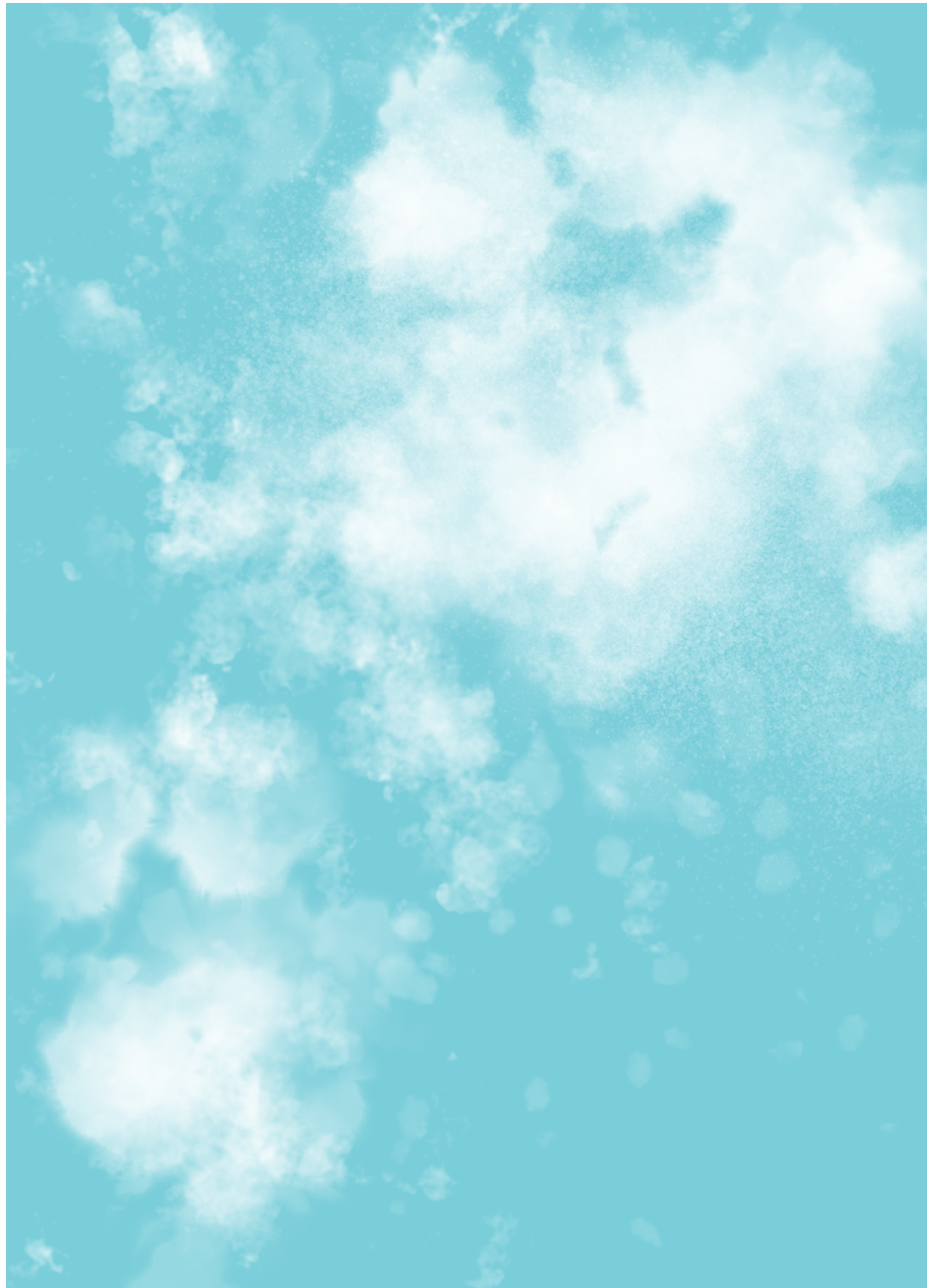
Klaus Winkler  
Chairman

Neckarsulm, 17 March 2021

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# **GROUP MANAGEMENT REPORT**





# GROUP MANAGEMENT REPORT

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## COMPANY

### BUSINESS ACTIVITY

The year 2020 was marked by the COVID-19 pandemic. More than ever, business success has been closely linked to the use of information technology. At the same time, a result of the increasing complexity of information technology, there is a growing need for the assistance of a competent IT partner, especially among medium-sized businesses. Owing to the necessity of working from home, among other things, the pace of the digital transformation picked up considerably. As a vendor-independent one-stop provider with a comprehensive IT portfolio, Bechtle has a very good positioning in this market. We cover a wide range of products and services and offer each customer a suitable solution.

### BUSINESS MODEL

**Everything from one source.** With 75 system houses in Germany, Austria and Switzerland and 24 e-commerce companies in 14 countries, Bechtle is one of Europe's leading online IT dealers. Founded in 1983 and headquartered in Neckarsulm, Germany, the IT company combines the strength and resilience of a financially sound international group with the proximity, personal care and flexibility of a regional service provider. Bechtle offers a one-stop, vendor-independent, comprehensive IT portfolio to its 70,000+ customers from the fields of industry, trade, finance and the public sector.

Bechtle's business activity comprises two segments: In the IT System House & Managed Services segment, the service spectrum includes IT strategy consulting, the sale of hardware, software and application solutions, project planning and roll-out, system integration, maintenance and training as well as the provision of cloud services and, in the context of managed services, the complete operation of the customer IT. We have bundled our trading business in IT E-Commerce, the second business segment. In this segment, we offer our customers hardware and standard software under a multi-brand strategy via the Internet and by telephone. Our portfolio comprises round about 40,000 products.



## BUSINESS SEGMENTS

**One Bechtle.** In eleven European countries, Bechtle is only represented with IT E-Commerce companies; in Germany, Austria and Switzerland, however, it is represented in both segments. Here, the segments jointly operate in the market in order to increase market share and customer penetration.

The URL [bechtle.com](https://www.bechtle.com) features a cross-segmental digital marketplace that showcases the entire bandwidth of Bechtle's service and solution portfolio at a glance. We are thus able to address every customer holistically and systematically offer additional solutions. At the same time, this helps us to boost customer satisfaction and penetration. In the coming years, this digital marketplace will be further expanded in order to better exploit the potential of [bechtle.com](https://www.bechtle.com) to support our sales, but also to sell products and services directly. Moreover, we intend to position [bechtle.com](https://www.bechtle.com) as a knowledge platform for all kinds of information concerning IT. To support these developments, Bechtle established the Digital Business Services department in 2019, a unit that bundles business digitisation competencies and strategies. Thus, Digital Business Services also ensures the networking of the decentralisation within the Bechtle Group.

Initially launched as a pilot project, BforB (Bechtle for Bechtle) has continued to develop into a concept that enables even closer collaboration between the segments: One Bechtle. Under this name, we are intensifying the cooperation between teams of both segments, within the segments and even across national borders. The goal is to bundle competencies and benefit from the resulting synergies to offer our customers the most suitable solutions in the best way.

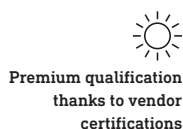
## IT SYSTEM HOUSE & MANAGED SERVICES

**One-stop IT provider and system integrator.** Bechtle's service portfolio in the IT System House & Managed Services segment spans the entire IT value chain. The portfolio mainly focuses on digitisation, cloud, IT security, modern workplace and IT as a service. A key competitive advantage stems from the fact that Bechtle is a one-stop provider. By individually compiling an offer comprising various interlinked services and freely configurable service levels, Bechtle is able to develop a bespoke solution for every customer. The service and solution portfolio is subject to ongoing review and adaptation to market and customer requirements.

Driven by the digital transformation, the market for IT solutions and services is on the verge of a major change. Apart from the conventional business fields, demand for consumption and cloud-based procurement models is on the rise. Medium-sized customers, too, are increasingly making use of the

option to procure IT infrastructure, platforms, software and applications in the form of subscription-based services. Accordingly, we are in the course of expanding our range of managed cloud services and multi-cloud services. Unlike the conventional project business, managed services deliver recurring revenue throughout the contract term, which is usually four to six years. Due to the greater complexity that these services usually involve, this business field also tends to yield higher margins than the conventional project business.

Most of our customers have regional roots and want to have direct access to a personal contact in their vicinity who helps them master the increasingly complex challenges associated with IT. This is exactly what the 2,000 sales representatives of our 75 regional system houses offer. The decentralised structure of Bechtle is a key criterion that makes this proximity possible. The direct contact to a sales representative, many of whom have known their customers for many years, helps to establish a trusting basis. This is vital especially in the contract-based managed services business. In this context, the ongoing training of our sales team plays a key role. By means of regular training, we ensure that our sales representatives are able to offer our customers the full bandwidth of the Bechtle portfolio.



For the performance of the services, some 5,700 service team members, certified specialists, system engineers and consultants offer customers expertise, advanced specialised competence, long-standing IT project experience and quick implementation of individual requirements. So-called IT business architects also provide assistance in custom-tailored concepts and IT roadmaps, laying the basis for future IT architectures. Bechtle has bundled specialist know-how in more than 90 competence centres that are active in various regions. Numerous certifications of all renowned vendors guarantee premium qualification of our services.

## IT E-COMMERCE

**Comprehensive portfolio of IT products.** In the IT E-Commerce segment, the Bechtle Group competently covers all common IT areas with a wide portfolio of IT products ranging from hardware to standard software to peripherals. The Bechtle direct brand is represented in 14 European countries and has achieved a good competitive position in all markets. With about 40,000 products in the online shop, Bechtle direct offers customers a comprehensive portfolio for IT infrastructures. The Bechtle shops thus give customers everything they need for the operation of their IT. The ARP brand is present in six European countries. The offering of the ARP companies focuses on medium-sized businesses and the public sector. The portfolio comprises all common IT products. Furthermore, Bechtle is active with Inmac Wstore in France and with the Buyitdirect brand in the Netherlands. The custom brand ARTICONA supplements the product range of all companies of the Bechtle Group, especially with peripheral products.

The business in the IT E-Commerce segment is guided by two basic principles: Firstly, the direct personal contact of the sales staff with the customer is ensured through active telephone calls to existing and potential customers. The sales team plays a key role in generating revenue by acquiring new customers and doing more business with existing customers. Customers with complex requirements in particular benefit from the personal contact with a partner who is able to offer individual solutions, tailored to the customer's needs.

Secondly, the segment has established highly process-controlled, lean order processing workflows that are crucial to the success of the E-Commerce segment. To a certain extent, the underlying processes are even part of the actual service. For example, many of the purchase orders in IT e-commerce are processed according to the fulfilment principle: Bechtle forwards incoming purchase orders directly to manufacturers or distributors, who then ship the goods to the customers on behalf of Bechtle. Bechtle ensures the shipping quality, which is mainly determined by the speed, by means of agreements with partners and daily audits. The customer benefits in numerous respects: The networking of the online shops with the stocks of vendors and distributors enables high availability and up-to-date information. The delivery time, too, is aligned with customer needs: Orders received by 4 p.m. are shipped on the same day and usually delivered on the next day. Lean processes also ensure low process costs. The customer thus benefits from competitive prices, while Bechtle is still able to earn an attractive margin. Moreover, by applying the fulfilment principle, we keep our stock levels low, thereby reducing the risk of devaluation of IT products, which are characterised by very short innovation cycles.



**Process control, fulfilment principle, shipping quality, daily audits, short delivery times**



**In product management, solution topics and vendor partners are closely interlinked. Among other things, this enables us to deliver branded hardware with optimum, suitable security standards.**

**Steve Böhmer**, Product Manager Workplace Security, Bechtle Logistik Neckarsulm

**Franziska Weber**, Product Manager Workplace Security, Bechtle Logistik Neckarsulm

**Tharshika Pathmanathan**, Product Manager Lenovo, Bechtle Logistik Neckarsulm

From left to right



Many customers are also eager to implement a uniform IT infrastructure – often across national boundaries. Therefore, the European positioning of Bechtle is a major advantage especially for international customers. Customers thus benefit from:

- uniform, central processes,
- uniform service levels; and
- personal contacts in all countries.

The product database, which is identical across almost all national companies, forms the basis for this. This is one of Bechtle's unique selling points, as no other company – not even large vendors – has achieved such a level of standardisation in 14 European countries.

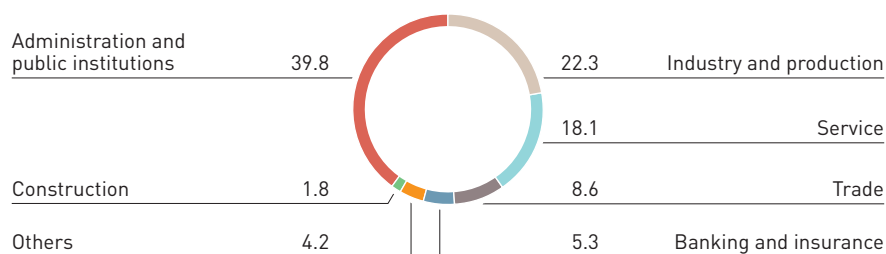
## MARKETS

**Broad customer base.** Bechtle has a great deal of experience with medium-sized customers. However, though conventional medium-sized companies account for the greater share of our core target group, we have also stepped up our efforts to target larger companies and corporations as well as public-sector clients in recent years. Under consideration of the potential, we define the size of a customer on the basis of the number of PC workstations (so-called "seats"). The minimum size is usually 50 seats, though our range of customers also includes companies with up to 10,000 PC workstations.

Bechtle does not focus on a specific sector. Rather, our customers include companies of all industries. However, in view of the special requirements of the tendering procedures of public-sector clients, we have introduced a more clearly focused, individualised approach to this customer group. As an internal service unit, the central public-sector division supports the decentralised system houses and the trading companies in processing public invitations to tender.

### 03. INDUSTRY SEGMENTATION OF BECHTLE AG BY REVENUE

%



As of 31 December 2020

Geographically, Bechtle's IT System House & Managed Services segment operates in Germany, Austria and Switzerland. The only exception is the location in Brussels, Belgium, which we established in 2011 especially for the business with European institutions. In the IT E-Commerce segment, the Bechtle Group is active throughout Europe and is represented in a total of 14 countries. Based on the Global IT Alliance (GITA) initiated in 2014, we also have a network of partner enterprises outside Europe.



See Locations,  
page 41 ff

## COMPETITIVE POSITION

**Market leader in Germany.** The IT market in Germany is highly fragmented. According to the German Federal Statistical Office, more than 94,000 IT companies in Germany offer products and services in the fields of IT hardware, software and IT services. These companies vary greatly with regard to their size, service spectrum and specialisation. About 84,000 of these IT companies merely operate on a local scale and generate revenue of no more than €1 million. About 10,000 companies generate annual revenue of up to €50 million. According to the Federal Statistical Office, the group of medium-sized IT companies generating annual revenue of €50 to €250 million comprises about 190 companies. Only 46 companies, including Bechtle, are on the list of the largest companies active in Germany.



destatis.de

In Germany, Bechtle occupies an excellent market position. According to the industry medium "Channel Partner", our company again was the top system house in 2020 measured by domestic revenue. Moreover, we have been able to further extend our lead over the competitors.

The market research institute EITO estimates the total volume of the German IT market in 2020 at €86.7 billion (prior year: €86.4 billion). This also includes the revenue generated with private customers, but no telecommunications revenue. With its annual revenue of about €3.3 billion in Germany, Bechtle's market share currently amounts to about 4 per cent. Germany's ten largest system houses, which the industry medium "ChannelPartner" assesses every year, jointly account for a market share of about 16 per cent. These figures show how fragmented the German IT market continues to be. As a group, small and medium-sized companies still account for by far the largest market share. Despite the ongoing consolidation pressure, this situation is unlikely to change in the medium run.

## RESEARCH AND DEVELOPMENT

**Dedicated application solutions for customers.** As a pure service and trading company, Bechtle does not engage in any research. However, we conduct software and application development activities both for internal purposes and for individual customer projects. Additionally, we develop software to cover special industry needs and offer it in modular form. In the field of application solutions, our work includes the design, development and implementation of software to customer order, e.g. for SharePoint or ERP projects.

MODUS Consult GmbH, which joined the Bechtle Group in 2015, engages in somewhat more significant development activities. Among other things, the company develops ERP solutions on the basis of Microsoft Dynamics for various industries in the fields of manufacturing and trade. In customer projects, solutions are also implemented in the fields of customer relationship management (CRM), enterprise content management (ECM) and business intelligence (BI).

In the ERP/CRM environment, MODUS Consult offer solutions based on Microsoft Dynamics 365 for the following industries:

- Modus Foodvision for the food and beverages industry
- Modus Engineering for machine and plant engineering
- Modus Industry for the clocked serial production of plastics and metal processing
- Modus Furniture for furniture manufacturing and trade
- Modus Bauvision for the main construction industry and the secondary construction trades
- Dynamics 365 Finance & Operations for Professional Services

**Seamless connection between cloud systems and locally installed systems.** Besides individual development work in customer projects, we also carried out development work to update the solutions in all the above-mentioned industries. To ensure our future ability to supply, these solutions have been converted for the next generation of Microsoft's cloud ERP suites. Thanks to the expansion of our SharePoint portfolio as a central graphical user interface and the integration of the processes with the Microsoft Power Platform, we are able to make the entire offering of the Microsoft Platform including Office 365 and selected third-party providers available to medium-sized companies. New subjects such as the Internet of Things, artificial intelligence and augmented reality are also promoted here. MODUS Consult seamlessly connects cloud systems to locally installed systems.



Products of ELO and SharePoint are used in the ECM projects. In this area, MODUS Consult has also developed its own standard modules, which are deployed or customised in customer projects.

Additionally, MODUS Consult assists customers in pure CRM projects, which are already highly cloud-oriented. The CRM portfolio comprises marketing solutions as well as sales, service, user portal and support functions.

MODUS Consult covers the field of business intelligence with Qlik Sense® and Power BI. Both for Qlik and for Power BI, various so-called MODUS View Solutions have been created for use in customer projects, where they can be customised.

Apart from this, no major development work was done during the reporting period.



**Powerful 3D printers from the Bechtle specialists are in demand for the speedy delivery of prototypes in the field of product development, but also for the production of spare parts and limited series.**

**Johannes Mayer**, Account Manager  
3D Printing, Solidpro

**Valentin Kurtovic**, Assistant  
to the Management, Solidpro

From left to right

## VISION, STRATEGY AND CONTROLLING

The IT market is characterised by a constant technological change. This represents a huge challenge for the long-term sustainable development of Bechtle. Among other things, we take on this challenge by means of guidelines in the form of the long-term targets in our Vision 2030, which shows our employees and customers where we are headed. The combination of this long-term orientation with the timely controlling of the business thus forms an essential basis for our success.

### VISION AND STRATEGY



**The Vision 2030 gives orientation.** Ever since it was founded, Bechtle has formulated its long-term goals in visions. New visions are released at intervals of about ten years. Apart from important qualitative statements, the Vision 2030, which was elaborated and published in 2018, again specifies quantitative growth targets. The group thereby intends to generate total revenue of €10 billion and an EBT margin of at least 5 per cent by 2030.

#### 04. CORPORATE GOVERNANCE OF BECHTLE AG

##### Market, HR and resources:

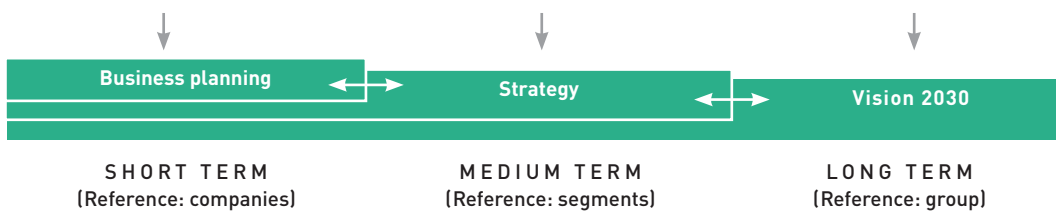
■ Customers ■ Competitors ■ OEMs ■ Employees ■ Finance

##### Management systems:

■ Reporting and control ■ Scorecard ■ Risk management and early risk identification ■ Compliance management

##### Guidelines:

■ Vision ■ Code of conduct ■ Corporate philosophy ■ Management principles ■ Sustainability code



For the first time, the Bechtle vision has a heading: "Bechtle: Integrate IT. Architect the future." Our key principle is customer orientation, which is measured by the customer's success. At the same time, we put emphasis on expertise, professional IT handling and our commitment to our core competencies – aspects that are summarised in the statement: "IT is our passion." Our entrepreneurial spirit and our independence are reflected in the goal of achieving an EBT margin of at least 5 per cent. Moreover, our vision includes our goal of becoming the market leader in the markets in which we operate.

The basic values of Bechtle AG, which are rooted in the corporate philosophy, are a central component of the corporate culture. Together with our internal management principles, our sustainability code and our code of conduct, these values support the long-term strategic objectives. They provide all employees with orientation with a view to efficient, sustainable corporate governance and controlling.



Our fundamental values  
provide orientation

In view of the shortage of specialists and executives in the entire IT industry, training and staff development are critical success factors for the implementation of our strategy and the pursuit of our long-term growth targets. Our objective is to provide innovative, solution-oriented and efficient concepts for the customer IT by means of duly qualified personnel. In this way, we endeavour to ensure a competitive positioning in an environment marked by rapid change.



See Notes,  
People at Bechtle,  
page 196 f

**Acquisitions as part of the growth strategy.** Takeovers have always been part of Bechtle's growth strategy. Thus, we plan to reach the goals of the Vision 2030 both organically and by means of acquisitions. Since its foundation, Bechtle has already successfully carried out 100 acquisitions. As far as organic growth is concerned, we can rely on some 37 years of experience in the IT market and our high market penetration. From 2010 to 2020, we achieved an average annual organic growth rate of 12.8 per cent.

So far, growth through acquisitions has taken place mainly through the acquisition of smaller to medium-sized businesses in the IT System House & Managed Services segment. However, in our search for suitable acquisition candidates, we often also examine larger businesses. Most importantly, we expect an acquisition to strengthen the market position of the Bechtle Group in terms of regional coverage, customers and/or services. Accordingly, our objectives are to supplement our IT-specific expertise and to intensively process strategically important markets and customer groups in order to gain market shares.



**Partner to customers for the digital transformation.** Bechtle has been active in the IT market for 37 years. This market is characterised by rapid technological development, resulting in constantly changing market requirements. One of the main pillars of our success is our ability to adapt our portfolio and our business model to the latest market requirements. This is also the case right now: Today, the IT marketing is undergoing a paradigm shift. In the past, most of our customers used to operate their own IT landscape. IT partners such as Bechtle were merely involved on a project-specific basis. Though this model will not disappear entirely, the digital transformation and the growing complexity of IT will drive the demand for subscription and consumption-based IT service models. In recent years, Bechtle has aligned its strategy so as to actively contribute to this change and boost the revenue share of these consumption-based IT solutions. Of course, we do not lose sight of our traditional business and our most valuable asset – our proximity to customers.

## SYSTEMS AND INSTRUMENTS

**Corporate management on the basis of key indicators.** The Executive Board of Bechtle AG is responsible for the overall planning and realisation of the group's long-term targets. The main objective of the company development is to effectively increase the enterprise value through profitable growth.

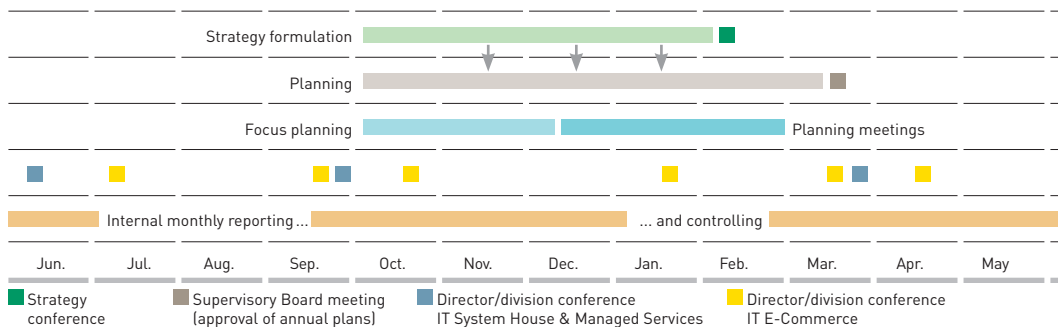
The short and medium-term planning for the controlling of the operational units and the resulting measures are derived from the long-term corporate planning. At the same time, they are also geared to the development of the competitive and market environment. The company endeavours to boost its growth and returns through successful customers and attainment of market leadership on the respective turf.

Revenue, revenue growth, gross margin or contribution margin, earnings before taxes (EBT) and the EBT margin are relevant key performance indicators for the defined economic targets. Individual profit-sharing schemes are in place to enhance the employees' commitment to agreed targets.

Various reporting systems ensure that all units always have an overview of the performance indicators relevant to them and can manage the business operations accordingly. The data are aggregated across all operational units from the various reporting systems. At group level, the data are then used for the coordination of investment and financing decisions, early identification of target/actual variances and initiation of suitable measures. In recent years, the cash-flow cockpit has grown in significance.

It regularly provides all individual companies with a detailed view of their cash flows. In the reporting period, this has again helped us to zoom in on cash-flow-based and working-capital-based indicators in order to optimise them throughout the group.

#### 05. PLANNING AND REPORTING PROCESS OF BECHTLE AG



**Non-financial aspects of the target system.** Though Bechtle also focuses on non-financial aspects, these are only quantifiable indirectly, if at all. This includes factors such as the brand reputation, customer satisfaction, staff qualification, experience, motivation, satisfaction and leadership qualities and aspects of corporate social responsibility, as well as values and corporate culture. Usually, it is easier to describe these factors qualitatively.

For example, Bechtle conducts customer surveys in order to get a better picture of the reputation in the market. In some cases, we also examine third-party surveys and analyses. Among other things, the results of these studies are used within the scope of the strategic planning in order to assess our company's image in relation to competitors. The customer satisfaction factor is analysed in both company segments at regular intervals. The results serve as indicators for the quality of the customer loyalty. On this basis, we derive suitable measures in order to duly align our sales activities. Combined with target-oriented staff training and development, these analyses help Bechtle to continue to provide its customers with comprehensive, flexible and competent consulting services.



See  
**Competitive position,**  
page 31



**Training, employee  
motivation and staff  
development for successful  
customer retention**

## SUSTAINABILITY

Economic, ecological and social sustainability factors play an increasingly important role both for businesses and for society in general. In line with its future-oriented focus, Bechtle promotes respectful dealings with one other and takes responsibility for the consequences of its business decisions. We want to establish sustainability comprehensively and on a long-term basis as an inherent business principle. We report about all of this in a transparent manner in the form of a sustainability report, which also includes the non-financial group declaration.

**Sustainability as an applied corporate principle.** Since its foundation, Bechtle has always been an enterprise with a long-term focus. From the outset, sustainability has been part of our strategic orientation. We are driven by strong goals that are formulated in a measurable vision. We believe that economic, environmental and social responsibility belong together. We are sure that we can only be successful if we manage to keep business and social interests in a healthy balance. In accordance with this idea, we continually expand our activities in the field of sustainability. Henceforth, our sustainability strategy will supersede the sustainability code that had been elaborated back in 2013. A key component of the project is the harmonisation of the Sustainable Development Goals (SDGs) with Bechtle's sustainability goals. The strategy development already started in the reporting period and is to be completed by mid-2021.



Since 2015, we have been publishing a sustainability report that provides transparent information on our sustainability management as well as all material fields of operation of our company. Since 2017, this report also contains the non-financial group declaration pursuant to CSR-RUG. In 2018, Bechtle joined the UN Global Compact and is now also committed to the integration of its ten sustainability principles in the fields of human rights, labour, environment and anti-corruption in its corporate strategy and to implement these in its business operations. Since 2019, our sustainability reporting has been aligned with the GRI standards, the internationally accepted framework of the Global Reporting Initiative (GRI). In the reporting period, Bechtle also signed the Charta der Vielfalt (Diversity Charter). In this way, we are actively demonstrating our commitment to the promotion of recognition, appreciation and inclusion of diversity in the labour world.

The sustainability report is available at [bechtle.com/sustainability](https://www.bechtle.com/sustainability).

## THE BECHTLE GROUP

Bechtle is the largest IT system house in Germany and also one of the largest IT companies in Europe, with operations in 14 countries. With its international positioning and one-stop portfolio of IT products and services, the business is truly unique. Our success is rooted in the principle of networked decentralisation. The companies at the various locations operate independently and take care of our more than 70,000 customers, while the holding performs central services for all group companies in a cost-efficient manner.

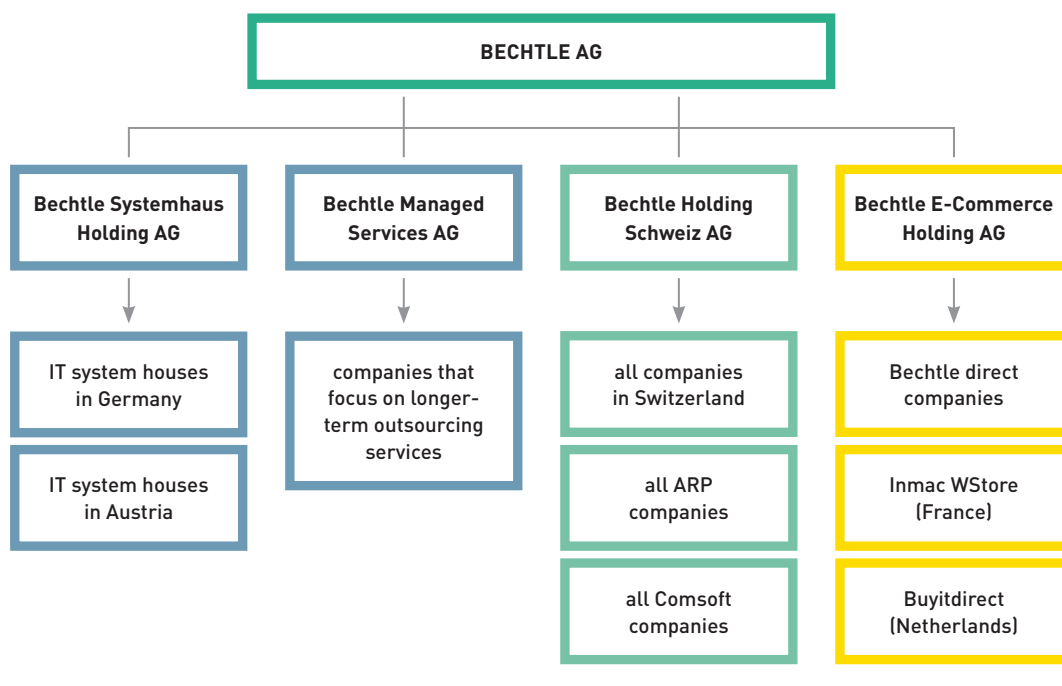
### LEGAL STRUCTURE

**Customer orientation in the legal structure too.** The principle of networked decentralisation and our regional subsidiaries' focus on the core business can also be seen in our legal structures. The Bechtle Group is characterised by a conventional holding structure. As the parent company and holding for the entire group of companies, Bechtle AG is responsible for all administrative tasks, such as group controlling, financial services, corporate communications and investor relations, central IT, human resources and staff development, legal and compliance, mergers and acquisitions, marketing, event management and digital business. Bechtle Logistik & Service GmbH also belongs to the holding. The group's competencies in the fields of business services, warehouse/logistics, purchasing, product management solutions, product management infrastructure, price and custom brand management, finance and administration as well as marketing services are bundled in this company.

A layer of various holding companies has been implemented directly under Bechtle AG. The business fields and brands of the two segments IT System House & Managed Services and IT E-Commerce are bundled at this level. These companies increasingly perform business development tasks.



## 06. HOLDING STRUCTURE OF BECHTLE AG



For an overview  
of the subsidiaries  
see Notes,  
page 203 ff

The legally independent subsidiaries are allocated to this second holding level. All subsidiaries are wholly owned by Bechtle AG, either directly or via investment companies.

Objectives of this two-level holding structure:

- To relieve the decentralised subsidiaries of administrative and cross-company work, thereby enabling them to concentrate on the core business;
- To bundle competencies and resources in order to establish synergies, e.g. by achieving economies of scale in purchasing and logistics;
- To centrally provide outsourcing and cloud services, in particular, in order to optimise the capacity utilisation throughout the group; and
- To outline clearly aligned lean leadership responsibility and competence, which are vital in view of the size of the Bechtle Group.

In the reporting period, the Executive Board did not significantly change the existing legal structure of the Bechtle Group.

## MANAGEMENT

**Guiding principle: networked decentralisation.** The separation of the strategic group management by the Executive Board from the leadership of the operational units in the daily business remains the key characteristic of the management structure. In this way, Bechtle underlines the principle of networked decentralisation, which is rooted in the business model. At the same time, this enables us to stay abreast of the extensive and continually growing management tasks as well as the highly dynamic development of the business environment.

The Executive Vice Presidents serve as links between the group's Executive Board and the operational units. Executive Vice Presidents have been appointed for the cross-segmental public-sector division and the central finance department. The Executive Vice Presidents in the IT System House & Managed Services segment are responsible for the activities of the Bechtle IT system houses in the northern/eastern, western, central and southern regions of Germany, the managed services area, the application solutions and the system house activities in Switzerland. In 2020, Bechtle appointed two new Executive Vice Presidents: On 1 April 2020, Mario Düll, long-standing Managing Director of Bechtle direct in Germany and Switzerland, was appointed as Executive Vice President of the newly established IT E-Commerce Region DACH. Furthermore, as of 1 November 2020, Uwe Burk moved from Dassault Systèmes to Bechtle as Executive Vice President of the newly established CAD/CAM division. On 1 February 2021, Konstantin Ebert could be won as an additional Executive Vice President IT E-Commerce. He is responsible for the business activities in France, United Kingdom and Spain.



[bechtle.com/  
executive-vice-presidents](https://bechtle.com/executive-vice-presidents)

At the locations of the Bechtle Group, the Managing Directors alone are responsible for the success of their companies. By way of their strictly earnings-oriented variable compensation, each Managing Director directly participates in the success of his or her company. In this way, Bechtle promotes and supports the entrepreneurial drive and business responsibility at all locations.

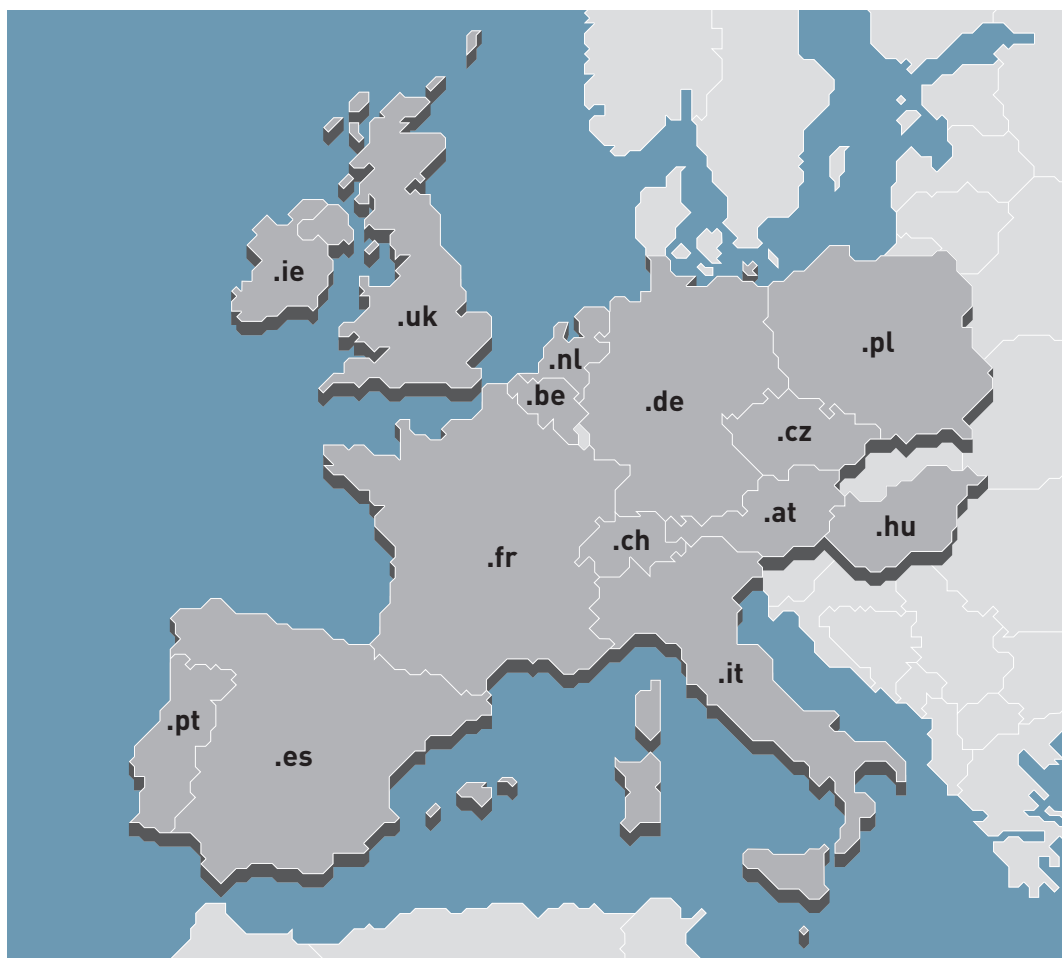
## LOCATIONS

**Largest location: headquarters in Neckarsulm.** The Bechtle Group is headquartered in Neckarsulm, Germany. Apart from Bechtle AG, Logistik & Service GmbH and the German intermediate holding companies are also headquartered here. With about 2,000 employees, Neckarsulm is our group's largest location. In total, Bechtle AG has about 100 operating companies. The majority of the IT system houses and service and trading companies are located in Germany, followed by Switzerland. Thus, Germany is the most important national market for Bechtle. Nevertheless, Bechtle generates about a third of its revenue abroad. In terms of the revenue generated, France, Switzerland, the Netherlands and Austria are the most important international markets.



For an overview  
of the subsidiaries,  
see Notes,  
page 203 ff

## 07. E-COMMERCE LOCATIONS OF BECHTLE AG



See  
Business activity,  
page 28 ff

Under the Bechtle direct brand, we have IT E-Commerce locations in a total of 14 European countries. Additionally, we are present in six European countries with the ARP brand. Moreover, ARP operates a purchasing company in Taiwan. The Comsoft direct and Inmac WStore brands are active in France only. In the Netherlands, Bechtle is also represented with the Buyitdirect brand. The activities taken over from Ivizi B.V. in the Netherlands as of 2 January 2020 were integrated in the local ARP.



[www.bechtle.com/  
locations](http://www.bechtle.com/locations)

**Three new companies in the IT system house segment.** In the consulting-intensive service business of the IT System House & Managed Services segment, local customer contacts are vital. For this reason, we have a dense network of IT system houses at 75 locations in Germany, Austria and Switzerland. In this structure, the Managing Directors of the operating subsidiaries act in the capacity of independent entrepreneurs with a high level of personal responsibility in their local markets.

## 08. SYSTEM HOUSE LOCATIONS OF BECHTLE AG



In the reporting period, Bechtle added three companies to the group in this segment. In early 2020, Bechtle took over the IT service provider Wide Technology Partners AG, headquartered in Baar, Switzerland. The specialist in Cisco technologies supports Bechtle Schweiz AG. In April, Bechtle acquired DPS Software GmbH, headquartered in Leinfelden-Echterdingen, Germany, along with 14 sales offices in Germany, three locations in Austria and two in Switzerland. The company specialises in 3D CAD software by Dassault Systèmes SOLIDWORKS. The acquisition of dataformers GmbH in November 2020 was the 100th takeover in Bechtle's corporate history. The Austrian specialist for software development and IoT solutions is headquartered in Linz and has additional locations in Vienna and Eisenstadt.



## PEOPLE AT BECHTLE

The COVID-19 pandemic also resulted in special challenges for Bechtle's HR work. The extensive measures we implemented to tackle these challenges included the organisation of home office work, the roll-out of numerous events in the virtual realm and compliance with various new unusual regulations. We are well aware that our success is the result of the joint efforts of all employees. Even in the crisis year of 2020, Bechtle established the basis for this co-operation.

### DEVELOPMENT OF THE EMPLOYEE NUMBERS

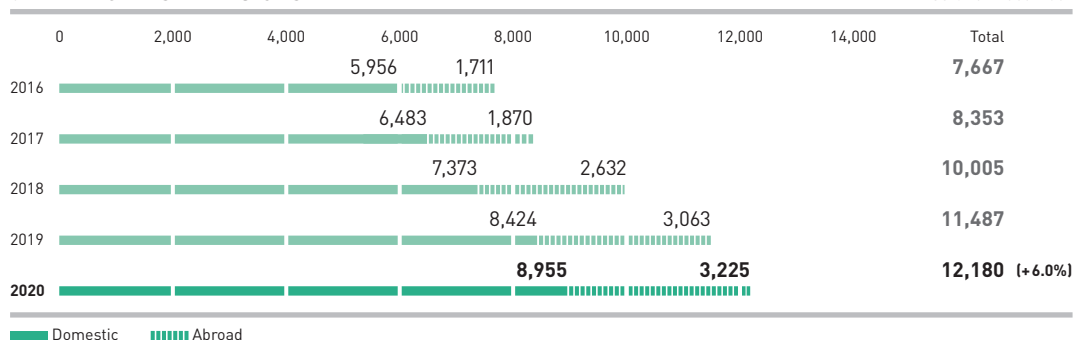
See Notes,  
People at Bechtle,  
page 196 f

**Headcount goes up despite crisis.** As of 31 December 2020, the Bechtle Group had a total of 12,180 employees, some 693 or 6.0 per cent more than in the prior year (11,487 employees). The increase in the number of employees is the result of new recruitment as well as acquisitions in the reporting period. On average, Bechtle's headcount in the reporting period amounted to 11,946 (prior year: 10,899), an increase of 1,047 or 9.6 per cent.

As of the end of the year, our headcount in Germany had increased by 531 or 6.3 per cent. The number of employees abroad went up by 162 or 5.3 per cent. As of the end of 2020, more than a quarter of all employees worked abroad.

#### 09. EMPLOYEES BY REGIONS

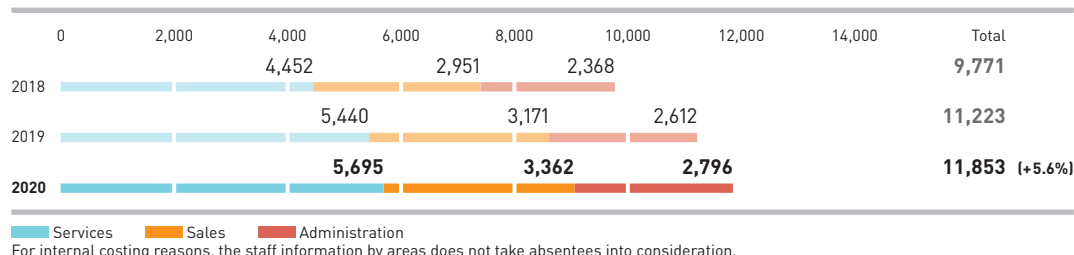
as of 31 December



Broken down by functional areas, the headcount increase was similar in all areas. In administration, the headcount increased by 184 or 7.0 per cent, and the sales staff recorded an increase of 191 or 6.0 per cent. In the Service segment, 255 or 4.7 per cent more people were employed at Bechtle.

#### 10. EMPLOYEES BY AREAS

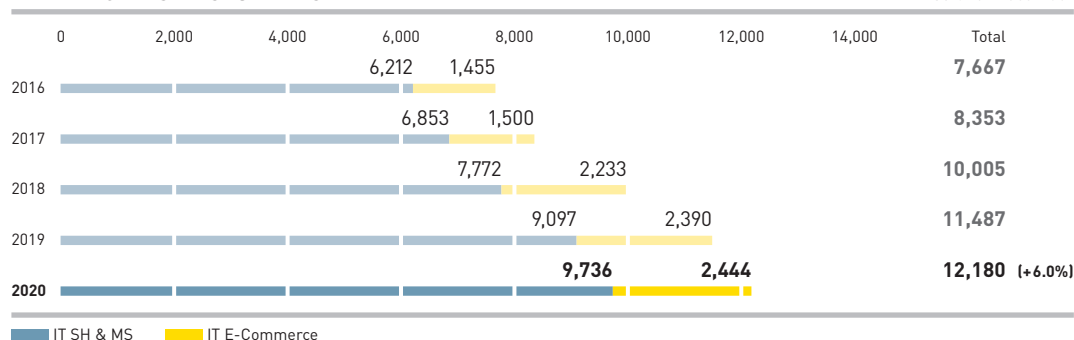
as of 31 December



At the business segment level, the number of employees in the IT System House and Managed Services segment went up by 639, a year-on-year increase of 7.0 per cent. The increase was less dynamic in the IT E-Commerce segment. Here, the headcount went up by 54 or 2.3 per cent.

#### 11. EMPLOYEES BY SEGMENTS

as of 31 December

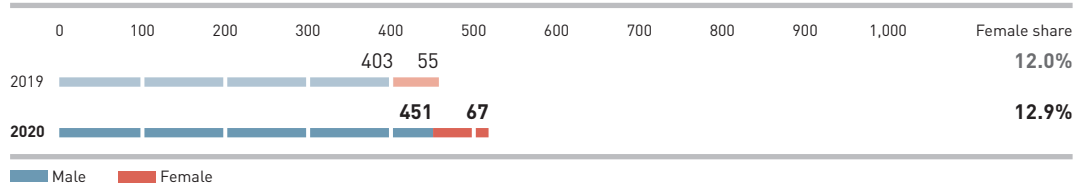


We are convinced that staff diversity promotes team performance and makes an effective contribution to the success of the business. As an IT enterprise active throughout Europe, Bechtle already has a balanced proportion of various cultures and nationalities, and of men and women. At the end of 2020, women accounted for some 27 per cent of all employees, as in the prior year. At the executive level, the female proportion increased to 12.9 per cent. Of our trainees, 23.6 per cent were women. At 49.4 per

cent, the central divisions had the highest share of women, followed by 39.7 per cent in the E-Commerce segment and 21.1 per cent in the System House segment.

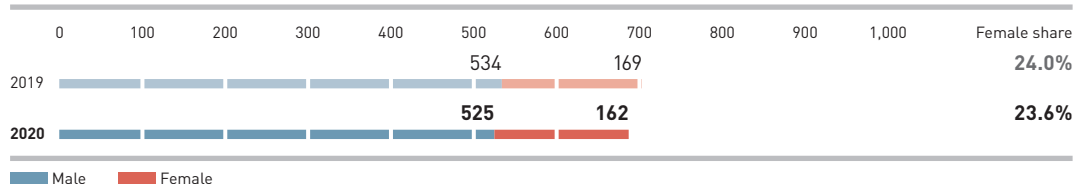
## 12. EXECUTIVES: SHARE FEMALE/MALE

as of 31 December



## 13. TRAINEES: SHARE FEMALE/MALE

as of 31 December



**Particular challenges for HR work.** In the reporting period, the HR work also faced various new challenges due to the COVID-19 pandemic. New statutory provisions and orders had to be implemented and observed at short notice. As of the start of the pandemic, Bechtle's application process was also changed. Most job interviews were held in the form of video or telephone calls, and the onboarding process, too, was largely virtual. In March, the number of applicants first dropped significantly, but then rebounded to a new record value in the course of the year. In 2020, we received about 30,000 applications.

  
Apply on  
[bechtle.com/karriere](https://bechtle.com/karriere)

Contact restrictions imposed due to the coronavirus pandemic made it necessary for Bechtle's staff to work increasingly from home, too. In spring, around 90 per cent of the employees worked from home. The transition was smooth. Nevertheless, continuing to support our customers in all their IT-related questions from the home office while complying with contact restrictions proved quite a challenge for both our sales team and our service providers. Here, our employees have shown a high level of commitment and creativity.

  
Corona special payment  
for all employees

In some areas, such as logistics, it was of course not possible to work from home. In these areas, our teams ensured the operability of Bechtle and thus also of our customers under difficult conditions. In December, the Executive Board decided to pay out a premium of €500 to all employees in recognition of their extraordinary efforts and achievements in the reporting period. Additional premiums have been paid in certain specific areas where people have been particularly hard hit by the difficult working and framework conditions.

In a few areas and companies, Bechtle was forced to resort to short-time work, especially in the first half of the year. To protect its employees from major financial losses, Bechtle voluntarily increased the compensation for short-time work to 90 per cent of the normal salary.

## PERSONNEL EXPENSES AND SALARY MODEL

**Personnel expenses increase slightly disproportionately to revenue.** In 2020, expenses for wages and salaries including social contributions increased by 11.0 per cent. The personnel expense ratio went up to 14.1 per cent. The personnel intensity amounted to 60.6 per cent (prior year: 60.4 per cent) in relation to the gross profit.

### 14. PERSONNEL EXPENSES

|                                                         |    | 2020  | 2019  |
|---------------------------------------------------------|----|-------|-------|
| Personnel and social expenses                           | €m | 819.5 | 734.4 |
| Personnel and social expenses per employee <sup>1</sup> | €k | 70.3  | 68.9  |
| Personnel expense ratio                                 | %  | 14.1  | 13.7  |

<sup>1</sup> Without absentees

The salary model of almost all Bechtle employees consists of fixed and variable components. The amount of the variable compensation depends on the target achievement level in the particular field of responsibility or on the performance of the group. For sales staff, the variable component is calculated according to the amount of the contribution margin achieved, while the revenue serves as the indicator for employees in the service sector. In the administration, the variable component is usually calculated according to the earnings before taxes. As a matter of principle, the performance-related compensation of Managing Directors is calculated on the basis of the achievement of the earnings and revenue targets defined at the beginning of the year.

## EDUCATION AND TRAINING

**Face the shortage of skilled workers with training.** To ensure the supply of qualified junior personnel, Bechtle continuously puts a lot of emphasis on training young people. We view training as an investment in the future for the purpose of actively forestalling a shortage of qualified staff. Over the years, we have become a demanded training company for various administrative and technical professions. In collaboration with cooperative universities, we also offer integrated degree programmes in various economic and technical subjects.

In the reporting period, 233 young people embarked on their training or integrated degree programme with our company. As of the end of the reporting period, the company had a total of 687 young trainees (prior year: 703), including 86 abroad. Technical training professions (363 trainees) outweighed administrative training professions (235 trainees). Moreover, 54 young people studied on an economic degree programme and 35 on a technical degree programme of a cooperative university. The training ratio in Germany was 6.7 per cent, slightly less than in the prior year (7.3 per cent). At the head office in Neckarsulm, the training ratio was 7.7 per cent. Our medium-term goal is to raise the training ratio in Germany to 10 per cent.



bechtle-azubit.de



687 trainees





**Training in times of the pandemic.** To reach this ambitious goal, Bechtle invests in innovative training marketing. Our training initiative AZUBIT comprises various modules that complement each other. By means of this initiative, we introduce high-school students to our future-oriented, hands-on training concept, in which trainees can quickly assume responsibility and contribute their own ideas. Numerous high-school students also benefit from the wide range of high-school internships. The cooperation with schools is another opportunity for drawing young people's attention to Bechtle as an attractive training company. By means of applicant training, school class visits to our group headquarters and presentations in school classes, we give high-school students an authentic glimpse into the training in our company and establish a personal contact with the young people. Furthermore, we make use of numerous recruiting events to present ourselves as a training company. In the reporting period, Bechtle was again awarded the employer label "MINT Minded Company" in recognition of its special interest in students, graduates and talents in the fields of maths, IT, science and technology.

To facilitate the first steps in our company and the day-to-day business, all trainees participate in the two-day introductory event MIKADO. At this event, the newcomers get to know Bechtle and especially group HQ with its service units. During their training, a tried-and-tested mentoring model, regular meetings and cross-location seminars give the young people opportunity to engage in interchange and network. The Bechtle trainee camp is a special highlight for our trainees. All trainees participate in this camp in their first training year in order to learn more about Bechtle and the Bechtle culture and to network with other trainees. The fact that upon graduation, we are able to offer virtually all trainees and students on integrated degree programmes employment contracts shows how successful the measures are.

Training at Bechtle offers various pathways in technical and administrative venues. Upon completion, almost all trainees and students on integrated degree programmes find a job with Bechtle. Many will even further upgrade their qualifications.

**Janik Last**, student on an integrated degree programme in business administration – commerce, Bechtle Logistik Neckarsulm

**Lena Heller**, student on an integrated degree programme in international business, Bechtle AG

**Lisa Ballert**, trainee in IT systems management, Bechtle AG



Due to the coronavirus situation, most events and offerings for young people could not be held as usual. However, many activities were quickly transferred to the virtual realm, where Bechtle participated in a wide range of workshops, live talks, educational fairs and university events. At the beginning of the year and in the late summer months, we were able to conduct a number of in-person events such as high-school internships, class visits and the trainee camp, at least in small groups.

**Expanded virtual education offering.** The Bechtle Academy, which was established by the company back in 1999, complements the individual training at the group locations, offering all employees a comprehensive qualification programme. The programme ranges from ongoing training measures, the acquisition of special skills to interdisciplinary seminars. On top of this, the Bechtle Academy is also responsible for the monthly introductory events for new employees. From an organisational perspective, the Academy's activities take place under the umbrella of the staff development department. The department's main duty is to support the achievement of the growth targets of the Bechtle Group by means of suitable strategic staff development measures. In the reporting period 2020, the Bechtle Academy conducted 190 classroom events and, from spring onwards, more than 250 online events with a total of about 5,000 participants. Furthermore, all employees have access to the seminars of the Bechtle training centres, which are an integral part of the Bechtle system houses.

We want to continuously improve the quality of the training offers and thus the competencies of all employees. In addition to the academy's classroom events, we therefore offer iLEARN, an online learning management system with a wide range of subjects, throughout the group. Thus, we have a target group-oriented training offering for newcomers as well as professionals. The courses are available in up to ten languages for all European countries. All Bechtle employees have access to this system. The objective of iLEARN is to ensure uniform, state-of-the-art knowledge at all locations, thereby further expanding our competitiveness. Moreover, it helps us to achieve flexibility in terms of the place and time and increases the satisfaction of the participants, who are able to learn at their own pace. In addition, we reduce emissions and expenses for training-related business trips. In the reporting period, we reaped the benefit of having made use of such digital education methods in the past. Over the past months, we used iLEARN not only for teaching purposes, but also to distribute important pandemic-related information, such as the mandatory use of masks and occupational safety standards.



**iLEARN: less travel,  
fewer emissions,  
higher satisfaction**

**Programme for IT business architects meets the demand.** The certified Bechtle IT business architects programme was launched in 2012, in order to satisfy our customers' increasing demand for IT consulting services and IT strategy support. In this programme, employees learn how to develop long-term IT strategies aligned with the business development needs of the customers. Meanwhile, some 60 certified architects serve in 28 companies.



[bechtle.com/  
trainee\\_en](https://bechtle.com/trainee_en)

**Trainee programme again receives quality label.** Bechtle offers ambitious newcomers with a knack for IT an attractive trainee programme that focuses on “Sales/Industry”, “Sales/PublicSector” and “IT system engineering/IT consulting”. In 2020, the programme again demonstrated its effectiveness. Following an intensive quality audit by the Trendence Institute in collaboration with the Ludwig Maximilian University in Munich, it was awarded the “Career-promoting & fair trainee programme” label for the ninth time in a row. A total of approximately 60 trainees embarked on their career with Bechtle.



For further information  
on the HR work, see  
[bechtle.com/sustainability](https://bechtle.com/sustainability)

**Management initiative launched.** To continue to be able to cover the demand for executives from our own ranks, our staff development has introduced two development programmes for executives. Since 2013, the yearly junior management programme has been offered to employees who do not yet perform any executive tasks or who have just started assuming some executive responsibility, but who show further management potential. This programme focuses on leadership. The general management programme (GMP), which focuses on business management, was launched in 2011. Its objective is to qualify talented executives for general management duties. In both programmes, the employees are jointly prepared for taking on new responsibilities. Additionally, they benefit from diverse individual interchange and support offers, such as mentoring with experienced executives. All staff-development programmes promote intensive interchange among the participants and within the entire company, in order to share knowledge and experience and to learn from each other. We are pleased to see that we are often able to fill executive positions with GMP participants.

In 2020, the company focused especially on the subject of leadership. In the context of a large-scale management initiative, the Bechtle governance guidelines were revised, a leadership platform was established and made accessible to all employees throughout the group, and management training was designed and conducted for executives. The management initiative is scheduled to continue for several years. The objective is to further improve leadership skills in order to facilitate the realisation of the Vision 2030.



Employee satisfaction  
survey started throughout  
the group

Moreover, an employee satisfaction survey was started throughout all companies of the Bechtle Group in the summer of 2020. The first round is to be completed in the current fiscal year. We plan to repeat the survey every two years.

## SHARE

Due to the COVID-19 pandemic, the trading year 2020 was characterised by high volatility. Nevertheless, most stock markets ultimately recorded gains for the year as a whole. The year was also extremely turbulent for Bechtle AG. Overall, however, the Bechtle share achieved a significant gain of 42.5 per cent in the course of the year, greatly outperforming the leading German indices. The market cap passed the thresholds of €6 billion in February, €7 billion in July and €8 billion in late November. All of this demonstrates the unbroken confidence that investors put in Bechtle even and in particular in times of uncertainty.

### STOCK MARKET

**Trading year with many ups and downs.** After the record year of 2019, the stock markets made a very optimistic start into 2020. However, the COVID-19 pandemic quickly dominated events worldwide. The stock market performance was also affected by geopolitical events such as the US elections and the uncertainties about the exact outcome of Brexit. Following a record high early in the year, the DAX suffered the fastest decline in its history from late February to mid-March. However, the subsequent recovery was almost equally spectacular.

In November, the mood brightened considerably due to Joe Biden's victory in the US presidential elections and the progress made with regard to the development of a coronavirus vaccine. The stock markets thus experienced the best November in many years. After the lows suffered in March, many stock markets were able to more than compensate for their losses by the end of the year. In total, the reporting period saw an increase of the DAX by 3.5 per cent, of the MDAX by 8.8 per cent and of the TecDAX by 6.6 per cent.

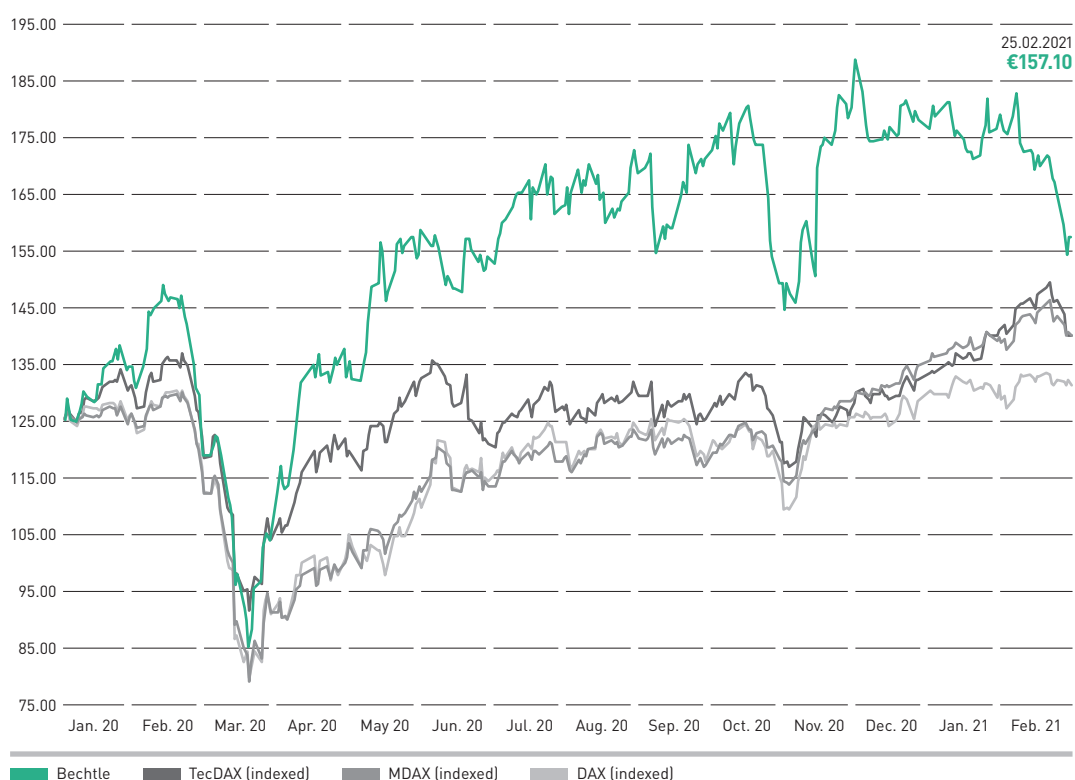


## SHARE PERFORMANCE

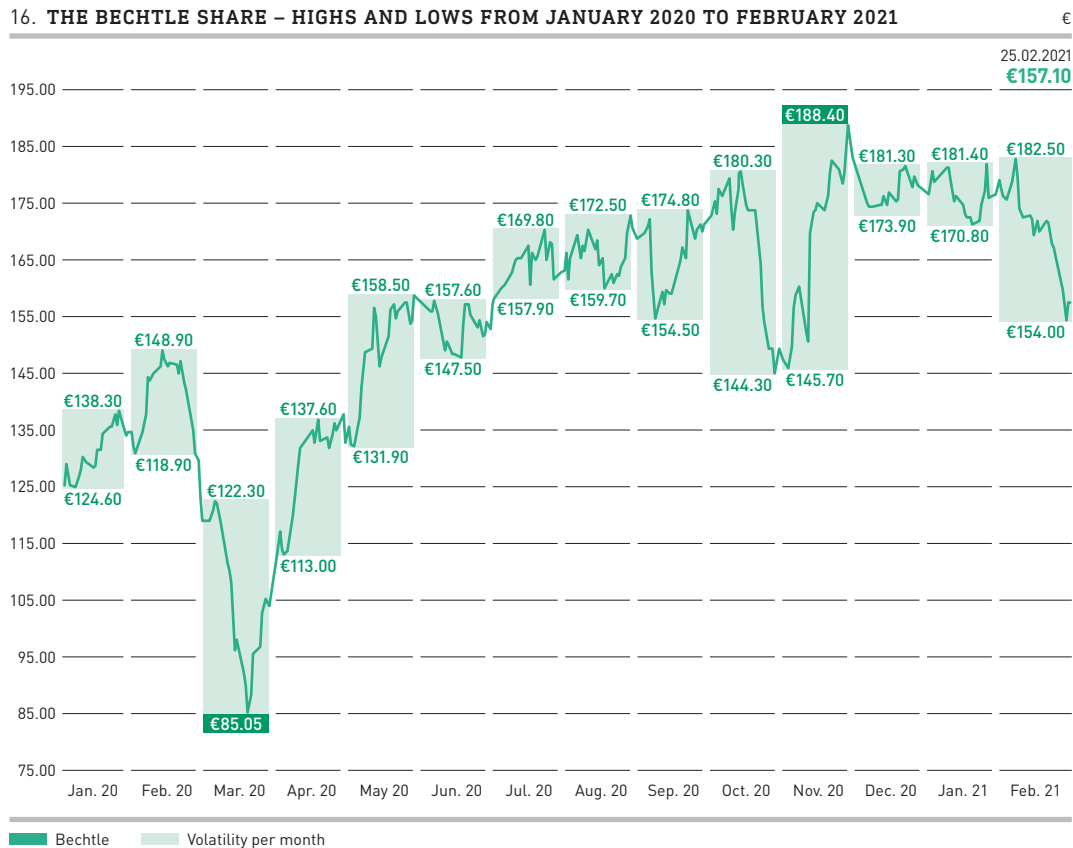
**Bechtle share with a very strong performance.** The year started on a promising note for the Bechtle share. Starting from a closing price of €125.20 on 31 December 2019, the share price went up continually, reaching several new highs in February. From the end of February, however, the impact of the COVID-19 pandemic was noticeable from a steady downward trend. In mid-March, the Bechtle share reached its annual low of €85.05. Nevertheless, the share price picked up quickly and reached several new highs starting from May. During the summer months, the price remained stable at a level around €160. The second COVID-19 wave in autumn merely caused some short-lived price declines. On the penultimate trading day in November, our share reached a new all-time high of €188.40, which was also the highest level reached in 2020. On 31 December, the Bechtle share closed at €178.40, an increase of 42.5 per cent that surpassed all expectations for the turbulent pandemic year.

### 15. THE BECHTLE SHARE – PERFORMANCE FROM JANUARY 2020 TO FEBRUARY 2021

€



## 16. THE BECHTLE SHARE – HIGHS AND LOWS FROM JANUARY 2020 TO FEBRUARY 2021



See  
[bechtle.com/share](https://bechtle.com/share)  
for the current  
share price

The positive performance of the share was accompanied by an increase in the market capitalisation. On 5 February 2020, Bechtle's market cap exceeded the threshold of €6 billion for the first time. On 13 July 2020, the mark of €7 billion was passed for the first time. On 30 November 2020, Bechtle even reached a market cap of €8 billion. As of the end of the year, the market cap amounted to €7,492.8 million. In the MDAX ranking of Deutsche Börse, Bechtle advanced by five places to 51st place as of 31 December 2020. In the TecDAX, Bechtle occupied 8th place (prior year: 10th place).

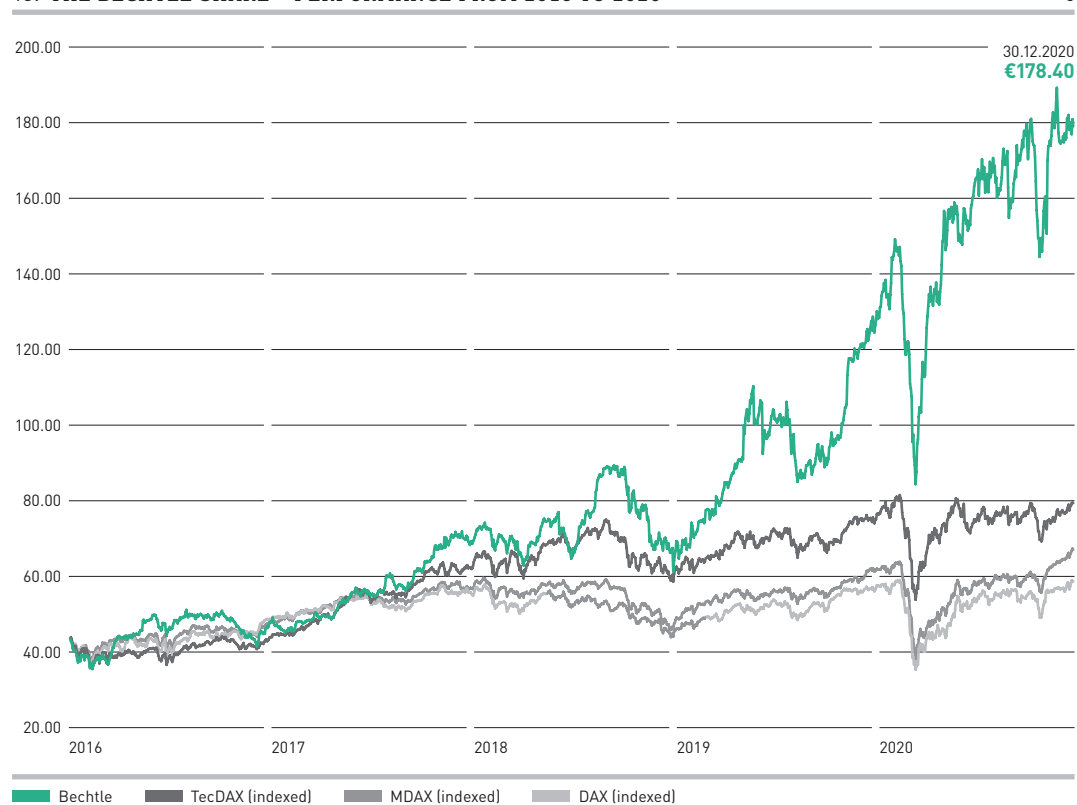
## 17. TRADING DATA OF THE BECHTLE SHARE

|                                        |        | 2020       | 2019      | 2018      | 2017      | 2016      |
|----------------------------------------|--------|------------|-----------|-----------|-----------|-----------|
| Closing price at the end of the year   | €      | 178.40     | 125.20    | 67.85     | 69.52     | 49.41     |
| Performance                            | %      | +42.5      | +84.5     | -2.4      | +40.7     | +12.2     |
| High (closing price)                   | €      | 188.40     | 127.60    | 89.90     | 72.71     | 52.28     |
| Low (closing price)                    | €      | 85.05      | 62.30     | 63.85     | 46.50     | 36.85     |
| Market cap – total <sup>1</sup>        | €m     | 7,492.8    | 5,258.4   | 2,849.7   | 2,919.8   | 2,075.2   |
| Avg. turnover/trading day <sup>2</sup> | shares | 140,482    | 106,634   | 101,037   | 45,637    | 30,515    |
| Avg. turnover/trading day <sup>2</sup> | €      | 20,657,614 | 9,980,675 | 7,668,425 | 3,604,891 | 2,789,577 |

<sup>1</sup> As of the end of the year<sup>2</sup> All German stock exchanges

The good development of the share price is also evident from the average stock market turnover, which more than doubled to €20,657.6 thousand compared to the prior year. The trading volume also increased in terms of the number of shares traded. On average, 140,482 Bechtle shares were traded per day (prior year: 106,634). In the December ranking of Deutsche Börse, Bechtle thus climbed to 53rd place in the MDAX in terms of its stock exchange turnover (prior year: 75th place). In the TecDAX, Bechtle advanced to 10th place (prior year: 20th place).

## 18. THE BECHTLE SHARE – PERFORMANCE FROM 2016 TO 2020

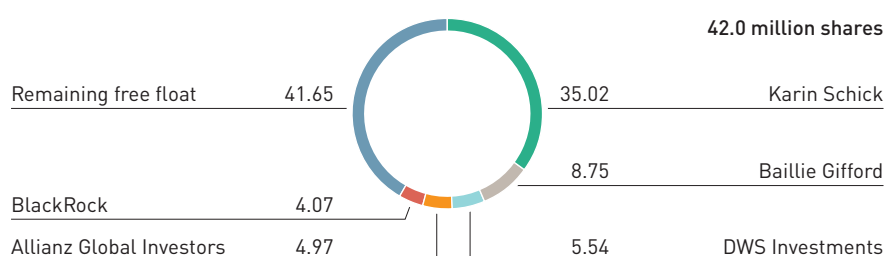


## SHAREHOLDER STRUCTURE

**Reliable shareholder structure.** With an interest of 35.02 per cent, Karin Schick remains the largest shareholder of Bechtle AG. This figure also includes the shares of Schick GmbH, of which Karin Schick is a partner, and shares belonging to her son. As of the end of the reporting period, the free float amounted to 64.98 per cent. These shares are held by a wide spectrum of private and institutional investors in Germany and abroad. This also includes larger investors like Baillie Gifford (8.75 per cent) and DWS Investments (5.54 per cent).

### 19. SHAREHOLDER STRUCTURE

%



As of 31 December 2020

## DIVIDEND

**11th dividend increase in a row.** Since its IPO in 2000, Bechtle has pursued a shareholder-friendly dividend policy focused on continuity. Year after year, the company has thus distributed profits to its shareholders. What is more, the dividend is regularly increased. So far, Bechtle has never reversed this trend. This too underscores the reliability of the highly shareholder-oriented distribution policy of Bechtle AG.

Despite the unusual circumstances in 2020, Bechtle AG achieved excellent results. The Executive Board and the Supervisory Board have therefore agreed to propose a dividend of €1.35 per share for the fiscal year 2020 to the General Meeting. This would be the 11th increase in a row. Subject to the approval of the General Meeting, the payout proposal would correspond to a dividend increase of 12.5 per cent. In the prior year, Bechtle AG had paid out a dividend of €1.20 per share.

As of 31 December 2020, the number of shares with dividend entitlement was 42,000,000. Thus, the sum to be distributed for the fiscal year 2020 amounts to €56.7 million. This would mean a dividend payout ratio of 29.4 per cent of the consolidated earnings after taxes (prior year: 29.6 per cent). In relation to the annual closing price of our share, the dividend yield would amount to 0.8 per cent (prior year: 1.0 per cent).

## EARNINGS PER SHARE

**Earnings per share 12.9 per cent above prior year.** The improvement of the operating earnings was accompanied by a corresponding rise in the earnings per share (EPS). With 42.0 million shares and earnings after taxes of €192.5 million, EPS amounted to €4.58, some 12.9 per cent more than in the prior year (€4.06).

### 20. SHARE PERFORMANCE INDICATORS

For further  
key figures, see  
Multi-year overview,  
page 228

|                                               |        | 2020              | 2019       | 2018       | 2017       | 2016       |
|-----------------------------------------------|--------|-------------------|------------|------------|------------|------------|
| Shares with dividend entitlement <sup>1</sup> | shares | 42,000,000        | 42,000,000 | 42,000,000 | 42,000,000 | 21,000,000 |
| Earnings per share                            | €      | 4.58              | 4.06       | 3.27       | 2.73       | 4.92       |
| Amount distributed                            | €m     | 56.7 <sup>2</sup> | 50.4       | 42.0       | 37.8       | 31.5       |
| Dividend payout ratio                         | %      | 29.4 <sup>2</sup> | 29.6       | 30.6       | 33.0       | 30.5       |
| Cash dividend per share                       | €      | 1.35 <sup>2</sup> | 1.20       | 1.00       | 0.90       | 1.50       |
| Dividend yield <sup>1</sup>                   | %      | 0.8 <sup>2</sup>  | 1.0        | 1.5        | 1.3        | 1.5        |
| Price/earnings ratio <sup>1</sup>             |        | 38.9              | 30.8       | 20.8       | 25.5       | 20.1       |

<sup>1</sup> As of the end of the year

<sup>2</sup> Subject to approval of the Annual General Meeting

## ANNUAL GENERAL MEETING

**Great interest in first virtual Annual General Meeting.** Due to the COVID-19 pandemic, the 20th Annual General Meeting of Bechtle AG took place in a virtual setting at the headquarters of Bechtle AG in Neckarsulm. The shareholders or their proxies were able to watch the Annual General Meeting on 27 May 2020 live via an online portal and exercise their shareholder rights. The shareholders were keenly interested in the proceedings. We recorded a peak attendance of 350, representing about 79 per cent of the share capital. This more or less corresponds to the usual participation in a physical Annual General Meeting. All agenda items were accepted with an overwhelming majority. This underlines the high trust placed in the Executive Board and in the Supervisory Board.

## CAPITAL MARKET

  
bechtle.com/  
analysts-recommendations

**Bechtle maintains active contact with analysts.** In 2020, a total of 14 institutions reported on Bechtle in detailed surveys and ad-hoc analyses: Baader Bank, Bankhaus Lampe, Berenberg, Commerzbank, Deutsche Bank, DZ Bank, Hauck & Aufhäuser, Jefferies, Kepler Cheuvreux, Landesbank Baden-Württemberg, Metzler, Stifel, M. M. Warburg and Quirin Privatbank. HSBC Germany discontinued the coverage in March 2020. Jefferies started conducting regular analyses of our company in April 2020. As of the end of 2020, Bankhaus Lampe discontinued the coverage due to the takeover by Hauck & Aufhäuser. Bechtle pursues regular constructive dialogue with all institutions. This is intensified by analyst visits to the headquarters and the participation in various conferences and roadshows.



**Demand for more roadshows.** In the context of our intensive investor relations activities, we remain in touch continually with all interested capital market players. In 2020, we again had numerous contacts with existing and potential investors. Due to the pandemic, most of the contacts took place in a virtual setting.

At a total of 19 roadshows and investor conferences held throughout 2020, we provided information about our company's economic situation, business strategy and outlook in individual and group discussions. Due to the COVID-19 pandemic, only two conferences were held physically.

Moreover, personal contact with private investors is very important to Bechtle. Apart from the Annual General Meeting, the shareholders can gain an insight at the Shareholder Days, in a presentation, a tour through the building and personal conversations. Unfortunately, we were unable to engage in this kind of interchange with our shareholders in 2020, but we plan to do so again as soon as possible.

We always endeavour to inform all capital market players in a transparent, comprehensive and timely manner about all significant events in our company. Therefore, our website always features up-to-date corporate information such as presentations, financial reports, press releases and ad-hoc releases.

For further information, visit our website or contact us.



[bechtle.com/investors](https://bechtle.com/investors)



See Imprint, page 238



**A great advantage: Public-sector clients continue to invest even in times of crisis – as was evident in 2020.**

**Steven Handgrättinger**, Head of Public Sector, Bechtle AG

**Johanna Merklein**, Head of Organisation and Communication, Public Sector, Bechtle AG

**Ammad Ahmend Malik**, Technical Consultant, Public Sector, Bechtle AG

From left to right

## CORPORATE GOVERNANCE

Since the day it was founded, responsible corporate governance has been a matter of course for Bechtle. The objective has always been to accommodate the interests of the various stakeholders, such as employees, customers, suppliers, shareholders and the society as a whole in the best way possible. The main goal is to achieve profitable growth.

For many years, Bechtle has reported on its corporate governance in this section of the annual report, taking the recommendations and suggestions of the German Corporate Governance Code (DCGK) into account. However, we have also always included our own responsible corporate governance considerations with a view to the specific circumstances of Bechtle AG. In its amendment of 16 December 2019, which entered into force on 20 March 2020, the German Corporate Governance Code was changed fundamentally. The objective is to make the German corporate governance system transparent and comprehensible. Among other things, the amended code stipulates that henceforth, the "Corporate Governance Statement" is to serve as the central document of the corporate governance report. Bechtle AG has always published this statement on the Internet and will continue to do so. Therefore, you will find all information concerning the corporate governance on the Internet, including the declaration of conformity pursuant to Section 161 of the German Stock Corporation Code (AktG), which the Executive Board and the Supervisory Board last issued on 31 January 2021 and that we make reference to in addition to the following information.



[bechtle.com/  
corporate-governance](https://bechtle.com/corporate-governance)

In the following, we describe the basics of the compensation system of the Executive Board, which will only be explained in the Corporate Governance Statement in the future.

In the reporting period, the Supervisory Board examined the compensation of the Executive Board and the underlying compensation system. In its meeting on 17 March 2021, the Supervisory Board decided on a compensation system of the Executive Board which is pursuant to Section 87a of the German Stock Corporation Code (AktG) and takes the recommendations of the German Corporate Governance Code into account. In the following, we report on the compensation system that still existed in the reporting period of 2020.

In the reporting period, the total compensation of the members of the Executive Board consisted of a fixed base salary and a performance-related variable compensation that comprises a short-term component and a long-term component with a three-year horizon for the Chairman of the Executive Board and, in principle, a four-year horizon for the other members of the Executive Board.

For the Chairman of the Executive Board in the reporting period, the earnings before taxes ("consolidated EBT") has been the criteria of the assessment for the short-term variable compensation component. A minimum return on equity has been the criteria of the assessment for the long-term compensation component. The organic performance currently accounts for 80 per cent and the performance including acquisitions for 20 per cent of the assessment base for the long-term component. Apart from this, the Supervisory Board may, at its own discretion, grant the Executive Board a special bonus.

For the other members of the Executive Board, the compensation system had already been modified as of 1 January 2020. Since then, the consolidated earnings before taxes ("consolidated EBT") and the earnings before taxes of the segment for which the respective member of the Executive Board is responsible ("segment EBT") have been used as financial criteria for the assessment of the short-term variable compensation. The consolidated EBT and the segment EBT are each weighted at 50 per cent. Furthermore, the short-term variable compensation is affected by the achievement of non-financial performance criteria, such as sustainability, employee concerns, leadership and governance. The long-term component is assessed on the basis of two financial performance criteria – the group revenue and the consolidated EBT – each of which is weighted at 50 per cent. The base compensation accounts for about 46 to 48 per cent of the targeted total compensation. Variable compensation components account for about 52 to 54 per cent of the targeted total compensation.

As in the past, the company did not make any pension commitments to members of the Executive Board in the reporting period.

Bechtle AG presents the compensation of the Executive Board in individualised form, making use of the standard tables of the amended DCGK. These disclosures are made in the Notes.

Depending on their position, the members of the Executive Board are assigned vehicles for business and private use as fringe benefits in addition to the Executive Board compensation.

Moreover, the current employment contract of the Chairman of the Executive Board provides for payment of a one-off severance amount in the event of justified exercise of the special right of termination by him in the case of a change of control, for which a cap of three years' compensation is agreed.

## TAKEOVER-RELATED DISCLOSURES

The disclosures required pursuant to Section 315a of the German Commercial Code (HGB) are presented below:

As of 31 December 2020, the company's issued capital amounted to €42 million, divided into 42,000,000 no-par bearer shares (ordinary shares). The pro-rata amount of the issued capital that is allocated to each share is €1.00. All shares have voting rights and are entitled to dividends. The rights and obligations associated with the ordinary shares are as specified in the German Stock Corporation Act (AktG).

The Executive Board is not aware of any restrictions relating to voting rights or the transfer of shares.



[bechtle.com/  
shareholder-structure](https://bechtle.com/shareholder-structure)

The company is aware of the following direct or indirect capital interests exceeding 10 per cent of the voting rights as of the balance sheet date:

Karin Schick, Gaildorf, Germany: 35.02 per cent, thereof 28.83 per cent directly and 6.19 per cent indirectly. No changes occurred up to 1 March 2021, the reporting date.

There are no shares with special rights granting powers of control.

There are no employee share ownership plans or similar schemes under which employees hold interests in the capital without directly exercising their control rights.

The appointment and dismissal of members of the Executive Board is governed by Sections 84 et seq. of the German Stock Corporation Act (AktG) and Section 31 of the German Co-determination Act (MitbestG). The regulations of the Articles of Incorporation do not deviate from these statutory provisions. In accordance with Article 6.1 of the Articles of Incorporation, the Executive Board consists of one or several persons. The number of Executive Board members is determined by the Supervisory Board. According to Article 6.4 of the Articles of Incorporation, the Supervisory Board may appoint a member of the Executive Board as the Chairman or Spokesman of the Executive Board.



[bechtle.com/  
satzung](https://bechtle.com/satzung)

The conditions for amendments to the Articles of Incorporation are outlined in Sections 179 to 181 of the German Stock Corporation Act (AktG). The General Meeting of Bechtle AG has delegated the authority to make amendments that merely concern the wording of the Articles of Incorporation to the Supervisory Board (see Article 10.4 of the Articles of Incorporation).



See Notes,  
Issued capital,  
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Pursuant to Sections 202 et seq. of the German Stock Corporation Act (AktG), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's issued capital by a total of up to €14 million by issuing new bearer shares against cash contributions and/or contributions in kind until 11 June 2023 (authorised capital according to Article 4.3 of the Articles of Incorporation). Detailed information on this subject is available in the Notes.

The purchase of treasury shares is only permissible according to the provisions of Section 71 (1) of the German Stock Corporation Act (AktG). Based on the resolution of the Annual General Meeting of 27 May 2020, the Executive Board is authorised to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). This authorisation is valid until 26 May 2025. Treasury shares must be purchased via the stock exchange or within the framework of a public purchase bid sent to all shareholders or via a public invitation to the shareholders to submit offers for sale. The price the company pays per share shall, in the case of purchase via the stock exchange, not exceed or fall below the price of the company's share on the Xetra trading of the Frankfurt stock exchange (or a similar successor system), which is determined by the opening auction, or, in the case a public purchase bid sent to all shareholders or a public invitation to the shareholders to submit offers for sale, shall not exceed or fall below the average closing prices of the company's share on the three stock exchange trading days prior to the publication of the public purchase bid or the publication of the invitation to submit offers for sale by more than 10 per cent (without transaction costs). The scope of the authorisation is limited to a maximum of 10 per cent of the issued capital. Other shares of the company that it has already purchased and still possesses or that are attributable to it pursuant to Sections 71 et seq. of the German Stock Corporation Act (AktG) shall be taken into consideration. The buy-back authorisation has been granted for any purpose permitted by law.

The company has no significant agreements that would apply in the event of a change of control due to a takeover bid.

The employment contract with the Chairman of the Executive Board contains a clause that limits the severance to be granted in the event of premature termination of employment due to a change of control to the compensation for three years. The company has not concluded any other compensation agreements with members of the Executive Board or employees for the case of a takeover bid.



## FRAMEWORK CONDITIONS

In 2020, the macroeconomic performance was overshadowed by the COVID-19 pandemic. As a result of the pandemic, most national economies entered a phase of severe recession. The IT market also suffered from these framework conditions, though not as severely as the economy in general. Bechtle largely escaped these negative developments, demonstrating its resilience even in times of crisis. Our growth rates were almost as high as before the crisis, and we have further expanded our market share.

## MACROECONOMY



ec.europa.eu

**Macroeconomy suffers massive losses.** The COVID-19 pandemic represented a major challenge for the national economies in the EU and has left a deep dent in the macroeconomic development. According to the latest figures published by the European Commission, the gross domestic product (GDP) in the EU shrunk by a total of 6.3 per cent in 2020. GDP reached rock bottom in the second quarter, with a decline of 11.4 per cent. In the third quarter, however, the macroeconomy recovered speedily and picked up by 11.5 per cent. The so-called second wave of the pandemic did not hit the economy as hard as the first had. As a result, GDP fell only slightly in the fourth quarter, by 0.5 per cent. Performance in the different Bechtle markets varied. In relative terms, Ireland recorded the best performance with a plus of 3.0 per cent. Spain and Italy underwent the greatest declines of 11.0 per cent and 8.8 per cent, respectively. In 2020, investments in equipment – an indicator that is relevant for Bechtle – recorded a noticeable drop of 17.6 per cent in the EU.



destatis.de

The German economy, too, suffered from the effects of the COVID-19 pandemic, though not as severely as elsewhere. As reported by the German Federal Statistical Office, GDP dropped 5.0 per cent in 2020 (prior year: +0.6 per cent). The economy had last recorded a similar growth rate back in 2009/2010 in the wake of the financial and economic crisis. At the same time, this was the first decline in ten years. Investments in equipment underwent an even sharper decrease of 12.5 per cent. By contrast, government investments continued to grow by an above-average 3.4 per cent (prior year: 2.7 per cent). Performance in the individual quarters followed a similar trend as in the rest of the EU.

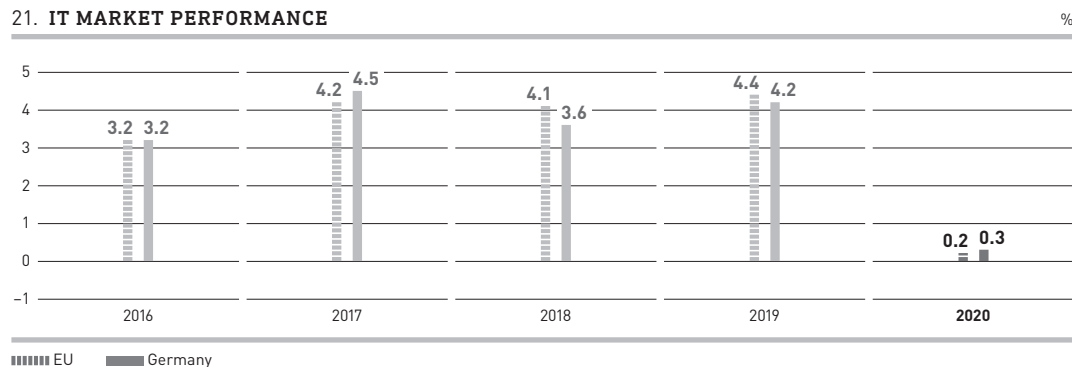
## INDUSTRY

**IT market stalls.** In the reporting period, the IT market exhibited a moderate performance. The developments in the EU and in the relevant countries varied. However, the key data always exceeded the overall economic development. In most countries, the IT market was even able to achieve a slight increase. According to the market research institute EITO, the IT market in the EU achieved growth of 0.2 per cent, compared to 5.9 per cent in the prior year. The pandemic fuelled the hardware revenue, especially in the field of home office equipment. By contrast, demand for services declined. Portugal and the United Kingdom reported the highest hardware revenue increases of 15.4 per cent and 11.8 per cent, respectively. Spain and Italy also recorded two-figure growth. No country experienced negative performance, though hardware revenue in Ireland stagnated at 0.0 per cent.

In Germany, too, the IT market merely grew 0.3 per cent in 2020, after 5.3 per cent in the prior year. The growth driver was the hardware business with an increase of 9.7 per cent, due especially to the high demand for mobile PCs and tablets. Service and software revenue dropped 3.2 per cent and 1.0 per cent, respectively.

In France, IT revenue dipped 0.6 per cent. Here, too, market activity was dominated by hardware revenue. However, the growth dynamics of 5.7 per cent were significantly lower than in Germany. The Swiss IT market achieved growth of 0.6 per cent. Here, too, hardware revenue led the pack with an increase of 4.5 per cent. Software revenue in Switzerland went up 4.1 per cent. By contrast, service revenue recorded a decline of 3.1 per cent.

### 21. IT MARKET PERFORMANCE



## OVERALL ASSESSMENT AND EFFECTS OF THE ECONOMIC ENVIRONMENT

**Bechtle proves resilient to the crisis.** The COVID-19 pandemic and its consequences were felt in all countries and had a profound impact on daily life. The macroeconomy suffered severely from the unusual situation, resulting in a drastic decline in GDP growth throughout the EU. Nevertheless, the IT industry was able to resist this negative trend to a certain extent and even grew slightly in the reporting period.

Bechtle AG demonstrated a high level of crisis resilience and performed well despite the poor framework conditions. The revenue increase in all regions and in both segments was considerably above the overall growth of the IT market. As a result, Bechtle was able to outperform most of its competitors. Even in this crisis year, we proved to be a reliable IT partner, and we further expanded our market share.

Apart from the COVID-19 pandemic, the Bechtle markets did not witness any significant events outside the company that had a noteworthy impact on the business performance. Brexit did not have any effects on the local company in the UK nor on the group as a whole.

In the face of difficult framework conditions, all employees at Bechtle have developed a high measure of reliability. Their commitment enabled the high growth in the crisis year.

**Ângela António**, European Translation Team, Bechtle Logistik Neckarsulm

**Alessa Gangl**, Business Development Manager Schools K12, Public Sector, Bechtle AG

From left to right



## EARNINGS, ASSETS AND FINANCIAL POSITION

### EARNINGS POSITION

In the reporting period, Bechtle remained relatively unscathed by the COVID-19 pandemic and was able even to surpass its own planning. The revenue growth was in the upper single-digit percentage range compared to the prior year. The German e-commerce companies and the system houses abroad performed especially well. The earnings improvement was even more remarkable, also due to coronavirus-related one-time effects.

### ORDER POSITION

**Year-on-year increase in incoming orders.** For the sale of IT products and the provision of services, Bechtle concludes both short-term and long-term contractual relationships. The IT E-Commerce segment is characterised almost entirely by the conclusion of pure trading deals with short order and delivery times. In the IT System House & Managed Services segment, project deals can take anywhere from several weeks to one year. Especially in the fields of managed services and cloud computing, most of the framework and operating agreements that Bechtle concludes with customers have terms of several years.

Incoming orders during a fiscal year largely correspond to the revenue in this period. In the reporting period, this figure amounted to €5.91 billion, some 12 per cent more than in the prior year (€5.29 billion). At the same time, the incoming order volume climbed from €3.42 billion to €3.89 billion in the IT System House & Managed Services segment and from €1.87 billion to €2.01 billion in the IT E-Commerce segment.

As of the end of the year, the group's order backlog was worth approximately €998 million, compared to €761 million in the prior year. Of this amount, the IT System House & Managed Services segment accounted for €763 million (prior year: €620 million), and the IT E-Commerce segment for €235 million (prior year: €141 million). The order backlog in the IT System House & Managed Services segment is approximately two months. In the trading segment, the order backlog is about one month, as direct and fast delivery of the goods is the main priority.

### REVENUE PERFORMANCE

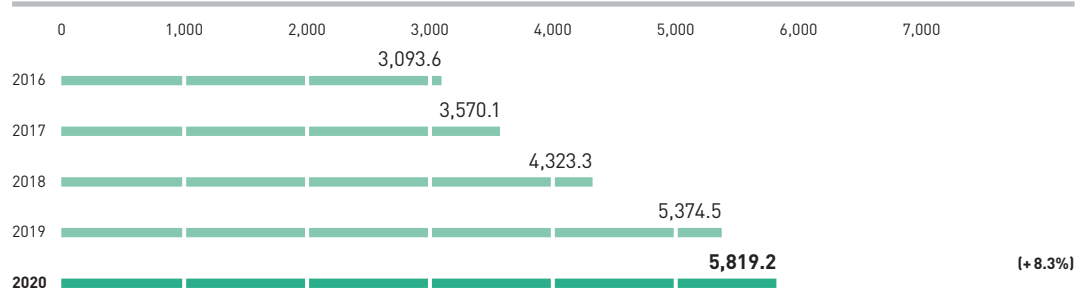
**Revenue shows high single-digit growth.** The revenue growth in the reporting period was fully in line with the expectations and plannings that had been formulated prior to the outbreak of the pandemic. Taking the COVID-19 pandemic and the associated generally weaker economic situation into consideration, the performance was in fact outstandingly good. In the reporting period, the revenue climbed 8.3 per cent from €5,374.5 million to €5,819.2 million. At 7.1 per cent, the growth was largely organic.



See Notes,  
Revenues,  
page 144 f

## 22. REVENUE

€m



The development in the regions and segments was varied. The growth of the group was borne mainly by the IT System House & Managed Services segment. With a growth of 22.8 per cent, the system house companies in Switzerland and Austria performed especially well. However, the trading companies in Germany also underwent above-average growth of 17.0 per cent. Outside Germany, Austria and Switzerland, the measures to combat the pandemic were much stricter in many countries, resulting in a more severe impact on the businesses, including Bechtle.

The growth rates in the individual quarters were also varied. Bechtle set off with a revenue growth of 9.3 per cent in the first quarter. This was followed by an increase of 3.9 per cent in the second quarter – the weakest quarter of the reporting period, which was greatly affected by the outbreak of the pandemic and lockdowns in many countries. The macroeconomic situation improved in the second half of the year, which is also evident from the revenue growth of 7.4 per cent that Bechtle achieved in the third quarter. With an increase of 11.6 per cent, the fourth quarter was the strongest quarter in the fiscal year in terms of revenue.

## 23. REVENUE PERFORMANCE

€m



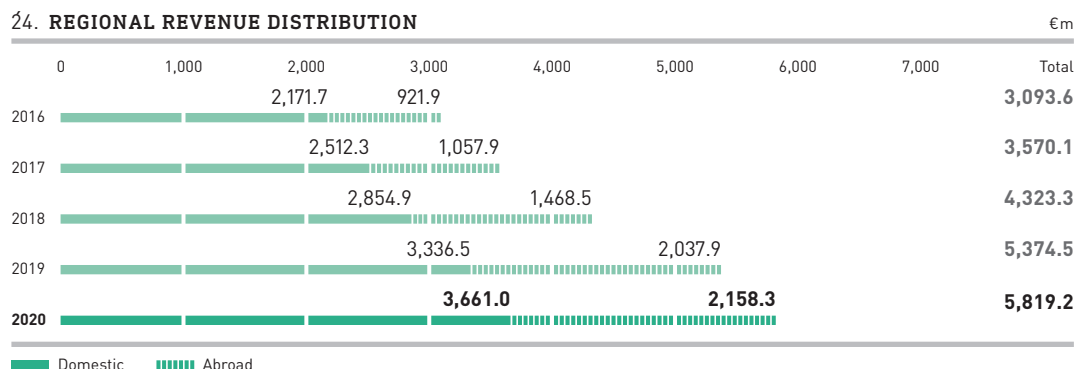


The average number of full-time and part-time employees increased 9.7 per cent, a rate slightly higher than the revenue growth rate. Based on a number of 11,003 full-time and part-time employees (prior year: 10,031), the revenue per employee amounted to €529 thousand, compared to €536 thousand in the prior year.



See Notes,  
People at Bechtle,  
page 197

#### 24. REGIONAL REVENUE DISTRIBUTION



In Germany, the revenue increased 9.7 per cent, a rate significantly higher than the revenue increase of 5.9 per cent that was achieved abroad. Organic growth accounted for the greatest share of 8.8 per cent in Germany and 4.3 per cent abroad. The domestic share in the total revenue was 62.9 per cent, after 62.1 per cent in the prior year. The share from abroad thus amounted to 37.1 per cent (prior year: 37.9 per cent). Accordingly, Germany remains Bechtle's largest market.

### COST AND EARNINGS PERFORMANCE

#### Significant EBT increase.

**Cost of sales.** In 2020, gross earnings went up by 11.6 per cent from €767.8 million in the prior year to €856.6 million in the year under review, a growth higher than that of the revenue. Compared to the revenue, the cost of sales increased at a disproportionately low rate of 7.7 per cent. Reasons for this included the sharp decline in other operating expenses by 14.6 per cent due to corona-related cost savings, especially in the field of travel and vehicle costs. Moreover, material costs merely underwent a disproportionately low increase of 7.3 per cent. This reflects the higher demand for services for newly established infrastructures as well as the product mix, with a higher proportion of peripherals. The main reasons for these developments were the positive business development related to the equipment of home offices at our industry customers and, in particular, the high demand from public-sector clients. Both effects were connected to the COVID-19 pandemic and are not going to occur again to the same extent under normalising business conditions. The gross margin in the reporting period was 14.7 per cent (prior year: 14.3 per cent).



See Notes,  
Expense structure,  
page 145

#### 25. COST OF SALES/GROSS EARNINGS

|                | 2020        | 2019    | 2018    | 2017    | 2016    |
|----------------|-------------|---------|---------|---------|---------|
| Cost of sales  | € m 4,962.6 | 4,606.6 | 3,680.4 | 3,026.3 | 2,610.5 |
| Gross earnings | € m 856.6   | 767.8   | 642.9   | 543.8   | 483.1   |
| Gross margin   | % 14.7      | 14.3    | 14.9    | 15.2    | 15.6    |



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page 45

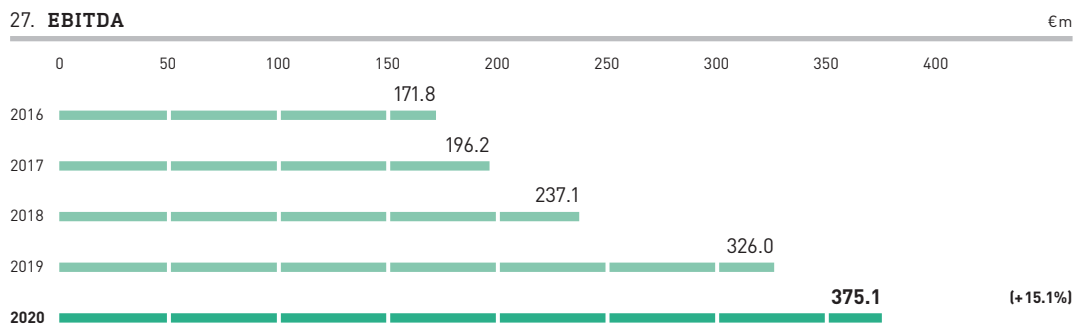
**Distribution costs and administrative expenses.** In the reporting period, distribution costs merely underwent a below-average increase of 4.1 per cent to €319.2 million, from €306.6 million in the prior year. The distribution cost ratio thus receded from 5.7 per cent to 5.5 per cent. Administrative expenses underwent an increase of 14.8 per cent from €249.6 million to €286.5 million. Accordingly, the administrative expense ratio rose from 4.6 per cent to 4.9 per cent. This was due to impairments for trade receivables in the amount of €10.7 million, which were recognised as administrative expenses in other operating expenses, and provisions in the amount of €7.0 million for a corona special payment, which will be paid out to all employees this year. Other operating income declined by 12.2 per cent from €29.8 million to €26.1 million. This was due mainly to a decline in marketing grants from vendors, which were not paid because in-person meetings and events did not take place.

#### 26. DISTRIBUTION COSTS/ADMINISTRATIVE EXPENSES

|                              |    | 2020  | 2019  | 2018  | 2017  | 2016  |
|------------------------------|----|-------|-------|-------|-------|-------|
| Distribution costs           | €m | 319.2 | 306.6 | 257.2 | 216.0 | 196.3 |
| Distribution cost ratio      | %  | 5.5   | 5.7   | 5.9   | 6.0   | 6.3   |
| Administrative expenses      | €m | 286.5 | 249.6 | 205.7 | 173.4 | 153.0 |
| Administrative expense ratio | %  | 4.9   | 4.6   | 4.8   | 4.9   | 4.9   |

**Earnings.** EBITDA stands for earnings before interest, taxes, depreciation and amortisation. In the reporting period, EBITDA improved by 15.1 per cent to €375.1 million (prior year: €326.0 million). The EBITDA margin went up from 6.1 per cent in the prior year to 6.4 per cent in the year under review.

#### 27. EBITDA

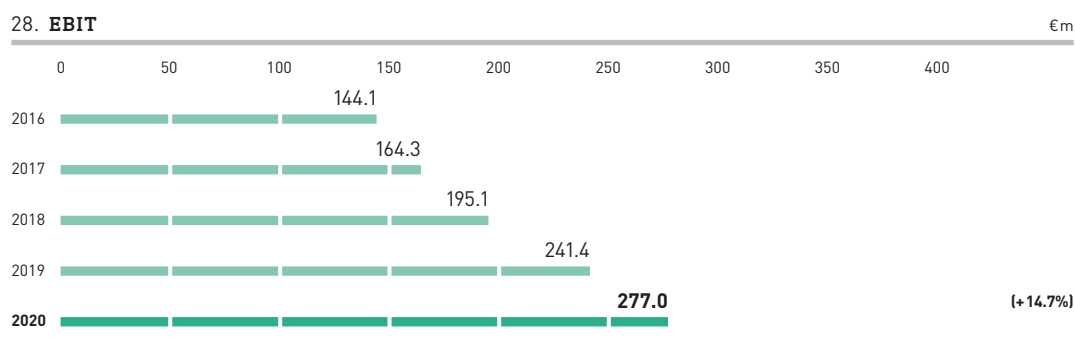


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page 77

Depreciation and amortisation increased 16.0 per cent from €84.6 million in the prior year to €98.1 million in the year under review. Property, plant and equipment accounted for the bulk of this figure, totalling €82.3 million, compared to €71.3 million in the prior year. The increase in depreciation and amortisation was associated mainly with growth and acquisitions as well as expedients used in the

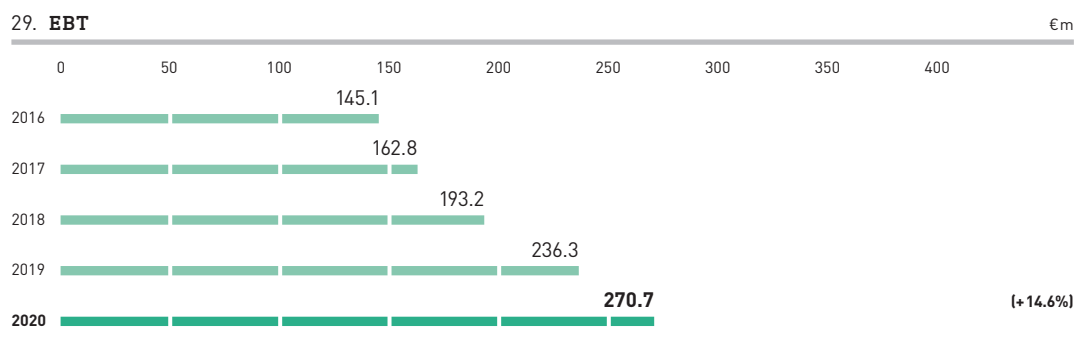
prior year in connection with the initial adoption of IFRS 16. Due to acquisitions and other factors, amortisation of customer service agreements also increased to €6.2 million. As of the end of 2020, the depreciation and amortisation rate had gone up slightly to 1.7 per cent (prior year: 1.6 per cent).

Earnings before interest and taxes (EBIT) improved by 14.7 per cent to €277.0 million, after €241.4 million in the prior year. The EBIT margin went up noticeably, going up from 4.5 per cent in the prior year to 4.8 per cent in the year under review.



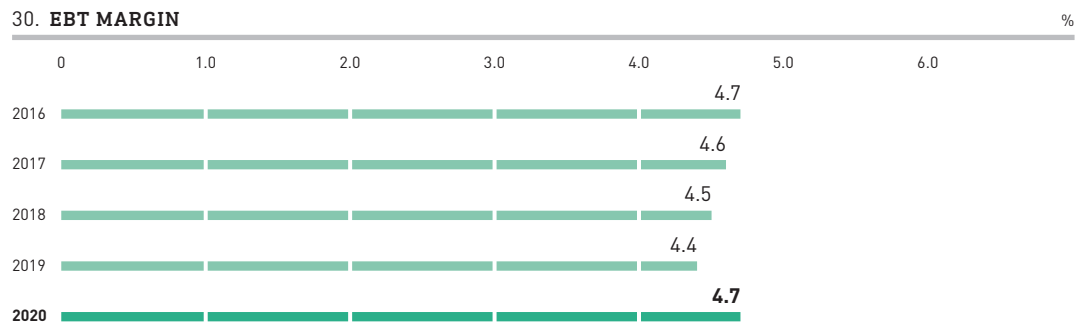
The financial earnings of –€6.3 million were affected by an increase in expenses due to higher financial liabilities.

Earnings before taxes (EBT) increased 14.6 per cent to €270.7, compared to €236.3 million in the prior year. As a whole, especially the above-mentioned effects in the cost of sales – both operational and corona-related – resulted in a positive earnings performance.



The EBT margin also improved considerably from 4.4 per cent to 4.7 per cent in the reporting period. The margin had last reached this level in 2016.

### 30. EBT MARGIN

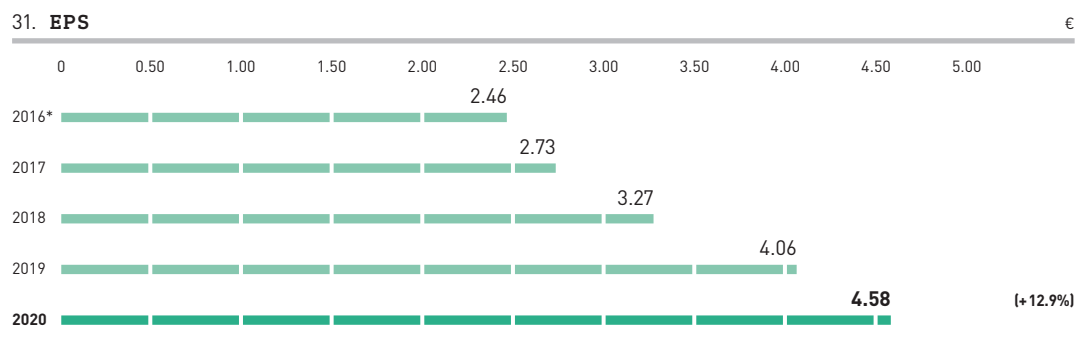


See Notes,  
Income taxes,  
page 146 f

In the reporting period, income tax expenses increased 18.7 per cent to €78.2 million (prior year: €65.8 million). The tax rate went up from 27.9 per cent to 28.9 per cent. This was due to the higher domestic earnings share with a relatively high tax rate as well as tax-reducing effects from the prior year.

Earnings after tax amounted to €192.5 million, 12.9 per cent more than in the prior year (€170.5 million). Earnings per share amounted to €4.58, compared to €4.06 in the prior year.

### 31. EPS



\* Prior year adapted to share split

See Dividend,  
page 55

In view of the good performance, the Executive Board and the Supervisory Board propose to pay out a dividend of €1.35 (prior year: €1.20) to the Bechtle shareholders for the 2020 fiscal year. Compared to the prior year, the dividend would thus be 12.5 per cent higher, and the dividend payout ratio would amount to 29.4 per cent.

## SEGMENT REPORT

### Both segments brave the pandemic.

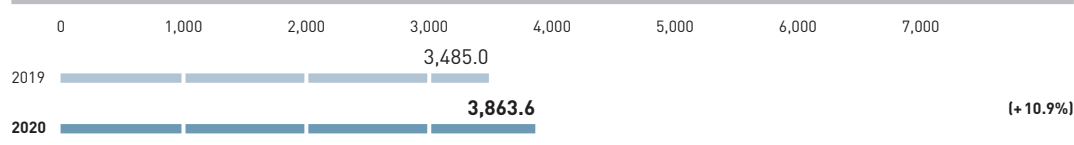
**IT System House & Managed Services.** In 2020, Bechtle's revenue in the IT System House and Managed Services segment reached €3,863.6 million. This means a growth of 10.9 per cent over the prior-year figure of €3,485.0 million. All in all, the service segment generated 66.4 per cent of the total revenue (prior year: 64.8 per cent).



See Notes,  
Segment information,  
page 181 ff

### 32. SEGMENT REVENUE IT SYSTEM HOUSE & MANAGED SERVICES

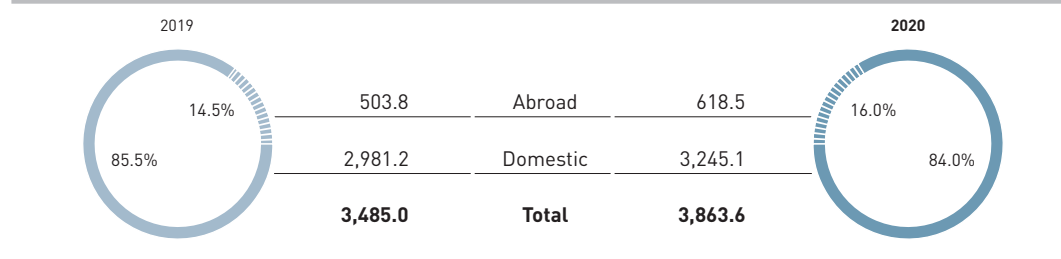
€m



The foreign companies in this segment performed particularly well – also due to acquisitions – recording growth of 22.8 per cent. In this area, the organic growth rate in the reporting period was 16.3 per cent. In Germany, a high single-digit growth rate of 8.9 per cent was achieved. Organically, the growth rate in this area was 7.9 per cent. One of the drivers was the strong development of the public-sector business.

### 33. REVENUE DISTRIBUTION IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

€m



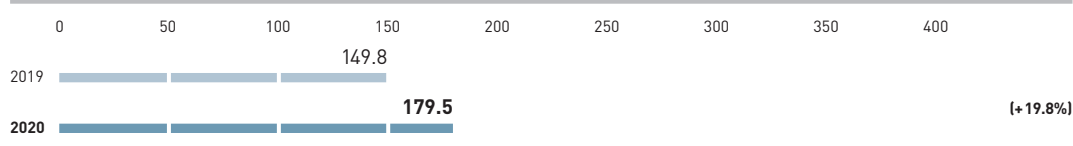
Based on an average of 8,667 full-time and part-time employees (prior year: 7,810), revenue per employee amounted to €446 thousand, a figure comparable to that of the prior year.



In 2020, EBIT in the IT System House & Managed Services segment climbed 19.8 per cent to €179.5 million (prior year: €149.8 million). The EBIT margin improved from 4.3 per cent in the prior year to 4.6 per cent in the reporting period. Apart from cost savings, the constantly high demand for services for newly established home office structures had a positive effect.

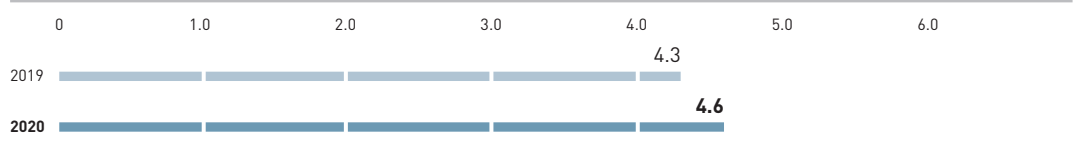
#### 34. EBIT IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

€m



#### 35. EBIT MARGIN IN THE IT SYSTEM HOUSE & MANAGED SERVICES SEGMENT

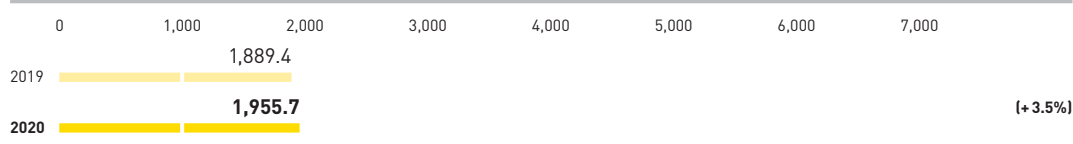
%



**IT E-Commerce.** In the 2020 fiscal year, the IT E-Commerce segment achieved a revenue increase of 3.5 per cent from €1,889.4 million to €1,955.7 million. The organic growth rates were similar. At the bottom line, the segment accounted for 33.6 per cent of the total revenue (prior year: 35.2 per cent).

#### 36. SEGMENT REVENUE IT E-COMMERCE

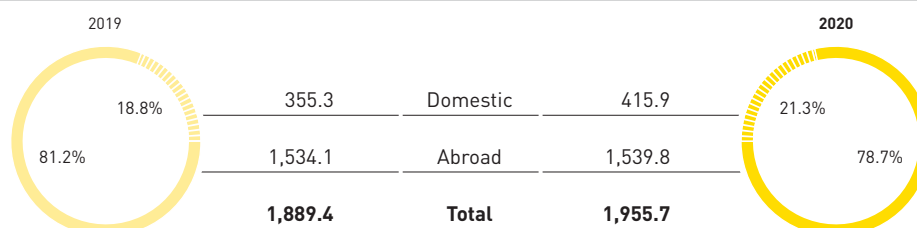
€m



In the reporting period, Germany was not affected by the COVID-19 as severely as other European countries. For this reason, the domestic companies performed much better, recording revenue growth of 17.0 per cent from €355.3 million to €415.9 million. The companies abroad recorded a growth rate of 0.4 per cent. Their revenue thus amounted to €1,539.8 million as of the end of the year (prior year: €1,534.1 million).

## 37. REVENUE DISTRIBUTION IN THE IT E-COMMERCE SEGMENT

€m

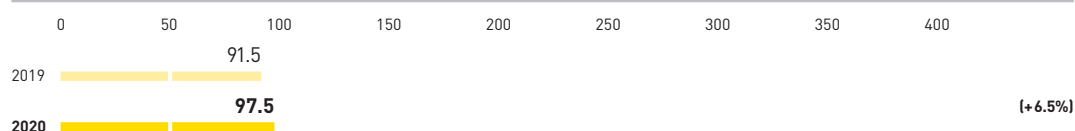


Based on an average of 2,336 full-time and part time employees (prior year: 2,221), revenue per employee in 2020 amounted to €837 thousand, after €851 thousand in the prior year.

In the reporting period, EBIT in the IT E-Commerce segment climbed 6.5 per cent to €97.5 million (prior year: €91.5 million). The EBIT margin also improved, going up from 4.8 per cent in the prior year to a strong 5.0 per cent in the year under review. This was due to the product mix and the higher demand for peripherals as previously mentioned.

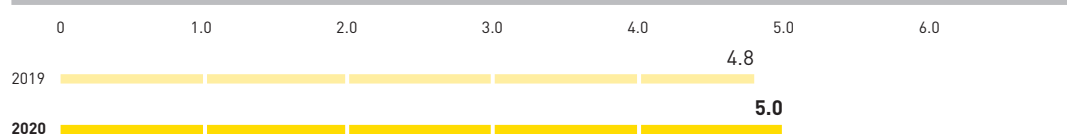
## 38. EBIT IN THE IT E-COMMERCE SEGMENT

€m



## 39. EBIT MARGIN IN THE IT E-COMMERCE SEGMENT

%



## ASSETS POSITION

Bechtle's balance sheet has always reflected economic strength and financial independence. This was evident even in the crisis year of 2020. As usual, we proved to be a reliable, future-proof partner for our customers. Apart from indicators that were strong as always, such as the equity ratio and the debt ratio, the working capital also underwent a very positive development. Year on year, the working capital merely underwent a marginal increase, thereby demonstrating the success of our working capital management.



For the assets position of the segments, see Notes, page 184

**Balance sheet strong as usual.** In the reporting period, the balance sheet total of the Bechtle Group climbed to €2,687.1 million, an increase of 12.2 per cent.

### 40. CONDENSED BALANCE SHEET

|                               | €m             |                |                |                |                |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
|                               | 2020           | 2019           | 2018           | 2017           | 2016           |
| <b>Assets</b>                 |                |                |                |                |                |
| Non-current assets            | 958.9          | 846.4          | 659.3          | 415.2          | 368.2          |
| Current assets                | 1,728.2        | 1,548.3        | 1,367.9        | 1,028.2        | 901.1          |
| <b>Equity and liabilities</b> |                |                |                |                |                |
| Equity                        | 1,162.0        | 1,014.8        | 883.2          | 777.3          | 694.1          |
| Non-current liabilities       | 599.9          | 566.7          | 464.9          | 127.3          | 118.0          |
| Current liabilities           | 925.2          | 813.1          | 679.1          | 538.8          | 457.3          |
| <b>Balance sheet total</b>    | <b>2,687.1</b> | <b>2,394.7</b> | <b>2,027.2</b> | <b>1,443.4</b> | <b>1,269.3</b> |

On the assets side, non-current assets increased 13.3 per cent to €958.9 million as of the reporting date. Goodwill accounted for the bulk of non-current assets. In the reporting period, this item underwent an increase of 12.8 per cent or €50.7 million to €448.3 million, due mainly to acquisitions. Property, plant and equipment went up by €46.5 million or 16.6 per cent. Besides acquisitions, the new building at the headquarters in Neckarsulm also affected this item. Especially as a result of the greater number of large projects, long-term trade receivables rose by €17.8 million.

At €66.2 million, the amount spent on investments was higher than in the prior year (€48.0 million). The investment ratio merely underwent a slight increase from 17.2 per cent to 18.8 per cent.

The capitalisation ratio increased to 35.7 per cent as of the reporting date 31 December 2020 (prior year: 35.3 per cent). The coverage of the non-current assets by the equity went up from 119.9 per cent to 121.2 per cent in the reporting period.

**Comfortable liquidity.** Current assets increased 11.6 per cent to €1,728.2 million. Inventories merely underwent a below-average increase of 5.6 per cent or €16.1 million to €301.7 million. Though the inventories went up significantly during the reporting period, due to reserved stock for large projects and a stock build-up due to expected supply bottlenecks, the inventories dropped again towards the end of the year. The ratio of inventories to revenue receded slightly, from 5.3 per cent in the prior year to 5.2 per cent in the year under review. Despite the tense economic situation and the deteriorated financial situation of many companies in our range of customers, trade receivables merely underwent a markedly below-average increase of €14.9 million to €877.2 million. The DSO (days sales outstanding) improved from 41.0\* to 40.0 days.

Cash and cash equivalents went up €91.0 million to €363.2 million. Bechtle thus has sufficient funds to finance both its further growth as well as acquisitions. Moreover, Bechtle has a liquidity reserve of €147.5 million in the form of unused cash and guarantee credit lines.

The working capital merely went up 0.8 per cent and thus remained almost at the prior-year level. In relation to the revenue, the ratio declined from 12.1 per cent to 11.2 per cent. The reasons for this positive development especially included the moderate increase in inventories and the low rise in trade receivables. This reflects the success of Bechtle's active working capital management.

#### 41. WORKING CAPITAL

|                 | 2020     | 2019  | 2018  | 2017  | 2016  |
|-----------------|----------|-------|-------|-------|-------|
| Working capital | €m 652.7 | 647.7 | 580.8 | 492.9 | 375.6 |
| In % of revenue | 11.2     | 12.1  | 13.4  | 13.8  | 12.1  |

On the equity and liabilities side, current liabilities increased by €112.1 million or 13.8 per cent to €925.2 million. Trade payables went up by €19.1 million to €425.9 million. Other provisions increased by €10.0 million. A provision for the corona special payment to all employees accounted for a large portion of this amount. Contract liabilities increased by €25.2 million to €130.6 million. Other liabilities went up €22.1 million. The reasons for this included the liabilities to employees in connection with the performance-oriented compensation components that are paid out in the course of the first quarter of 2021.

\*Prior-year figure adjusted

As of the reporting date, non-current liabilities amounted to €599.9 million, 5.9 per cent more than in the prior year. Due to a new loan raised to finance acquisitions and for other reasons, financial liabilities went up €19.7 million to €393.5 million. The share of non-current liabilities in the balance sheet total decreased from 23.7 per cent to 22.3 per cent.

**Higher equity ratio.** In the reporting period, the equity grew 14.5 per cent to €1,162.0 million. This was due to the increase of €147.2 million in retained earnings. The equity ratio went up from 42.4 per cent to 43.2 per cent. At 19.5 per cent, the return on equity was almost the same as in the prior year.

#### 42. RETURN ON EQUITY AND RETURN ON TOTAL ASSETS

|                        | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------|------|------|------|------|------|
| Return on equity       | 19.5 | 19.8 | 18.1 | 16.9 | 17.1 |
| Return on total assets | 8.3  | 8.5  | 9.1  | 9.6  | 9.6  |

As of 31 December 2020, the debt ratio dropped from 136.0 per cent to 131.2 per cent. The net debt slumped from €115.5 million to €9.3 million.

In the reporting period, the return on assets, which indicates the return on the entire utilised capital, decreased slightly from 8.5 per cent to 8.3 per cent.

In the business of Bechtle AG, which does not involve a great deal of property, plant and equipment, the ROCE (return on capital employed) is affected by the development of current assets and liabilities, on the one hand, and the earnings performance, on the other. In the reporting period, the ROCE thus amounted to 19.8 per cent (prior year: 18.7 per cent).

#### 43. ROCE/CAPITAL EMPLOYED

|                     | 2020    | 2019    | 2018  | 2017  | 2016  |
|---------------------|---------|---------|-------|-------|-------|
| ROCE %              | 19.8    | 18.7    | 20.6  | 22.3  | 24.0  |
| Capital employed €m | 1,395.4 | 1,288.7 | 948.2 | 738.0 | 601.0 |

## VALUE INFORMATION

In almost all cases, the fair value of the current assets and liabilities corresponds to the carrying amount. Within the scope of the non-current assets, intangible assets with a limited useful life, property, plant and equipment as well as trade receivables, income tax receivables, other assets as well as time deposits and deferred taxes are measured at amortised cost. The carrying amounts of the goodwill and of the brands presented under other intangible assets (except for Inmac WStore, scheduled depreciation) are reviewed for impairment by means of annual impairment tests on the basis of the value in use. As the values in use significantly exceeded the carrying amounts, no impairment was applied to these assets. Non-current liabilities are carried at amortised cost.



See Notes,  
page 172 ff



For value in use of  
the goodwill, see Notes,  
page 148 f



Bechtle places great emphasis on specialisation. Numerous experts with various competencies work at the distributed locations. Here, for example, they work on CAD solutions and 3D printing.

**Tanja Häußler**, Sales Back Office,  
Solidpro

**Richard Höfer**, Account Manager  
Sales, Solidpro



## FINANCIAL POSITION

The cash flow continued to develop extremely well in 2020. This is a remarkable achievement especially in view of the economic framework conditions that prevailed in the reporting period. It also demonstrates the positive effects of the measures taken to improve the management of the cash flow and working capital, some of which had already been initiated in prior years. A major focus of the management systems and related measures is the balance between dynamic, profitable growth and necessary capital commitment.

### CASH FLOW STATEMENT



See Assets position,  
page 74 f

**Strong cash flow development.** In 2020, the cash inflow from operating activities amounted to €316.3 million, significantly more than in the prior year (€186.0 million). Factors that contributed to this result include the higher earnings before taxes and other non-cash expenses and income, which increased especially due to the provisions for a corona special payment to all employees in the amount of €7.0 million as well as impairments for trade receivables in the amount of €10.7 million. Changes in net assets also had a positive effect. Though the cash outflow for inventories was €12.7 million higher than in the prior year and amounted to €18.5 million, which was especially due to stock build-up of high-demand products as well as larger orders towards the end of the year. The cash inflow from trade payables underwent a moderate decrease from €28.6 million in the prior year to €23.9 million. However, these developments were more than compensated for by the much lower accumulation of trade receivables, whose cash outflow dropped by €62.0 million compared to the prior year.



See Notes,  
page 170 f

The cash outflow from investing activities amounted to €146.5 million, compared to €72.1 million in the prior year. This was due to the increase of €27.5 million in outflows for acquisitions, the increase of €17.4 million in investments and the reinvestment of €40.0 million in time deposits and securities.

The cash flow from financing activities amounted to –€77.5 million, €12.2 million more than in the prior year. Though the outflow for the repayment of financial liabilities was higher than in the prior year, the inflow from the assumption of financial liabilities increased, e.g. for the purpose of financing acquisitions. The item was also affected by the dividend payout, which was increased for the tenth time in a row.

The free cash flow again underwent a major improvement and amounted to €202.9 million, after €109.5 million in the prior year. The reasons for this development included the positive development of the cash flow from operating activities and the comparatively moderate outflow for acquisitions and investments.

## 44. CASH FLOW

€m

|                           | 2020   | 2019  | 2018   | 2017  | 2016  |
|---------------------------|--------|-------|--------|-------|-------|
| Cash flow from            |        |       |        |       |       |
| operating activities      | 316.3  | 186.0 | 140.5  | 54.3  | 53.4  |
| investing activities      | -146.5 | -72.1 | -280.6 | -62.7 | -41.4 |
| financing activities      | -77.5  | -89.7 | 221.4  | 33.6  | -36.3 |
| Cash and cash equivalents | 363.2  | 272.2 | 245.4  | 162.4 | 140.4 |
| Free cash flow            | 202.9  | 109.5 | -147.2 | -24.1 | -7.0  |

The material conditions of the financial liabilities are explained in the Notes to the Consolidated Financial Statements. Due to the secondary importance of financial earnings to the Bechtle Group, a change in the interest rate would not have any major impact on the financial position.



See Notes,  
page 167

At Bechtle AG, off-balance sheet financing instruments primarily concern operating leases. Details are presented in the Notes to the Consolidated Financial Statements.



See Notes,  
Operating leases,  
page 195

Currently, the Executive Board of Bechtle AG does not see any signs of liquidity bottlenecks for the group. There are sufficient financial resources for further organic growth and growth through acquisitions.

## FINANCIAL MANAGEMENT PRINCIPLES AND OBJECTIVES

**Financial independence.** The objective of Bechtle's financial policy is to keep the group's financial power at a high level, thereby retaining the company's financial independence by ensuring adequate liquidity. At the same time, risks are to be avoided as far as possible or hedged effectively. For example, the Rules of Procedure of the Executive Board prohibit all kinds of speculative forward transactions. This applies especially to currencies, goods and securities, as well as forward transactions associated with these, unless they serve the hedging of ongoing business operations.

As a matter of principle, Bechtle uses derivative financial instruments exclusively for hedging its operating activities. In the reporting period, the company made use of currency futures and currency options. The hedging of the euro – the group currency – represents a key subject of the financial management. We use instruments that protect the equity in euros and that do not have any effect on profit or loss in the income statement as well as instruments that hedge cash flows in foreign currencies, thereby largely minimising the currency risk in the income statement. Hedging measures are primar-



See Notes,  
page 137f and  
page 172ff

ily taken for Swiss francs, pounds sterling, Polish zlotys, Czech korunas and Hungarian forints, as asset items and cash flows outside the euro area are largely held and generated in these currencies. In individual cases and projects, purchase prices in other foreign currencies or prices that depend on the exchange rate are hedged with the help of derivatives.

For the investment of excess liquidity, quick availability is more important than maximum yield, e.g. in order to be able to access available cash and cash equivalents in the event of acquisitions or major project pre-financing measures. Thus, purely financial goals – such as the optimisation of the financial income – are subordinate to the acquisition strategy and the company growth. This financial flexibility forms the basis for Bechtle's success in a highly consolidating market. The liquidity situation is centrally managed and monitored by the treasury.

Investment business is only conducted with investment-grade debtors. For time deposits within the European Union, investments with deposit guarantee are preferred. As such a guarantee only exists to a limited extent in Switzerland, we only make investments in this country with banks with an excellent credit rating.

## STRATEGIC FINANCING MEASURES

**Investments covered by cash and cash equivalents.** In 2020, the current business and necessary replacement investments were financed with cash and cash equivalents and the operating cash flow. The funds required for the acquisitions in the fiscal year ended were partly covered by cash and cash equivalents and partly debt-financed.

At 43.2 per cent, the equity ratio remains at a high level (prior year: 42.4 per cent). It forms the basis for our financial flexibility and independence. Thus, we are able to make use of any acquisition opportunities that arise at short notice and increase stock level speedily and flexibly in the event of impending supply bottlenecks in the global IT supply chain. Compared to competitors, we are thus able to continue to supply for a longer period. Therefore, Bechtle holds funds in the amount of €403.2 million, mostly in the form of cash and cash equivalents.

As a matter of principle, Bechtle pursues the goal of having sufficient access to various financing sources at all times.

## OVERALL ASSESSMENT

As previously, the Executive Board of Bechtle AG considers the company's economic position as of the reporting date to be good. Despite the ongoing COVID-19 pandemic, with its many effects on daily life and business, the demand for IT infrastructure and IT services continues to be high. In the reporting period, Bechtle fulfilled all forecasts that had been made for the reporting period on the basis of the 2019 fiscal year without taking the pandemic into consideration. The figures for 2020 deliver impressive evidence of Bechtle's economic strength and solidity.

### 45. COMPARISON OF THE ACTUAL AND PROJECTED BUSINESS PERFORMANCE

|                              | Forecast AR 2019                                    | Forecast increase in Q3 2020        | Actual 2020                  | Comparison |
|------------------------------|-----------------------------------------------------|-------------------------------------|------------------------------|------------|
| Revenue                      | Significant increase over 2019                      | Significant increase over 2019      | Growth: 8.3%                 | Fulfilled  |
| Cost of sales                | Slightly below the revenue growth                   | –                                   | Growth: 7.7%                 | Fulfilled  |
| Gross margin                 | < 15%                                               | –                                   | 14.7%                        | Fulfilled  |
| Distribution cost ratio      | About 6%                                            | –                                   | 5.5%                         | Fulfilled  |
| Administrative expense ratio | About 5%                                            | –                                   | 4.9%                         | Fulfilled  |
| EBT                          | Significant increase over 2019                      | Very significant increase over 2019 | Growth: 14.6%                | Fulfilled  |
| EBT margin                   | At least at prior-year level                        | Above prior-year level              | From 4.4% to 4.7%            | Fulfilled  |
| Dividend                     | Dividend payout ratio of about one third of the EAT | –                                   | Dividend payout ratio: 29.4% | Fulfilled  |

## OPPORTUNITY AND RISK REPORT

Successful business operations are based on the active use of opportunities and the best possible containment of risks. Opportunities and risks are always closely interwoven. The objective of Bechtle's opportunity and risk management is to ensure that profitable growth opportunities as well as the associated risks are identified at an early stage and duly assessed. At present, we are not aware of any risks that, alone or in combination with other risks, could endanger the going concern.

## OPPORTUNITY AND RISK MANAGEMENT

### BASIC UNDERSTANDING



See  
Vision and strategy,  
page 34 f

Business opportunities and risks are inseparably interlinked – two sides of the same coin. Making use of an opportunity is usually implicitly associated with a risk. For this reason, we already record and assess many of opportunities in the context of risk management system. Thus, all statements made below concerning the risk management largely apply to the opportunity management as well. However, opportunities that are not linked to any risk are also identified. The leaner opportunity management of Bechtle AG that has been established for this purpose is derived mainly from the strategy of the business segments and their goals. The direct responsibility for the early and continuous identification, assessment and control of opportunities is borne primarily by the group's Executive Board and the operational management in the individual business segments and holding companies, i.e. the Executive Vice Presidents and Managing Directors. Like the risk management, these tasks are an integral part of the corporate planning and control system. The management of Bechtle AG puts a lot of emphasis on detailed evaluations and comprehensive scenarios concerning the market and competitive position and critical success factors for the company's performance. From this information, it derives the potential for specific opportunities for the individual business segments. These are discussed in planning meetings between the Executive Board and the executives with operating responsibility, and suitable measures and targets are agreed in order to make use of this potential.

Bechtle AG defines risk management as the entirety of all organisational arrangements and measures to identify risks and manage them. The main objective of the risk management is to effectively ensure the company's going concern on a long-term basis. This is achieved by means of the timely

identification of risks, their assessment and the initiation of suitable risk control measures. In this way, the company endeavours to avoid risks or to avert or minimise harmful consequences of the occurrence of a particular risk for the company. The assessment ranges from minor risks to material and existential risks.

The management firmly believes that it is not the task of the risk management to avoid all risks. To successfully exploit opportunities, which are inherently linked to risks, a company must deliberately take risks in the course of its business activity. However, it is important to limit risks to an acceptable degree, to control them in the best way possible and to maintain an appropriate balance with the accompanying opportunities. This is governed by the risk policy and risk strategy under consideration of the company's overriding basic orientation. At Bechtel AG, the risk strategy evolves from the corporate culture, the corporate guidelines and the company's strategic goals. These aspects govern everyday operations and, in various ways, serve as an orientation aid for all decisions. The key elements of these basic cultural definitions are rooted in our corporate philosophy, our code of conduct, our sustainability code, our governance guidelines and our social media policy.

## ORGANISATION

In line with the organisational structure of the Bechtel Group, the risk management clearly distinguishes between duties and responsibilities of the group holding/intermediate holdings and of the operational subsidiaries and individual management areas. The group controlling has established a reporting system that enables early identification of developments that threaten the company's success. Apart from the provision of various analysis tools for the operational units, the insights gained from periodic analyses and statistics support an effective risk management in the individual areas. The Managing Directors and Business Unit Leaders thus bear a substantial part of the responsibility for the active risk management. This basic principle also corresponds to the decentralised business model and the management philosophy of Bechtel AG. Compared to the prior year, the risk management organisation did not undergo any material changes.

The risk management organisation of Bechtel AG mainly performs two functions:

**■ Process-independent monitoring:** This comprises the review of the operability of all processes. The controlling is an important part of the process-independent monitoring. Here, Bechtel audits business operations retroactively for compliance and suitability. The Executive Board thereby fulfils its statutory duty pursuant to Section 91 (2) of the German Stock Corporation Act (AktG). At Bechtel AG,



controlling tasks are continually performed in the context of the review of incoming orders and month-end closings as well as for specific events in the field of group accounting. The suitability of the early risk identification system set up by the Executive Board and the effectiveness of individual risk control measures and of the accounting-related internal control system are reviewed by the auditors within the scope of the audit of the annual financial statements and during the year by the company management.

■ **Early warning and monitoring system:** The structure of the systems is geared towards strategic and operational threats and ensures the operability of the risk management and other corporate processes. Early warning systems help the company identify risks and opportunities in good time. In connection with the identification of latent risks, special attention is paid to early indicators. The monitoring comprises the continuous review of the effectiveness, adequacy and efficiency of the measures and of the required control structures.

Within the scope of the risk management, effective communication across all hierarchy levels is of decisive importance for the interlinking with the operational business. Therefore, board and team work is an important instrument for the organisation and control of the required information flow. At the top level of Bechtle AG, this comprises the Supervisory Board, Executive Board and risk management meetings. At the management level, especially meetings of the Executive Vice Presidents, Managing Director and strategy conferences, planning and individual meetings as well as round tables with the Executive Board are held in order to meet this need.

Solidpro, headquartered in the Swabian city of Langenau, has discovered the opportunities of integrated product development and manufacturing. The company delivers integrated, cross-interface and user-friendly platform-based solutions.

**Patrick Schnitzler**, Director Client Consulting, Solidpro

**Daniel Paulus**, Manager Business Delivery, Solidpro

**Jennifer Lang**, Marketing, PR & Event, Solidpro



## GROUP ACCOUNTING

According to Section 315 (4) of the German Commercial Code (HGB), the group management report of capital market-oriented companies must address key features of the internal control and risk management system (ICS) with respect to the group accounting process. In this connection, Bechtle uses the definition of the Institute of Public Auditors in Germany (IDW). According to this definition, an ICS consists of the principles, procedures and measures that the management introduces in the company for the organisational implementation of the decisions of the management. The duties and goals of the ICS are as follows:



- To ensure the effectiveness and efficiency of the business activity. This also includes the protection of tangible and intangible assets as well as the prevention and/or detection of financial losses that may be caused by own employees or third parties;
- To ensure the correctness and reliability of the internal and external accounting; and
- To comply with the legal regulations applicable to the company.

The principles, the structural and process organisation and the processes of the accounting-related ICS are outlined in policies and organisational instructions that are continually adjusted to the latest external and internal developments. The controls defined throughout the group are outlined in a group accounting manual. The requirements in the guidelines and organisational instructions are based on statutory standards as well as on voluntarily defined corporate standards.

With respect to the financial accounting, this ensures that business transactions and facts are fully and duly identified, processed and reflected in the accounts, thereby ensuring correct accounting.



## RISK IDENTIFICATION AND ASSESSMENT

To pinpoint all risks relevant to Bechtle AG as comprehensively as possible, the company uses a risk pool. The risk pool describes all potential risks identifiable for Bechtle AG. In the reporting period, the risk pool, which had been restructured and revised in 2019, was further optimised. To identify risks correctly, Bechtle makes use of risk assessment forms. These forms structure various risk types in the form of a checklist. The content of this list can be adapted and supplemented by the executives involved in risk identification and assessment in order to take any peculiarities of individual business areas into consideration.

The risk assessment form, whose purpose is to map possible risks as comprehensively as possible, serves as the basis for the risk assessment. Each risk is assessed for probability of occurrence and expected damage amount (risk potential) and allocated to a risk matrix indicating the significance (A, B and C risks). The result is an additive presentation of all identified risks in the form of a “risk map”, both for Bechtle AG as a group and for each of its business segments.

## RISK CONTROL

As a matter of principle, the individual operational units are responsible for the risk control. The company responds to identified risks on a case-by-case basis and with different strategies.

- Risk avoidance: Refraining from activities involving risks may mean that opportunities cannot be used either
- Risk reduction: Reduction of the average probability of occurrence and/or of the amount of the loss
- Risk transfer: Transfer of the risk to another (insurance) company
- Risk acceptance: Acceptance of the risk without taking countermeasures

## RISK REPORTING AND DOCUMENTATION

At least once a year, the management of Bechtle AG holds risk management meetings, the content of which is subject to ongoing review and further development. In addition to the risk management meetings of Bechtle AG, separate meetings at which the risks are explicitly discussed and continuously reassessed with the responsible individuals are held for each segment and executive division. The members of the Executive Board attend each of these meetings. The Executive Vice Presidents and individual employees entrusted with controlling and risk management responsibilities also participate in the meetings. Thus, all areas and responsibilities that are important for the company's success are involved in the risk management process. At quarterly intervals, this group receives a status query in which the previous assessment of risks is reviewed and any new risks are queried. In addition to the standard reporting and assessment of risks at these meetings, there is an arrangement for ad-hoc reporting. In this way, critical issues are duly reported to the Executive Board and subsequently to the responsible bodies (audit committee, Supervisory Board) and other individuals involved in the risk management process.

## OPPORTUNITIES

### MARKET AND COMPETITION

Like all other players on the IT market, Bechtle AG is affected by the sector's performance and macroeconomic developments. A positive economic development presents opportunities for further successful company growth. However, even in the event of macroeconomic or sector-specific stagnation or decline, Bechtle can benefit from consolidation in the competitive landscape and expand its relative market share. This is the kind of scenario we observed in the reporting period. Despite the negative impact of the COVID-19 pandemic around the globe, Bechtle performed well and was able to significantly expand its market share despite the weak development in the market as a whole. In view of these macroeconomic aspects, we intensively conduct strategic market and competition analyses in order to derive concrete growth options for our future development. We also focus on industry and technology trends that have a direct impact on our company's profitable growth.



See  
Competitive position,  
page 31

The IT market is characterised by rapid technological innovation and comparatively short product cycles. Due to the advancing digitisation, information technology is becoming increasingly important. IT is an integral component of the cooperative creation of value and a key success factor for nearly all enterprises. At the same time, due to the complexity of IT, many enterprises need competent partners for the successful and secure operation of their IT infrastructures, increasingly also in the field of high-quality services such as managed or cloud services. Most companies prefer cooperating with an experienced partner also in the field of digitisation – an area which still holds many unknowns. Therefore, the markets addressed by Bechtle in Western and Central Europe still offer significant, increasing growth potential. Bechtle's product and service portfolio covers almost completely all major current and foreseeable needs of industrial customers and public-sector clients. With this comprehensive offer, Bechtle distinguishes itself from most direct competitors. In terms of strategic and structural positioning, our company is well prepared to make use of any newly emerging growth potential. The business development in the reporting period is proof of this good positioning. Bechtle was able to respond speedily and flexibly to the newly arising need for the establishment of entirely new IT infrastructures that the employees of customers would be able to access from their home offices.

The IT system house market, especially in German-speaking regions, has been in a phase of intensive consolidation for several years, which Bechtle is actively exploiting. Thanks to our robust financial resources and good reputation, we have been able to complete more than 100 acquisitions since our company was founded, continuously strengthening our market position. In view of the progressive thinning of the industry and the Bechtle Group's persistently excellent financial situation and funding, the company will have further opportunities to continue to fortify its competitive position, e.g. by means of acquisitions or by expanding the product and service spectrum. In the reporting period, Bechtle again made use of this opportunity and acquired four companies.



See  
Vision and strategy,  
page 34 ff

The Bechtle Group occupies a leading competitive position in Germany and Europe. Because of its size, many customers appreciate Bechtle for its ability to offer a comprehensive solution portfolio and ensure high product availability even in times of high demand – something many competitors are not able to do. However, we are also greatly appreciated by our manufacturing partners. Despite its size, Bechtle's decentralised structure enables it to quickly and flexibly leverage any weaknesses of its competitors for the purpose of increasing the regional market penetration. The group has the size and financial strength of an international business combined with the agility and customer proximity of a local mid-sized enterprise.

## CUSTOMERS



See chart  
Industry segmentation,  
page 30

Bechtle has a widely diversified customer structure. Therefore, the effects of industry-specific economic trends and special investment-related framework conditions only affect the company on a location-specific scale. The success of the Bechtle Group as a whole is not endangered, as Bechtle has the opportunity to balance and compensate the weaknesses of individual sectors or regions.



Strong  
customer base

Public-sector clients are an important customer segment for Bechtle. In the past, we generated about 30 per cent of our group revenue with these customers. Bechtle has always considered the specialisation with regard to the requirements of public-sector clients and the focus on special aspects of the contract-awarding practice in this segment to be a great opportunity. In the reporting period, the revenue share of public-sector clients rose significantly. The notion that the investment behaviour of this customer group is less susceptible to the influence of economic trends and is often even anti-cyclical has proved true. In 2020, the business with public-sector clients was one of our essential growth drivers. The digitisation trend – which was only triggered by the pandemic in the reporting period in many areas – is associated with the opportunity for further successful business in this customer segment.

In the company's IT System House & Managed Services segment, Bechtle has a dense network of some 75 systems subsidiaries active in Germany, Austria and Switzerland. Moreover, Bechtle's long-standing presence in the IT market poses a high market-entry barrier for potential competitors. A strong competitive position in the SME segment thus enables our company to expand its market leadership in this area while, at the same time, intensifying its business with large customers.



See Business activity,  
IT E-Commerce,  
page 28 ff

In the IT E-Commerce segment, we are active in 14 European countries with a multi-brand strategy. In the coming years, Bechtle wants to continue to grow organically, but also through systematic acquisitions, especially in existing locations. The organic growth is to be promoted by means of marketing measures that address a wider spectrum of customers and by further internationalising the business. In the field of cross-border transactions, Bechtle presents a matchless offering both through its European subsidiaries and through the Global IT Alliance, which was established in 2014.

At bechtle.com, Bechtle merges the trading business of its online shops with the service offering of the system houses on a single digital platform. Driven by our Digital Business Services, this holistic online platform is to be further expanded in the coming years. This will give us the opportunity to offer our entire service portfolio to even more customers and to exploit existing potential even more effectively in the countries in which we are represented with both segments.

## MANUFACTURERS AND DISTRIBUTORS

Bechtle AG maintains close partnerships with all major suppliers and manufacturers in the IT industry. Intensive cooperation with partner companies enables us to offer technology solutions that meet our customers' growing demands. Thus, we are expanding our growth opportunities especially by means of an extensive range of individual service solutions for corporate customers and public-sector clients. In its partnerships with key suppliers and manufacturers, the overwhelming majority of Bechtle's certifications boast the highest partner status. The importance of these partnerships was again evident in the reporting period: In times of high demand and the associated supply shortage of some products, which were boosted due to the shortage of individual components, Bechtle was able to maintain a high availability across most product groups.

To promote the collaboration with strategic vendors, Bechtle employs Vendor Integrated Product Managers (VIPM) who promote both the interests of vendors and those of Bechtle. This concept provides various opportunities, e.g. the ability to forward vendor information to the responsible procurement, sales and service staff without delay in a centralised and target-oriented manner. This enables Bechtle to ensure that its offer to customers reflects the state of the art at all times. At the same time, this increases the quality of sales activities, and customers benefit immediately from innovative products from the respective vendors. In return, the vendors promptly receive largely unfiltered user feedback about existing products and requirements for future products.

Additional synergies are achieved through the standardisation of logistics processes and synchronisation of the ERP systems between Bechtle and its partners. This expands the product offer, increases goods availability and enhances the attractiveness of Bechtle among other distributors and manufacturers. In addition, it gives our company the opportunity to further increase its efficiency and optimise its costs.



## SERVICE SPECTRUM



See Business segments,  
page 27 ff

Enterprise customers often expect their IT providers to deliver complete solutions from one source. With its combination of trading and services and – within the field of services – with its blend of project, managed services and financing business, Bechtle is well prepared to benefit from this trend. Bechtle has indeed positioned itself to do so through acquisitions, strategic alliances and competence centres especially tuned to market demand and trends, and by hiring and retaining qualified staff. These ongoing further developments will continue to be pursued going forward.

In connection with the procurement and operation of IT, many companies usually focus on several features, such as competitiveness, efficiency gain and modernisation. To meet these diverse demands, Bechtle analyses the customer's existing corporate processes in order to systematically offer solutions and IT management models such as outsourcing or cloud computing. Our broad portfolio enables us to devise optimal solutions that are custom-tailored to each customer's specific needs. As a one-stop provider, we have great advantages over smaller and niche providers. Furthermore, due to the high and increasing relevance of IT for all business processes and increased security concerns, customers attach great importance to the reliability of their service provider when selecting their IT partner. In addition to 37 years of experience and advanced solution expertise, Bechtle also enjoys a strong, solid financial position. These factors directly influence the choice of service provider, prices and how and from whom external services are procured. As a financially robust and reliable partner with an excellent reputation, Bechtle will continue to enjoy attractive growth opportunities. Especially customer relationships in the so-called "as-a-service" business can benefit from this. These relationships are usually of a long-term nature, which facilitates business development planning. Also, this area generally enables higher margins than the conventional trading or project business.

Under the ARP umbrella, we have sold custom-branded peripheral products for many years. For this, ARP has a purchasing company in Taiwan. Since 2018, this custom brand is available to all companies of the Bechtle Group under the name ARTICONA. The portfolio comprises IT accessories and connectivity products. In this way, all customers of the Bechtle Group benefit from the excellent price/performance ratio of the ARTICONA products, which also has a positive impact on profitability.



[bechtle-clouds.com](https://bechtle-clouds.com)

Cloud computing is an area with great growth potential. Cloud computing is widely used in large corporations, and the demand for cloud solutions is on the rise among medium-sized customers as well. In cloud computing, processing performance, storage, applications and IT services are obtained in real time via data networks. The fees for the individual services are based on actual usage. Bechtle is

active in the cloud computing market – both in cooperation with renowned partners and with its own solution portfolio. In this context, the Bechtle system houses are able to offer an extensive portfolio of virtualisation and server technologies, infrastructure solutions and security-relevant applications. Accordingly, they are able to meet specific customer needs relating to the provision and operation of cloud IT services. The offer is supplemented with consulting and integration services for cloud computing, as the specific services often need to be integrated and networked with existing systems.

Bechtle Clouds represents another key aspect of our cloud offering. Under this name, Bechtle bundles public and business cloud services. As a multi-cloud service provider, Bechtle Clouds offers custom-produced cloud services as well as numerous public cloud solutions. This enables us to benefit from the growing demand of medium-sized businesses for cloud services. Bechtle Clouds was especially successful in the reporting period, as many customers needed quick solutions to their increased IT needs.

Industry 4.0 and digitisation as a whole also create opportunities for the Bechtle Group. The complexity of the industrial IT landscape as well as the relevance of IT to corporate workflows and production processes will continue to grow. Regardless of how these two trends develop in detail, most companies will obviously need a competent IT partner who can be entrusted with various IT responsibilities. In the reporting period, Bechtle systematically reinforced its competencies in the field of Industry 4.0 by acquiring dataformers GmbH.

## COMPANY ORGANISATION

With around 75 system houses, Bechtle covers the German, Austrian and Swiss markets densely. The decentralised structure of the Bechtle Group is of great significance, as every location is a separate legal entity with a Managing Director responsible for the business performance in their territory. The decentralisation principle creates opportunities by promoting a sense of responsibility and entrepreneurial drive at the individual locations. Moreover, the locally and regionally positioned system houses enable Bechtle to address medium-sized customers at eye level and – at the aggregate group level and via the e-commerce companies that operate on a country-wide basis – address supraregional companies and groups that need a large IT service provider as a trusted partner. The Bechtle Group thus benefits from decentralised responsibility and decision-making structures, on the one hand and, due to its size, from economies of scale with respect to centralised administrative tasks as well as the purchasing and logistics processes that are combined under Bechtle AG, on the other hand. Additionally, competence centres, specialised product management teams and segment heads bundle expertise that is made available centrally to all locations and segments.



See Management,  
page 41

In selected business areas, the group has pooled its competencies and experience within the group's parent company to address that particular market segment. The organised interaction between central support and a decentralised market approach by the system houses yields improved opportunities for growth in the respective market, e.g. in the public-sector division and in the fields of applications solutions, managed services and cloud services.

## HUMAN RESOURCES



See People at Bechtle,  
page 44 ff

Employees are the key part of the Bechtle business model. Retaining employees on a long-term basis, maintaining high motivation and fostering a positive corporate culture are therefore essential to our business success. To further increase the attractiveness of Bechtle as an employer represents both a challenge and an opportunity. Bechtle conducts systematic employer branding to position itself as an attractive employer, to recruit new staff and retain existing staff for the long term.



See Forecast report,  
page 105 ff

When it comes to recruiting employees, the shortage of skilled workers poses a challenge for Bechtle. However, the limited availability of qualified staff could also create opportunities, e.g. if the company manages to train a sufficient number of skilled employees internally and thus meet its needs without having to look elsewhere for new hires. Apprenticeships are therefore a key focus of Bechtle's HR work. In the medium term, Bechtle's goal is to increase its number of apprentices in Germany to approximately 10 per cent of the company's total workforce. Furthermore, we also invest intensively in the further training of our staff. This active career development offering enhances the satisfaction of our employees, which translates into long-term loyalty. Our workforce is constantly growing, and our turnover rate of less than 10 per cent is below the industry average, indicating that Bechtle is effective at taking advantage of recruitment and employee retention opportunities.

In the reporting period, Bechtle started to conduct an employee satisfaction survey throughout the group. This survey will be completed this year. A repetition is planned every two years.

## RISKS

The management believes that the risks described below could have a detrimental effect on the company's earnings, assets and financial position, its reputation and its valuation on the capital markets. Nevertheless, this list does not include all risks the Bechtle Group might be exposed to. Risks that are not yet known or risks that are currently considered to be of little significance could also impair the company's performance. Risks are often associated with opportunities, and the management must examine each individual case and decide whether to make use of an opportunity and take a risk or avoid the risk but thus miss an opportunity.

A number of potential risks arose at the beginning of the reporting period when the COVID-19 pandemic broke out. The factory closures that took place in China in February posed a risk to the supply chain in the IT market. Furthermore, a number of businesses encountered financial bottlenecks during the national lockdown. As a result of the contact restrictions, risks also arose in connection with the performance of services for customers. In the course of the year, it turned out that many of the pandemic-related risks did not materialise, or only did so to a limited extent, for Bechtle AG at any rate. Therefore, this risk report merely describes the corona-related risks that Bechtle AG was exposed to as of the reporting date.



**Comprehensive supply chain management reduces risks in the supply chain. This requires connected processes. Among other things, the specialists at Solidpro enable smooth data transfer, thereby promoting transparency.**

**Marina Schlecker**, Sales Back Office, Solidpro

**Oliver Hoffmann**, Technology, System Consulting IT Systems, Solidpro

## RISK ASSESSMENT



See Risk identification  
and assessment,  
page 85 f

To introduce suitable risk control measures, identified risks are assessed on the basis of their estimated probability of occurrence and the loss amount expected upon occurrence with respect to the earnings, assets and financial position of the Bechtle Group, and subsequently classified as “high”, “medium” or “low” in a matrix. To ensure uniform understanding, the definitions used for the measurement are described below.

### 46. RISK POTENTIAL PROBABILITY OF OCCURRENCE

| Probability of occurrence | Description     |
|---------------------------|-----------------|
| High                      | Highly probable |
| Medium                    | Probable        |
| Low                       | Improbable      |

### 47. RISK POTENTIAL LOSS AMOUNT

| Expected loss amount should the risk scenario occur | Definition of the loss amount                                                  |
|-----------------------------------------------------|--------------------------------------------------------------------------------|
| High                                                | Substantial detrimental effects on the earnings, assets and financial position |
| Medium                                              | Some detrimental effects on the earnings, assets and financial position        |
| Low                                                 | Low detrimental effects on the earnings, assets and financial position         |

### 48. RISK MATRIX

|                           |        | Expected loss amount |             |             |
|---------------------------|--------|----------------------|-------------|-------------|
|                           |        | Low                  | Medium      | High        |
| Probability of occurrence | High   | Medium risk          | High risk   | High risk   |
|                           | Medium | Low risk             | Medium risk | High risk   |
|                           | Low    | Low risk             | Low risk    | Medium risk |

## MACROECONOMY AND INDUSTRY

Among other things, the willingness of customers to invest depends on the macroeconomic development in the individual national markets, in Europe and around the globe. Additionally, the trust that companies put in a positive economic development plays a major role. Bechtle AG generates more than 60 per cent of its revenue in Germany and almost 40 per cent on the international markets. Thus, the development of the European economy as a whole, and of the German economy in particular, has a key impact on our company's growth. Weaker or, even worse, decreasing economic activity involves risks to the earnings, assets and financial position of the Bechtle Group.

In the reporting period, the macroeconomic framework conditions were marked by the COVID-19 pandemic. The growth rates of the gross domestic product receded throughout Europe. Investments in equipment slumped even more. Despite these difficult framework conditions, the IT market and especially the hardware market were rather robust. Moreover, Bechtle's business model, which has always focused on establishing a sound customer relationship and personal contact with the customer, proved its worth under pandemic conditions. So far, Bechtle has not suffered any major disadvantages due to the pandemic. Nevertheless, it cannot be ruled out that risks will materialise for Bechtle as a result of negative macroeconomic development if the restrictions in the private and business realm continue.

We consider the probability of occurrence of the macroeconomic and industry performance risks to be high. This could involve some detrimental effects on our earnings, assets and financial position. We consider this risk to be high.

## BUSINESS ACTIVITY

**Cost structure.** The cost structure of the Bechtle Group is characterised by a high proportion of personnel expenses, which can only be adjusted with some delay in case of changes in capacity utilisation. In phases of a weaker economy or curbed investment affinity of customers, the company can only reduce functional costs to a certain extent in the medium run without significantly modifying the employment situation, e.g. by means of short-time work or by making use of the natural fluctuation. All measures affecting the personnel expenses must always take the existing or possible future personnel risk (lack of qualified staff) into consideration. Therefore, Bechtle endeavours to retain employees on a long-term basis and wants the labour market to perceive the company as a highly attractive, reliable employer. The often rather short-term risk of lower earnings is countered by the long-term opportunity of successful employer branding and bonding of qualified staff. Even during phases of weaker demand in the reporting period, Bechtle thus merely resorted to short-time work. Moreover, to minimise the financial losses on the part of the employees, Bechtle voluntarily increased the short-time work pay to 90 per cent.



See  
Personnel expenses,  
page 47

For the Bechtle Group to retain its earning power, the salary level of all employees as a whole should not rise excessively. However, in view of the shortage of skilled personnel and the demographic change, it will become increasingly difficult to staff all vacancies with qualified people. To attract applicants, Bechtle could be forced to raise the salary level. Bechtle endeavours to counteract this risk by strengthening the employer branding and by focusing on training measures, an approach that Bechtle has already pursued for many years.



See  
Opportunities,  
human resources  
page 92



We consider the occurrence of the risk associated with the development of personnel expenses and salaries to be highly probable. This could result in substantial detrimental effects on the earnings, assets and financial position of the Bechtle Group. We consider this risk to be high.



See  
Opportunities, manufacturers  
and distributors  
page 89

**Procurement.** Bechtle buys its products from all renowned IT vendors and distributors. Across Europe, the company cooperates with about 250 vendors and more than 2,000 distributors. In every national market in which Bechtle is represented, the company has established a close network with vendors and distributors. As the Bechtle Group continues to grow, the vendors could increasingly start supplying directly without using the distributors. As a result, the bonus payments received from distributors could be discontinued or reduced. This, in turn, could impair the earnings and margin of Bechtle AG.

We consider the occurrence of risks from the direct supply by vendors to be highly probable. This could result in significant detrimental effects on the earnings, assets and financial position. We consider this risk to be high.

To increase their market share, the vendors on the IT market have always cooperated with companies like Bechtle. This cooperation involves the yearly determination of individual targets in the business with the respective vendor's products and services. The vendor incentivises the achievement of the target by granting bonus payments, refunds or marketing grants. These programmes can be modified by the vendors, e.g. to realign the incentives with new business segments of the vendors. A weaker positioning of Bechtle in these fields could result in a reduction of the funds provided by the vendors. Bechtle counters this risk by closely collaborating with all major vendors. Thanks to this close collaboration, Bechtle learns of new developments at the vendors at an early stage and is able to duly respond.

We classify the risks from the vendors' pricing policy and terms of sale as a high risk. We consider the occurrence of this risk to be probable. In the event of the occurrence of these risks, we would expect significant detrimental effects on the earnings, assets and financial position.



See  
Business segments  
page 27 ff

**Service range.** On the IT market, Bechtle competes with numerous providers. Besides other conventional system houses and e-commerce providers, some vendors also engage in direct sales, thus becoming competitors. Especially large customers are already cared for directly by some vendors. Some distributors also endeavour to do direct business with end customers, thereby becoming competitors of Bechtle. Especially in the cloud business, but also in the field of managed services, some

large multinationals offer their services and try to sell their offerings directly to customers. Therefore, competition might intensify in future. However, due to its wide geographic coverage in Germany, Austria and Switzerland, Bechtle has an advantage, especially in the field of medium-sized enterprises – which is the core target customer group – in terms of customer approach and bonding as well as with respect to the delivery and performance of services. No other competitor has such wide geographic coverage and direct customer access. Moreover, vendors cannot offer independent consulting services, and distributors have a more limited portfolio bandwidth. Through its consistent focus on efficient sales teams, Bechtle intends to maintain its competitive edge, thereby reducing the risk of entry of new competitors in Bechtle's customer base.

We regard the occurrence of competition risks as highly probable and would expect some detrimental effects on our earnings, assets and financial position in the event of an occurrence of the risk. These risks are classified as high risks.

The way companies use IT and make it available to their employees is undergoing a structural change. Consumption-based contract models ("as a service") are increasingly gaining a lead over the conventional project business. Furthermore, the demand for cloud services is on the rise. The COVID-19 pandemic could speed up this process. The mapping of such consumption models to systems and processes is very complex. Therefore, the processes that are currently being used are not yet as lean and effective as those of traditional business segments. Should the significance of these business segments increase faster and more intensively than expected, this could have a negative impact on the profitability of Bechtle AG.

We regard the occurrence of these risks as probable and would, in the event of occurrence, expect substantial negative effects on our earnings, assets and financial position. These risks are classified as high risks.

**IT.** Nowadays, all companies depend on information technology. In the context of digitisation, all material business processes at Bechtle are closely linked to IT systems and applications. Accordingly, the use of IT involves various risks in areas such as e-commerce shop systems, order processing, ERP, controlling and financial accounting. For example, an availability risk could arise for a smooth process ranging from the enquiry and order placement to the delivery and invoicing if the operability of the required IT systems and applications were to be endangered. Potential causes include the malfunction of infrastructure components, energy or telecommunications outages, disruptions or faults at partners or software providers, and operating errors.

Within the CIO organisation, Bechtle continually endeavours to establish the preconditions to curb the risks associated with the operation of IT. This also includes measures such as the recruitment of additional staff. Nevertheless, we regard the occurrence of these risks as probable and would, in the event of occurrence, expect substantial detrimental effects on our earnings, assets and financial position. These risks are classified as high risks.

The increase in cybercrime is another risk. The probability and extent of damage from external attacks is very difficult to estimate. The intrusion of unauthorised parties into the IT system could result in a confidentiality risk, or the systems could lose their smooth operability after an attack.

To be prepared for potential emergency scenarios, the company's existing crisis plans need to be continually updated, and new ones need to be created, e.g. for new scenarios. For this purpose, Bechtle has appointed an interdisciplinary workgroup. Nevertheless, a new scenario could occur before a new emergency plan is elaborated.

Despite advanced protective mechanisms and security standards, we consider the occurrence of IT security risks to be highly probable. This could result in substantial detrimental effects on our earnings, assets and financial position. These risks are classified as high risks.

**Personnel.** As a trading service provider, the employees as well as their training, motivation and commitment are key success factors for Bechtle AG. For the company's ongoing growth path, it is also important to be able to draw new personnel to Bechtle and retain them on a long-term basis. Therefore – also in view of the demographic change – the inability to recruit the required number of qualified people is one of the greatest HR risks. Moreover, risks exist in connection with the retention of employees in the company. Thus, there could be a loss of expertise as a result of above-average fluctuations in qualified personnel, or customer satisfaction could suffer from a lack of qualification and performance orientation of the employee. Apart from further developing Bechtle's employer branding, the HR work therefore focuses on creating a positive work environment, providing operational training and promoting junior executives by means of internal development programmes. In the reporting period, Bechtle launched an employee satisfaction survey throughout the group. The survey will be completed this year and is to be repeated at regular intervals. The training of young people and further training measures for employees are key aspects of the HR work. Furthermore, the HR work intends to reduce the workload of the operating companies in Germany and abroad and to leverage efficiency potential by means of uniformed alignment.



See Education  
and training,  
page 47 ff

The occurrence of fluctuation risks is considered to be probable. This could cause some detrimental effects on the earnings, assets and financial position. We classify this risk as a medium risk. We classify the HR procurement risk as a high risk, as the occurrence of this risk is probable and substantial detrimental effects on the earnings, assets and financial position cannot be excluded. We classify the risks associated with the shortage of suitable people as a high risk, as the occurrence of this risk is probable and substantial detrimental effects on the earnings, assets and financial position cannot be excluded. We classify the risk of insufficient international orientation of Human Resources as a high risk. The occurrence is probable and could result in substantial detrimental effects on the earnings, assets and financial position.

## FINANCIAL INSTRUMENTS

**Risk management.** Currency, interest rate and liquidity risks are subject to active management on the basis of guidelines that apply to the entire group. In this context, the specific requirements for the organisational separation of the operations and auditing of the functional divisions are observed.



For a quantification of the risks see Notes, page 176 ff

Derivative financial instruments are used exclusively for the purpose of hedging operational underlying transactions and mission-critical financial transactions in the form of currency futures, currency options and currency and interest swaps.

The financial risk management is characterised by clear allocation of responsibilities, central rules for the fundamental limitation of financial risks, purposeful alignment of the employed instruments to the requirements of the business activity and separate monitoring by a centrally controlled treasury.

**Foreign currencies.** Currency risks are incurred in particular in areas where receivables, liabilities, cash and planned transactions exist or will accrue in currencies other than the local currency of the parent company. The foreign currency risk is mainly limited to Swiss francs, as a considerable portion of the international business is generated in Switzerland. Except for Switzerland, the United Kingdom, Poland, the Czech Republic and Hungary, the procurement takes place mainly in euro countries and in euros. In some cases, goods are purchased in US dollars or other currencies in order to take advantage of better prices. The Bechtel Group hedges the currency risk with currency futures. Since the 2018 fiscal year, the hedging of assets held by international subsidiaries in foreign currencies has comprised all non-euro countries. Currency futures are used in individual cases to hedge the currency



See Notes, Currency risk, page 176 ff



See Financial position, page 78 ff

risk associated with other currencies when purchasing goods or when customers pay in foreign currency. In the case of one-time amounts with terms to maturity that are usually short, these economic hedges are not accounted for as hedges. For projects that run over a longer period and generally have several associated hedges, the hedge accounting regulations of IFRS 9 are applied. Open currency transactions and the respective receivables and liabilities are analysed on a monthly basis and tested for effectiveness.

**Liquidity.** To ensure unlimited solvency, the company must have sufficient liquidity at all times. The liquidity situation is managed and monitored by the treasury. The current position of the Bechtle Group as of the end of 2020 was outstandingly robust and comfortable, with cash, cash equivalents, time deposits and securities worth €403.2 million (prior year: €272.2 million), unused cash and guarantee credit lines worth €147.5 million and a positive cash flow from operating activities amounting to €316.3 million (prior year: €186.0 million). The probability of occurrence of a liquidity risk is limited.

The treasury department of Bechtle AG ensures the liquidity supply for the group divisions and subsidiaries by means of cash pooling. Furthermore, it controls the interest rate risk and is responsible for the assessment, analysis and monitoring of positions subject to market risks.

**Receivables.** The solvency of our business customers plays an important role in the examination of the future risk situation. Bechtle could be exposed to bad-debt losses if customers can no longer meet their payment obligations in due time or in full due to inadequate financial means or unfavourable economic developments. Especially against the backdrop of the COVID-19 pandemic and the uncertain or tense situation some industrial enterprises, and thus Bechtle customers, too, are faced with, the probability of occurrence of this risk has increased. Detailed monitoring of customer relationships including ongoing solvency checks and proactive receivables management help avoid risks from bad-debt losses and eliminate the need for taking out trade credit insurance. Moreover, the development of the trade receivables in the reporting period did not give rise to any concerns, but actually saw a greater reduction than in the prior year and a drop in days sale outstanding (DSO) from 41.0 days to 40.0 days. Nevertheless, we regard the occurrence of bad-debt risks as highly probable and would expect some detrimental effects on our earnings, assets and financial position. These risks are classified as high risks.

Potential risks in connection with the investment of cash equivalents are limited by exclusively executing investments with banks with an excellent rating and within the scope of defined limits. Payment transactions, too, are largely handled via banks with a top rating.

**Interest rates.** Financial assets and liabilities with maturities of more than one year generally involve an interest rate risk. The interest rate risks of the Bechtle Group are centrally analysed, and the resulting measures are actively managed by the group's finance department. The procedure applied by the department is subject to regular audits as determined by the management.



See Assets position, page 74 ff, and Notes, Interest rate risk, page 178 f

The occurrence of exchange rate, interest rate and liquidity risks, and of risks from non-payment, is considered to be improbable. Moderate detrimental effects on our earnings, assets and financial position cannot be fully excluded. All financial risks are classified as low risks.



The subsidiaries of Bechtle collaborate closely in all areas. They complement each other and benefit from each other – for example in the field of sales and recruitment.

**Julian Mann**, Sales, Account Manager Education & Research, Solidpro

**Natalia Schwarzkopf**, Head of HR and Controlling, Solidpro



## OTHERS



See Locations,  
page 41 ff

**Acquisitions.** Since its foundation, Bechtle AG has acquired 100 companies. Takeovers are an essential part of the corporate strategy, which is designed with long-term profitable growth in mind. Bechtle intends to continue to strengthen and expand its market position by means of targeted acquisitions. At the same time, however, the decision to purchase a company and integrate it in the group always involves an entrepreneurial risk. It is always possible that the expectations placed on the acquired company may not fully materialise. Bechtle addresses this risk by conducting extensive due diligence audits in advance. The preparation, implementation and audit of acquisitions take place in line with defined competence arrangements and approval processes. Moreover, Bechtle has many years of experience in integrating companies. We have established the structures and processes that are necessary for this and pursue a post-merger concept that meets the group's needs in connection with the integration of newly acquired companies in the best way possible. For Bechtle, the opportunities that acquisitions offer therefore clearly outweigh the risks.

While we consider the occurrence of acquisition risks to be improbable, their occurrence would result in substantial detrimental effects on our earnings, assets and financial position. The risk is classified as a medium risk.

**Legal environment.** Being active at an international level, the Bechtle Group is subject to various national laws. This may involve legal transaction risks – e.g. in connection with the wording of contracts – which Bechtle counters by engaging the internal legal department or external legal advisors at an early stage whenever necessary.

At present, the company is not involved in any legal disputes that we would expect to result in a noticeable detrimental effect on the consolidated earnings. Bechtle AG will create provisions for any future legal disputes in connection with the group's business if liabilities are likely to result and the amount of the liabilities can be determined with reasonable certainty.

## OVERALL EXAMINATION OF OPPORTUNITIES AND RISKS

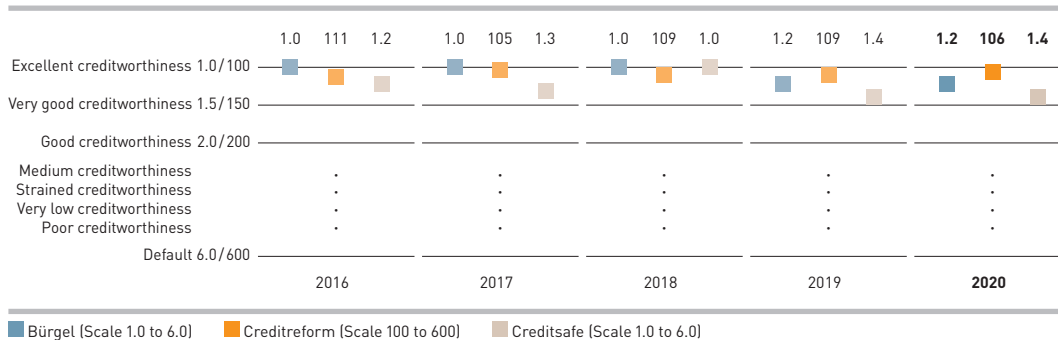
The evaluation of the group's overall opportunity and risk situation by the Executive Board is based on an examination of all major compound and individual risks under consideration of any opportunities that may arise. Compared to the prior year, there were no major changes to the overall risk position or to the risks described. The management is of the opinion that the presented risks are limited and manageable. The company has a very robust financial basis. The company has a good equity ratio of 43.2 per cent and a comfortable liquidity situation.

Third-party ratings are important indicators for the overall risk assessment. Apart from the company's own internal risk assessment, Bechtle's credit rating and aggregate credit risk are regularly appraised and monitored by banks and rating agencies. Due to the sound capital structure and first-class funding of the company, Bechtle has received excellent ratings for many years. There is no reason why this should change in the future.



Excellent credit rating

### 49. CREDIT RATINGS BECHTLE AG



buergel.de

creditreform.de

www1.creditsafede.com

To date, the creditworthiness of Bechtle AG has not been assessed by the rating agencies Standard & Poor's, Moody's Investors Service, Fitch Ratings and Dominion Bond Rating Service.

Bechtle AG is aware of its own risk and opportunity profile for its business activities. In connection with daily updated analyses of the business performance based on operational indicators, the presented measures play a significant role in enabling Bechtle to use the opportunities for further development of the company without losing sight of the risks involved.

Except for the risks described above, the Executive Board does not expect any other significant impairment of the company's revenue and profitability due to other risks. All in all, Bechtle AG is not aware of any risks that – either alone or in combination with other risks – could endanger the going concern. The Executive Board is convinced that it will be able to make use of future challenges and opportunities without taking undue risks.

All employees are looking forward to working together again. Not separately as here, but at the same desk.

**Ann-Katrin Schmid**, Order Processing, Solidpro

**Patricia Gans**, Maintenance Agreements, Solidpro

**Ralf Lenk**, Technology, Member of the management, Solidpro



## FORECAST REPORT

Once again, the lessons learned in the socially and economically challenging crisis year of 2020 – some of which have been rather severe – have highlighted the urgent need for the consistent digitisation of business models and value chains. As again demonstrated by the achievements in the reporting period, Bechtle is a reliable partner, especially for medium-sized businesses and public-sector clients. The IT industry in general and especially Bechtle's business model have proved to be quite crisis-resistant. For this and other reasons, we are convinced that the Bechtle Group has bright growth perspectives.

## FRAMEWORK CONDITIONS

**Gross domestic product to grow.** In its forecast of February 2021, the European Commission predicted a substantial recovery of the economic growth in the EU. After the decline of 6.3 per cent in the crisis year of 2020, the gross domestic product (GDP) is to grow 3.7 per cent in 2021. Of the individual quarters, the first quarter will most likely be the weakest, while the third quarter is expected to be the strongest. The growth expectation of the EU is also reflected in Bechtle's markets. At 1.8 per cent, the economic growth in the Netherlands is to stand at the lower end of the range (reporting year: –4.1 per cent). France and Spain are expected to lead the table, with predicted growth of 5.5 per cent and 5.6 per cent, respectively. The forecasts for investments in equipment in the EU greatly exceed the projected GDP growth. After the sharp decline of 17.6 per cent in the reporting period, these investments are expected to increase by 7.6 per cent. The projected increase of 2.3 per cent in government investments in the EU in 2021 is slightly higher than the figure achieved in the reporting period (2.1 per cent). The economic growth in the EU in 2022 is estimated at 3.9 per cent. Investments in equipment are to grow by 6.0 per cent, a figure higher than that of the GDP growth.

In 2021, the economic growth in Germany is expected to pick up considerably. The European Commission expects GDP growth of 3.2 per cent, after –5.0 per cent in the reporting year. As in the EU, investments in equipment are to increase at an even higher rate of 7.1 per cent, after –15.7 per cent in 2020. Government investments are predicted to grow 2.0 per cent, below the level of 2020. For 2022, the European Commission projects economic growth of 3.1 per cent for Germany, a positive performance similar to that of 2021. In 2022, investments in equipment are to grow 4.1 per cent, making a strong contribution to the economic growth.

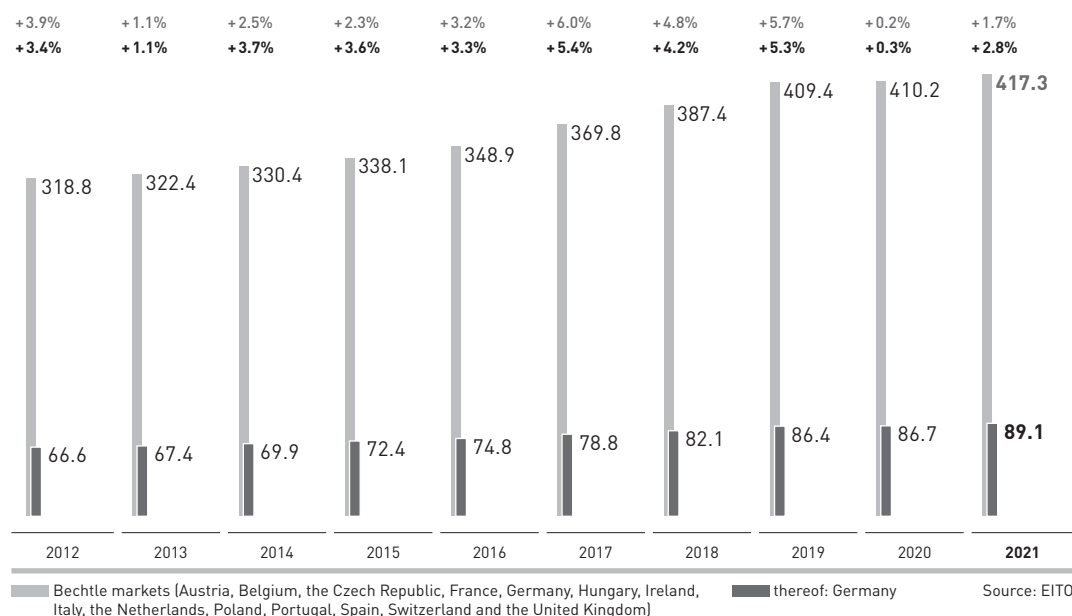
Throughout the EU, the impact of the COVID-19 pandemic in the reporting period was severe. Though the forecasts of the European Commission take possible further effects into consideration, there is a great deal of uncertainty, as it is very difficult to predict how the pandemic will develop and how else it might affect the economic development in the EU.

**Positive IT market performance.** In the wake of the low growth figures in the reporting period, the IT industry is expected to pick up again in 2021. For the IT market in the EU, the EITO figures point to an increase of 2.0 per cent, after 0.2 per cent in the reporting period. However, the exceedingly positive hardware sales performance increase of 7.6 per cent in 2020 will not be reached in 2021; in this area, an increase of 1.3 per cent is expected. By contrast, substantial growth of 1.4 per cent for services (2020: –3.5 per cent) and 3.8 per cent for software sales (2020: 1.8 per cent) is expected. In the countries in which Bechtle is present, the hardware sales performance is expected to diverge significantly. Germany, France and Austria are to record growth rates of 3.1 to 4.3 per cent, while Portugal and Poland are expected to suffer declines of –7.9 per cent and –10.1 per cent, respectively.

In 2021, the German IT market is to outperform the reporting year (0.3 per cent) with a growth rate of 2.8 per cent, a performance even better than that of the EU in general. Growth of 4.3 per cent is projected for hardware sales, after an increase of 9.7 per cent in the reporting period. Furthermore, a positive development of 1.1 per cent is expected for services (2020: –3.2 per cent) and of 4.1 per cent for software (2020: –1.0 per cent).

## 50. IT EXPENDITURE IN THE BECHTLE MARKETS 2012–2021

€b



In France, a national market that is important for Bechtle, IT sales are to pick up again in 2021, with a predicted increase of 2.3 per cent. Hardware sales are to go up 3.8 per cent, after 5.7 per cent in the reporting year. An increase is also projected for services and software sales. In Switzerland, an IT market growth of 1.2 per cent is expected for 2021. While a decline of 3.3 per cent is predicted for hardware sales, the service revenue is to grow by 1.3 per cent, and software sales by 3.4 per cent.

**Stable legal and political framework conditions.** With respect to the predicted future economic situation in the relevant national markets, the Bechtle Group does not expect any major impact on the demand due to changes in legal framework conditions or the implementation of policy measures. Any direct effects from Brexit are only conceivable for our UK subsidiary. All indirect effects are related to the macroeconomy. The exchange rate development does not play a major role in most countries in which Bechtle is present, as these belong to the euro area and purchases and billing therefore take place in euros. Significant transactions in foreign currency only take place in Switzerland.



See Risks,  
page 93 ff



## GROUP PERFORMANCE

### PRODUCTS AND MARKETS

In the reporting period, many industrial enterprises and public administrations focused on digital transformation. As a result of the government measures to combat the pandemic and the associated restrictions, many Bechtle customers were forced to open up previously closed infrastructures to access from home offices, to enable collaboration in the virtual realm and to upgrade network and data centre capacities. Driven by numerous notorious cyberattacks, the topic of security also gained momentum in 2020. In some areas, the pandemic and its effects have even been seen as an accelerator for the digitisation trend. In 2020, some developments that would have taken several years under normal circumstances would have been completed within just a few months. It remains to be seen whether this acceleration will effectively continue even after the end of the pandemic. Whatever may happen, there is no going back as far as the need for digitisation is concerned. To take the associated technological trends in the field of IT into account and to meet growing customer requirements, Bechtle continually upgrades its product and service portfolio. The positive business performance in the reporting period impressively demonstrated how close Bechtle's offering is to the needs of the customers.

In the coming years, Bechtle will expand the range of special IT solutions in the IT System House & Managed Services segment. In this context, we regard subjects such as cloud solutions, as-a-service models, security, mobility, storage, modern workplace and networking solutions as market drivers. Bechtle boasts an excellent position in all these areas and is always able to offer customers state-of-the-art solutions. In the reporting period, we also successfully expanded our competencies in the field of the Internet of Things (IoT) by acquiring dataformers GmbH in Linz, Austria. In general, we plan to continually expand the share of higher-margin services and the share of recurring revenue.

**Digitisation on the march at Bechtle.** Digitisation is a key area of interest not only for our customers, but also for Bechtle itself. Since 2017, Bechtle has been systematically developing bechtle.com into a digital marketplace. On this website, our customers can see the entire bandwidth of Bechtle's service and solution portfolio at a glance. Regardless of the customer's original concern and irrespective of the segment to which the customer has been allocated, Bechtle is able to address every customer comprehensively for the purpose of systematically offering them further solutions. In this way, we boost both market penetration and customer satisfaction. Moreover, the cooperation between the segments and across national borders is to be further promoted under the "One Bechtle" motto. This would be hardly possible without virtual collaboration platforms. For the future successful positioning of Bechtle, we therefore believe that it is vital to digitise many of our (internal) processes.

**Bechtle to gain further market shares.** The consolidation of the German and European IT markets, which has been ongoing for several years, will continue in the years to come. Smaller providers in particular will find it increasingly difficult to offer their customers services in the needed breadth and depth and to guarantee competitive availabilities for the products offered. Due to the pandemic, the consolidation pace is said to have slightly increased in 2020. However, the high degree of fragmentation of the European IT market and especially of the German IT market has not changed structurally. This is likely to remain unchanged even if, in the coming years, the consolidation should intensify as expected. Bechtle AG will benefit from this development thanks to its financial strength, its leading competitive position, its decentralised positioning as well as its outstanding reputation in the M&A market and among all relevant customer groups. Therefore, we are confident that we will be able to continue to expand our market share at a disproportionately high rate.

The Bechtle Group will continue to strive to drive its market position in both business segments by expanding existing companies and business fields and by means of acquisitions.

## KEY PERFORMANCE INDICATORS

**Revenue.** For many years, Bechtle AG has grown faster than the market. Since 2010, we have greatly increased our revenue at a compound annual growth rate (CAGR) of about 13 per cent, thereby outperforming the IT market. Moreover, the organic CAGR in the last ten years averaged about 13 per cent. These growth rates show that despite the great significance that Bechtle attaches to acquisitions, these are not the sole driver of the outstanding revenue performance. We believe that in the future, the group's growth rates will continue to be largely organic. Following the excellent growth of more than 8 per cent that we achieved in the crisis year, we expect the growth rates to even out in the high single-digit percentage range. We are confident that in 2021, we will again be able to achieve significant year-on-year revenue growth.

As a result of the varied intensity of the government measures to combat the pandemic and its economic consequences, Bechtle experienced a shift between the segments and regions in favour of Germany, Austria and Switzerland and the IT System House & Managed Services segment. If, as hoped, the framework conditions soon return to normal, we believe that in 2021, the performance in the segments and regions will be largely parallel. Due to the advancing internationalisation of the business and the growth of the foreign IT E-Commerce companies, the group is experiencing an increase in the revenue generated abroad. Furthermore, our strong competitive position and the market share gains will enable us to continue to operate and grow successfully in our home market as well.



See Notes,  
page 129f

As far as the recognition of revenue is concerned, Bechtle is of the opinion that when selling software licences, it is usually acting as the principal, not the agent. In this area, the software reseller sector is confronted with a conflicting interpretation of IFRS 15, which would change the accounting approach. Further information on this topic is provided in the notes to the Consolidated Financial Statements.

**Costs.** In recent years, the cost of sales has increased at more or less the same rate as the revenue. In years with significant growth rates, such as the years from 2017 to 2019, which usually have a higher hardware share, we often see a disproportionally high increase in material costs and thus pressure on the gross margin. This effect is balanced in years with high single-digit growth rates and an often higher share of revenue from services and the solution business. In this regard, the reporting period was unusual. Despite the high single-digit growth rate and the successful expansion of the share of services, 2020 saw some pandemic-related special effects that had a non-sustainable positive influence on the gross margin. Most prominently, this includes cost savings for vehicle and travel expenses. Moreover, the product mix, with a high demand for peripherals (products that serve the optimisation of workplaces at home, such as monitors, keyboards, webcams, headsets and printers), had a positive impact due to the lower increase in material costs. The gross margin of 14.7 per cent that was achieved in 2020 was thus also influenced by one-time effects. For this reason, it will not be easy to reach a gross margin at this level in 2021. Nevertheless, we intend to keep the increase in cost of sales in 2021 in sync with the revenue increase, and we hope to achieve a gross margin that is more or less at the same level as in the reporting year.

Being a service provider, personnel expenses play a prominent role at Bechtle AG. These expenses represent the bulk of the costs, accounting for approximately 80 per cent of the distribution costs and about 60 per cent of the administrative expenses. Due to Bechtle's increasingly consulting-intensive business model, the decentralised broad positioning of the system houses and the shortage of qualified staff in some areas, flexible adjustment of personnel expenses is not feasible. Moreover, especially in view of the shortage of experts, Bechtle considers employee bonding and a reputation as a reliable employer to be far more important than short-term cost-optimisation measures. In the field of sales, the expenses are also directly linked to the revenue performance, as larger sales teams can generate more growth. As in the second quarter of the reporting period, Bechtle responds to phases of weaker demand by introducing short-time work. However, here too the focus is on retaining employees rather than merely saving costs. To protect its employees from major financial losses, Bechtle thus voluntarily increased the compensation for short-time work to 90 per cent of the normal salary. In view of the growth in the group, the Executive Board expects the absolute expenses for the two functional areas sales and administration to further increase throughout 2021. However, as we endeavour to prevent disproportionately high growth, the ratios of these two items will remain at least at the levels of the reporting period, i.e. at around 6 per cent and about 5 per cent of the revenue, respectively.

**Earnings.** The earnings performance in recent years was also very successful. Since the 2010 fiscal year, the CAGR for EBT has been around 16 per cent. EBT has thus developed better than the revenue on a long-term average. As already mentioned, the earnings performance and thus the margin performance in the reporting period also experienced some one-time effects. Therefore, our goal of keeping the earnings performance in 2021 more or less at the same level as the revenue performance is very ambitious, as the reference figures from the reporting period are already very high. The EBT margin is to remain at the level of the reporting period (4.7 per cent).

In the medium to long term, we want to further increase the share of higher-margin services and recurring revenue in the IT System House & Managed Services segment. This growth is to be accompanied by a sustainable increase in the EBT margin. In E-Commerce, the main objective is to maintain the high margin level, which has been achieved especially through efficient processes and modern logistics.

Bechtle AG plans to continue to share its entrepreneurial success with its shareholders in the form of an attractive dividend. The dividend policy is mainly aligned with the group's earnings and liquidity position and provides for a dividend payout ratio of about one third of the earnings after taxes. The current dividend proposal for the fiscal year 2020 of €1.35 per share represents a ratio of 29.4 per cent. This is only slightly below the long-term average and almost at the same level as in the prior year (29.6 per cent). There are no plans for any fundamental changes to the company's dividend policy.

## ASSETS AND FINANCIAL POSITION

**Liquidity.** In the reporting period, the balance sheet structure of the Bechtle Group did not undergo any major changes. As previously, Bechtle boasted an excellent liquidity situation and a robust equity ratio. This financial strength is a vital precondition that enables Bechtle to continuously grow under its own steam and respond flexibly to the requirements of the markets. Especially in the reporting period, the high liquidity proved to be a competitive advantage that allowed Bechtle to proactively increase its stocks and take other measures that enabled the company to continue to supply longer than many of its competitors. The financial position and the stability of the IT partner is another key decision-making criterion from the customer perspective, especially in connection with the award of long-term projects. Therefore, Bechtle will continue to attach special importance to cash management. In view of the good balance sheet ratios, Bechtle AG has substantial "rating-neutral" borrowing potential, in addition to free liquidity of €403.2 million. Combined with the continued positive development of the operating cash flow, Bechtle thus has the leeway needed for attaining its goals and financing the targeted above-average growth – even under its own steam.

**Financing.** Due to acquisitions, the financial liabilities went up slightly in the reporting period. Unless major acquisitions take place, these positions will not undergo any significant changes in 2021. As in the past, smaller acquisitions in 2021 can be financed from the current cash flow and available liquidity or by raising debt capital, which is no problem for Bechtle thanks to its good creditworthiness. The takeover of larger companies could result in a more drastic cash outflow, though in such a case, financing with debt capital or other external financing options would be more likely, at least to a certain extent. The company could also resort to the equity financing options according to the adopted Annual General Meeting resolutions. Until June 2023, the Executive Board is authorised to increase the issued capital by issuing up to 14 million shares against cash or in-kind contributions.

Provided that no major takeovers occur in 2021, the balance sheet structure will most likely not undergo any significant changes compared to the reporting date of 31 December 2020.

**Investments.** The business of Bechtle AG, which comprises IT product trading and IT services, does not require any major investments. The investment ratio in 2020 was about 19 per cent and thus remained below the long-term average. The total amount of investments in 2020 was €66.2 million, slightly more than we had planned. Apart from the new building in Neckarsulm and at other locations, this figure mainly comprised internal projects such as our digital marketplace or our Bechtle Clouds platform, ongoing investments in the internal IT, as well as higher replacement and expansion investments. In the course of this year, Bechtle will continue to invest in the company's future. Though we do not plan any major investments such as those made in the two prior years, we will continue to invest in the buildings at our locations and in our digitisation, our own IT systems and our Clouds platform. We expect our investments in 2021 to total €50 to 60 million.

Acquisitions will remain an integral element of our growth strategy in all business fields.

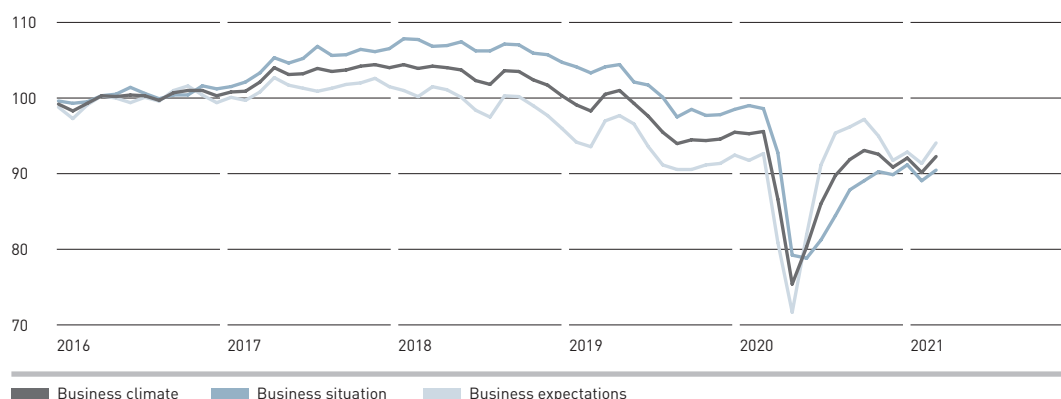
**Personnel.** Staff development and training will continue to play an important role in our business. With an established range of training measures and consistent continuation of the internal management programmes, Bechtle intends to continue to invest in the development of junior and executive staff. The Executive Board plans to continue to step up the headcount in 2021 – irrespective of acquisitions, but at a lower rate than the revenue growth. Moreover, Bechtle's HR policy will continue to focus on training young people. In this connection, Bechtle AG has adopted the medium-term goal of increasing the training ratio in Germany to approximately 10 per cent in order to safeguard its future.

Another central goal of our HR strategy is to further upgrade Bechtle as an employer brand. We were pleased to see that in the reporting period, some 30,000 people applied for a job with Bechtle, more than ever before. Obviously, the further development of the employer branding is not an entirely cost-neutral process. However, the investments made in this area are future-oriented and effectively secure Bechtle's success in the coming years.

## OVERALL ASSESSMENT

**Positive outlook for Bechtle despite persistently challenging framework conditions.** At the beginning of 2021, the macroeconomic situation was more positive than it was in the reporting period, though substantial uncertainties remain in terms of where the economic development in Germany and in Europe is headed. Nobody knows what will become of the pandemic and the associated private and business restrictions and what the long-term consequences might be for the business world and the economic cycle. In our opinion, the positive growth forecasts of the European Commission of February 2021 are therefore still subject to risks and uncertainties. At the beginning of the year, the mood in the economy initially turned slightly gloomier. In Germany, the ifo business climate index in January 2021 dropped to 90.1, from 92.2 in the preceding month. Nevertheless, the index was still much higher than it had been in the spring of 2020. In February, the mood improved slightly, and the index climbed to 92.4. Especially the expectations for the next six months improved considerably.

### 51. IFO BUSINESS CLIMATE FOR GERMANY



Surprisingly, the mood in the IT industry was relatively gloomy at the beginning of the year. In January, the ifo index for IT service providers was 21.1, more than three points less than in the preceding month. In February 2021, however, the index climbed back to 26.1, the highest level since the outbreak of the COVID-19 pandemic in March 2020. Here too, the increase was driven by a substantial rise in the expectations for the next six months.

Though the outlook is rather restrained at least in the short run, the Executive Board expects the company to deliver a positive business performance above the industry average. Bechtle has already furnished evidence of its ability to achieve profitable growth with its competitive business model even in times of economic hardship.



## 52. OVERVIEW OF FORECASTS ON THE EARNINGS POSITION FOR 2021

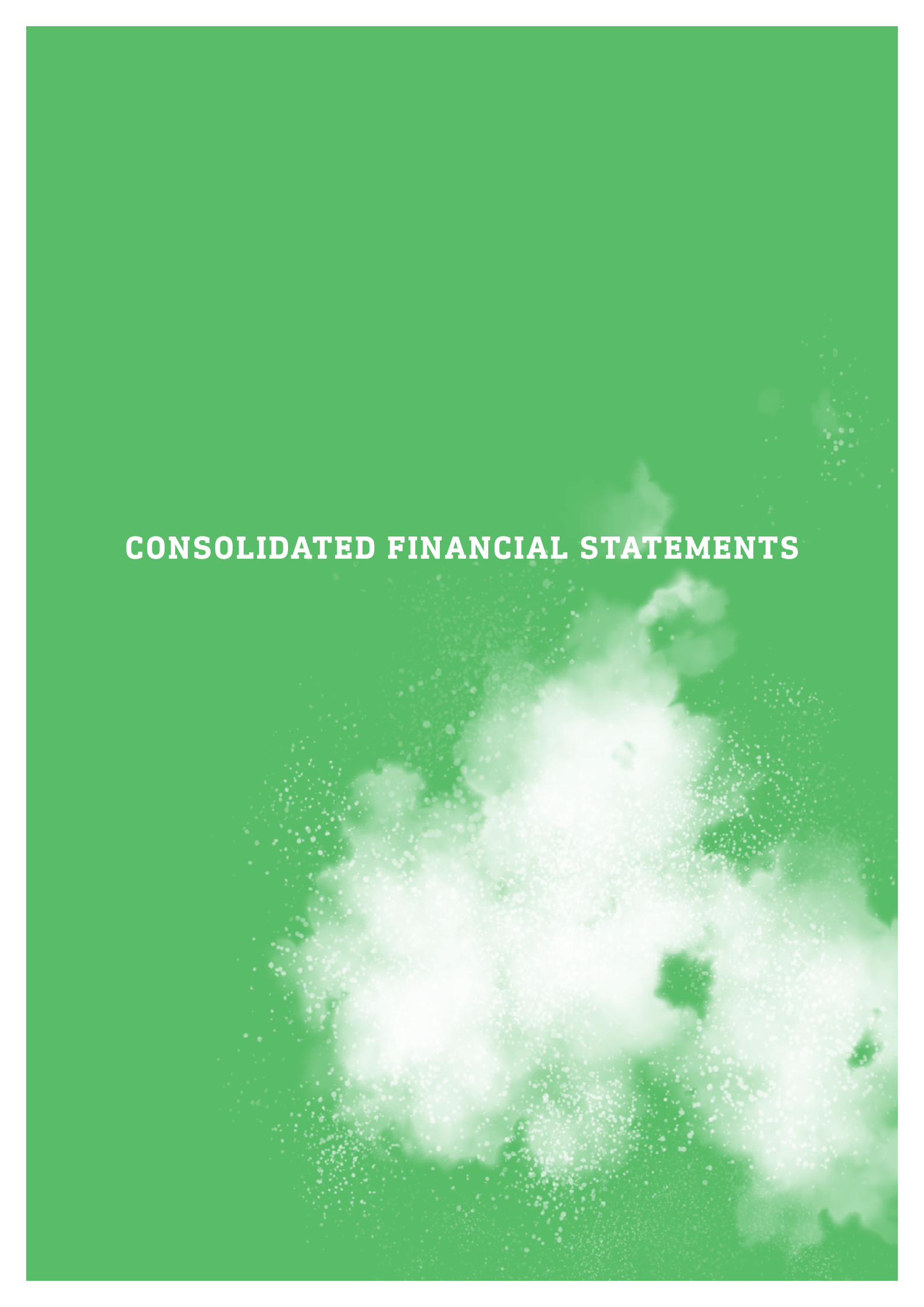
|                              | Group                                               | IT System House<br>& Managed Services | IT E-Commerce                        |
|------------------------------|-----------------------------------------------------|---------------------------------------|--------------------------------------|
| Revenue                      | Significant increase over 2020                      | Significant increase                  | Significant increase                 |
| Cost of sales                | Similar to revenue increase                         |                                       |                                      |
| Gross margin                 | < 15%                                               |                                       |                                      |
| Distribution cost ratio      | About 6%                                            |                                       |                                      |
| Administrative expense ratio | About 5%                                            |                                       |                                      |
| EBT                          | Increase similar to revenue increase                | Increase similar to revenue increase  | Increase similar to revenue increase |
| EBT margin                   | At prior-year level                                 | At prior-year level                   | At prior-year level                  |
| Dividend                     | Dividend payout ratio of about one third of the EAT |                                       |                                      |

We have a fine outlook – not only over the vineyards of Neckarsulm, but also on future growth and revenue. All colleagues contribute to the further development of the company. We are locked on to the Vision 2030!

**Fatih Yilmaz**, Marketing Development Manager, Bechtle AG

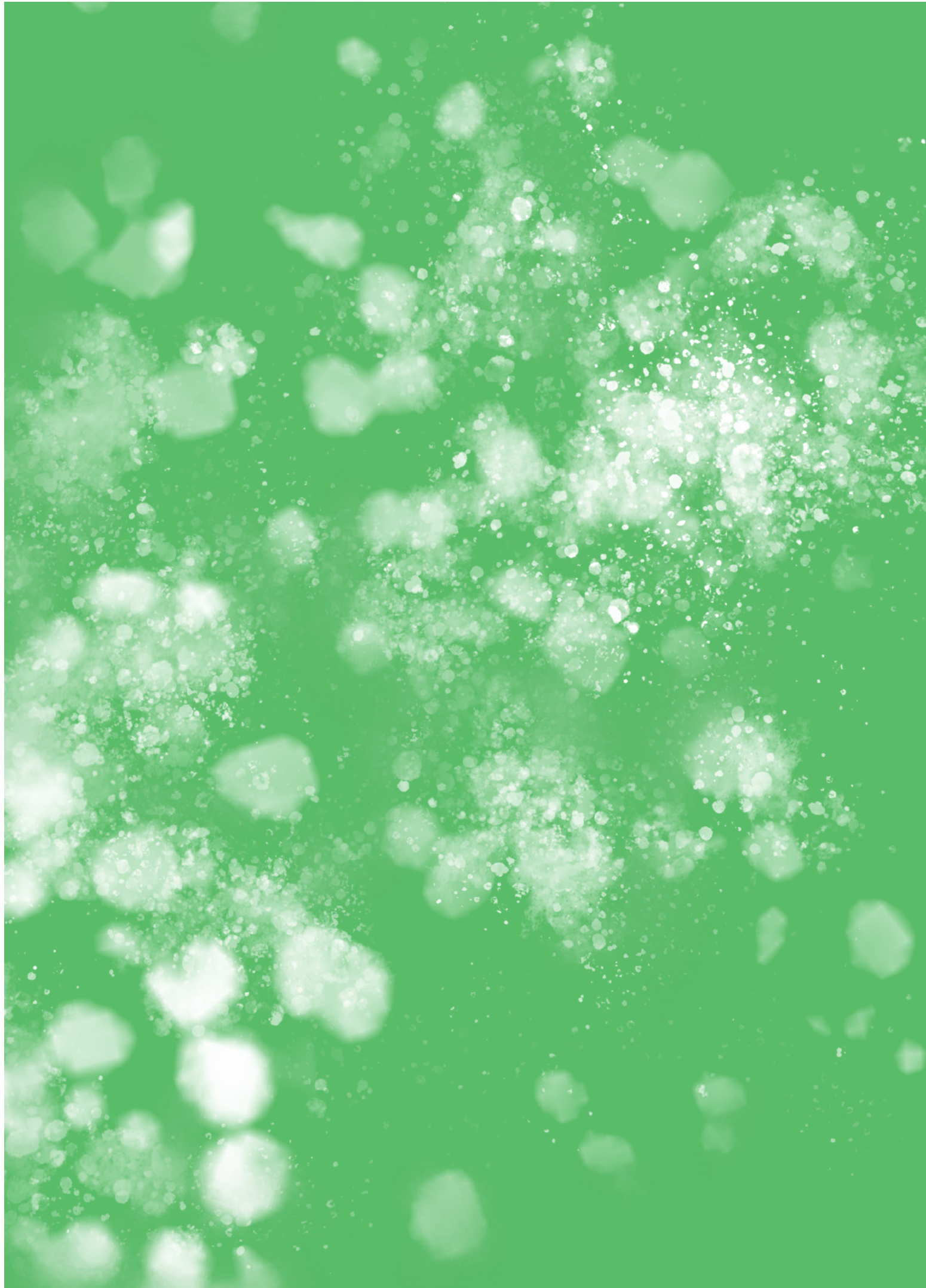
**Maria Ortega**, International Business Development, Bechtle E-Commerce Holding AG





# **CONSOLIDATED FINANCIAL STATEMENTS**





# CONSOLIDATED FINANCIAL STATEMENTS

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## 53. CONSOLIDATED INCOME STATEMENT

|                                                                          |              | €k             |                |
|--------------------------------------------------------------------------|--------------|----------------|----------------|
|                                                                          | Notes        | 2020           | 2019           |
| Revenue                                                                  | 1            | 5,819,243      | 5,374,453      |
| Cost of sales                                                            | 2            | 4,962,662      | 4,606,636      |
| <b>Gross profit</b>                                                      |              | <b>856,581</b> | <b>767,817</b> |
| Distribution costs                                                       | 2            | 319,242        | 306,632        |
| Administrative expenses                                                  | 2            | 286,532        | 249,607        |
| Other operating income                                                   | 3            | 26,148         | 29,792         |
| <b>Earnings before financial earnings and taxes</b>                      |              | <b>276,955</b> | <b>241,370</b> |
| Financial income                                                         | 4            | 1,073          | 1,229          |
| Financial expenses                                                       | 4            | 7,323          | 6,279          |
| <b>Earnings before taxes</b>                                             |              | <b>270,705</b> | <b>236,320</b> |
| Income taxes                                                             | 5            | 78,158         | 65,836         |
| <b>Earnings after taxes (attributable to shareholders of Bechtle AG)</b> |              | <b>192,547</b> | <b>170,484</b> |
| <b>Net earnings per share (basic and diluted)</b>                        | € 6          | <b>4.58</b>    | <b>4.06</b>    |
| <b>Weighted average shares outstanding (basic and diluted)</b>           | in thousands | <b>42,000</b>  | <b>42,000</b>  |



See  
further comments  
in the Notes,  
in particular III.,  
page 144 ff

## 54. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|                                                                                    |       | €k             |                |
|------------------------------------------------------------------------------------|-------|----------------|----------------|
|                                                                                    | Notes | 2020           | 2019           |
| <b>Earnings after taxes</b>                                                        |       | <b>192,547</b> | <b>170,484</b> |
| <b>Other comprehensive income</b>                                                  |       |                |                |
| <b>Items that will not be reclassified to profit or loss in subsequent periods</b> |       |                |                |
| Actuarial gains and losses on pension provisions                                   | 17    | 775            | 430            |
| Income tax effects                                                                 |       | -218           | 28             |
| <b>Items that will be reclassified to profit or loss in subsequent periods</b>     |       |                |                |
| Unrealised gains and losses on hedges                                              |       | -952           | -209           |
| Income tax effects                                                                 |       | 219            | -5             |
| Hedging of net investments in foreign operations                                   |       | 5,959          | -2,159         |
| Income tax effects                                                                 |       | -1,790         | 641            |
| Currency translation differences                                                   |       | 1,047          | 4,428          |
| <b>Other comprehensive income</b>                                                  | 16    | <b>5,040</b>   | <b>3,154</b>   |
| of which income tax effects                                                        |       | -1,789         | 664            |
| <b>Total comprehensive income</b> (attributable to shareholders of Bechtle AG)     |       | <b>197,587</b> | <b>173,638</b> |



See  
further comments  
in the Notes,  
in particular IV. no. 16,  
page 156 ff

## 55. CONSOLIDATED BALANCE SHEET

## ASSETS

€k

|                                 | Notes | 31.12.2020       | 31.12.2019       |
|---------------------------------|-------|------------------|------------------|
| <b>Non-current assets</b>       |       |                  |                  |
| Goodwill                        | 7     | 448,313          | 397,592          |
| Other intangible assets         | 8     | 113,241          | 119,303          |
| Property, plant and equipment   | 9     | 327,215          | 280,685          |
| Trade receivables               | 12    | 55,903           | 38,148           |
| Deferred taxes                  | 10    | 6,770            | 3,914            |
| Other assets                    | 14    | 7,448            | 6,729            |
| <b>Total non-current assets</b> |       | <b>958,890</b>   | <b>846,371</b>   |
| <b>Current assets</b>           |       |                  |                  |
| Inventories                     | 11    | 301,663          | 285,574          |
| Trade receivables               | 12    | 877,173          | 862,323          |
| Income tax receivables          |       | 2,289            | 2,022            |
| Other assets                    | 14    | 143,928          | 126,180          |
| Time deposits and securities    | 13    | 40,002           | 0                |
| Cash and cash equivalents       | 15    | 363,171          | 272,197          |
| <b>Total current assets</b>     |       | <b>1,728,226</b> | <b>1,548,296</b> |
| <b>Total assets</b>             |       | <b>2,687,116</b> | <b>2,394,667</b> |



See  
further comments  
in the Notes,  
in particular IV.,  
page 148 ff



## EQUITY AND LIABILITIES

€k

|                                      | Notes     | 31.12.2020       | 31.12.2019       |
|--------------------------------------|-----------|------------------|------------------|
| <b>Equity</b>                        |           |                  |                  |
| Issued capital                       |           | 42,000           | 42,000           |
| Capital reserves                     |           | 124,228          | 124,228          |
| Retained earnings                    |           | 995,801          | 848,614          |
| <b>Total equity</b>                  | <b>16</b> | <b>1,162,029</b> | <b>1,014,842</b> |
| <b>Non-current liabilities</b>       |           |                  |                  |
| Pension provisions                   | 17        | 31,022           | 30,702           |
| Other provisions                     | 18        | 11,055           | 10,081           |
| Financial liabilities                | 19        | 393,541          | 373,874          |
| Trade payables                       | 20        | 6,262            | 13               |
| Deferred taxes                       | 10        | 26,140           | 33,180           |
| Other liabilities                    | 21        | 108,590          | 98,025           |
| Contract liabilities                 | 22        | 20,884           | 19,353           |
| Deferred income                      | 23        | 2,393            | 1,481            |
| <b>Total non-current liabilities</b> |           | <b>599,887</b>   | <b>566,709</b>   |
| <b>Current liabilities</b>           |           |                  |                  |
| Other provisions                     | 18        | 22,831           | 12,805           |
| Financial liabilities                | 19        | 18,913           | 13,801           |
| Trade payables                       | 20        | 425,875          | 406,807          |
| Income tax payables                  |           | 45,964           | 19,859           |
| Other liabilities                    | 21        | 253,921          | 231,776          |
| Contract liabilities                 | 22        | 130,594          | 105,369          |
| Deferred income                      | 23        | 27,102           | 22,699           |
| <b>Total current liabilities</b>     |           | <b>925,200</b>   | <b>813,116</b>   |
| <b>Total equity and liabilities</b>  |           | <b>2,687,116</b> | <b>2,394,667</b> |

## 56. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€k

|                                  | Issued capital | Capital reserves | Retained earnings |                                          |         | Total equity (attributable to shareholders of Bechtle AG) |
|----------------------------------|----------------|------------------|-------------------|------------------------------------------|---------|-----------------------------------------------------------|
|                                  |                |                  | Accrued profits   | Changes in equity outside profit or loss | Total   |                                                           |
| Equity as of 1 January 2019      | 42,000         | 124,228          | 711,583           | 5,393                                    | 716,976 | 883,204                                                   |
| Distribution of profits for 2018 |                |                  | -42,000           |                                          | -42,000 | -42,000                                                   |
| Earnings after taxes             |                |                  | 170,484           |                                          | 170,484 | 170,484                                                   |
| Other comprehensive income       |                |                  |                   | 3,154                                    | 3,154   | 3,154                                                     |
| Total comprehensive income       | 0              | 0                | 170,484           | 3,154                                    | 173,638 | 173,638                                                   |
| Equity as of 31 December 2019    | 42,000         | 124,228          | 840,067           | 8,547                                    | 848,614 | 1,014,842                                                 |
| Equity as of 1 January 2020      | 42,000         | 124,228          | 840,067           | 8,547                                    | 848,614 | 1,014,842                                                 |
| Distribution of profits for 2019 |                |                  | -50,400           |                                          | -50,400 | -50,400                                                   |
| Earnings after taxes             |                |                  | 192,547           |                                          | 192,547 | 192,547                                                   |
| Other comprehensive income       |                |                  |                   | 5,040                                    | 5,040   | 5,040                                                     |
| Total comprehensive income       | 0              | 0                | 192,547           | 5,040                                    | 197,587 | 197,587                                                   |
| Equity as of 31 December 2020    | 42,000         | 124,228          | 982,214           | 13,587                                   | 995,801 | 1,162,029                                                 |



See further comments in the Notes, in particular IV. no. 16, page 156 ff

## 57. CONSOLIDATED CASH FLOW STATEMENT

|                                                                                                         |       | € k      |          |
|---------------------------------------------------------------------------------------------------------|-------|----------|----------|
|                                                                                                         | Notes | 2020     | 2019     |
| <b>Operating activities</b>                                                                             |       |          |          |
| Earnings before taxes                                                                                   |       | 270,705  | 236,320  |
| Adjustment for non-cash expenses and income                                                             |       |          |          |
| Financial earnings                                                                                      |       | 6,250    | 5,050    |
| Depreciation and amortisation of intangible assets and property, plant and equipment                    |       | 98,138   | 84,610   |
| Gains and losses on disposal of intangible assets and property, plant and equipment                     |       | -544     | 95       |
| Other non-cash expenses and income                                                                      |       | 28,758   | 6,749    |
| Changes in net assets                                                                                   |       |          |          |
| Changes in inventories                                                                                  |       | -18,539  | -5,841   |
| Changes in trade receivables                                                                            |       | -44,049  | -106,025 |
| Changes in trade payables                                                                               |       | 23,861   | 28,644   |
| Changes in deferred income                                                                              |       | 16,091   | 22,918   |
| Changes in other net assets                                                                             |       | 308      | -17,646  |
| Income taxes paid                                                                                       |       | -64,725  | -68,901  |
| <b>Cash flow from operating activities</b>                                                              | 24    | 316,254  | 185,973  |
| <b>Investing activity</b>                                                                               |       |          |          |
| Cash paid for acquisitions less cash acquired                                                           |       | -59,656  | -32,193  |
| Cash paid for investments in intangible assets and property, plant and equipment                        |       | -65,973  | -48,619  |
| Cash received from the sale of intangible assets and property, plant and equipment                      |       | 12,311   | 4,356    |
| Cash paid for acquisitions of time deposits and securities                                              |       | -40,001  | 0        |
| Cash received from the sale of time deposits and securities, and from redemptions of non-current assets |       | 0        | 5,542    |
| Settlement of net investment hedges                                                                     |       | 5,959    | -2,158   |
| Interest payments received                                                                              |       | 878      | 950      |
| <b>Cash flow from investing activities</b>                                                              | 25    | -146,482 | -72,122  |
| <b>Financing activities</b>                                                                             |       |          |          |
| Cash paid for the repayment of financial liabilities                                                    |       | -42,682  | -12,799  |
| Cash received from the assumption of financial liabilities                                              |       | 67,461   | 6,326    |
| Dividends paid                                                                                          |       | -50,400  | -42,000  |
| Interest paid                                                                                           |       | -5,913   | -5,004   |
| Cash paid for the repayment of leases                                                                   |       | -45,993  | -36,208  |
| <b>Cash flow from financing activities</b>                                                              | 26    | -77,527  | -89,685  |
| Exchange-rate-related changes in cash and cash equivalents                                              |       | -1,271   | 2,652    |
| <b>Changes in cash and cash equivalents</b>                                                             |       | 90,974   | 26,818   |
| Cash and cash equivalents at the beginning of the period                                                |       | 272,197  | 245,379  |
| <b>Cash and cash equivalents at the end of the period</b>                                               |       | 363,171  | 272,197  |



See further comments in the Notes, in particular V., page 170 f

## NOTES

### I. GENERAL DISCLOSURES

Bechtle AG (Stuttgart District Court, HRB 108581), Bechtle Platz 1, 74172 Neckarsulm, Germany, is a joint stock corporation under German law. Through its subsidiaries, Bechtle AG operates IT system houses in Germany, Belgium, Austria and Switzerland, and is active in the IT trading business as an IT e-commerce provider in 14 European countries. In this way, the group offers its customers a comprehensive portfolio of IT infrastructure and IT operation solutions from one source.

Bechtle has been quoted on the Frankfurt Stock Exchange (Prime Standard) since 2000. Moreover, it has been listed in the TecDAX technology index since 2004 and in the MDAX stock exchange index for medium-sized companies since 2018. The company's shares are traded on all German stock exchanges.

On 1 March 2021, the Executive Board released the consolidated financial statements of Bechtle AG for the fiscal year 2020 for submission to the Supervisory Board (IAS 10.17).

  
[bechtle.com/investors/  
corporate-governance](https://bechtle.com/investors/corporate-governance)

Bechtle AG has issued a declaration of conformity with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG). An up-to-date version of the declaration was published on the company's website.

### II. SUMMARY OF KEY PRINCIPLES OF ACCOUNTING AND CONSOLIDATIONS

#### BASIS OF PREPARATION

The parent company Bechtle AG is a listed company and as such required under Section 315e of the German Commercial Code (HGB) to prepare its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union. All International Financial Reporting Standards whose adoption is mandatory for the fiscal year 2020 have been adopted.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which have been measured at fair value. The presentation in the balance sheet distinguishes between current and non-current assets and liabilities. Assets and liabilities with a maturity of up to one year are considered as current items. Deferred tax assets and liabilities and provisions for defined benefit plans are presented as non-current items. The income statement is prepared according to the function of expense method. The consolidated financial statements are presented in euros and rounded to the nearest thousand (€ thousand). Any deviations are explicitly indicated.

## NEW ACCOUNTING PRONOUNCEMENTS

**New/amended standards and interpretations adopted for the first time.** In the reporting period, Bechtle adopted the following new and revised standards and interpretations of the following new accounting pronouncements, which had been published by the IFRS IC and endorsed by the EU.



efrag.org

| Pronouncement                                                          | Publication by IASB/IFRS IC |
|------------------------------------------------------------------------|-----------------------------|
| Amendments to IFRS 3 Definition of a Business                          | 22 October 2018             |
| Amendments to IAS 1 and IAS 8 Definition of Material                   | 31 October 2018             |
| Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform | 26 September 2019           |
| Revised Conceptual Framework for Financial Reporting                   | 29 March 2018               |

On 28 May 2020, the IASB also published its "Amendment to IFRS 16: Covid-19-Related Rent Concessions". The amendment grants practical relief to lessees in applying the regulations of IFRS 16 with regard to the accounting for rent concessions arising as a result of the COVID-19 pandemic. The amendment applies to fiscal years beginning on or after 1 June 2020. However, early adoption is permitted. The amendment did not affect Bechtle's consolidated financial statements.

**New/amended standards and interpretations not yet adopted.** IASB and IFRS IC have released further standards and interpretations whose adoption is not yet mandatory ("effective date") or that have not yet been endorsed by the EU. Where the endorsement has yet to take place, the date for the mandatory adoption is derived from the respective pronouncements of IASB/IFRS IC. If endorsed later on, the EU directive may specify a different date for the mandatory adoption.

| Pronouncement                                                                                                                                                                       | Publication by IASB/IFRS IC   | Endorsement | Effective date <sup>1</sup> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------|-----------------------------|
| <b>Published pronouncements not yet adopted</b>                                                                                                                                     |                               |             |                             |
| IFRS 17 Insurance Contracts including amendments to IFRS 17                                                                                                                         | 18 May 2017 and 25 June 2020  | Open        | 1 January 2023              |
| Amendments to IAS 1 Classification of Liabilities as Current or Non-current                                                                                                         | 23 January 2020/ 15 July 2020 | Open        | 1 January 2023              |
| Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets and annual improvements 2018–2020 | 14 May 2020                   | Open        | 1 January 2022              |
| Amendments to IAS 1 Disclosure of Discounting Policies (and amendments to IFRS Practice Statement 2)                                                                                | 12 February 2021              | Open        | 1 January 2023              |
| Amendments to IAS 8 Definition of Accounting Estimates                                                                                                                              | 12 February 2021              | Open        | 1 January 2023              |

<sup>1</sup> Must be adopted at the latest at the beginning of the first fiscal year commencing on or after the said date.

Currently, we do not expect these standards to have any significant impact on the accounting in the Bechtle Group.

## CONSOLIDATION PRINCIPLES

The consolidated financial statements are based on the financial statements of Bechtle AG and its subsidiaries prepared using uniform group accounting policies. The financial statements of Bechtle AG and its subsidiaries have been prepared as at the same balance sheet date throughout the group. Capital consolidation has been effected by offsetting the carrying amount of the shareholding against the pro-rata re-measured equity of the subsidiaries at the time of acquisition. Any positive differences are recognised as goodwill pursuant to IFRS 3.32. Any negative differences are to be recognised in the income statement through profit or loss pursuant to IFRS 3.34 ff. The consolidated income statement takes into account the earnings of the acquired companies from the acquisition date, i.e. from the date the group attains control. Inclusion in the consolidated financial statements ends as soon as the parent company relinquishes control.

All intra-group gains and losses, revenue, expenses, income, receivables and liabilities are eliminated. The required tax deferrals are applied to the consolidation processes.



## SCOPE OF CONSOLIDATION

The scope of consolidation comprises Bechtle AG in Neckarsulm and all subsidiaries in which it holds a controlling interest. Starting from this year, Bechtle AG again directly or indirectly holds all interests and voting rights in all consolidated companies.



See Appendix A, Subsidiaries, page 203 ff

The following companies were included in the scope of consolidation for the first time in this reporting period:

| Company                     | Headquarters                     | Date of initial consolidation | Acquisition |
|-----------------------------|----------------------------------|-------------------------------|-------------|
| Wide Technology Partners AG | Baar, Switzerland                | 1 January 2020                | Acquisition |
| DPS Software AG             | Widnau, Switzerland              | 1 April 2020                  | Acquisition |
| DPS Software GmbH           | Leinfelden-Echterdingen, Germany | 1 April 2020                  | Acquisition |
| DPS Software GmbH           | Vienna, Austria                  | 1 April 2020                  | Acquisition |
| dataformers GmbH            | Linz, Austria                    | 2 November 2020               | Acquisition |

Acquisitions are recognised according to the purchase method.

Further disclosures concerning the companies acquired are presented in section VIII. "Acquisitions and Purchase Price Allocation" and section IV. "Further Explanatory Notes on the Balance Sheet", (7) "Goodwill".



See page 148 f and 186 ff

## CURRENCY TRANSLATION

The subsidiaries of Bechtle keep their books in local currency. Transactions in foreign currencies are converted at the closing rate on the date of the transaction. On the closing date, monetary assets and liabilities are measured at the closing rate, while non-monetary balance sheet items are translated at the rate on the day of the transaction. Gains and losses resulting from exchange rate fluctuations in foreign currency transactions are recognised through profit or loss. By contrast, currency translation differences based on net investments in foreign operations of a subsidiary are recognised in equity through other comprehensive income.

Within the framework of the consolidation, assets and liabilities are translated into euros, the group's presentation currency, at the closing rate. The revenue and expense accounts are translated at the average rate during the reporting period. Equity is determined on the basis of historical rates. Any resulting translation differences are recognised in a separate item in the equity.

Changes in exchange rates of currencies important to the Bechtle Group in relation to the euro:

|             | Currency | Closing rate |      | Average exchange rate |      |
|-------------|----------|--------------|------|-----------------------|------|
|             |          | 2020         | 2019 | 2020                  | 2019 |
| Switzerland | CHF      | 1.08         | 1.09 | 1.07                  | 1.11 |
| UK          | GBP      | 0.90         | 0.85 | 0.89                  | 0.88 |
| USA         | USD      | 1.23         | 1.12 | 1.14                  | 1.12 |

For our subsidiary in Argentina, we apply the accounting for high-inflation countries by adjusting the financial statements of this subsidiary for the current period under consideration of the change in the general purchasing power of the local currency on the basis of the relevant price indices as of the reporting date. The effects on the consolidated earnings are of minor importance and are not significant.

## ACCOUNTING POLICIES

**Revenue recognition.** The revenue comprises all income resulting from Bechtle's ordinary business operations from contracts with customers. The revenue is presented without value-added tax and other taxes collected from the customers and paid to the tax authorities.

Bechtle does not reduce its promised consideration by a financing component if the term of the receivable is no more than one year. Where the term of the receivable is more than one year, the revenue is discounted to the fair value.

Bechtle recognises revenue from customer contracts as follows: When selling hardware and software, the revenue is recognised when the performance obligation is satisfied. The performance obligation is satisfied when the customer obtains control of the good or service. In Bechtle's business environment, the most significant indicators for the transfer of control are the purchase by the customer and the transfer of the ownership-related risks and rewards of the asset. The recognition of the revenue takes place in the amount of the consideration that Bechtle expects to receive for these goods.

**Principal/agent.** In its **hardware selling business**, Bechtle recognises the revenue as principal. Bechtle acts as the principal as it has the control over the determined claim to transfer of the goods before they are transferred to the customer. Bechtle obtains the control over the claim to transfer of the goods after concluding the contract with the customer but before the goods are transferred to the

customer. The terms and conditions of the contract with the customer permit Bechtle to decide whether to ship directly from its own warehouse or via the vendor or distributor. If the shipment takes place directly via the manufacturer or distributor, the manufacturer or distributor acts on behalf of and for the account of Bechtle (drop shipping).

With regard to the **sale of software licences**, Bechtle distinguishes several types of software licences. These types reflect Bechtle's business model and thus help to clarify this issue:

#### ■ Standard Software Without Customising

In the field of sales of standard software without customising, Bechtle makes distinction between two types:

- **Direct business:** As an authorised sales partner, Bechtle places standard software products that are delivered by software vendors to end customers. Bechtle's only obligation from these agreements consists of asking another company to grant the standard software licence to the end customer. Bechtle thus acts as an agent and recognises the income at the net amount it receives from the agency services.
- **Indirect business:** Bechtle acts as a value-added software reseller and performs consulting services in connection with the sale of customer-specific solutions on the basis of standard software licences. This includes aspects of strategic and operational software procurement and consulting services with respect to the contract and compliance. Consulting services are closely linked to the sale of the software products and are considered to be a material component of the performance obligation towards the customer. These pre-sales consulting services may only be performed by duly trained and certified employees (licence consultants). The certifications of the licence consultants must regularly be renewed. The required training measures involve high indirect costs. Due to the implicit and, in certain cases, explicit obligation to provide such comprehensive consulting services, Bechtle comes to the conclusion that pre-sales consulting represents a (significant) promise to the customer. The performance consists, not only of the sale of the standard software licence, but of a combined performance bundle comprising the standard software licence and Bechtle's qualified consulting services. The result is a customer-specific licensing concept that is fully aligned with the customer's needs and for which Bechtle alone is responsible. Bechtle is mainly responsible for fulfilling its obligation towards the customer, as Bechtle ensures the compatibility of the standard software license and the customer requirements. Moreover, Bechtle is free to determine the price for the combined performance obligation at its own discretion. Furthermore, Bechtle is exposed to a special form of inventory risk with regard to the standard software licence, since in the event of non-acceptance by the customer, Bechtle cannot return it to the software vendor or sell it to another customer. Against this backdrop, Bechtle regards itself as principal in these agreements. In the indirect business, Bechtle thus records the gross revenue. Accordingly, we present the cost of sales in the material costs.

- Standard software including customising of the standard software: Bechtle performs basic adjustments to the function scope of the standard software in order to meet the individual requirements of an end customer in connection with the sale of the standard software. In this connection, Bechtle has noticed that the customising for customer-specific requirements is so extensive that the standard software is changed and adapted significantly by means of this customising. Moreover, Bechtle uses the licence and the customer-specific customising for the purpose of achieving the combined end result defined in the contract with the end customer. Accordingly, Bechtle has decided that the services cannot be separated from each other, and one performance obligation is owed to the customer. As Bechtle is responsible for fulfilling this promise, Bechtle acts as the principal in these agreements. This is backed by the fact that Bechtle can freely determine its selling prices and is subject to a special form of inventory risk.
- Moreover, various hardware and software products can be combined with each other. In this context, Bechtle regards itself as a factory.

At Bechtle, warranty obligations usually do not meet the requirements for a separate performance obligation, as they do not exceed the statutory scope. They are presented as provisions.

However, when selling third-party warranty obligations, Bechtle regards itself as the principal towards the customer if all the following conditions are met and thus records gross revenue:

- Under the framework agreement with the vendor, Bechtle has a contractual, enforceable right to obtain the defined services on call. Thus, the other party has assumed an enforceable, ongoing provision obligation.
- Bechtle is responsible for the fulfilment of the promise made to the customer and for the acceptance of the services by the customer. Moreover, Bechtle regularly performs the same services, as the vendor regularly commissions Bechtle to do so.
- Furthermore, Bechtle is exposed to a special form of inventory risk with regard to the services, services to the vendor or sell them to another customer.
- Bechtle can influence the price for the services of the other party, which it sells for its own account, at its own discretion.

Revenue from the **performance of IT services** is recognised over time, as the units rendered by Bechtle cannot be used otherwise and Bechtle is entitled to payment for the services already performed. The revenue is recognised on the basis of input-based methods to measure the progress of the performance. Until the invoice is issued to the customer, the revenue is presented in the contract assets.

Bechtle recognises the revenue from the performance of IT services as principal, as the group transfers the control over the service directly to its customers or makes it available directly to its customers.

**Multiple-element contracts** for the shipment of several products or the performance of several services need to be separated into individual performance obligations for each of which a separate income is to be determined and recognised upon fulfilment of the obligation towards the customer. At Bechtle, this especially concerns managed service contracts. The total transaction price of the combined contract is divided to the individual performance obligations on the basis of the pro-rata individual selling prices, i.e. the individual selling price of each element is put in relation to the total of the individual selling prices of the contractual performance obligations.

The evaluation whether the revenue needs to be recognised over time or at a point in time is performed separately for each performance obligation.

According to IFRS 15, contract costs that arise in connection with the fulfilment of managed service contracts need to be capitalised and amortised over the contract term, provided they are directly connected to the contract, result in enhanced use of resources and are recoverable. In the fiscal year 2020, these costs only played an insignificant role.

According to IFRS 15.91, sales commission in connection with contracts for managed services needs to be capitalised if the time of accrual does not coincide with recognition of the revenue. This would be the case if the sales commission were to be due upon conclusion of the contract. Bechtle recognises sales commission on trading business and services as expenses at the time of delivery or performance, i.e. at the same time as the revenue recognition.

**Research and development costs.** Apart from the development costs incurred in connection with the production of software designated for internal use or for sale, no significant research and development costs were incurred. Please refer to our statement on internally developed software.



See Company,  
page 32f

**Leases. Bechtle as lessee.** All agreements in the Bechtle Group that represent leases or leases that are included in another agreement must therefore be measured at the present value of the lease payments when they are first accounted for at the time of provision. Variable lease payments are not taken into consideration in this context. The discounting takes place on the basis of Bechtle's incremental borrowing rate of interest at the same time and in the same currency. On the assets side, a right-of-use asset is recognised for the underlying asset under property, plant and equipment as of the time of initial accounting. This right-of-use asset is depreciated according to schedule over the lease term. If no term is determined in an agreement or the agreement can be terminated on a monthly basis, a term of five years is used. Furthermore, extension and termination options contained in rental agreements and leases are taken into consideration in the measurement of the lease liability and thus included in the evaluation of the right-of-use asset, provided that the exercise of these options is reasonably certain. Bechtle does not account for a right-of-use asset and the corresponding lease liability for leases that are classified as short-term leases with a term of up to 12 months or as leases for low-value assets (up to €5 thousand).

At Bechtle AG, the application of IFRS 16 resulted in the capitalisation of right-of-use assets especially for rental property and leased company vehicles. Additionally, there are leases for office equipment, furniture, fixtures and fittings, job bicycles and customer equipment, which, however, are of minor significance.

As of the adoption of IFRS 16, the expenses for leases do not affect EBIT in the full amount in the income statement. Rather, only the expense from the depreciation of the capitalised right-of-use asset is recognised in EBIT; the interest expenses for the lease liability are posted to the financial earnings.

In the cash flow statement, the lease payments in the amount of the interest and repayment share are included in the cash flow from financing activities.

**Leases. Bechtle as lessor.** Bechtle AG also acts as a lessor. From this perspective, leases are classified as operating leases and finance leases. Payments from operating leases are recognised as income over the lease term through profit and loss.

If all material opportunities and risks associated with the ownership have passed to the lessee, the lease shall be recognised as a finance lease. In this context, a receivable is accounted for from the finance lease in the amount of the net investment value from the lease. In this connection, Bechtle regularly engages in dealer leasing on the market and recognises revenue in the amount of the present value of future lease payments. On the other hand, expenses associated with the lease are recognised in the income statement, and the amount of the present value of future payments is accounted for as a lease liability.

**Goodwill** from a business combination is initially recognised at acquisition costs in the form of the surplus of the acquisition costs of the business combination over the share of net fair value of the identifiable assets, liabilities and contingent liabilities recognised by the buyer pursuant to IFRS 3. The goodwill identified in the context of a business combination corresponds to the expectation of future economic benefit from assets that cannot be individually identified or presented separately.

According to IFRS 3, goodwill is not amortised. Instead, it is tested for impairment at least once a year according to IAS 36.

**Other intangible assets** in the Bechtle Group include brands, customer bases, purchased software, internally developed software and customer service agreements.

Brands acquired in the context of company acquisitions are measured at the fair value of the brand right. Except for the brand purchased in the fiscal year 2018, the useful life used to be assumed to be unlimited, as an analysis of all relevant factors does not reveal any foreseeable limitation of the period in which these brand rights can prospectively generate net cash flows for the Bechtle Group. Consequently, in accordance with IAS 38, brand rights may not be amortised, but shall be tested for impairment at least once a year according to IAS 36.

Customer relationships acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the customer relationships. Customer relationships are amortised on a straight-line basis over a period that depends on the expected benefit for the company. As a matter of principle, it is assumed that customer relationships are of a long-term nature. The expected useful life is five to ten years.

Purchased software is measured at cost and amortised on a straight-line basis over a useful life of two to 10 years.

Internally developed software is capitalised under the conditions of IAS 38 provided that both the technical feasibility and the marketability of the newly developed products are ensured, the group derives an economic benefit, and internal use or sale is planned. Capitalisation takes place at cost, including all attributable direct costs. Costs incurred in the period prior to the technical feasibility are immediately recognised as research costs. Straight-line depreciation of the capitalised costs takes place from the date of commercial use of the asset over a useful life of three to five years.

Non-compete agreements are measured at cost. Non-compete agreements acquired in the context of company acquisitions are measured in accordance with the economic benefit resulting from the non-compete agreements. Non-compete agreements are amortised on a straight-line basis over the term of the non-compete agreement. At Bechtle, the useful life is two years. At present, there are no capitalised non-compete agreements.

For goodwill and other intangible assets with an unlimited useful life, an impairment test is performed at least once a year for the cash-generating unit that these assets are allocated to. In the case of intangible assets with limited useful lives and property, plant and equipment, an impairment test is performed if events or changes occur that suggest impairment. In the Bechtle Group, impairment tests are always conducted on the basis of the value in use determined by means of the discounted cash flow method. The basis for this is the current plan drawn up by the management for the next three fiscal years. The planning assumptions are duly adjusted to the current state of knowledge based on internal and external information available. In the process, appropriate assumptions on macroeconomic trends and historical developments are taken into account. As a matter of principle, the expected growth rates in the relevant markets are used as the basis for the calculation of cash flows.



The need for depreciation and amortisation corresponds to the amount by which the carrying amount of the cash-generating unit exceeds the value in use. For the goodwill impairment test, the goodwill is allocated to its corresponding cash-generating units. Assets that are no longer intended for use in business operations are classified as available for sale and are measured at the lower of the carrying amount and the fair value less costs to sell.

**Property, plant and equipment.** Property, plant and equipment are measured at cost less scheduled depreciation. Most of the property, plant and equipment consists of land and buildings. These assets are held by a limited number of companies. Within the scope of the preparation of the annual financial statements of these companies, the existence of any indications or changed circumstances which might render it impossible to recover the carrying amount of an asset is checked. Scheduled depreciation takes place on a pro rata temporis basis, and mainly on a straight-line basis according to the expected useful life. Scheduled depreciation is based on the following useful lives:

|                                  |             |
|----------------------------------|-------------|
| Office equipment                 | 2–10 years  |
| Furniture, fixtures and fittings | 2–20 years  |
| Vehicle fleet                    | 2–7 years   |
| Buildings                        | 10–50 years |

Low-value assets of property, plant and equipment are measured at cost and depreciated on a straight-line basis over a useful life of one to eight years. Maintenance costs are recognised through profit or loss when incurred.

If the building phase of an asset extends over a longer period, directly attributable borrowing costs are, as a matter of principle, capitalised in accordance with IAS 23. Due to the financial structure of the Bechtle Group, no borrowing costs needed to be capitalised in the fiscal year under review.

According to IAS 20, government grants are only recognised at fair value if it is reasonably certain that the associated conditions will be fulfilled and the grants will be received. Grants received for the acquisition or manufacturing of assets are deducted from the investments on the assets side.

In accordance with IAS 12, **deferred taxes** are recognised for all temporary differences between the carrying amounts in the consolidated balance sheet and the tax base of assets and liabilities (liability method) as well as for unused tax losses.

Deferred tax assets for accounting and valuation differences and for unused tax losses are only recognised to the extent that it is probable that these differences will lead to taxable profit in future. As at the balance sheet date, the value of the deferred tax assets recognised in previous periods is reviewed as to whether it is still sufficiently probable that a future benefit can be realised. Deferred tax assets are offset against deferred tax liabilities provided that a legally enforceable right of offsetting exists and the deferred tax assets and liabilities are raised by the same tax authority for the same taxable entity. The assessment is based on the tax rates applicable in the year of reversal. Changes in tax rates are taken into consideration if these have been adopted.

**Inventories.** Commodities are measured at average cost pursuant to IAS 2 (weighted average cost method). If necessary, the commodities are written down to the net realisable value. Besides the loss-free measurement, these write-downs take all other inventory risks into consideration. If the reasons that led to a write-down of inventories no longer exist, the impairment loss is reversed.

**Contract assets** are claims to consideration for goods or services that Bechtle transferred to a customer before he made a payment or before the conditions for issuing an invoice and recognising a receivable are on hand. With respect to possible impairment, contract assets – like trade receivables – are subject to the expected credit loss (ECL) model introduced according to IFRS 9.

A **contract liability** is the obligation to transfer goods or services to a customer for which the group has already received consideration from the customer (or an amount of the consideration is due). A contract liability is recognised when a customer pays the consideration before Bechtle fulfils its performance obligation by transferring goods or services to the customer. Contract liabilities are recognised as revenue when the performance is rendered under the contract. This especially applies to services invoiced in advance, maintenance agreements, warranty extensions and expansions and down payments received from third parties.

**Trade receivables and other assets** are measured at amortised cost taking into consideration due write-down for all identifiable individual risks. Non-current receivables with a residual term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date. The general credit risk is, where documentable, also taken into consideration by means of appropriate impairments. By way of exception, the derivative financial instruments contained in the other assets are accounted for at fair value.

As a matter of principle, impairments of trade receivables are performed by means of allowance accounts. The decision as to whether a credit risk is to be taken into consideration through an allowance account or through a direct impairment of the receivable depends on the degree of reliability of the assessment of the risk situation. The portfolio managers are responsible for this assessment. Moreover, the general credit risk is accommodated under consideration of Euler Hermes ratings and corresponding probabilities of default in the scope of the ECL model introduced according to IFRS 9.

In the Bechtle Group, trade receivables exclusively comprise financial instruments. The other assets also include non-financial assets.

**Time deposits and securities.** Time deposits are measured as financial assets at amortised cost. They comprise time deposits and similar investments with banks and other financial service institutions, as well as investments in insurance policies with original maturities of more than three months from the date of purchase. As in the prior year, no securities were held as investments as of the reporting date.

**Cash and cash equivalents.** Cash and cash equivalents are measured as financial assets at amortised cost. They include current bank balances and cash on hand as well as short-term time deposits with initial maturities of less than three months from the acquisition date.

**Pension provisions.** Pension liabilities are accounted for and measured according to IAS 19. In this context, a distinction is made between defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the employer has no obligations apart from the regular payment of defined contributions. As no actuarial assumptions are required to measure the liabilities or expenses, actuarial gains or losses cannot arise. Bechtle does not have any significant number of defined contribution plans.

In contrast, the obligations arising from defined benefit plans are to be measured on the basis of actuarial assumptions and calculations taking into account biometric assumptions. In this connection, actuarial gains or losses may occur, which must be recognised directly in equity, taking into account deferred taxes.

**Other provisions** are formed where there is a current obligation to third parties arising from a past event. It must be possible to estimate the amount reliably, and it must be more likely than unlikely that an outflow of future resources will take place. Provisions are only formed for legal and constructive obligations to third parties. Provisions are recognised at the amount that, on the balance sheet date, represents the best possible estimate of the expense that will probably be necessary to fulfil the current obligation.

Other provisions for warranties are formed for prospective claims on the basis of company-specific experience and the revenue.

Non-current provisions with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date, provided that the interest effect is material.

**Deferred income** includes all deferred other operating earnings, as in the prior year. This especially affected marketing grants and other compensation from suppliers as well as rent income.

**Financial liabilities** are recognised as expenses at amortised cost. In the Bechtle Group, financial liabilities exclusively comprise financial instruments.

**Other liabilities** contain both financial and non-financial liabilities and are recognised as expenses at amortised cost. Non-current liabilities with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date.

By way of exception, liabilities from acquisitions are measured at fair value (IFRS 3.39). Liabilities from acquisitions always represent debt capital, as these liabilities always entail, or could entail, a payment obligation.

**Trade payables** are recognised as expenses at amortised cost. This item exclusively contains financial instruments. Non-current liabilities with a term of more than one year are discounted on the basis of the relevant interest rates on the balance sheet date.

**Financial instruments** are contracts that result simultaneously in a financial asset for one company and in a financial liability or equity instrument for another. This includes both primary financial instruments (e.g. trade receivables or payables) and derivative financial instruments (transactions to hedge risks of change in value). According to IAS 32.11, an equity instrument is a contract that substantiates a residual interest in the assets of a company after deducting all of its liabilities. If the financial instrument results in payment obligations (even if only conditional), this represents debt capital, not equity.

The initial recognition of financial instruments takes place at fair value, if necessary adjusted by transaction costs that are directly attributable to the purchase or issue of the financial instrument. This does not apply to trade receivables without significant financing components; these are measured at the transaction price. The subsequent measurement takes place according to their measurement category according to IFRS 9:

Subsequent measurement of financial assets:

■ According to IFRS 9, financial assets are allocated to the classification categories at amortised cost or fair value and measured accordingly. Where financial assets are measured at fair value, the expenses and income can either be recognised through profit or loss or through other comprehensive income.

Subsequent measurement of financial liabilities:

■ Pursuant to IFRS 9, financial liabilities are measured either at amortised cost or at the fair value. The change in value is recognised at fair value through profit or loss.

Equity instruments:

■ All equity instruments in the scope of IFRS 9 are to be measured at fair value in the balance sheet. Value changes are to be recognised in profit or loss. In the case of an equity instrument not held for trading or an equity instrument within the scope of a conditional remuneration agreement in connection with acquisitions, the company may at initial recognition irrevocably decide to measure it at fair value through other comprehensive income. In this case, reclassification of the amounts in other comprehensive income, e.g. upon sale of the instrument, is no longer possible.

For financial assets that are measured at amortised cost as well as for assets that are measured at fair value and whose change in value is recognised in other comprehensive income, it is checked as of every balance sheet date whether impairment is on hand. Pursuant to IFRS 9, a risk provision is recognised for this purpose on the basis of the expected credit losses (ECL model). The assessment whether future losses are expected is performed on the basis of a creditworthiness analysis of the accounts receivable with the help of Euler Hermes ratings. Accordingly, expected valuation losses will henceforth be taken into consideration in addition to the losses that have already occurred. Once the reasons for the posted impairments no longer exist, the respective write-ups are applied. Due to the very short terms and the creditworthiness of our contracting partners, no impairment is determined according to the ECL model for financial assets in the form of cash and cash equivalents.



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The categorisation of the individual financial instruments within the balance sheet items is presented in chapter VI. "Further Disclosures on Financial Instruments in Accordance with IFRS 7".

**Derivative financial instruments** are accounted for as assets or liabilities. All derivative financial instruments are recognised at fair value according to the accounting policy on the settlement date. Fair values are determined with the aid of standardised mathematical models (mark-to-model method). The fair value is determined taking into account future cash flows over the residual term of the contract on the basis of current market data (interest rates, yield curve, forward prices). The creditworthiness of the debtor is determined with the help of an overhead percentage method taking into account the amount, the probability of default and the recovery rate in the event of inability to pay.

The Bechtle Group uses forward exchange contracts and currency options to mitigate the currency risk resulting from future exchange rate fluctuations for receivables and liabilities. For transactions to be classified as effective cash flow hedges, the changes of fair value are posted outside profit or loss, taking into account the applicable deferred taxes. Changes of the fair value that are attributable to the ineffective hedging instrument are recognised through profit or loss.

Hedges of net investments in group companies abroad hedge the foreign currency risk from subsidiaries using functional currencies other than the group currency euro. Gains or losses from the hedging transaction that are attributable to the effective part of the hedging transactions are recognised outside profit or loss. Gains or losses attributable to the ineffective part of the hedging instrument are recognised in the income statement.

Gains and losses from the change of the fair value of derivative financial instruments that are not accounted for within the scope of the hedge accounting according to IAS 39 are immediately recognised at their fair value in the income statement.

## DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements requires estimates and assumptions on the part of the Executive Board that affect the reported amount of assets, liabilities, income and expenses in the consolidated financial statements, as well as the disclosure of other financial liabilities and contingent liabilities. The uncertainty associated with these assumptions and estimates may yield results that necessitate substantial adjustments of the carrying amount of the affected assets and liabilities in future periods. All estimates and assumptions are based on the current knowledge and are made in good faith in order to provide a true and fair picture of the group's earnings, assets and financial position. As it is impossible to ascertain what the global consequences of the COVID-19 pandemic will be, estimates and discretionary decisions are subject to increase uncertainty. The actual amounts can differ from the estimates and discretionary decisions. Available information about the prospective economic development have been taken into consideration in the update of the estimates and discretionary decisions.

The most important issues that are affected are as follows:

The **impairment test for goodwill, other intangible assets and property, plant and equipment** requires estimates of future cash flows from assets or from the cash-generating unit to determine its value in use as well as the selection of an appropriate discount rate to determine the present value of these cash flows. For estimates of future cash flows, long-term revenue forecasts have to be made in the context of the economic setting and the development of the industry.

The measurement for the initial recognition of **customer relationships, brands and non-compete agreements** acquired within the scope of acquisitions also involves estimates for the determination of the fair value.

The scheduled depreciation of **property, plant and equipment** requires estimates and assumptions when determining the standardised useful life of assets for the group as a whole.

Major assessments are required to measure the **deferred tax** assets and liabilities of the group. In particular, the deferred tax assets on unused tax losses require estimates of the amount and dates of future taxable income as well as the future tax planning strategies. Uncertainties also exist with respect to future changes in tax law. If there is doubt that it will be possible to realise the unused tax losses, these are not recognised or impaired.

The **inventories** contain impairments to the lower net realisable value. The amount of the impairments requires estimates and assumptions concerning the prospective realisable sales revenue.

Provisions are formed for bad **debts** in order to account for expected losses resulting from customers' inability to pay. The structure of the maturity of receivables, experience in connection with the probability of default of external customer ratings, an estimate of the customer's creditworthiness and changes in payment performance form the basis for the assessment of the appropriateness of the provisions for bad debts.

The measurement of **pensions and similar personnel obligations** is based on assumptions about the future development of certain factors. These factors include, among other things, actuarial assumptions such as the discount rate, expected increases in the value of plan assets, expected salary and pension increases, mortality rates and the earliest retirement age. Due to the long-term nature of such plans, such estimates are subject to considerable uncertainties.

The recognition and measurement of **provisions** rely heavily on estimates. The assessment of the quantification of the possible amount of payment obligations is based on the respective situation and circumstances. Provisions are recognised for obligations where there is a risk of losses, these losses are probable and their amount can be reliably estimated.

The inclusion of hedges in the **hedge accounting** requires assumptions and estimates with respect to the underlying probability of occurrence of future transactions with hedged currencies and interest rates.



To determine whether an agreement constitutes a **lease**, it is necessary to assess whether the fulfilment of the contractual agreement depends on the use of a certain asset or certain assets and on whether the agreement grants the right to use the asset. Bechtle determines the lease term under consideration of the basic lease term that cannot be terminated as well as extension and termination options, provided it is reasonably certain that these options will be exercised in the future. In the case of an unlimited lease term in real-estate rental agreements, a useful life of five years is assumed.

The assessment of leases on the lessor side largely takes place on the basis of the criteria of the useful life as specified in the standard as well as the present value of the lease payments at the beginning of the lease.

In the context of the **revenue recognition and the assessment whether Bechtle is the principal or agent** when selling standard software licences without customising in the indirect business, the following classification has been performed.

Part of our business involves the sale of standard software licences in a bundle with consulting services (sale of standard software without customising in the indirect business). In this context, Bechtle is embedded in a number of requirements as a partner of the software vendor. With regard to this indirect business, the question whether Bechtle acts as the principal or agent represents a substantial discretionary decision and requires the individual factors to be weighted in order to come to an appropriate conclusion. Following an in-depth review of the situation and the criteria pursuant to IFRS 15, Bechtle regards itself as principal in these transactions. In the context of the indirect business, the complex and comprehensive pre-sales consulting services play a key role in the classification as principal or agent. For the customer, the purchase of software licences raises various questions concerning the scope of the rights of use of the licences. This includes aspects of strategic and operational software procurement and consulting services with respect to the contract and compliance. Consulting services are closely linked to the sale of the software products and are considered to be a material component of the performance obligation towards the customer. These pre-sales consulting services may only be performed by duly trained and certified employees (licence consultants). The certifications of the licence consultants must regularly be renewed. The required training measures involve high indirect costs.

Due to the implicit and, in certain cases, explicit obligation to provide such comprehensive consulting services, Bechtle comes to the conclusion that pre-sales consulting represents a (significant) promise to the customer. The performance consists, not only of the sale of the standard software licence, but of a combined performance bundle comprising the standard software licence and Bechtle's qualified consulting services. The result is a customer-specific licensing concept that is fully aligned with the customer's needs and for which Bechtle alone is responsible.

Against this backdrop, Bechtle considers the criteria for the classification as a significant integration service (IFRS 15.B35A (c)) to be fulfilled, which Bechtle controls before transferring the performance bundle to the customer. The classification as principal is supported by the other indicators of IFRS 15.B37:

- Bechtle is mainly responsible for fulfilling its obligation towards the customer, as Bechtle ensures the compatibility of the standard software license and the customer requirements.
- Moreover, Bechtle is free to determine the price for the combined performance obligation at its own discretion.
- Furthermore, Bechtle is exposed to a special form of inventory risk with regard to the standard software licence, since in the event of non-acceptance by the customer, Bechtle cannot return it to the software vendor or sell it to another customer.

Under certain contract models, the software vendor pays additional remuneration for the sale of licences. In these contract models, the customer usually requests comprehensive consulting within the scope of the tender process. Here too, a customer-specific licensing concept is on hand, in which all above-mentioned indicators for classification as principal are met. Bechtle is of the opinion that an additional remuneration by the vendor does not change the assessment of whether Bechtle acts as principal or agent.

Bechtle's opinion is in accordance with the accounting and measurement practice of the software reseller industry, with which the company engages in intensive interchange with regard to this discretionary judgement.

However, the software reseller industry is confronted with a conflicting interpretation of IFRS 15, which would change the accounting approach. This interpretation does not assume the existence of a significant integration service (at the request of the customer) in the indirect business if the main purpose of the consulting service is to fulfil the licensing requirements of the software vendors. According to this interpretation, Bechtle acts as agent when selling standard software licences in the indirect business. This view is supported by the fact that in the context of the sale of standard software licences in the indirect business, a direct contractual relationship is instituted between the customer and the software vendor in addition to the contractual relationship between the customer and Bechtle and until then, Bechtle does not control the software licence. Accordingly, the pre-sales consulting constitutes a pure sales service on the part of Bechtle. This view is supported by the following factors:

- The pre-sales consulting does not involve any customising of the standard software licence.
- Compared to the value of the standard software licence, pre-sales consulting represents an insignificant expense.
- For certain contract models of standard software licences, the software vendor grants remuneration for the sale of licences.
- Pre-sales consulting is provided even in cases in which the sale does not materialise. Thus, pre-sales consulting services are offered even without remuneration.

A customer who knows which contract model would be suitable and how many standard software licences he or she needs would not gain any added value from the pre-sales consulting.

To verify the interpretation of IFRS 15 by Bechtle (and by the entire software reseller industry), Bechtle will submit a request for clarification of the above-mentioned issue to the International Financial Reporting Interpretations Committee (IFRS IC). In particular, it will be asked whether in this context, pre-sales consulting is to be regarded as a significant integration service for the customer-specific licensing.

If the IFRS IC is to come to the conclusion that in this scenario, Bechtle acts as an agent, Bechtle would reduce the revenue from the sale of standard software without customising in the indirect business by the cost of the standard software without customising in the indirect business. As the revenue and the cost of sales would be reduced by the same amount, the gross earnings would not change in the consolidated income statement. However, in the event of accounting as an agent, the reduction of the revenue in combination with the same gross earnings would result in a higher EBT margin.

The following table shows the possible result in the case of accounting as agent:

|                                                                                                                            |           | 2020          | 2019          | 2018          |
|----------------------------------------------------------------------------------------------------------------------------|-----------|---------------|---------------|---------------|
| Revenue from the sale of standard software without customising in indirect business                                        | €k        | 489,841       | 468,470       | 367,143       |
| Cost of standard software without customising in indirect business                                                         | €k        | 453,451       | 432,741       | 338,744       |
| <b>Revenue from the sale of standard software without customising in indirect business less cost of purchased software</b> | <b>€k</b> | <b>36,390</b> | <b>35,729</b> | <b>28,399</b> |
| Revenue according to previous consolidated income statement                                                                | €k        | 5,819,243     | 5,374,453     | 4,323,318     |
| Adjusted revenue in the case of accounting as agent                                                                        | €k        | 5,365,792     | 4,941,712     | 3,984,574     |
| EBT margin according to previous consolidated income statement                                                             | %         | 4.7           | 4.4           | 4.5           |
| Adjusted EBT in the case of accounting as agent                                                                            | %         | 5.0           | 4.8           | 4.8           |

### III. FURTHER EXPLANATORY NOTES ON THE INCOME STATEMENT

#### 1 REVENUE

The revenue amounting to €5,819,243 thousand (prior year: €5,374,453 thousand) includes the considerations charged to customers for goods and services less rebates and discounts.

The company grants the periods of payment that are customary in the respective industry and country (5–50 days).

In this context, the IT E-Commerce segment exclusively generates IT trading revenue that is recognised at a point in time. The revenue in the IT System House & Managed Services segment consists primarily of IT trading revenue that is also recognised at a point in time and an IT service revenue portion of about 24 to 30 per cent that is recognised either at a point in time or over time. The service share in the IT System House & Managed Services segment was at the same level as in the prior year.

As a matter of principle and irrespective of the industry, all customers are commercial end customers and public-sector clients. In the fiscal year ended, the product groups that achieved the highest revenue were mobile computing, software, IT services and peripherals. With these product groups, Bechtle generated about 55 per cent of the total revenue (prior year: 54 per cent).



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The break-down of the revenue by industries is based on the industry segmentation of Bechtle AG.

A breakdown of the revenue by business segments and regions is presented in the segment information.

In the fiscal year 2020, income amounting to €128,068 thousand (prior year: €112,229 thousand) was recognised for payments from previous periods.

Contract assets are claims to consideration for goods or services that Bechtle transferred to a customer before he made a payment or before the conditions for issuing an invoice and recognising a receivable are on hand. In the fiscal year 2020, income amounting to €28,182 thousand (prior year: €34,622 thousand) was recognised for this.

With regard to the revenue from the sale of standard software, Bechtle makes distinction between standard software including customising and standard software without customising in the indirect business.

|                                                           | €k             |                |                |
|-----------------------------------------------------------|----------------|----------------|----------------|
|                                                           | 2020           | 2019           | 2018           |
| Software including customising                            | 365,088        | 284,241        | 233,725        |
| Standard software without customising – indirect business | 489,841        | 468,470        | 367,143        |
| Standard software without customising – direct business   | 6,238          | 7,602          | 6,434          |
| <b>Total revenue from the sale of software licences</b>   | <b>861,167</b> | <b>760,313</b> | <b>607,302</b> |

## 2 EXPENSE STRUCTURE

|                               | €k               |                  |                    |                |                         |                |
|-------------------------------|------------------|------------------|--------------------|----------------|-------------------------|----------------|
|                               | Cost of sales    |                  | Distribution costs |                | Administrative expenses |                |
|                               | 2020             | 2019             | 2020               | 2019           | 2020                    | 2019           |
| Material costs                | 4,494,109        | 4,187,371        | 0                  | 0              | 0                       | 0              |
| Personnel and social expenses | 384,858          | 336,886          | 255,313            | 243,580        | 179,360                 | 153,955        |
| Depreciation and amortisation | 42,379           | 34,016           | 25,309             | 18,937         | 30,449                  | 31,657         |
| Other operating expenses      | 41,316           | 48,363           | 38,620             | 44,115         | 76,723                  | 63,995         |
| <b>Total costs</b>            | <b>4,962,662</b> | <b>4,606,636</b> | <b>319,242</b>     | <b>306,632</b> | <b>286,532</b>          | <b>249,607</b> |

The predominant portion of the material costs corresponds to the costs for commodities. Furthermore, costs from the indirect licence business in the amount of €792,023 thousand (prior year: €703,021 thousand) were posted under material costs. The material costs include net expenses of €805 thousand from exchange rate fluctuations (prior year: €465 thousand).

Other operating expenses include the following:

- Vehicle costs amounting to €15,867 thousand (prior year: €24,210 thousand)
- Expenses for office and building rent amounting to €14,798 thousand (prior year: €14,589 thousand)
- Communication costs amounting to €9,061 thousand (prior year: €9,218 thousand)
- Marketing costs amounting to €14,235 thousand (prior year: €15,546 thousand)
- Legal and consulting costs amounting to €22,644 thousand (prior year: €18,121 thousand)
- Impairment expenses amounting to €16,145 thousand (prior year: €4,977 thousand); the year-on-year increase was caused by an increase in the risk provisions due to the deteriorated economic forecasts in connection with the COVID-19 pandemic.
- Expenses from the immediate write-off of trade receivables amounting to €1,091 thousand (prior year: €1,038 thousand) and
- other costs incurred within the scope of the ordinary course of business.

### 3 OTHER OPERATING INCOME

|                                                            | €k            |               |
|------------------------------------------------------------|---------------|---------------|
|                                                            | 2020          | 2019          |
| Marketing allowances and other compensation from suppliers | 14,741        | 19,816        |
| Income from operating a photovoltaic system                | 265           | 214           |
| Rental income                                              | 511           | 529           |
| Others                                                     | 10,631        | 9,233         |
| <b>Other operating income</b>                              | <b>26,148</b> | <b>29,792</b> |

Other operating income dropped to €26,148 thousand (prior year: €29,792 thousand). Due to the coronavirus pandemic, marketing grants and other compensation from suppliers went down. As in the prior years, the other operating income consists primarily of damages, insurance reimbursements and income from hedges.

### 4 FINANCIAL INCOME AND FINANCIAL EXPENSES

The financial income in the total amount of €1,073 thousand (prior year: €1,229 thousand) consists of interest income from call money and time deposits.

The financial expenses of €7,323 thousand (prior year: €6,279 thousand) include interest costs for loans and other financial liabilities.

### 5 INCOME TAXES

The taxes paid and due on earnings and income as well as the tax deferrals are presented as income taxes.

The tax expenses are composed as follows:

|                                             | €k            |               |
|---------------------------------------------|---------------|---------------|
|                                             | 2020          | 2019          |
| Paid or due taxes                           |               |               |
| Germany                                     | 64,428        | 49,928        |
| Other countries                             | 26,198        | 25,724        |
| Deferred taxes                              |               |               |
| from valuation differences in terms of time | -12,337       | -9,613        |
| from unused losses                          | -131          | -203          |
| <b>Income taxes</b>                         | <b>78,158</b> | <b>65,836</b> |

In Germany, the statutory corporation tax rate for the assessment period 2020 was 15.0 per cent. Including the trade tax and solidarity surcharge, the tax encumbrance amounted to 30.1 per cent (prior year: 29.7 per cent) on average. The current taxes of subsidiaries abroad are determined on the

basis of the respective national tax law and at the tax rate applicable in the country of domicile. Deferred tax assets and liabilities are measured at the tax rates that are expected to be valid at the time of realisation of the asset or fulfilment of the liability.

For the reporting period, the reconciliation between the actual tax expenses and the amount that arises taking into account a weighted domestic and foreign tax rate of approximately 28.5 per cent (prior year: 28.5 per cent) on the profit before income taxes was as follows:

|                                                                           | €k            |               |
|---------------------------------------------------------------------------|---------------|---------------|
|                                                                           | 2020          | 2019          |
| Earnings before taxes                                                     | 270,705       | 236,320       |
| <b>Expected tax expense</b>                                               | <b>77,170</b> | <b>67,409</b> |
| Tax-free income                                                           | -487          | -138          |
| Tax rate change for deferred taxes                                        | -22           | -4,006        |
| Tax expense of earlier years                                              | 91            | 43            |
| Tax income of earlier years                                               | -50           | -107          |
| Non-deductible expenses                                                   | 1,065         | 1,469         |
| Allocation/addition deferred tax assets to loss carryforwards             | -140          | -276          |
| Use of previously unrecorded loss carryforwards                           | -258          | -89           |
| Unrecognised deferred taxes on unused losses for the current year         | 183           | 2,750         |
| Non-capitalised deferred tax assets on temporary differences              | 436           | 0             |
| Devaluation of previously recognised deferred taxes on loss carryforwards | 0             | 59            |
| Negative difference from capital consolidation                            | 0             | -1,292        |
| Earn-out components                                                       | 31            | 14            |
| Others                                                                    | 139           | 0             |
| <b>Actual tax expense</b>                                                 | <b>78,158</b> | <b>65,836</b> |

## 6 EARNINGS PER SHARE

The table below shows the calculation of the earnings after taxes that are due to the shareholders of Bechtle AG:

|                                      | 2020       | 2019       |
|--------------------------------------|------------|------------|
| Earnings after taxes                 | €k 192,547 | 170,484    |
| Average number of outstanding shares | 42,000,000 | 42,000,000 |
| Earnings per share                   | € 4.58     | 4.06       |

According to IAS 33, the earnings per share are determined on the basis of the earnings after taxes (due to the shareholders of Bechtle AG) and the average number of shares in circulation in the year. Treasury shares reduce the number of outstanding shares accordingly. The basic earnings per share are identical to the diluted earnings per share.



## IV. FURTHER EXPLANATORY NOTES ON THE BALANCE SHEET

### 7 GOODWILL



See page 186 ff.  
for information on newly  
accrued goodwill

The following table shows the individual changes to goodwill in the reporting period and their allocation to the two cash-generating units.

|                                      | IT System<br>House &<br>Managed<br>Services | IT<br>E-Commerce | €k      |
|--------------------------------------|---------------------------------------------|------------------|---------|
| Cash-generating unit                 |                                             |                  | Group   |
| As of 01.01.2020                     | 245,063                                     | 152,529          | 397,592 |
| Adjustment acquisitions prior year   | 1,016                                       | 0                | 1,016   |
| Acquisitions in the reporting period | 49,219                                      | 0                | 49,219  |
| DPS Software GmbH                    | 43,619                                      | 0                | 43,619  |
| Others                               | 5,600                                       | 0                | 5,600   |
| Currency translation differences     | 433                                         | 53               | 486     |
| As of 31.12.2020                     | 295,731                                     | 152,582          | 448,313 |



For information  
on the assets and liabilities  
of the cash-generating units,  
see page 181 ff

Like the previous impairment tests, the annual impairment test of the goodwill as of 30 September 2020 in accordance with IAS 36 did not reveal any need for impairment, neither for the cash-generating unit IT System House & Managed Services nor for the cash-generating unit IT E-Commerce. Within the framework of the preparation of the annual financial statements as of 31 December 2020, the assumptions with regard to the impairment test did not undergo any changes.



For information on  
the planning process  
and expectations,  
see Corporate Management,  
page 34 ff and  
Forecast Report,  
page 105 ff

Bechtle determines the recoverable amounts of its cash-generating units with the help of the discounted cash flow method. The risk-adjusted discount rates are determined on the basis of peer group information for beta factors, borrowing costs and the debt ratio. As of 30 September 2020, the cash-generating units had a weighted average cost of capital (WACC) of 6.7 per cent (prior year: 6.4 per cent) after taxes (WACC before taxes 6.9 per cent, prior year: 6.7 per cent). The cash flow forecasts used are based on individual revenue and cost plans for the coming year as approved by the management, which are thus also taken into consideration in the variable compensation systems for the executives and are in line with external information sources and experience gained. For the planning, both the expected growth and the profitability of the products and services are made use of. The cash flows for 2021 and 2022 have been derived on the basis of the as-is data and the target data in accordance with the above-mentioned factors, and the cash flow for 2023 has been extrapolated with assumptions based on long-term growth rates of 2 per cent. The planned revenue and earnings growth in coming years has been adjusted for corona-related revenue and earnings increases in the reporting period, which will no

longer apply. Sensitivity analyses have revealed that even in the case of substantially divergent key assumptions within a realistic framework, there would be no need for impairment of the goodwill. For example, there would be no need for impairment in the event of a reduction of the yearly free cash flow of the cash-generating units by more than 20.0 per cent each or an increase of the WACC to 10.0 per cent if the other input parameters remained unchanged.

The development of the goodwill is presented in Appendices B and C to the Notes.



See Appendices B and C, Notes, page 208 f

## 8 OTHER INTANGIBLE ASSETS

|                                | €k             |                |
|--------------------------------|----------------|----------------|
|                                | 31.12.2020     | 31.12.2019     |
| Brands/licences                | 14,961         | 15,974         |
| Customer bases                 | 50,778         | 58,165         |
| Acquired software              | 16,379         | 16,710         |
| Internally developed software  | 11,558         | 12,013         |
| Customer service agreements    | 19,565         | 16,441         |
| <b>Other intangible assets</b> | <b>113,241</b> | <b>119,303</b> |

The ARP (carrying amount €3,947 thousand) and Modus (carrying amount €1,900 thousand) brands presented in the balance sheet have an unlimited useful life. This is due to the fact that both the companies of ARP and Modus Consult GmbH will continue to constitute a key element of the Bechtle Group along with their respective brands and the legal protection of the brand can easily be perpetuated over an extended period. The Inmac WStore brand (carrying amount €7,897 thousand) has a useful life of ten years. The ARP and Inmac WStore brands are allocated to the cash-generating unit IT E-Commerce and the Modus brand to the cash-generating unit IT System House & Managed Services.

The discount rate used to determine the value in use for the brands within the scope of the yearly impairment tests is based on input parameters derived from the market and was set at 6.7 per cent (prior year: 6.4 per cent), as for the goodwill impairment test. The cash flow forecasts used are based on the revenue and cost plans approved by the management. Further growth rates are only assumed in the amount necessary to compensate for inflation. In the reporting period, as in prior years, the value in use that was determined for the brand surpassed the value in the balance sheet. Sensitivity analyses revealed that even in the case of divergent key assumptions within a realistic framework, there would be no need for impairment of the brands. The change in the carrying amount compared to the prior year is attributable to the scheduled amortisation of the Inmac WStore brand and currency translation differences.

|                                                              | €k     |        |
|--------------------------------------------------------------|--------|--------|
|                                                              | 2020   | 2019   |
| <b>Customer bases</b>                                        |        |        |
| Carrying amount (31.12)                                      | 50,778 | 58,165 |
| Remaining useful life (weighted average) (years)             | 6.6    | 7.5    |
| Accumulated scheduled amortisation                           | 21,513 | 13,558 |
| Accumulated impairment as per IAS 36                         | 0      | 0      |
| Scheduled amortisation                                       | 8,623  | 8,395  |
| Impairment according to IAS 36                               | 0      | 0      |
| Currency translation differences of accumulated amortisation | 3      | 100    |

Inmac WStore SAS, which had been acquired in 2018, accounted for the greatest share of capitalised customer bases, totalling €44,543 thousand (prior year: €50,353 thousand). The remaining useful life of these amounts to about eight years. The depreciation of customer bases is mainly allocated to the cost of sales and distribution costs.



See Appendices B  
and C, Notes,  
page 208 f

The development of the other intangible assets is presented in Appendices B and C to the Notes.

## 9 PROPERTY, PLANT AND EQUIPMENT

|                                                   | €k             |                |
|---------------------------------------------------|----------------|----------------|
|                                                   | 31.12.2020     | 31.12.2019     |
| Property and buildings                            | 134,170        | 103,606        |
| Other equipment, furniture, fixtures and fittings | 52,695         | 51,502         |
| Advance payments and construction in progress     | 3,568          | 9,488          |
| Rights of use from leasing                        | 136,782        | 116,089        |
| <b>Property, plant and equipment</b>              | <b>327,215</b> | <b>280,685</b> |

As of 31 December 2020, there were no contractual obligations for the purchase of property, plant and equipment.

In the fiscal year, an unscheduled depreciation of €199 thousand was applied to hardware. Apart from this, there were no further indications that would have necessitated unscheduled depreciation of property, plant and equipment, not even due to the coronavirus pandemic.



See Appendices B  
and C, Notes,  
page 208 f

The development of the property, plant and equipment is presented in Appendices B and C to the Notes.

## 10 DEFERRED TAXES

The amounts of deferred tax assets and liabilities are shown below. Apart from changes in the current year, these also include deferred taxes to be recognised in the context of the initial consolidation of acquired companies and tax effects from equity changes outside profit or loss.

|                                  | €k             |               |
|----------------------------------|----------------|---------------|
|                                  | 31.12.2020     | 31.12.2019    |
| Liabilities                      | 44,788         | 38,819        |
| Property, plant and equipment    | 40,339         | 30,680        |
| Other provisions                 | 8,729          | 6,228         |
| Receivables                      | 4,807          | 688           |
| Pension provisions               | 4,313          | 3,363         |
| Inventories                      | 2,134          | 3,251         |
| Loss carryforwards               | 619            | 725           |
| Other intangible assets          | 181            | 276           |
| Others                           | 520            | 479           |
|                                  | <b>106,430</b> | <b>84,509</b> |
| Netting                          | -99,660        | -80,595       |
| <b>Deferred tax assets (net)</b> | <b>6,770</b>   | <b>3,914</b>  |

|                                       | €k             |                |
|---------------------------------------|----------------|----------------|
|                                       | 31.12.2020     | 31.12.2019     |
| Property, plant and equipment         | 40,356         | 33,809         |
| Other intangible assets               | 24,672         | 27,258         |
| Receivables                           | 22,318         | 19,935         |
| Deferred income                       | 20,702         | 15,151         |
| Goodwill                              | 13,517         | 12,521         |
| Inventories                           | 2,850          | 4,043          |
| Other provisions                      | 1,064          | 815            |
| Others                                | 321            | 243            |
|                                       | <b>125,800</b> | <b>113,775</b> |
| Netting                               | -99,660        | -80,595        |
| <b>Deferred tax liabilities (net)</b> | <b>26,140</b>  | <b>33,180</b>  |

The assessment of the impairment of deferred tax assets depends on the management's view of how likely it is that the deferred tax assets will be realised. This depends on the generation of future taxable profits in connection with which the tax valuation differences are reversed and unused tax losses can be asserted.

Under current tax provisions, unused domestic tax losses are regarded as unlimited. The restricted use of loss offsetting possibilities (minimum taxation) under German tax law and time limits of foreign tax losses were taken into consideration in the assessment of the impairment of deferred tax assets on unused losses.

If a tax entity has a loss history in the recent past, deferred tax assets from loss carryforwards of this entity will be recognised only if there are sufficient taxable temporary differences or substantial indications of the realisation of such.

For the determination of the amount of deferred tax assets that can be capitalised, material assumptions and estimates of the management are required concerning the expected time of occurrence and amount of income subject to future taxation, as well as the future tax planning strategies. The capitalised deferred taxes on loss carryforwards at various companies that recorded losses in 2019 and/or 2020 amounted to €0 thousand (prior year: €252 thousand). There were no netted deferred tax liabilities at these companies. Based on the planning of the companies and their current earnings performance, we believe that the deferred tax assets will be realised by means of adequate taxable profits.

Unused tax losses for which no deferred tax assets have been recognised in the balance sheet amounted to €10,212 thousand (prior year: €10,046 thousand) for corporation tax, €12,113 thousand (prior year: €12,469 thousand) for trade tax and €3,013 thousand (prior year: €3,319 thousand) for losses of companies abroad.

As in the prior year, as of 31 December 2020, no deferred tax liabilities had been recognised for taxes on profits of subsidiaries of Bechtle that had not been transferred, as these profits were either not subject to such taxation or are to be reinvested for an indefinite period.

The temporary differences in connection with interests in subsidiaries for which no tax liabilities were recognised amounted to a total of €32,648 thousand (prior year: €28,421 thousand).

Of the deferred taxes recognised in the balance sheet, a total of €3,461 thousand were added to the goodwill and €1,043 thousand were deducted from the equity (prior year: €1,698 thousand were added to the goodwill and €1,021 thousand were deducted from the equity) outside profit and loss. For details concerning the deferred taxes accounted for outside profit or loss, refer to chapter 16 "Equity".

## 11 INVENTORIES

|                                 | €k             |                |
|---------------------------------|----------------|----------------|
|                                 | 31.12.2020     | 31.12.2019     |
| Commodities                     | 314,460        | 294,726        |
| Advance payments on inventories | 334            | 1,050          |
| Impairments                     | -13,131        | -10,202        |
| <b>Inventories</b>              | <b>301,663</b> | <b>285,574</b> |

The increase in inventories was due to the stock levels required for large projects.

As of 31 December 2020, the carrying amount of the impaired inventories amounted to €58,616 thousand (prior year: €22,079 thousand ). Year on year, the impairment increased €2,929 thousand (prior year: €2,325 thousand).

The expenses recorded in connection with the use of inventories are included in the material costs.

## 12 TRADE RECEIVABLES

|                          | €k             |               |                |               |
|--------------------------|----------------|---------------|----------------|---------------|
|                          | 31.12.2020     |               | 31.12.2019     |               |
|                          | Current        | Non-current   | Current        | Non-current   |
| Trade receivables, gross | 904,862        | 55,903        | 875,608        | 38,148        |
| Impairments              | -27,689        | 0             | -13,285        | 0             |
| <b>Trade receivables</b> | <b>877,173</b> | <b>55,903</b> | <b>862,323</b> | <b>38,148</b> |

As of the balance sheet date, the maturity structure of the current trade receivables was as follows:

|                   | Carrying amount | Individually impaired in full or in part | Individual impairment | Impairment IFRS 9 | Neither overdue nor impaired | Overdue and not value adjusted |                        |                        |                         |                    |
|-------------------|-----------------|------------------------------------------|-----------------------|-------------------|------------------------------|--------------------------------|------------------------|------------------------|-------------------------|--------------------|
|                   |                 |                                          |                       |                   |                              | less than 30 days              | between 31 and 60 days | between 61 and 90 days | between 91 and 180 days | more than 180 days |
| <b>31.12.2020</b> |                 |                                          |                       |                   |                              |                                |                        |                        |                         |                    |
| Trade receivables | 877,173         | 5,174                                    | -5,131                | -22,558           | 707,172                      | 150,664                        | 23,295                 | 6,711                  | 6,447                   | 5,399              |
| <b>31.12.2019</b> |                 |                                          |                       |                   |                              |                                |                        |                        |                         |                    |
| Trade receivables | 862,323         | 4,571                                    | -4,214                | -9,071            | 653,050                      | 166,394                        | 27,956                 | 9,766                  | 8,969                   | 4,902              |

Except for the common lien on receivables from the delivery of goods, the company's receivables are not collateralised. In accordance with the revenue structure, most of the presented receivables are receivables from the delivery of goods. The company is thus exposed to the risk of default up to the carrying amount. In the past, Bechtle suffered minor defaults of individual customers and customer groups. To hedge the general credit risk, reasonable provisions for bad debts are made on the basis of probabilities of default of a rating agency in the context of the ECL model. As a result of the COVID-19 pandemic, the bad debts are expected to be higher than in prior years. For this reason, assumptions were made regarding the allocation to rating classes in order to accommodate the deteriorated economic forecasts in connection with the pandemic, which was the main reason for the increase in impairment. Due to the very low probability of default and the very high creditworthiness, no impairment is applied to receivables from public-sector clients. In the prior year, receivables from public-sector clients had still be taken into consideration in the impairment. The probabilities of default and the gross carrying amounts per rating class are listed in the following chart:

|                                             |                        |                            |                 |                            | €k              |
|---------------------------------------------|------------------------|----------------------------|-----------------|----------------------------|-----------------|
| Euler-Hermes rating classes                 | Probability of default | Gross carrying amount 2020 | Impairment 2020 | Gross carrying amount 2019 | Impairment 2019 |
| 01–05: Very high to medium creditworthiness | 0.8%                   | 466,605                    | 5,312           | 819,640                    | 6,908           |
| 06: Increased risk                          | 4.0%                   | 128,427                    | 5,482           | 58,152                     | 2,266           |
| 07: High risk                               | 6.5%                   | 129,840                    | 9,007           | 29,688                     | 1,856           |
| 08: Very high risk                          | 10.0%                  | 36,321                     | 3,876           | 3,896                      | 372             |
| 09: Not creditworthy                        | 18.0%                  | 8,072                      | 1,620           | 599                        | 102             |
| 10: Insolvent                               | 100.0%                 | 2,392                      | 2,392           | 1,781                      | 1,781           |
| Public-sector clients                       | 0.0%                   | 189,107                    | 0               | 0                          | 0               |

The impairment of trade receivables developed as follows:

|                                           | 2020   | 2019   |
|-------------------------------------------|--------|--------|
| Impairment situation as of 1 January      | 13,285 | 9,806  |
| Exchange rate differences / consolidation | 327    | 230    |
| Use                                       | 842    | 173    |
| Liquidations                              | 1,226  | 1,367  |
| Allocations (impairment expenses)         | 16,145 | 4,789  |
| Impairment situation as of 31 December    | 27,689 | 13,285 |

Expenses from the immediate write-off of trade receivables amounted to €1,091 thousand (prior year: €1,038 thousand). As of the end of the year, income from payments received on written-off receivables amounted to €72 thousand (prior year: €319 thousand).

For the disclosures in accordance with IFRS 7, the trade receivables are, depending on their maturity, allocated to the classes “current trade receivables” (€855,604 thousand) and “non-current trade receivables” (€14,968 thousand), and to the classes “current leasing receivables” (€21,569 thousand) and “non-current leasing receivables” (€40,935 thousand).

### 13 TIME DEPOSITS AND SECURITIES

|                              | 31.12.2020 |             | 31.12.2019 |             |
|------------------------------|------------|-------------|------------|-------------|
|                              | Current    | Non-current | Current    | Non-current |
| Time deposits                | 40,002     | 0           | 0          | 0           |
| Securities                   | 0          | 0           | 0          | 0           |
| Time deposits and securities | 40,002     | 0           | 0          | 0           |

In the reporting period, investments were made in short-term fixed-term deposits. For the disclosures in accordance with IFRS 7, they are fully allocated to “fixed-term deposits”.



## 14 OTHER ASSETS

|                                                    | €k             |              |                |              |
|----------------------------------------------------|----------------|--------------|----------------|--------------|
|                                                    | 31.12.2020     |              | 31.12.2019     |              |
|                                                    | Current        | Non-current  | Current        | Non-current  |
| Refunds and other receivables from suppliers       | 58,971         | 0            | 46,343         | 0            |
| Contract assets                                    | 28,029         | 0            | 34,622         | 0            |
| Rental deposits                                    | 313            | 3,034        | 165            | 2,740        |
| Unrealised gains from financial derivatives        | 729            | 0            | 356            | 0            |
| Due from staff                                     | 346            | 123          | 334            | 88           |
| Insurance refunds                                  | 23             | 75           | 124            | 71           |
| Loan extended to a leasing company                 | 0              | 0            | 311            | 0            |
| Others                                             | 221            | 2            | 1,368          | 3            |
| <b>Total financial assets</b>                      | <b>88,632</b>  | <b>3,234</b> | <b>83,623</b>  | <b>2,902</b> |
| Accrued income                                     | 17,426         | 3,762        | 16,260         | 3,185        |
| Accrued income for customer maintenance agreements | 30,593         | 452          | 16,763         | 642          |
| VAT receivable                                     | 5,874          | 0            | 8,494          | 0            |
| Social security claims                             | 1,016          | 0            | 1,035          | 0            |
| Advance payments                                   | 5              | 0            | 5              | 0            |
| Receivables from other taxes                       | 382            | 0            | 0              | 0            |
| <b>Total non-financial assets</b>                  | <b>55,296</b>  | <b>4,214</b> | <b>42,557</b>  | <b>3,827</b> |
| <b>Other assets</b>                                | <b>143,928</b> | <b>7,448</b> | <b>126,180</b> | <b>6,729</b> |

The other assets are not collateralised. The company is thus exposed to the risk of default up to the carrying amount. Rental deposits have been furnished for rented business premises as collateral for the landlord. Moreover, the other assets contain contract assets amounting to €28,029 thousand. The year-on-year decline (€34,622 thousand) has to do with the reporting date. In accordance with IFRS 9, a risk provision in the amount of €153 thousand (prior year: €188 thousand) was recognised for expected credit risks under consideration of the probabilities of default as calculated by rating agency.

As of the reporting date, there were no indications that the debtors of assets overdue would not meet their payment obligations.

For the disclosures according to IFRS 7, financial instruments included in other assets are allocated to:

- "other financial assets" in the amount of €91,137 thousand (prior year: €85,843 thousand);
- "long-term lending" in the amount of €0 thousand (prior year: €311 thousand); and
- "financial derivatives" in the amount of €729 thousand (prior year: €371 thousand).

## 15 CASH AND CASH EQUIVALENTS

The cash and cash equivalents amounting to €363,171 thousand (prior year: €272,197 thousand) include cash at banks and on hand and short-term realisable time deposits with initial maturities of less than three months from the date of acquisition.

For the disclosures in accordance with IFRS 7, all cash and cash equivalents are allocated to “cash and cash equivalents” as in the prior year. Due to the very short terms and the creditworthiness of our contracting partners, no impairment was performed on the basis of expected credit losses.

## 16 EQUITY

  
See Consolidated  
Statement of  
Changes in Equity,  
page 122

The development of the group equity is presented in the consolidated statement of changes in equity as an explicit component of the financial statements before the Notes to the Consolidated Financial Statements.

## ISSUED CAPITAL

As was the case on 31 December 2019, the company's share capital as of 31 December 2020 was divided into 42,000,000 fully paid-up ordinary shares of a calculated nominal value of €1.00 each. Each share has one vote.

**Authorised and contingent capital.** Pursuant to Article 4 (3) of the Articles of Incorporation of Bechtle AG, the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital by up to €14,000 thousand by issuing new bearer shares (authorised capital according to the resolution of the Annual General Meeting of 27 May 2020) until 11 June 2023.

Capital increases may occur against cash contributions and/or in-kind contributions. Subject to the approval of the Supervisory Board, the Executive Board is authorised to exclude fractional amounts from the shareholders' subscription rights. Moreover, the Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude the subscription right if:

- (1) the capital increase is performed against cash contributions, does not exceed €4,200 thousand at the time of the issue and the issue price is not significantly below the listed price or,
- (2) the capital increase is performed for the acquisition of companies or interests in companies.

Subject to the approval of the Supervisory Board, the Executive Board is authorised to determine further details of the capital increases from the authorised capital.

## CAPITAL RESERVES

The capital reserves primarily include the offering premium (agio) from capital increases and amounted to €124,228 thousand as of 31 December 2020 (prior year: €124,228 thousand).

## RETAINED EARNINGS

**Accrued profits.** At the Annual General Meeting on 27 May 2020, a resolution was adopted to pay out a dividend of €1.20 per no-par share with dividend entitlement for the fiscal year 2019 (dividend total: €50,400 thousand). The dividend was paid out on 2 June 2020. In the prior year, a dividend total of €42,000 thousand had been paid out on 3 June 2019.

Dividends may only be paid from the net profit and the retained earnings of the company, as recognised in the Annual Financial Statements of Bechtle AG prepared in accordance with German commercial law. These amounts deviate from the total equity as presented in the consolidated financial statements in accordance with IFRS. The resolution for the payment of future dividends is jointly proposed by the Executive Board and Supervisory Board of the company and adopted by the Annual General Meeting. The decisive factors are in particular profitability, the financial position, capital requirements, business prospects and the general economic framework conditions of the company. Since Bechtle's strategy is geared towards internal and external growth, investments will be necessary for this purpose, which should – where possible – be equity-financed. The Executive Board has decided to propose to the Supervisory Board and to the Annual General Meeting to appropriate the net profit of €56,700 thousand for the fiscal year 2020 for the payment of a normal dividend of €1.35 per no-par share with dividend entitlement.

Apart from the dividend paid out for the fiscal year 2019, the retained earnings in the reporting period also changed by the comprehensive income of €197,587 thousand, consisting of earnings after taxes (€192,547 thousand) and other comprehensive income (€5,040 thousand). Accordingly, the retained earnings as of 31 December 2020 amounted to €995,801 thousand (prior year: €848,614 thousand). Apart from the dividend payment, a change from the comprehensive income amounting to €173,638 thousand had taken place in the prior year.

**Accumulated other comprehensive income.** In terms of its accumulated balance as of the balance sheet date and its change during the reporting period, the other comprehensive income that is to be recognised in equity outside profit or loss is composed as follows:

€k

|                                                  | 31.12.2020   |                    |               | 31.12.2019   |                    |              |
|--------------------------------------------------|--------------|--------------------|---------------|--------------|--------------------|--------------|
|                                                  | Before taxes | Income tax effects | After taxes   | Before taxes | Income tax effects | After taxes  |
| Actuarial gains and losses on pension provisions | -10,456      | 2,163              | -8,293        | -11,231      | 2,381              | -8,850       |
| Unrealised gains and losses on hedges            | 536          | 213                | 749           | 1,488        | -6                 | 1,482        |
| Hedging of net investments in foreign operations | -8,507       | 2,447              | -6,060        | -14,466      | 4,237              | -10,229      |
| Currency translation differences                 | 27,191       | 0                  | 27,191        | 26,144       | 0                  | 26,144       |
| <b>Other comprehensive income</b>                | <b>8,764</b> | <b>4,823</b>       | <b>13,587</b> | <b>1,935</b> | <b>6,612</b>       | <b>8,547</b> |

€k

|                                                                             | 01.01–31.12.2020 |                    |              | 01.01–31.12.2019 |                    |               |
|-----------------------------------------------------------------------------|------------------|--------------------|--------------|------------------|--------------------|---------------|
|                                                                             | Before taxes     | Income tax effects | After taxes  | Before taxes     | Income tax effects | After taxes   |
| Items that will not be reclassified to profit or loss in subsequent periods |                  |                    |              |                  |                    |               |
| <b>Actuarial gains and losses on pension provisions</b>                     | <b>775</b>       | <b>-218</b>        | <b>557</b>   | <b>430</b>       | <b>28</b>          | <b>458</b>    |
| Items that will be reclassified to profit or loss in subsequent periods     |                  |                    |              |                  |                    |               |
| <b>Unrealised gains and losses on hedges</b>                                | <b>-952</b>      | <b>219</b>         | <b>-733</b>  | <b>-209</b>      | <b>-5</b>          | <b>-214</b>   |
| Gains and losses that arose in the current period                           | -728             | 219                | -509         | 15               | -5                 | 10            |
| Reclassifications to profit and loss                                        | -224             | 0                  | -224         | -224             | 0                  | -224          |
| <b>Hedging of net investments in foreign operations</b>                     | <b>5,959</b>     | <b>-1,790</b>      | <b>4,169</b> | <b>-2,159</b>    | <b>641</b>         | <b>-1,518</b> |
| Gains and losses that arose in the current period                           | 5,959            | -1,790             | 4,169        | -2,159           | 641                | -1,518        |
| Reclassifications to profit and loss                                        | 0                | 0                  | 0            | 0                | 0                  | 0             |
| <b>Currency translation differences</b>                                     | <b>1,047</b>     | <b>0</b>           | <b>1,047</b> | <b>4,428</b>     | <b>0</b>           | <b>4,428</b>  |
| <b>Other comprehensive income</b>                                           | <b>6,829</b>     | <b>-1,789</b>      | <b>5,040</b> | <b>2,490</b>     | <b>664</b>         | <b>3,154</b>  |

Thus, the other comprehensive income amounted to €5,040 thousand (prior year: €3,154 thousand) of the comprehensive income in the reporting period. As in the prior year, the amount reclassified to the consolidated income statement (-€224 thousand) was reclassified to financial expenses. The other comprehensive income as well as the comprehensive income is due in full to the shareholders of Bechtle AG.

## TREASURY SHARES

By resolution of the Annual General Meeting on 27 May 2020, the Executive Board had been authorised, subject to the approval of the Supervisory Board, to purchase treasury shares pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act (AktG). The purchase of treasury shares must comply with the content of the resolution of the Annual General Meeting. This authorisation is valid until 26 May 2025.

In the reporting period, there were no transactions in treasury shares. Thus, as was the case on 31 December 2019, the company did not hold any treasury shares as of 31 December 2020.

## CAPITAL MANAGEMENT

Within the scope of the capital management (IAS 1.134 f), Bechtle focuses on a sound capital structure with a high equity ratio, a high return on assets and a comfortable liquidity situation, and, in this connection, on cash-flow-based indicators such as working capital.

At €1,162,029 thousand, Bechtle's equity as of 31 December 2020 reached a high value that represented a year-on-year improvement (€1,014,842 thousand). In the reporting period, the equity (+14.5 per cent) grew at a higher rate than the debt capital (+10.5 per cent), which is reflected in a higher equity ratio of 43.2 per cent (prior year: 42.4 per cent). The increase in debt capital resulted especially from higher financial liabilities as well as the other liabilities, which include liabilities to employees. In the reporting period, the existing loans were repaid according to schedule. The higher dividend payout in the reporting period resulted in a slightly lower return on equity of 19.5 per cent (prior year: 19.8 per cent). The return on assets dropped slightly to 8.3 per cent (prior year: 8.5 per cent).

The unchanged goal of Bechtle's capital management is to retain a strong equity base in order to maintain the trust of investors, lenders and the market, and to facilitate future internal and external growth. To maintain or adjust the capital structure, the group may also adjust the dividend payments to shareholders, issue new shares or buy back treasury shares, and even retire shares if necessary.

The group's sound capital structure also forms the basis for financial flexibility and extensive independence from outside creditors, which is very important for Bechtle. The objective is to have a comfortable liquidity situation to ensure full solvency at all times. As of 31 December 2020, Bechtle had cash and cash equivalents as well as time deposits and securities amounting to €403,173 thousand (prior year: €272,197 thousand). With respect to the structure of these assets, quick availability is more important than maximum yield, e.g. in order to have access to cash and cash equivalents whenever necessary for acquisitions or large project pre-financing measures, thereby being able to benefit from such opportunities. The liquidity situation is managed and monitored by the treasury.

Against this background, cash-flow-based indicators such as the working capital, DSO and other capital tie-up periods are highly significant. Bechtle controls these indicators in order to tie up as little capital and liquidity as possible in its operational service creation process. The revenue growth and the stocks that needed to be kept for large projects, and the pre-financing in some instances, resulted in slightly higher working capital amounting to €652,674 thousand as of 31 December 2020 (prior year: €647,728 thousand). Bechtle defines working capital as the balance of certain balance sheet items

(inventories, trade receivables and accrued income for customer maintenance agreements) on the assets side and certain balance sheet items (trade payables, contract liabilities and deferred income) on the equity and liabilities side.

As of 31 December 2020 and 31 December 2019, respectively, no fundamental changes had been made to the capital management goals, guidelines and procedures.

## 17 PENSION PROVISIONS

Except for the pension plans in Switzerland, France and Bechtle Onsite Services GmbH in Germany, the Bechtle Group has no defined benefit plans. As a matter of principle, these benefit commitments are presented under consideration of country-specific regulations (e.g. local law). The amount of the provision presented in the annual report of Bechtle AG represents the value of the pension obligation less the respective plan assets.

The main obligations from benefits plans exist in Switzerland. They account for 93.4 per cent (prior year: 93.0 per cent) of the group-wide pension obligation and 97.6 per cent (prior year: 97.5 per cent) of the corresponding plan assets.

Defined contribution obligations primarily derive exclusively from the statutory pension obligation. In the reporting period, employer contributions to the statutory pension fund in Germany totalled €34,841 thousand (prior year: €31,958 thousand). In France, the contributions to the statutory pension fund totalled €2,954 thousand (prior year: €2,994 thousand).

**Pension plans Switzerland.** Although the pension plans of Bechtle Holding Schweiz AG and its subsidiaries are contractually agreed as defined contribution plans, they must, however, be accounted for as defined benefit plans pursuant to IAS 19, as a financial participation by the companies in the event of a shortfall in cover cannot be excluded.

Since 1 January 2006, the Bechtle Holding Schweiz AG companies headquartered in Switzerland have made use of the semi-autonomous "Bechtle Pension Fund" ("Bechtle Pensionskasse") in Rotkreuz, a foundation as defined in Art. 80ff of the Swiss Civil Code that is independent from the group. The pension fund fulfils the regulations of the Swiss Code of Obligations and of Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pensions (OPA). The transparency required for accounting for the pension plans as defined benefit plans, pursuant to IAS 19, has therefore existed since then. For this reason, actuarial opinions have been regularly prepared since 1 January 2006. Subsidiaries of Bechtle Holding Schweiz AG that are not headquartered in Switzerland are covered by defined contribution plans of external state pension funds of the respective countries. According to the financing agreement of the pension fund, 40 per cent of the contributions are paid by the employees and 60 per cent by the employer.

As a result of the acquisitions performed in Switzerland in the fiscal year 2019, the pension obligations have also been transferred to Bechtle. According to the financing agreement of the joint foundation, 50 per cent of the contributions are paid by the employees and 50 per cent by the employer.

In the event of a recapitalisation, Bechtle must pay at least 50 per cent of the deficit for both plans. Upon retirement, the insured can choose between a monthly pension whose amount largely depends on the capital paid in plus interest, or a one-time payment of the capital. The minimum interest is prescribed by the government.

Actuarial gains amounting to €219 thousand accrued in the course of the reporting period. Taking exchange rate differences amounting to minus €1 thousand into consideration, the actuarial losses recognised as retained earnings as of 31 December 2020 amounted to €7,965 thousand (prior year: €8,183 thousand) less €1,651 thousand (prior year: €1,688 thousand) in deferred tax assets.

In the reporting period, employer contributions exceeded the net pension expenses to be recognised by €253 thousand. This amount was posted to personnel expenses through profit or loss.

After factoring in the other exchange rate differences amounting to plus €88 thousand, the total net obligation and thus the pension provisions to be accounted for as of 31 December 2020 amounted to €21,318 thousand. As of 31 December 2020, this net obligation accounted for included the acquisitions in Switzerland with an amount of €244 thousand.

With respect to the pension obligation, poor capital market performance and a change in legislation by the government represent potential risks for Bechtle. Moreover, longevity of the insured persons and an imbalance of beneficiaries versus actively insured persons could have a negative financial effect for Bechtle. To minimise these risks, attention is paid to broad diversification of the asset classes. The risk management of the Bechtle pension fund also comprises the equal distribution of employee and employer representatives on the foundation board and a separate management.

**Pension plans Germany.** The pension obligations of Bechtle Onsite Services GmbH, Neckarsulm, are a result of the takeover of a partial business unit as of 1 October 2005 and, based on an actuarial opinion, were accounted for in the Bechtle Group for the first time as of 31 December 2005. In prior years, further obligations were taken over within the scope of takeovers of partial business operations of IBM. The employer contributions depend on the gross salary of the insured. The employee contributions are voluntary. Commitments have been made with respect to the guaranteed return on the retirement account. The performance depends on the gross annual salary and the service time. In most cases, the retirement plans provide for capital payment in one amount or in eight yearly instalments. Any underfunding must be fully borne by Bechtle alone.



In 2013, Bechtle decided to take out reinsurance for the obligations. Prior to 2013, the obligations of this defined benefit plan had been processed as direct commitments without the transfer of reserves.

Due to the lower discount rate, the pension provision increased by €121 thousand to €4,734 thousand as of 31 December 2020. In the course of the reporting period, actuarial gains amounting to €941 thousand accrued; thus, the actuarial losses recognised in retained earnings as of 31 December 2020 amounted to €1,299 thousand (prior year: €2,240 thousand), less deferred tax assets amounting to €390 thousand (prior year: €665 thousand).

In the reporting period, net pension expenses to be recognised through profit or loss exceeded the employer contributions paid by €1,478 thousand. Accordingly, this amount was recognised as an increase of personnel expenses through profit or loss.

Poor performance on the capital markets could have a negative effect on Bechtle with respect to these pension commitments. If the reinsurance failed to generate the surplus in the amount of the assured yield on the market, Bechtle would incur additional financial expenses. Bechtle endeavours to fulfil its commitments or settle them ahead of time, provided that the employee agrees. New commitments will not be made.

**Pension plans France.** The legislator in France determines a minimum compensation that depends on the employee's seniority and compensation upon retirement due to old age. Moreover, requirements of the respective collective labour agreement may be applicable. The amount of the compensation mainly depends on the employee's seniority. An entitlement accrues from a seniority of ten years.

As of 31 December 2020, the pension provision amounted to €4,969 thousand (prior year: €4,993 thousand). In the course of the reporting period, actuarial losses amounting to €384 thousand (prior year: €808 thousand) accrued; thus, the actuarial losses recognised in retained earnings as of 31 December 2020 amounted to €1,192 thousand, less deferred tax assets amounting to €122 thousand.

In the reporting period, net pension expenses to be recognised through profit or loss exceeded the employer contributions paid by €392 thousand. This amount was posted to personnel expenses through profit or loss.

**Net obligation group.** In total, the pension obligations that were recognised as pension provision in the consolidated balance sheet as of 31 December 2020 amounted to €31,022 thousand (prior year: €30,702 thousand).

The reconciliation for the present value of the defined benefit obligation is presented as follows:

|                                                                         | €k             |                |
|-------------------------------------------------------------------------|----------------|----------------|
|                                                                         | 2020           | 2019           |
| <b>Present value of the defined benefit obligation 01.01</b>            | <b>195,146</b> | <b>142,377</b> |
| Current service cost (for pension entitlements in the reporting period) | 7,660          | 6,366          |
| Interest cost (for pension entitlements already acquired)               | 441            | 1,131          |
| Employee contributions                                                  | 4,261          | 3,346          |
| Actuarial gains and losses                                              |                |                |
| based on demographic development                                        | 0              | 0              |
| based on changes in financial assumptions                               | 3,541          | 12,623         |
| based on experience                                                     | 5,324          | -1,625         |
| Curtailment                                                             | 0              | 0              |
| Addition by acquisition                                                 | 2,065          | 25,786         |
| Disposal by divestments                                                 | 0              | 0              |
| Retirement benefits paid                                                | -353           | -4,474         |
| Past service cost                                                       | -1,663         | -991           |
| Reclassification from other provisions                                  | 0              | 4,463          |
| Exchange rate differences                                               | 550            | 6,144          |
| <b>Present value of the defined benefit obligation 31.12</b>            | <b>216,972</b> | <b>195,146</b> |

The fair value of the plan assets is reconciled as follows:

|                                                                         | €k             |                |
|-------------------------------------------------------------------------|----------------|----------------|
|                                                                         | 2020           | 2019           |
| <b>Fair value of the plan assets 01.01</b>                              | <b>164,444</b> | <b>126,076</b> |
| Interest income                                                         | 360            | 1,009          |
| Employee contributions                                                  | 4,260          | 3,346          |
| Employer contributions                                                  | 5,650          | 4,781          |
| Expenses/income from plan assets included in other comprehensive income | 9,658          | 11,396         |
| Curtailment                                                             | 0              | 0              |
| Addition by acquisition                                                 | 1,826          | 16,578         |
| Disposal by divestments                                                 | 0              | 0              |
| Retirement benefits paid                                                | -307           | -4,383         |
| Administrative expenses                                                 | -405           | -293           |
| Reclassification from other provisions                                  | 0              | 500            |
| Exchange rate differences                                               | 464            | 5,434          |
| <b>Fair value of the plan assets 31.12</b>                              | <b>185,950</b> | <b>164,444</b> |

The table below shows the reconciliation for the pension provisions recognised in the balance sheet:

|                                                    | 31.12.2020     | 31.12.2019     |
|----------------------------------------------------|----------------|----------------|
| <b>Present value of defined benefit obligation</b> | <b>216,972</b> | <b>195,146</b> |
| <b>Fair value of the plan assets</b>               | <b>185,950</b> | <b>164,444</b> |
| Net obligation                                     | 31,022         | 30,702         |
| <b>Pension provision accounted for</b>             | <b>31,022</b>  | <b>30,702</b>  |

The net pension expenses for the defined benefit plans recognised in the **income statement** are comprised as follows:

|                                                                         | 2020         | 2019         |
|-------------------------------------------------------------------------|--------------|--------------|
| Current service cost (for pension entitlements in the reporting period) | 7,660        | 6,366        |
| Interest cost (for pension entitlements already acquired)               | 441          | 1,131        |
| Interest income                                                         | -360         | -1,009       |
| Past service cost                                                       | -1,663       | -991         |
| Administrative expenses                                                 | 405          | 293          |
| <b>Net pension expenses for benefit commitments</b>                     | <b>6,483</b> | <b>5,790</b> |

As of 31 December 2020 and as of 31 December 2019, respectively, the defined benefit plans and their actuarial measurement were based on the following parameters:

|                                              | Pension plans Switzerland                                                                |                                                                                          | Pension plans Germany                                                            |                                                                                  | Pension plans France  |                       |
|----------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                              | 2020 <sup>1</sup>                                                                        | 2019 <sup>1</sup>                                                                        | 2020                                                                             | 2019                                                                             | 2020                  | 2019                  |
| Discount rate and expected interest          | 0.1%                                                                                     | 0.2%                                                                                     | 0.8%                                                                             | 0.9%                                                                             | 0.5%                  | 0.9%                  |
| Inflation rate                               | 0.75%                                                                                    | 0.75%                                                                                    | n/a                                                                              | n/a                                                                              | n/a                   | n/a                   |
| Salary increase (including inflation rate)   | 1.0%                                                                                     | 1.0%                                                                                     | 1.5%                                                                             | 1.5%                                                                             | 1.4%                  | 1.8%                  |
| Pension increase                             | 0.0%                                                                                     | 0.0%                                                                                     | 1.8%                                                                             | 2.0%                                                                             | 1.4%                  | 1.8%                  |
| Retirement likelihood, mortality, invalidity | BVG 2015 Gen.                                                                            | BVG 2015 Gen.                                                                            | Heubeck guide 2018 G; likelihood of retirement depending on age and service time | Heubeck guide 2018 G; likelihood of retirement depending on age and service time | INSEE TVTD 2015 2017  | INSEE TVTD 2008 2010  |
| Likelihood of marriage                       | 80% men, 30% women. Age difference between husband and wife is three years (Switzerland) | 80% men, 30% women. Age difference between husband and wife is three years (Switzerland) | Heubeck guide 2018 G                                                             | Heubeck guide 2018 G                                                             | INSEE TVTD 2015 2017  | INSEE TVTD 2008 2010  |
| Earliest retirement age                      | Men aged 65 and women aged 64 100% (Switzerland)                                         | Men aged 65 and women aged 64 100% (Switzerland)                                         | 100% aged 62 or 63 (depending on commitment)                                     | 100% aged 62 or 63 (depending on commitment)                                     | Men and women aged 65 | Men and women aged 65 |
| Longevity bonus                              | None                                                                                     | None                                                                                     | None                                                                             | None                                                                             | None                  | None                  |

<sup>1</sup> incl. acquisitions in Switzerland

The following sensitivity analysis was conducted with respect to the parameters that have a material impact on the obligation. The sensitivity analysis is based on the assumption that only the said parameter changes and all other parameters remain unchanged. Prior to the preparation of the Annual Report, which of the parameters have a material impact on the obligation was examined. Apart from the parameters mentioned in the following table, the obligation would not change significantly in the event of a change of the other parameters within realistic limits.

|                   | Pension plans Switzerland <sup>1</sup> |                                 | Pension plans Germany             |                                   | Pension plans France            |                                  |
|-------------------|----------------------------------------|---------------------------------|-----------------------------------|-----------------------------------|---------------------------------|----------------------------------|
| Discount rate     | +0.5%                                  | -0.5%                           | +1.0%                             | -1.0%                             | +0.5%                           | -0.5%                            |
|                   | Obligation drops by 6.8% (6.8%)        | Obligation rises by 7.9% (7.9%) | Obligation drops by 12.2% (13.4%) | Obligation rises by 15.5% (17.2%) | Obligation drops by 8.3% (8.9%) | Obligation rises by 9.3% (10.0%) |
| Expected interest | +0.5%                                  | -0.5%                           |                                   |                                   |                                 |                                  |
|                   | Obligation rises by 2.1% (2.1%)        | Obligation drops by 2.0% (2.1%) |                                   |                                   |                                 |                                  |

<sup>1</sup> incl. acquisitions in Switzerland

In terms of the investment categories, the plan assets at group level are comprised as follows.

|                    | 31.12.2020  |                           |
|--------------------|-------------|---------------------------|
|                    | Plan assets | Valuation class (IFRS 13) |
| Obligations        | 17.9%       | Level 1                   |
| Equity instruments | 30.5%       | Level 1                   |
| Real estate fund   | 23.7%       | Level 1                   |
| Other assets       | 25.5%       | Level 2                   |
| Liquidity          | 2.4%        | Level 1                   |

The asset value of the reinsurance of Bechtle Onsite Services GmbH corresponds to the value determined by the insurer.

The average weighted duration is 16.7 years for those insured at the Swiss pension fund, 13.8 years for Bechtle Onsite Services GmbH and 17.0 years for the obligations in France.

The return on plan assets totalled €10,018 thousand in the reporting period (prior year: €12,406 thousand).

The following amounts are expected to be paid into the defined benefit pension plan in the coming years:

|                                                     | €k            |
|-----------------------------------------------------|---------------|
|                                                     | 2020          |
| Due within one year                                 | 9,839         |
| Due in two to five years                            | 36,952        |
| Due in six to ten years                             | 38,337        |
| <b>Net pension expenses for benefit commitments</b> | <b>85,128</b> |

For 2021, the actuarial opinions for the pension plans in Switzerland, Germany and France forecast employee contributions of €8,399 thousand to the defined benefit plans. The expected employer contributions to the plan assets amount to €6,050 thousand. As the plan assets are expected to increase to €185,384 thousand in the fiscal year 2021, the expected net obligation is €35,709 thousand. The net pension expenses for benefit commitments are projected to amount to €8,792 thousand.

## 18 OTHER PROVISIONS

|                                    | 01.01.2020    | Currency translation and consolidation | Reclassification | Use           | Reversal   | Addition      | Allocation from acquisition | 31.12.2020    |
|------------------------------------|---------------|----------------------------------------|------------------|---------------|------------|---------------|-----------------------------|---------------|
| Guarantees and similar obligations | 6,647         | -4                                     | 0                | 4,362         | 226        | 4,677         | 7                           | 6,739         |
| Personnel expenses                 | 8,726         | -3                                     | 0                | 1,791         | 112        | 9,836         | 322                         | 16,978        |
| Legal and consulting expenses      | 462           | 0                                      | 0                | 305           | 59         | 1,085         | 0                           | 1,183         |
| Investor relations                 | 341           | 0                                      | 0                | 341           | 0          | 223           | 0                           | 223           |
| Others                             | 6,710         | 0                                      | 0                | 4,625         | 52         | 6,682         | 48                          | 8,763         |
| <b>Total other provisions</b>      | <b>22,886</b> | <b>-7</b>                              | <b>0</b>         | <b>11,424</b> | <b>449</b> | <b>22,503</b> | <b>377</b>                  | <b>33,886</b> |
| Other non-current provisions       | 10,081        | -3                                     | 0                | 34            | 62         | 1,073         | 0                           | 11,055        |
| Other current provisions           | 12,805        | -4                                     | 0                | 11,390        | 387        | 21,430        | 377                         | 22,831        |

Provisions for **guarantees and similar obligations** are formed in the expected utilisation amount based on company-specific historical values. If no other insights exist in the individual case, 0.1 to 0.25 per cent of the net selling price is recognised as guarantee reserves, depending on the product. The provisions for **personnel expenses** mainly comprise anniversary obligations, retroactive personnel payments that depend on future events, and additional tax and social insurance payments. Moreover, the figure for the reporting period includes a corona bonus of €7,000 thousand for the employees as well as a provision of €3,000 thousand for restructuring measures. Most of the **legal and consulting costs** relate to costs for consulting services. The **other provisions** usually relate to provisions for anticipated losses, archiving and disposal costs, as well as contingent liabilities.

## 19 FINANCIAL LIABILITIES

In the fiscal year, two loans totalling €18,000 thousand were raised for a term of seven to nine years for real-estate and acquisition financing purposes.

Other financial liabilities included other current account debts amounting to €202 thousand (prior year: €741 thousand).

The company has **credit lines** of €33,005 thousand (prior year: €39,722 thousand), which can be used both for cash loans and for guarantee credits. As of the balance sheet date, €17,249 thousand of this amount (prior year: €14,278 thousand) had been utilised for guarantee credits. These credit lines are not earmarked and the granting of these is not subject to any conditions. Additionally, the company has pure guarantee credit lines amounting to €5,051 thousand (prior year: €5,051 thousand), €40 thousand of which (prior year: €43 thousand) had been utilised as of the balance sheet date. Apart from this, Bechtle has committed cash credit lines in the amount of €75,000 thousand, which had not been utilised as of the balance sheet date and which replaced the money market credit lines in the amount of €70,000 thousand from the prior year. In the reporting period, Bechtle also had uncommitted cash credit lines amounting to €56,739 thousand, which had not been utilised as of the balance sheet date. In total, the unused credit lines amounted to €152,506 thousand (prior year: €100,452 thousand).

For the disclosures in accordance with IFRS 7, the financial liabilities are allocated in full to the “loans” class, as in the prior year.

## 20 TRADE PAYABLES

Trade payables in the amount of €6,262 thousand (prior year: €13 thousand) have a residual term of more than one year. The sharp year-on-year increase was due to large projects and the associated long contract terms with suppliers.

As in the prior year, the trade payables are allocated as follows for the disclosures according to IFRS 7:

- “current trade payables” in the amount of €425,875 thousand (prior year: €406,807 thousand) and
- “non-current trade payables” in the amount of €6,262 thousand (prior year: €13 thousand).

## 21 OTHER LIABILITIES

|                                              | €k             |                |                |               |
|----------------------------------------------|----------------|----------------|----------------|---------------|
|                                              | 31.12.2020     |                | 31.12.2019     |               |
|                                              | Current        | Non-current    | Current        | Non-current   |
| Leasing liabilities                          | 40,190         | 105,551        | 36,147         | 87,270        |
| Liabilities to employees                     | 97,799         | 0              | 91,748         | 0             |
| Liabilities to customers                     | 23,260         | 119            | 17,511         | 40            |
| Customer bonus                               | 7,236          | 0              | 5,842          | 0             |
| Liabilities resulting from acquisitions      | 908            | 2,914          | 2,936          | 10,704        |
| Vehicle expenses                             | 3,179          | 0              | 2,924          | 0             |
| Unrealised losses from financial derivatives | 1,641          | 0              | 223            | 0             |
| Rent and ancillary rental costs              | 890            | 0              | 939            | 5             |
| Annual financial statement costs             | 755            | 0              | 868            | 0             |
| Advertising                                  | 749            | 0              | 694            | 0             |
| Interest                                     | 721            | 0              | 600            | 0             |
| Telephone/Internet                           | 350            | 0              | 394            | 0             |
| Insurances                                   | 291            | 0              | 368            | 0             |
| Transportation charges                       | 219            | 0              | 239            | 0             |
| Travel expenses and expenditures             | 137            | 0              | 294            | 0             |
| Others                                       | 4,291          | 0              | 5,268          | 0             |
| <b>Total financial liabilities</b>           | <b>182,616</b> | <b>108,584</b> | <b>166,995</b> | <b>98,019</b> |
| VAT liability                                | 48,277         | 0              | 44,342         | 0             |
| Wage and church tax                          | 11,881         | 0              | 9,445          | 0             |
| Social security contributions                | 9,224          | 0              | 9,125          | 0             |
| Liabilities from other taxes                 | 1,923          | 6              | 1,869          | 6             |
| <b>Total non-financial liabilities</b>       | <b>71,305</b>  | <b>6</b>       | <b>64,781</b>  | <b>6</b>      |
| <b>Other liabilities</b>                     | <b>253,921</b> | <b>108,590</b> | <b>231,776</b> | <b>98,025</b> |

Liabilities to employees mainly concern outstanding bonuses and employee commission. In the reporting period, earn-outs in the amount of €12,751 thousand were paid out due to the fulfilment of agreed revenue and earnings targets.



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Other liabilities primarily relate to various administrative expenses and distribution costs incurred in the ordinary course of business.

For the disclosures according to IFRS 7, financial instruments included in other liabilities are allocated to

- "other financial liabilities" in the amount of €139,996 thousand (prior year: €127,734 thousand);
- "non-current lease liabilities" in the amount of €105,551 thousand (prior year: €87,270 thousand);
- "current lease liabilities" in the amount of €40,190 thousand (prior year: €36,147 thousand);
- "liabilities resulting from acquisitions" in the amount of €3,822 thousand (prior year: €13,640 thousand); and
- "financial derivatives" in the amount of €1,641 thousand (prior year: €223 thousand).



## 22 CONTRACT LIABILITIES

Contract liabilities mainly consisted of customer down payments received and service agreements paid in advance in the amount of €151,478 thousand as of 31 December 2020 (prior year: €124,722 thousand).

|                                  | €k         |            |
|----------------------------------|------------|------------|
|                                  | 31.12.2020 | 31.12.2019 |
| Current contract liabilities     | 130,594    | 105,369    |
| Non-current contract liabilities | 20,884     | 19,353     |

## 23 DEFERRED INCOME

As of 31 December 2020, deferred income amounted to €29,495 thousand (prior year: €24,180 thousand), €2,393 thousand of which is of a non-current nature (prior year: €1,481 thousand).

## V. FURTHER EXPLANATORY NOTES ON THE CASH FLOW STATEMENT

The cash flow statement for the 2020 reporting period and the prior year was prepared in accordance with IAS 7 and reports the development of cash flows broken down by cash inflows and outflows from operating, investing and financing activities. The cash flow is determined using the indirect method.

As in the prior year, cash and cash equivalents included cash on hand, cheques and bank balances with an original term to maturity of no more than three months, and correspond to the balance sheet item "Cash and cash equivalents". Currency translation effects on cash and cash equivalents are shown separately in the calculation.

### 24 CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from operating activities in the amount of €316,254 thousand (prior year: €185,973 thousand) was indirectly derived from the earnings before taxes. In the context of the indirect method, the financial earnings, depreciation and amortisation, and other non-cash expenses and income, as well as changes in selected material balance sheet items and the remaining net assets, are taken into account.

As in the prior year, other non-cash expenses and income consisted of changes to provisions and impairments. Year on year, the operating cash flow improved considerably.

Changes to balance sheet items are adjusted for assets and liabilities taken over in acquisitions and for currency translation effects.

### 25 CASH FLOW FROM INVESTING ACTIVITIES

In 2020, net cash used for investments in the amount of €146,482 thousand (prior year: €72,122 thousand) primarily consisted of payments for investments in intangible assets and property, plant and equipment, for the acquisition of companies and for the purchase of time deposits. These payments were reduced by payments received from the sale of intangible assets and property, plant and equipment as well as interest payments received.



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The payments made for acquisitions comprise the purchase price payments of €58,433 thousand (prior year: €44,551 thousand) for companies acquired in the reporting period as well as additional payments for contingent purchase price increases amounting to €1,016 thousand (prior year: €1,983 thousand) for companies acquired in prior years. Within the scope of these acquisitions, cash and cash equivalents worth €9,610 thousand were taken over (prior year: €12,358 thousand).

The gross cash flows for the acquisition and sale of long-term time deposits and securities are presented separately, while cash flows from short-term time deposits and securities are netted.

Settlements of net investment hedges comprise payments from forward exchange contracts in connection with the hedging of the net investments in group companies whose local currency is not the euro. In the reporting period, this amount totalled €5,959 thousand (prior year: –€2,158 thousand).



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## 26 CASH FLOW FROM FINANCING ACTIVITIES

Factoring in the assumption and repayment of financial liabilities, dividend distributions and interest payments made, net cash used for financing activities amounted to €77,527 thousand (prior year: €89,685 thousand).

For non-current financial liabilities, payments received and payments made are presented separately. Cash flows for current financial liabilities are shown on a net basis. The cash outflow for leases amounted to €45,993 thousand (prior year: €36,208 thousand). Additionally, non-cash additions to the rights-of-use assets and lease liabilities were recognised in the amount of €68,359 thousand (prior year: €48,040 thousand).

| €k                                 |                |                  |              |                       |                       |                |
|------------------------------------|----------------|------------------|--------------|-----------------------|-----------------------|----------------|
|                                    | 31.12.2019     | Non-cash changes |              |                       |                       | 31.12.2020     |
|                                    |                | Cash flows       | Acquisitions | Exchange rate effects | Changes in fair value |                |
| Non-current financial liabilities  | 373,874        | 19,667           | 0            | 0                     | 0                     | 393,541        |
| Current financial liabilities      | 13,801         | 5,112            | 0            | 0                     | 0                     | 18,913         |
| <b>Total financial liabilities</b> | <b>387,675</b> | <b>24,779</b>    | <b>0</b>     | <b>0</b>              | <b>0</b>              | <b>412,454</b> |

| €k                                 |                |                  |              |                       |                       |                |
|------------------------------------|----------------|------------------|--------------|-----------------------|-----------------------|----------------|
|                                    | 31.12.2018     | Non-cash changes |              |                       |                       | 31.12.2019     |
|                                    |                | Cash flows       | Acquisitions | Exchange rate effects | Changes in fair value |                |
| Non-current financial liabilities  | 380,640        | –6,766           | 0            | 0                     | 0                     | 373,874        |
| Current financial liabilities      | 12,872         | 293              | 636          | 0                     | 0                     | 13,801         |
| <b>Total financial liabilities</b> | <b>393,512</b> | <b>–6,473</b>    | <b>636</b>   | <b>0</b>              | <b>0</b>              | <b>387,675</b> |

## VI. FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 7

### INFORMATION ON FINANCIAL INSTRUMENTS BY CATEGORY

The following table compares the carrying amounts and fair value of the financial instruments for the classes of financial instruments in accordance with IFRS 7:

| €k                                                                           |                                          |                            |                       |                            |                        |       |
|------------------------------------------------------------------------------|------------------------------------------|----------------------------|-----------------------|----------------------------|------------------------|-------|
| Class pursuant to IFRS 7                                                     | Measurement category according to IFRS 9 | Carrying amount 31.12.2020 | Fair value 31.12.2020 | Carrying amount 31.12.2019 | Fair value 31.12.2019  | Level |
| <b>Assets</b>                                                                |                                          |                            |                       |                            |                        |       |
| Non-current trade receivables                                                | AC                                       | 14,968                     | 14,030                | 2,575                      | 2,591                  | 3     |
| Current trade receivables                                                    | AC                                       | 855,604                    | 855,604               | 841,101                    | 841,101                | 2     |
| Non-current leasing receivables                                              | n/a <sup>1</sup>                         | 40,935                     | 38,398                | 35,573                     | 34,909                 | 3     |
| Current leasing receivables                                                  | n/a <sup>1</sup>                         | 21,569                     | 21,569                | 21,222                     | 21,222                 | 2     |
| Time deposits                                                                |                                          |                            |                       |                            |                        |       |
| Fixed-term deposits                                                          | AC                                       | 40,002                     | 40,002                | 0                          | 0                      | 2     |
| Other financial assets                                                       | AC                                       | 91,137                     | 91,137                | 85,843                     | 85,843                 | 3     |
| Lendings                                                                     | AC                                       | 0                          | 0                     | 311                        | 311                    | 3     |
| Financial derivatives                                                        |                                          |                            |                       |                            |                        |       |
| Derivatives accounted for as hedges                                          | n/a                                      | 99                         | 99                    | 15                         | 15                     | 2     |
| Derivatives not accounted for as hedges                                      | FVPL                                     | 630                        | 630                   | 356                        | 356                    | 2     |
| Cash and cash equivalents                                                    | AC                                       | 363,171                    | 363,171               | 272,197                    | 272,197                | 1     |
| <b>Equity and Liabilities</b>                                                |                                          |                            |                       |                            |                        |       |
| Loans                                                                        | AC                                       | 412,454                    | 447,205               | 387,675                    | 424,719                | 2     |
| Non-current trade payables                                                   | AC                                       | 6,262                      | 6,469                 | 13                         | 13                     | 3     |
| Current trade payables                                                       | AC                                       | 425,875                    | 425,875               | 406,807                    | 406,807                | 2     |
| Non-current leasing liabilities                                              | n/a                                      | 105,551                    | 106,853               | 87,270 <sup>1</sup>        | 87,237 <sup>1</sup>    | 3     |
| Current leasing liabilities                                                  | n/a                                      | 40,190                     | 40,190                | 36,147 <sup>1</sup>        | 36,147 <sup>1</sup>    | 2     |
| Other financial liabilities                                                  | AC                                       | 139,996                    | 139,996               | 127,734                    | 127,734                | 3     |
| Liabilities resulting from acquisitions                                      | FVPL                                     | 3,822                      | 3,822                 | 13,640                     | 13,640                 | 3     |
| Financial derivatives                                                        |                                          |                            |                       |                            |                        |       |
| Derivatives not accounted for as hedges                                      | FVPL                                     | 1,641                      | 1,641                 | 223                        | 223                    | 2     |
| <b>Thereof aggregated according to valuation category pursuant to IFRS 9</b> | AC                                       | 2,349,469                  | 2,383,489             | 2,124,256 <sup>1</sup>     | 2,161,316 <sup>1</sup> |       |
|                                                                              | FVPL                                     | 6,093                      | 6,093                 | 14,219                     | 14,219                 |       |

<sup>1</sup> Prior-year adjusted

Abbreviations used for the measurement categories of IFRS 9:

AC = Acquisition costs

FVPL = Fair value through profit or loss

According to IFRS 13, the material parameters on which the measurement is based must be disclosed for all financial instruments whose fair value is presented or that are accounted for at fair value. The measurement methods are divided into the following three levels:

Level 1: Measurement at prices (not adjusted) quoted on active markets for identical assets and liabilities.

Level 2: Measurement of the asset or liability takes place either directly or indirectly on the basis of observable input data, which do not represent quoted prices as stated in Level 1.

Level 3: Measurement is based on models using input parameters not observable on the market.

The cash flows of the **financial derivatives** accounted for as hedges will occur within a period of two months of the balance sheet date.

**Liabilities resulting from acquisitions** are conditional, additional purchase price payments (earn-outs) for acquisitions (IFRS 3.58). The fair value was determined with the help of the DCF method. Apart from the planned business development of the unit taken over, a discount rate that is appropriate for the period was used. The creditworthiness of the debtor Bechtle (IFRS 13.42ff) was taken into account via an overhead percentage method taking into account the amount, the probability of default and the recovery rate in the event of inability to pay. The difference between the fair value and the amount to be paid at maturity according to the contract is €138 thousand, which only contains an insignificant change of the credit risk. The factor that has the greatest impact on the fair value is the planned business development, which is based on earnings-oriented performance indicators. In the event of a reduction of the target achievement to 90 per cent of the target achievement assumed at the acquisition, the liabilities from acquisitions would drop by about 35 per cent; in the event of an increase to 110 per cent of the target achievement assumed at the acquisition, the liabilities would not increase. These liabilities will reach maturity in 2021 to 2023.

The fair value of **time deposits, loans** and **non-current trade receivables and non-current trade payables** corresponds to the present value of the cash flows under consideration of the risk-weighted interest rates appropriate for the periods plus creditworthiness impairment. In this context, material input factors that cannot be observed are the discount for the credit risk of the counterparty and the discount for the own non-performance risk. In the event of an increase (reduction) of the discount for the credit risk of the counterparty by 5 per cent, the fair value of the non-current trade receivables would be €53 thousand lower (€53 thousand higher), and the non-current lease receivables would be €145 thousand lower (€145 thousand higher). In the event of an increase (reduction) of the discount for the own credit risk by 5 per cent, the fair value of the non-current lease liabilities would be €6 thousand lower (€6 thousand higher), and the fair value of the loans would be €27 thousand lower (€27 thousand higher).

For all current financial assets and liabilities, the carrying amount corresponds to the fair value (IFRS 7.29). This applies to **current trade receivables, loans, other financial assets, current trade payables, cash and cash equivalents** and **other financial liabilities**.

During the reporting period, current trade receivables, current lease receivables, current trade payables and current lease liabilities were reclassified from level 3 to level 2. This was done because the measurement of these categories is considered to place directly or indirectly on the basis of observable input data.

The financial instruments measured in Level 3 at fair value developed as follows:

|                                             |            |                                |                                                               |                                    |           |                         |                  | €k         |
|---------------------------------------------|------------|--------------------------------|---------------------------------------------------------------|------------------------------------|-----------|-------------------------|------------------|------------|
|                                             |            | Total gains and losses         |                                                               |                                    |           |                         |                  |            |
|                                             |            | Included in financial earnings | Included in other comprehensive income outside profit or loss | Included in other operating income | Additions | Compensation/settlement | Reclassification | 31.12.2020 |
| Financial assets and liabilities in Level 3 | 01.01.2020 |                                |                                                               |                                    |           |                         |                  |            |
| Liabilities resulting from acquisitions     | 13,640     | 370                            | -18                                                           | 0                                  | 2,581     | -12,751                 | 0                | 3,822      |

|                                             |            |                                |                                                               |                                    |           |                         |                  | €k         |
|---------------------------------------------|------------|--------------------------------|---------------------------------------------------------------|------------------------------------|-----------|-------------------------|------------------|------------|
|                                             |            | Total gains and losses         |                                                               |                                    |           |                         |                  |            |
| Financial assets and liabilities in Level 3 | 01.01.2019 | Included in financial earnings | Included in other comprehensive income outside profit or loss | Included in other operating income | Additions | Compensation/settlement | Reclassification | 31.12.2019 |
| Liabilities resulting from acquisitions     | 7,780      | 117                            | 210                                                           | 0                                  | 8,515     | –2,982                  | 0                | 13,640     |

The €370 thousand (prior year: €117 thousand) posted as expenses under financial earnings were attributable to future payments accounted for as of 31 December 2020.

The expenses, income, gains and losses from financial instruments can be categorised as follows (net result):

| €k                                     |              |                                               |                   |                     |                |
|----------------------------------------|--------------|-----------------------------------------------|-------------------|---------------------|----------------|
|                                        | Assets<br>AC | Derivatives<br>not accounted<br>for as hedges | Liabilities<br>AC | Liabilities<br>FVPL | Total          |
| Interest income                        | 993          | 0                                             | 0                 | 0                   | 993            |
| Interest expenses                      | 0            | 0                                             | -7,361            | 0                   | -7,361         |
| Fair-value changes                     | 0            | -1,011                                        | 0                 | -370                | -1,381         |
| Impairment expenses                    | -14,919      | 0                                             | 0                 | 0                   | -14,919        |
| Gains/losses from currency translation | -476         | -1                                            | -328              | 0                   | -805           |
| Gains/losses from disposals            | -1,091       | 0                                             | 0                 | 0                   | -1,091         |
| <b>Net earnings</b>                    | <b>2020</b>  | <b>-15,493</b>                                | <b>-1,012</b>     | <b>-370</b>         | <b>-24,564</b> |
| Net earnings                           | 2019         | -3,808                                        | 133               | -117                | -10,271        |

The total interest income and the total interest expenses for financial assets and financial liabilities correspond to the figures stated above. The increase in impairment expenses is due to expected defaults as a result of the COVID-19 pandemic.

## DISCLOSURES ON ASSETS AND LIABILITIES NETTED AND NOT NETTED

The following financial instruments have been netted in the balance sheet on the basis of a current legal netting entitlement or the existing intention to settle on a net basis:

| €k                                              |                      |                 |                             |                      |                 |                             |
|-------------------------------------------------|----------------------|-----------------|-----------------------------|----------------------|-----------------|-----------------------------|
|                                                 | 2020                 |                 |                             | 2019                 |                 |                             |
|                                                 | Gross<br>liabilities | Gross<br>assets | Net amount<br>accounted for | Gross<br>liabilities | Gross<br>assets | Net amount<br>accounted for |
| <b>Financial assets</b>                         |                      |                 |                             |                      |                 |                             |
| Current trade receivables                       | 732                  | 856,336         | 855,604                     | 21                   | 841,122         | 841,101 <sup>1</sup>        |
| Refunds and other receivables<br>from suppliers | 551                  | 59,522          | 58,971                      | 806                  | 47,149          | 46,343                      |
| <b>Financial liabilities</b>                    |                      |                 |                             |                      |                 |                             |
| Current trade payables                          | 432,328              | 6,453           | 425,875                     | 412,864              | 6,057           | 406,807                     |
| Current liabilities to customers                | 23,277               | 17              | 23,260                      | 17,515               | 4               | 17,511                      |

<sup>1</sup> Prior-year figure less current leasing receivables

The trade receivables include liabilities to customers amounting to €732 thousand, and the liabilities to customers include receivables from customers amounting to €17 thousand. Based on contractual agreements, these customers of Bechtle are entitled to net these items against each other. The trade payables contain receivables from suppliers in the amount of €6,453 thousand, and the receivables from suppliers contain liabilities in the amount of €551 thousand. Based on contractual agreements, Bechtle is entitled to net these items against each other. These items mainly comprise bonus proceeds that suppliers pay out to Bechtle or that Bechtle pays out to its customers. The year-on-year increase is related to the reporting date.



## DISCLOSURES ON RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

**Currency risk.** Receivables, liabilities and cash and cash equivalents which are not transacted in the functional (local) currency used by the companies are exposed to currency risks from financial instruments. In the Bechtle Group, currency risks from financial instruments denominated in foreign currency arise from the inter-company trade and, to a small extent, trade with external suppliers and customers.

Hedges serve to protect against exchange rate risks affecting receivables and liabilities denominated in foreign currency. The Bechtle Group uses forward exchange contracts and currency swaps and currency options as hedges.

In the consolidated financial statements (EUR), exchange differences arose from the conversion of foreign currency financial statements of subsidiaries abroad. These differences are carried and recognised separately directly in equity. To compensate most of these currency translation differences outside profit or loss and to hedge a net investment in a foreign operation (IAS 39, IFRIC 16), Bechtle took out a EUR/CHF forward exchange contract in the reporting period that covered the majority of these currency risks. Fluctuations in the EUR/CHF exchange rate can significantly affect the consolidated earnings as a considerable portion of the business is generated in Switzerland. At the end of the reporting period, the forward exchange contract concluded at the beginning of the reporting period for the sale of CHF 191.5 million resulted in a gain of €4,980 thousand that was recognised as other comprehensive income outside profit or loss (income tax effect: €1,496 thousand). In the prior year, the forward exchange contract that had been concluded for the sale of CHF 65 million at the end of 2019 had resulted in a gain of €1,731 thousand that had been recognised as other comprehensive income outside profit or loss (income tax effect: €514 thousand). Similarly, net assets in the UK were hedged against EUR/GBP exchange rate risks. The corresponding forward exchange contract (sale of GBP 11.7 million) generated other comprehensive income of €842 thousand that was recognised outside profit or loss (income tax effect: €253 thousand). In the prior year, GBP 7.4 million had been sold forward. Also in the prior year, the loss from the hedge of the net assets that had been recognised as other comprehensive income had totalled €384 thousand (income tax effect: €114 thousand). Additionally, the net assets of the subsidiaries in the Czech Republic, Hungary and Poland have also been hedged. This resulted in a gain of €136 thousand (prior year: loss of €43 thousand) that was recognised in other comprehensive income and a corresponding income tax effect of €41 thousand (prior year: €13 thousand).

On the other hand, the consolidated equity underwent a positive effect in the amount of €1,047 thousand (prior year: €4,428 thousand) from currency translation differences. These were largely caused by EUR/CHF conversion.

The gain that corresponds to the effective part of the currency hedges (€536 thousand) was recognised in other comprehensive income outside profit or loss, taking into account deferred taxes (€213 thousand). For this, an average EUR/USD rate of 1.19 was hedged. The share of the hedges whose associated liability has already been accounted for was posted through profit or loss.

Apart from the said individual cases, hedges with terms of up to two years and individual volumes of up to €2 million, in most cases, are regularly concluded for operational purposes within the ordinary course of business. The following table shows the volume of the hedges concluded in the respective fiscal years.

| Currency pair |      | 2020     |        | 2019     |         |
|---------------|------|----------|--------|----------|---------|
|               |      | Purchase | Sale   | Purchase | Sale    |
| EUR/CHF       | CHFk | 20       | 0      | 4        | 77,000  |
| EUR/CZK       | CZKk | 706      | 2,826  | 6,500    | 26,303  |
| EUR/GBP       | GBPk | 5,913    | 9,629  | 1,316    | 11,311  |
| EUR/HUF       | HUFk | 3,548    | 42,581 | 0        | 269,730 |
| EUR/NOK       | NOKk | 232,099  | 37,946 | 32,951   | 0       |
| EUR/PLN       | PLNk | 192      | 1,153  | 0        | 7,510   |
| EUR/SEK       | SEKk | 2,000    | 0      | 10,043   | 9,500   |
| EUR/USD       | USDk | 164,801  | 66,658 | 120,098  | 57,431  |
| CHF/EUR       | EURk | 18,236   | 0      | 9,794    | 20,000  |
| CHF/GBP       | GBPk | 0        | 0      | 775      | 0       |
| CHF/NOK       | NOKk | 41,087   | 0      | 30,075   | 0       |
| CHF/SEK       | SEKk | 0        | 0      | 1,317    | 0       |
| CHF/USD       | USDk | 4,769    | 2,800  | 4,340    | 0       |

As of the balance sheet date, an obligation to buy USD 17,167 thousand, NOK 185,337 thousand, SEK 543 thousand and CHF 5,493 thousand (all net) as well as an obligation to sell GBP 2,395 thousand, CZK 235 thousand, HUF 3,548 thousand and PLN 96 thousand (all net) against euros under these currency contracts that were measured through profit or loss. In the prior year, obligations had existed to buy USD 15,105 thousand, NOK 32,566, SEK 10,037 thousand and CHF 781 thousand and to sell GBP 907 thousand, CZK 309 thousand, HUF 3,144 thousand and PLN 84 thousand (all net) against euros as well as obligations to buy €6,788 thousand, GBP 15 thousand and NOK 6,529 thousand against Swiss francs. The measurement resulted in gains of €31 thousand (prior year: €393 thousand).

The following sensitivity analysis illustrates the impact a decrease (or increase) in the euro exchange rate could have on consolidated earnings before taxes. The changes in the fair values of the financial assets and liabilities in foreign currency recognised as of the respective balance sheet date due to the changed exchange rate are taken into account. The hedges existing as of the balance sheet date are taken into consideration in the sensitivity analysis. Exchange-rate-related differences from the translation of financial statements into the reporting currency are not taken into account.

€k

|                                                                              | 2020    |           | 2019   |          |
|------------------------------------------------------------------------------|---------|-----------|--------|----------|
| <b>Effects of a devaluation (or appreciation) of the euro by 10% against</b> |         |           |        |          |
| CHF                                                                          | -10,489 | (+10,489) | -3,184 | (+3,184) |
| USD                                                                          | +2,865  | (-2,865)  | +4,367 | (-4,367) |
| NOK                                                                          | +1,505  | (-1,505)  | +138   | (-138)   |
| PLN                                                                          | -193    | (+193)    | -8     | (+8)     |
| CZK                                                                          | -123    | (+123)    | -20    | (+20)    |
| GBP                                                                          | +112    | (-112)    | +20    | (-20)    |
| SEK                                                                          | +18     | (-18)     | +117   | (-117)   |
| HUF                                                                          | -11     | (+11)     | -81    | (+81)    |
| DKK                                                                          | +3      | (-3)      | -9     | (+9)     |
| AUD                                                                          | 0       | 0         | +1     | (-1)     |

The following sensitivity analysis illustrates the impact a decrease (or increase) in the euro exchange rate could have on other comprehensive income (outside profit or loss). The change in fair value of the derivatives accounted for as hedges as well as the change in value of assets and liabilities of the subsidiaries with the respective currency as functional currency are taken into consideration.

€k

|                                                                              | 2020    |           | 2019    |           |
|------------------------------------------------------------------------------|---------|-----------|---------|-----------|
| <b>Effects of a devaluation (or appreciation) of the euro by 10% against</b> |         |           |         |           |
| CHF                                                                          | +38,077 | (-38,077) | +32,491 | (-32,491) |
| GBP                                                                          | +1,260  | (-1,260)  | +1,070  | (-1,070)  |
| PLN                                                                          | +206    | (-206)    | +197    | (-197)    |
| HUF                                                                          | +74     | (-74)     | +77     | (-77)     |
| CZK                                                                          | +53     | (-53)     | +68     | (-68)     |
| USD                                                                          | +23     | (-23)     | -37     | (+37)     |

**Interest rate risk.** The interest rate risk to which the Bechtle Group is exposed mainly concerns the interest earned by its cash and cash equivalents. The interest rate risks of the Bechtle Group are centrally analysed, and the resulting measures are actively managed by the group's finance department. The procedure applied by the department is subject to regular audits as determined by the management.

Apart from this, the group has only a minimal position – and thus an insignificant interest rate risk – in variable-rate financial instruments, which are exposed to cash flow risks from a possible deterioration in interest rates. Moreover, there is an insignificant interest-rate risk for fixed-income financial instruments with fair value risk due to the fluctuation depending on the interest rates. The variable tranche of the bond loan raised in 2018 is subject to a minor interest-rate change risk, which is constantly monitored.

The sensitivity analysis was conducted for the Bechtle Group's cash and cash equivalents as of the balance sheet date, taking into account the relevant interest rates in the relevant currencies. A hypothetical decrease or increase in these interest rates from the beginning of the reporting period by 100 basis points or 1.0 per cent a year (assuming constant exchange rates) would have led to a decrease/increase in interest income by €3,657 thousand (prior year: €2,347 thousand).

**Liquidity risk.** The liquidity risk from financial instruments results from future interest payments and redemption payments for financial liabilities and from derivative financial instruments. The tables below show the non-discounted payment obligations for the relevant balance sheet items as of the balance sheet date and the prior year's balance sheet date in accordance with IFRS 7.

The liquidity risk is controlled and monitored on a weekly basis with the aid of a 14-day liquidity forecast.

|                                   | Financial liabilities |                                          |                |                     |                             |
|-----------------------------------|-----------------------|------------------------------------------|----------------|---------------------|-----------------------------|
|                                   | Loans                 | Other current non-derivative liabilities | Trade payables | Leasing liabilities | Other financial liabilities |
| <b>Carrying amount 31.12.2020</b> | <b>412,252</b>        | <b>202</b>                               | <b>432,137</b> | <b>145,741</b>      | <b>145,459</b>              |
| <b>Cash flow 2021</b>             |                       |                                          |                |                     |                             |
| Interest                          | 5,466                 | 0                                        | 96             | 631                 | 61                          |
| Repayment                         | 36,508                | 202                                      | 425,875        | 40,190              | 142,426                     |
| <b>Cash flow 2022–2023</b>        |                       |                                          |                |                     |                             |
| Interest                          | 9,147                 |                                          | 72             | 759                 | 64                          |
| Repayment                         | 117,560               |                                          | 5,941          | 53,394              | 3,028                       |
| <b>Cash flow 2024–2025</b>        |                       |                                          |                |                     |                             |
| Interest                          | 7,511                 |                                          | 0              | 378                 | 0                           |
| Repayment                         | 142,241               |                                          | 320            | 26,044              | 5                           |
| <b>Cash flow 2026–2027</b>        |                       |                                          |                |                     |                             |
| Interest                          | 3,855                 |                                          | 0              | 241                 |                             |
| Repayment                         | 11,590                |                                          | 1              | 26,113              |                             |
| <b>Cash flow 2028–2029</b>        |                       |                                          |                |                     |                             |
| Interest                          | 1,871                 |                                          |                |                     |                             |
| Repayment                         | 104,353               |                                          |                |                     |                             |



For further disclosures on the liquidity, see page 100



For information on the cash flows of the financial liabilities, see page 167

€k

|                                   | Financial liabilities |                                          |                |                     |                             |
|-----------------------------------|-----------------------|------------------------------------------|----------------|---------------------|-----------------------------|
|                                   | Loans                 | Other current non-derivative liabilities | Trade payables | Leasing liabilities | Other financial liabilities |
| <b>Carrying amount 31.12.2019</b> | <b>386,934</b>        | <b>741</b>                               | <b>406,820</b> | <b>123,417</b>      | <b>141,597</b>              |
| <b>Cash flow 2020</b>             |                       |                                          |                |                     |                             |
| Interest                          | 5,617                 | 0                                        | 0              | 516                 | 223                         |
| Repayment                         | 13,078                | 741                                      | 406,807        | 36,147              | 130,897                     |
| <b>Cash flow 2021</b>             |                       |                                          |                |                     |                             |
| Interest                          | 5,341                 |                                          | 0              | 367                 | 108                         |
| Repayment                         | 14,977                |                                          | 10             | 25,387              | 8,394                       |
| <b>Cash flow 2022–2023</b>        |                       |                                          |                |                     |                             |
| Interest                          | 8,972                 |                                          | 0              | 455                 | 48                          |
| Repayment                         | 113,074               |                                          | 3              | 28,724              | 2,306                       |
| <b>Cash flow 2024–2025</b>        |                       |                                          |                |                     |                             |
| Interest                          | 7,389                 |                                          |                | 388                 |                             |
| Repayment                         | 137,741               |                                          |                | 33,159              |                             |
| <b>Cash flow 2026–2027</b>        |                       |                                          |                |                     |                             |
| Interest                          | 3,785                 |                                          |                |                     |                             |
| Repayment                         | 7,090                 |                                          |                |                     |                             |
| <b>Cash flow 2028–2029</b>        |                       |                                          |                |                     |                             |
| Interest                          | 1,853                 |                                          |                |                     |                             |
| Repayment                         | 100,974               |                                          |                |                     |                             |



For further disclosures  
on the risk management,  
see page 99 ff

The cash and cash equivalents are spread over 34 banks and finance groups. In the case of bank deposits in the European Union, we make sure that the balance at a bank or group of banks with the same deposit guarantee does not exceed the respective deposit guarantee cap. Approximately 27 per cent of the cash and cash equivalents are held with banks that belong to the liability association of the Savings Banks Finance Group. Thus, a risk could arise from the default of several banks belonging to this guarantee arrangement. The Swiss group companies hold about 8 per cent of the group's cash and cash equivalents at large Swiss banks, which only offer a low statutory deposit guarantee.

**Credit risk.** The carrying amounts of the financial assets correspond to the maximum credit risk. There are no hedges except for common liens for all trade receivables as well as country-specific deposit guarantee funds for all cash and cash equivalents and time deposits. Any credit risks identified in the financial assets are recognised in the form of impairments. Except for lenders in connection with buildings, Bechtle provides virtually none of its creditors with collateral.

For the investment of excess liquidity, quick availability is more important than maximum yield, e.g. in order to be able to access available cash and cash equivalents in the event of acquisitions or major project pre-financing measures. Thus, purely financial goals – such as the optimisation of the financial income – are subordinate to the acquisition strategy and the company growth. This financial flexibility forms the basis for success in a highly consolidating market. The liquidity situation is centrally managed and monitored by the treasury.

Investment business is only conducted with investment-grade debtors. For time deposits within the European Union, investments with deposit guarantee are preferred. As such a guarantee only exists to a limited extent in Switzerland, investments in this country are only made at banks with an excellent credit rating.

To avoid risk concentrations, customer-specific credit lines are determined by means of ongoing creditworthiness checks.

## VII. SEGMENT INFORMATION

Segment information is reported in accordance with IFRS 8 Operating Segments, as in the prior year.

The Bechtle Group is currently active in two business segments, the IT System House & Managed Services segment and the IT E-Commerce segment. The two segments differ in terms of the areas of activity involved as well as with regard to the processes applied for IT product trading purposes. The strategic alignment and expansion strategy pursued are also different.

In the **IT System House & Managed Services** segment, Bechtle's services cover the entire IT value change ranging from IT strategy consulting services, hardware and software, project planning and implementation, system integration, IT services and training to complete IT operation. Bechtle prepares individual offers involving a range of different services in combination with hardware and software directly reflecting the needs and preferences of each and every customer. In this segment, Bechtle operates in Germany, Belgium, Austria and Switzerland, ensuring special customer proximity by means of its decentralised organisation with about 75 locations for wide geographic coverage.



Turnkey IT solution provider with customer-specific combinations of services, hardware and software



Specialist dealer  
with over 40,000 items,  
multi-brand strategy

The **IT E-Commerce** segment comprises the group's online shop and telesales trading activities. As an IT specialist with more than 40,000 products in the web shop – ranging from hardware and standard software products to peripherals and accessories – Bechtle covers all common IT areas by means of a multi-brand strategy. The Bechtle direct brand is currently established in 14 European countries and focuses on classic hardware and software from market-leading vendors. The ARP brand, on the other hand, also offers innovative niche products and its own brand-name products. It is represented in six European countries and operates a purchasing company in Taiwan. The Comsoft direct and Inmac WStore brands are active in France only. In the Netherlands, Bechtle is also represented with the Buyitdirect brand. The Comsoft direct software licensing brand is present in four European countries. Since 1 January 2017, the activities of the Comsoft companies in Germany, Austria and Switzerland have been allocated to the IT System House & Managed Services segment (previously IT E-Commerce).

Bechtle Group companies are based primarily in Germany. Group companies exist abroad in Argentina, Austria, Belgium, the Czech Republic, France, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Switzerland, Taiwan, UK and the USA.

The administration and the strategic management of the individual companies are centralised primarily at Gaildorf and Neckarsulm, where the parent company Bechtle AG and the group's Executive Board are based.

As a general rule, the same reporting and valuation methods are applied for the segment information as for the Consolidated Financial Statements. A joint résumé of the business segments has not been drawn up.

The chief operating decision-maker (CODM) as defined in IFRS 8.7 is the Executive Board of Bechtle AG, which comprises the Chairman of the Executive Board, the Member of the Executive Board responsible for IT System House & Managed Services and the Member of the Executive Board responsible for IT E-Commerce. This CODM is responsible for the cross-departmental, group-wide monitoring and management of the group success and resource allocation. Strategic decisions concerning the allocation of resources to the two segments and the assessment of their earning power are made exclusively at Executive Board meetings of Bechtle AG in close coordination with the Supervisory Board. The Executive Board member responsible for IT System House & Managed Services and the Executive Board member responsible for IT E-Commerce serve individually as the segment managers (IFRS 8.9) for the respective business segment. In this capacity, they are in charge of the resource management and the assessment of the efficiency of the segments under their supervision. The segment manager also coaches the Executive Vice Presidents and Managing Directors in his segment. Vis-à-vis the CODM, the segment managers are responsible for their segments and maintain regular contact with the CODM, e.g. at Executive Board meetings, in order to report on and discuss the activities, results and plans of their segment.



The segment information presented below is based on the same indicators as those employed for the internal reporting and controlling system that are used above all by the group management/CODM for success evaluation and resource allocation purposes. It contains all income and expenses as well as the assets and liabilities of the central units/functions of the Bechtle Group in accordance with the relevant services provided or used in the two IT System House & Managed Services and IT E-Commerce segments. The earnings before interest and taxes and before acquisition-related amortisation represent the earnings-related key performance indicator for the segments. The amortisation from acquisitions relates to goodwill, customer bases, customer service agreements and brands resulting within the scope of acquisitions. Financial earnings are not consolidated as the segments are primarily funded via the central units where external interest expense and income are mainly incurred. For this reason, financial earnings and expenses are reported together as financial income merely at group level as shown below. This results in the earnings before taxes in the Bechtle Group and subsequently, taking into account the taxes at group level, the earnings after taxes in the Bechtle Group.

This results in asymmetric allocation (IFRS 8.27) insofar as the assets and liabilities reported for the segments include interest-bearing assets and liabilities as well as tax receivables and payables. In the case of symmetric allocation, segment assets and segment liabilities would be correspondingly lower and the earnings-related key performance indicator of the segments would include financial income, financial expenses and tax.

Transactions are only conducted between the two segments to an insignificant extent. They are accounted for at market prices and, for the purposes of completeness and transparency, are shown below explicitly in respect of revenue as well as receivables and payables. The consolidated revenue comprises the total revenue of both segments with parties outside the group. The same applies to the receivables and payables as well as the assets and liabilities of the two segments and of the Bechtle Group as a whole.

The investments, depreciation and amortisation reported relate to intangible assets as well as to property, plant and equipment.

In the segment reporting by region (domestic or abroad), revenue is allocated to the country in which the subsidiary concerned has its registered office. From the perspective of the given subsidiary, revenue is generated exclusively in its own country. Only revenue via parties external to the group is reported. Accordingly, assets, liabilities and investments are allocated to the domestic market (Germany) or abroad on the basis of the location of the given company's registered office.



For disclosures  
on the composition  
of the revenue,  
see page 144 f

€k

| By segments                                         | 2020                               |                      |                  | 2019                               |                  |                  |
|-----------------------------------------------------|------------------------------------|----------------------|------------------|------------------------------------|------------------|------------------|
|                                                     | IT System House & Managed Services | IT E-Commerce        | Total group      | IT System House & Managed Services | IT E-Commerce    | Total group      |
| Total segment revenue                               | 3,906,465                          | 1,962,380            |                  | 3,527,428                          | 1,896,382        |                  |
| less intersegment revenue                           | -42,891                            | -6,711               |                  | -42,391                            | -6,966           |                  |
| <b>Revenue</b>                                      | <b>3,863,574</b>                   | <b>1,955,669</b>     | <b>5,819,243</b> | <b>3,485,037</b>                   | <b>1,889,416</b> | <b>5,374,453</b> |
| Depreciation and amortisation                       | -63,315 <sup>1</sup>               | -18,971 <sup>2</sup> | -82,286          | -53,208 <sup>3</sup>               | -18,107          | -71,315          |
| <b>Segment result</b>                               | <b>188,362</b>                     | <b>104,444</b>       | <b>292,806</b>   | <b>156,287</b>                     | <b>98,378</b>    | <b>254,665</b>   |
| Depreciation and amortisation from acquisitions     | -8,911                             | -6,940               | -15,851          | -6,455                             | -6,840           | -13,295          |
| <b>Earnings before financial earnings and taxes</b> | <b>179,451</b>                     | <b>97,504</b>        | <b>276,955</b>   | <b>149,832</b>                     | <b>91,538</b>    | <b>241,370</b>   |
| Financial earnings                                  |                                    |                      | -6,250           |                                    |                  | -5,050           |
| <b>Earnings before taxes</b>                        |                                    |                      | <b>270,705</b>   |                                    |                  | <b>236,320</b>   |
| Income taxes                                        |                                    |                      | -78,158          |                                    |                  | -65,836          |
| <b>Earnings after taxes</b>                         |                                    |                      | <b>192,547</b>   |                                    |                  | <b>170,484</b>   |
| Investments                                         | 107,165                            | 27,388               | 134,553          | 67,576                             | 28,445           | 96,021           |
| Investments through acquisitions                    | 65,167                             | 625                  | 65,792           | 62,152                             | 0                | 62,152           |

<sup>1</sup> of which €132 thousand unscheduled depreciation of furniture, fixtures and fittings<sup>2</sup> of which €67 thousand unscheduled depreciation of furniture, fixtures and fittings<sup>3</sup> of which €1,486 thousand unscheduled depreciation of purchased software

Apart from the scheduled depreciation and amortisation, the IT System House & Managed Services segment applied unscheduled depreciation in the amount of €132 thousand to furniture, fixtures and fittings. In the prior year, unscheduled amortisation in the amount of €1,486 thousand had been applied to purchased software. In the IT E-Commerce segment, unscheduled depreciation in the amount of €67 thousand was applied to furniture, fixtures and fitting in addition to the scheduled depreciation. Apart from this, the non-cash items in the two segments in the reporting period and in the prior year were mainly limited to the usual movements within the course of the business operations (e.g. changes in trade receivables and trade payables).

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| By segments                   | 2020                               |                |                  | 2019                               |                |                  |
|-------------------------------|------------------------------------|----------------|------------------|------------------------------------|----------------|------------------|
|                               | IT System House & Managed Services | IT E-Commerce  | Total group      | IT System House & Managed Services | IT E-Commerce  | Total group      |
| Total segment assets          | 1,758,584                          | 934,044        |                  | 1,544,126                          | 865,560        |                  |
| less intersegment receivables | -5,264                             | -248           |                  | -14,202                            | -817           |                  |
| <b>Assets</b>                 | <b>1,753,320</b>                   | <b>933,796</b> | <b>2,687,116</b> | <b>1,529,924</b>                   | <b>864,743</b> | <b>2,394,667</b> |
| Total segment liabilities     | 1,073,639                          | 456,960        |                  | 934,723                            | 440,121        |                  |
| less intersegment liabilities | -248                               | -5,264         |                  | -817                               | -14,202        |                  |
| <b>Liabilities</b>            | <b>1,073,391</b>                   | <b>451,696</b> | <b>1,525,087</b> | <b>933,906</b>                     | <b>445,919</b> | <b>1,379,825</b> |

€k

| By regions                       | 2020      |           |                  | 2019      |           |                  |
|----------------------------------|-----------|-----------|------------------|-----------|-----------|------------------|
|                                  | Domestic  | Abroad    | Total group      | Domestic  | Abroad    | Total group      |
| Revenue                          | 3,660,955 | 2,158,288 | <b>5,819,243</b> | 3,336,529 | 2,037,924 | <b>5,374,453</b> |
| Investments                      | 99,082    | 35,471    | <b>134,553</b>   | 75,134    | 20,887    | <b>96,021</b>    |
| Investments through acquisitions | 56,170    | 9,622     | <b>65,792</b>    | 26,273    | 35,879    | <b>62,152</b>    |

Of the consolidated revenue generated abroad, France accounted for €681,671 thousand (prior year: €695,582 thousand), Switzerland for €437,509 thousand (prior year: €378,630 thousand) and the Netherlands for €352,333 thousand (prior year: €347,419 thousand). The rest is split between the other countries, namely Austria, Belgium, the Czech Republic, Hungary, Ireland, Italy, Poland, Portugal, Spain and the United Kingdom, each of which contributed less than 10 per cent to the consolidated revenue of the Bechtle Group.

€k

| By regions                 | 2020      |           |                  | 2019      |           |                  |
|----------------------------|-----------|-----------|------------------|-----------|-----------|------------------|
|                            | Domestic  | Abroad    | Total group      | Domestic  | Abroad    | Total group      |
| Assets                     | 1,579,822 | 1,107,294 | <b>2,687,116</b> | 1,389,162 | 1,005,505 | <b>2,394,667</b> |
| Thereof non-current assets | 507,371   | 451,519   | <b>958,890</b>   | 422,297   | 424,074   | <b>846,371</b>   |
| Liabilities                | 1,065,893 | 459,194   | <b>1,525,087</b> | 957,205   | 422,620   | <b>1,379,825</b> |

The non-current assets reported here comprise property, plant and equipment as well as intangible assets (including goodwill). Of the non-current assets held abroad, Switzerland accounted for €154,716 thousand (prior year: 145,797 thousand) and France for €210,384 thousand (prior year: €213,666 thousand). The rest is split between the remaining countries Austria, Belgium, the Czech Republic, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Spain, Taiwan and the United Kingdom, each of which held less than 5 per cent of the non-current assets of the Bechtle Group.

Both in the reporting period and in the prior year, no single customer generated more than 10 per cent of the revenue of the Bechtle Group (IFRS 8.34).

Information on the number of employees by segments and regions is provided in section X. "Other Disclosures", "People at Bechtle".



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## VIII. ACQUISITIONS AND PURCHASE PRICE ALLOCATION

In the fiscal year 2020, Bechtle AG acquired the remaining 25 per cent of the interests in Codalis SA, which had been acquired in the fiscal year 2019, and 100 per cent of the interests in the following companies:

| Company                     | Headquarters                     | Date of initial consolidation | Acquisition |
|-----------------------------|----------------------------------|-------------------------------|-------------|
| Wide Technology Partners AG | Baar, Switzerland                | 1 January 2020                | Acquisition |
| DPS Software AG             | Widnau, Switzerland              | 1 April 2020                  | Acquisition |
| DPS Software GmbH           | Leinfelden-Echterdingen, Germany | 1 April 2020                  | Acquisition |
| DPS Software GmbH           | Vienna, Austria                  | 1 April 2020                  | Acquisition |
| dataformers GmbH            | Linz, Austria                    | 2 November 2020               | Acquisition |

The information required for the transactions will be presented together, except for DPS Software GmbH.

The acquisitions were recognised in the balance sheet as of the balance sheet date.

By means of the asset deal of Ivizi B.V. en Ivizi XL B.V. that was carried out at the beginning of the reporting period, Bechtle intends to expand its operations in the fast-growing mobile solutions area. Thanks to the acquisition of the B2B operations of Ivizi B.V. en Ivizi XL B.V., the new Apple Centre of Excellence in Maastricht has all required certifications for the sale and technical support and service for enterprise customers. Within the scope of the asset deal, 19 employees have joined Bechtle.

By means of the acquisition of Wide Technology Partners AG, Bechtle has expanded its competencies in the field of managed services for Cisco solutions. Established on the market in 2006, the company is a recognised solution provider in the fields of networking, data centre, voice and security with a focus on Cisco products.

By acquiring DPS Software GmbH, Germany, and the associated sites in Austria and Switzerland, Bechtle has gained a certified partner for SOLIDWORKS and SolidCAM, which covers these vendors' entire product spectrum. Founded in 1997, the company is an established solution provider that supports core customer processes for all tasks and phases of the product life cycle. The software, consulting and service offering is based on standard products of the software vendors Dassault Systèmes and SolidCAM as well as on custom modules and solutions.

The acquisition of dataformers GmbH represents the 100th acquisition by Bechtle AG in its corporate history. The Austrian specialist for software development and IoT solutions is headquartered in Linz and has other locations in Vienna and Eisenstadt. dataformers GmbH rolls out individual software projects and is a partner for digital solution development. The company's team comprises sought-after experts in fields such as agile and lean project management, requirements engineering, UI/UX design as well as software architecture and programming and strengthens the system house business in Austria.

As of 31 July 2020, the company acquired the remaining 25 per cent of the shares in Codalis SA. The purchase price was CHF 5,000 thousand and resulted in a cash outflow in the same amount.

Apart from the assets and liabilities already recognised by the acquired companies, whose carrying amounts corresponded to their fair value, customer relationships (€10,296 thousand) were newly recognised as identifiable assets and measured at fair value as of the acquisition date.

In connection with the capitalisation of the customer relationships, deferred tax liabilities (€2,984 thousand) were recognised.

Under consideration of the acquired total net assets (€11,832 thousand), the capital consolidation resulted in a total difference of €49,219 thousand that is presented as goodwill and allocated to the IT System House & Managed Services segment. This goodwill is not recognised for tax purposes. The goodwill is based mainly on synergies in the field of revenue which result from the expansion of the portfolio and new potential in the field of contracts for managed services.

Under consideration of the cash and cash equivalents taken over, the acquisition costs of the companies purchased in 2020 (€61,051 thousand) resulted in a cash outflow in the amount of €59,656 thousand. The purchase contracts of two acquisitions contain conditional purchase price liabilities amounting to a total of €2,708 thousand, which will only result in an outflow in the event of 100-per-cent achievement of certain performance indicators. The fair value at the time of the acquisition was €2,582 thousand.

The receivables taken over were not subject to any major impairments.

The following table presents the fair value of the assets and liabilities as of the date of initial consolidation as they appear in the **balance sheet**:

|                                                                     | €k                   |                                                                    |                                   |
|---------------------------------------------------------------------|----------------------|--------------------------------------------------------------------|-----------------------------------|
|                                                                     | DPS<br>Software GmbH | Ivizi B.V./<br>Wide Technology<br>Partners AG/<br>dataformers GmbH | Fair value of<br>the acquisitions |
| <b>Non-current assets</b>                                           |                      |                                                                    |                                   |
| Goodwill                                                            | 43,619               | 5,600                                                              | 49,219                            |
| Other intangible assets                                             | 8,944                | 1,499                                                              | 10,443                            |
| Property, plant and equipment                                       | 3,607                | 1,507                                                              | 5,114                             |
| Deferred taxes                                                      | 31                   | 62                                                                 | 93                                |
| Other assets                                                        | 0                    | 110                                                                | 110                               |
| <b>Total non-current assets</b>                                     | <b>56,201</b>        | <b>8,778</b>                                                       | <b>64,979</b>                     |
| <b>Current assets</b>                                               |                      |                                                                    |                                   |
| Inventories                                                         | 40                   | 437                                                                | 477                               |
| Trade receivables                                                   | 2,850                | 794                                                                | 3,644                             |
| Other assets                                                        | 26,519               | 154                                                                | 26,673                            |
| Cash and cash equivalents                                           | 7,738                | 1,872                                                              | 9,610                             |
| <b>Total current assets</b>                                         | <b>37,147</b>        | <b>3,257</b>                                                       | <b>40,404</b>                     |
| <b>Total assets</b>                                                 | <b>93,348</b>        | <b>12,035</b>                                                      | <b>105,383</b>                    |
| <b>Non-current liabilities</b>                                      |                      |                                                                    |                                   |
| Other provisions                                                    | 322                  | 0                                                                  | 322                               |
| Deferred taxes                                                      | 3,150                | 350                                                                | 3,500                             |
| Other liabilities                                                   | 1,865                | 0                                                                  | 1,865                             |
| <b>Total non-current liabilities</b>                                | <b>5,337</b>         | <b>350</b>                                                         | <b>5,687</b>                      |
| <b>Current liabilities</b>                                          |                      |                                                                    |                                   |
| Trade payables                                                      | 1,315                | 173                                                                | 1,488                             |
| Other provisions and liabilities                                    | 34,046               | 3,036                                                              | 37,082                            |
| Deferred income                                                     | 0                    | 75                                                                 | 75                                |
| <b>Total current liabilities</b>                                    | <b>35,361</b>        | <b>3,284</b>                                                       | <b>38,645</b>                     |
| <b>Total liabilities</b>                                            | <b>40,698</b>        | <b>3,634</b>                                                       | <b>44,332</b>                     |
| <b>Total assets<br/>– Total liabilities<br/>= Acquisition costs</b> | <b>52,650</b>        | <b>8,401</b>                                                       | <b>61,051</b>                     |

In the course of the acquisitions, an insignificant amount of transaction costs was incurred and recognised in administration expenses.

Due to the direct integration of the acquired partial business operation Ivizi B.V. in an existing company of the Bechtle Group, the revenue and earnings contributions are merely presented in aggregated form for the remaining companies. Since the acquisition, the companies have contributed a total of €32,446 thousand (thereof DPS Software GmbH €29,425 thousand) to the revenue and €719 thousand (thereof DPS Software GmbH €659 thousand) to the earnings after taxes. Had the companies been acquired at the beginning of the reporting period, the revenue of the Bechtle Group for

the reporting period would have amounted to €5,838,738 thousand (thereof DPS Software GmbH €14,294 thousand), and earnings after taxes would have amounted to €193,130 thousand (thereof DPS Software GmbH –€919 thousand).

## IX. DISCLOSURES ON THE EXECUTIVE BOARD AND SUPERVISORY BOARD

### MEMBERS OF THE EXECUTIVE BOARD

**Dr. Thomas Olemotz**, Chairman of the Executive Board

Place of residence: Heilbronn, Germany

Member of the Executive Board responsible for Logistics & Service, Financial Services, Finance, Taxes and Insurances, Group Controlling and Risk Management, Human Resources and Staff Development, Central IT, Corporate Communications and Investor Relations, Mergers & Acquisitions, Legal and Compliance, Facility and Event Management as well as Digital Business Services

Other mandates (all mandates are group-internal mandates):

■ **Chairman of the Supervisory Board**

of AMARAS AG, Monheim am Rhein, Germany

of Bechtle E-Commerce Holding AG, Neckarsulm, Germany

of Bechtle Managed Services AG, Neckarsulm, Germany

of Bechtle Systemhaus Holding AG, Neckarsulm, Germany

of Bechtle Financial Services AG, Berlin, Germany

of PP 2000 GmbH (formerly PP 2000 Business Integration AG), Stuttgart, Germany (until 17 December 2020)

of SolidLine GmbH (formerly SolidLine AG), Walluf, Germany (until 25 May 2020)

■ **Chairman of the Board of Directors**

of Bechtle Holding Schweiz AG, Rotkreuz, Switzerland

### **Michael Guschlbauer**

Place of residence: Asperg, Germany

Member of the Executive Board responsible for IT System House & Managed Services, Public Sector Division, Quality and Environmental Management

Other mandates (all mandates are group-internal mandates):

■ **Member of the Executive Board**

of Bechtle Managed Services AG, Neckarsulm, Germany

of Bechtle Systemhaus Holding AG, Neckarsulm, Germany

■ **Member of the Supervisory Board**

of PP 2000 GmbH (formerly PP 2000 Business Integration AG), Stuttgart, Germany (until 30 November 2020)

■ **Vice-Chairman of the Supervisory Board**

of Bechtle Financial Services AG, Berlin, Germany

**Jürgen Schäfer**

Place of residence: Heilbronn, Germany

Executive Board member responsible for IT E-Commerce

Other mandates:

Group-internal mandate:

■ Member of the Executive Board

of Bechtle E-Commerce Holding AG, Neckarsulm, Germany

Group-external mandate:

■ Member of the Supervisory Board

of RIXIUS AG, Mannheim, Germany, not listed

**NUMBER OF SHARES IN BECHTLE AG**

|                     | 31.12.2020 | 31.12.2019 |
|---------------------|------------|------------|
| Dr. Thomas Olemotz  | 1,400      | 1,000      |
| Michael Guschlbauer | 0          | 0          |
| Jürgen Schäfer      | 8,000      | 8,000      |

**COMPENSATION OF THE EXECUTIVE BOARD MEMBERS**

In the fiscal year 2020, the fixed compensation of the Executive Board that was paid out amounted to €3,494 thousand (prior year: €3,320 thousand).

The compensation continues to be presented according to the standard tables pursuant to the old version of the DCGK. The one-year and multi-year variable compensation is specified in the table of allocations and in the table of total compensation according to Section 314 (1) no. 6 of the German Commercial Code (HGB) as well as IAS 24.17 in the year for which they are granted and are thus recognised as expenses. Naturally, the payment only takes place in the subsequent year. The table of benefits granted indicates the target figure that would be due upon full target achievement, regardless of the actual target achievement. The actually achieved amount, which is due for payment in the following year, is specified in the table of allocations and in the table of total compensation according to Section 314 (1) no. 6 of the German Commercial Code (HGB).

For the Chairman of the Executive Board, the variable compensation in the form of a long-term incentive (long-term bonus) in 2020 was largely subject to the previous regulation. The long-term bonus was based on the degree of target achievement of two financial performance criteria. The one component is calculated according to the earnings before taxes at group level ("group EBT") (80 per cent of the entitlement) and is granted for a three-year period, starting from the fiscal year in which the commitment is made. The other component is calculated according to the growth that also includes acquisitions (20 per cent of the entitlement) and is granted for the periods from 2018 to 2020. The "Benefits granted" table specifies the bonus plan granted in the reporting period, i.e. the bonus plan whose term starts in the reporting period (tranche 2019 to 2021 in the fiscal year 2019; tranche 2020 to 2022 in the fiscal year 2020). In this context, the target value as of the date of commitment is specified, regardless of the fact that the commitment depends on the achievement of the defined targets and the payment will only be due in the fiscal year after the end of the three-year term. The multi-year



components whose plan term ended in the reporting period is specified in the table of allocations and in the table of total compensation according to Section 314 (1) no. 6 of the German Commercial Code (HGB), namely in the form of the actually achieved figure that is due for payment in the subsequent year (tranche 2017 to 2019 in the fiscal year 2019 and tranche 2018 to 2020 in the fiscal year 2020 (in each case organic growth)).

For the other members of the Executive Board, the compensation system had already been modified as of 1 January 2020. Since then, the consolidated EBT and the EBT of the segment for which the respective member of the Executive Board is responsible ("segment EBT") have been used as the basis for the short-term variable compensation (yearly bonus). The consolidated EBT and the segment EBT are each weighted at 50 per cent. Furthermore, the short-term variable compensation is affected by the achievement of non-financial performance criteria. The possibility of granting a special bonus no longer exists. The long-term variable compensation (long-term bonus) is assessed on the basis of two financial performance criteria – the group revenue and the consolidated EBT – each of which is weighted at 50 per cent. The performance periods that start every year have a duration of four years. Due to the transition from three-year periods to four-year periods, both a three-year performance period and a four-year performance period started in 2020 on a one-time basis. In the "Benefits granted" table, the latter is designated as "Commitments 2020 II (tranche 2020 to 2023)".

The compensation of the members of the Executive Board for the fiscal year 2020 breaks down as follows:

| €k                                                           |                                                          |              |                                                                                                                     |              |                                                                 |            |                    |              |
|--------------------------------------------------------------|----------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------|------------|--------------------|--------------|
|                                                              | Dr. Thomas Olemotz<br>Chairman of the<br>Executive Board |              | Michael Guschlbauer<br>Board member responsible<br>for IT System House &<br>Managed Services,<br>quality management |              | Jürgen Schäfer<br>Board member responsible<br>for IT E-Commerce |            | Total compensation |              |
| Executive Board compensation                                 | 2020                                                     | 2019         | 2020                                                                                                                | 2019         | 2020                                                            | 2019       | 2020               | 2019         |
| <b>Non-performance-based compensation</b>                    |                                                          |              |                                                                                                                     |              |                                                                 |            |                    |              |
| Fixed annual salary                                          | 2,000                                                    | 2,000        | 825                                                                                                                 | 750          | 600                                                             | 500        | 3,425              | 3,250        |
| Fringe benefits                                              | 21                                                       | 19           | 39                                                                                                                  | 39           | 9                                                               | 12         | 69                 | 70           |
| <b>Total</b>                                                 | <b>2,021</b>                                             | <b>2,019</b> | <b>864</b>                                                                                                          | <b>789</b>   | <b>609</b>                                                      | <b>512</b> | <b>3,494</b>       | <b>3,320</b> |
| <b>Performance-based compensation</b>                        |                                                          |              |                                                                                                                     |              |                                                                 |            |                    |              |
| Bonus                                                        | 903                                                      | 740          | 533                                                                                                                 | 370          | 398                                                             | 245        | 1,834              | 1,355        |
| <b>Compensation in the form of<br/>a long-term incentive</b> |                                                          |              |                                                                                                                     |              |                                                                 |            |                    |              |
| Commitment 2018<br>(tranche 2018 to 2020)                    | 608                                                      | 0            | 304                                                                                                                 | 0            | 204                                                             | 0          | 1,116              | 0            |
| Commitments 2018 to 2020<br>(acquisition tranche)            | 456                                                      | 0            | 152                                                                                                                 | 0            | 102                                                             | 0          | 710                | 0            |
| Commitments 2017<br>(tranche 2017 to 2019)                   |                                                          | 608          |                                                                                                                     | 184          |                                                                 | 148        | 0                  | 940          |
| <b>Total</b>                                                 | <b>1,064</b>                                             | <b>608</b>   | <b>456</b>                                                                                                          | <b>184</b>   | <b>306</b>                                                      | <b>148</b> | <b>1,826</b>       | <b>940</b>   |
| <b>Final total</b>                                           | <b>3,988</b>                                             | <b>3,367</b> | <b>1,853</b>                                                                                                        | <b>1,343</b> | <b>1,313</b>                                                    | <b>905</b> | <b>7,154</b>       | <b>5,615</b> |

The long-term bonus plan is recognised in the provisions on a pro-rata basis. For this, €1,740 thousand (prior year: €1,322 thousand) were recognised as expense in the financial statements. The value of the obligation for the compensation in the form of a long-term incentive amounted to €3,629 thousand as of 31 December 2020 (prior year: €2,777 thousand).

The benefits granted to the members of the Executive Board for the fiscal year 2020 break down as follows:

€k

| Benefits granted                              | Dr. Thomas Olemotz<br>Chairman of the Executive Board<br>from 01.03.2007 |                 |              |              | Michael Guschlbauer<br>Board member responsible for IT System House &<br>Managed Services, Quality Management<br>from 01.01.2009 |                 |              |              | Jürgen Schäfer<br>Board member responsible for IT E-Commerce<br>from 01.01.2009 |                 |              |              |
|-----------------------------------------------|--------------------------------------------------------------------------|-----------------|--------------|--------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|--------------|---------------------------------------------------------------------------------|-----------------|--------------|--------------|
|                                               | Minimum<br>2020                                                          | Maximum<br>2020 | 2020         | 2019         | Minimum<br>2020                                                                                                                  | Maximum<br>2020 | 2020         | 2019         | Minimum<br>2020                                                                 | Maximum<br>2020 | 2020         | 2019         |
| <b>Non-performance-based compensation</b>     |                                                                          |                 |              |              |                                                                                                                                  |                 |              |              |                                                                                 |                 |              |              |
| Fixed annual salary                           | 2,000                                                                    | 2,000           | 2,000        | 2,000        | 825                                                                                                                              | 825             | 825          | 750          | 600                                                                             | 600             | 600          | 500          |
| Fringe benefits                               |                                                                          |                 | 21           | 19           |                                                                                                                                  |                 | 39           | 39           |                                                                                 |                 | 9            | 12           |
| <b>Total</b>                                  |                                                                          |                 | <b>2,021</b> | <b>2,019</b> |                                                                                                                                  |                 | <b>864</b>   | <b>789</b>   |                                                                                 |                 | <b>609</b>   | <b>512</b>   |
| <b>Performance-based compensation</b>         |                                                                          |                 |              |              |                                                                                                                                  |                 |              |              |                                                                                 |                 |              |              |
| Bonus                                         | 0                                                                        | 740             | 740          | 740          | 0                                                                                                                                | 553             | 425          | 370          | 0                                                                               | 423             | 325          | 245          |
| <b>Long-term bonus plan</b>                   |                                                                          |                 |              |              |                                                                                                                                  |                 |              |              |                                                                                 |                 |              |              |
| Commitments 2019<br>(tranche 2019 to 2021)    | 0                                                                        | 0               | 0            | 760          | 0                                                                                                                                | 0               | 0            | 380          | 0                                                                               | 0               | 0            | 255          |
| Commitments 2020<br>(tranche 2020 to 2022)    | 0                                                                        | 760             | 760          | 0            | 0                                                                                                                                | 650             | 500          | 0            | 0                                                                               | 488             | 375          | 0            |
| Commitments 2020 II<br>(tranche 2020 to 2023) | n/a                                                                      | n/a             | n/a          | n/a          | 0                                                                                                                                | 650             | 500          | 0            | 0                                                                               | 488             | 375          | 0            |
| <b>Total multi-year variable compensation</b> |                                                                          |                 | <b>760</b>   | <b>760</b>   |                                                                                                                                  |                 | <b>1,000</b> | <b>380</b>   |                                                                                 |                 | <b>750</b>   | <b>255</b>   |
| <b>Total compensation</b>                     |                                                                          |                 | <b>3,521</b> | <b>3,519</b> |                                                                                                                                  |                 | <b>2,289</b> | <b>1,539</b> |                                                                                 |                 | <b>1,684</b> | <b>1,012</b> |

The allocation granted to the members of the Executive Board for the fiscal year 2020 breaks down as follows:

€k

| Inflows                                           | Dr. Thomas Olemotz<br>Chairman of the Executive Board<br>from 01.03.2007 |              | Michael Guschlbauer<br>Board member responsible for<br>IT System House & Managed<br>Services, Quality Management<br>from 01.01.2009 |              | Jürgen Schäfer<br>Board member responsible<br>for IT E-Commerce<br>from 01.01.2009 |            |
|---------------------------------------------------|--------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------|------------|
|                                                   | 2020                                                                     | 2019         | 2020                                                                                                                                | 2019         | 2020                                                                               | 2019       |
| <b>Non-performance-based compensation</b>         |                                                                          |              |                                                                                                                                     |              |                                                                                    |            |
| Fixed annual salary                               | 2,000                                                                    | 2,000        | 825                                                                                                                                 | 750          | 600                                                                                | 500        |
| Fringe benefits                                   | 21                                                                       | 19           | 39                                                                                                                                  | 39           | 9                                                                                  | 12         |
| <b>Total</b>                                      | <b>2,021</b>                                                             | <b>2,019</b> | <b>864</b>                                                                                                                          | <b>789</b>   | <b>609</b>                                                                         | <b>512</b> |
| <b>Performance-based compensation</b>             |                                                                          |              |                                                                                                                                     |              |                                                                                    |            |
| Bonus                                             | 903                                                                      | 740          | 533                                                                                                                                 | 370          | 398                                                                                | 245        |
| <b>Long-term bonus plan</b>                       |                                                                          |              |                                                                                                                                     |              |                                                                                    |            |
| Commitment 2018 (tranche 2018 to 2020)            | 608                                                                      | 0            | 304                                                                                                                                 | 0            | 204                                                                                | 0          |
| Commitments 2018 to 2020<br>(acquisition tranche) | 456                                                                      | 0            | 152                                                                                                                                 | 0            | 102                                                                                | 0          |
| Commitments 2017 (tranche 2017 to 2019)           |                                                                          | 608          |                                                                                                                                     | 184          |                                                                                    | 148        |
| <b>Total multi-year variable compensation</b>     | <b>1,064</b>                                                             | <b>608</b>   | <b>456</b>                                                                                                                          | <b>184</b>   | <b>306</b>                                                                         | <b>148</b> |
| <b>Total compensation</b>                         | <b>3,988</b>                                                             | <b>3,367</b> | <b>1,853</b>                                                                                                                        | <b>1,343</b> | <b>1,313</b>                                                                       | <b>905</b> |

## MEMBERS OF THE SUPERVISORY BOARD AND THEIR COMPENSATION

The Members of the Supervisory Board and their compensation were as follows:

|                                       |                    |                        |                    |                |            | €k         |
|---------------------------------------|--------------------|------------------------|--------------------|----------------|------------|------------|
| Name                                  | Basic compensation | Chairman/vice-chairman | Committee activity | Attendance fee | Total 2020 | Total 2019 |
| <b>Shareholder representatives</b>    |                    |                        |                    |                |            |            |
| Kurt Dobitsch                         | 30                 |                        | 8                  | 7              | 45         | 45         |
| Dr. Lars Grünert                      | 30                 |                        |                    | 5              | 35         | 33         |
| Prof. Dr. Thomas Hess                 | 30                 |                        | 8                  | 8              | 46         | 45         |
| Elke Reichart                         | 30                 |                        |                    | 5              | 35         | 34         |
| Sandra Stegmann                       | 30                 |                        | 8                  | 8              | 46         | 45         |
| Klaus Winkler                         | 30                 | 68                     | 16                 | 11             | 125        | 124        |
| <b>Employee representatives</b>       |                    |                        |                    |                |            |            |
| Uli Drautz                            | 30                 | 15                     | 16                 | 11             | 72         | 71         |
| Daniela Eberle                        | 30                 |                        | 8                  | 8              | 46         | 45         |
| Barbara Greyer (until 30.11.2019)     |                    |                        |                    |                | 0          | 31         |
| Anastasia Polidoros (from 19.12.2019) | 30                 |                        |                    | 5              | 35         | 1          |
| Anton Samija                          | 30                 |                        |                    | 5              | 35         | 34         |
| Volker Strohfeld                      | 30                 |                        |                    | 5              | 35         | 34         |
| Michael Unser                         | 30                 |                        |                    | 5              | 35         | 34         |
| <b>Total</b>                          | <b>360</b>         | <b>83</b>              | <b>64</b>          | <b>83</b>      | <b>590</b> | <b>576</b> |

All other details relevant to the Supervisory Board that have to be provided by law are set out in summarised form in Appendix D to these Notes.



For further disclosures on the members of the Supervisory Board, see Appendix D, page 210 f

## X. OTHER DISCLOSURES

### BECHTLE AS LESSEE

As a lessee, Bechtle accounts for leases for the following agreement types:

- Buildings
- Motor vehicles
- Job bicycles (head lease & sublease)
- Furniture, fixtures and fittings
- Office equipment
- Customer equipment (head lease & sublease)

For the agreement types buildings, motor vehicles, office machines and furniture, fixtures and fittings, right-of-use assets are accounted for and depreciated over the individual useful life. The useful life is directly based on the period determined in the agreement. The normal period for buildings ranges from two to 10 years. Motor vehicle leasing agreements have a general term of two to three years. The agreement periods for furniture, fixtures and fittings are one to five years.

In the agreement types job bicycles and customer equipment, Bechtle acts both as lessee and as lessor in the context of finance leases. For this, no right-of-use assets are capitalised, but a lease receivable is recognised against the business partner. The lease receivable is measured on the basis of the present value of the lease payments and is repaid over the term. The following figure shows the right-of-use assets accounted for, which are allocated to the individual assets:

|                                   | € k        |            |
|-----------------------------------|------------|------------|
| Assets with assigned right-of-use | 31.12.2020 | 01.01.2019 |
| Buildings                         | 109,510    | 91,088     |
| Furniture, fixtures and fittings  | 489        | 738        |
| Vehicle fleet                     | 26,783     | 24,263     |

The depreciation amounts for the right-of-use assets that are attributable to the reporting period are presented in the following table:

|                                                      | € k    |        |
|------------------------------------------------------|--------|--------|
| Depreciation and amortisation on right-of-use assets | 2020   | 2019   |
| Buildings                                            | 40,795 | 18,495 |
| Furniture, fixtures and fittings                     | 413    | 221    |
| Vehicle fleet                                        | 22,903 | 12,381 |

In the field of buildings, Bechtle mainly rents offices, storage space and parking places. Motor vehicle leases are concluded especially for the sales department.

Extension and cancellation options were taken into consideration upon recognition and measurement of the lease liabilities if Bechtle was reasonably certain that these options would be exercised in the future. Thus, the depreciation takes place over the contractually agreed lease term or, if Bechtle exercises its lease extension option, over the contractually agreed lease term plus the period of the lease extension option. Lease liabilities in the amount of €40,190 thousand were recognised under other current liabilities and €105,551 thousand under other non-current liabilities.

## BECHTLE AS LESSOR

**Operating leases.** In connection with operating leases, Bechtle also acts as lessor. Most of the agreements concerned relate to the leasing of IT products. Generally, the leasing agreements are concluded for terms of three to five years. The respective minimum lease payments from these agreements are as follows:

|                               | €k           |               |
|-------------------------------|--------------|---------------|
|                               | 2020         | 2019          |
| Due within one year           | 2,768        | 8,392         |
| Due in one to two years       | 1,191        | 5,984         |
| Due in two to three years     | 304          | 3,927         |
| Due in three to four years    | 98           | 2,430         |
| Due in four to five years     | 1            | 577           |
| Due after five years          | 1            | 1             |
| <b>Minimum lease payments</b> | <b>4,363</b> | <b>21,311</b> |

**Finance leases.** In connection with finance leases, Bechtle also acts as lessor. Bechtle Financial Services AG operates as a group-internal sales financing provider for the end-customer business of the system houses. It offers rent and leasing models for direct leasing and refinancing of the system houses as well as hire purchases. The refinancing of the financing transactions takes place in the form of forfeiting (non-recourse factoring) via various external refinancing partners. For agreements newly concluded in the fiscal year 2020, non-guaranteed residual values exist in the amount of €4,980 thousand (prior year: €3,003 thousand).

As of the closing date, the trade receivables contained leasing receivables amounting to €62,504 thousand (prior year: €56,795 thousand). The undiscounted lease payments that are due on a yearly basis are as follows

|                               | €k            |               |
|-------------------------------|---------------|---------------|
|                               | 2020          | 2019          |
| Due within one year           | 22,118        | 21,692        |
| Due in one to two years       | 19,330        | 16,526        |
| Due in two to three years     | 14,359        | 10,915        |
| Due in three to four years    | 6,821         | 7,112         |
| Due in four to five years     | 1,022         | 1,223         |
| Due after five years          | 19            | 361           |
| <b>Minimum lease payments</b> | <b>63,669</b> | <b>57,829</b> |

The lease payments presented in 2020 also take receivables from finance leases according to IFRS 16 into consideration. These receivables total €7,840 thousand. In these agreement constellations, Bechtle acts both as the lessee and as the lessor.

The interest share of the lease payments in the amount of €1,162 thousand corresponds to the not yet realised financial income. According to IFRS 9, a risk provision for expected credit risk was recognised for receivables from finance leases in the amount of €2,041 thousand. The capital gain in the reporting period 2020 amounted to €50 thousand.

## PEOPLE AT BECHTLE

The personnel and social expenses were as follows:

|                                                                            | €k             |                |
|----------------------------------------------------------------------------|----------------|----------------|
|                                                                            | 2020           | 2019           |
| Wages and salaries                                                         | 687,480        | 614,702        |
| Social security contributions and expenses for pension schemes and support | 132,051        | 119,719        |
| <b>Personnel and social expenses</b>                                       | <b>819,531</b> | <b>734,421</b> |

Personnel and social expenses (wages and salaries) include severance pay amounting to €4,956 thousand (prior year: €3,909 thousand) (IAS 19.171).

All in all, the employee numbers in the Bechtle Group were as follows as of the balance sheet date and on annual average:

|                                                     | 31.12.2020    | 31.12.2019    | 2020          | 2019          |
|-----------------------------------------------------|---------------|---------------|---------------|---------------|
| Full-time and part-time employees without absentees | 11,170        | 10,526        | 11,003        | 10,031        |
| Trainees without absentees                          | 683           | 697           | 650           | 623           |
| Absent employees                                    | 327           | 264           | 293           | 245           |
| Temporary staff                                     | 371           | 348           | 348           | 366           |
| <b>Total</b>                                        | <b>12,551</b> | <b>11,835</b> | <b>12,294</b> | <b>11,265</b> |

The average number of full-time and part-time employees listed above includes 124 (prior year: 117) Managing Directors and/or Members of the Executive Board of subsidiaries.

The employee numbers (without temporary staff) break down by segments and regions as follows:

|                                               | 31.12.2020   | 31.12.2019   | 2020         | 2019         |
|-----------------------------------------------|--------------|--------------|--------------|--------------|
| <b>IT System House &amp; Managed Services</b> | <b>9,736</b> | <b>9,097</b> | <b>9,477</b> | <b>8,542</b> |
| Domestic                                      | 8,281        | 7,774        | 8,089        | 7,412        |
| Abroad                                        | 1,455        | 1,323        | 1,388        | 1,130        |
| <b>IT E-Commerce</b>                          | <b>2,444</b> | <b>2,390</b> | <b>2,469</b> | <b>2,357</b> |
| Domestic                                      | 674          | 650          | 687          | 663          |
| Abroad                                        | 1,770        | 1,740        | 1,782        | 1,694        |

The employee numbers (without absent employees and without temporary staff) break down by functional areas as follows:

|                | 31.12.2020    | 31.12.2019    | 2020          | 2019          |
|----------------|---------------|---------------|---------------|---------------|
| Services       | 5,695         | 5,440         | 5,642         | 5,065         |
| Sales          | 3,362         | 3,171         | 3,306         | 3,114         |
| Administration | 2,796         | 2,612         | 2,705         | 2,475         |
| <b>Total</b>   | <b>11,853</b> | <b>11,223</b> | <b>11,653</b> | <b>10,654</b> |

The service staff comprises all employees that perform services for customer orders. The sales staff comprises employees who maintain direct contact with customers for sales purposes. The administrative staff comprises all employees who do not belong to the service and sales staff, especially employees in the purchasing department, the warehouse and the administration.

## AUDITOR'S FEE

The following fees were recognised as expense in the fiscal years 2020 and 2019 for services rendered by the auditor of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, for Bechtle AG and its subsidiaries:

|                            | €k         |            |
|----------------------------|------------|------------|
|                            | 2020       | 2019       |
| Final auditing             | 660        | 741        |
| Other attestation services | 0          | 18         |
| Other services             | 9          | 10         |
| <b>Auditor's fee</b>       | <b>669</b> | <b>769</b> |

The fees for audits include the fees for the audit of the annual and Consolidated Financial Statements. The fees for other services comprise permissible non-audit services in connection with the review of the interim financial statements and of the declaration of compliance with collective wage agreements.

## RELATED-PARTY RELATIONSHIPS



See page 203 ff

Bechtle AG and all its (direct or indirect) subsidiaries are considered to be related parties. All these companies are consolidated in the Consolidated Financial Statements of Bechtle AG.

Parties related to Bechtle are Karin Schick as the largest shareholder of Bechtle AG, the members of the Executive Board and of the Supervisory Board of Bechtle AG as well as their close family members.

Since his departure from the Supervisory Board, Gerhard Schick, father of Karin Schick, has continued to make his experience available to the Bechtle Group within the scope of a consulting agreement without compensation.

During their membership in the Supervisory Board, the employee representatives on the Supervisory Board received taxable compensation amounting to €588 thousand in the reporting period (prior year: €573 thousand) for their normal employment with Bechtle.

Apart from this, there were no other noteworthy transactions between Bechtle and related parties, neither in the reporting period nor in the prior year.



## EXERCISE OF RIGHTS PURSUANT TO SECTION 264 (3)/SECTION 264B OF THE GERMAN COMMERCIAL CODE (HGB)

The following companies, which are affiliated consolidated companies of Bechtle AG and for which the consolidated financial statements of Bechtle AG represent the exempting consolidated financial statements, make use of their right of exemption pursuant to Section 264 (3)/Section 264b of the German Commercial Code (HGB):

| Company                                                              | Location                     |
|----------------------------------------------------------------------|------------------------------|
| Coffee GmbH Computerlösungen für Fertigung und Entwicklung           | Angelburg, Germany           |
| Bechtle Financial Services AG                                        | Berlin, Germany              |
| Bechtle GmbH                                                         | Berlin, Germany              |
| Bechtle GmbH & Co. KG                                                | Bielefeld, Germany           |
| Bechtle IT-Systemhaus GmbH                                           | Bielefeld, Germany           |
| Bechtle Verwaltungs-GmbH                                             | Bielefeld, Germany           |
| Bechtle GmbH & Co. KG                                                | Bonn, Germany                |
| Bechtle Verwaltungs-GmbH                                             | Bonn, Germany                |
| Bechtle GmbH                                                         | Bremen, Germany              |
| Bechtle GmbH & Co. KG                                                | Chemnitz, Germany            |
| Bechtle Verwaltungs-GmbH                                             | Chemnitz, Germany            |
| C-CAM GmbH                                                           | Chemnitz, Germany            |
| Bechtle GmbH & Co. KG                                                | Darmstadt, Germany           |
| DA Bechtle Verwaltungs-GmbH                                          | Darmstadt, Germany           |
| ARP GmbH                                                             | Dietzenbach, Germany         |
| Bechtle GmbH                                                         | Dortmund, Germany            |
| PSB GmbH                                                             | Dreieich, Germany            |
| Bechtle GmbH & Co. KG                                                | Duisburg, Germany            |
| BO Bechtle Verwaltungs-GmbH                                          | Duisburg, Germany            |
| ITZ Informationstechnologie GmbH                                     | Essen, Germany               |
| Bechtle GmbH                                                         | Frankfurt (Main), Germany    |
| Bechtle GmbH                                                         | Freiburg (Breisgau), Germany |
| FH Bechtle Verwaltungs-GmbH                                          | Friedrichshafen, Germany     |
| Bechtle Data Verwaltungs-GmbH                                        | Gaildorf, Germany            |
| Bechtle Finanz- & Marketingservices GmbH                             | Gaildorf, Germany            |
| Bechtle Kapitalbeteiligungs-Verwaltungs-GmbH                         | Gaildorf, Germany            |
| MH Bechtle Verwaltungs-GmbH                                          | Gaildorf, Germany            |
| MS Mikro Software Gesellschaft für Systemanalyse und Engineering mbH | Gaildorf, Germany            |
| OCR Datensysteme GmbH                                                | Gaildorf, Germany            |
| MODUS Consult GmbH                                                   | Gütersloh, Germany           |

| Company                                        | Location                         |
|------------------------------------------------|----------------------------------|
| Bechtle GmbH                                   | Hamburg, Germany                 |
| Bechtle Mobility GmbH                          | Hamburg, Germany                 |
| HanseVision GmbH                               | Hamburg, Germany                 |
| Bechtle GmbH                                   | Hanover, Germany                 |
| Bücker IT-Security GmbH                        | Hille, Germany                   |
| Bechtle GmbH & Co. KG                          | Karlsruhe, Germany               |
| KA Bechtle Verwaltungs-GmbH                    | Karlsruhe, Germany               |
| Bechtle GmbH                                   | Cologne, Germany                 |
| Bechtle IT-Systemhaus GmbH                     | Krefeld, Germany                 |
| SolidPro Informationssysteme GmbH              | Langenau, Germany                |
| DPS Software GmbH                              | Leinfelden-Echterdingen, Germany |
| Bechtle GmbH                                   | Leipzig, Germany                 |
| Bechtle GmbH & Co. KG                          | Mannheim, Germany                |
| MA Bechtle Verwaltungs-GmbH                    | Mannheim, Germany                |
| AMARAS AG                                      | Monheim (Rhein), Germany         |
| Bechtle GmbH & Co. KG                          | Münster, Germany                 |
| Bechtle Verwaltungs-GmbH                       | Münster, Germany                 |
| ARP Europe GmbH                                | Neckarsulm, Germany              |
| Bechtle Clouds GmbH                            | Neckarsulm, Germany              |
| Bechtle direct GmbH                            | Neckarsulm, Germany              |
| Bechtle direct Public Sector GmbH              | Neckarsulm, Germany              |
| Bechtle E-Commerce Holding AG                  | Neckarsulm, Germany              |
| Bechtle Field Services GmbH & Co. KG           | Neckarsulm, Germany              |
| Bechtle Field Services Verwaltungs-GmbH        | Neckarsulm, Germany              |
| Bechtle Finance GmbH                           | Neckarsulm, Germany              |
| Bechtle GmbH & Co. KG                          | Neckarsulm, Germany              |
| Bechtle Grundstücksverwaltungsgesellschaft mbH | Neckarsulm, Germany              |
| Bechtle Hosting & Operations GmbH & Co. KG     | Neckarsulm, Germany              |
| Bechtle Hosting & Operations Verwaltungs-GmbH  | Neckarsulm, Germany              |
| Bechtle Immobilien GmbH                        | Neckarsulm, Germany              |
| Bechtle Logistik & Service GmbH                | Neckarsulm, Germany              |
| Bechtle Managed Services AG                    | Neckarsulm, Germany              |
| Bechtle Onsite Services GmbH                   | Neckarsulm, Germany              |
| Bechtle Systemhaus Holding AG                  | Neckarsulm, Germany              |
| Bechtle-Comsoft GmbH                           | Neckarsulm, Germany              |
| HN Bechtle Verwaltungs-GmbH                    | Neckarsulm, Germany              |
| Bechtle GmbH                                   | Nuremberg, Germany               |

| Company                             | Location                             |
|-------------------------------------|--------------------------------------|
| Bechtle IT-Systemhaus GmbH & Co. KG | Ober-Mörlen, Germany                 |
| Bechtle Verwaltungs-GmbH            | Ober-Mörlen, Germany                 |
| PSB IT-Service GmbH                 | Ober-Mörlen, Germany                 |
| Bechtle GmbH                        | Offenburg, Germany                   |
| Stemmer GmbH                        | Olching, Germany                     |
| Bechtle GmbH                        | Radolfzell (Lake Constance), Germany |
| Bechtle GmbH & Co. KG               | Regensburg, Germany                  |
| REG Bechtle Verwaltungs-GmbH        | Regensburg, Germany                  |
| Bechtle GmbH & Co. KG               | Rottenburg (Neckar), Germany         |
| RB Bechtle Verwaltungs-GmbH         | Rottenburg (Neckar), Germany         |
| Bechtle GmbH                        | Solingen, Germany                    |
| Bechtle GmbH                        | Stuttgart, Germany                   |
| PP 2000 GmbH                        | Stuttgart, Germany                   |
| Bechtle GmbH                        | Ulm, Germany                         |
| HCV Data Management GmbH            | Walluf, Germany                      |
| Solid Line GmbH                     | Walluf, Germany                      |
| Bechtle GmbH                        | Weimar, Germany                      |
| Bechtle Remarketing GmbH            | Wesel, Germany                       |
| Bechtle GmbH                        | Würselen, Germany                    |
| Bechtle GmbH                        | Würzburg, Germany                    |

## XI. EVENTS AFTER THE END OF THE REPORTING PERIOD

No noteworthy events occurred at Bechtle after the end of the reporting period. Due to the ongoing COVID-19-related restrictions, it is difficult to predict the consequences for Bechtle. So far, the COVID-19 pandemic has not resulted in any negative effects on the operations and expectations after the end of the reporting period.

Neckarsulm, 1 March 2021

Bechtle AG  
The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

## SUBSIDIARIES OF BECHTLE AG

as of 31 December 2020 (Appendix A to the Notes)

### 58. SUBSIDIARIES – GERMANY

| Company                                                    | Location                |
|------------------------------------------------------------|-------------------------|
| Coffee GmbH Computerlösungen für Fertigung und Entwicklung | Angelburg               |
| Bechtle Financial Services AG                              | Berlin                  |
| Bechtle GmbH                                               | Berlin                  |
| Bechtle GmbH & Co. KG                                      | Bielefeld               |
| Bechtle IT-Systemhaus GmbH                                 | Bielefeld               |
| Bechtle GmbH & Co. KG                                      | Bonn                    |
| Bechtle GmbH                                               | Bremen                  |
| Bechtle GmbH & Co. KG                                      | Chemnitz                |
| C-CAM GmbH                                                 | Chemnitz                |
| Bechtle GmbH & Co. KG                                      | Darmstadt               |
| ARP GmbH                                                   | Dietzenbach             |
| Bechtle GmbH                                               | Dortmund                |
| PSB GmbH                                                   | Dreieich                |
| Bechtle GmbH & Co. KG                                      | Duisburg                |
| ITZ Informationstechnologie GmbH                           | Essen                   |
| Bechtle GmbH                                               | Frankfurt (Main)        |
| Bechtle GmbH                                               | Freiburg (Breisgau)     |
| Bechtle Finanz- & Marketingservices GmbH                   | Gaildorf                |
| MODUS Consult GmbH                                         | Gütersloh               |
| Bechtle GmbH                                               | Hamburg                 |
| Bechtle Mobility GmbH                                      | Hamburg                 |
| HanseVision GmbH                                           | Hamburg                 |
| Bechtle GmbH                                               | Hannover                |
| Bücker IT-Security GmbH                                    | Hille                   |
| Bechtle GmbH & Co. KG                                      | Karlsruhe               |
| Bechtle GmbH                                               | Köln                    |
| Bechtle IT-Systemhaus GmbH                                 | Krefeld                 |
| SolidPro Informationssysteme GmbH                          | Langenau                |
| DPS Software GmbH                                          | Leinfelden-Echterdingen |
| Bechtle GmbH                                               | Leipzig                 |
| Bechtle GmbH & Co. KG                                      | Mannheim                |
| AMARAS AG                                                  | Monheim (Rhein)         |
| Bechtle GmbH & Co. KG                                      | Münster                 |

| Company                                        | Location                    |
|------------------------------------------------|-----------------------------|
| ARP Europe GmbH                                | Neckarsulm                  |
| Bechtle Clouds GmbH                            | Neckarsulm                  |
| Bechtle-Comsoft GmbH                           | Neckarsulm                  |
| Bechtle direct GmbH                            | Neckarsulm                  |
| Bechtle direct Public Sector GmbH              | Neckarsulm                  |
| Bechtle E-Commerce Holding AG                  | Neckarsulm                  |
| Bechtle Finance GmbH                           | Neckarsulm                  |
| Bechtle GmbH & Co. KG                          | Neckarsulm                  |
| Bechtle Grundstücksverwaltungsgesellschaft mbH | Neckarsulm                  |
| Bechtle Hosting & Operations GmbH & Co. KG     | Neckarsulm                  |
| Bechtle Immobilien GmbH                        | Neckarsulm                  |
| Bechtle Logistik & Service GmbH                | Neckarsulm                  |
| Bechtle Managed Services AG                    | Neckarsulm                  |
| Bechtle Onsite Services GmbH                   | Neckarsulm                  |
| Bechtle Systemhaus Holding AG                  | Neckarsulm                  |
| Bechtle GmbH                                   | Nürnberg                    |
| Bechtle IT-Systemhaus GmbH & Co. KG            | Ober-Mörlen                 |
| PSB IT-Service GmbH                            | Ober-Mörlen                 |
| Bechtle GmbH                                   | Offenburg                   |
| Stemmer GmbH                                   | Olching                     |
| Bechtle GmbH                                   | Radolfzell (Lake Constance) |
| Bechtle GmbH & Co. KG                          | Regensburg                  |
| Bechtle GmbH & Co. KG                          | Rottenburg (Neckar)         |
| Bechtle GmbH                                   | Solingen                    |
| Bechtle GmbH                                   | Stuttgart                   |
| PP 2000 GmbH                                   | Stuttgart                   |
| Bechtle GmbH                                   | Ulm                         |
| HCV Data Management GmbH                       | Walluf                      |
| Solid Line GmbH                                | Walluf                      |
| Bechtle GmbH                                   | Weimar                      |
| Bechtle Remarketing GmbH                       | Wesel                       |
| Bechtle GmbH                                   | Würselen                    |
| Bechtle GmbH                                   | Würzburg                    |

**Non-operating companies**

| Company                                                              | Location            |
|----------------------------------------------------------------------|---------------------|
| Bechtle Verwaltungs-GmbH                                             | Bielefeld           |
| Bechtle Verwaltungs-GmbH                                             | Bonn                |
| Bechtle Verwaltungs-GmbH                                             | Chemnitz            |
| DA Bechtle Verwaltungs-GmbH                                          | Darmstadt           |
| BO Bechtle Verwaltungs-GmbH                                          | Duisburg            |
| FH Bechtle Verwaltungs-GmbH                                          | Friedrichshafen     |
| Bechtle Data Verwaltungs-GmbH                                        | Gaildorf            |
| Bechtle GmbH                                                         | Gaildorf            |
| Bechtle Kapitalbeteiligungs-Verwaltungs-GmbH                         | Gaildorf            |
| MH Bechtle Verwaltungs-GmbH                                          | Gaildorf            |
| MS Mikro Software Gesellschaft für Systemanalyse und Engineering mbH | Gaildorf            |
| OCR Datensysteme GmbH                                                | Gaildorf            |
| KA Bechtle Verwaltungs-GmbH                                          | Karlsruhe           |
| MA Bechtle Verwaltungs-GmbH                                          | Mannheim            |
| Bechtle Verwaltungs-GmbH                                             | Münster             |
| Bechtle Field Services GmbH & Co. KG                                 | Neckarsulm          |
| Bechtle Field Services Verwaltungs-GmbH                              | Neckarsulm          |
| Bechtle Hosting & Operations Verwaltungs-GmbH                        | Neckarsulm          |
| HN Bechtle Verwaltungs-GmbH                                          | Neckarsulm          |
| Bechtle Verwaltungs-GmbH                                             | Ober-Mörlen         |
| REG Bechtle Verwaltungs-GmbH                                         | Regensburg          |
| RB Bechtle Verwaltungs-GmbH                                          | Rottenburg (Neckar) |

## 59. SUBSIDIARIES – WORLDWIDE

| Company                       | Country        | Location              |
|-------------------------------|----------------|-----------------------|
| algaCom Argentina S.R.L.      | Argentina      | San Miguel De Tucumán |
| dataformers GmbH              | Austria        | Linz                  |
| smartpoint IT consulting GmbH | Austria        | Linz                  |
| Bechtle direct GmbH           | Austria        | Traun                 |
| Bechtle GmbH                  | Austria        | Wien                  |
| Bechtle Management GmbH       | Austria        | Wien                  |
| DPS Software GmbH             | Austria        | Wien                  |
| planetsoftware GmbH           | Austria        | Wien                  |
| ARP GmbH                      | Austria        | Wiener Neudorf        |
| ARP NV                        | Belgium        | Pelt                  |
| Bechtle Brussels NV           | Belgium        | Pelt                  |
| Bechtle direct NV             | Belgium        | Pelt                  |
| Bechtle Group BE Public NV    | Belgium        | Pelt                  |
| Bechtle Management BV         | Belgium        | Pelt                  |
| Bechtle direct s.r.o.         | Czech Republic | Prag                  |
| ARP SASU                      | France         | Molsheim              |
| Bechtle Comsoft SAS           | France         | Molsheim              |
| Bechtle direct SAS            | France         | Molsheim              |
| Bechtle Management E.u.r.l.   | France         | Molsheim              |
| Inmac WStore SAS              | France         | Roissy-en-France      |
| WStore Europe SAS             | France         | Roissy-en-France      |
| Bechtle direct Kft.           | Hungary        | Budapest              |
| Bechtle direct Limited        | Ireland        | Dublin                |
| Bechtle direct S.r.l.         | Italy          | Bolzano               |
| Bechtle direct B.V.           | Netherlands    | Eindhoven             |
| Buyitdirect.com B.V.          | Netherlands    | Hoofddorp             |
| ARP Nederland B.V.            | Netherlands    | Maastricht            |
| Bechtle Group NL Public B.V.  | Netherlands    | Maastricht            |
| Bechtle Holding B.V.          | Netherlands    | Maastricht            |
| Bechtle Management B.V.       | Netherlands    | Maastricht            |



| Company                                | Country        | Location              |
|----------------------------------------|----------------|-----------------------|
| Bechtle direct Polska Sp. z o.o.       | Poland         | Breslau               |
| Bechtle direct Portugal Unipessoal Lda | Portugal       | Aveiro                |
| Bechtle direct S.L.U.                  | Spain          | Madrid                |
| Acommit AG                             | Switzerland    | Horgen                |
| Bechtle direct SA                      | Switzerland    | Morges                |
| Codalis SA                             | Switzerland    | Plan-les-Ouates       |
| Abissa informatique S.A.               | Switzerland    | Renens                |
| Acommit Group AG                       | Switzerland    | Rotkreuz              |
| ARP Europe AG                          | Switzerland    | Rotkreuz              |
| ARP Schweiz AG                         | Switzerland    | Rotkreuz              |
| Bechtle Holding Schweiz AG             | Switzerland    | Rotkreuz              |
| Bechtle Immobilien Schweiz AG          | Switzerland    | Rotkreuz              |
| Bechtle Logistics & Service AG         | Switzerland    | Rotkreuz              |
| Bechtle Schweiz AG                     | Switzerland    | Rotkreuz              |
| Alpha Solutions AG                     | Switzerland    | St. Gallen            |
| DPS Software AG                        | Switzerland    | Widnau                |
| Solid Solutions AG                     | Switzerland    | Zürich                |
| ARP Datacon Ltd.                       | Taiwan R.O.C.  | Taipei Hsien          |
| Bechtle direct Ltd.                    | United Kingdom | Chippenham            |
| Steffen Informatik Inc.                | U.S.A.         | Hackensack/New Jersey |
| Wide Vietnam Company Limited           | Vietnam        | Ho Chi Minh City      |

## 60. CHANGES IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

From 1 January to 31 December 2020 (Appendix B to the Notes)

|                                                   | Costs of purchase   |                          |                                        |                |                                        |               |                          | As of<br>31.12.2020 |
|---------------------------------------------------|---------------------|--------------------------|----------------------------------------|----------------|----------------------------------------|---------------|--------------------------|---------------------|
|                                                   | As of<br>01.01.2020 | Change<br>current period | Change in<br>scope of<br>consolidation | Additions      | Currency<br>translation<br>differences | Disposals     | Transfer/<br>restructure |                     |
| <b>Goodwill</b>                                   | <b>397,592</b>      | <b>0</b>                 | <b>50,235</b>                          | <b>0</b>       | <b>486</b>                             | <b>0</b>      | <b>0</b>                 | <b>448,313</b>      |
| <b>Other intangible assets</b>                    |                     |                          |                                        |                |                                        |               |                          |                     |
| Brands/licences                                   | 17,347              | 0                        | 0                                      | 0              | 17                                     | 0             | 0                        | 17,364              |
| Customer bases                                    | 71,723              | 0                        | 1,220                                  | 0              | 19                                     | 671           | 0                        | 72,291              |
| Acquired software                                 | 46,189              | 0                        | 147                                    | 8,173          | 2                                      | 1,595         | 0                        | 52,916              |
| Internally developed software                     | 24,754              | 0                        | 0                                      | 4,214          | 0                                      | 2             | 0                        | 28,966              |
| Customer service agreements                       | 28,398              | 0                        | 9,076                                  | 199            | 39                                     | 2,151         | 0                        | 35,561              |
| Non-compete agreements                            | 0                   | 0                        | 0                                      | 0              | 0                                      | 0             | 0                        | 0                   |
|                                                   | <b>188,411</b>      | <b>0</b>                 | <b>10,443</b>                          | <b>12,586</b>  | <b>77</b>                              | <b>4,419</b>  | <b>0</b>                 | <b>207,098</b>      |
| <b>Property, plant and equipment</b>              |                     |                          |                                        |                |                                        |               |                          |                     |
| Property and buildings                            | 125,838             | 0                        | 0                                      | 29,731         | 0                                      | 1,635         | 6,246                    | 160,180             |
| Other equipment, furniture, fixtures and fittings | 145,626             | 0                        | 2,035                                  | 22,787         | 5                                      | 18,086        | 702                      | 153,069             |
| Advance payments and construction in progress     | 9,488               | 0                        | 0                                      | 1,090          | 0                                      | 62            | -6,948                   | 3,568               |
| Right-of-use assets                               | 147,186             | 0                        | 3,079                                  | 68,359         | 198                                    | 17,929        | 0                        | 200,893             |
|                                                   | <b>428,138</b>      | <b>0</b>                 | <b>5,114</b>                           | <b>121,967</b> | <b>203</b>                             | <b>37,712</b> | <b>0</b>                 | <b>517,710</b>      |
|                                                   | <b>1,014,141</b>    | <b>0</b>                 | <b>65,792</b>                          | <b>134,553</b> | <b>766</b>                             | <b>42,131</b> | <b>0</b>                 | <b>1,173,121</b>    |

From 1 January to 31 December 2019 (Appendix C to the Notes)

|                                                   | Costs of purchase   |                          |                                        |               |                                        |               |                          | As of<br>31.12.2019 |
|---------------------------------------------------|---------------------|--------------------------|----------------------------------------|---------------|----------------------------------------|---------------|--------------------------|---------------------|
|                                                   | As of<br>01.01.2019 | Change<br>current period | Change in<br>scope of<br>consolidation | Additions     | Currency<br>translation<br>differences | Disposals     | Transfer/<br>restructure |                     |
| <b>Goodwill</b>                                   | <b>345,938</b>      | <b>4,230</b>             | <b>43,815</b>                          | <b>0</b>      | <b>3,609</b>                           | <b>0</b>      | <b>0</b>                 | <b>397,592</b>      |
| <b>Other intangible assets</b>                    |                     |                          |                                        |               |                                        |               |                          |                     |
| Brands/licences                                   | 17,204              | 0                        | 0                                      | 0             | 143                                    | 0             | 0                        | 17,347              |
| Customer bases                                    | 69,096              | 0                        | 3,150                                  | 0             | 169                                    | 692           | 0                        | 71,723              |
| Acquired software                                 | 45,350              | 0                        | 24                                     | 6,956         | 29                                     | 6,170         | 0                        | 46,189              |
| Internally developed software                     | 22,890              | 0                        | 0                                      | 2,722         | 0                                      | 858           | 0                        | 24,754              |
| Customer service agreements                       | 18,323              | 0                        | 11,422                                 | 276           | 257                                    | 1,880         | 0                        | 28,398              |
| Non-compete agreements                            | 0                   | 0                        | 0                                      | 0             | 0                                      | 0             | 0                        | 0                   |
|                                                   | <b>172,863</b>      | <b>0</b>                 | <b>14,596</b>                          | <b>9,954</b>  | <b>598</b>                             | <b>9,600</b>  | <b>0</b>                 | <b>188,411</b>      |
| <b>Property, plant and equipment</b>              |                     |                          |                                        |               |                                        |               |                          |                     |
| Property and buildings                            | 118,939             | 0                        | 0                                      | 4,857         | 0                                      | 0             | 2,042                    | 125,838             |
| Other equipment, furniture, fixtures and fittings | 136,500             | 0                        | 1,024                                  | 24,657        | 1,175                                  | 17,865        | 135                      | 145,626             |
| Advance payments and construction in progress     | 3,165               | 0                        | 0                                      | 8,513         | 0                                      | 13            | -2,177                   | 9,488               |
| Right-of-use assets                               | 0                   | 99,778                   | 2,717                                  | 48,040        | 5                                      | 3,354         | 0                        | 147,186             |
|                                                   | <b>258,604</b>      | <b>99,778</b>            | <b>3,741</b>                           | <b>86,067</b> | <b>1,180</b>                           | <b>21,232</b> | <b>0</b>                 | <b>428,138</b>      |
|                                                   | <b>777,405</b>      | <b>104,008</b>           | <b>62,152</b>                          | <b>96,021</b> | <b>5,387</b>                           | <b>30,832</b> | <b>0</b>                 | <b>1,014,141</b>    |

€k

| Cumulative depreciations and amortisations |                                        |           |                                                         |                                        |           |                     | Carrying amount     |                     |  |
|--------------------------------------------|----------------------------------------|-----------|---------------------------------------------------------|----------------------------------------|-----------|---------------------|---------------------|---------------------|--|
| As of<br>01.01.2020                        | Change in<br>scope of<br>consolidation | Additions | Depreciation/<br>amortisation<br>according to<br>IAS 36 | Currency<br>translation<br>differences | Disposals | As of<br>31.12.2020 | As of<br>31.12.2020 | As of<br>31.12.2019 |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 448,313             | 397,592             |  |
|                                            |                                        |           |                                                         |                                        |           |                     |                     |                     |  |
| 1,373                                      | 0                                      | 1,030     | 0                                                       | 0                                      | 0         | 2,403               | 14,961              | 15,974              |  |
| 13,558                                     | 0                                      | 8,623     | 0                                                       | 3                                      | 671       | 21,513              | 50,778              | 58,165              |  |
| 29,479                                     | 0                                      | 8,231     | 0                                                       | 2                                      | 1,175     | 36,537              | 16,379              | 16,710              |  |
| 12,741                                     | 0                                      | 4,668     | 0                                                       | 0                                      | 1         | 17,408              | 11,558              | 12,013              |  |
| 11,957                                     | 0                                      | 6,198     | 0                                                       | -8                                     | 2,151     | 15,996              | 19,565              | 16,441              |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 0                   | 0                   |  |
| 69,108                                     | 0                                      | 28,750    | 0                                                       | -3                                     | 3,998     | 93,857              | 113,241             | 119,303             |  |
|                                            |                                        |           |                                                         |                                        |           |                     |                     |                     |  |
| 22,232                                     | 0                                      | 3,804     | 0                                                       | 0                                      | 26        | 26,010              | 134,170             | 103,606             |  |
| 94,124                                     | 0                                      | 23,171    | 199                                                     | 2                                      | 17,122    | 100,374             | 52,695              | 51,502              |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 3,568               | 9,488               |  |
| 31,097                                     | 0                                      | 42,213    | 0                                                       | 19                                     | 9,218     | 64,111              | 136,782             | 116,089             |  |
| 147,453                                    | 0                                      | 69,188    | 199                                                     | 21                                     | 26,366    | 190,495             | 327,215             | 280,685             |  |
| 216,561                                    | 0                                      | 97,938    | 199                                                     | 18                                     | 30,364    | 284,352             | 888,769             | 797,580             |  |

€k

| Cumulative depreciations and amortisations |                                        |           |                                                         |                                        |           |                     | Carrying amount     |                     |  |
|--------------------------------------------|----------------------------------------|-----------|---------------------------------------------------------|----------------------------------------|-----------|---------------------|---------------------|---------------------|--|
| As of<br>01.01.2019                        | Change in<br>scope of<br>consolidation | Additions | Depreciation/<br>amortisation<br>according to<br>IAS 36 | Currency<br>translation<br>differences | Disposals | As of<br>31.12.2019 | As of<br>31.12.2019 | As of<br>31.12.2018 |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 397,592             | 345,938             |  |
|                                            |                                        |           |                                                         |                                        |           |                     |                     |                     |  |
| 343                                        | 0                                      | 1,030     | 0                                                       | 0                                      | 0         | 1,373               | 15,974              | 16,861              |  |
| 5,755                                      | 0                                      | 8,395     | 0                                                       | 100                                    | 692       | 13,558              | 58,165              | 63,341              |  |
| 26,468                                     | 0                                      | 7,563     | 1,486                                                   | 27                                     | 6,065     | 29,479              | 16,710              | 18,882              |  |
| 9,273                                      | 0                                      | 4,326     | 0                                                       | 0                                      | 858       | 12,741              | 12,013              | 13,617              |  |
| 9,904                                      | 0                                      | 3,870     | 0                                                       | 63                                     | 1,880     | 11,957              | 16,441              | 8,419               |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 0                   | 0                   |  |
| 51,743                                     | 0                                      | 25,184    | 1,486                                                   | 190                                    | 9,495     | 69,108              | 119,303             | 121,120             |  |
|                                            |                                        |           |                                                         |                                        |           |                     |                     |                     |  |
| 18,696                                     | 0                                      | 3,536     | 0                                                       | 0                                      | 0         | 22,232              | 103,606             | 100,243             |  |
| 87,055                                     | 0                                      | 22,776    | 0                                                       | 643                                    | 16,350    | 94,124              | 51,502              | 49,445              |  |
| 0                                          | 0                                      | 0         | 0                                                       | 0                                      | 0         | 0                   | 9,488               | 3,165               |  |
| 0                                          | 0                                      | 31,628    | 0                                                       | 6                                      | 537       | 31,097              | 116,089             | 0                   |  |
| 105,751                                    | 0                                      | 57,940    | 0                                                       | 649                                    | 16,887    | 147,453             | 280,685             | 152,853             |  |
| 157,494                                    | 0                                      | 83,124    | 1,486                                                   | 839                                    | 26,382    | 216,561             | 797,580             | 619,911             |  |

## SUPERVISORY BOARD MEMBERS

(Appendix D to the Notes)

### 61. SUPERVISORY BOARD MEMBERS – SHAREHOLDER REPRESENTATIVES

| Name                                               | Affiliation                                                 | Profession                                              | Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kurt Dobitsch                                      | Since 20 May 1999                                           | Businessman                                             | <b>Chairman of the Supervisory Board</b><br>■ United Internet AG, Montabaur, Germany<br>Thereof mandates affiliated with the group:<br>■ 1&1 Telecommunication SE, Montabaur, Germany (Member, Vice-Chairman) (until September 2020)<br>■ 1&1 Mail & Media Application SE, Montabaur, Germany (Vice-Chairman since October 2020)<br>■ Drillisch AG, Maintal, Germany (Member)<br>■ 1&1 IONOS Holding SE, Montabaur (Member)<br><b>Chairman of the Supervisory Board</b><br>■ Nemetschek SE, Munich, Germany<br>Thereof mandates affiliated with the group:<br>■ Graphisoft S.E., Budapest, Hungary (Member of the Board of Directors)<br>■ Vectorworks Inc., Columbia, U.S.A. (Member of the Board of Directors)<br><b>Member of the Supervisory Board</b><br>■ Singhammer IT Consulting AG, Munich, Germany |
| Dr. Lars Grünert                                   | Since 12 June 2018                                          | Chief Financial Officer of TRUMPF GmbH + Co. KG         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Prof. Dr. Thomas Hess                              | Since 20 June 2012                                          | Institute director of LMU Munich                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Elke Reichart                                      | Since 4 December 2017                                       | Chief Digital Officer of TUI Group                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Sandra Stegmann                                    | Since 9 June 2016                                           | Consultant at Egon Zehnder                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Klaus Winkler<br>Chairman of the Supervisory Board | 20 May 1999<br>until 30 November 2013<br>Since 12 June 2018 | Chairman of the Executive Board of Heller Management SE | <b>Chairman of the Advisory Board</b><br>■ DIEFFENBACHER GmbH, Maschinen- und Anlagenbau, Eppingen<br><b>Member of the Advisory Board</b><br>■ Kapp GmbH & Co. KG, Coburg<br><b>Member of the Supervisory Board</b><br>■ VOLLMER WERKE Maschinenfabrik GmbH, Biberach                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## 62. SUPERVISORY BOARD MEMBERS – EMPLOYEE REPRESENTATIVES

| Name                                                        | Affiliation            | Profession                                                             | Membership in supervisory boards and other supervisory bodies pursuant to Section 125 (1) sentence 5 of the German Stock Corporation Act (AktG)                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------|------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Uli Drautz</b><br>Vice-Chairman of the Supervisory Board | Since 15 October 2003  | Executive employee                                                     | <b>Member of the Supervisory Board</b><br>■ AMARAS AG, Monheim am Rhein, Germany<br>■ Bechtle E-Commerce Holding AG, Neckarsulm, Germany<br>■ Bechtle Systemhaus Holding AG, Neckarsulm, Germany<br>■ Bechtle Managed Services AG, Neckarsulm, Germany<br>■ SolidLine GmbH (formerly SolidLine AG), Walluf, Germany (until 25 May 2020)<br>■ PP 2000 GmbH (formerly PP 2000 Business Integration AG), Stuttgart, Germany (until 17 December 2020)<br>■ Bechtle Financial Services AG, Berlin, Germany |
| <b>Daniela Eberle</b>                                       | Since 15 October 2003  | Employee                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Anastasia Polidoros</b>                                  | Since 19 December 2019 | State District Department Secretary of the ver.di Labor Union in Hesse |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Anton Samija</b>                                         | Since 12 June 2018     | Software VIPM                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Volker Strohfeld</b>                                     | Since 18 June 2013     | IT service engineer                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Michael Unser</b>                                        | Since 18 June 2013     | First Authorised Representative of IG Metall Heilbronn-Neckarsulm      | <b>Member of the Supervisory Board</b><br>■ ThyssenKrupp SY, Essen, Germany                                                                                                                                                                                                                                                                                                                                                                                                                           |

## 63. COMMITTEES OF THE SUPERVISORY BOARD

as of 31 December 2020

| Audit committee                                                                                                                 | Personnel committee                                                                  | Conciliation committee                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <b>Klaus Winkler</b> (Chairman)<br><b>Kurt Dobitsch</b><br><b>Uli Drautz</b><br><b>Daniela Eberle</b><br><b>Sandra Stegmann</b> | <b>Klaus Winkler</b> (Chairman)<br><b>Uli Drautz</b><br><b>Prof. Dr. Thomas Hess</b> | <b>Klaus Winkler</b> (Chairman)<br><b>Uli Drautz</b><br><b>Michael Unser</b><br><b>Prof. Dr. Thomas Hess</b> |

## INDEPENDENT AUDITOR'S REPORT

To Bechtle AG

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

**Opinions.** We have audited the consolidated financial statements of Bechtle AG, Neckarsulm, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2020 to 31 December 2020, the consolidated balance sheet as of 31 December 2020, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from 1 January 2020 to 31 December 2020, and the notes to the consolidated financial statements, including the recognition and measurement principles presented therein. In addition, we have audited the group management report of Bechtle AG for the fiscal year from 1 January 2020 to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of the parts of the group management report specified in the appendix to the auditor's report and the company information stated therein that is provided outside of the annual report and is referenced in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2020 and of its financial performance for the fiscal year from 1 January 2020 to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of the components of the group management report referred to in the appendix to the auditor's report.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

**Basis for the opinions.** We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

**Key audit matters in the audit of the consolidated financial statements.** Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2020 to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

## 1. REVENUE RECOGNITION

**Reasons why the matter was determined to be a key audit matter.** The revenue of Bechtle AG is generated from the supply of various IT products and software and the rendering of services. Due to the variety of complex contractual arrangements regarding the brokering of software licenses as well as the provision of other integrated service components, there is an elevated risk of error with regard to the proper recognition of revenue, particularly the recognition of revenue in the correct period. In addition, the classification of Bechtle AG as principal or agent in accordance with IFRS 15 for selling software licenses without customizing involves significant judgment by the executive directors. Bechtle AG still assumes that accounting as principal is appropriate, but presents in section II. of the notes to the con-

solidated financial statements which effects there would have been in case of accounting as agent. In order to verify the interpretation of IFRS 15 by Bechtle AG and the entire software reseller industry, Bechtle AG will submit a declaration to clarify this matter to the International Financial Reporting Standards Committee (IFRS IC).

**Auditor's response.** In our audit procedures, we distinguished Bechtle AG's revenue based on the type of revenue (delivery of IT products, performance of services) and the related internal processes, and tested the significant internal controls for the correct recognition of revenue. In addition, we assessed whether the Bechtle AG accounting policies provide a suitable basis for preparing consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs). For the delivery of IT products and the performance of services, we obtained evidence in the form of customer contracts, shipping documents and acceptance records, in particular for those revenue transactions that took place shortly before or after the reporting date.

We performed analytical audit procedures using, among other things, relationship and correlation analyses for revenue in its entirety and for revenue from the sale of software licenses with customizing in particular. In assessing the contract analysis performed by the executive directors in connection with the sale of software licenses, we evaluated in particular whether, based on a sample, the advisory services rendered by Bechtle AG in addition to the supply of software licenses are an integral component of service obligation and Bechtle AG is thus operating as principal in trading operations with software licenses.

Furthermore, we checked the clerical accuracy of the disclosures on revenue recognition in section II. and section III. (1) of the notes to the consolidated financial statements provided by Bechtle AG using the documents and calculations made available, reconciled them with the audited revenue and verified the respective allocation using a sample.

Our audit procedures did not lead to any reservations regarding the recognition of revenue.

**Reference to related disclosures.** Bechtle AG has presented the related accounting policies for revenue recognition in section II. and section III. (1) of the notes to the consolidated financial statements. We refer to the disclosures in section II. under "Accounting policies" in the notes to the consolidated financial statements for the related information on the judgment exercised by the executive directors for distinguishing between a position as principal or agent.



## 2. IMPAIRMENT TESTING OF GOODWILL

**Reasons why the matter was determined to be a key audit matter.** The goodwill presented in the consolidated financial statements of Bechtle AG stems from the acquisition of subsidiaries and is a significant item of the balance sheet. The management board of Bechtle AG performs an annual impairment test of goodwill in accordance with IAS 36 for the two cash-generating units (CGUs) "IT System House & Managed Services" and "IT E-Commerce." The assumptions made by the management board, particularly with regard to the realization of the forecast cash flows, depend to a very large extent on the development of demand as well as the development of the IT market and the potential effects of the coronavirus pandemic as a whole. In light of the high degree of judgment exercised during measurement and the complexity of the calculation methods and the related significant risk of material misstatement in the consolidated financial statements, we identified the annual impairment test as a key audit matter.

**Auditor's response.** We verified the methodology and mathematical accuracy of the valuation model used (discounted cash flow method) with the assistance of our valuation specialists. Furthermore, we tested the measurement assumptions underlying the calculations using independent market indicators and a peer group. The forecast for the future cash flows approved by the management board is significant for the impairment test. We reviewed the underlying assumptions using external market data on the development of the IT market and taking into account the planned company growth and the profitability to date of the relevant entity and derived a forecast from this. We also discussed the potential effects of the COVID-19 pandemic on the business performance with the management board and reviewed whether the effects have been taken into account for both the cash-generating units. We also reviewed the planning accuracy of the management board by comparing past forecasts with the Group's actual business performance. Furthermore, we analyzed to what extent potential changes in the key measurement assumptions would lead to impairment of goodwill.

In addition, we assessed the information provided by Bechtle AG in the notes to the consolidated financial statements on the measurement of goodwill in sections II. and IV. (7) in terms of the requirements under IAS 36.

Our audit procedures did not lead to any reservations relating to the impairment test for goodwill.

**Reference to related disclosures.** The measurement basis and the calculation methods underlying the calculations as well as the related use of judgment and sensitivity analyses are presented in sections II. and IV. (7) of the notes to the consolidated financial statements.

### 3. PURCHASE PRICE ALLOCATION FOR THE DPS ACQUISITION

**Reasons why the matter was determined to be a key audit matter.** The Bechtle Group acquired 100% of the shares in DPS Software GmbH, Leinfelden-Echterdingen, and its subsidiary DPS Software GmbH, Vienna, Austria, and DPS Software AG, Widnau, Switzerland, in February 2020 and recognized the acquisition as a business combination in accordance with IFRS 3. The accounting of the transaction was a key audit matter due to the scale and complexity of the assumptions and estimates of the executive directors required in connection with the purchase price allocation, particularly for the identification and measurement of intangible assets and the related risk of material misstatement.

**Auditor's response.** Our audit procedures regarding the purchase price allocation included the evaluation of the method used for the identification of the acquired assets and liabilities (including contingent liabilities) and for the assessment of the design of the valuation methods taking into account the requirements of IFRS 3 and IFRS 13, which were carried out with the help of our valuation specialists.

We also analyzed the assumptions and estimates subject to judgment (such as growth rates, cost of capital or shrinking rates) used to determine the fair values of the identifiable assets acquired and liabilities assumed (including contingent liabilities) on the acquisition date to determine whether they are consistent with general and industry-specific market expectations. Furthermore, we checked the clerical accuracy of the valuation models.

In addition, we assessed the information in section VIII. in the notes to the consolidated financial statements about the acquisition of shares in the DPS entities and the presented use of judgment with regard to the requirements of IFRS 3 and IFRS 13.

Our audit procedures did not lead to any reservations regarding the purchase price allocation in connection with the DPS acquisition.

**Reference to related disclosures.** Further disclosures by the Company on the acquisition of shares in the DPS entities and the presented use of judgment can be found in section VIII. of the notes to the consolidated financial statements.

## OTHER INFORMATION

The supervisory board is responsible for the report of the supervisory board pursuant to Sec. 171 (2) AktG. The executive directors and the Supervisory Board are responsible for the declaration pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code, which is part of the statement on corporate governance. In all other respects, the executive directors are responsible for the other information. The other information comprises the parts of the annual report listed in the appendix to the auditor's report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides;

■ Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Report on the assurance in accordance with Sec. 317 (3b) HGB on the electronic reproduction of the consolidated financial statements and the group management report prepared for publication purposes**

**Opinion.** We have performed assurance work in accordance with Sec. 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file Bechtle\_Konzernabschluss\_2020.zip and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor to any other information contained in the abovementioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the abovementioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2020 to 31 December 2020 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above.

**Basis for the opinion.** We conducted our assurance work on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with Sec. 317 (3b) HGB and Exposure Draft of IDW Assurance Standard: Assurance in Accordance with Sec. 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Our responsibilities under that standard are further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applied the standards for the quality assurance system set forth in IDW Standard on Quality Control: "Requirements for Quality Control in Audit Firms" (IDW QS 1).

#### **RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS**

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and the audited group management report as well as other documents to be published to the operator of the Bundesanzeiger [German Federal Gazette].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

## GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material non-compliance with the requirements of Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815, in the version valid as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

**Further information pursuant to Art. 10 of the EU Audit Regulation.** We were elected as group auditor by the annual general meeting on 27 May 2020. We were engaged by the Supervisory Board on 30 June 2020. We have been the group auditor of Bechtle AG without interruption since fiscal year 2000.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

**German Public Auditor responsible for the engagement.** The German Public Auditor responsible for the engagement is Michael Heller.



**Attachment to the auditor's report:****1. Parts of the group management report whose content is unaudited**

We have not audited the content of the following parts of the group management report:

- the information in the "Corporate governance report" section of the group management report
- the statement on corporate governance, which is published on the website stated in the group management report and is part of the group management report
- the information in the "Sustainability" section of the group management report.

**2. Further other information**

The other information further comprises the prescribed components of the annual report, which were provided to us prior to us issuing this auditor's report, including the following sections:

- "Responsibility statement"
- the separate non-financial report.

Furthermore, the other information includes all remaining parts of the annual report, which we expect to be provided with after the auditor's report has been issued, in particular the sections:

- "To our shareholders"
- "Letter from the Executive Board"
- "Executive Board"
- "Report of the Supervisory Board"
- "Multi-year Overview Bechtle",

but excluding the consolidated financial statements, those disclosures in the group management report that lie within the scope of our audit, and our associated auditor's report.

### 3. Company information outside of the annual report referenced in the group management report

Besides the references stated under "1. Parts of the group management report whose content is unaudited", the group management report contains additional reference to websites of the Group. The information that relates to the latter reference is not part of their annual report.

Heilbronn, 4 March 2021

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft

Heller  
Wirtschaftsprüfer  
(German Public Auditor)

Dr. Lauer  
Wirtschaftsprüfer  
(German Public Auditor)



## RESPONSIBILITY STATEMENT BY THE EXECUTIVE BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the earnings, asset and financial position of the group, and the Management Report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group,

Neckarsulm, 1 March 2021

Bechtle AG

The Executive Board



Dr. Thomas Olemotz



Michael Guschlbauer



Jürgen Schäfer

## 64. MULTI-YEAR OVERVIEW BECHTLE GROUP

|                                                                                                                     |    | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | Change<br>in %<br>2020–2019 |
|---------------------------------------------------------------------------------------------------------------------|----|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------------|
| <b>Regions</b>                                                                                                      |    |           |           |           |           |           |           |           |           |           |                             |
| Revenue                                                                                                             | €k | 2,096,835 | 2,273,485 | 2,580,448 | 2,831,303 | 3,093,579 | 3,570,124 | 4,323,318 | 5,374,453 | 5,819,243 | 8.3                         |
| Domestic                                                                                                            | €k | 1,433,869 | 1,570,816 | 1,775,409 | 1,957,610 | 2,171,691 | 2,512,262 | 2,854,859 | 3,336,529 | 3,660,955 | 9.7                         |
| of total revenue                                                                                                    | %  | 68.4      | 69.1      | 68.8      | 69.1      | 70.2      | 70.4      | 66.0      | 62.1      | 62.9      |                             |
| Abroad                                                                                                              | €k | 662,966   | 702,669   | 805,039   | 873,693   | 921,888   | 1,057,862 | 1,468,459 | 2,037,924 | 2,158,288 | 5.9                         |
| <b>Segments</b>                                                                                                     |    |           |           |           |           |           |           |           |           |           |                             |
| Revenue                                                                                                             | €k | 2,096,835 | 2,273,485 | 2,580,448 | 2,831,303 | 3,093,579 | 3,570,124 | 4,323,318 | 5,374,453 | 5,819,243 | 8.3                         |
| IT System House & Managed Services                                                                                  | €k | 1,394,455 | 1,535,316 | 1,727,073 | 1,889,494 | 2,174,893 | 2,516,872 | 2,906,290 | 3,485,037 | 3,863,574 | 10.9                        |
| of total revenue                                                                                                    | %  | 66.5      | 67.5      | 66.9      | 66.7      | 70.3      | 70.5      | 67.2      | 64.8      | 66.4      |                             |
| IT E-Commerce                                                                                                       | €k | 702,380   | 738,169   | 853,375   | 941,809   | 918,686   | 1,053,252 | 1,417,028 | 1,889,416 | 1,955,669 | 3.5                         |
| EBIT                                                                                                                | €k | 80,265    | 91,048    | 108,498   | 129,484   | 144,083   | 164,252   | 195,081   | 241,370   | 276,955   | 14.7                        |
| IT System House & Managed Services                                                                                  | €k | 44,320    | 56,185    | 68,907    | 80,293    | 96,589    | 114,501   | 126,084   | 149,832   | 179,451   | 19.8                        |
| EBIT margin                                                                                                         | %  | 3.2       | 3.7       | 4.0       | 4.2       | 4.4       | 4.5       | 4.3       | 4.3       | 4.6       |                             |
| IT E-Commerce                                                                                                       | €k | 35,945    | 34,863    | 39,591    | 49,191    | 47,494    | 49,751    | 68,997    | 91,538    | 97,504    | 6.5                         |
| EBIT margin                                                                                                         | %  | 5.1       | 4.7       | 4.6       | 5.2       | 5.2       | 4.7       | 4.9       | 4.8       | 5.0       |                             |
| <b>Income Statement</b>                                                                                             |    |           |           |           |           |           |           |           |           |           |                             |
| Revenue                                                                                                             | €k | 2,096,835 | 2,273,485 | 2,580,448 | 2,831,303 | 3,093,579 | 3,570,124 | 4,323,318 | 5,374,453 | 5,819,243 | 8.3                         |
| Cost of sales                                                                                                       | €k | 1,778,139 | 1,926,639 | 2,189,493 | 2,393,989 | 2,610,514 | 3,026,329 | 3,680,384 | 4,606,636 | 4,962,662 | 7.7                         |
| Gross earnings                                                                                                      | €k | 318,696   | 346,846   | 390,955   | 437,314   | 483,065   | 543,795   | 642,934   | 767,817   | 856,581   | 11.6                        |
| Distribution costs                                                                                                  | €k | 145,405   | 151,546   | 166,556   | 182,806   | 196,285   | 215,989   | 257,218   | 306,632   | 319,242   | 4.1                         |
| Administrative expenses                                                                                             | €k | 104,300   | 110,483   | 124,001   | 138,415   | 153,037   | 173,396   | 205,688   | 249,607   | 286,532   | 14.8                        |
| Other operating income                                                                                              | €k | 11,274    | 6,231     | 8,100     | 13,391    | 10,340    | 9,842     | 15,053    | 29,792    | 26,148    | -12.2                       |
| Operating earnings (EBIT)                                                                                           | €k | 80,265    | 91,048    | 108,498   | 129,484   | 144,083   | 164,252   | 195,081   | 241,370   | 276,955   | 14.7                        |
| Financial income                                                                                                    | €k | 2,026     | 1,560     | 1,944     | 2,607     | 3,512     | 1,133     | 1,338     | 1,229     | 1,073     | -12.7                       |
| Financial expenditure                                                                                               | €k | 3,290     | 3,300     | 3,057     | 2,687     | 2,495     | 2,581     | 3,177     | 6,279     | 7,323     | 16.6                        |
| Earnings before taxes (EBT)                                                                                         | €k | 79,001    | 89,308    | 107,385   | 129,404   | 145,100   | 162,804   | 193,242   | 236,320   | 270,705   | 14.6                        |
| Income taxes                                                                                                        | €k | 22,643    | 25,911    | 31,191    | 36,527    | 41,729    | 48,242    | 56,101    | 65,836    | 78,158    | 18.7                        |
| Earnings after taxes (EAT)                                                                                          | €k | 56,358    | 63,397    | 76,194    | 92,877    | 103,371   | 114,562   | 137,141   | 170,484   | 192,547   | 12.9                        |
| Material costs                                                                                                      | €k | 1,584,912 | 1,719,977 | 1,963,945 | 2,152,083 | 2,350,799 | 2,748,121 | 3,359,051 | 4,187,371 | 4,494,109 | 7.3                         |
| Revenue less material costs                                                                                         | €k | 523,197   | 559,739   | 624,603   | 692,611   | 753,120   | 831,845   | 979,320   | 1,216,874 | 1,351,282 | 11.0                        |
| Personnel expenses                                                                                                  | €k | 326,590   | 348,848   | 388,764   | 423,040   | 459,377   | 507,712   | 590,660   | 734,421   | 819,531   | 11.6                        |
| Depreciation and amortisation<br>(on property, plant and equipment and<br>other intangible assets without goodwill) | €k | 21,748    | 22,493    | 23,753    | 26,436    | 27,715    | 31,930    | 41,977    | 84,610    | 98,137    | 16.0                        |
| EBITDA                                                                                                              | €k | 102,013   | 113,541   | 132,251   | 155,920   | 171,798   | 196,182   | 237,058   | 325,980   | 375,092   | 15.1                        |
| Financial earnings                                                                                                  | €k | -1,264    | -1,740    | -1,113    | -80       | 1,017     | -1,448    | -1,839    | -5,050    | -6,250    | 23.8                        |

|                                                                                                                         |    | 2012    | 2013    | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | Change<br>in %<br>2020-2019 |
|-------------------------------------------------------------------------------------------------------------------------|----|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------------|
| <b>Balance Sheet (selected items)</b>                                                                                   |    |         |         |           |           |           |           |           |           |           |                             |
| <b>Assets</b>                                                                                                           |    |         |         |           |           |           |           |           |           |           |                             |
| <b>Non-current assets</b>                                                                                               | €k | 296,139 | 299,212 | 321,940   | 344,401   | 368,231   | 415,196   | 659,258   | 846,371   | 958,890   | 13.3                        |
| Goodwill                                                                                                                | €k | 137,483 | 139,885 | 144,499   | 166,398   | 193,521   | 193,538   | 345,938   | 397,592   | 448,313   | 12.8                        |
| Other intangible assets                                                                                                 | €k | 20,991  | 19,293  | 19,980    | 29,161    | 35,338    | 48,721    | 121,120   | 119,303   | 113,241   | -5.1                        |
| Property, plant and equipment                                                                                           | €k | 94,537  | 99,747  | 104,224   | 101,870   | 111,666   | 134,865   | 152,853   | 280,685   | 327,215   | 16.6                        |
| Trade receivables                                                                                                       | €k | 2,243   | 1,547   | 19,774    | 22,020    | 12,436    | 30,235    | 27,863    | 38,148    | 55,903    | 46.5                        |
| Deferred taxes                                                                                                          | €k | 6,489   | 4,131   | 3,722     | 4,425     | 4,798     | 4,004     | 4,713     | 3,914     | 6,770     | 73.0                        |
| Other assets                                                                                                            | €k | 2,224   | 2,513   | 2,676     | 3,495     | 3,467     | 3,833     | 6,771     | 6,729     | 7,448     | 10.7                        |
| Capital investment and securities                                                                                       | €k | 32,059  | 32,012  | 27,008    | 16,999    | 7,005     | 0         | 0         | 0         | 0         |                             |
| <b>Current assets</b>                                                                                                   | €k | 547,859 | 611,136 | 694,650   | 806,036   | 901,107   | 1,028,188 | 1,367,906 | 1,548,296 | 1,728,226 | 11.6                        |
| Inventories                                                                                                             | €k | 90,065  | 107,638 | 131,165   | 150,415   | 180,652   | 211,319   | 280,331   | 285,574   | 301,663   | 5.6                         |
| Trade receivables                                                                                                       | €k | 307,348 | 345,195 | 387,828   | 406,167   | 502,270   | 581,919   | 754,069   | 862,323   | 877,173   | 1.7                         |
| Other assets                                                                                                            | €k | 35,423  | 33,181  | 45,469    | 58,738    | 61,562    | 58,783    | 81,227    | 126,180   | 143,928   | 14.1                        |
| Capital investment and securities                                                                                       | €k | 35,888  | 18,255  | 22,272    | 24,894    | 15,361    | 12,444    | 5,543     | 0         | 40,002    | 100.0                       |
| Cash and cash equivalents                                                                                               | €k | 78,208  | 105,838 | 106,720   | 164,767   | 140,415   | 162,383   | 245,379   | 272,197   | 363,171   | 33.4                        |
| <b>Equity and liabilities</b>                                                                                           |    |         |         |           |           |           |           |           |           |           |                             |
| <b>Equity</b>                                                                                                           | €k | 459,584 | 501,565 | 553,996   | 620,651   | 694,103   | 777,283   | 883,204   | 1,014,842 | 1,162,029 | 14.5                        |
| Issued capital                                                                                                          | €k | 21,000  | 21,000  | 21,000    | 21,000    | 21,000    | 42,000    | 42,000    | 42,000    | 42,000    | 0.0                         |
| Capital reserve                                                                                                         | €k | 145,228 | 145,228 | 145,228   | 145,228   | 145,228   | 124,228   | 124,228   | 124,228   | 124,228   | 0.0                         |
| Retained earnings                                                                                                       | €k | 293,356 | 335,337 | 387,768   | 454,423   | 527,875   | 611,055   | 716,976   | 848,614   | 995,801   | 17.3                        |
| <b>Non-current liabilities</b>                                                                                          | €k | 96,644  | 90,787  | 95,878    | 119,196   | 117,959   | 127,267   | 464,893   | 566,709   | 599,887   | 5.9                         |
| Pension provisions                                                                                                      | €k | 9,260   | 6,382   | 11,990    | 15,899    | 19,924    | 13,002    | 16,301    | 30,702    | 31,022    | 1.0                         |
| Other provisions                                                                                                        | €k | 2,139   | 2,307   | 4,836     | 5,978     | 6,719     | 7,190     | 11,052    | 10,081    | 11,055    | 9.7                         |
| Financial liabilities                                                                                                   | €k | 61,142  | 53,625  | 47,522    | 56,393    | 51,744    | 69,917    | 380,640   | 373,874   | 393,541   | 5.3                         |
| Deferred taxes                                                                                                          | €k | 14,905  | 15,128  | 17,266    | 20,927    | 20,570    | 21,069    | 41,107    | 33,180    | 26,140    | -21.2                       |
| Other liabilities                                                                                                       | €k | 296     | 538     | 2,652     | 7,293     | 5,874     | 2,292     | 4,858     | 98,025    | 108,590   | 10.8                        |
| Contract liabilities                                                                                                    | €k | -       | -       | -         | -         | -         | -         | 10,895    | 19,353    | 20,884    | 7.9                         |
| Deferred income                                                                                                         | €k | 8,902   | 12,369  | 11,343    | 12,346    | 12,981    | 13,701    | 0         | 1,481     | 2,393     | 61.6                        |
| <b>Current liabilities</b>                                                                                              | €k | 287,770 | 317,996 | 366,716   | 410,590   | 457,276   | 538,834   | 679,067   | 813,116   | 925,200   | 13.8                        |
| Other provisions                                                                                                        | €k | 5,241   | 5,774   | 6,239     | 6,416     | 6,657     | 7,129     | 9,162     | 12,805    | 22,831    | 78.3                        |
| Financial liabilities                                                                                                   | €k | 12,567  | 10,546  | 12,711    | 9,627     | 9,745     | 58,930    | 12,872    | 13,801    | 18,913    | 37.0                        |
| Trade payables                                                                                                          | €k | 145,964 | 170,518 | 178,644   | 204,067   | 242,120   | 237,160   | 372,338   | 406,807   | 425,875   | 4.7                         |
| Tax payables                                                                                                            | €k | 6,906   | 6,519   | 6,418     | 8,176     | 7,676     | 10,733    | 12,509    | 19,859    | 45,964    | 131.5                       |
| Other liabilities                                                                                                       | €k | 74,963  | 79,941  | 95,695    | 104,052   | 115,314   | 131,118   | 159,957   | 231,776   | 253,921   | 9.6                         |
| Contract liabilities                                                                                                    | €k | -       | -       | -         | -         | -         | -         | 96,120    | 105,369   | 130,594   | 23.9                        |
| Deferred income                                                                                                         | €k | 42,129  | 44,698  | 67,009    | 78,252    | 75,764    | 93,764    | 16,109    | 22,699    | 27,102    | 19.4                        |
| <b>Balance sheet total</b>                                                                                              | €k | 843,998 | 910,348 | 1,016,590 | 1,150,437 | 1,269,338 | 1,443,384 | 2,027,164 | 2,394,667 | 2,687,116 | 12.2                        |
| <b>Cash flow and investments</b>                                                                                        |    |         |         |           |           |           |           |           |           |           |                             |
| Cash flow from operating activities                                                                                     | €k | 56,669  | 73,098  | 55,965    | 115,945   | 53,363    | 54,261    | 140,525   | 185,973   | 316,254   | 70.1                        |
| Cash flow from investing activities                                                                                     | €k | -56,031 | -10,201 | -25,853   | -34,480   | -41,404   | -62,675   | -280,612  | -72,122   | -146,482  | 103.1                       |
| Cash flow from financing activities                                                                                     | €k | -17,282 | -35,002 | -29,973   | -25,668   | -36,318   | 33,578    | 221,367   | -89,685   | -77,527   | -13.6                       |
| Cash and cash equivalents incl,<br>time deposits and securities                                                         | €k | 146,155 | 156,105 | 156,000   | 206,660   | 162,781   | 174,827   | 250,922   | 272,197   | 403,173   | 48.1                        |
| Free cash flow                                                                                                          | €k | 19,485  | 43,123  | 29,252    | 78,590    | -7,049    | -24,129   | -147,185  | 109,517   | 202,936   | 85.3                        |
| Investments (in property, plant and<br>equipment and other intangible assets<br>without goodwill)                       | €k | 32,015  | 23,091  | 24,102    | 21,779    | 39,604    | 66,866    | 56,626    | 47,981    | 66,194    | 38.0                        |
| Investment ratio (= Investments/Average property,<br>plant and equipment + other<br>intangible assets without goodwill) | %  | 29.44   | 19.69   | 19.82     | 17.07     | 28.49     | 40.45     | 24.75     | 17.20     | 18.81     |                             |

|                                                                 |            | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018          | 2019          | 2020                | Change<br>in %<br>2020-2019 |
|-----------------------------------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------------|-----------------------------|
| <b>Key figures of the share<sup>1</sup></b>                     |            |              |              |              |              |              |              |               |               |                     |                             |
| Closing price                                                   | €          | 30.65        | 49.47        | 65.98        | 88.06        | 98.82        | 69.52        | 67.85         | 125.20        | 178.40              | 42.5                        |
| Annual high                                                     | €          | 35.10        | 50.95        | 65.98        | 92.64        | 104.55       | 72.71        | 89.90         | 127.60        | 188.40              | 47.6                        |
| Annual low                                                      | €          | 25.50        | 30.07        | 49.33        | 64.49        | 73.70        | 46.50        | 63.85         | 62.30         | 85.05               | 36.5                        |
| Weighted average shares                                         | th. shares | 21,000       | 21,000       | 21,000       | 21,000       | 21,000       | 30,263       | 42,000        | 42,000        | 42,000              | 0.0                         |
| Market capitalisation (31.12)                                   | €k         | 643,650      | 1,038,870    | 1,385,580    | 1,849,260    | 2,075,220    | 2,919,840    | 2,849,700     | 5,258,400     | 7,492,800           | 42.5                        |
| Average turnover/trading day <sup>2</sup>                       | shares     | 42,143       | 34,201       | 41,281       | 46,580       | 30,515       | 45,637       | 101,037       | 106,634       | 140,482             | 31.7                        |
| Average turnover/trading day <sup>2</sup>                       | €          | 1,281,620    | 1,364,142    | 2,452,888    | 3,452,399    | 2,789,577    | 3,604,891    | 7,668,425     | 9,980,675     | 20,657,614          | 107.0                       |
| Cash dividend per share                                         | €          | 1.00         | 1.10         | 1.20         | 1.40         | 1.50         | 0.90         | 1.00          | 1.20          | 1.35 <sup>3</sup>   | 12.5                        |
| Dividend amount distributed                                     | €k         | 21,000       | 23,100       | 25,200       | 29,400       | 31,500       | 37,800       | 42,000        | 50,400        | 56,700 <sup>3</sup> | 12.5                        |
| Pay out ratio                                                   | %          | 37.3         | 36.4         | 33.1         | 31.7         | 30.5         | 33.0         | 30.6          | 29.6          | 29.4 <sup>3</sup>   |                             |
| Dividend yield (31.12)                                          | %          | 3.3          | 2.2          | 1.8          | 1.6          | 1.5          | 1.3          | 1.5           | 1.0           | 0.8 <sup>3</sup>    |                             |
| Enterprise value (EV)                                           | €k         | 723,670      | 1,084,064    | 1,449,430    | 1,877,757    | 2,137,406    | 3,032,716    | 3,178,949     | 5,734,381     | 7,935,616           | 38.4                        |
| Earnings per share                                              | €          | 2.68         | 3.02         | 3.63         | 4.42         | 4.92         | 2.73         | 3.27          | 4.06          | 4.58                | 12.9                        |
| Cash flow per share                                             | €          | 2.70         | 3.48         | 2.67         | 5.52         | 2.54         | 1.29         | 3.35          | 4.43          | 7.53                | 70.1                        |
| Net asset value per share<br>(= Equity/Weighted average shares) | €          | 21.88        | 23.88        | 26.38        | 29.55        | 33.05        | 25.68        | 21.03         | 24.16         | 27.67               | 14.5                        |
| Market capitalisation to revenue                                |            | 0.3          | 0.5          | 0.5          | 0.7          | 0.7          | 0.8          | 0.7           | 1.0           | 1.3                 | 31.6                        |
| Price earning ratio (P/E)                                       |            | 11.4         | 16.4         | 18.2         | 19.9         | 20.1         | 25.5         | 20.8          | 30.8          | 38.9                | 26.2                        |
| EV/EBITDA                                                       |            | 7.1          | 9.5          | 11.0         | 12.0         | 12.4         | 15.5         | 13.4          | 17.6          | 21.2                | 20.3                        |
| EV/EBIT                                                         |            | 9.0          | 11.9         | 13.4         | 14.5         | 14.8         | 18.5         | 16.3          | 23.8          | 28.7                | 20.6                        |
| EV/EBT                                                          |            | 9.2          | 12.1         | 13.5         | 14.5         | 14.7         | 18.6         | 16.5          | 24.3          | 29.3                | 20.8                        |
| EV/EAT                                                          |            | 12.8         | 17.1         | 19.0         | 20.2         | 20.7         | 26.5         | 23.2          | 33.6          | 41.2                | 22.5                        |
| EV/Revenue                                                      |            | 0.3          | 0.5          | 0.6          | 0.7          | 0.7          | 0.8          | 0.7           | 1.1           | 1.4                 | 27.8                        |
| <b>Personnel</b>                                                |            |              |              |              |              |              |              |               |               |                     |                             |
| <b>Employees (31.12)</b>                                        |            | <b>5,970</b> | <b>6,219</b> | <b>6,572</b> | <b>7,205</b> | <b>7,667</b> | <b>8,353</b> | <b>10,005</b> | <b>11,487</b> | <b>12,180</b>       | <b>6.0</b>                  |
| Domestic                                                        |            | 4,550        | 4,743        | 4,996        | 5,633        | 5,956        | 6,483        | 7,373         | 8,424         | 8,955               | 6.3                         |
| Abroad                                                          |            | 1,420        | 1,476        | 1,576        | 1,572        | 1,711        | 1,870        | 2,632         | 3,063         | 3,225               | 5.3                         |
| IT System House & Managed Services                              |            | 4,754        | 4,953        | 5,164        | 5,766        | 6,212        | 6,853        | 7,772         | 9,097         | 9,736               | 7.0                         |
| IT E-Commerce                                                   |            | 1,216        | 1,266        | 1,408        | 1,439        | 1,455        | 1,500        | 2,233         | 2,390         | 2,444               | 2.3                         |
| Trainees (incl. absentees)                                      |            | 428          | 473          | 455          | 473          | 500          | 553          | 648           | 703           | 687                 | -2.3                        |
| Employees (annual average)                                      |            | 5,780        | 6,072        | 6,421        | 6,924        | 7,428        | 7,968        | 9,083         | 10,899        | 11,946              | 9.6                         |
| Full-time employees (Annual average)                            |            | 5,315        | 5,542        | 5,872        | 6,376        | 6,855        | 7,276        | 8,316         | 10,031        | 11,003              | 9.7                         |
| IT System House & Managed Services                              |            | 4,191        | 4,415        | 4,647        | 5,055        | 5,550        | 5,921        | 6,640         | 7,810         | 8,667               | 11.0                        |
| IT E-Commerce                                                   |            | 1,124        | 1,127        | 1,225        | 1,321        | 1,305        | 1,355        | 1,676         | 2,221         | 2,336               | 5.2                         |
| Personnel expenditure ratio                                     | %          | 15.6         | 15.3         | 15.1         | 14.9         | 14.8         | 14.2         | 13.7          | 13.7          | 14.1                |                             |
| Personnel expenses to gross profit                              | %          | 62.4         | 62.3         | 62.2         | 61.1         | 61.0         | 61.0         | 60.3          | 60.4          | 60.6                |                             |

<sup>1</sup> XETRA share prices<sup>2</sup> All German stock exchanges<sup>3</sup> Proposal to the Annual General Meeting

|                                                                                                                                                           |    | 2012    | 2013    | 2014    | 2015     | 2016     | 2017    | 2018    | 2019      | 2020      | Change<br>in %<br>2020-2019 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----|---------|---------|---------|----------|----------|---------|---------|-----------|-----------|-----------------------------|
| <b>Efficiency ratios</b>                                                                                                                                  |    |         |         |         |          |          |         |         |           |           |                             |
| Contribution margin                                                                                                                                       | %  | 25.0    | 24.6    | 24.2    | 24.5     | 24.3     | 23.3    | 22.7    | 22.6      | 23.2      |                             |
| Gross margin                                                                                                                                              | %  | 15.2    | 15.3    | 15.2    | 15.4     | 15.6     | 15.2    | 14.9    | 14.3      | 14.7      |                             |
| EBITDA margin                                                                                                                                             | %  | 4.9     | 5.0     | 5.1     | 5.5      | 5.6      | 5.5     | 5.5     | 6.1       | 6.4       |                             |
| EBIT margin                                                                                                                                               | %  | 3.8     | 4.0     | 4.2     | 4.6      | 4.7      | 4.6     | 4.5     | 4.5       | 4.8       |                             |
| EBT margin                                                                                                                                                | %  | 3.8     | 3.9     | 4.2     | 4.6      | 4.7      | 4.6     | 4.5     | 4.4       | 4.7       |                             |
| EAT margin                                                                                                                                                | %  | 2.7     | 2.8     | 3.0     | 3.3      | 3.3      | 3.2     | 3.2     | 3.2       | 3.3       |                             |
| Revenue per employee                                                                                                                                      | €k | 394.5   | 410.2   | 439.4   | 444.1    | 451.3    | 490.7   | 519.9   | 535.8     | 528.9     | -1.3                        |
| IT System House & Managed Services                                                                                                                        | €k | 332.7   | 347.7   | 371.7   | 373.8    | 391.9    | 425.1   | 437.7   | 446.2     | 445.8     | -0.1                        |
| IT E-Commerce                                                                                                                                             | €k | 624.9   | 655.0   | 696.6   | 713.0    | 704.0    | 777.3   | 845.5   | 850.7     | 837.2     | -1.6                        |
| EBIT per employees                                                                                                                                        | €k | 15.1    | 16.4    | 18.5    | 20.3     | 21.0     | 22.6    | 23.5    | 24.1      | 25.2      | 4.6                         |
| Return on equity<br>(EAT/Average annual equity)                                                                                                           | %  | 13.7    | 14.2    | 15.6    | 17.2     | 17.1     | 16.9    | 18.1    | 19.8      | 19.5      |                             |
| Return on total assets<br>(EAT/Average annual total assets)                                                                                               | %  | 7.9     | 8.2     | 8.9     | 9.5      | 9.6      | 9.6     | 9.1     | 8.5       | 8.3       |                             |
| ROA (= EBIT/Average annual total assets)                                                                                                                  | %  | 10.6    | 11.3    | 12.2    | 12.9     | 13.1     | 13.4    | 12.6    | 11.5      | 11.5      |                             |
| ROE (= EBIT/Average annual equity)                                                                                                                        | %  | 19.6    | 20.4    | 21.5    | 23.9     | 24.0     | 24.4    | 25.8    | 28.1      | 28.0      |                             |
| ROCE (= EBIT/Capital Employed)                                                                                                                            | %  | 19.6    | 20.6    | 22.3    | 23.7     | 24.0     | 22.3    | 20.6    | 18.7      | 19.8      |                             |
| <b>Balance sheet ratios</b>                                                                                                                               |    |         |         |         |          |          |         |         |           |           |                             |
| Capitalisation ratio of non-current assets<br>(= non-current assets/total assets)                                                                         | %  | 35.1    | 32.9    | 31.7    | 29.9     | 29.0     | 28.8    | 32.5    | 35.3      | 35.7      |                             |
| Working intensity of current assets<br>(= current assets/total assets)                                                                                    | %  | 64.9    | 67.1    | 68.3    | 70.1     | 71.0     | 71.2    | 67.5    | 64.7      | 64.3      |                             |
| Equity ratio                                                                                                                                              | %  | 54.5    | 55.1    | 54.5    | 53.9     | 54.7     | 53.9    | 43.6    | 42.4      | 43.2      |                             |
| Total liabilities to total assets                                                                                                                         | %  | 45.5    | 44.9    | 45.5    | 46.1     | 45.3     | 46.1    | 56.4    | 57.6      | 56.8      |                             |
| Asset structure<br>(= non-current/current assets)                                                                                                         | %  | 54.1    | 49.0    | 46.3    | 42.7     | 40.9     | 40.4    | 48.2    | 54.7      | 55.5      |                             |
| Capital structure (= equity/liabilities)                                                                                                                  | %  | 119.6   | 122.7   | 119.8   | 117.2    | 120.7    | 116.7   | 77.2    | 73.5      | 76.2      |                             |
| <b>Financial ratios</b>                                                                                                                                   |    |         |         |         |          |          |         |         |           |           |                             |
| Net debt                                                                                                                                                  | €k | -72,446 | -91,934 | -95,767 | -140,640 | -101,292 | -45,980 | 142,590 | 115,478   | 9,281     | -92.0                       |
| Share of non-current liabilities in balance sheet total<br>(= non-current liabilities / balance sheet total)                                              | %  | 11.5    | 10.0    | 9.4     | 10.4     | 9.3      | 8.8     | 22.9    | 23.7      | 22.3      |                             |
| Share of current and non-current financial liabilities<br>in balance sheet total (= (current + non-current<br>financial liabilities)/balance sheet total) | %  | 8.7     | 7.0     | 5.9     | 5.7      | 4.8      | 8.9     | 19.4    | 16.2      | 15.3      |                             |
| Debt ratio                                                                                                                                                |    | 0.84    | 0.82    | 0.84    | 0.85     | 0.83     | 0.86    | 1.30    | 1.36      | 1.31      | -3.5                        |
| Working Capital                                                                                                                                           | €k | 211,595 | 234,624 | 291,326 | 294,872  | 375,645  | 492,865 | 580,794 | 647,728   | 652,674   | 0.8                         |
| Working Capital to revenue                                                                                                                                | %  | 10.1    | 10.3    | 11.3    | 10.4     | 12.1     | 13.8    | 13.4    | 12.1      | 11.2      |                             |
| Working Capital to annual total asset                                                                                                                     | %  | 25.1    | 25.8    | 28.7    | 25.6     | 29.6     | 34.1    | 28.7    | 27.0      | 24.3      |                             |
| Capital employed                                                                                                                                          | €k | 410,023 | 442,050 | 486,403 | 546,404  | 600,997  | 738,029 | 948,346 | 1,288,671 | 1,395,427 | 8.3                         |
| Capital employed to annual total asset                                                                                                                    | %  | 48.6    | 48.6    | 47.8    | 47.5     | 47.3     | 51.1    | 46.8    | 53.8      | 51.9      |                             |
| Capital employed to revenue                                                                                                                               | %  | 19.6    | 19.4    | 18.8    | 19.3     | 19.4     | 20.7    | 21.9    | 24.0      | 24.0      |                             |
| <b>Structural analysis ratios</b>                                                                                                                         |    |         |         |         |          |          |         |         |           |           |                             |
| Revenue to inventory                                                                                                                                      |    | 23.3    | 21.1    | 19.7    | 18.8     | 17.1     | 16.9    | 15.4    | 18.8      | 19.3      | 2.5                         |
| Share of inventories in revenue<br>(= inventories / revenue)                                                                                              | %  | 4.3     | 4.7     | 5.1     | 5.3      | 5.8      | 5.9     | 6.5     | 5.3       | 5.2       |                             |
| Revenue to average net trade receivables                                                                                                                  |    | 9.9     | 9.9     | 9.7     | 9.3      | 9.4      | 9.4     | 9.3     | 8.9       | 9.1       | 2.5                         |
| Revenue to average total assets                                                                                                                           |    | 2.8     | 2.8     | 2.9     | 2.8      | 2.8      | 2.9     | 2.8     | 2.6       | 2.4       | -7.6                        |
| DSO                                                                                                                                                       |    | 36.8    | 37.0    | 37.8    | 39.4     | 38.7     | 38.7    | 39.2    | 41.0      | 40.0      | -2.4                        |

## GLOSSARY

**Artificial intelligence (AI).** Subset of IT that deals with the automation of intelligent behaviour and machine learning.

**Augmented reality.** Computer-aided perception or rendering that expands the real world with virtual aspects.

**AZUBIT.** Training initiative consisting of various blocks that complement each other.

**Bond loan.** Long-term large-scale loan similar to a bond

**Business intelligence.** Generic term for the IT-based access to information as well as IT-based analysis and processing of this information. The objective is to gain insight that can form the basis for better operational or strategic decisions with a view to the corporate goals.

**Capitalisation ratio.** Indicates the ratio of non-current assets to the balance sheet total.

**Capital employed (CE).** Annual average interest-bearing capital tied up on a long-term basis.

**Cash pooling.** Corporate liquidity management in the scope of which surplus liquidity is withdrawn from group companies or liquidity is provided in the form of loans in the event of liquidity shortfalls.

**Contribution margin.** Difference between revenue and material costs in relation to revenue.

**Corporate social responsibility.** Social responsibility of companies through sustainable operations.

**CRM.** Customer relationship management.

**Currency forwards.** Obligation to buy or sell foreign currencies at a date and price determined in advance.

**Data warehouse.** A data warehouse is a central collection of data (usually a database) from various sources. The data stored in the data warehouse are kept over long periods, especially for analyses, as well as a basis for administrative decisions and for corporate management purposes.

**Debt ratio.** Ratio of borrowed capital to equity.

**Deferred taxes.** Temporary differences between calculated taxes on earnings presented in the commercial balance sheet and tax balance sheet for the purpose of presenting the tax expense according to the earnings under commercial law.

**Derivative (derivative financial instrument, financial derivative).** Financial instrument whose measurement depends on the price development of the underlying. For example financial derivatives include → currency forwards and → interest rate swaps.



**Dividend payout ratio.** Indicates how much of the annual profit is paid out to the shareholders in the form of a dividend. It is calculated as follows: dividend paid out divided by the consolidated earnings after taxes and minority interests, in per cent.

**Dividend yield.** Indicates the annual yield that the shareholder receives in the form of a dividend for their share investment measured at the annual closing rate. It is calculated as follows: dividend per share divided by the annual closing rate, multiplied by 100.

**DSO.** Days sales outstanding. DSO indicates the average number of days until due receivables are paid.

**ECM.** Enterprise content management – comprises the technology to capture, manage, store, keep, and provide analogue and digital content in companies.

**EITO.** European Information Technology Observatory

**Equity ratio.** Ratio of equity to total capital. The higher the equity ratio, the lower the → debt ratio of the company.

**ERP.** The enterprise resource planning system is complex management software for efficient, smart resource planning.

**Free cash flow.** Cash flow from operating activities less the balances from outgoing and incoming payments related to the acquisition or sale of companies, as well as outgoing and incoming payments related to investments in intangible assets and property, plant and equipment.

**Fulfilment.** All activities related to the performance of a contract concluded with a customer. The services range from the acceptance of the order to picking and the shipping of the goods.

**GITA.** Global IT Alliance – international network of selected IT companies around the globe.

**GRI standards.** GRI – Global Reporting Initiative. Guidelines for the preparation of sustainability reports of large corporations, small and medium-sized businesses, governments and NGOs.

**Gross profit.** Difference between revenue and cost of sales.

**iLearn.** A web-based training portal designed for all employees. Offered in various languages, the individual courses on all relevant industry subjects can be expanded flexibly. The use of iLearn promotes modern, media-aided training at Bechtle.

**Interest rate swap.** Agreement between two contracting parties to swap different interest payment streams. Interest rate swaps are financial derivatives and are generally used to hedge interest rate risks (→ derivative).

**Internet of Things.** Networking of individual machines and components with the Internet or a network, thereby enabling them to communicate intelligently with each other and make decisions.

**Investment grade.** Credit rating by a rating agency. Credit ratings can be roughly split into two categories: “investment grade” (= sufficiently safe) and “non investment grade” (= speculative).

**Investment ratio.** Ratio of investments in other intangible assets and property, plant and equipment to the average annual carrying amount of other intangible assets and of property, plant and equipment.

**Market cap.** Market value of a company. The market cap is calculated by multiplying the share price with the number of a company’s issued shares.

**MIKADO.** Introductory event for new employees at Bechtle.

**Modern workplace.** Central digital work platform that delivers information, tools and services regardless of the location.

**Net indebtedness (Net debt).** Indicates the indebtedness or debt potential of an enterprise if all interest-bearing liabilities were to be paid with current assets. It is calculated from the financial liabilities less cash and cash equivalents as well as time deposits and securities.

**Non-financial group report.** Statutory component of the sustainability report (Act Implementing the CSR Directive).

**Outsourcing.** In the field of IT, outsourcing or outtasking refers to the delegation of specific tasks or part of them to external IT service providers.

**Personnel intensity.** The ratio of personnel expenses to the revenue less material costs.

**Return on assets (ROA).** Ratio of earnings after taxes and before financial expenses to the average annual total capital employed.

**Return on capital employed (ROCE).** Ratio of earnings before financial earnings and taxes to the → capital employed. The ROCE shows the operating interest on the company's capital employed or tied up on a long-term basis.

**Return on equity (ROE).** Ratio of earnings after taxes to the average annual equity as reported in the balance sheet. The return on equity shows how much interest the shareholders' equity as reported in the balance sheet bears.

**Subscription-based IT service model.** Subscription and consumption-based IT services.

**Treasury.** An area that is concerned with the use and investment of financial resources. This area is also responsible for hedging financial risks, which can go far beyond the hedging of interest rate risks or exchange rate risks.

**Virtualisation.** Abstraction of physical resources. The individual systems are provided with a complete virtual computer with all hardware components. Software virtualisation can be used to simulate an operating system or an application. This makes it possible to execute applications locally without installing them.

**Working capital.** Inventories plus trade receivables less trade payables and deferrals.

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## LIST OF ABBREVIATIONS

|                 |                                                                         |
|-----------------|-------------------------------------------------------------------------|
| <b>AktG</b>     | German Stock Corporation Act (Aktiengesetz)                             |
| <b>BforB</b>    | Bechtle for Bechtle                                                     |
| <b>BI</b>       | Business Intelligence                                                   |
| <b>CAD/CAM</b>  | Computer-aided design/Computer-aided manufacturing                      |
| <b>CAGR</b>     | Compound annual growth rate                                             |
| <b>CRM</b>      | Customer Relationship Management                                        |
| <b>DCGK</b>     | German Corporate Governance Code (Deutscher Corporate Governance Kodex) |
| <b>EBITDA</b>   | Earnings before interest, taxes, depreciation, and amortisation         |
| <b>ECM</b>      | Enterprise Content Management                                           |
| <b>EBT</b>      | Earnings before taxes                                                   |
| <b>EPS</b>      | Earnings per share                                                      |
| <b>ERP</b>      | Enterprise-Resource-Planning                                            |
| <b>EU</b>       | European Union                                                          |
| <b>EV</b>       | Enterprise value                                                        |
| <b>GDP</b>      | Gross domestic product                                                  |
| <b>GITA</b>     | Global IT Alliance                                                      |
| <b>GRI</b>      | Global Reporting Initiative                                             |
| <b>HGB</b>      | German Commercial Code (Handelsgesetzbuch)                              |
| <b>ifo</b>      | Institute for Economic Research (Institut für Wirtschaftsforschung)     |
| <b>IFRS</b>     | International Financial Reporting Standards                             |
| <b>IoT</b>      | Internet of Things                                                      |
| <b>MitbestG</b> | German co-determination Act (Mitbestimmungsgesetz)                      |
| <b>ROA</b>      | Return on Assets                                                        |
| <b>ROE</b>      | Return on Equity                                                        |
| <b>SDG</b>      | Sustainable Development Goals                                           |
| <b>VIPM</b>     | Vender Integrated Product Manager                                       |



For further comments  
see Glossary,  
page 230 ff

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## FINANCIAL CALENDAR

**ACCOUNTS PRESS CONFERENCE/ANALYSTS' CONFERENCE**

Friday, 19 March 2021

**QUARTERLY STATEMENT 1ST QUARTER 2021 (31 MARCH)**

Tuesday, 11 May 2021

**ANNUAL GENERAL MEETING**

Tuesday, 15 June 2021

**HALF-YEAR FINANCIAL REPORT 2021 (30 JUNE)**

Thursday, 12 August 2021

**QUARTERLY STATEMENT 3RD QUARTER 2021 (30 SEPTEMBER)**

Thursday, 11 November 2021

See [bechtle.com/financial-calendar](https://bechtle.com/financial-calendar) for further dates and changes.

# SUSTAINABILITY REPORT ABOUT AN EXCEPTIONAL YEAR.

**Continuity despite crisis.** In 2020, Bechtle continued to pursue and roll out its sustainability strategy. Despite challenges resulting from the pandemic, progress was made according to schedule. Bechtle showed itself to be robust, resilient and, thanks to the close cooperation of all employees, always able to act. The new office building in Neckarsulm was completed on time, demonstrating the company's ongoing dynamism and sustainable energy concept.

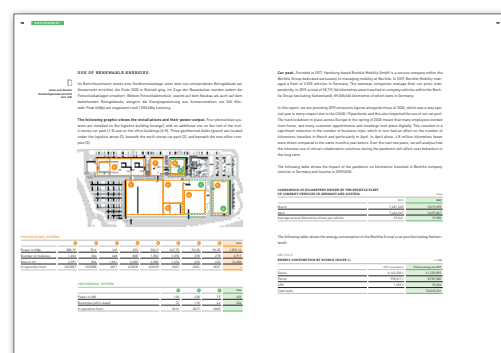
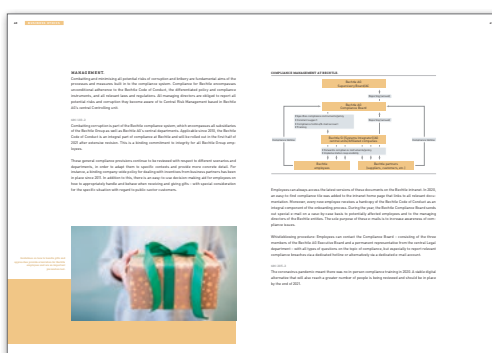
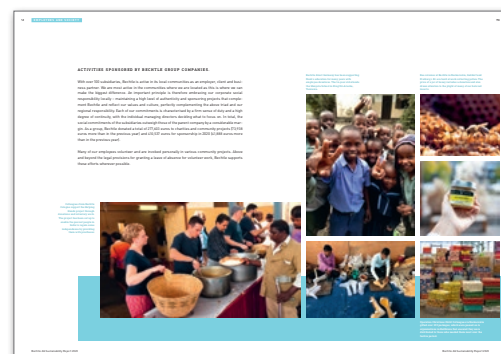
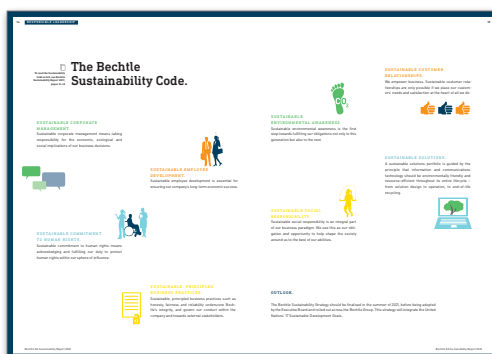
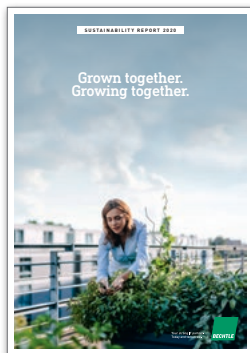
**One-time effects?** Circumstances in the reporting period also had special effects on the energy consumption. For example, many employees worked from home and did not need to commute, and our fleet mileage was also much lower. The cancellation of most in-person events also greatly reduced the mobility rate. Not only daily meetings, but also larger events such as the Annual General Meeting and the Bechtle Competence Day were held digitally. Some 3,000 people participated in the latter.

**Employer value proposition.** For the going concern and further development of the Bechtle Group, it is vital to gain and retain employees. In 2020, an interdisciplinary project group therefore focused on the topic of employer branding. One of the results of this group's work is the newly formulated employer value proposition (EVP), which shows what Bechtle stands for as an employer, what employees expect and what they can achieve in the context of our common goals.

**Diversity Charter.** As announced in the prior year, Bechtle signed the Charta der Vielfalt (Diversity Charter), thereby joining a nationwide employer initiative and Germany's largest network for diversity management. The objective of the initiative is to promote recognition, appreciation and inclusion of diversity in the labour world.

**Bechtle Platz 1.** A second office building for 600 employees was built at the headquarters in Neckarsulm. The energy concept of the new building incorporates Bechtle's sustainability strategy: A geothermal field delivers geothermal energy – with two additional fields on the company premises, 224 geothermal probes are now in operation. Solar modules on the roof expand the existing PV system to deliver a total output of 1,900 kWp. The electricity from these renewable sources is used for electrical vehicles and for the office building. Here, the heating, cooling and lighting are controlled by a smart-office solution that operates at the micro workspace level, i.e. instead of controlling entire rooms, the system controls the individual workspaces. This enables highly energy-efficient use of resources.

**E-mobility: up and running.** In 2020, Bechtle's fleet was supplemented with 50 fully electrical vehicles. Moreover, the number of company-owned charging stations was more than doubled from 60 to 140. In the course of 2021, some 300 charging stations will be available at 19 locations throughout Germany, Austria and Switzerland.



Bechtle has decided not to print the sustainability report. However, the report is available for download in PDF format: [bechtle.com/sustainability](https://bechtle.com/sustainability)





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